

Kellogg School of Management
Northwestern University
2211 Campus Drive
Evanston, IL 60208

KELLOGG SCHOOL OF MANAGEMENT AT NORTHWESTERN UNIVERSITY

KELLOGG

SPRING/SUMMER 2018
VOL. 25 ISSUE 1

THE TEAM THAT TRANSFORMED KELLOGG

Reflections as Sally Blount '92 prepares to step down

Northwestern | Kellogg

KELLOGG
SPRING/SUMMER 2018





GREAT LEADERS *never stop learning*

Come back to Kellogg:
Alumni enjoy a 30-percent discount on
Executive Education programs.

Whatever your professional goals, wherever you are in your career journey, Kellogg Executive Education can help you take the next step. We offer 40 programs across the full range of business topics and disciplines:

General Management | Finance & Accounting | Governance | Growth & Innovation | Leadership | Marketing & Sales | Operations & Technology | Strategy

Hone your skills and equip yourself with the latest tools and techniques to meet the unique demands of the rapidly evolving global marketplace. Each course is developed and taught by senior faculty who are globally recognized thought leaders in their fields and passionate about teaching.

Visit kell.gg/kxkelloggmag1 to request a Kellogg Executive Education program guide, or call 847.467.6018 to schedule a personal consultation.

World-renowned
Executive Education
faculty include:

FLORIAN ZETTELMEYER

Leading with Big Data and Analytics:
From Insight to Action

MOHANBIR SAWHNEY

Delivering Business Growth:
An Actionable Framework

BRIAN UZZI

The Strategy of Leadership:
Unleashing the Power of Influence

Dear Kellogg alumni and friends,

As I reflect over the last eight years, the overwhelming emotion I feel is **gratitude**:

- To have had the honor to lead an institution that shaped my life, as it has thousands of others.
- To have had the opportunity to build on Don Jacobs' legacy, as the last dean to serve while he was still with us.
- To have had the chance to meet so many of you, my fellow alumni, in hallways, meeting rooms and airports all over the world.

What we've accomplished together since 2010 is so clear when you walk through the Global Hub, Wieboldt Hall or our Miami campus and talk to our faculty, staff and students. Our work to transform Kellogg for the 21st century has taken ambition and perseverance. I am awed by how many people stepped up to help – bringing focus, passion and, of course, a good dose of collaboration!

My experience has confirmed that **Kellogg people truly are distinctive** – and that's what Kellogg is. It's the people who come here as they build their lives. It's so many different people doing so many different things. Yet there is an essence that we all share – **a generosity of spirit, a commitment to building up other people, to putting the customer first in business and a belief in institutions and communities bigger than ourselves.**

This edition of *Kellogg* magazine celebrates our community. It honors the brave leaders who make Kellogg Kellogg each day.

Witnessing all I have seen and experienced, I am confident that we have many victories yet to come – as we welcome our next dean and bravely take on the world of 2020, 2030 and beyond.

Thank you all, from the bottom of my heart.



SALLY BLOUNT '92, DEAN

Kellogg School of Management
Northwestern University
2211 Campus Drive
Evanston, IL 60208

Dean
Sally Blount

Managing Director, Alumni Relations
Wendy Kritt

Managing Director, Reputation,
Media & Impact
Marni Futterman

Managing Director, Campaign Strategy
and Innovation
Lisa Guynn

Creative Director
Marnie Breen Vosper

Managing Editor
Aubyn Keefe

Design Editor
Kay Meyer

Photo Editor
Jonathan Gibby

Kellogg Insight Editor
Jessica Love

Digital Editor
Qiana Lawery

Marketing Manager, Alumni
Stacy Jansen

Web Manager
Andrew Walker

Postmaster:
Send address changes to:
Northwestern University
1801 Maple Avenue
Suite 2300
Evanston, IL 60201

KelloggMagazine@
kellogg.northwestern.edu
847.491.3300

Have a story or idea for *Kellogg* Magazine?
Contact the editorial team via
kell.gg/kmagideas

CONTENTS

DEPARTMENTS

04

A LOOK AT THE DATA

The classes of 2017 and 2018 bring confident leadership to a set of diverse sectors



34

CONNECTIONS

Harness the power of your Kellogg Alumni Network

64

IN MEMORY

Remembering those we've lost

06

HEADLINES

Learn how one Kellogg professor is thinking big to improve infant mortality

08

BRAVE THINKERS

Read about out how Selim Bassoul makes time to help where it's needed

36

CLUB NEWS

Get the latest on your local clubs

65

BOOKSHELF

Add books written by alumni to your summer reading list



33

OUT OF OFFICE

Riding his bike coast-to-coast, an alumnus met challenges and old friends

40

CLASS NOTES

Find out what your classmates are up to



Celebrate the “Dean of Deans,” Don Jacobs, on p. 20

FEATURES

10

THE TEAM THAT TRANSFORMED KELLOGG

Reflections as the dean prepares to step down



16

FROM VISION TO REALITY

See how the Global Hub has exceeded expectations since it opened one year ago

20

DEAN OF DEANS

Take a look back at Dean Emeritus Don Jacobs’ impact on Kellogg

23

INNOVATION IN THE AGE OF DISRUPTION

Meet alumni like Lee Pillsbury who are shaking up their industries



28

INVESTIGATING POVERTY

The field of development economics tackles an age-old problem

30

THE STARTUP SINGER/SONGWRITER

One alumnus explains how a Kellogg education drives his musical career



INSERT

Kellogg Insight

Read the latest research and ideas from Kellogg faculty and thought leaders.

On the Cover
The Global Hub and the James L. Allen Center overlook Lake Michigan and the Chicago skyline.
PHOTO BY: SIMEON PRATT

BY THE NUMBERS

Kellogg Student Success

DYNAMIC SKILL SETS AND COLLABORATIVE INSTINCTS KEEP KELLOGG TALENT IN HIGH DEMAND

FULL-TIME CLASS OF 2017

94.1%
of graduates
received a
JOB OFFER
within three
months after
graduation

Top-notch networking:
73.9%
of accepted
FULL-TIME JOB OFFERS
were facilitated by
Kellogg and alumni



23%
of graduates
identified
as a **U.S.
MINORITY**

39
companies
HIRED
3
or more
Kellogg
students

40%
of graduates had
**INTERNATIONAL
CITIZENSHIP**
or held citizenship
outside the U.S.



43%
of graduates
were **WOMEN**

JOB ACCEPTANCES BY GEOGRAPHIC REGION

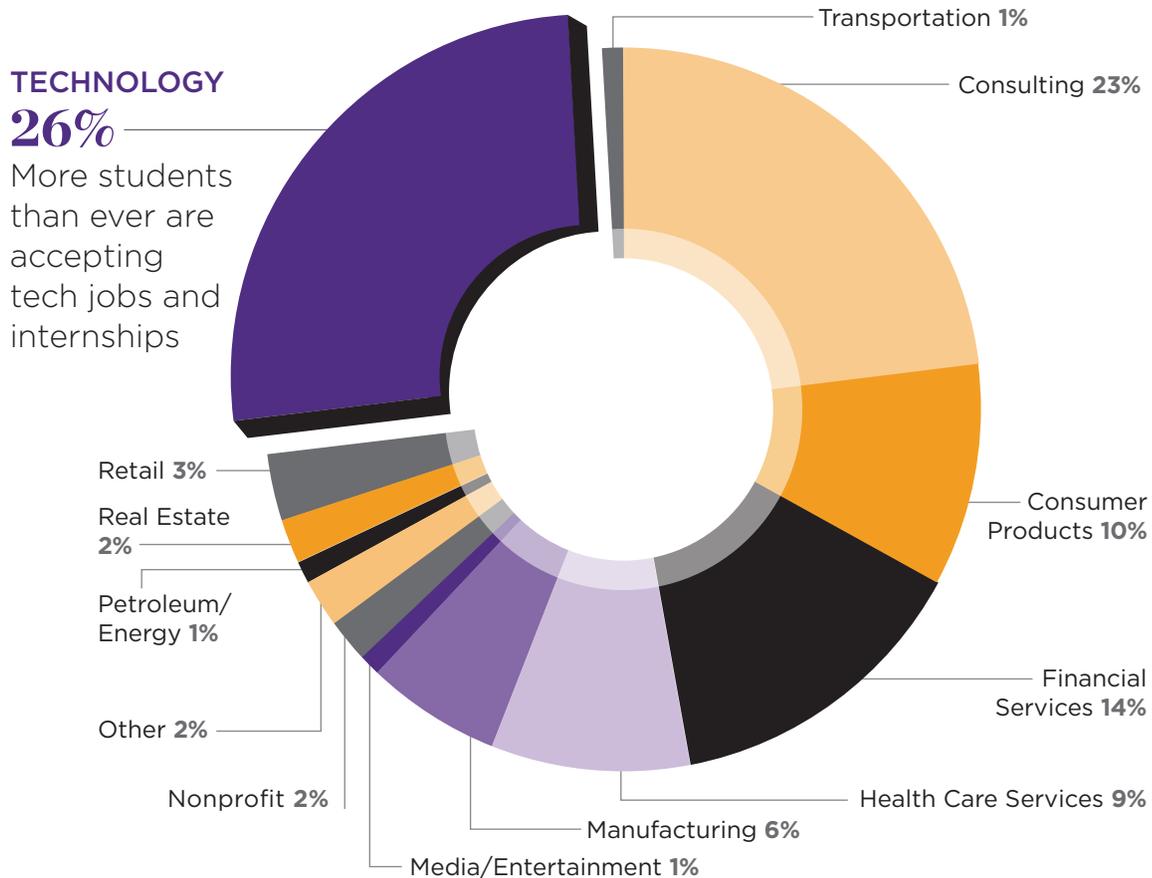
A record
31.4%
of students
accepted
jobs on the
WEST COAST

- Mid-Atlantic **2.5%**
- Midwest **30.2%**
- Northeast **17.7%**
- South **2.5%**
- Southwest **4.8%**
- West **31.4%**
- International **10.9%**



FULL-TIME CLASS OF 2018

PERCENTAGE OF SUMMER INTERNSHIPS BY INDUSTRY



100%
of first-year students seeking internships
RECEIVED AN OFFER

*All statistics pulled from the 2017
Employment Report. View the full report
at kell.gg/students17



THINKING BIG TO SOLVE A CRITICAL PROBLEM

A team – including Kellogg Professor **Kara Palamountain '04** – working to improve neonatal mortality in Africa was one of four finalists in the MacArthur Foundation’s 100&Change grant competition.

The competition, which attracted more than 1,900 proposals, sought to grant \$100 million to “fund a single proposal that promises real and measurable progress in solving a critical problem of our time.”

The Newborn Essential Solutions and Technologies (NEST) project was ultimately awarded a \$15 million grant for its proposal to address a lack of life-saving resources for newborns in African hospitals by creating a package of rugged technologies for newborn care, improving access, developing new distribution systems and educating clinicians and innovators in newborn health.

According to the team, 1.1 million newborns die in Africa every year, mostly from preventable causes. And although most African mothers now deliver in hospitals, these hospitals often lack the life-saving neonatal technologies that have been available for more than 50 years in high-income countries. Their research has found that, despite well-meaning donors who provide the equipment to medical facilities in need, these donated technologies fail because of “harsh environments, complex maintenance requirements or inconsistent electricity.”

“100&Change allowed our multi-disciplinary team to think big,” says Palamountain. “We have a sustainable and scalable plan to end preventable newborn deaths in Africa. The \$15 million investment from the MacArthur Foundation will allow us to take the first step toward solving this problem.”

Palamountain’s primary area of interest is the development and adoption of medical technologies in Africa. She has managed more than 50 Kellogg research teams conducting market entry analysis in more than a dozen low- and middle-income countries.

INAUGURAL GLOBAL WOMEN’S SUMMIT

More than 700 alumnae and students will convene at the Global Hub May 8-9, 2018, for the first-ever Kellogg Global Women’s Summit. The event features more than 25 sessions led by more than 50 industry leaders and will offer content that supports women during the three career pivot points below.

LAUNCH

Starting your career in your 20s and early 30s.

MID-CAREER MARATHON

Sustaining focus in your mid-30s and 40s as family demands at home continue to grow.

EXECUTIVE TRANSITION

Taking up the senior-leadership mantle in your late 40s, 50s and beyond.

The event is at capacity, but you can visit kell.gg/gws18 for information on joining via livestream or attending a remote event.

Stay Ahead of the Curve with Kellogg

Your MBA is just the beginning of your professional journey. Kellogg offers a suite of resources designed to help you throughout every stage of your career – from new graduate to experienced executive.

Schedule a career coaching appointment today. Email cmc-alumni@kellogg.northwestern.edu

STORYTELLER IN RESIDENCE

Students had a special opportunity to engage and learn last November with a visit by Sully Ratke, a costume designer and illustrator based in Chicago, in the Artist-in-Residence Studio.

Housed within the Galvin Design Wing, the goal of this space is to bring in leaders from the performing arts, master storytellers and experts in creative leadership to enhance students' creativity and adaptability and to foster new approaches to learning.

Ratke, who received her MFA in design from Northwestern, hosted an interactive workshop about the art of storytelling through puppetry. As one participant shared, "I thought it was really interesting how the speaker connected the way we think about problem solving in business to what she does from an artist's perspective. It was interesting to see the parallels between how she thinks about constraints (budget, time) and negotiates deadlines with the way that business is done."

r e u n i o n 2018

Celebrate and Be Inspired at Reunion 2018:
Join us May 4-5

Strengthen your lifelong connections to friends, classmates and the entire Kellogg community.

Draw inspiration and insights from thought leadership sessions with our world-renowned faculty.

Make new memories in our new home, the Global Hub, a world-class building for a world-class business school.

For more information, go to kell.gg/reunion18 or call the reunion team at 847.467.2586.



‘YOU HAVE THE TIME’ *to* CHANGE THE WORLD

A SUCCESSFUL CEO OF A GLOBAL CORPORATION, SELIM BASSOUL
INSPIRES OTHERS TO FIND THE TIME TO MAKE A DIFFERENCE

As CEO and chairman of The Middleby Corporation, as well as a Kellogg Global Advisory Board member, **Selim Bassoul '81** is a busy man. But he doesn't let that get in the way of what he wants to accomplish – especially when it comes to helping others.

Although you may not have heard of the company, you've almost certainly benefited from its products.

Middleby is a global powerhouse in commercial cooking equipment, doing business with 97 of the top 100 food service chains worldwide. Brands owned by Middleby include Viking, TurboChef and Jade, along with more than 50 others.

During his nearly 20-year tenure as CEO, Bassoul has transformed Middleby from a struggling, me-too regional manufacturer to a worldwide leader. In 2017, Middleby reaped a profit of nearly \$1 billion – compared to \$35 million in 2000, the year Bassoul became CEO. The Motley Fool has recognized Bassoul as the best CEO of all time.

Running a global corporation with more than 8,500 employees and 60 factories in 24 countries is, of course, more than a little time-consuming. But that doesn't stop Bassoul from his lifelong mission.

“I want to,
in a small
way, change
the world.
That
has always
been my
purpose.”



Selim Bassoul demonstrates the Relief Oven in a refugee camp in Turkey.

CHANGING THE WORLD

As a teenager, Bassoul and his family were refugees and homeless due to Lebanon's civil war. That experience, along with the influence of a beloved aunt known for helping impoverished people across the Middle East, gave Bassoul a clear sense of purpose at an early age.

"I want to, in a small way, change the world," Bassoul explains. "That has always been my purpose."

This guiding purpose led him to create the Bassoul Dignity Foundation in 2014, 100 percent funded by the Bassoul family. Aimed at giving people a second chance in life, the foundation provides education, training and other support to refugees, the homeless and others with few resources and even fewer champions.

"The homeless and the outcasts are the ones who need the most support," Bassoul says. "We have to lift their spirits and make sure they feel wanted. Because if they lose that, there is nothing left, and they lose hope."

THE RELIEF OVEN

Based on his experience helping refugees, Bassoul realized that the ability to cook a meal – without spending hours trying to find wood for a fire – is a primary need. Working with a group of volunteer engineers from Middleby, Bassoul developed a stove that has already improved thousands of lives.

Called the Relief Oven, the stove is insulated so children don't burn themselves. It can be used inside tents and other temporary shelters without creating toxic fumes. And it has a magnifying glass that acts as a solar panel, so it can also purify water and charge a cell phone.

The Bassoul Dignity Foundation donates the Relief Oven to people in need around the world – including people in Syria, Lebanon, Jordan, Turkey and Puerto Rico. (After Hurricane Maria, Bassoul immediately delivered 250 of the ovens to Puerto Rico. Another shipment is being delivered soon.)

KELLOGG MADE A DIFFERENCE

Clearly, Bassoul has an inner spark. But he also credits Kellogg with helping him succeed.

"My Kellogg experience helped me throughout my career – especially as I was turning around Middleby – by teaching me the power of clear communication," he explains. "And I'll never forget the lessons I learned from Professor **Alfred Rappaport** about creating shareholder value.



"But the most important lesson that Kellogg taught me," Bassoul continues, "is that leading is about creating circles of influence, not circles of power. The foundation has partnered with the United Nations and the Red Cross. Leadership needs to be more cohesive than autocratic."

THERE'S ALWAYS TIME

Bassoul understands that people are busy – with careers, with kids, with life. But he hopes to inspire others to do what they can to help those who need it. For example, Bassoul is leveraging his circle of influence to engage CEOs of other companies, including Sysco and Arcelik, and involving them in the effort to distribute the Relief Oven in the areas of need.

"Don't just write a check," he emphasizes. "That doesn't have the multiplier effect that really getting involved can create. Get on the ground, find out what people need – and use your core competency to help. You have the time." ●

Stay in touch with Selim Bassoul by visiting the Kellogg Alumni Directory via KelloggConnect.



PHOTO BY: BOB COSCARELLI

THE TEAM THAT TRANSFORMED KELLOGG

Dean Sally Blount formed a team of brave leaders who prepared Kellogg for the 21st century and are ready to welcome the next dean

From her office in the southeast corner of the top floor of the Kellogg Global Hub, Dean **Sally Blount '92** can gaze at a panorama of Lake Michigan that stretches into the Chicago skyline. But as tempting as it might be to relax and take it all in, Blount is more often found elsewhere in the building, engaging students, corporate visitors and alumni or working alongside professors and staff. Every day, she exhibits the same mindset that she developed at her alma mater: a courageous and collaborative spirit that mobilizes the power of the team.

When she returned to Kellogg eight years ago, Blount began to recruit and shape a team of leaders who would work alongside her. Her goal: to transform and equip Kellogg to take on the unique business and education challenges of the 21st century.

“Today more than ever, we need leaders who get energized about investing in iconic institutions, about equipping 50- to 100-year-old organizations to embrace the economic and social realities of the post-millennium era,” she says. “At Kellogg, it’s been amazing to watch. So many high-impact, low-ego leaders have stepped up with me to reinvent our school.”

As she prepares to pass the deanship mantle late this summer, Blount points to the team that is busy preparing for the next dean and creating plans to propel Kellogg forward even further.

The school’s recent successes showcase the team’s impact to date. Faculty research and thought leadership continue to thrive. Kellogg’s global presence is stronger than ever. The quality and diversity of incoming classes are on par with the best in the world. And alumni around the globe are contributing time, energy, insights and financial resources at record-setting levels. All of this energy is emanating from the school’s new LEED-certified Platinum building, the U.S. Green Building Council’s highest honor.

These successes are not a matter of luck. They are the result of a bold vision and relentless execution, beginning with a strategic planning process that engaged more than 1,200 community members and has been continued by a committed faculty, staff, alumni and student team.

BLENDING RESEARCH AND PRACTICE

Blount sought to create an organizational structure that enhanced the ability of faculty and students to study the emerging business challenges of the 21st century.

“We needed to create platforms for innovation that honored our traditional departments, but allowed for more and faster improvisation and experimentation in our research and teaching,” Blount explains.

Kathleen Hagerty, senior associate dean for faculty and research, emphasizes, “Kellogg will always invest deeply in our core disciplines: accounting, economics, finance, management, marketing, operations, strategy. They are fundamental to what we do.”

“To foster new conversations, we designed four strategic initiatives that cross our traditional boundaries and create incentives while reducing disincentives for faculty to work together between department lines,” says Professor **Thomas N. Hubbard**, the faculty member who helped bring the four strategic initiatives to life.

Today the Kellogg Innovation and Entrepreneurship Initiative is led by **Linda Darragh** in partnership with Professor **Ben Jones**, the faculty director of KIEI and associate dean for innovation and impact. Blount recruited Darragh back to Kellogg to transform the school’s entrepreneurship program. “This initiative puts an emphasis on middle-market offerings and corporate innovation in addition to startups,” Hubbard explains. “Growth and scaling

SEVEN FACULTY LEADERS CHANGING KELLOGG’S COURSE

Over the past eight years, Kellogg faculty leaders have continued to advance the school’s mission as a leading research and teaching institution.

DAVID AUSTEN-SMITH, Peter G. Peterson Professor of Corporate Ethics, Professor of Political Science and Economics
Senior Associate Dean: Faculty and Research 2010-2013
This fellow of the American Academy of Arts and Sciences and political economist started teaching at Kellogg in 2004. A few years later, as the dean’s office started to rethink hiring practices, he helped to expand the breadth of the economics faculty.

MICHAEL J. FISHMAN, Norman Strunk Professor of Financial Institutions
Senior Associate Dean: Curriculum and Teaching 2011-2014
The finance professor and former senior associate dean led the current team to design Kellogg’s core analytics courses. Thanks to a strong love for teaching, Professor Fishman won the EMBA Outstanding Professor Award six times.

ROBERT MCDONALD, Erwin P. Nemmers Professor of Finance
Senior Associate Dean: Faculty and Research 2013-2016
A faculty member since 1984, McDonald has helped to reinvigorate research support infrastructure throughout the programs.

THERESE J. MCGUIRE, Professor of Strategy
Senior Associate Dean: Curriculum and Teaching 2014-2017
The professor created a curriculum that is more responsive to industry needs and student interests by creating student pathways reflecting emerging areas and evolving industries and by redesigning the curricular offerings for Evening & Weekend students.

KATHLEEN HAGERTY, First Chicago Professorship in Finance
Senior Associate Dean: Faculty and Research 2005-present
Overhauling the school’s growing PhD program was a longtime initiative for the finance professor. The program not only provides key access to the rest of the resources within the business school, but also helps doctoral students take part in a collaborative environment.

MICHAEL MAZZEO, Associate Professor of Strategy
Senior Associate Dean: Curriculum and Teaching 2017-present
The professor’s passion for evening and weekend programs allowed for greater customization of part-time learning to help working professionals develop critical industry expertise and hone specific skills.

BENJAMIN F. JONES, Gordon and Llura Gund Family Professor of Entrepreneurship
Associate Dean: Innovation and Impact 2017-present
When it comes to supporting student entrepreneurs, the economist was able to get Kellogg on the map. The faculty director of the Kellogg Innovation and Entrepreneurship Initiative helped widen curricular offerings for innovation and entrepreneurship, as well as growth and scaling. In his role as senior associate dean, he’s applying that innovation to Kellogg.

is inherently a general management problem.” Through KIEI, Kellogg has rolled out 20 new entrepreneurship courses as well as a range of co-curricular offerings such as the Zell Fellows and Young Scholars programs.

The Kellogg Markets and Customers Initiative is led by Professor **Greg Carpenter**. KMCI builds a platform for integrating customer insight across organizations. The Kellogg Architectures of Collaboration Initiative, led by Professor **Brian Uzzi**, has focused on studying new forms of collaboration emerging through social networks, crowd-sourcing and human-machine partnerships. And the Kellogg Public-Private Interface Initiative, under the leadership of Professor **Janice Eberly**, encourages conversations across business, government and society.

INTEGRATING TO DELIVER A TRULY GLOBAL EXPERIENCE

Inspired by **Don Jacobs**, Blount knew that Kellogg had to build on Jacobs’ and **Dipak Jain’s** legacies of strong global connection. Central to this strategy was growing the joint-degree Executive MBA programs, which date back to 1995, and opening the Miami campus in 2006.

“We had four strong bilateral EMBA programs, only one of which arguably was having significant reputational impact for us,” says Blount. “So we decided to join them into a network, in which Kellogg would no longer be the only connecting node. Almost immediately, the expanded connectivity led to more information sharing and innovation between partner schools and re-energized our programming and shared alumni base.”

Deans of the partner schools meet annually to set network strategy and work closely during the year to enhance the global experience for all students. Under the guidance of **Greg Haniffee**, associate dean of executive MBA programs, today’s network comprises Hong Kong University of Science and Technology’s School of Business and Management, Tel Aviv University’s Recanati Graduate School of Business Administration, Toronto’s

Schulich School of Business at York University, Beijing’s Guanghai School of Management at Peking University and the WHU-Otto Beisheim School of Management located outside of Frankfurt.

Four years ago, Guanghai was added in response to the growing importance of mainland China in the business sphere, says Associate Dean **Paul Christensen**, who serves as the senior adviser for global strategy. “It has become far more than just a hub with five spokes. All students can now take courses across four continents during their two-year course of study.”

Kellogg Full-Time and Evening & Weekend students also take advantage of a diverse array of global experiences through 37 “exchange” partner schools, each of which provides coursework that is unique to certain regions. In addition to the longstanding GIM and KWEST programs, a Global Lab course was launched in 2014 so students could work on an international consulting project. Such experiential learning is invaluable for today’s leaders, who are increasingly working in an international context even in their home countries.

ATTRACTING AND PREPARING THE NEXT GENERATION OF LEADERS

Matt Merrick, associate dean for degree operations, leads a team that drives everything from admissions to student experience and the Career Management Center. **Kate Smith ’98**, assistant dean of admissions and financial aid, is among the many alumni who have come back to Kellogg since 2010. A core part of their strategy has been deeper connectivity among prospective students, current students and alumni to bring the Kellogg story to life. The admissions team now works with applicants to identify the unique opportunities available to each of them at Kellogg. “Our focus has been on giving prospective students a window into the lifelong Kellogg experience, from the campus to the boardroom. When we tell our story well, we are highly competitive at yielding the world’s top students, many of whom come to realize they really belong at Kellogg,” Smith says.



PHOTO BY: JEFF SCIORTINO

“ALL [EMBA]
STUDENTS CAN
NOW TAKE
COURSES ACROSS
FOUR CONTINENTS
DURING THEIR
TWO-YEAR
COURSE
OF STUDY.”

The proof is in the data. Kellogg ranks in the very top tier of graduate management schools worldwide. Women made up 42 percent of the 2017 incoming two-year class, while U.S. minorities comprised 25 percent. As a higher share of the most competitive students select Kellogg, the average GMAT score has increased 25 points since 2009 to 732. “While it’s just one of many metrics, it’s certainly something people have noticed,” says Smith.

Along with the Full-Time program, there have been impressive growth and increased vitality in the Evening & Weekend and EMBA programs. Evening & Weekend has seen a 15 percent increase in matriculating students over the past three years, while EMBA’s number of matriculating students has grown by 32 percent.

The scope of career opportunities is also expanding for Kellogg students. Since 2010, the Career Management Center’s team has evolved its approach to meet recruiter demand and student interests. For students, this means increased support for off-campus recruiting and niche job searches. For recruiters, this means customized strategies for engaging with and recruiting students. In 2017, 25 percent of Full-Time graduates accepted jobs in technology, second only to top-tier consulting. And for the first time ever, 31.4 percent of the graduating class headed to the West Coast, with 30.2 percent staying in the Midwest and 20.2 percent going to the East Coast. Further, more Evening & Weekend and EMBA students are taking advantage of personal career coaching and programming that speaks to their respective leadership journeys.

TAPPING INTO THE HEART OF THE COMMUNITY

To sharpen Kellogg’s competitive positioning, Blount knew that she needed strong support from Kellogg alumni and friends. In September, the team surpassed its \$350 million goal for Transforming Together, the school’s first major capital campaign, to raise more than \$375 million to-date. In addition, the Annual Fund giving has grown from \$3.6 million in 2008 to \$10.1 million in 2017.

According to Blount, demonstrating the breadth of new initiatives was crucial. “My job was to say, ‘We need your money, but even more we need your heart and your time to invigorate our school and our network.’”

Blount emphasizes that this effort is about more than money. It’s about the time, passion and insights that energize a network. Thousands of alumni have donated time in recruiting students to Kellogg, assisting new graduates in job searches, building their local clubs and serving on advisory boards. And alumni leaders at Bain, BCG, Deloitte, McKinsey, Prophet and PwC/Strategy& have provided millions of dollars’ worth of pro bono consulting.

Today, the fundraising team is busy continuing to raise money for the Global Hub and launching a two-year, \$100 million Open Doors campaign. This effort will increase need-based aid and invest in program innovations that will ensure that Kellogg’s student and faculty cultures are among the most diverse and inclusive of its peer set. “To assure that our culture stays vibrant and relevant, to assure that our doors can open as widely as possible to welcome the world’s most promising young leaders for decades to come – that’s our goal. Doing this right will take the self-reflection, perseverance and passion that is characteristic of Kellogg alumni and friends,” Blount says.

The transformation has encouraged many to get closer to the business school community, says **Ann Drake ’84**, chief executive of DSC Logistics in Des Plaines, Illinois. While Drake met Blount early on, she only recently set up the Drake Scholars Fund for high-potential women enrolled in the Kellogg Evening & Weekend MBA Program. For Drake, who earned her EMBA while running her own business, the fund is a way to give back to women who “are seeking the education but cannot make it financially.” She also points to the inaugural Global Women’s Summit, convening in May, as another instance where parts of the Kellogg community are intersecting and supporting each other.

Other alumni have returned to campus to help Kellogg fulfill its purpose to educate, equip and inspire, including **Tim Simonds ’98**,



PHOTO BY: JEFF SCIORTINO

“WE ARE
HIGHLY
COMPETITIVE
AT YIELDING
THE WORLD’S
TOP
STUDENTS.”

the school's chief marketing officer from 2012 to 2016, and **Wendy Weiss Kritt '84**, managing director of alumni relations. "We want to make sure that we work with our alumni to catalyze our network globally," Kritt says. "At the same time, we're designing programming targeted to alumni at each different life stage."

The value of engaging with the Kellogg community can be transformative, says **Larry Gies '92**, founder and chief executive of Madison Industries, a global market leader that is making the world safer, healthier and more productive. Through his generous provisions of time with the students and a record-setting donation, he has helped to jump-start a culture of giving back, which he says is beneficial to both the school and his own growth as a leader. "What we do for the world and those we impact along the way is how we can each demonstrate purposeful leadership," he says.

BUILDING THE NEW KELLOGG

Thanks to this committed alumni community, one of the Kellogg team's greatest achievements is impossible to overlook. In fact, it stands 103 feet tall. The Global Hub exhibits an empowering level of collaboration that goes far beyond what happens in the classroom.

"The central plaza immediately conveys the message that Kellogg is a serious school that has a vision for the future," says Crate and Barrel's co-founder, **Gordon Segal '60**. He also served as chair of the board of trustees' educational properties committee, which spent more than three years working on the project. "Our end product is an outstanding use of its siting on the northeast end of the Evanston campus, flanked by the lagoon, Lake Michigan and the Allen Center. The use of glass for the exterior surface brings constant light and views that lift your spirit whether you're in the largest or smallest spaces of the building."

The late **J. Keith Murnighan** was a key faculty member who led the faculty team that provided input on the building's design. Though it was completed after he passed away, the Global Hub is just one of Murnighan's many lasting contributions to the Kellogg community.

Every day, the space facilitates meaningful connections among faculty, students and alumni, says **William Garrett '90**, who returned to the school as chief operating officer. Having worked on the building project, he is particularly impressed with the community spaces for students and faculty. "The vision of creating random collisions for innovation and creativity has come alive, and it really works," he says. "It has resulted in a new set of opportunities."

Blount and her team had an initial goal of showcasing the new building through the 24x24 initiative, which aimed to host 24 conferences within its first 24 months. However, the interest from the Kellogg community has been so strong that more than 40 will have been planned before the building's first birthday. These conferences bring together business, government and nonprofit practitioners to discuss today's pressing business topics.

Richard Lenny '77, co-chair of the Kellogg Capital Campaign and chairman of IRI, a Chicago-based big data and analytics firm, views the building as an investment in the school's preparedness for a changing world. "It's less about where Kellogg is today and more about how the vision of what Kellogg will be in the 21st century is coming to fruition," Lenny says.

BACK TO CAMPUS

These current faculty and staff members are returning alumni:

Elmer Almachar '10	John Malfettone '14
Bernie Banks '08	Greg Merkley '84
David Besanko '82*	Shane O'Brien '05
Genevieve Burke '90	Karin O'Connor '89*
Lee Cabot '86	Christopher Ody '12*
Carter Cast '92*	Kara Palamountain '04*
Renee Cherubin '06	Joseph Patton '09
James Conley '92*	Nicholas Pearce '12*
Kathleen Coughlin '91	Mary Pearlman '85*
Margaret Douglas '95	Steven Peavler '08
Brenda Ellington-Booth '98*	Artur Raviv '76*
Linda Feeney '97	Kevin Robinson '15
William Garrett '90	Adnan Rukieh '85
Kent Grayson '94*	Kate Smith '98
Julie Hennessy '82*	Louis Stern '62*
Ann Herring '96	Amy Stewart Smith '05
Megan Kashner '03*	Ellen Taaffe '97*
Wendy Weiss Kritt '84	Matthew Temple '93
Megan Krueger '90	Thomas Turmell '98
Frances Langewisch '95	Alice Tybout '75*
Jerimaih Langfeldt '08	Linda Vincent '77*
Karen Larson '97	Russ Walker '06*
Liz Livingston Howard '93*	Craig Wortmann '95*

*Faculty

CONTINUING THE MOMENTUM

As her deanship approaches its end, Blount is confident that the school and its mission remain in worthy hands. While their academic and experiential opportunities have evolved, Kellogg students still acquire the core understanding that defines each graduate, a focus on the customer and the team, just as Blount did in 1992.

"We are still choosing leaders who know how to lift the room versus lift themselves," says **Elizabeth "Betsy" Ziegler**, the school's chief innovation officer and seven-year team veteran who will soon be departing to lead 1871, an incubator for technology and entrepreneurship. "Dean Blount has modeled this type of leadership for the Kellogg community, and Kellogg is in a better place because of it."

To Blount, preparing for the future and ushering in a new era requires staying true to the fabric of Kellogg. Today her legacy is entwined with the school that has contributed greatly to her career, a distinction she does not take lightly.

"I had the honor to lead an institution that shaped my life," she says. "I believe not only that my life is better, but also that the world is better and business education is better because Kellogg exists. I know so many people who have been profoundly shaped by our community and culture. I am confident about the relevance of that experience for future students, faculty and staff and the continued impact of our global community of Kellogg leaders." ●

Open, light-filled spaces encourage natural connections among students, faculty and guests.





FROM VISION TO REALITY



PHOTO BY: NICOLE LUX

IN THE YEAR SINCE THE GLOBAL HUB OPENED,
IT HAS EMPOWERED ITS INHABITANTS TO NETWORK,
INNOVATE AND COLLABORATE

WRITTEN BY: MARCO SANTANA

AT any given time within the Kellogg Global Hub, students, faculty and staff experience the kind of chance encounters for which the building was designed.

“The building has served as a place where the entire Kellogg community can come together and thrive,” says **Max Lafortune '18**. “I interact with peers and faculty each and every day of the week, regardless of whether or not I have class, and I believe that the building is a primary reason for that. It’s a place that I come to be productive, to be social, to be inspired and, most of all, to learn.”

“It inspires collaboration,” agrees **Florian Zettelmeyer**, chair of the marketing department, who cites the “fantastic views from nearly all common spaces” as his favorite part of the building.

Such praises have been pouring in from students, faculty members and visitors since the building opened in March 2017. Here are a few ways the building has helped drive collaboration ever since.

PUSHING PAST THE CUTTING EDGE

It won’t take long to spot one of the newer features in the Galvin Design Wing’s Innovation Lab.

A robot named Phil – named for one of the lab’s most prolific donors and a renowned faculty member, **Phil Kotler** – can often be seen looking for students in need of help.

The lab has become one of the centers of technology and entrepreneurial activity on campus, says **Linda Darragh**, executive director of the Kellogg Innovation & Entrepreneurship Initiative. It hosts technical literacy classes, which give students access to new tech, and a speaker series that features entrepreneurs.

“We want to make sure students are being exposed to some of the brightest innovators,” she says. “We ask ourselves, ‘What are the trends? What is cutting-edge? What will push them?’”

Students can interact with innovation programs at large companies, giving them exposure to potential career situations, Darragh says. “They can understand the disruption happening in these companies, which are pleased to partner with the innovative minds of our students.”

A PLACE FOR GROWING AND FOSTERING GREAT MINDS

With areas such as the Design Lab at the ready, the building has drawn more than praise over the past year. In-residence spaces have been occupied by visiting artists, scientists and corporate partners, each of whom share how the space itself has inspired them.

Darragh says the school often receives cold calls from companies in the area that want to explore direct programs for students.

“We are trying to create real-world situations between corporations and students so more students can go into corporate innovation,” says Darragh, who mentioned both Tyson Foods and General Electric as partners within the Innovation Lab. With this experience, “more companies will come to Kellogg as a source of talent.”

The same effect can be seen on teaching and learning.

The Kellogg faculty have pointed to elements such as the flat classrooms that help them inspire students every day. **Leigh**



The Global Hub's Galvin Design Wing combines technology and creativity to enhance the student experience.

Thompson, professor of management and organizations, cites her flat classroom's ability to facilitate interactive courses like Negotiation and Teams. "I loved it," she says. "We had the classroom set up in several 'pods' each day, and this allowed us to easily flex between the interactive-simulation portion of the class and the debrief."

"The building encourages interactions between faculty and practitioners with different perspectives and from different parts of the school," says **Benjamin Jones**, associate dean for innovation and impact. "It sparks dialogues that help shape research directions and new insights for the classroom."

ENGAGEMENT AND CONNECTIONS

Since the Global Hub opened, a steady, diverse stream of speakers – including Vice President Joe Biden and Dr. Deepak Chopra – has headlined events at the facility. The new building has become a catalyst in how thought leadership and student conferences come together at Kellogg.

The 24x24 initiative, which initially set the goal of hosting 24 conferences at the building within its first 24 months, has already surpassed all expectations. Steady interest from faculty and staff has already increased planned events in these first two years to more than 40 and counting.

Many staff members point to the Global Hub's customizable spaces and their ability to create an intimate setting, no matter the number of attendees. On the second floor, for example, the 6,600-square-foot White Auditorium accommodates as many as 350 people. The seating can also be removed and replaced by tables and chairs in a room that includes a south-facing view of the Chicago skyline.

In May 2017, the Global Hub saw its first reunion celebration, where alumni recorded commemorative videos in the lower level's technology suites and attended lectures and networking events throughout the Gies Plaza and various classrooms. The event showcased the power of the building to returning graduates, who gathered on the expansive Montag Vista for toasts and photographs.

COMMITMENT TO SUSTAINABILITY

In January, the 415,000-square-foot Global Hub became the largest LEED-certified building on campus. Not only that, it achieved Platinum status, the highest rating given by the U.S. Green Building Council.

That Leadership in Energy and Environmental Design program is one of the more-recognizable and prestigious sustainability designations a building can earn.

But as important as sustainability remains, it's only part of how the physical building could help students' experience at Kellogg.

"I mean, look at it," says **Chase Michalek '18**. "It's not just state-of-the-art, it's simply stunning. I think the Global Hub is a symbol of everything the Kellogg experience offers: innovative, different, forward-thinking, warm and inviting."

"The Global Hub is hugely impactful on my day-to-day experience at Kellogg," Lafortune agrees. "It is an incredibly inspiring facility which I look forward to spending time in each day." ●



PHOTO BY: NIC LEHOUX

the

DEAN

of

DEANS



PHOTO BY: NATHAN MANDELL

Dean Emeritus Don Jacobs forged a path to Kellogg's future

WRITTEN BY: SARAH KUTA

In October 2017, the passing of Dean Emeritus **Don Jacobs** caused an outpouring of condolences and shared memories from members of the Kellogg community. “A man of high standards and great warmth, Don Jacobs shaped the careers of thousands of Kellogg faculty, students and staff,” says Dean **Sally Blount ’92**.

“In addition to his work at Kellogg, Don sat on numerous boards. Combined, he quite literally influenced a generation of business leaders in a way that no one person will ever be able to do again.”

Jacobs served as dean of the school from 1975 to 2001, propelling Kellogg to the top ranks of business schools around the world. Today, his impact lives on throughout the school.

He advocated for a team-based learning model throughout Kellogg, an approach in which students work together in groups during their courses to deepen their understanding of a topic and mimic real-world environments.

He created a global network of world-class business schools to expand the school’s reach and provide students with an international management education.

Understanding the unique needs of mid-career professionals, Jacobs built the Allen Center to host executives for

quick courses on modern business matters.

And his warmth, love for teaching, strength of character and welcoming presence continue to be missed.

A MODEL OF COLLABORATION

Under Jacobs’ leadership, Kellogg was the first business school to fully embrace a team-based learning model. He had a deep commitment to engage students in such a way that they benefited from working with a vibrant, diverse community of high-caliber peers from around the world.

This approach was consistent with Jacobs’ belief that in the real business world management is a group activity, not an individual pursuit. This pioneering approach has become the norm across the Kellogg curriculum and has been adopted by many other business schools around the globe.

The collaborative culture that is synonymous with Kellogg has its roots in this innovation, according to **Mike Mazzeo**, the current senior associate dean of curriculum and teaching. “Collaboration remains one of Kellogg’s fundamental values, reflecting the benefits of including diverse perspectives in organizational decision-making.”



The Global Hub was built with Jacobs’ vision of collaboration in mind, with its flexible student spaces, flat classrooms, conference rooms and labs.

GLOBAL NETWORK

Jacobs had a deep understanding of the mandate for students to lead in an increasingly global economy. This reverberates through what is now the school’s Executive MBA Global Network, which got its start when Jacobs formed a pioneering partnership between Kellogg and the Leon Recanati Graduate School of Business Administration at Tel Aviv University in Israel.

With that first formal international relationship as a model, Kellogg began offering joint EMBA degrees with other top universities around the world, including WHU-Otto Beisheim School of Management in Germany, Hong Kong University of Science and Technology and Schulich School of Business at York University in Toronto.

“The beauty of the network is that it leverages the strengths of our faculty and our curriculum, but also the best faculty at these other leading institutions and some of the unique courses that are specific to those regions,” says **Paul Christensen**, associate dean of executive education.



Today, thanks to Jacobs' vision, the network has expanded to include Guanghua School of Management at Peking University in Beijing.

Jacobs understood from the beginning that the world was growing smaller every day and that modern leaders needed to be well-versed in global business practices.

"He knew that we were on a one-way path to an increasingly global economy," Christensen says. "It wasn't just a fad – it was a trend that was here to stay."

Beyond that, Jacobs wanted everyone in the world to have access to a high-quality management education, not just those students who could travel to Evanston to study at Kellogg.

"Don really did believe in the democratization of management education," Christensen says. "He aspired to reach an audience of students and future leaders who would make the world a better place. He wanted to train the world."

THE POWER OF THE ALLEN CENTER

Jacobs was committed to continuous learning and had a vision to bring together a network of professionals, faculty



from multiple disciplines and accomplished practitioners to exchange ideas and open new perspectives. This vision came to life as Kellogg began offering shorter-term executive education sessions to talented mid-career business professionals.

"He was a seer," agrees **Meyer Feldberg**, who served as the director of executive education and an associate dean at Kellogg before becoming the dean of Columbia Business School, among others. "He really saw what management education was and where it needed to go, and others followed in his path."

He shared his vision with **James Allen**, a founder of Booz Allen Hamilton, who agreed to finance the construction of a new building on campus that would house the school's new executive education program.

The Allen Center opened in 1979, offering courses that lasted several days or weeks. Though a Full-Time MBA program took two years to complete, professionals could gain new skills and expertise in a short period of time, all while living and learning at the Allen Center. Today, the building hosts more than 6,000 executives each year.

University leaders were initially skeptical of Jacobs' idea, but eventually gave him the go-ahead.

"The university was concerned about putting up a brand-new building right on the lake that was going to have to be self-supporting," Feldberg says. "How do you know that it's going to work? How do you know you're going to get hundreds of executives in here? What if it fails?"

As with so many of Jacobs' ideas, the risk paid off.

The Allen Center introduced thousands of executives to Kellogg and helped elevate the business school's brand. In addition to offering a standard set of courses, the center began developing custom programs to meet the needs of individual companies.

Business schools around the world have since embraced the model of teaching executive education courses in a retreat-like setting.

"Don saw this as a way to enhance the managerial skills and talents and expertise of executives, but he also saw this as a mechanism for spreading the Kellogg image around the country and around the world," Feldberg says. ●

INNOVATION
IN THE AGE OF

DIS- RUPTORS

MEET TWO KELLOGG ALUMNI WHO AREN'T AFRAID TO SHAKE THINGS UP

Disruptors don't merely build businesses, tweak processes or create products. They uproot old ways of doing things and fundamentally alter industries, markets and even lifestyles.

WRITTEN BY: LYNN HICKS

LEF PILLSBURY



“The first trait I look for in somebody to join my team is curiosity.”

INSIGHT + INSPIRATION = INNOVATION

Lee Pillsbury '82 finds inspiration in the soda aisle of the supermarket and the waiting room of a hospital.

Pillsbury is a pioneer in the hospitality industry who keeps blazing new trails. He helped Marriott grow into a hotel giant and has launched and directed close to 20 companies. He's now managing director of Thayer Ventures, which invests in such startups as TripBAM, a hotel booking platform that automatically rebooks clients at lower rates, and ADARA, a co-op that gleans data from major airlines, hotel chains and travel websites.

Pillsbury advises hospital-ity professionals to think of themselves as race-car drivers: constantly looking around the corner and down the road. How? By practicing the three I's: insight, inspiration and innovation.

Insight means having a deep understanding of your business

and its customers. Inspiration comes from drawing additional insights from other industries. Combine the two to create innovation – the formula has been a driving factor in Pillsbury's success.

Shortly after graduating from Kellogg, he was promoted to head of strategy at Marriott and helped the company grow quickly. He showed chief executive officer Bill Marriott the array of soda products in the local grocery store, noting the way a few key companies were responsible for most of the products. “If you want to be a big company, you've got to look like Coke or Pepsi,” he told the boss. The company launched the Residence Inn, Fairfield Inn and Courtyard brands and built 42 hotels in Atlanta in the next three years. Marriott now has 30 brands.

A more recent example: A little more than two years ago, Pillsbury's wife, Mary, was scheduled for an hour-long surgery. But Pillsbury was left

waiting eight hours before he heard from anyone about her status. The nerve-racking delay led Pillsbury to launch TenX Healthcare, which tracks patients through surgery and recovery – and increases revenue for hospitals by using operating rooms more efficiently. Its next innovation is an app to give updates on patients to their loved ones.

“Everything we do in the hotel and restaurant business to drive efficiency – to keep the rooms full, to keep the tables turning quickly – all those techniques and technologies we can apply here,” he says.

Practicing such disruption requires constantly asking questions. “The first trait I look for in somebody to join my team is curiosity and inquisitiveness. I look for 20-somethings who think like 4-year-olds: ‘Why, Mommy, why?’” he says, laughing. “It's always about asking the right question.”

JENNY LEE



PHOTO BY: MICHAEL RYAN

“Each of us are game changers in our own right.”

‘A NEW WAY OF LIFE’

Jenny Lee '01 excels at spotting and grooming disruptors. And she's doing it in a hotbed of innovation: China.

Lee regularly makes the lists of the top venture capital investors in the world, ranking 10th in the Forbes Global Midas list in 2015. She's built that reputation by taking several Chinese tech companies public, including hiSoft, 21Vianet, SinoSun and YY.

She searches for business models that “basically create a new way of life.” Lee focuses on disruption through artificial intelligence, natural language processing and facial recognition. These technologies could radically change how we work, shop, travel and even learn. “Can you replace teachers?” she muses. “Now with AI technology, a certain piece of the learning process can be automated.”

From her post at GGV Capital in Shanghai, Lee has watched China catch up to the United States as a disruptor in the last three to five years. “It's a huge market, highly competitive, and it forces entrepreneurs to think out of box.” Plus, the Chinese government has poured money into startups and subsidized automation in its factories as labor costs rise.

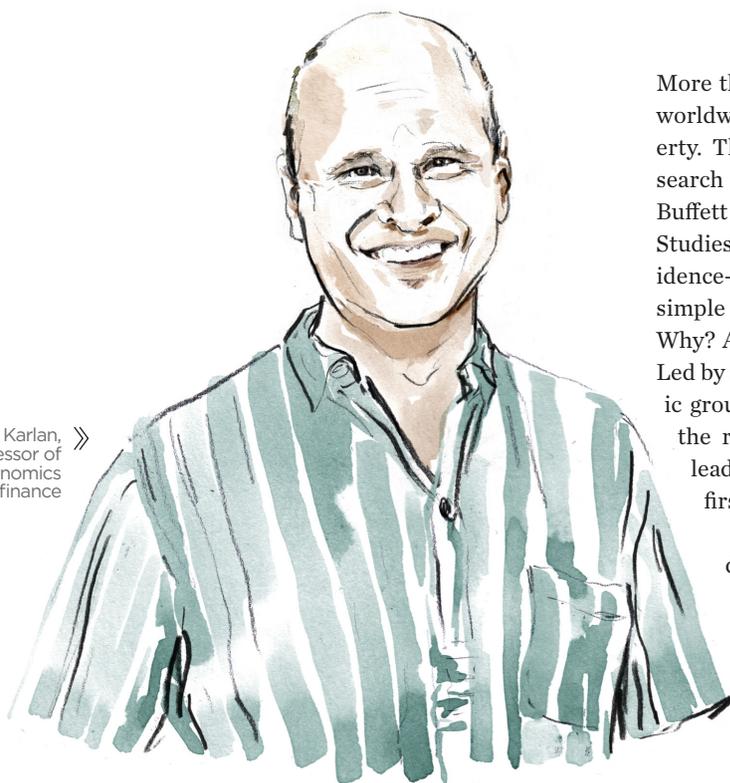
Lee was educated as an electrical engineer, and she says Kellogg helped her develop a holistic view of innovation. “For disruption to take hold, it's important to build a business model behind the technology,” says Lee.

She urges Kellogg students and graduates to take a disruptor attitude. “With the world in flux, individual opportunities to create change are even bigger,” she says. “Each of us are game changers in our own right.” ●

INVESTIGATING POVERTY

Kellogg has a new focus on the field of development economics, using cutting-edge research to tackle an age-old problem

WRITTEN BY: LINDA PIXLEY ILLUSTRATIONS BY: HEATHER GATLEY



Dean Karlan, professor of economics and finance »

More than 767 million people worldwide live in extreme poverty. The Global Poverty Research Lab at Northwestern's Buffett Institute for Global Studies wants to provide evidence-based answers to two simple but pivotal questions: Why? And what can be done? Led by a fast-growing, dynamic group of faculty members, the research lab integrates leading-edge theory and first-rate empirical work.

One of the lab's co-directors, **Dean Karlan**, professor of finance, is a new addition to the Kellogg faculty. A globally respected expert in the field, he

brings a wealth of knowledge and a passion for finding solutions to global poverty.

"Around the world, trillions of dollars have been spent on programs designed to reduce global poverty," Karlan explains. "But clear evidence on which programs succeed is rare. And when evidence does exist, decision-makers often aren't aware of it. The goal of development economics is to better understand why economic growth occurs in some places and not others – and what can be done to promote growth."

Karlan is also founder of Innovations for Poverty Action, a nonprofit organization dedicated to discovering

and promoting solutions to global poverty. IPA brings together researchers and decision-makers to design, rigorously evaluate and refine these solutions. Since the organization was founded in 2002, IPA has worked with more than 575 leading academics to conduct over 650 evaluations in 51 countries.

Development economics isn't a new field. Other universities dedicate resources to the fight against poverty. According to **Nancy Qian**, professor of managerial economics and decision sciences, what sets Kellogg apart is its emphasis on development economics in a business-school setting.

To Qian, that makes perfect sense. "One major way for economic growth to happen is through entrepreneurship and better governance of businesses, as well as the necessary regulatory and political environments," she says. "All of these issues are

core to the mission of a business school." To that end, she and Karlan have worked steadily with Professors **Ameet Mojaria** and **Erika Desserano** of the MEDS department, **Jacopo Ponticelli** of the finance department and **Ben Jones** of the strategy department, among others.

"Also, a lot of our nation's future business opportunities will come from emerging markets: Latin America, China, India, etc.," Qian continues. "These areas are going from very poor to having median incomes. So it's a first-order question for a business school to understand how these countries operate."

Kellogg's focused approach will help to advance knowledge in the field significantly through research and teaching. Hiring multiple scholars who focus on the topic "will have a big impact," Qian says. "It allows us to achieve synergies we wouldn't have elsewhere." ●



« Nancy Qian, professor of managerial economics and decision sciences

For more from Dean Karlan and Nancy Qian, check out the Kellogg Insight insert.

Theories of Development Economics

What are common roadblocks to overcoming poverty? Current development economics theories point to a variety of factors, including:

GEOGRAPHY Because climate affects agriculture, natural resources and health, certain climates are believed to promote economic growth better than others.

HUMAN CAPITAL When people are healthier and stronger, they become better educated. When they're better educated, they can get higher-paying jobs or be more productive at their current jobs.

INSTITUTIONS Are the right institutions in place for growth? These can include banks for obtaining funding, legal support for contract enforcement and much more.

CULTURE A society's culture can do a lot to help economic growth. Culture can also hinder growth – even if other cornerstones of development are in place.

THE STARTUP

DOM COLLINS TAKES AN
ENTREPRENEURIAL APPROACH
TO HIS MUSIC

WRITTEN BY: BEN GRAN

SINGER / SONGWRITER

Stay in touch
with Dom
Collins by
visiting the
Kellogg Alumni
Directory
via Kellogg
Connect.





It's not every day someone leaves a lucrative job at a Wall Street investment bank to pursue stardom as a musician – but that's exactly what Kellogg alum Dom Collins '16 did.

Now performing under the stage name Dom Marcell, Collins is a JD-MBA Program graduate born in Puerto Rico and raised in New Orleans. He worked as a media and entertainment investment banker on Wall Street, but after a year in the financial world, he decided to leave to pursue a new career as a singer-songwriter. He is now preparing to release a new album that he describes as having influences from contemporary pop, R&B, hip-hop, dance and even gospel.

While the music business might seem like a detour from Wall Street, Collins sees his career move as part of the same journey toward entrepreneurship.

"The approach to invest in one's music is quite similar to work as an investment banker, where clients rely on [you] for strategic advisory services to grow their businesses and maintain competitive advantage," Collins explains. "I have studied the music business and music consumer tastes for years, so I tried to ensure that I was creating a sound that is current and uniquely different from other male artists. Unlike finance, evaluating music as an investment relies more upon intuition. Many talent-

ed artists may not catch their break. It can be hard to quantify an ROI. But I still knew that I love music so much that I am willing to go all in to make it work."

Although there are risks in leaving a lucrative Wall Street job to try to break through in the crowded music industry, Collins says that his unique perspective and business skills give him a competitive edge. His approach to the music business was inspired in part by the innovation and efficiency of Silicon Valley startups; he sees his new career as not just being a musician, but being the leader of a business enterprise.

"To build my new enterprise," he says, "I did a lot of research into the various roles that would be needed from both a creative and business standpoint. From there, I determined which roles I could do myself and which ones could be fulfilled by leveraging my network or outsourcing to third parties."

Collins' entrepreneurial journey has also been highly influenced by his business school education, where he learned fundamentals of leadership, strategy, marketing and finance. And as a law-

yer, he was able to easily manage various details of starting a business, such as handling his own copyrights and trademarks.

Collins says that everything he learned at Kellogg prepared him for his new challenges as a musician and entrepreneur.

"The collaborative environment at Kellogg definitely taught me a lot about setting goals and being a team player," he says. "Regardless of the role I held, I always wanted to work with people who could challenge me on my ideas, and the more disparate ideas, the better. Kellogg was an ideal training ground to develop ingenious solutions with fellow classmates, and all of these lessons are employed in my business today."

Despite the risks and uncertainties, Collins is embracing his new career with confidence and enthusiasm, reinforced by his Northwestern degrees. "With any investment, it's imperative to hedge your bets to soften the blow if something goes awry," Collins says. "Fortunately, I had already made the perfect hedge – my investment in education. My mantra is this: The best investment one can make is in oneself, and the worst risk in life is not taking a risk." ●

For the third year in a row, a group of alumni have challenged the Kellogg community to join together and support the Kellogg Annual Fund. Every gift of up to \$1.5 million will be matched dollar for dollar, with a potential \$3 million impact.

Make your impact and join together with your Kellogg community for the

MEET US AT A MILLION CHALLENGE

Give now — when your gift goes twice as far. During the Meet Us at a Million Challenge, a \$250 gift becomes a \$500 impact. A \$2,500 gift — a \$5,000 impact. And with a \$5,000 gift, you can make a \$10,000 impact.

The power of Kellogg, versus any other business school, is its ability to foster a culture of collaboration and teamwork, develop an impressive global community and present a unique take on strategic, cross-disciplinary thought leadership. Your gift to the Kellogg Annual Fund helps make this possible.

**MAKE YOUR GIFT BEFORE
JUNE 30, 2018.**

To make your gift, please visit
wewill.northwestern.edu/MUUAM18

Questions? Contact us at
annualgiving@kellogg.northwestern.edu
or 847.491.2841

MEET US
AT A **MILLION**

Northwestern | Kellogg



From Portland to Portland

RICK BERG RIDES ACROSS THE COUNTRY TO RECONNECT WITH HIS CLASSMATES

WRITTEN BY: BEN GRAN ILLUSTRATION BY: HEATHER GATLEY

Being a Kellogg graduate gives you a global network of talented people to stay connected with throughout your life. One Kellogg alum – **Rick Berg '95** – found a particularly innovative way to reconnect with his old friends from Kellogg (as well as others from his holiday card mailing list): riding across the country on his bike.

During 2017, Berg spent 218 days pedaling 4,600 miles on what he called his “Rick to Portland” bike ride. From Portland, Oregon, to Portland, Maine, he made a massive “W” shape across the continental United States, passing through San Francisco, Los Angeles, San Diego, Denver, Milwaukee, Evanston, D.C., Atlanta, Boston and many other places. He visited more than 300 friends and family, including 29 Kellogg '95 classmates and their families, and occasionally rode with them.

Kellogg was “among the best two years of my life,” Berg says, and “the most collaborative atmosphere I’ve ever been a part of, and I’ve sought both work and personal relationships that are similar.”

Berg is the father of two children, the older of whom was just two weeks old when Berg started at Kellogg at age 32. He was one of a few students in his class at the time who was a parent, so he became known to his classmates as “Ben’s Dad.” Berg says that it

was particularly gratifying on the ride to see former classmates who now have children of their own and to have them see current pictures of his grown-up “Baby Ben.”

Because Kellogg is a highly selective program, Berg says it was a stretch for him to apply to the MBA program. But he was inspired by a 36-year-old man he met while teaching at an adult literacy program in Memphis. “Seeing this guy learning how to read, trying to reach his true ability, really inspired me to come to Kellogg,” Berg says. “It gave me this sense that I’m not doing everything that I can do. That spirit carried me through – if this guy learning how to read can try to do something different and better, then I can, too.”

Berg has been working as a strategy consultant since earning his degree from Kellogg, and he says that his time at Kellogg and the relationships he made there have been highly influential on the rest of his career and life. “It was a pretty intensive two years, and it had an impact on the type of work I like to do,” Berg says. “I’ve stayed in touch with those people because they’re some of the coolest people I’ve ever met. To reconnect with so many of those Kellogg friends on this ride, it’s like time hasn’t even gone by.” ●

“Kellogg was the most collaborative atmosphere I’ve ever been a part of, and I’ve sought both work and personal relationships that are similar.”



THE POWER OF YOUR KELLOGG ALUMNI NETWORK

The Kellogg alumni network is a powerful community of more than 60,000 Kellogg graduates working, leading and making a difference in every corner of the globe.

As a member of the Kellogg community, you can connect to alumni worldwide through regional and special interest alumni clubs. With nearly 70 active regional alumni clubs and more than 20 special interest clubs, you can seize the opportunity to network, socialize and participate in activities that are of interest to you. **To update your profile, find a club and more, log in to KelloggConnect today at: kell.gg/kc-connect**

KELLOGG ALUMNI CLUB OF SEATTLE/WESTERN WASHINGTON

MAKING STRIDES

The Kellogg Alumni Club of Seattle/Western Washington continues to grow and increase engagement among the Kellogg alumni community in Seattle and Western Washington. With Amazon as a venue sponsor, the club hosted the first in a series of 12 domestic club events for Kellogg Professor **Carter Cast**, who shared his insights on “The Right & Wrong Stuff – How Brilliant Careers Are Made and Unmade” with more than 65 alumni. Thanks to all who made this event successful.

The club will host several lunch discussions with key corporate sponsors while viewing a live stream of the Kellogg Global Women’s Summit on May 8. A special thanks to all of the sponsors for their support.

The club continues to work with its Pete Henderson Society partner, **Gerron Vartan '67**. He has been an amazing supporter; the club cannot thank him enough for sharing his wisdom and showing up (many times in-person from San Francisco) for events and board meetings. By building a strong club leadership team and strategy for engagement, the club is making strides like never before, thanks to Vartan and a dedicated group of club leaders.

Members of the Kellogg Alumni Club of Seattle/Western Washington





TAIPEI ALUMNI CLUB

WELCOME TO THE NEWEST KELLOGG ALUMNI CLUB

Bill Liu '97, chairman of the Kellogg Alumni Club of Chicago-West, helped establish the newest club on the Kellogg alumni scene. He used his network and experience as an alumni leader bring together the Kellogg community in Taipei, spark interest, share best practices and connect the club to Evanston.

Liu and **Ken Chou '07** serve as senior advisers for the club, which is led by **Joseph Sun '96**.

Approximately 100 Kellogg alumni live in Taiwan, 75 percent of whom live in the Taipei area. Club events will feature distinguished speakers, practical workshops, on-trend panel discussions and other educational and networking activities.

To learn more, join the club's Kellogg Alumni in Taiwan Facebook page.

⌘
The team of leaders in the Taipei Alumni Club: (front row) Jennifer Chang, PhD '03, Joseph Sun '96, Bill Liu '97 (middle row) Nancy Shao '14, Teena Lee '10, Hung Ju Ko '09, Angela Chen '01 (back row) John Chang '09, Hsing-Chien Chou '07, Fu Lin '16, Yao-Chung Chang '07

KELLOGG ALUMNI COUNCIL

A GLOBAL ENGAGEMENT TEAM

Twice a year, a team of 44 alumni from around the world gather in Evanston to lead the effort to catalyze the global alumni community as part of the Kellogg Alumni Council.

The members of this dynamic team, each of whom serve three-year terms, represent a range of classes from 1967 to 2016, as well as diverse backgrounds and industries.

The group, led by Chair **Cesar Estrada '99** and Vice Chair **Catherine Briggs '94**, focuses on three initiatives that align with the school's strategic priorities and drive measurable impact: admissions, alumni clubs, students and the global community.

Members of the Kellogg Alumni Council stay connected through monthly calls and various communications. Their work focuses on four key areas:

- Supporting admissions efforts through outreach to high-potential, admitted applicants and scholarship recipients
- Creating sustainable links between students and alumni
- Shaping strategies and tactics to foster meaningful connections among our global Kellogg community
- Mentoring and guiding local clubs on best practices through the new Alumni Clubs' Playbook.

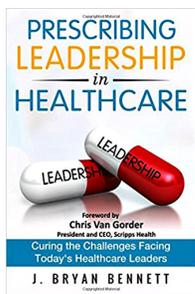
⌘ Members of the Kellogg Alumni Council show their purple pride at the Oct. 27 meeting





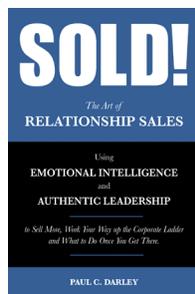
ESTHER CHOY '09
Let the Story Do the Work: The Art of Storytelling for Business Success

Whether you want to stand out in an interview, add punch to a presentation or make a compelling case for a new initiative, “Let the Story Do the Work” shows you how to craft simple narratives that convey who you are, what you want to achieve and why others should care.



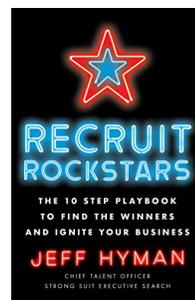
J. BRYAN BENNETT '85
Prescribing Leadership in Healthcare: Curing the Challenges Facing Today's Healthcare Leaders

Health care has changed significantly in recent years, creating a need for well-versed leaders. “Prescribing Leadership in Healthcare” creates a personalized leadership development program built on an individual’s innate qualities and strengths.



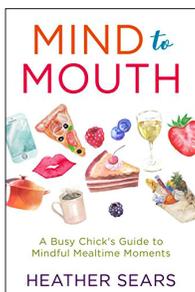
PAUL DARLEY '03
Sold! The Art of Relationship Sales

Whether we sell goods and services for a living or sell ourselves to future employers or spouses, the skills we use to build relationships, close deals and get ahead are the same. That’s the premise behind Paul Darley’s “Sold! The Art of Relationship Sales.”



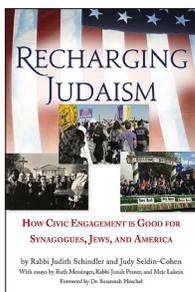
JEFF HYMAN '95
Recruit Rockstars

Ninety percent of business problems are actually recruiting problems in disguise. If you’re filling your company’s vacant positions with B-players, you’re playing with fire. Instead, hire Rockstars to build an organization with limitless potential. “Recruit Rockstars” shows you how to find, hire and keep the best of the best.



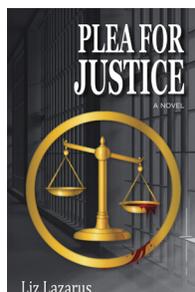
HEATHER SEARS '95
Mind to Mouth: A Busy Chick's Guide to Mindful Mealtime Moments

Like many modern women, Heather Sears was rushing and triple-tasking through meals. Then her body began to protest: She began to choke whenever she tried to eat. “Mind to Mouth” explores the realization that a mindful approach to food has the power to shift everything.



JUDY SELDIN-COHEN '86
Recharging Judaism

“Recharging Judaism” is the essential and timely guide for every synagogue and community seeking to strengthen the bonds of Jewish communal life through advocating for social justice. It offers a framework to guide us through our journey of civic responsibility and social duty and into a brighter future for our country.



AMY LAZARUS '00
Plea for Justice

“Plea for Justice” is a psychological, legal thriller told in alternating viewpoints by Jackie, an overweight paralegal in pursuit of justice, and Me, a terrifying killer with treacherous cyber skills. Lazarus has once again produced a page-turner, full of drama and suspense and more than one unexpected twist.



DAN GINGISS '02
Winning at Social Customer Care: How Top Brands Create Engaging Experiences on Social Media

Social media has shifted power from brands to consumers, requiring new thinking around customer engagement. Based on interviews with business leaders and his own experience, Gingiss shares a series of best practices in “Winning at Social Customer Care.”

» Have you published a book recently (or know a Kellogg alumnus who has)? Submit book suggestions via kll.og/kmagbookshelf

INSI GHT

In this special section of *Kellogg* magazine, we bring you articles from our online magazine, *Kellogg Insight* — your source for the latest faculty research and ideas.

Kellogg Insight features articles, videos and podcast episodes that spark new ideas in lifelong learners and inspire those looking to advance their careers. Sign up to receive emails customized with stories most relevant to you.

Visit insight.kellogg.northwestern.edu to subscribe.



RESEARCH

- 02 A Better Way to Understand How Consumers Feel About Your Brand
- 04 The Surprisingly Short Journey from Ivory Tower to Patent Office
- 06 When Potatoes Brought Peace
- 08 What a Difference a Year (with a Consultant) Makes



INSIGHTS

- 10 When to Own a Decision and When to Delegate

A Better Way to Understand How Customers Feel About Your Brand

A new algorithm tracks people's perceptions in real time via Twitter.

For decades, marketers have relied on surveys to gauge how customers perceive their brands. While this tried-and-true method does a good job of revealing how brands stack up against the competition on everything from health to luxuriousness, it is also time-consuming and labor-intensive. By the time you have survey results in your hand, they may already be out of date.

Jennifer Cutler, an assistant professor of marketing at the Kellogg School, thinks it may be time to send many surveys into a well-deserved retirement. Instead, she and a coauthor have developed a real-time tool based on Twitter activity.

Cutler and Aron Culotta, of the Illinois Institute of Technology, created an approach that allows marketers to track in real time how their company compares to others for any attribute that interests them: in minutes, a marketer can know whether customers see Subaru as more or less eco-friendly than Toyota, a task that might previously have taken weeks or even months to complete. This is accomplished not by tracking what users are posting to Twitter, but rather whom they follow – an approach Cutler believes offers deeper and more nuanced insights into how companies are viewed.

“There’s a lot of excitement in the field of marketing about the potential to extract insights about consumers from these data, but there’s definitely been a struggle to figure out how to do that,” Cutler explains. Thus, a lot of the data remain untapped by marketers. Thanks to research like hers, however, “a lot of the barriers to entry and a lot of the obstacles to applying large-scale data mining for marketing insights are falling down.”

THE POWER OF SOCIAL NETWORKS

When marketers look to social media, they are often focused on what consumers are saying about their brands. Though Cutler believes text analysis has its place, there are serious limitations to relying on text alone. For example, although 20 percent of U.S. adults have Twitter accounts, fewer than half post actively.

“Among those that write, very few are going to explicitly write about your brand, and even fewer still are going to write about the specific attributes of your brand that you are interested in measuring,” Cutler explains.

But consumers reveal a lot about themselves online, even when they say nothing at all.

These Twitter lurkers are following other users – companies, politicians, celebrities, friends – and making lists of accounts, organized by topic. Through lists, users can create their own curated newsfeeds around topics of interest (“sports,” “science” or “politics”). And unless they have made their Twitter account private, all of this information is publicly available.

Across these many millions of user-curated lists, certain commonalities begin to emerge. @ESPN, for instance, might appear on many user lists labeled “sports,” because users strongly associate it with that topic. Ditto @nytimes and “news.”

This is the basis of Cutler’s algorithm. The tool searches for accounts that appear on many lists labeled, for instance, “environment,” and narrows those accounts down to the strongest exemplars. For example, @SierraClub or @Greenpeace might be



Illustration by Michael Morgenstern

exemplar accounts for “environment.”

The algorithm then looks for overlap between the followers of the exemplar accounts and the followers of a particular brand (say, Toyota). This information is used to compute a score that shows how the brand is associated with the attribute. Lower scores mean most customers do not associate the brand strongly with the attribute (say, Walmart and luxury); higher scores indicate a stronger association.

To test the reliability of the method, the researchers compared their computer-generated results with traditional survey results for 239 brands. In most cases, the survey results closely matched the results produced by the algorithm.

FUTURE APPLICATIONS

Overall, Cutler and Culotta found their tool provided a highly reliable measure of brand perceptions. And in contrast to the sluggish process of administering surveys, the algorithm can respond instantly to shifts in public perception or changes in a particular area of interest.

“Anytime we want to run this model, we

“Although we talk about brand perceptions specifically in this paper, the general idea of looking to your users’ network connections can be applied a lot of different ways.”

can just query again, and if there are new players in the field – new, trendy sustainability exemplars – then we’ll catch them with the new query,” Cutler says.

She hopes marketers will realize that “it’s important to consider your followers’ social relationships and social networks on social media, not just what they say. What we’re showing here is that networks can provide a lot of extra information that is often missing in text.”

It is an insight Cutler believes can be applied much more broadly.

“Although we talk about brand perceptions specifically in this paper, the general idea of looking to your users’ network connections can be applied a lot of different ways,” she says. For example, she

is currently at work on a project that uses similar data-mining techniques to help marketers develop customer personas.

And she hopes as social-media data mining becomes more accessible to marketers, it will allow them to gain insights into deeper and more abstract qualities of brand image.

“As we develop these new techniques, it can start to open the door to new types of questions that marketers can ask that they haven’t been able to ask before,” she says. ◉

The Surprisingly Short Journey from Ivory Tower to Patent Office

Scientific research leads to marketplace innovations more frequently and quickly than expected.

A heat-loving microbe from Yellowstone may seem entirely unrelated to the pharmaceutical labs at Merck or Genentech. Yet a protein isolated from that bacteria helped scientists develop the tools to clone genes, spawning the modern biotech industry.

That is just one example of a scientific discovery that was driven by curiosity but led to immense industrial innovation.

A new study has found that the vast majority of scientific research – often assumed to exist in an ivory tower – actually contributes to the development of patented inventions in the marketplace.

“There’s a lot of attention on how much we invest in science, and the extent to which those investments collectively pay off in practical applications that can drive socioeconomic prosperity or improve health,” says Benjamin Jones, a professor of strategy at the Kellogg School.

Both sides of the debate – those for and against funding basic science – tend to rely on anecdotal examples of successes or failure. But for this study, Jones and Mohammad Ahmadpoor, a postdoctoral researcher at Kellogg, undertook a more systematic examination by focusing on citations.

Researchers cite other academic articles to indicate what previ-

ous work the new paper relied on in order to advance a new theory or discovery. And all patents must cite “prior art” on which they are based, which can be either a previous patent or, in some cases, published scientific research. So Jones and Ahmadpoor created a network of citations in and between research papers and patents, which allowed them to trace the impact of basic research on patents.

Their research found that 80 percent of papers with at least one citation could be connected to a future patent.

“I would not have thought it was that high,” Jones says. “This big network of patents and papers suggests there’s a much more widespread interaction between inventions and science than I expected to find.”

CONNECTING THE DOTS BETWEEN SCIENCE AND PATENTS

Understanding the practical value of scientific research – particularly when it is paid for by federal funding agencies – is important for determining how best to allocate money. But previous analyses typically attempt to trace such payoffs by tracking whether a research scientist directly engages in a marketplace innovation, by applying for a patent or creating a new company.

Yet scientists do not fly solo: often their ideas are built upon by others. So instead of tracing the marketplace activity of individ-

ual researchers, Jones and Ahmadpoor examined a network of citations between 5 million patents filed at the U.S. Patent and Trademark Office from 1976 to 2015 and 32 million scientific papers from 1945 to 2013 indexed by the Web of Science, a searchable online database.

Their network detailed whether there was any connection and, if so, how many degrees of separation there were between a paper and a patent.

Among research articles that receive at least one citation, a full 80 percent could be connected to a future patent. Similarly, 61 percent of patents linked back to a research article. (The remaining patents cited other patents that did not themselves link to research articles.)

“It is actually a huge number of papers that seem to play forward to some extent into practical applications,” Jones says.

Patents in fields such as nanotechnology, biomaterials or computer science

were most likely to cite research papers, while patents dealing with low-technology objects, such as locks or envelopes, were least likely to do so. Pure sciences – mathematics in particular – were the least likely to be directly cited by a patent, yet even mathematics showed substantial links to future patents in indirect ways. (The researchers did not include social sciences in their analysis.)

On average, approximately six years passed between patent applications and the published articles they directly cited. Indirect links between papers and future patents typically occurred within 20 years.

“That’s relatively quick,” Jones says. “Scientific discoveries are paying off in a couple of decades, not 50 or 100 years in the future.”

The researchers also found that papers and patents that directly cited one another were the most impactful within their own spheres.

Patents that referenced scientific research were more valuable than other patents. They were 52 percent more likely to become highly cited. And they were more likely to be renewed by the inventor, a measure associated with greater royalties and market value over time.

Similarly, journal articles that were directly referenced by a patent were four times more likely to become “home runs” within science itself – measured as being among the most highly cited articles in a field.

“There’s a really dramatic effect of being at this intersection,” Jones says.

Certain scientific circles hold the view that science should be purely curiosity-driven rather than oriented toward utility. But this study contradicts the notion that the two are mutually exclusive.

BENEFITS OF BASIC SCIENCE FOR BUSINESSES

The results suggest that businesses that can stay aware of – and tap into – scientific advances quickly can reap rewards from scientific research, according to Jones. One of the reasons for firms to keep up with their research and development side, he says, is so they can spot new developments in the academic sphere and use them for marketplace innovations.

“There’s a handoff of information at the patent-paper boundary, but it really is a handoff from nonprofits, universities and government labs to for-profit organizations,” Jones says. “That suggests it is valuable for companies to stay very close to these external research labs, because that is where key inputs to the most successful private-sector inventions come from.” ◦

Illustration by **Morgan Ramberg**



When Potatoes Brought Peace

*In the 16th century, the potato arrived in Europe.
The consequences went far beyond diet.*



Illustrations by **Lisa Röper**

The potato, small and humble though it may be, has played an outsized role in history. Many scholars credit the hardy and nutrient-rich crop with rapid population growth across Europe and the rise of industrialization and empires in the West.

Now the potato can add a new line to its already fascinating resume: peacemaker.

Research from Nancy Qian, a professor of managerial economics and decision sciences at the Kellogg School, finds that potatoes, and the permanent boost in agricultural productivity they brought about, reduced armed conflict in the 18th and 19th centuries.

Qian and her two coauthors examined battles in Europe, North Africa and the Middle East between 1400 and 1900 – a notoriously bloody and brutal period. “Everyone was fighting everyone, all the time,” she says.

But things changed when Spanish explorers brought back the potato from South America in the 16th century, her study shows. Suddenly, a family of four could grow enough food to survive on about a third as much land as they needed before. This abrupt change in the food supply prompted battle-hardened Europeans to put down their weapons.

Qian cannot say for sure exactly why people swapped the sword for the spud, but she has a strong suspicion.

“Historically, agricultural land was the most valuable resource,” she explains. “If the land is able to produce more food per area, then it becomes cheaper – and if it’s cheaper, then it’s less valuable, and people don’t want to fight over it as much.”

In a 2011 paper, Qian and coauthor Nathan Nunn at Harvard found that potatoes were responsible for a significant portion of the increase in population and urbanization that took place in

the West in the 18th and 19th centuries.

She began to wonder what else might have changed after potatoes arrived in the Old World, figuring “if you’ve got all this food, that’s got to be good for other stuff,” she says.

So Qian and Nunn teamed up with Murat Iyigun at the University of Colorado and Nathan Nunn at Harvard to investigate the relationship between potatoes and conflict. They created a dataset of all European battles from 1400 onward – something they thought would take six weeks. It took six months.

Then they divided that map into 400-by-400-km squares, noting which squares were suitable for growing potatoes.

Squares that could grow potatoes saw less conflict after the plant’s arrival. In fact, 26 percent of the variation in conflict is explained by the variation in potato cultivation, the researchers found.

They tested a variety of other factors to see if something else was at work in reducing conflict. In each case, they confirmed that potatoes, and only potatoes, were responsible for the change.

Until recently, Qian says, historians and economists did not have much evidence of how increasing agricultural productivity shaped the world over the long run.

“These historical jumps in agricultural productivity alter the landscape of human civilization in important and fundamental ways we haven’t really talked about,” Qian says. ◦

“If the land is able to produce more food per area, then it becomes cheaper – and if it’s cheaper, then it’s less valuable, and people don’t want to fight over it as much.”



What a Difference a Year (with a Consultant) Makes

A carefully controlled study in Mexico finds that consultants can help small- to medium-sized businesses expand.



Illustrations by **Lisa Röper**

In 2007, a Mexican pet store was on the brink of disaster. The owner had fallen behind on a loan and had taken out another loan to pay off the first. Now all of the store's revenue was being thrown at a growing mound of debt – and its eight employees couldn't be paid.

The story is not unique. Small- to medium-sized enterprises frequently have trouble expanding past a certain size, particularly in developing economies like Mexico.

"There are all sorts of theories about why that is," says Dean Karlan, a professor of finance at the Kellogg School, "and one

of them is about managerial capital." That is, business owners might lack the unique set of skills and business savvy, such as managing people or creating a business plan, required to help their companies reach the next level.

Could tailored advice from an experienced consultant make up for gaps in managerial know-how? And would filling those gaps help companies overcome hurdles and keep growing?

In 2008, the state of Puebla's Ministry of Labor decided to offer highly subsidized consulting services. And critically, they wanted to learn whether such consulting actually worked. They

reached out to Karlan and economists Miriam Bruhn of the World Bank and Antoinette Schoar of MIT, as well as Innovations for Poverty Action (a nonprofit organization founded by Karlan), to help evaluate the consultants' efforts.

Eighty randomly selected firms ended up with consultants. The consultants conducted a daylong diagnostic session with each firm and then designed a consulting routine for the next year. Meanwhile, a control group of 282 companies continued operating as usual, without expert advice.

A year later, the researchers found, the firms that were offered consultants saw both their productivity and their return on assets increase relative to the control group.

Then, using data from Mexico's social se-

curity agency, the researchers tracked the companies for another five years – long after the consulting services had ended – to see what happened to payrolls.

They found that the average firm that had received consulting grew its staff by 57 percent over that period, while the average firm in the control group remained roughly the same size. Furthermore, total wages paid by firms that had had consultants increased 72 percent, indicating that they were increasing employees' pay over that period as well. As for the struggling pet store, it saw profits increase a full 50 percent, despite starting on the brink of bankruptcy.

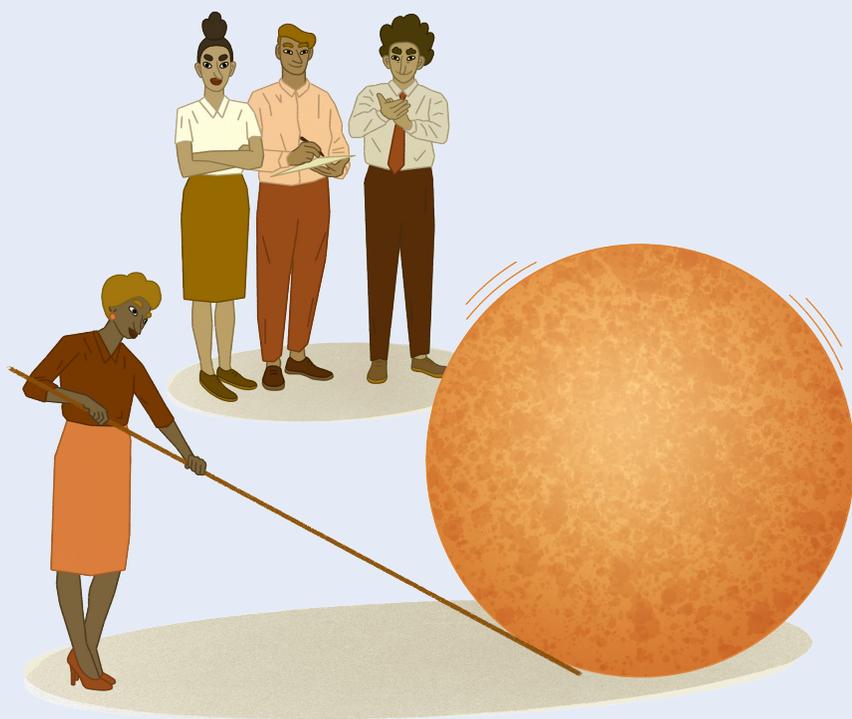
The results were remarkable. But the researchers could not help but wonder: What, exactly, had the consultants changed?

After the first year of the experiment, the researchers conducted a survey asking firm owners what had made their consultant so valuable. The answers varied widely: some said the consultants improved their marketing or accounting, while others pointed to different dimensions, such as pricing or human resources.

The researchers also measured the owners' "entrepreneurial spirit" and found that owners who had been randomly selected to receive subsidized consulting said they were more goal-oriented, more driven and more confident in their problem-solving abilities than they had been before the consulting.

While this is an intriguing result, it is complicated to interpret, Karlan explains. It is possible that the consultants provided the firm owners with new skills and information, which they used to grow their companies, just as the Ministry of Labor had intended. And then that newfound growth gave them higher levels of entrepreneurial spirit. Alternatively, maybe the consultants imbued the owners with a newfound confidence, which empowered them to make the tough, risky decisions they knew would benefit the firm.

One of the main questions Karlan felt remained unanswered: If the consultants were so good at helping other businesses grow, why weren't the consultants' own businesses growing with leaps and bounds? This is an area Karlan is keen to pursue: Are there contracting challenges, trust problems, information problems, liquidity problems? What is holding back the market for these consultants? •





BY

VICTORIA MEDVEC

When to Own a Decision and When to Delegate

Here are four questions to consider to become a more efficient decision-maker.

Leaders earn their keep by making smart decisions. But sometimes the smartest decision is to delegate that decision to someone else.

Every decision fits somewhere along a risk continuum. An ugly shade of green in the hallway is not necessarily going to damage the brand, but an ill-timed acquisition might.

As a professor of management and organizations, I encourage leaders to approach decisions by first considering the riskiness of a decision and allowing that assessment to determine:

1. who is involved in making the decision,
2. how much time should be spent on it,
3. how much certainty is required, and
4. what is the tolerance for error.

These questions can help leaders make better use of their time – and empower their organizations in the process.

WHO GETS INVOLVED IN MAKING THE DECISION?

A well-run company has the right people focused on the right risks. Ideally, the CEO and board of directors should only make decisions at the extremely high end of a risk continuum, leaving mid- and low-risk decisions to those further down the corporate ladder.

Unfortunately, this does not always happen. Sometimes CEOs

act like vacuum cleaners, “hoovering” even the smallest decisions upwards. Other times, people below the CEO are unwilling to be accountable for mid-risk decisions and push them up to the top.

I once advised a CEO who was deciding when his company should launch a product in New York. He was not even in New York and the riskiness of the decision was relatively low – it was not his decision to make. He concluded that this decision was on his desk because his team was unwilling to make the call and did not want to take accountability.

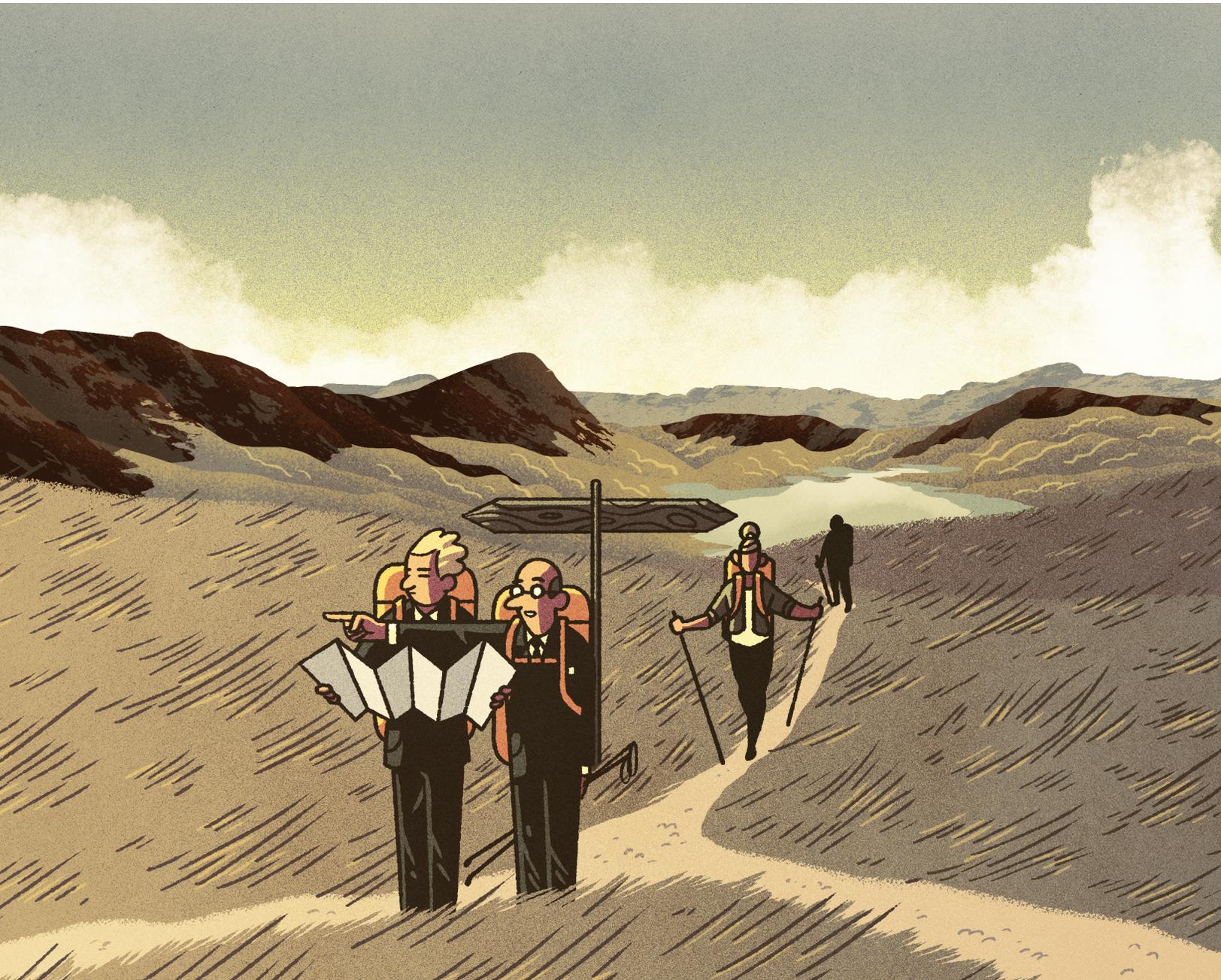
When I talked to his people, I heard a different story. They said that if you made a decision that was not what he would have decided, he would just overrule it, so it was more efficient to let him decide in the first place.

This escalation results in a number of predictable problems. First, decisions take much longer when they have to climb their way up through the org chart, and then back down. It also takes time to brief busy senior executives on the topic and have them decide. Decisions that are escalated also tend to be more error-prone, as the people making the decision are further away from the data required to make the call.

Moreover, when the most senior leaders make every decision, they fail to empower people at the lower rungs of the organiza-

To avoid paralysis by analysis, the level of risk should drive how much certainty is required: When is 70 percent enough? When is 50 percent sufficient?

Illustration by **Michael Meler**





tion and fail to develop their team's decision-making skills. By pushing decisions down instead of escalating them, leaders can build the decision-making muscles of their employees while making people feel more valued and trusted in their roles.

HOW MUCH TIME SHOULD BE DEVOTED TO THE DECISION?

In my experience, many organizations spend a disproportionate amount of time making low-risk decisions. I call this “inverting the risk continuum.”

This can lead a company to lose focus of core business questions. I recently spoke to a group of leaders whose company was making a significant acquisition, one that doubled the company's size. When I asked them to write down the most important decision they were making at that moment, 180 out of 200 said they were making a staffing decision.

This surprised me. Staffing decisions – unless they involve positions at the highest levels of management – typically fall in the middle of the risk continuum. But this company was spending more time on staffing issues than on the much riskier decision of whether to go through with the acquisition.

To be clear, I am not saying that hiring is not important, but a single large acquisition that goes badly could destroy the business. So, more time should be allocated to these decisions than to less risky ones.

HOW MUCH CERTAINTY DO WE NEED IN ORDER TO MAKE THE CALL?

Some leaders by nature tend to be more cautious than others – and there is nothing inherently wrong with caution. But it is easy to overanalyze mid-risk and low-risk decisions.

Instead, save your analytic rigor for the important stuff. To avoid paralysis by analysis, the level of risk should drive how much certainty is required: When is 70 percent enough? When is 50 percent sufficient? When should we just make the call based on our gut because the risk is so low that it would be better to revise the decision later than to analyze it up front?

It is critical to consider the level of certainty required because there are costs to the analysis – including the costs of completing the analysis and of postponing the decision, which is a decision in itself.

Most people tend to overestimate the risk of making a bad decision and underestimate the risk of inaction, which can have real consequences in a competitive business environment. Postponing a decision might be the right call for a company, but sometimes the consequences of inaction are as dramatic as making the wrong decision. For example, a company may spend months analyzing whether a new product should be launched, and in the time spent deciding, its competitor launches a similar product.

WHAT IS THE COMPANY'S TOLERANCE FOR ERROR?

Most companies today claim to value innovation. But innovation is only possible when you are willing to risk getting things wrong.

Leaders have a choice when it comes to tolerating error. Some choose to punish errors. Others actually celebrate mistakes. At 3M, it was hard to get promoted without having made a highly visible mistake that was widely discussed. That is not because 3M loved mistakes, but because they valued risk-taking, which they knew was the spark for innovation.

Instead of being universally cautious, leaders should “de-risk” decisions by pushing them down the risk continuum. If a company wants to de-risk the launching of a new product, it can launch it in a smaller market, where its bugs will be less visible. Many startups live by the mantra “fail often, fail fast,” which works for lower-risk decisions. But it may be less applicable to the higher end of the risk continuum. You do not want to fail often or fast at the core of your business.

What you do want is a company that encourages innovation and empowers its people to make decisions. No amount of analysis will ever completely eliminate risk. But when leaders learn to assess risk and focus on what really matters, they are far more likely to succeed. ◦