



AGSM

06

ANNUAL

Innovators &
Entrepreneurs

Alumni Success
Stories

Leadership –
Talent
Development

Diversity –
Embrace the
Difference!

Sustainability –
Social responsibility
goes mainstream



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Dean's Farewell Message



"The education of managers is a noble purpose. I have listened to exciting stories of lives changed, career success and the increased fortunes of large companies as a result of their AGSM experience."

Almost three years as Dean have made me so proud of AGSM and what the School stands for: a commitment to excellence in teaching and research, delivering a superb student experience, an engaged business community, and a proud alumni.

Recently I announced my resignation from my position as Dean and Director of AGSM. Although I support the proposal to integrate AGSM and UNSW's Faculty of Commerce and Economics, I chose not to nominate as a candidate for the role of Dean of the new school. I wanted to stay long enough to kick-start the integration process along with many of AGSM's best people who are participating in working parties. I have been able to shape Guiding Principles for the integration in the joint management committee and to highlight the great

value of the AGSM brand and the importance of its people – faculty members, staff, students and alumni.

AGSM will bring so much to UNSW's new Faculty of Business – in particular its engagement with the business community, quality of research and teaching and the delivery of an exceptional student experience. In my view, the broader university needs to be more like AGSM to be successful in the future.

Much has been achieved during the last three years in the areas of alumni and business community engagement, research funding and program innovation. I would like to express my appreciation to those who have helped me position the School for the future, assets that will be further enhanced in the Faculty of Business.

AGSM is now well connected to Australia's business leaders through the expanded and talented Advisory Council, Business Partners Program and projects like the Accelerated Learning Laboratory and Innovation and Entrepreneurship initiative. AGSM's Executive Programs now reach some 1500 executives annually.

A criticism of business schools has been the lack of relevance of research to business issues. We are demonstrating our relevance by establishing new research centres, such as the Centre for Real Estate Research with 10 partners from the property industry, and the Accelerated Learning Laboratory with seven industry partners. We have also successfully gained a number of competitive research grants, particularly ARC Linkage grants. We received \$2.1 million in the latest round of Australian Research Council funding for the Accelerated Learning Laboratory and close to \$500,000 for other research projects.

The School's research quality is reflected in the high rankings it achieves. Our research has been ranked as high as 26 in the Financial Times rankings and AGSM is the only Australian business school featured in the McCombs Business School (The University of Texas at Austin) rankings which rate schools based on Tier 1 publications. Our partnership with ANZ Bank to publish three editions of the *CEO Agenda Magazine* annually is extending the reach of AGSM's research. Flexibility has been introduced to the MBA program, enabling students to complete their MBAs in a way that best suits their objectives and lifestyles – and highly talented young students now can combine a career-starting MBA with real-world work experience. Specialisation has also been enabled by allowing students to combine their MBA studies with a degree in law, medicine and shortly in finance and marketing.

Our new Careers team is now achieving placement levels for MBA students in line with the top ranked international schools. Placement services have been extended to MBA(Executive) students in the Executive Year via the Yearbook, Careers Week and individual career planning consultations.

My call to engagement in 2004 prompted more alumni to join AGSM's unique Alumni Mentor Program and participate more broadly in School activities. Some made financial commitments and a number are now members of the Alumni Board.

It's the dynamism generated by that vital relationship between AGSM and its alumni that's helped us develop a partnership with HSBC for an alumni affinity program, the first with an Australian university. At the same time, more alumni are contributing as members of the Advisory Council. The School has also expanded lifelong learning and alumni benefits through information services and the stage is now set for alumni to strongly financially support the School, reflecting the role AGSM played in their own success.

The education of managers is a noble purpose. I have listened to exciting stories of lives changed, career success and the increased fortunes of large companies as a result of their AGSM experience. I will follow with interest your stories as your careers unfold. It has been my privilege to lead a school committed to excellence in management education.

ROB McLEAN
DEAN AND DIRECTOR
Australian Graduate School of Management



Illustration: Gregory Baldwin

Brand aid

In the first application of its kind anywhere in the world, AGSM has formed a business partnership with the Centre for the Study of Choice at UTS and leading market research firm AMR Interactive, to deliver a service tracking brand equity. Building on 15 years work by academics Professor Jordan Louviere from UTS and Professor Timothy Devinney, the Director of AGSM's Centre for Corporate Change, the new service – Brandalytics® – combines consumer input through market research techniques to identify the key drivers of brand values. Brandalytics® will offer a tracking service for clients who want to understand the impact of marketing decisions on their brand allowing them to come closer than ever before to measuring the value of real and potential marketing decisions. Clients will also be able to understand the brand value of competitors in different situations. Professor Louviere says the method measures “the value – the premium or dis-premium, if you like – that consumers are willing to pay just for the brand, holding everything else constant”. It's all a matter of timing, insists Professor Devinney who says the Brandalytics® venture has come about through the maturity both of the theory and market research technology that enables the smooth input of consumers through an online channel.

The latest *Financial Times* (UK) ranking of EMBA programs placed AGSM as the leading business school in Australia.

Leader of the pack

A profile of AGSM Professor Lex Donaldson has been published in a prestigious series of articles – *Vita Contemplativa* – in which distinguished scholars describe their life's work. The article was published in *Organisation Studies*, the leading European academic journal on organisations. AGSM Dean and Director Rob McLean recognised this “great honour for Professor Donaldson and AGSM, reflecting his distinguished reputation within the international community of Organisation Theory scholars”. The article, *Following the Scientific Method: How I Became a Committed Functionalist and Positivist*, summarises Professor Donaldson's view of organisation theory and explains how it developed over his life. Professor Donaldson has been widely recognised for his outstanding contribution: in 2003 an international panel of 95 academics from the Academy of Management Learning and Education nominated Professor Donaldson's work on organisational structures as one of the world's top 73 management theories, ranked on criteria of importance, usefulness to management practice and scientific validity.

All together now

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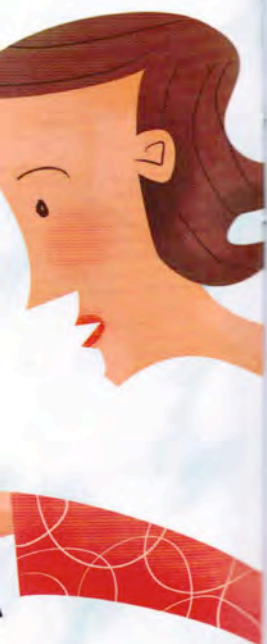


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All together now

Avoiding the perils of "groupthink" was a keen consideration when selecting a committee to establish AGSM's Sydney Alumni Branch, according to its inaugural president Andrew Mencinsky. Fortunately, among the 50 applicants who volunteered as committee members, there was sufficient heterogeneity of industry, gender and alumni. Great diversity was also reflected in the CEOs, CFOs, prominent board members and entrepreneurs representing AGSM graduate years from the early 1980s to 2005 who met at the launch event. The new Sydney Alumni Branch potentially unites more than 4,000 Sydney-based AGSM alumni. A high level of enthusiasm was shown at the event, which had a waiting list of potential guests wishing to join the 250 alumni who gathered at Sydney's Museum of Contemporary Art in April to hear Allco Managing Director Peter Yates (former CEO of Publishing and Broadcasting Limited) recount his experiences working for Australia's richest man, the late Kerry Packer. In welcoming guests, Mr Mencinsky outlined three important roles the Sydney Alumni Branch would fulfil including the benefits it offers all members to tap into a well-connected AGSM network. The Branch will also offer events for members to continue career development and has plans for alumni-to-alumni mentoring.

Exemplary strategist

Professor Jeremy Davis has been conferred the title, Emeritus Professor, by the UNSW Council in recognition of 25 years of distinguished service to the University. Professor Davis has made a significant contribution to the administration and management of UNSW and to teaching and his discipline. He was Dean and Director of AGSM from 1980 to 1989, a member of the UNSW Council for 8 years and a member of the UNSW Academic Board for a decade, serving as its President for two terms. At AGSM, Professor Davis has had a vital role in the design and teaching of strategy courses, developing the Negotiation and Strategy course for the full-time MBA. At the same time, he has been one of the School's consistently high performers in teaching on a broad range of executive programs, also using his unique expertise to encourage international research.

Global leader's quest for learning

Frank Lowy AC, Chairman and co-founder of the Westfield Group, was awarded the AGSM FT Global Business Leader Award at an event celebrating a decade of the Frank Lowy Library at AGSM. The award recognises an individual who has demonstrated exceptional vision and leadership in a global business environment. Mr Lowy told the assembled guests including University of NSW Chancellor David Gonski, AGSM Dean Rob McLean and Mr Lowy's biographer Jill Margo, the award was "all the more special because it is conferred by an educational institution, and one that is devoted to business which has, of course, been my life's work". He also explained his passion for learning emanated from his inability to pursue an education as a young man. "My childhood and teenage years were interrupted by the Second World War and the turmoil that produced, and I was never able to complete high school or go on to tertiary education," Mr Lowy said. "But I remain ever conscious of the benefits education bestows ... An individual might be gifted, or have natural talent, or tremendous energy," Mr Lowy noted, "but an education is the bedrock upon which all these things can flourish."

AGSM ranked #1 business school in Australia and Asia and the 5th best non-US business school in *Forbes* biennial rankings. AGSM was the only Australian or Asian business school to feature in the rankings.

Rolling up his sleeves

The top flight of business schools, says Matthew Stubbs, are a product not only of the quality of students and faculty, but the continuing involvement of the alumni. Mr Stubbs, 36, who graduated from AGSM in 1996, is the current Alumni President and one of several alumni who recently pledged an annual donation to the school, for each of the next three years. "A key ingredient of the great business school is to engage the alumni across a number of dimensions and in different ways," says Mr Stubbs, an investment banker at Merrill Lynch in Sydney. "It's about being willing to give time to the school, to other members of the alumni community, and creating forums to enable you to interact with those people. And importantly, there's the financial commitment, because I believe we have a role to play there too." The AGSM network has played a significant role in Mr Stubbs' career. While doing his MBA, AGSM found him a paid role as a research assistant to Professor Lex Donaldson, and lined up a summer job at consultancy Booz Allen Hamilton. A connection with an AGSM alumnus also helped him land his first job after graduation, at Bankers Trust. Mr Stubbs, a scholarship winner in his second MBA year, says: "The school has given me a lot of support." His ongoing involvement, and his donor pledge, are a way to "continue to invest" in the school to "strengthen the brand, and strengthen the network". "Rather than sitting back and expecting things to be done for me I want to actually go in there, roll my sleeves up and help make things happen," he says.

People power



People have definitely been the most important part of business for Roger Collins AM, AGSM Professor of Management who has been awarded the Australian Human Resources Award for Career Long Achievement in HR. The award, sponsored by mycareer.com.au, recognises an individual who has made a

significant impact on their own organisation and the complex, challenging world of HR. Professor Collins' expertise includes enhancing the performance of executive teams and the strategic management of workforces. He has co-authored and edited a number of books, including the bestselling *Management in Australia*, and currently holds a position on the editorial board of the *Asia Pacific Human Resource Journal*. Professor Collins has also directed the region's most successful strategic HR executive program for 23 years. In 2004 Professor Collins was awarded a Member of the Order of Australia for service to education. He received the AGSM Alumni Teaching Award in 1989 and 2004, and the Vice-Chancellor's Award for Teaching Excellence.

AGSM was awarded \$2.6 million for research projects with industry partners in the latest round of Linkage Grants from the Australian Research Council.

Spawning entrepreneurs

Fostering entrepreneurship is the focus of a pioneering initiative spearheaded by AGSM, and substantially supported by the globally successful ResMed founder, Dr Peter Farrell. A lynchpin of the Innovation and Entrepreneurship Initiative is the introduction of a cross-campus course for students from AGSM and UNSW's faculties of Science, Engineering, Commerce and Economics, and Medicine in 2007. The course, *Innovation, Commercialisation and Entrepreneurship – Principles and Practice*, will help students tap into entrepreneurial potential and business opportunities. Key course components include understanding value propositions to stakeholders and the financial aspects of decision making and day-to-day operations of a venture, along with debt and equity sources. Vital to the initiative is a series of inspiring events that kicked off with Innovation Month in July and a debate between Dr Farrell, Microsoft Australia Managing Director Steve Vamos and Professor Michael Woods of the Productivity Commission. Democratising Innovation is the theme of a speech by Professor Eric Von Hippel, Head of Innovation & Entrepreneurship at Massachusetts' Institute of Technology's Sloan School of Management. An AGSM-UNSW business plan competition, the Peter C Farrell Cup Challenge, was launched on July 20.

Forging connections



Freehills' Chief Executive Officer Gavin Bell has firsthand experience of AGSM's commitment to developing individuals and their careers. In 1996, Mr Bell completed an MBA (Executive) at the school, kicking off a longstanding relationship between AGSM and the top-tier law firm – the

two entities sharing the common goal of nurturing management talent. The relationship between AGSM and Freehills was further strengthened when Mr Bell joined AGSM's Advisory Council in 2004. "I enjoyed my MBA and found it very valuable so on a personal level it has been fulfilling playing a part in helping the school maintain its position and focus," says Mr Bell who acknowledges he may be one of the few at a senior level with an MBA in the world of legal affairs. A key issue faced by law firms is attracting and retaining the best staff, Mr Bell says. "An important tool in helping to achieve this is providing a culture that nurtures the ongoing educational development of the best and brightest people. Freehills values providing opportunities for our talented people to further their

skills and careers, who then go on to provide our clients with an even greater exceptional experience. Freehills wholeheartedly supports the AGSM's work." His role on the Advisory Council, along with 50 leading business people and decision makers, including a Freehills board member and representatives from many of the firm's clients, "has been a great opportunity to learn from, and work with, many of these people in a different environment focused on pursuing educational excellence", according to Mr Bell. As an alumnus in a leading management role, Mr Bell believes his skills and experience demonstrate a "real link" between the academic and the practical which puts him in a strong position to advise AGSM, when necessary, and to provide clients and colleagues with quality commercial advice. The firm's association with AGSM extends to other Freehills partners and board members who have completed MBAs or executive education courses. A number of Freehills people are currently learning at the school while others have held lecturing roles. And the association continues to grow: the firm's Business Development team and Finance team have also benefited from AGSM experience. Freehills has also been a substantial sponsor of the school. "At a purely commercial level we gain by that association. We are proud to be aligned with AGSM as Australia's premier business school," Mr Bell says.

Front-foot mar

Linking the real need with the rigorous academic research is for which John Robert Marketing at AGSM Business School, has acclaimed. His trailblazing defensive marketing case study of how Telstra's position when first competitor (Optus) – paper, 'Defensive Marketing: strong incumbent case position' – were published in November 2005 issue of *Business Review*. The paper published in *Marketing* world's top journal in marketing in 2004 and there has been a wave relating to marketing growth, Professor Robert how defensive marketing emptily respond to anticipated threats. It has been previously published defending a market. This is the first defensive dynamic marketing developed," he says.

Top-line rese

Professor John Robert world-class research also recognised with *The AGSM Research* publicly acknowledged work by AGSM faculty. Professor Roberts' sustained research during the last 10 years. Roberts is acclaimed international research for published papers in tier journals, as well as chapters, making his published research top 20 marketing journal. He became the first to be awarded a University Professorship. The *Career Research Award* recently presented to Professors Elizabeth Prithviraj Chattopadhyay.

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Mr Bell says.

Front-foot marketing

Linking the real needs of industry with the rigorous requirements of academic research is an achievement for which John Roberts, Professor of Marketing at AGSM and London Business School, has been highly acclaimed. His trailblazing work on defensive marketing and a salutary case study of how Telstra protected its position when first confronting a competitor (Optus) – the focus of his paper, *'Defensive Marketing: How a strong incumbent can protect its position'* – were published in the November 2005 issue of the *Harvard Business Review*. The paper was also published in *Marketing Science*, the world's top journal in quantitative marketing in 2004 and 2005. While there has been a wealth of research relating to marketing as a tool for growth, Professor Roberts explored how defensive marketing can pre-emptively respond to new or anticipated threats. "Nothing had been previously published on defending a market share over time. This is the first defensive and dynamic marketing strategy to be developed," he says.

Top-line researchers

Professor John Roberts' status as a world-class researcher has been also recognised with the presentation of *The AGSM Research Award*, which publicly acknowledges outstanding work by AGSM faculty – in this case, Professor Roberts' exceptional, sustained research performance during the last 10 years. Professor Roberts is acclaimed in the international research community for published papers in many top-tier journals, as well as several book chapters, making him the third most published researcher in Asia in the top 20 marketing journals. Recently, he became the first AGSM Professor to be awarded a UNSW Scientia Professorship. The first *AGSM Early Career Research Award* was also recently presented to Associate Professors Elizabeth George and Prithviraj Chattopadhyay.

AGSM and HSBC team up to offer premium alumni services

A new partnership between AGSM and HSBC will provide a premium financial services package with benefits for both alumni and the School. The AGSM HSBC Alumni Affinity Program, launched in June, offers alumni competitive, premium financial services. The three-year arrangement was negotiated by the School with the leadership of the Alumni Board after a survey had indicated a strong majority of alumni wanted a financial services package similar to those offered by other professional organisations in Australia – with service and discount benefits for alumni combined with revenue to build the School's endowment. Rod de Aboitz, Chief Financial Officer of NM Rothschild (Australia) Limited and a member of the Alumni Board, led the call for proposals, evaluation and eventual selection of an affinity partner in conjunction with the AGSM Development and Alumni Department. Following more than a year of discussions with seven financial service providers, Mr de Aboitz says AGSM chose to partner with HSBC on the strength of its global reach, brand name and attractive benefits. "HSBC were the best in what they offered, in their value, service, scalability and fit," he says. Some of the benefits are a 50 percent discount on two account establishment fees, a discount of up to 0.1 percent per annum on particular home loans, no monthly fees on cash management accounts, and commission-free foreign currency exchange. Alumni also automatically qualify for a HSBC relationship manager and the Exclusive Premier ATM Card. "HSBC's offerings are competitive, but they pride themselves on their premier and private-banking offerings. For the many alumni who don't have time to maximise their financial opportunities and stay on top of all the account administration, we believe HSBC's offerings will be very attractive," Mr de Aboitz says. AGSM's Director of Development and Alumni Angela Chapman says the new affinity program by combining an attractive offer to alumni with an opportunity to help AGSM build its endowment is modelled on programs found at leading universities globally. "No leading business school in the world can invest in excellence on tuition alone. We need investment in faculty, students and facilities to compete," Ms Chapman says. "This is a very easy option for our alumni to give back to an institution that has made a difference in their lives and careers." For more information on the HSBC package, visit the AGSM Alumni website: www.agsm.edu.au/alumni

AGSM #1 in Australia for Executive and Open Enrolment Programs

The Financial Times (UK) 2006.

Legally blend

Qualified lawyers now have the opportunity to hone their leadership and management skills with a combined postgraduate degree, the MBA/LLM. A two-year, full-time program run by AGSM and UNSW Faculty of Law will promote higher order management skills for lawyers and develop outstanding managers capable of leading successful enterprises. "As lawyers progress through their careers they are increasingly called upon to participate in strategic management of the business," says AGSM Director of Award Programs Sharyn Roberts. While the new degree enhances the status of the LLM program by providing access to management expertise, MBA students also now have study options in International Law, Corporate and Commercial Law, and Asian and Comparative Law where the law faculty leads the field. Angus Corbett, Associate Dean (Postgraduate) of the UNSW Faculty of Law, believes that the combined degree will particularly benefit lawyers working in heavily regulated industries assisting "them to put the required diligence systems in place".



Driving smart IDEAS

Illustration: Gregory Baldwin

BY CAMERON COOPER

Australia has promising innovative beginnings. Now we need to move the bottleneck

A GSM senior lecturer Dr Geoff Waring and adjunct lecturer Christopher Witt argue that innovation is often misunderstood. It is time, they say, for Australians to recognise the importance of ideas generation at all levels of society and business. Innovation is not just about using great ideas to create great wealth – even if we marvel at the ingenuity of a product such as the Australian-developed “black box” flight recorder, an entrepreneur such as Microsoft’s Bill Gates, or a brilliant brand such as Google.

"In my experience there is a romanticised view of innovation," argues Mr Witt, a partner in The Kalori Group, a boutique investment firm. "Let's remember there is also innovation at every level, every day, seen and unseen."

Day-to-day examples abound: how schools respond to technology, how medical care adapts to changes in information flows, how recycling efforts protect the environment. Such initiatives are not necessarily money driven, but they do have a significant, positive impact on society.

Mr Witt says: "I put the challenge to you – there's a lot more innovation being done day to day at the level of the individual, and they are applying their skills in all ranks and walks of life."



Christopher Witt



Dr Geoff Waring

Hoist with on

Australians price
The Hills Hoist.

However, a BU report titled *New Conditions for Innovation* calls for a new focus on innovation. While the report acknowledges that innovation is primarily about new gadgets through which new ideas are put in a knowledge-based economy, innovation is defined as:

Superior corp as much a prod technology. In t interconnectivit an end.

The BCA calls for innovation – in government strategy, workplace reform recommendations, human capital; of tax, regulatory creation of super and educating citizens about the importance

There is some evidence that in a large proportion of countries in Australia compared to other countries demonstrate that the reality is that the small business often do not reach the "Where we're working" these small businesses are the bottleneck.

Proof of this is that Australia has a commercialising Business Foundation, an innovation drive between public and private development. The systems of Finland and Australia's "corporate" that requires firms to support businesses – the "corporate" – shun truly innovative ideas. The inability to drive

Dr Waring believes – the tyranny of – from a shrinking private equity market sophisticated hedge funds can take advantage of communication

Downturns

Ironically, the
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Mr Witt claims innovation to flourish under threat, or genuinely looking for it when times are hard. Larger businesses

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Illustration: Gregory Baldwin

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Hoist with one's own petard

Australians pride themselves on being an inventive lot. The Hills Hoist, bionic ears, plastic banknotes, penicillin.

However, a Business Council of Australia (BCA) report, titled *New Concepts in Innovation*, questions our approach to innovation. We have fallen for the belief, it claims, that innovation is predominantly about the development of gadgets through research and development spending. Yet in a knowledge-based, service-oriented economy, innovation is dependent on the quality of our human capital.

Superior corporate performance, the BCA says, is often as much a product of “organisational innovation” as technology. In the age of the internet and global interconnectivity, technology merely becomes a means to an end.

The BCA calls for a new understanding of business innovation – in government, economic policy, business strategy, workplaces and the community. Its checklist for reform recommends greater commitment to developing human capital; more awareness of the impact on innovation of tax, regulatory and workplace relations policy settings; creation of superior capabilities through training; and educating ourselves and our organisations about the importance of innovation.

There is some good news. Dr Waring says a large proportion of start-up businesses in Australia compared with other countries demonstrates our natural entrepreneurial flair. The less-heartening reality is that these start-up businesses often do not reach their full potential. “Where we’re weaker is the development of these small businesses into big business ... the bottleneck is there,” he explains.

Proof of this claim is a think-tank’s observation that Australia has a historically poor record of commercialising public-sector research. An Australian Business Foundation study suggests the nation’s innovation drive will stall unless we improve the links between public and private sector research and development. The report compares the national innovation systems of Finland, Sweden and Australia and identifies Australia’s “commercialisation gap” as a serious issue that requires fixing. It concludes that many small businesses – the engine room of the Australian economy – shun truly innovative ideas for reasons ranging from the inability to diversify risk to a fear of high capital costs.

Dr Waring believes part of the problem is an old chestnut – the tyranny of distance. He draws confidence, however, from a shrinking global business environment. “And as the private equity market becomes more developed and sophisticated here, capital will flow to the businesses that can take advantage of lower transport and information and communication costs, and we will catch up.”

Downturns ramp up innovation

Ironically, the strong performance of the Australian economy over the past decade may have been an inhibitor of innovation.

Mr Witt claims it often takes an economic downturn for innovation to flourish. “Until [people and companies] are under threat, only then do they turn externally and start genuinely looking for new opportunities ... So it seems that when times are good, innovation actually slows down within larger businesses. And when times are poor, it speeds up.”

One of the main findings of the BCA report is that

customers are generating the need for business innovation. It says education and training systems should therefore focus not only on the development of technical and applied capabilities but also workplace skills such as communication, teamwork, problem solving, creativity, entrepreneurship and leadership.

Dr Waring contends that many large Australian workplaces are entwined in a culture of anti-innovation. “They are driven by their shareholders to grow rapidly, so they wish their staff could be more entrepreneurial, but they’re very much trapped by the incentives of a large organisation and the need to be equitable.”

Dr Waring is buoyed at the shift away from people only wanting to work in high-paying consulting firms or investment banks. “After a few years of doing PowerPoint presentations to big corporates and not seeing their ideas implemented, they get more than a bit unfulfilled. Now they’re coming back after a couple of years and saying, ‘I want to join a small company and be rewarded on my merits.’”

No time to rest

According to Mr Witt, good and enduring innovations (think life-saving medical advances) are too often linked with those that bring riches through the exploitation of assets (think airports or toll roads).

He is sure, however, that a plethora of new tools – more university courses, better research facilities and the internet, for starters – will encourage innovation. “For example, the internet is probably the greatest single device that I’ve ever known in my career for enabling and bringing together disparate elements of any solution.”

Looking to the future, Mr Witt argues that Australian companies must not ignore China, which is likely to be the global economic powerhouse of the next 100 years.

And while China cannot get enough of our coal and gas now, they warn that Australia has to become more than just a coal mine of the world. Other innovative business ideas must be developed for export to China and beyond.

In that sense, Dr Waring says global competition is forcing a change of mindset in Australia – a shift he welcomes. “The evidence is that those in protected oligopoly markets will innovate less than those pushed by the rivalry of international competition.”

Dr Waring urges ambitious Australian companies to be bold. “You have to be innovative to grow fast.”

Those in protected oligopoly markets will innovate less than those pushed by the rivalry of international competition.

AGSM Business Plan Competition

The Innovation, Commercialization and Entrepreneur (ICE) MBA Student Club – formerly known as Connector – launched the 6th annual Business Plan Competition, the Peter Farrell C Cup Challenge, at AGSM on July 20. Teams will compete for more than \$19,000 in cash and in-kind prizes.

Key Facts

Team registration deadline: September 1

Business Plan submission deadline: October 31

Presentations & Awards Night: November 16

For more information, guidelines and sponsorship

information, please contact Paul Mazlin,

President: ice@agsm.edu.au

Power & potential

BY CAMERON COOPER

An Australian company is taking supercapacitor technology to the world using an approach borrowed from tenpin bowling



A day in the life of a CEO – nano architecture and the

His approach to comprehend. You strategic focus. As to product and ma

Kongats heads C that is making its world of supercon World Economic honour goes to te developing and ap transformational make a significant

For the uninitiated power solution for electronic products cameras, PDAs, computers. Capabilities such as wireless transmission gap between traditional capacitors typically serve low components delivered package. They are technologies and cells and solar p

In such a highly sector, Mr Kong between pursuing enough flexibility business you have and uncertainty

A global focus

Based in Sydney, Malaysia and Singapore, Taipei, CAP-XX companies that born global. Success benchmarks. T all, smart.

In the past few million supercapacitor success, Mr Kong start a business without any capital would bring to sheet of paper concept", he says

In the early business in a were tough because technology experienced approached M technology. A Government for Mr Kongats became a seat at the table

Now as CEO stakeholders juggling balance

He argues that technology becomes a technology in the same time, he

A day in the life of Anthony Kongats involves phenomena that are beyond the imagination of most CEOs – nanotechnology, superconductors, power architecture and the like.

His approach to building a business, however, is easy to comprehend. You must be passionate. You must have a strategic focus. And you must have the flexibility to adapt to product and market needs.

Kongats heads CAP-XX, a dynamic Australian company that is making its mark internationally in the competitive world of superconductor technology. Named one of the World Economic Forum's 2005 Technology Pioneers, the honour goes to technology leaders that are seen to be developing and applying the most innovative and transformational technologies which have the potential to make a significant impact on business and society.

For the uninitiated, supercapacitor technology is an ideal power solution for increasingly smaller, longer running electronic products such as mobile phones, digital cameras, PDAs, medical equipment and notebook computers. Capable of providing high bursts of power for activities such as snapping a digital photograph or sending wireless transmissions, supercapacitors help bridge the gap between traditional capacitors and batteries. Traditional capacitors have been around for years, but they typically serve low-energy applications, whereas CAP-XX components deliver power via a thin, flat, prismatic package. They are playing a valuable role in wireless technologies and renewable energy sources such as fuel cells and solar power.

In such a highly technical and sometimes speculative sector, Mr Kongats says a balance must be struck between pursuing a long-term business vision and having enough flexibility to adapt to market needs. "In our sort of business you have to have a high tolerance for ambiguity and uncertainty," he says.

A global focus

Based in Sydney and with additional production facilities in Malaysia and sales offices in South Carolina, Texas and Taipei, CAP-XX is one of a growing number of Australian companies that, according to *BRW* magazine, have been born global. Such companies work to international benchmarks. They are flexible, fast-moving and, most of all, smart.

In the past few years, CAP-XX has shipped more than a million supercapacitors around the world. Despite this success, Mr Kongats admits it was fraught with danger to start a business with "not much more than an idea" and without any certainty about the final product or benefits it would bring to a consumer. "It's really starting with a clean sheet of paper and saying 'where are we going to take this concept'," he says.

In the early 1990s, Kongats bought a manufacturing business in a competitive sector with low margins. Things were tough before the CSIRO, eager to use its carbon technology expertise in an arena other than coal mining, approached Mr Kongats to help it adopt supercapacitor technology. A proposal was presented to the NSW State Government for funding and, with nothing much to lose, Mr Kongats bought an option into the technology to "have a seat at the table".

Now as CEO of a thriving business and responsible to stakeholders and technology experts, Mr Kongats says juggling balance sheet and R&D expectations can be tough.

He argues that many companies fall into a trap whereby technology becomes the chief driver for the business "and it becomes a case that you are trying to shoehorn this technology into making it fit a business opportunity". At the same time, he is wary of traditional business models that

start with consumers' needs and work backwards to a product or service solution. "The reality is that a lot of great gee-whiz stuff happens...because there's some geek or scientist or engineer who discovers some really quirky feature that no one has thought about before."

Consider your options

Mr Kongats who graduated from AGSM's MBA program in 1987 is well schooled in the disciplines of business leadership. He says organisations must consider two key questions: what business are we really in, and how are we going to compete? He then advises executive teams to start thinking about options to "enrich that strategy". "Look to acquire options that fit with your business vision. In fact, one day these options may themselves turn into a business."

CAP-XX proves the point. After recognising the potential of supercapacitor technology, the company set about targeting a series of niche markets in international locations. Along the way he has adopted what he calls the "bowling alley" approach to management. CAP-XX picks a beachhead customer in an industry segment (knocking over the front tenpin, if you like) and then focuses on superior service to that client. To exploit that "win", it targets other design or product groups in the same company or even market competitors (the knock-on effect scatters the other tenpins).

Mr Kongats explains: "So we've built up a strategy of penetrating a market segment or niche by using a credible initial customer as our beachhead and reference site."

A second guiding principle has been to use partners as much as possible to forge relationships and overcome cultural barriers in foreign markets. CAP-XX concentrates on its core strengths while relying on local experts to manage cultural sensitivities.

A third lesson from Mr Kongats is his recommendation that companies remain faithful to a business plan and not get distracted.

More to achieve

Despite bedding down a recent IPO and basking in the World Economic Forum recognition, Mr Kongats and his team are not resting on their laurels.

In March, CAP-XX unveiled a significant breakthrough in its BriteFlash power architecture to provide LED flash camera phones with enough light to produce high-resolution images. Such innovation has been at the heart of the company's success, although Mr Kongats concedes he is not sure what being truly innovative means. If, he says, it is an ability to marry unmet market need with a new solution "then clearly what we are doing is innovative in a whole lot of areas".

For now, the CAP-XX focus is on hand-held devices, mobile phones and digital cameras. The next horizon includes medical devices and fuel cells.

One area that CAP-XX is still getting its head around is the value of industrial branding and marketing. Mr Kongats says: "While it's clear that consumer brands are valuable, we were not sure about the value of branding an industrial component." CAP-XX relies on sales to large technology companies that assemble its components into products. They take much of the glory through their brand, while CAP-XX has the advantage of targeting a number of major consumer suppliers.

A decision has been made not to advertise, relying instead on a market-by-market strategy targeting individual companies. This means dealing with a relatively small number of end customers which, Mr Kongats says, for a small Australian-based company with global aspirations makes more sense than dealing with tens of millions of potential customers around the world.



Doing it for themselves

BY LACHLAN COLQUHOUN

The entrepreneurial spirits of seven AGSM alumni were championed among Australia's fastest growing young companies on this year's *BRW* Upstarts list...

The path more travelled

Don Holley says he treated every business he managed as if it was his own, so it was inevitable that one day he would turn his entrepreneurial talents to a start-up venture for himself. Holley, who graduated with his MBA (Executive) in 1999, is one of three partners in Odin Consulting, which was recognised on the *BRW* 2006 Upstart's list.

"I was very successful at managing other people's businesses and made a lot of money for them, but there was always this desire to see what I could do on my own and it's been very rewarding to be part of a successful company," says Mr Holley, whose earlier career was in the automotive accessories retail sector.

Odin, formed in 2003, has offices in Brisbane, Sydney and Melbourne and is concentrating on the burgeoning market for human resources outsourcing, with a capability to manage all facets of the HR function for businesses small or large.

While performance management is one of the current buzzwords in the HR industry, Mr Holley says many organisations lack the expertise and the tools to implement an effective system. HR outsourcing, he says, is particularly attractive to small and medium-sized organisations, and this is proving to be a market niche for Odin. "Many companies, particularly those with around 60 to 100 employees, can't justify an expensive full-time, high-level HR resource."

"Many companies, particularly those with around 60 to 100 employees, can't justify an expensive full-time, high level HR resource."

Odin is also involved in recruitment, where it pursues two models: helping clients reduce the costs of recruitment, and in some instances providing them with the recruitment software to manage that process better; alternatively, undertaking the entire recruitment and selection process. The company has distribution rights to a proprietary psychometric assessment used as a risk management tool to screen prospective employees, and a performance management methodology.

It's a long way from Mr Holley's early career in retailing and franchising, and he attributes the shift largely to his MBA experience. "I realised that I probably only stayed [in my old job] because my roles were growing and I kept on being promoted ... and it has always been my desire to start my own business."

The MBA taught him to critically evaluate what was on offer to the customer, and this perspective has been useful in building Odin.

"Consulting, HR and recruitment are very fragmented with thousands of players so we wanted to create a point of difference which was multi-faceted," says Mr Holley. "So now we've got a flexible process where we do recruitment and selection, which is about 50 percent of our business, and the other half is organisational development related services."

Odin is "just at the start" of where Holley and his partners want to take it. "We want to grow this into a quality Australian consultancy and then take it offshore," he says.

Multi-m

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Multi-market biotech

Dr Brad Walsh says that the scientist in him "doesn't get a lot of air-time" since he started his own biotechnology venture, Minomic, a Sydney-based company which is developing non-invasive tests for diabetes and prostate cancer.

He started with "a vision for a business that had some degree of flexibility so we could move fairly quickly and build good linkages with research institutes and other businesses to allow us to box above our weight".

With an early career based in academia and the public health system, Dr Walsh's initial management experience, running the first national research facility studying proteins, led him to AGSM's Executive Program courses in management and negotiation which, he says, have since served him well.

"Kicking off a start-up business in Australia as a biotech really means that you need some global partners," says Dr Walsh. The first was a US company called Waters Corporation, "so all of a sudden I was negotiating with people from a US\$14 billion company".

After several hiccups, including the sudden death of Waters' main negotiator, the US firm took a stake in Minomic, which began trading in July 2003. Since then, the headcount has gone from two to 12, and revenues this year are expected to top \$1 million.

The company's model is to offer its research capabilities to a range of companies and institutions – such as CSL Ltd. and Sydney's Prince of Wales Hospital – while continuing to work on its major projects, the non-invasive urine-based test for type 2 diabetes and a similar project in the area of prostate cancer.

"Our challenge is how to work smart and how to achieve and compete on the world stage. This is very much a global business, and the way you do it is to build linkages, and that's starting to happen now."

The major pay-day for Minomic will come if the company succeeds in developing its diabetes test for launch on the market. As a non-invasive test, the product has the potential to reach the mass-market through sales in chemists. "Once people hit middle age it's probably time for them to start testing themselves for diabetes every two years, so the market is very big. It is almost a wellness market rather than a sickness market," says Dr Walsh. "But we've seen that being a one-horse show is never a good thing for a biotech, so that's why we are doing project work to maintain our cash flow and also working in the area of prostate and bladder cancer."

Shopping around

Jeremy Prestoe was managing the Erina Fair shopping centre on the NSW Central Coast when the owner, Lend Lease, started a round of redundancies among middle managers.

While Lend Lease saw the move as a necessary cost-cutting measure, Mr Prestoe realised that the wider shopping centre industry could ill-afford to do without the skills and expertise of those managers, and spotted an opportunity.

Several years on, Mr Prestoe's company Just Projects has found a lucrative niche as a recruiter of short-term management staff for shopping centres throughout Australia and increasingly overseas. "I recognised a fairly significant gap in the shopping centre world and while I thought it needed to be filled I didn't think anybody recognised it as an opportunity," says Mr Prestoe.

"There was a lack of graduates going into the shopping centre industry for training and development because all the operators seemed to concentrate on was poaching staff from each other, and I could see that this was going to create a massive gap in the market for quality individuals because of the continual change and disruption in this dynamic industry."

"These people have highly marketable skills, but many of them had their job taken out from under them in a restructure, or were mothers going back into the

workforce (only wanting three days work), or they have made a lifestyle choice about moving into contract work on a full-time basis."

Founded in 2001, Just Projects today has 15 full-time staff and upwards of 70 people placed in short-term positions in shopping centre management – and Mr Prestoe has

branched out of this core business into other areas, such as providing full-time recruitment as well as outsourced marketing services for centres which don't have dedicated marketing teams.

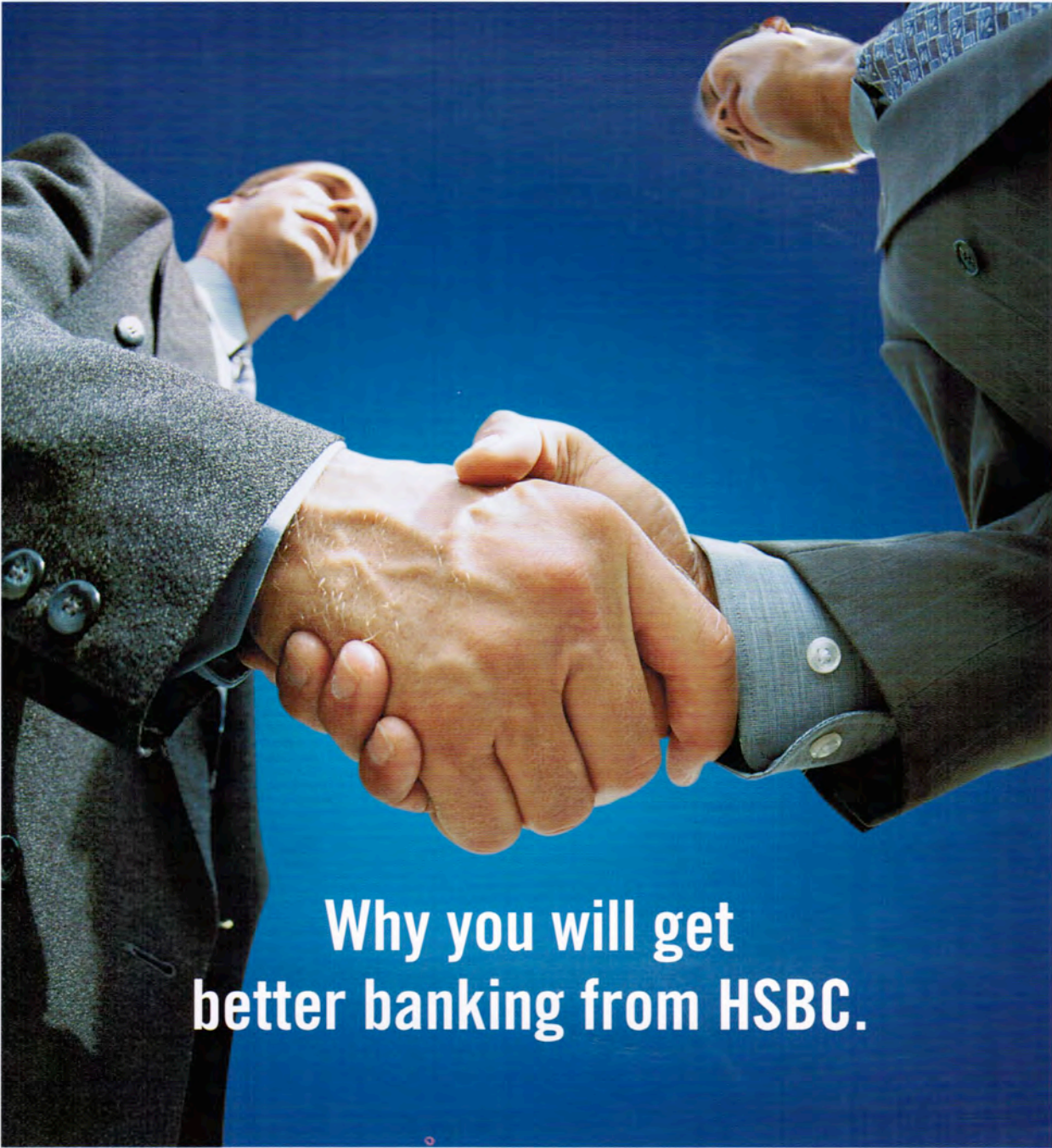
He is pondering further expansion including the recent purchase of a supplier's business offering shopping centre promotions, and contemplating a move into the commercial property sector.

Just Projects has grown from NSW to Queensland and Victoria, and is also expanding overseas with placements now into New Zealand, Dubai, China and India.

"The growth has been exponential and it's been a roller-coaster ride, but it's always stemmed from a desire to create something in an entrepreneurial sense and drive my own destiny," says Mr Prestoe who graduated with his MBA (Executive) in 1999 and maintains links with AGSM through the mentoring program.

"The growth has been exponential and it's been a roller-coaster ride, but it's always stemmed from a desire to create something in an entrepreneurial sense and drive my own destiny."

Pictured above, left to right: Don Holley, Brad Walsh, Jeremy Prestoe, Jennifer Cordingley, Derek Myers, Daniel Johnson and Tony Harb.



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Boutique approach pays off

Jennifer Cordingley learned her trade in large advertising agencies but the experience also showed her a gap in the market she has successfully filled with her boutique business Brand Marque.

Ms Cordingley who completed her MBA in 2003, founded Brand Marque in 2004 with long-time mentor and now colleague Peter Morris, and saw its revenues jump by 50 percent over the last year – a success she says has come out of a different approach to client relationships.

"Clients tend to meet the principal of the agency only at the pitch and they never see them again until the Christmas Party...We felt there was an opportunity to create a smaller specialist consultancy, spend less time on bureaucracy and more time on client-facing interaction and communication – and so far our clients are very happy with it because it gives them personalised service and quick turnaround.

"Also we didn't want it to be all about us. We hire senior, experienced people for every role, even the ones that are traditionally filled by juniors. We tell our clients that we don't expect them to train our staff."

Part of Brand Marque's strategy is combining

"We hire senior, experienced people for every role, even the ones that are traditionally filled by juniors. We tell our clients that we don't expect them to train our staff."

advertising and public relations, a practice less common in Australia than in the UK and the US. "Those who do, tend to do it as a bolt on, and the approach is to own two independent firms and then tell them they are sister firms and just watch them squabble over how much budget they can attract," says Ms Cordingley.

Brand Marque's approach is to work with a smaller number of clients and give them more dedicated service. So far, the client list includes AMP's shopping centre division, Panasonic and Angus & Coote. The company has grown to a current headcount of 10. While many people who start up and operate their own businesses describe the experience as stressful and time-consuming, Ms Cordingley says she is enjoying Brand Marque not only because it is creative, but because it allows her to control work-life balance with a new family.

AGSM education, says Ms Cordingley was an important part of building her career to a point where she felt confident to embark on her own business. The link between strategy and implementation, an important lesson she took from AGSM, is reflected in Brand Marque's company strapline "from strategy to the street".

Entrepreneurial spark

Derek Myers knocked back several offers to merge with competitors or sell his company. While that may make sense from a "pure return perspective", his passion for running his own business prevents him from taking that step. Mr Myers, an AGSM MBA graduate from 1993, operates his company iVentures in the UK and is involved in providing technology platforms for energy trading.

After setting up and then selling a wholesale electricity exchange for trading between generators and traders, Mr Myers' new venture BuyEnergyOnline takes the same concept further down the supply chain to trade energy between the supplier and the retail buyer.

It is a long way from the financial markets, where Mr Myers began his career in the early 1980s as a trader with Macquarie Bank. A full-time MBA afforded him a broader perspective and a career move to the former Andersen Consulting – now Accenture – when energy markets in Australia were following the UK trend for de-regulation.

While working in the UK, he decided to form his own company to develop the opportunity of the wholesale electricity exchange, and raised 2 million pounds from

investors, but a change in the UK regulatory environment impacted on the economic fundamentals of the exchange, which was then sold to a rival in the Netherlands.

From there, Mr Myers fine-tuned the concept and launched BuyEnergyOnline – an energy exchange which uses a reverse auction for retail and business users to buy electricity and gas supplies.

"This concept made a lot more sense because every individual and business consumes energy and gas, so there are lots of buyers and still enough sellers for it to be feasible in an electronic marketplace," says Mr Myers.

An electronic process turns around quotes quickly and match orders in real time. "What we've had to master is the huge amount of data analysis in the transaction process, because electricity is measured in half-hour levels so an electricity transaction takes that into account, and prices are so volatile they go up and down up to several percent in one day."

Mr Myers owns 92 percent of iVentures, which is being gradually wound down and subsumed within BuyEnergyOnline, a business he believes has significant further growth potential.

"This concept made a lot more sense because every individual and business consumes energy and gas, so there are lots of buyers and still enough sellers for it to be feasible in an electronic marketplace."

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Growing to London

Daniel Johnson started his insurance business four years ago "as a lone broker in an unforgiving world" but now says his ambition to open an office for his company in London is "quite viable, given our growth".

Mr Johnson is the principal of NSW-based insurance brokerage BMS LIB. Originally from Western Australia, Mr Johnson moved to Sydney around 10 years ago as an employee of another insurance brokerage, but always had the desire to start his own business.

"I always wanted to take that step but I wasn't sure about how I'd go about it or what I'd exactly do," he says. "In the end, change was put upon me – by circumstances shall we say – and I looked at my opportunities about four years ago and decided that the time was right."

That moment also coincided with beginning his MBA (Executive) studies at AGSM, a course he will graduate from this year which he attributes with giving him the confidence to go it alone in business.

His company has grown quickly by acquisition – firstly through adding a firm in Dee Why, on Sydney's northern

beaches, and then buying the well-established Liverpool Insurance Brokers business in Sydney's west. Today, BMS LIB has a headcount of 18 and clients around Australia.

"I was nervous about the acquisitions at first but I just thought I'd take a big bite, chew really hard and see what happened and so far it's been a good result. It's been a challenging couple of years but it's come along really well. We have a great team and I think we are going to see some solid growth," says Mr Johnson who has his sights on other acquisition opportunities triggered by generation succession in the industry.

"Capital is always an issue in those early stages, but I think I'll be looking to give us some critical mass and then take it from there."

With his ultimate "dream" to open a London office looking viable within a few years, Mr Johnson says he derives great satisfaction in watching his business growth, and also in his relationship with staff. "I feel very responsible for their professional development and get a great deal of satisfaction out of seeing them gain new skills and confidence," he says.

"I was nervous about the acquisitions at first but I just thought I'd take a big bite, chew really hard and see what happened and so far it's been a good result."

Success beyond the comfort zone

Back at primary school, **Tony Harb** used to sell stickers in the playground for 5 cents each. "So I guess I always had an entrepreneurial spirit, but I never had the opportunity because up until recently I was in my comfort zone."

The listing of Mr Harb's business, Sydney-based InConsult, as a 2006 *BRW* Upstart was the culmination of five years hard work for the chartered accountant who graduated with an MBA (Executive) in 2000.

Mr Harb had a successful career in internal audit for a multinational insurance company when he began his MBA, and had moved on to a chief executive position, but a combination of circumstance and ambition soon put him on the road to starting his own business.

His decision coincided with a major turning point in Australian corporate history – the \$5 billion HIH insurance collapse which focussed business leaders on corporate governance and risk management issues.

"With my background in audit and finance control, I found that there was suddenly a great demand for risk management consulting, and we picked up a number of big multinational clients and then started to develop the business from there," he says.

Mr Harb recognised a niche and developed a new model for a risk management specialist providing consulting, training, technology and recruitment. "Based on the

principles of Game Theory learned in the MBA, I decided to change the rules of risk management consulting. I was going to differentiate myself by offering an end-to-end service, vertically integrated, and that would be the basis of our value proposition," he explains.

"I decided that I would build a relationship with the person in the organisation who is the chief risk officer, and be that person's best friend." When a need arises for recruitment, consulting, training – or even buying a new system – Mr Harb has a ready solution. While InConsult's headcount is currently six, the recruitment side of the business has 400 risk management professionals on its database.

With his business partner, Mr Harb has developed a proprietary risk management technology system, which integrates risk, compliance, audit and incident management on the one platform.

A recent major implementation for a global US company has delivered bright prospects, he says. In terms of growth, the consultancy recently formed a strategic alliance with a mid-tier accounting firm, BKR Walker Wayland, which has member offices worldwide, with a view to developing that company's integrated risk and internal audit offering.

The strategy to grow offshore also involves forming a network of risk specialists to work under the InConsult brand globally.

"Based on the principles of Game Theory learned in the MBA, I decided to change the rules of risk management consulting."

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Exploring a world of difference

BY LACHLAN COLQUHOUN

Diversity may have become a corporate catch cry, but new research shows ignoring differences may be counterproductive

Modern organisations are hugely diverse, complex collections of people from a myriad of backgrounds. Simple categories, such as sex, racial group or age, or more artificial groups such as temporary and permanent employees, executives and non-executives form the basis of this diversity.

In the contemporary corporate world, diversity has even more forms. Global organisations have people from headquarters offshore working alongside locally engaged staff, and other organisations result from takeovers or mergers which bring people from different corporate cultures together.

People from various functional disciplines, such as marketing or finance, for example, often have a different status in the organisational hierarchy, where there may be an "in-group" which needs the existence of an "out-group" to define itself and draw strength.

So in a world which has, ostensibly at least, embraced diversity, how does this impact on the organisation and its performance?

Just as we might hope a multicultural community will produce a thriving, tolerant and creative society, does the same hold true for a business organisation? What impact does diversity have, and can its impact be changed in any way for an optimum result?

AGSM Associate Professors Prithviraj Chattopadhyay and Elizabeth George have made this their study, with the ultimate goal of understanding "if difference matters".

Basing their work on research conducted in US corporates, among Australian tertiary students, in an Australian Government organisation and the hospital-based medical profession in Queensland, they have explored areas of demographic difference and self-categorisation, testing the basic hypotheses that the wider the real or perceived differences, the less engaged certain employees will be with the organisation.

"Our research questions are based on how these differences affect how you deal with other people," says Professor George. "How do they affect how much you like

your co-workers, how do they affect your trust or your sense of obligation in the organisation, and your psychological contract with it?

"Our argument is that if difference affects these things negatively – and it can – then organisations need to think about how those differences may be harming the organisation."

Professor Chattopadhyay says an aspect of the research is understanding how difference impacts on "citizenship behaviour", the concept also known as "employee engagement". "Organisations are becoming more flexible so it is harder to actually define roles, and the flipside of that is that there are many things outside of the basic role which are important to the organisation's performance, so anything that can be done to improve that sense of citizenship is going to have an impact," he says.

The research of Chattopadhyay and George has covered a range of situations.

In one study, Professor Chattopadhyay randomly selected work groups in four US organisations – from a Fortune 500 computer hardware manufacturer with over 12,000 employees to a small transport company with a headcount of 30.

Employees filled out questionnaires on their attitudes to organisational citizenship, the trust they felt for the organisation and their co-

workers, and their "organisational self-esteem" – how much self-worth employees feel within the organisation. Across the board, the study found both racial and age diversity had a negative impact on organisational self-esteem and peer relations.

In an Australian research project, data from 101 research scientists working in a Government organisation was used to examine relationships between gender and work group identification, task conflict and emotional conflict.

Some scientists were working with each other in a co-located situation, while others were working remotely through virtual channels. The study found that differences in the gender make-up of the workforce had a more negative influence on the attitudes of the co-located work

Focussing on similar values or common goals can help bring the skill sets of a diverse group of people together.



Illustration: Gregory

groups than their colleagues on shift. In this case, it seems to matter.

A current project on the dynamics of recruitment of nurses when they shift. In this case, it seems to matter.

Professors C... some differences... unchangeable... attitude varies...

"For example... beliefs and values... their attitudes... into the work... says Professor... women pay for...

"We find that... organisation... great that we... merit-based... really become... least 50 per cent... in groups don't... and show a n...

At the core... identity and b... we see positive... says Professor...

This is driven... oneself through...



Illustration: Gregory Baldwin

groups than those working remotely. If you don't see colleagues on a day-to-day basis, gender differences don't seem to matter as much.

A current project in Queensland is looking at how the dynamics of relationships change between surgeons and nurses when the proportions of nursing and surgical staff shift. In this context, increasing numbers of nursing staff are positive for both nurses and surgeons, while a higher proportion of surgeons shows a negative impact.

Professors Chattopadhyay and George say that while some differences – such as gender or age – are unchangeable, the impact they have on an individual's attitude varies, and can change through circumstance.

"For example, we find that women who take on the beliefs and values of a male-dominated group can change their attitudes towards work, become more assimilated into the workgroup and get ahead in the organisation," says Professor Chattopadhyay. "This is a price some women pay for advancement."

"We find that men expect to have a few women in the organisation... they can point to them and say 'isn't it great that we have women and that shows we are all merit-based and not taking unfair advantage,' but this really becomes problematic when women make up at least 50 percent of the group. Beyond that, men working in groups dominated by women clearly have a problem, and show a negative impact."

At the core of this self-categorisation is a quest for identity and belonging. We need to belong to a group that we see positively and that is distinct from other groups, says Professor George.

This is driven by a desire to create a positive sense of oneself through membership in a high-status group and

"reduces uncertainty" in a group situation so that a person can arrive at some understanding of their role, and survive. "Identities help us negotiate social and work situations, so these questions are important at a very basic level," Professor Chattopadhyay says.

Ultimately, the research on difference points the way to organisational performance, although this is not a specific area of study for the researchers. It suggests differences which do exist – such as those of gender, age or race – should be acknowledged and not glossed over. "Often people are told 'forget that you are male or female, just focus on being an employee in this organisation' – well that leaves you open to some kind of backlash," says Professor George. "If you tell someone to stop thinking about something, well they are just going to think about it, aren't they?"

"You need a solution which recognises that identity but also focuses on another identity which is the common in-group identity, and to make sure that these dual identities are not in conflict."

Professor George uses the example of working mothers who have to choose between a school function and a poorly scheduled work meeting. "This makes it hard for women to readily identify with also being a member of the organisation, and it has a sapping effect on them," she says.

Differences, she says, have a particularly negative effect when they are "salient" in a situation where a person's identities conflict. "Organisations can put in place measures to minimise value conflict. The differences will always exist but focussing on similar values or common goals can help bring the skill sets of a diverse group of people together, and that has a very real impact on the organisation."

Accelerated Learning Laboratory



Illustration: Gregory

On the leadership learning fast track...

BY DEBORAH TARRANT

AGSM's laboratory for new frontiers will tackle corporate Australia's toughest challenge



Professor Robert Wood

A GSM researchers Professor Robert Wood and Dr Shayne Gary are setting out to address one of the greatest foreseeable threats to the growth potential of Australian organisations – the diminishing availability of talented people for leadership roles.

The ability to develop emerging leaders fast has been highlighted as one of the most critical factors to determining the healthy future of Australian companies, and pressure is mounting not only due to the ineffable momentum of 21st century business but also with the global talent shortage which is already being exacerbated by generational workforce shifts.

The traditional methods of filling the leadership gap – external recruiting and rapid promotion – have limitations because they fail to deliver people with deep insights to a business's logic, says Professor Wood.

The July launch of AGSM's Accelerated Learning Laboratory (ALL) which recently received a \$2.1 million linkage grant from the Australian Research Council introduces a "new frontier"

approach to finding emerging leaders. Industry partners over a five-year period will develop solutions to on challenges.

Working in close partnership with Professor Beckmann and the AGSM School of Psychology, Sydney and Dr Gary anticipate extensive research methodologies will result in group (IP) and outcomes current thinking.

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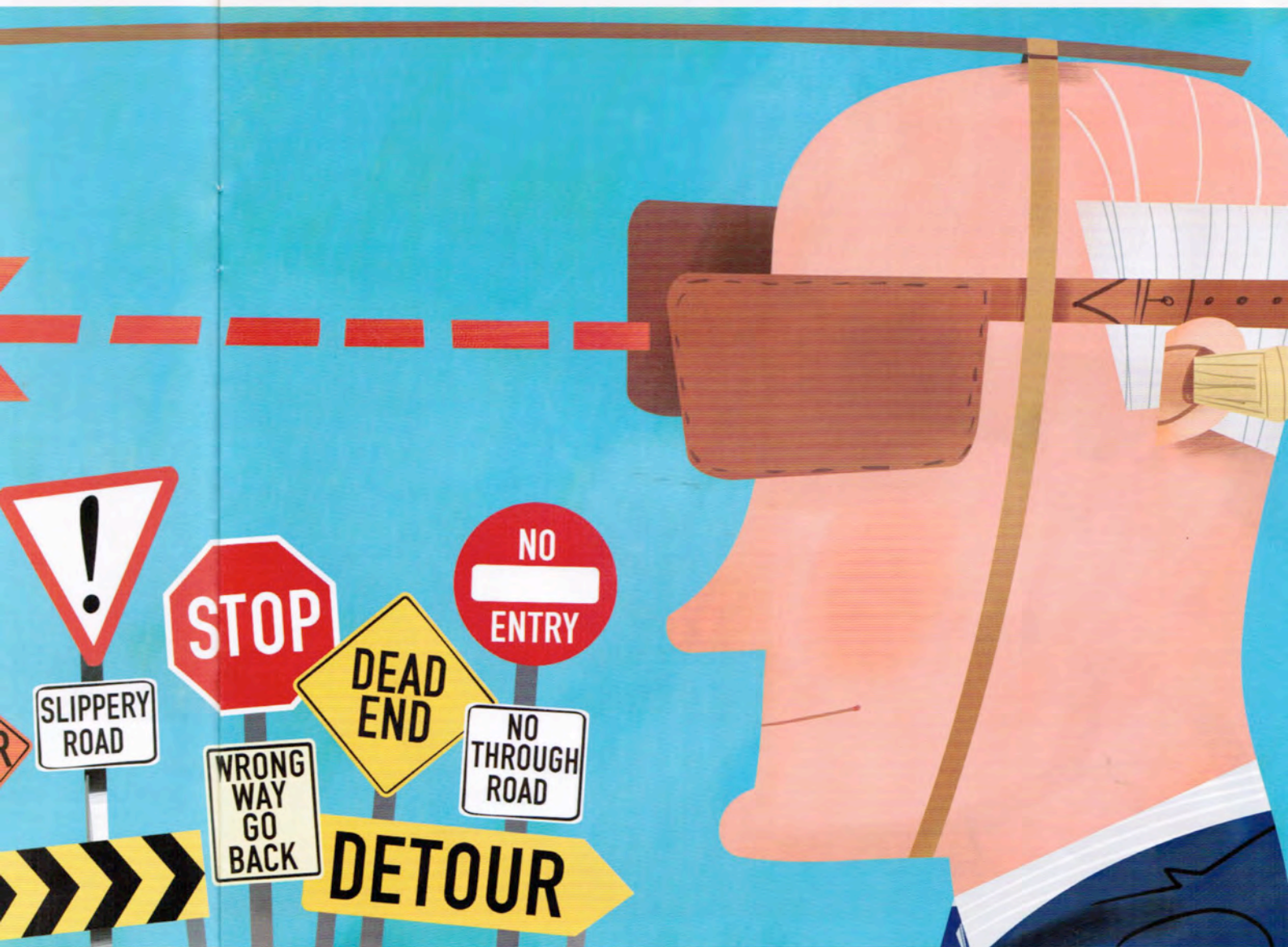


Illustration: Gregory Baldwin

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approach to finding ways to fast-track emerging leaders, involving a strong line-up of industry partners who are actively participating over a five-year period in the quest to find solutions to one of management's most urgent challenges.

Working in collaboration with Dr Jens Beckmann and Dr Damian Birney from the School of Psychology at the University of Sydney and backed by a team of 12, Wood and Gary anticipate the ALL, which combines extensive research with the latest tools and methodologies for executive learning, will result in groundbreaking intellectual property (IP) and outcomes that may revolutionise current thinking on management education.

With a clear research and development agenda, the ALL team will explore the

Wood and Gary are aiming to crack “the 10-year rule”.

Research has shown a decade is the average time it takes to produce the pattern recognition and response skills needed to perform complex tasks, and to become an expert in a field.

evolution of flexible expertise, the ability of managers to analyse and solve dynamic, complex problems, in conjunction with the development of leadership perspectives and behaviours and – most significantly – ways to speed their pace.

Wood and Gary are aiming to crack “the 10-year rule”. Research has shown a decade is the average time it takes to produce the pattern recognition and response skills needed to perform complex tasks, and to become an expert in a field. Fighter pilots, elite athletes and chess players typically take this long to hit peak performance, yet the task of a senior manager or executive involves even more complexity and demands more nuanced mental models, observes Professor Wood.



Illustration: Gregory Baldwin

Partners in action

Industry partners IAG and ANZ will kick off the project with the first rounds of managers going through the laboratory in September and October, while further groups will come from Brambles, Qantas and Macquarie Bank. Working in cohorts of 15, participants are expected to attend the laboratory for two sets of three days each year. (Numbers will vary over the course of the project.)

Other key partners, executive search firm Egon Zehnder International (EZI) and management consultancy Booz Allen Hamilton, are playing an advisory role at this stage.

With a job that demands he stay on top of research and best practice in executive education, Ashley Stephenson, the co-leader of Egon Zehnder's Talent Management and Management Appraisal practice, sees real potential for a globally relevant breakthrough in leadership development in the program. "I haven't come across anything like this before," insists Mr Stephenson who sits on the ALL steering committee and will provide data and benchmarks from some 20,000 executives and several hundred companies EZI has worked with worldwide.

Research conducted by Booz Allen Hamilton, in conjunction with the Business Council of Australia, shows not only that Australia has a higher rate of CEO turnover



Dr Shayne Gary

than other nations, and the need for internally driven efforts of external stakeholders to identify ways to improve the pipeline," says Dr. Gary, an Executive Adviser to the ALL steering committee.

To this end, Mr Stephenson is the co-leader of the ALL project's scientific and leadership development arm.

The ALL project's focus is on the capability of internal leaders to drive the planning and execution of the business, and to commercialise the results of the development arm.

Beyond the efforts of the steering committee, research and external collaboration will be a key part of the project, including collaboration with the project, both in investment, and in the ongoing leadership development towards solving



Illustration: Gregory Baldwin

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than other nations, but that the performance of internally promoted CEOs outstrips the efforts of external appointments. "We're eager to identify ways to improve that internal pipeline," says Ian Buchanan, Senior Executive Adviser at Booz Allen Hamilton and ALL steering committee member.

To this end, Mr Buchanan described the work of the ALL project as critically important, scientific and leading edge.

The ALL project intends to build the future leadership capability of industry partners, involving them in all stages of planning and development and as research team members, and ultimately, AGSM has plans to commercialise the new IP for accelerated learning development and assessment techniques by 2011.

Beyond the effort to push back the boundaries of research and executive education, what's outstanding about the project, insist the researchers, is the level of collaboration with the industry partners whose support of the project, both financially and with a substantial time investment, indicates how seriously they regard the looming leadership crisis. In the process of working actively towards solving their own organisations' leadership

dilemmas, they are also making a valuable contribution to the wider corporate community.

Catherine Rusby, IAG's Head of Organisational Effectiveness, sees multiple benefits in participation in the ALL project. At the outset, 30 emerging middle managers from across the insurance group will go through the pilot year with the aim of enhancing the organisation's 'leadership bench strength' to support its international growth aspirations.

"Apart from complementing IAG's leadership development focus, partnering with AGSM and other leading companies is a tremendous benefit to us to broaden our understanding and learnings for developing our future leaders," Ms Rusby says, adding that along the way the investment in an individual over five years in itself makes "a great retention strategy".

Integrating research and learning

The ALL project uses a "multi-method" approach to learning experiences for managers, combining simulations, role plays, coaching and on-the-job activities – all of which are being monitored, measured and compared with control groups within the partner organisations.

The laboratory allows participants to rehearse and learn in a safe environment. "Today's flatter organisational structures mean people don't have the same developmental opportunities on the job," says Professor Wood. "Failure tends to take over. It's a great learning experience, but failure has a higher price attached to it nowadays."

In Wood and Gary's model, the requirements for effective leaders at senior levels of modern corporations are outlined as:

- complex mental models of the environment to understand and deal with the problems encountered;
- a level of self-awareness and confidence to act competently in the face of challenges;
- well-developed moral and emotional perspectives to allow the reflection of values in actions.

Kellie Stirling, practice leader of leadership and succession at ANZ, says the high level of the challenges presents a great opportunity to accelerate graduates' development through "exposure to experiences that may not be encountered in the day-to-day run of their work".

Far from a conventional executive development session, researchers in the lab will be measuring participants across a spectrum, including individual characteristics, cognitive abilities, interpersonal skills, emotional responses to time pressure and anxiety, and self-regulating mechanisms for dealing with failure, as they progress through the program.

Spurred by innovative approaches, 70 high potential graduates identified for ANZ's Future Leadership Radar program will go through the five-year project. Kellie Stirling, practice leader of leadership and succession at ANZ, says the high level of the challenges presents a great opportunity to accelerate graduates' development through "exposure to experiences that may not be encountered in the day-to-day run of their work".

The ALL uses simulations, adaptable virtual worlds that enable managers to explore and experiment with possibilities from the highly realistic to the extreme and in the process develop the "flexible expertise" required to analyse and solve dynamic, complex problems. "Senior executives in large organisations must cut through many domains, such as production, marketing and people management. They need to be good decision makers, assessors and judges. 'Flexible expertise' is crucial because it underpins how leaders make sense of the world and their role in it," says Professor Wood.

Of course, not everyone has the capacity to become an "expert". "Individuals plateau at different learning levels. Some get into set habits in decision making and consolidate their knowledge too soon, while others remain open to learning for longer," explains Professor Wood. "People who are constantly challenged, and are able to maintain focus while testing hypotheses and reflecting on their performance, are more likely to develop greater 'flexible expertise'."

Braving new worlds

In a simulated "microworld", managers can experiment and see some rules work in certain situations, but not in others. "We can push people through variable and extreme conditions and shocks so they learn what to do when a competitor mounts a raid or a main supplier has delayed delivery," Professor Wood says. More than simply learning from mistakes, it's about understanding that knowledge is transferable. It can be picked up from one situation and transported to another.

In simulations, managers will tackle generic challenges such as managing a team: allocating people to tasks, roles, giving rewards and incentives. These will be practised many times with different "surfaces". In one instance, they may manage a set of factory workers, while in the next it may be a group of investment bankers, consultants or an AFL team, Dr Gary says. While things on the surface may seem different, the deep structure of

realistic and engaging".

Interventions follow the simulations; coaching and role plays to help managers identify deep structures, enrich their analytical knowledge and the "action scripts" that guide their behaviour when facing challenges.

Fresh perspectives

To transfer learning to the real world, coaching in execution skills will continue the learning in interpersonal skills for negotiation and empowerment, along with the language of leadership, that is, the vital ability to create a narrative that binds people. Managers are being coached in the lab and back on the job to develop all-important leadership perspectives.

Essential also to dealing with the complexities confronting senior managers are capabilities for reflection and foresight, explains Professor Wood. Shifting perspectives from subject to object mode is crucial, for example. "In the subject frame, we are in the grip of action, while the object frame allows us to stand apart from our assumptions and behaviour and to ponder on questions: Why? How? What if? These are richer, more sophisticated perspectives for analyses and actions that can reflect our values and who we are."

Long-term perspectives are also considered in the ALL model, particularly as some participants are expected to move through the program every year for five years. "A lot happens in that time; they get married, divorced, buy a house, get promoted, get fired, change jobs...Through life we develop moral and emotional perspectives, and a sense of our own identity, and leaders need to be comfortable in their own skins," says Professor Wood.

Life's vagaries also mean that the research project has been set up with a longitudinal design, in addition to short-term experiments to test the impact of specific interventions. "We would love to work with the same 500 managers from Day One, but the practical reality is that this can't happen," says Dr Gary. "We're hoping we'll end up with 200 or so who go through the entire program."

The overall plan, according to Wood and Gary, is to spend the first three years finding out what works to accelerate the development of participants' expertise at different stages. Will the emerging leaders who go through this program be promoted faster? Ultimately, will they reach higher levels in their organisations?

"The law of averages dictates that some of our interventions won't work," admits

Dr Gary. There's also the issue of separating ALL development from any other learning programs in which managers may be participating.

Along the way, the research team will establish a library of simulated managerial challenges, complete studies for mental flexibility and the integrated multi-method IP, and refine learning agility assessment tools towards becoming a fully commercial ALL operation by 2011.

The crux, however, is in the empirical question that remains to be answered, as Dr Gary points out. "If we find out what makes people's learning and development of expertise happen faster, we may also completely change the way we teach people in management schools," he says.

The ALL project uses a "multi-method" approach to learning experiences for managers, combining simulations, role plays, coaching and on-the-job activities – all of which are being monitored, measured and compared with control groups within the partner organisations.

the challenge is much the same. "Research suggests most people are poor at identifying the underlying structure of problems. They tend to focus on surface characteristics which is highly inefficient when there are an abundance of problems around us with similar deep structures," Dr Gary explains.

Firm-specific simulations – small, abstracted versions of real operating environments – have also been built in collaboration with the industry partners allowing the organisations to target major challenges facing their people. Frequently, the simulated reports and information that the participants are working with will look exactly like the ones they receive in their companies, "so it's more

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Reachingout

BY LACHLAN COLQUHOUN

Alumnus Graeme Gherashe is back with a vision for the future of executive education

A lot has happened in Graeme Gherashe's career in the years since he graduated from AGSM with an MBA in the early 1980s. He has worked with some of the world's largest banking and finance institutions and has built a successful career in HR and executive development. For much of his career, he worked offshore with organisations such as Bank of America, Standard Chartered and Aviva.

In March this year, Mr Gherashe returned to AGSM, this time as the Director of Executive Programs. He has come to the Executive Programs role from the Aviva insurance group in London, where he held a number of positions including HR Director of Aviva Life International and Director of Group Management Development.

In the latter role, Mr Gherashe was instrumental in the implementation of the Aviva Leadership Academy, with the goal of managing and developing the leadership capabilities of the organisation's high performing, high-potential executives. The Academy is a collaboration between Aviva and several world-class schools in the US, UK and Europe.

"Having been directly responsible for corporate talent management, I understand what organisations are looking for when it comes to knowledge building in management," he says. "By tapping into the ideas and diversity of our great thinkers, teachers and practitioners, AGSM can develop people to make a positive contribution at both the individual and corporate level."

"The role also provides me with an opportunity to become more deeply involved in areas of interest to me such as



I understand what organisations are looking for when it comes to knowledge building in management.

aligning resources and strategy, innovation, culture and moral purpose."

Mr Gherashe says he was also attracted to the role because it provided an opportunity to build on the already solid brand and reputation of AGSM. The School's Executive Programs are ranked by the *Financial Times* as the best in Australia and Asia for Open Enrolment Programs and for Custom Programs.

Mr Gherashe's vision is to develop "broader and deeper" relationships with AGSM's corporate partners and to expand into the emerging markets of Asia where AGSM is highly regarded for its MBA qualification. "I think there are real opportunities expanding in Asia on the strength of our existing brand and I'm looking forward to playing a part in this new phase for AGSM," he says.

"Not everyone will want to do an MBA and not every company will want to sponsor an employee to do one, so we have to be very targeted in what we do and deliver relevant bespoke learning."

"The Executive Program suite is a great way to introduce people to AGSM and perhaps interest them in moving to an MBA, so the programs work together and not in isolation from each other. In addition, the executive programs are an excellent supplement to our graduates and can be viewed as a top-up or masterclass."

As an alumnus, Mr Gherashe is fully aware of the benefits AGSM has conferred. "It gave me the skills and tools I would not have acquired as readily," he says. "There's no doubt it helped to propel me into a diverse and rewarding career."

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ALUMNI MENTORS

Guidance at the outset

BY JULIA NEKICH

A new mentoring program for students in the first semester of their Graduate Diploma in Management (GDM) delivers multiple benefits

Since 2002, AGSM alumni have offered mentoring to Executive Year (EY) syndicate groups to help maximise productivity in the final year and hone their teamwork skills. AGSM research indicates that the AGSM Alumni Mentoring Program has been extremely successful in increasing team effectiveness.

In an effort to bring the same kind of success to new students, a pilot program offering mentoring to students as they embark on their first graduate diploma subject was introduced last semester.

"In the last 12 months, a core group of mentors has been looking at driving more strategy around the mentoring group," says Ben Maguire, an alumni mentor since 2004. "We have been looking at introducing mentoring for first-year students, because we saw that relationships between EY students and between students and the School were strengthened [by mentoring] by the end of the year."

Mr Maguire says many students starting out in the GDM might not have studied for some time, and the pilot program would help them redevelop their study techniques. Other aims of the trial are to increase student satisfaction, to increase student enrolments by giving AGSM a differentiated position in the market, and to give alumni opportunities to increase their skills and mentoring outside of the workplace. These objectives, in turn, would enhance the school's reputation in the market and create a stronger alumni engagement and response.

Unlike the 'group' mentoring offered to EY syndicates, the pilot program is using two different styles of mentoring: one-on-one mentoring and class mentors.

One-on-one mentoring was initiated last semester. "We asked all new students if they would be interested in having a mentor for their first semester," says Mr Maguire. "Eighty-five percent said 'yes'. This second semester, 90 percent expressed interest."

Last semester, 15 mentors were assigned to 16 students, with Mr Maguire mentoring two students. This second semester, 18 mentors were assigned to students who requested a mentor in writing – the second step in the process was added to demonstrate students' commitment.

Nigel Bedford, a mentor since 2004, is also involved in the pilot program as a one-on-one mentor. He sees important benefits in the program in providing "emotional support to students and helping them overcome

challenges they will inevitably face". These challenges include balancing study with work and personal life. "Mentees discover that speaking to friends, family and work colleagues isn't the same as speaking with alumni who have been through the same thing," he says.

Mr Maguire and Mr Bedford are enthusiastic about the pilot program's success, with new students already gaining satisfaction from the mentoring. "There have been several students who have found studying a little too daunting and began considering dropping out – now they're not," Mr Bedford reports.

Class mentors have been introduced for the first time this semester, with two allocated to one of two classes. The mentors are encouraged to attend every class, and Mr Bedford says: "They aim to provide guidance to students to form study groups and help them manage their workloads. It's non-academic support – we're helping students develop their own approaches."

Mr Bedford adds that AGSM is growing its mentor base to provide increasing levels of one-on-one support. "There are several thousand alumni, and we believe many haven't been mentors and would like to be." Currently, more than 150 alumni are involved in the AGSM Alumni Mentoring Program.

While the one-on-one mentoring was started by AGSM in Sydney, plans are to extend the program to students and alumni in other capital cities.

Mentees discover that speaking to friends, family and work colleagues isn't the same as speaking with alumni who have been through the same thing.



Nigel Bedford



Ben Maguire

On the trail of the free riders

BY LACHLAN COLQUHOUN

The onus is on managers to sort the real contributors from the coasters in a team – and remunerate accordingly, suggests new AGSM research

Humans are not necessarily the most altruistic of species. While they might be happy enough to be organised into teams, some team members will – subconsciously or consciously – try to do less work than their colleagues but take an equal share of the benefits.

These “free riders” are everywhere. They are in sporting teams, social clubs and, of course, in corporate organisations, where the challenge for managers is to create the right incentives and motivation for them to contribute more wholeheartedly for the good of the company’s performance and, ultimately, the bottom line.

The psychology of these group dynamics is a major research interest for AGSM’s Dr Anna Gunnthorsdottir who, in a number of experiments, has been investigating how humans respond in various competitive and team situations.

Originally a psychologist who moved into economics and game theory, Dr Gunnthorsdottir describes her interest as “the human political process” and how it might be influenced by changing factors such as team structure and remuneration.

“Any organism which lives in groups has a similar conflict to humans,” says Dr Gunnthorsdottir. “You want the group to do well but you are also competing against members of your group, and that is why humans both co-operate and cheat.”

“Everybody has a price to changing their behaviour, from two neighbours in a condo to a firm, to a state and country, and what I am interested in is seeing how the environment

we create around their behaviour.”

She gives a hypothetical example illustrating the concept.

“Imagine I am writing a paper and we put a lot of work very hard,” says Dr Gunnthorsdottir. “I put myself from social norms and can fool my colleagues to spend more time on the paper and then I can take credit as putting in more time than the other people who are right people who are doing it for them.”

Dr Gunnthorsdottir has been investigating the psychology of groups to investigate the dynamics of groups which work well, prize, to be divided into groups both positively and negatively on the basis to see how they perform.

“In this situation, you are also out there.”

In one project, Dr Gunnthorsdottir investigated groups which were given a prize, to be divided into groups both positively and negatively on the basis to see how they perform.

“In this situation, you are also out there.”

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Dr Gunnthorsdottir says that in a competitive situation an organisation might be better off when it competes against other firms.

“Being in a group is potentially doing your own, but the additional level of competition can be also competitive. Group members can be also competitive as there is trust and commitment between a group can achieve more time there is always individual level to it.”

One of the most interesting aspects of the research was the situations where the group was egalitarian, and the group was competitive.

“We found that the way of getting groups to work well is to apply the research to the work of great care.”

“For example, I tried to create a

we create around people or organisations influences their behaviour."

She gives a hypothetical example as a means of illustrating the dilemma.

"Imagine I am working with a colleague on an academic paper and we promise each other that we'll both work very hard," says Dr Gunnthorsdottir. "But if I can separate myself from social norms and be purely self-interested, I can fool my colleague into working more than me. I can spend more time with my family or working on another paper and then I will be better off."

"In an organisation, what we see is that people will often take credit as part of a team, but will really have been spending time politicking and drinking coffee with the right people while the rest of the team has been working for them."

Dr Gunnthorsdottir has constructed several experiments to investigate this phenomenon.

In one project, she and her colleagues created several groups which were competing with each other for a single prize, to be divided among them. Remuneration was divided both proportionately and also on an egalitarian basis to see how that variable might impact on behaviour.

"In this situation you benefit from being in the group, but you are also out for your own interest," says

the problem for a manager is that while this can really draw the members of a group together they can become very hostile to other groups within the firm, and that can lead to sabotage of the overall profit goal.

"The issue is that you need to find the right boundaries for the group, because it can be very self-defeating when groups within the same organisation end up fighting with each other."

In all her experiments about free-riding, the basic set-up is the same: participants are given 100 tokens and asked to invest in either a private account, which returns one percent to that person alone, or to a group account where the return is calculated according to the size of the contribution all group members have made.

Another of Dr Gunnthorsdottir's free-rider experiments was designed to see the effects of like-mindedness on people's willingness to contribute to a group effort.

Participants were sorted into groups of four – depending on the size of their contributions to the public account.

The exercise showed that those people who may initially have been of a co-operative disposition and made substantial contribution reduced their contributions over time when they were forced to interact repeatedly with people who were clearly free riders.

"What we see in this study is how co-operation decays

Free riders

Dr Gunnthorsdottir. "This is the typical situation an organisation finds itself in when it competes. Think for example of the group being a firm competing against other firms."

"Being in a group gives you the benefit of potentially doing better than you would on your own, but the experiment adds an additional level of competition because you can be also competing against your own group members as well as others. As long as there is trust and reciprocal commitment between group members then a group can achieve a lot, but at the same time there is always this temptation on the individual level to free ride a little bit."

One of the most interesting findings from the research was that the group effort was stronger in situations where remuneration was divided on an egalitarian, and not a proportionate basis.

"We found that egalitarian rewards are a very effective way of getting group members to work together," says Dr Gunnthorsdottir, who says this principal has also been applied to the workplace, but it needs to be applied with great care.

"For example, Levi Strauss [the clothing manufacturer] tried to create a system of team-based remuneration, but

People who may initially have been of a co-operative disposition ... reduced their contributions over time when they were forced to interact repeatedly with people who were clearly free riders.

as co-operators get discouraged by the presence of free riders, and the skill of the manager is to identify these different types and set the incentives right so that all members of an organisation keep co-operating," says Dr Gunnthorsdottir.

One controversial finding from this latter series of experiments was that the segregation of the highest contributors created significantly higher performance overall, that is, when measured across all groups.

"We call this a segregated meritocracy and we found that our 'experimental organisations' or 'experimental mini-societies' delivered a very high overall output with this kind of segregation in

place," says Dr Gunnthorsdottir.

"We can show mathematically, with Game Theory, that this is bound to happen, and we can show empirically (with our experiments) that it does in fact happen exactly as mathematics predicts."

"Interestingly, human groups interact exactly as mathematics predicted even though the problem is mathematically so complex that it was only solved a year ago. This segregation has some controversial implications for public policy, of course, but this is what we find."

Patents

protection or monopoly?

BY LACHLAN COLQUHOUN

With a strong resonance for today's biotech and packaged software industries, historical lessons show how patents can stifle development

Patents protect intellectual property but they can also create uncompetitive monopolies which can impair the development of national industries, according to a landmark historical study by AGSM Associate Professor J. Peter Murmann.

Professor Murmann, who joined AGSM this year from Kellogg School of Management in the US, is the author of *Knowledge and Competitive Advantage: The Coevolution of Firms, Technology and National Institutions* which tracks the synthetic dye industry from 1857 to 1914 in Germany, Great Britain, the United States, France and Switzerland.

While at Kellogg, research based on his book won Professor Murmann the 2004 Reiter Best Paper Award at the school and the 2004 award of the International Joseph Schumpeter Society. Professor Murmann was also recently named as the co-recipient of the K. William Kapp Prize of the European Association for Evolutionary Political Economy (EAEPE) for the paper he published with Dr Guido Buenstorf from Max Planck Institute of Economics in Germany, *Ernst Abbe's Scientific Management: Theoretical Insights from a 19th Century Dynamic Capabilities Approach*.

The book was the culmination of nine years research, during which Professor Murmann says he performed the role of "industrial archaeologist", combing through trade directories, exhibitions and looking at the development of chemistry departments at universities in the studied countries.

His work showed that while Great Britain and France were the standout leaders in the dye industry in the first part of the research period, their patent laws created monopolies which stifled competition. Germany, in contrast to Britain and the US had strong chemical research in its universities and was without a patent law until 1877. This created good technical knowledge, an open market and strong competition, which meant that when the British and French patents ran out, the Germans were – to the surprise of almost everyone – able to then dominate the industry.

Companies have to think very carefully about where they are going to locate in the world, because being located in a region which produces more knowledge for a particular branch of science might be hugely important for succeeding

Being located in a region which produces more knowledge for a particular branch of science might be hugely important for succeeding on a global scale.

on a global scale. "Everybody predicted that Great Britain was going to dominate this industry for decades because it had the raw materials and the biggest markets, so it seemed a simple case of British firms having a home advantage they would use to dominate the world market – but it didn't work out that way," Professor Murmann says.

The British and French patent laws gave their companies a nice monopoly profit for the duration of the patent, but at

the same time it didn't make them very competitive because they could hide behind these artificial monopoly profits, while in Germany – and also in Switzerland – companies could freely enter the market.

"And because they had gone through vigorous competition these German and Swiss companies were more competitive than the traditional monopolies when the patents ran out.

"This shows that government policies, whether intended or unintended, have a dramatic effect on how strong an industry will be in international competition.

Another important factor in the rise of the German dye industry was the strength of German chemistry in that country's university system, and how that was utilised by industry. While this may have initially been unconscious at the public policy level, it was quickly recognised by industrialists and Government as a crucial source of Germany's competitive advantage, with industry lobbying the Government for more funding.

"Once the industry was in existence the Germans were able to convince the Government to spend more, and so they built state-of-the-art laboratories in Bonn, Munich



Illustration: Gregory Ba

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and Berlin in the 1860s," says Professor Murmann.

While in 1862 Britain had 50 percent and France 40 percent of the world market, by 1870 German firms had grown to take a 50 percent world market share.

Many of the lessons of the synthetic dye industry are relevant to the biotechnology industry today, and also to packaged software. The dye industry, says Professor Murmann, is highly relevant as an area of study because it was the "first science-based industry where an invention made in a laboratory was quickly transformed into a commercial product.

"The lesson we can draw is that companies have to think very carefully about where they are going to locate in the world, because being located in a region which produces more knowledge for a particular branch of science might be hugely important for succeeding on a global scale," says Professor Murmann.

"Being close to good universities, as sources of knowledge and capability is very important, as are differences in public institutions like patent laws.

"Why are the Americans dominating packaged software today? Well it's because the Pentagon invested a lot of money into building up the computer science industry in the United States so again it's a lesson for the high-tech and engineering fields," says Professor Murmann.

He also sees parallels between the rise of India and China as manufacturing powers and the softer patent laws in those countries. "It's clearly not in the interest of the industrialised countries to have strong patents, and this is what we are seeing in China – and they are resisting strong patent law for the right reasons," says Professor Murmann.

The research has led Professor Murmann to a re-evaluation of patent laws, and to think about the ideal

balance between protecting intellectual property, and promoting competition to create strong national industries.

"Yes, in some industries you want to give patents because if you don't provide patents the companies would not make investments and they would not do the innovation," he says. But in many industries that is not the case at all, and in fact patents stifle the speed of development.

"My own view is that the default public policy should be that you don't have any patents anywhere, and then if one can make the case in a particular industry or product that if you don't have a patent then you don't get innovation then you might grant patents as a special exception."

Professor Murmann is continuing his research, in collaboration with a student in India and another in Japan.

He has also begun a new project, looking at the development of the global pulp and paper industry over the last 200 years. With Australia a player in these markets, the results of that research should be highly relevant and a significant contribution to understanding industrial development in this country.

Cambridge University Press has just published a paperback version of Professor Murmann's book on the synthetic dye industry. More information can be found on his website at <http://professor-murmann.net/>



Professor
Peter Murmann

Way beyond location

AGSM's Centre for Real Estate Research offers fresh aspects on a highly valued sector

Accurate evaluation is at the heart of finance and AGSM students are applying those skills to the real estate sector through the new Centre for Real Estate Research (CRER).

MBA students are undertaking the course, Real Estate Investment and Financing Decisions, which is offered through the CRER and taught by former Asian property analyst Dr Pantisa Pavabutr, who is now CRER's research fellow. The course uses concepts introduced in the core finance syllabus and applies them to real estate valuation, and takes students through the property development process in stages from feasibility analysis and project financing through to portfolio allocation and assessment.

Bringing together both full-time MBA and MBA (Executive) students, the course is highly applicable to anyone with or without a direct interest in property because it covers a lot of financial modelling and in-depth analysis of financial valuation, says Dr Pavabutr. "Regardless of whether you are valuing buildings or anything else those skills are incredibly useful."

"The course is highly interdisciplinary as it involves valuation of property from the perspective of an active investor as well as investment asset allocation from the view of passive investors. I think these will really add to what students have learnt in the core corporate finance class."

Dr Pavabutr completed her PhD in Finance in the US, at the University of Texas, and is currently Assistant Professor of Finance in the School of Business at Thammasat University, Bangkok. She spent much of the 1990s working as a property

analyst in Asia, including a stint with investment bank Morgan Stanley, and describes her teaching style as "very hands on". One of her priorities is ensuring that some of the class time is allocated to working on spreadsheet modelling.

"I encourage the students to bring in their notebooks so we can have very active discussions over modelling as we go through that process," Dr Pavabutr says. Combining full-time and MBA executive students in one class makes for a very diverse and dynamic learning environment. "We also talk about risk in terms of the modelling and from an asset allocation perspective, and take the group through some case studies."

The case studies give students a different perspective of the real estate industry, ranging from a role as a private developer to a bank lender and loan underwriter.

In another case, students take the role of a pension fund manager going through the process of real estate asset allocation. Case studies are undertaken either individually or in groups of three or four, with the assignments prepared after intensive in-class discussion. "You don't have to be a developer to use or need any of these skills, because they are widely applicable," says Dr Pavabutr.

"Whether you are a securities analyst valuing a property firm or an investment banker working on an initial public offerings case or looking at a target firm in a merger and acquisition situation, appraisal tools can be applied."

CRER was launched late last year and was formed by AGSM and the US-based McCombs School of Business in Austin, Texas, with support from leading corporates AMP Capital Investors, Westfield Holdings, GPT, UBS, Stockland, Macquarie Bank, Jones Lang Lasalle, the Australian Stock Exchange, Mirvac and Colliers.

The Centre, which is headed by AGSM Associate Professor of Finance Garry Twite, is offering its first MBA and MBA (Executive) courses this year.

The case studies give students a different perspective of the real estate industry, ranging from a role as a private developer to a bank lender and loan underwriter.



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CSR makes a move

As socially responsible behaviour hits the mainstream, AGSM takes on the challenge of delivering the message

Corporate social responsibility (CSR) is one of the wickedest of problems facing organisations today. A damned-if-you-do and damned-if-you-don't issue, its validity is commonly rejected by economic rationalists, debated by sceptics and preached by passionate devotees.

As corporations globally have underscored their intention to be around for the long term by embracing the concept of sustainability, CSR has gained traction. Indices that gauge the socially responsible activities of businesses have been created, as consideration of multiple stakeholders has been increasingly factored in. Triple bottom lines abound.

Awareness of CSR can be seen in the growth of social and ethical investment funds, voluntary codes of corporate conduct and corporations' self-reporting on socially responsible practices. More companies are looking to their reputations as good corporate citizens as employers, in the environment, the wider community and across international boundaries.

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CSR has a place in business. Exactly where, how and how much are outstanding questions for governments, NGOs, regulators and, most pressingly, for individual businesses and the business schools that serve them. Just as business continues to grapple with the big issues of CSR, along with the paramount demands to continue to make profits and deliver shareholder value, business schools also contemplate effective ways to deliver thought leadership, research and relevant courses to an emerging market for CSR education.

According to AGSM's Dean and Director Rob McLean, the social context of business is playing a far greater role in business than ever before. Consequently, it demands a serious amount of attention in management development. "We need to be equipping future business leaders with how to operate in a social context," he says.

Today's 360 degree view of a corporation from the perspectives of consumers, employees, NGOs and shareholders is seeing big global players, such as Nike, overhauling their labour practices and mining giant Rio Tinto focussing on its impact in indigenous communities. Some consumer goods companies are starting to confront

the obesity epidemic and, more recently, a not-for-profit organisation told the world that every litre of Coca-Cola used 2.7 litres of water.

Locally and internationally, as business awakens its social conscience, it is becoming obvious such broad and important issues can't be "pushed away or simply given to human resources or corporate affairs departments," suggests Mr McLean. "The social context of business is now part of what all leaders have to deal with, and what winning is all about," he says.

"As we train and seek to develop people in our programs, we want them to be exposed to and to recognise that winning is no longer simply about winning in the product market space or winning in the regulatory space. It is going to take this full 360 degree view of changing social context."

CSR is indeed a "wicked problem" – the term was originally coined by designer Horst Rittel more than 30 years ago to describe problems that are socially so complex they don't have straightforward answers and for which the past does not prove to be a reliable predictor of the future. (The topic of Wicked Problems is taught at AGSM by Dr James Carlopio.)

The first CSR will probably only win if consumer social responsibility gets traction.

As with all wicked problems, the issue of CSR has no ready-made, one-size-fits-all solution. While CSR has permeated business and, in some cases, powered change, its significance also has grown through the work of AGSM researchers and teachers.

In the province of research and the focus of faculty members, the social context of business finds its way into the classroom, says Mr McLean. In effect, CSR has been woven through the curriculum making its way into mainstream areas such as strategy, marketing, finance, economics, corporate governance, organisational behaviour and ethics. "We are complementing the typical mainstream business school areas of leadership and success by weaving in the social context – and many of the hard problems today sit in that social context."

The integrated approach is a way of "getting real" about CSR that, in effect, mirrors its recent move into the wider business community. While idealists may like to think that "corporations are just a group of good guys looking for new and exciting social and environmental problems to solve, there's a middle ground between romanticised nonsense and a world that has fundamentally changed," insists Mr McLean. The role of academics is to debate and research its ambiguities.

Faculty in the frontline

Food for corporate consideration is in studies into ethical consumerism by AGSM's Professor Timothy Devinney and Dr Giana Eckhardt, which explore one of the great unresolved issues in the CSR domain – people who claim to have an interest in environmental issues but who don't put their money where their mouth is.

In their paper, *The Other CSR: Consumer Social Responsibility*, Devinney and Eckhardt joined with Pat Augur of Melbourne Business School and Thomas Birchnell of Sydney University's Centre for The Mind, to delve into the disconnect between consumer and corporate behaviour. High-profile initiatives that launch direct assaults on large companies' social responsibilities in manufacturing, retail and spending and purport to satisfy a huge public demand for ethical products are a case in point. A current example is Project Red, spearheaded by U2's Bono and Bobby Shriver, in which companies such as Gap and Giorgio Armani have rebranded products to support AIDS.

Such initiatives hide the effectiveness and limited uptake of products with ethical dimensions, and leave "many company executives expressing private uncertainty about the efficacy of ethical consumerism and the role of their customers in sharing social obligations to social ethics", argue the paper's authors.

CSR has serious limitations without consumer buy in, the researchers point out, suggesting in conclusion a number of ways companies can bridge the disconnect, including highlighting the benefits of ethical products to the individual rather than society as a whole.

Previous research by Dr Eckhardt surveyed the attitudes of consumers in eight countries and the justifications that they use for making unethical purchasing decisions and considered the consequences for organisations looking to better their reputations through implementing CSR practices.

Professor Grahame Dowling who teaches in the area of corporate reputation believes CSR is, indeed, a moving target for 21st century executives. He concurs with Devinney and Eckhardt that "the first CSR will probably only win if consumer social responsibility gets traction".

"Consumer social responsibility is all around civil regulation where people vote with their preferences through their behaviour; what they buy, who they work for, what they invest in and who they'll oppose on the street. The first CSR is a niche strategy for companies hounded by critics," says Professor Dowling, adding that consumers are quite savvy about bandaid solutions. A recent Australian survey showed that despite well-highlighted CSR practices, banks ranked poorly for levels of trust in the community. Why? Because they make much of their money from nuisance fees, suggests Professor Dowling.

Nonetheless, he says, corporate reputation generally does benefit from companies engaging in socially responsible practices.

"It's politically incorrect to be against CSR, but a lot of companies are still uncomfortable about it." However, apart from the net social benefits – less pollution, discrimination and exploitation of workforces – some of the recent biggest corporate failures in history indicate that "infectious greed is still running as hot as ever", Professor Dowling points out.

Real change won't emanate from corporate affairs departments but from adjusting the way managers and executives are measured to factor in CSR. "People do what's inspected in preference to what's expected," he says. "Key performance indicators, budgets, working protocols and controls are set at the heart of the company."

If the shoe fits...

Examples of consumer power and companies responding to their critics by determinedly introducing CSR practices are found in the big name sports shoe and clothing manufacturers, Nike, Adidas and Reebok, who license manufacturing offshore. Under consumer pressure, these companies have signed codes of conduct with large US consumer purchasing organisations guaranteeing they will not use sweatshop labour.

AGSM's Associate Professor Elizabeth George has been involved in their CSR efforts. Initially, she was invited by Adidas to run human resources management workshops for inspectors – commonly engineers and lawyers – employed to monitor conditions of hygiene, safety and security in its factories in southern China, Indonesia and Vietnam. Later, in a combined initiative from Nike, Adidas and Reebok, Professor George ran workshops on HR Best Practice for top management from the Asian factories.

Her experience cast light on some perplexing CSR questions for multinationals, she says. For example: is it right to impose expensive best practices on companies in other countries to suit the standards of Western consumers? "In Vietnam and China, factories are providing work, often to young women who are empowered by the employment opportunity, so it's hard to come from the outside and say these factories' practices are good or bad," says Professor George.

CSR has a place in business. Exactly where, how and how much are outstanding questions for governments, NGOs, regulators and most pressingly for individual businesses and the business schools that serve them.

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Professor Elizabeth George

Professor Steve Frenkel, an organisational behaviour specialist whose work focuses on employee rights and the dynamics between management and labour, also took his HR expertise on the CSR path to Asia to deliver a series of lectures to factory managers in Cambodia on behalf of the International Labour Organisation. Along the way, he visited textile and clothing factories and spoke about practical implementation of better labour practices. Cambodia faces tough competition from China on world markets.

"My argument was that the firms needed to improve efficiency to meet labour standards...I was suggesting that labour needs to be seen not only as a cost, but something to invest in. Firms that help people build capability and motivation can lower labour turnover and have better quality work and they can do this by instituting fair and efficient systems of human resource management."

Professor Frenkel sees CSR as part of a bigger picture, and points to Europe and Japan for examples of social partnership where corporate managers are seen as caretakers of society, so they "are answerable to a wider range of stakeholders, not just to shareholders".

Exploring ethics

Ethics are relevant to all aspects of business, although there's nothing new about ethical dilemmas, says Professor Robert Marks who teaches AGSM's one-week intensive interdisciplinary program on business ethics, with Associate Professor Damien Grace from the University of New South Wales' School of Philosophy.

What's changed in recent times is the pressure under which managers – and others – have to make decisions. Juggling with conflicting loyalties too fast and without using ethical decision making frameworks may lead to regrets with the wisdom of hindsight. One such dilemma is the choice between short- and long-term results from a decision maker who's squeezed by institutional investors who want to see good returns every quarter.

The long and the short of it is, there's no simple right or wrong in ethical decision-making, although there may be choices that violate the law, says Professor Marks, who explores areas of "ethical murkiness". "Lying, for example, is an ethical failure but there are instances when it could be argued that it's justified," he says.

Under the wide umbrella of CSR, the business ethics course gives students frameworks to enable them to weigh their options. "Everyone has their own values and conscience," says Professor Marks. "We expose students

to issues where there's no clear right answer. There are ambiguities. We give them frameworks and ask them to choose. They're not marked on the decision they made, but how they reached it."

Professor Marks and Professor Murali Chandrashekar are leading a project funded by the Commonwealth Department of Environment and Heritage, through the ARIES (Australian Research Institute in Education for Sustainability) program, aimed at heightening the emphasis on CSR and education about sustainability in MBA programs. AGSM is one of four business schools participating in the project.

Professor Chandrashekar has run AGSM's dedicated elective course in Corporate Social Responsibility in recent years. However, one of his aims at the outset of the ARIES program was to increase the integrative focus so "sustainability is seen as a philosophy of doing business rather than as an elective".

Immediate impact is seen in finance classes with greater discussion of ethical investing and the triple bottom line, and in marketing. Increased awareness has also led to the introduction of a CSR student club.

In the marketing discipline, Professor

Chandrashekar invites students to look at the pressures of the marketplace and takes a balanced approach to aspects of CSR in big markets. "It's about making profits but minimising social risk. It's not philanthropy. It makes good business sense," he says.

Discussions and debates exploring the gap between hype and reality in CSR with industry players such as Cisco, ABN Amro, AGL and Zurich Financial also have piqued student interest.

One of the challenges facing educators, believes Professor Marks, is that there's greater interest and awareness of sustainability issues at the top of

companies, at CEO and board level where strategy is discussed, but not so much among students.

This is one of the reasons why AGSM has adopted a different tack, concludes Mr McLean. Dedicated courses – while important – reach a limited few, tending to attract people who are already passionate about CSR. "In a separate course in corporate sustainability, about 20 percent of the class will sign up," says Mr McLean who points out that several US schools claim to have 30 percent of students enrolling in CSR-specific courses – but that's still 70 percent that aren't getting the CSR message.

The social context of business is bigger, broader and far too complex a wicked problem to limit knowledge to a self-selected few.

There's no right or wrong in ethical decision making, although there are choices that violate the law, says Professor Marks who explores areas of "ethical murkiness".



Professor Elizabeth George



Professor Bob Marks



Professor Timothy Devinney



Professor Murali Chandrashekar



Professor Steve Frenkel



Professor Grahame Dowling

MERGERS AND ACQUISITIONS

BY LACHLAN COLQUHOUN

In the excitement of fast growth, many merging companies forget the significance of their customers

Mergers and acquisitions (M&A) are increasingly popular as growth strategies for organisations, and yet so many of them fail to deliver the anticipated financial benefits. AGSM's Professor Murali Chandrashekar and Dr Kristin Rotte are investigating if the missing ingredient in the M&A equation is the one most executives tend to ignore – the customer.

Basing part of their research on customer satisfaction data from US uniform supplier Cintas, Professor Chandrashekar and Dr Rotte have been invited to present their findings in the US at the Institute of Business Markets Conference at Kellogg School of Management in August.

There has been a lot of research done into why so many M&As fail, yet the findings have not shown any systematic reasons for these failures. Professor Chandrashekar suggests perhaps researchers haven't been looking at the right set of variables.

"Organisations say, 'let's do this acquisition – it's a quick way to grow' and managers (who may be focussed on personal goals) engage in an M&A. In their excitement they can tend to pay more than they should because of that escalating commitment. When it is complete, efficiencies must be delivered, and often one of the first things to suffer is customer service, because the merged entity uses stretched service systems to deal with the growth in customers."

Lost in translation

The result is existing customers who may have been otherwise happy feel the pinch because service has become strained, while the new customers are anxious because they are dealing with a totally new service system.

Professor Chandrashekar says the flurry of M&A activity at the end of the 1990s in the financial sector around the world saw a customer churn rate of around 15 percent and this phenomenon undermined the success of many of the takeovers.

"The motivation was to grow and all of a sudden you have lost 15 percent of your potential new customer base, and your growth targets have dropped by 15 percent," he says. "In a situation like that, it's no wonder that companies failed to meet their financial objectives."

Part of the dilemma is in the question: Who owns the customer? Is it the acquiring firm or the acquired firm which still residually deals with customers? How fast does this integration take place? These issues are vitally important to success, says Professor Chandrashekar.

"When you have two large organisations with two different support systems all hell can break loose. You

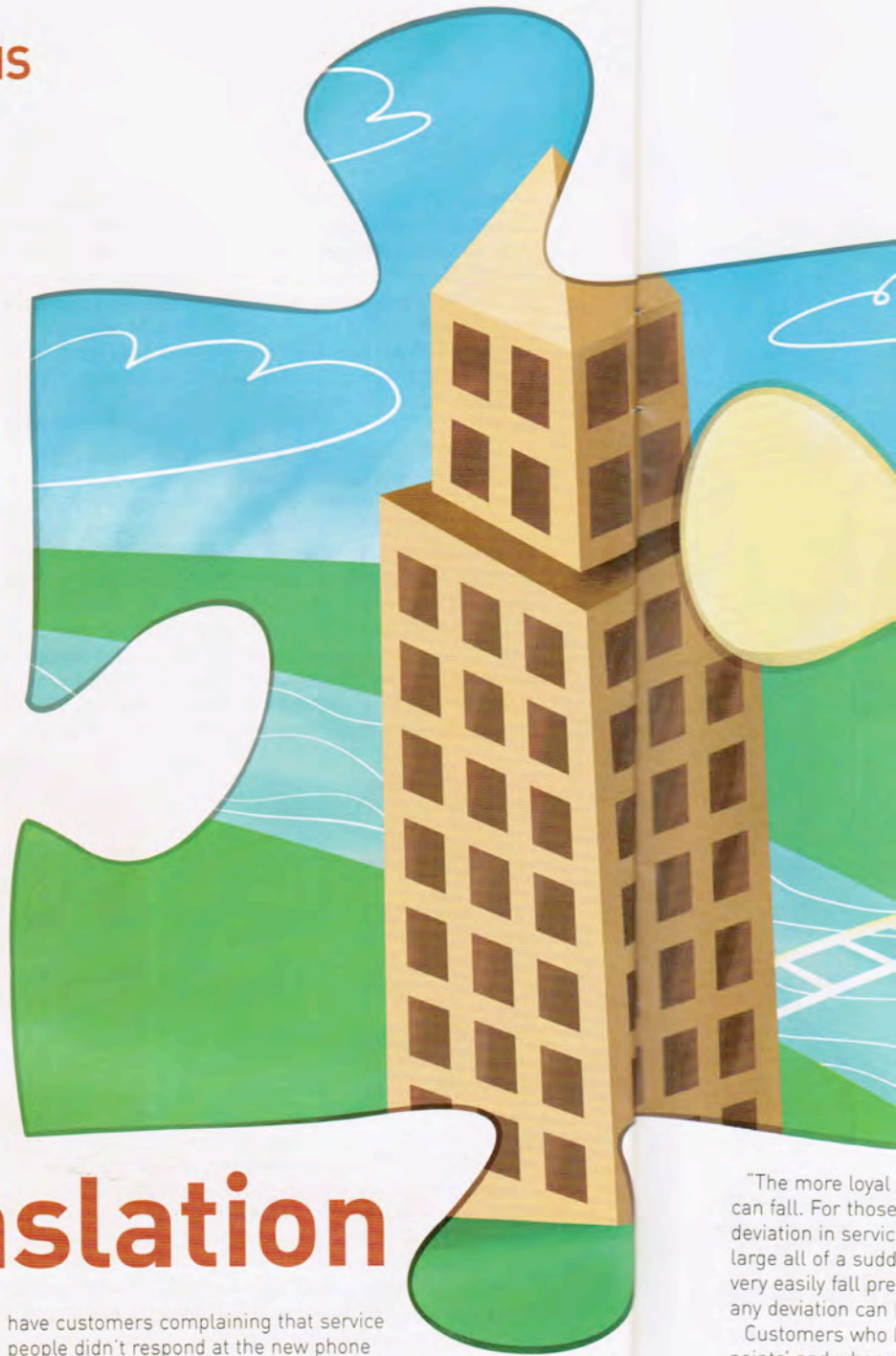
have customers complaining that service people didn't respond at the new phone number, and they feel they were better served by their old service representative.

Buyer beware

"So there is a lot of confusion from a merging of two cultures, two service support systems, two customer management and retention systems. It is not as easy as putting together a Lego system," he quips.

Unexpectedly, the research has shown that in many situations it is the customers of the acquiring organisation who "have the potential to fall harder" and ultimately become more alienated post M&A. They are more likely to respond negatively to any deviation in service level because their expectation is that things will remain stable.

"Customers of the acquired organisation already think that it is going to be a bumpy road, and expect change, but the customers from the acquiring firm have the potential to be hurt the most," says Professor Chandrashekar.



"The more loyal customers can fall. For those with a deviation in service, a large all of a sudden, they very easily fall prey. Any deviation can be a problem."

Customers who are 'loyal points' and whose loyalty is solely dependent on the service, however, can become disaffected.

"When a customer is non-diversified, they can fall," says Professor Chandrashekar. "If the basis is diversified, that in order to really understand where the point [of failure] is more diversified and..."

A case in point

Cintas, he says, is a good example because the company has been in the business for three decades. It has a long growth path since the customer satisfaction...



"The more loyal you are the harder you can fall. For those customers, the deviation in service levels looms very large all of a sudden and consumers can very easily fall prey to a negativity bias so any deviation can hurt quite a bit."

Customers who have 'multiple touch points' and whose satisfaction is not solely dependent on one aspect of service, however, are less likely to become disaffected by the transition.

"When a customer's satisfaction base is non-diversified, then we see that they are vulnerable," says Professor Chandrashekar. "But if their satisfaction basis is diversified they can stay satisfied, so the lesson is that in order to really manage transition you need to understand where the customers are in relation to this point. [It is more effective to] increase the sense of diversification and try and maintain them that way."

A case in point

Cintas, he says, is a particularly good example to research because the company has been growing over the last three decades. It has been on an acquisition-based growth path since 2001, and also has a well-defined customer satisfaction tracking system.

Unexpectedly, the research has shown that in many situations it is the customers of the acquiring organisation who have the potential to fall harder.

As the largest uniform supplier in North America with 500,000+ clients and more than US\$2.5 billion in annual sales, Cintas has been regularly ranked among *Fortune* magazine's 'Most Admired Companies'. "It is a very progressive business service organisation and we have been very lucky that their executives were willing to co-operate by providing us with their data," says Professor Chandrashekar.

"We have been able to analyse the data before and after acquisitions, and they

factor customer satisfaction very centrally into their customer relationship management."

The first Cintas acquisition, in 2001, went "really well", according to the data, and the company made another acquisition in April. "The jury is still out on that, but it will be very interesting to monitor how that progresses," says Professor Chandrashekar.

"I think, like many companies, they have learned a lot from the financial services sector and in this case they have measures to track customer satisfaction on a monthly basis. They are taking the pulse of the customer and the voice of the customer is constantly on their dashboard, so they have the right metrics in place and are poised to manage this well."



Questioning the

BY PETER BURDON
Is marketing a good investment or simply another case of the emperor's new clothes? The answer depends on nailing down the real issues facing brands and products

Marketing is a waste of money and the sooner somebody is brave enough to say it, the better! This is a view held by many non-marketing executives and even a few who work in the function. It is not my own view but I have sympathy for the opinion, as I have seen many millions wasted in the name of marketing.

So what led to this dirty little secret of short-sighted management know-how? Three things, I believe. First, marketing is about creating and communicating something that people want to buy or interact with. It's about people's beliefs, needs and behaviour and how to influence them. To most people, that sounds like something that we all know about. The widely held view is that "Marketing: it's just common sense, isn't it?"

Second, investment in marketing in many organisations is rarely subject to the rigors of financial reviews or cold, hard analysis, despite the spend on marketing activities amounting to 5-10 percent of sales. Millions can be spent on

an advertising campaign for the manufacturing sector. \$10,000 on an email campaign with a defined payback. The question is, 'last year's advertising spend on advertising can be: "we want to see if advertising will help us get our competitor's share of voice."

Third, marketing is often the best but, from a financial perspective, over-confident in its own ability to create empathy, creativity and a small minority of the success factors.

These factors have a function having a function in organisations. In marketing is the highly respected. Their success could be 'coiled' marketing in other functions.

Marketing is more than just creating a successful campaign. It requires a combination of creativity and, yes, plain common sense can play a role. It is analysed or researched. Once said, "If I'd asked the transport needs, I might have invented a faster horse." I developed a new model in the 1980s. I knew how to design the car, but I didn't ask car owners what they wanted, but opted for people loading and unloading into their cars in the carpark. Knowing the information and in

influence people's behaviour through years of trial and error with good marketing.

In good consumer products, the product is subject to financial review and reviewed on the market. In doing so, the product promoted is not only for other products' sake, but understanding what is rational on the market.

The web has brought marketing as the only way customers can be reached. An email shot can be sent and responses analysed again to further promote the product.

This rationality can

an advertising campaign with no quantifiable benefits, yet the manufacturing director has to justify (and beg for) \$10,000 on an enhancement to a machine with a clearly defined payback. The curse of budgetary momentum, that is, 'last year's amount plus a bit', can often determine the spend on advertising and promotions. Alternatively, the logic can be: "we want to grow sales by X percent, therefore, advertising will have to increase by X percent" or "to match our competitor's share of market, we will have to match their share of voice".

Third, marketing has attracted some of the brightest and best but, frankly, it has also been a safe harbour for over-confident individuals with very little real consumer empathy, creativity or analytical ability. Thankfully, they're a small minority but it's skewed the view of the profession.

These factors have contributed to the marketing function having a less than exalted status in many organisations. In successful consumer companies though, marketing is the driving force of the organisation and is highly respected by the other functions.

Their success comes from having a 'well oiled' marketing function and from people in other functions thinking like marketers.

Marketing is more than common sense. Creating a successful product or service requires a combination of analysis, creativity and, yes, plain common sense. Common sense can play a part in how an opportunity is analysed or researched. As Henry Ford once said, "If I'd asked the public about their transport needs, they would have told me to invent a faster horse". When Honda developed a new version of one of its models in the 1980s and was considering how to design the boot of the car, it didn't ask car owners what they wanted, but opted instead to observe people loading and unloading items into their cars in the Disneyland carpark. Knowing how to blend information and insights of how to

The first question should not be about how to spend the marketing budget or how to measure its effect. The crucial question is 'why should we spend the money?'



marketing investment being cut or changed wrongly: print, radio and television advertising. But this is not the key point.

The first question should not be how we should spend the marketing budget or how to measure its effect. The crucial question is 'why should we spend the money?' This can only be answered by understanding the issues that the brand or the products face. These issues may not be solved by further investment in advertising and promotions. Good marketers will first seek to understand the ways the product, packaging and how it is sold affect awareness, preference and loyalty.

In the early 1990s, the leading beer brand in the UK was losing sales as the heavy drinkers (over 15 litres a week) in its heartland became fewer in number in line with social trends. The smooth taste of the beer was believed to be, in part, due to extra yeast or 'bottoms' being left in the barrel. To keep sales momentum as the brand lost its heavy consumers, the company sought wider distribution for the beer, which was initially successful. However, the

extra bottoms in the barrels meant that the beer had a shorter shelf life than other beers and the taste deteriorated faster.

This had never been an issue in the high throughput pubs in its heartland. The company's solution was to spend more on advertising extolling the beer's smooth taste. The reality for consumers outside of the heartland was somewhat different and sales continued to decline. The best solution would have been to centrifuge the beer at the end of the brewing process to remove the bottoms, not spend more on a doomed-to-fail campaign. Today the brand is not even in the top five brands and the beer whose brewers took the centrifuge route is now the UK's leading bitter brand.

Finally, the calibre of people who enter marketing needs to change. Consumer companies can often be drawn to candidates who love advertising and would relish the opportunity to 'swan around' with the agency. The best marketers tend to be comfortable with numbers, obsessively interested in how consumers view their brand and products, have a degree of creativity and can network well across the organisation. A director in McKinsey's London office once said that the best people to work with retailer clients

were bright, friendly and liked shopping.

Marketing is a powerful function for a successful organisation, but its image has been tarnished and scepticism is endemic. To reassert its critical role, marketing professionals must bring insights beyond just common sense, they must submit to more rigorous assessment of investments and they must attract a different calibre of people to the profession.

Emperor's clothes? Not in my view.



AGSM alumnus Peter Burdon is the Chief Executive Officer of UK-based Thorntons PLC, a manufacturer, retailer and distributor of high quality confectionery

ing the spend

influence people's behaviour is a skill that is built up through years of training and, more importantly, working with good marketers.

In good consumer organisations, marketing investment is subject to financial rigor. Promotions are sanctioned and reviewed on the incremental profit (not sales) they create. In doing so, the impact on the products being promoted is not only analysed but it's recognised that other products' sales may be affected. The smart bit is in understanding what to include in the analysis and acting rationally on the information.

The web has brought a new level of science to marketing as the costs of acquiring and retaining customers can be much more rigorously analysed. An email shot can be sent with different content, the responses analysed and the 'good content' emails sent again to further potential customers.

This rationality can sometimes lead to one class of



YOUNG TALENT PIPELINE

A GSM has a school in a qualification beginning of the

Under the Career initiatives at top Simon School at undergraduate the workplace w

"Three decades starters, but it h by career chang career boosters Director Rob Mc

"In the main, c around 28 or 29, time program af such as archit while career bod 33 and 36, and d (Executive) progr

CareerStart br for some particu without business can be a career-

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Who's

Graduating fu (Executive) st of 2006-07 wi Yearbook afte Director of PL

Previously, annual CV bo for full-time MBA (Executi wanted to be document - p tended to be of the gradu

"A lot of the students cho and details of the book migh their own HR Ms Burley. "O it as a Yearbo high schools all the eight c

A GSM has announced two new entry options to the school in a move which will make the MBA qualification more accessible to people at the beginning of their careers.

Under the CareerStart program, which echoes similar initiatives at top US schools Stanford and the William E. Simon School at the University of Rochester, top undergraduates and identified younger talent already in the workplace will be able to enter AGSM.

"Three decades ago the MBA was very much for career starters, but it has evolved to the point that it is dominated by career changers, and people who might be called career boosters and accelerators," says AGSM Dean and Director Rob McLean.

"In the main, career changers are people of around 28 or 29, and they've come to the full-time program after starting in other areas, such as architecture as one example, while career boosters tend to be between 33 and 36, and dominate the MBA (Executive) program."

CareerStart brings back the notion that for some particularly bright students, without business backgrounds, the MBA can be a career-starting degree.

The program has two entry streams. The first involves carefully selected students being invited to join the program straight from their undergraduate degrees, or with as little as 12 months work experience.

They will have been honours students or in the top five percent of their class, and they will have achieved a score of 700 on the GMAT entrance examination which is sat by all full-time MBA candidates applying to AGSM.

"These are people who might not have done a lot of miles, but are extraordinarily bright and will be able to carry their own in the class," says Mr McLean. "My expectation is that what they lack in experience they will make up for in intellectual capacity."

"In addition to the traditional streams, such as

economics or commerce, we will also be targeting non-traditional business streams such as science and engineering, and the arts."

In many cases, CareerStart students will have some solid work experience because the modern undergraduate often works up to 15 hours a week while studying, Mr McLean says. On top of this, many undergraduates have already had exposure to organisational responsibilities, such as running a team.

In the second entry stream, people with between one and three years working experience will be sponsored by employers to undertake an MBA. They will receive a part-scholarship from AGSM, while the sponsor will make a \$22,000 commitment towards school fees or living expenses.

In both years of the program, CareerStart students will complete the first two terms of the MBA alongside other AGSM full-time students, before joining their sponsoring company as an intern. At the end of the second year, students will attend AGSM for a final three months. After 27 months, they will have both an MBA and "some excellent commercial experience".

Corporates are quite aggressively trying to fill their talent pipelines with young people often straight out of university, says Mr McLean.

Under the old model, following an undergraduate degree, an individual would spend three years in a corporate environment before beginning MBA. "But the fact that so many employers are looking at people in undergraduate programs and putting them through their own leadership and development programs indicates a focus on earlier stages of the talent pipeline."

While the 2007 MBA program will see the first CareerStart intake, Mr McLean doesn't expect younger students to suddenly dominate the school. "My expectation is that if we do well with this then we might have 20 percent of the full-time class being career starters."

For some particularly bright students, without business backgrounds, the MBA can be a career-starting degree.

Who's who? 2006 Yearbook is a first

Graduating full-time MBA and MBA (Executive) students from the Class of 2006-07 will receive AGSM's first Yearbook after an innovation from Director of Placements, Anne Burley.

Previously, AGSM has produced an annual CV book, containing résumés for full-time students and those MBA (Executive) students who wanted to be involved, but this document – pitched at recruiters – tended to be an incomplete record of the graduating year.

"A lot of the MBA (Executive) students chose to take their names and details off their CVs because the book might have ended up on their own HR manager's desk," says Ms Burley. "Our solution is to badge it as a Yearbook, much like the US high schools do, and try and include all the eight cohorts who will finish

their MBAs this calendar year so they will have bios of every class member."

The Yearbook, to be released in July, fills a dual purpose – as a complete record for the students and as a marketing tool to be used by the Careers office to encourage recruiters to come to campus.

Recruiters will have a full six weeks to look at it and commence "soft marketing of people who look good on paper" before Careers Week in late August.

The timing of Careers Week, which previously ran in November or December, also gives people an opportunity to focus on their careers much earlier, Ms Burley says.

Condensing the careers focus into a dedicated week increases the level of competition among the



Anne Burley

companies coming to pitch.

A further innovation this year will be an adaptation of the Open Interview practice, common in US business schools, where students can "bid" to be interviewed by a particular company.

JULY

INNOVATION MONTH

Sponsored by Research International

- 3 Innovation Panel**
The Scientia, University of New South Wales, Kensington
5.30pm – 7.30pm
Panel members include:
Dr Peter Farrell AM (Chairman & CEO, ResMed); Michael Woods (Presiding Commissioner, Science & Innovation study – Productivity Commission); Steve Vamos (MD, Microsoft Australia Pty Ltd).
To download the podcast visit www.agsm.edu.au/innovation
- 8 AGSM Graduation Ceremony**
Grand Hyatt, Hong Kong
- 20 Peter C Farrell Challenge Cup: Launch UNSW Business Plan Competition**
AGSM, Kensington Campus 1.30pm – 2pm
- 25 Lifelong Learning Forum: Democratising Innovation**
Level 2, 190 George Street, Sydney
5.30pm – 7.30pm
Presented by international guest speaker Professor Eric Von Hippel (Head of the Innovation and Entrepreneurship Group at the Massachusetts Institute of Technology Sloan School of Management).

OTHER EVENTS FOR THE MONTH OF JULY...

- 6 Notable Alumni Speaker Series: Breakfast**
AGSM Kensington Campus
7.30am – 9.00am
With guest speaker Lynn Wood, MBA 1984 (Non-Executive Director, HSBC Australia Ltd).
- 12 Lifelong Learning:**
BT Financial, Sydney.
5.30pm – 7.30pm
Presented by Rob Coombe (CEO, BT Financial Group).
- 12 UK Alumni Branch Event:**
See website for further details.
With guest speaker Professor Timothy Devinney (AGSM).
- 28 AGSM Leadership Day**
AGSM Kensington Campus
9.30am – 2.00pm
By invitation only. Event to recognise the volunteer and financial contributions of AGSM alumni and friends.

AUGUST

- 2 Sydney Alumni Branch Event: MBA Multi-School Mixer**
See website for further details.
A networking event bringing together alumni from some of the world's leading business schools.
- 8 Lifelong Learning: Supply Chain Management – Herringbone Case Study**
Herringbone Store, Woollahra
5.30pm – 7.30pm
Presented by Professor Eddie Anderson (AGSM) & John Mutton (MD, Herringbone).
- 8 Executive Lunch Forum Series: Changing Wicked Workplace Ways**
AGSM City Campus
12noon – 2.00pm
Presented by Dr James Carlopio (AGSM).
- 9 Notable Alumni Speaker Series: Breakfast**
AGSM City Campus
7.30am – 9.00am
With guest speakers George Frazis MBA 1992 (Executive General Manager, Business & Private Banking, National Australia Bank).

SEPTEMBER

- 5 Executive Lunch Forum Series: Is your corporate reputation at risk?**
AGSM City Campus
12noon – 2.00pm
Presented by Professor Grahame Dowling (AGSM).

OCTOBER

- 5 "Meet the CEO" hosted by the Faculty of Commerce and Economics, UNSW**
Leighton Hall, The Scientia, University of New South Wales, Kensington
6.00pm – 8.00pm
(includes pre-event drinks)
With guest speaker Peter Shergold (Secretary, Department of the Prime Minister and Cabinet).
- 6 AGSM Graduation Ceremony**
Clancy Auditorium, UNSW
- 20 Directions Conference 2006: Making Better Decisions**
The Scientia, University of New South Wales, Kensington
9.00am – 6.00pm
See advertisement, page 49.

- 20 Executive Lunch Forum Series: Are all Smiles Created Equal?**
AGSM City Campus
12noon – 2.00pm
The role of emotions in creating and delivering exceptional customer service. Presented by Dr Markus Groth (AGSM).

NOVEMBER

- 1 Learning Forum**
See website for venue details
5.30pm – 7.00pm
With guest speaker Associate Professor J. Peter Murmann (AGSM).
- 2 Executive Lunch Forum Series: Image and Identity**
AGSM City Campus
12noon – 2.00pm
Getting the best out of a diverse workforce. Presented by Dr Elizabeth George (AGSM).
- 15 AGSM Awards Dinner**
Sydney Town Hall
6.00pm – 11.00pm
Keynote speaker: Chris Roberts (CEO, Cochlear Ltd), AGSM Global Business Leader 2006.

AGSM Alumni



14 years living of career experience as a journalist in environmental science. OECD in Paris and Nations in New Brisbane-education returned to Australia study at AGSM interest in corporate responsibility.



marketing and advertising for Company, eBay Opera House. M her own strategy consulting business an Alumni School executive year, M unconventional I prompted her M still deciding wh own business or firm on graduation

The AGSM Alumni supported by the donations of alumni awarded annual MBA student and student (Executive demonstrate leadership commitment to social responsibility volunteerism and

AGSM Alumni Scholarships



Rebecca Carman hopes that an AGSM MBA will catapult her career into an exciting new phase in Australia. After

14 years living overseas where her career experience included working as a journalist in London and an environmental specialist for the OECD in Paris and the United Nations in New York, the originally Brisbane-educated Carman recently returned to Australia specifically to study at AGSM and to pursue her interest in corporate social responsibility.



Greta Thomas began her working life as a classical ballet dancer. Her career has also included journalism,

marketing and communications roles in advertising for McKinsey & Company, eBay Australia and Sydney Opera House. More recently she ran her own strategy and marketing consulting business. The recipient of an Alumni Scholarship for her final executive year, Ms Thomas says her unconventional background prompted her MBA studies and she's still deciding whether to pursue her own business or work for a large firm on graduation.

The AGSM Alumni scholarships are supported by the generous donations of alumni and are awarded annually to one full-time MBA student and one part-time student (Executive Year) who demonstrate leadership and commitment to community and social responsibility through volunteerism and contribution.

AGSM Dean's Scholarship

With the aim of bringing a business approach to environmentalism, full-time MBA student **Nancy McKenzie** has a strong background in natural resources conservation. Her most recent role was with international engineering and consulting firm, Roche, where she worked on a range of roles assessing the impacts of a hydroelectric dam and several mining projects and authored reports on promoting sustainable development and reducing the loss of biodiversity.

The Dean's Scholarship is awarded to a student from an under-represented group in MBA studies who demonstrates strong academic achievement, excellent teamwork skills and a track record of professional advancement and accomplishment.

Melbourne Alumni Community Leader Scholarship

Pamela Sutton is pursuing her MBA (Executive) studies while continuing her work as Chief Marketing Officer at international children's organisation, Plan. Ms Sutton's role is far removed from her early career in advertising with leading agencies in the UK and Australia. Previously she established the Wild Tiger Fund to promote the conservation of wild tigers in India and worked for Community Aid Abroad (now Oxfam).

Ms Sutton is the second not-for-profit executive supported by the Melbourne Alumni Community Leader Scholarship which is funded by proceeds from Melbourne Alumni branch events.

Allard Partners Scholarship



Steffen Bruns has his eye on a career in the Asia-Pacific and chose AGSM for his MBA degree because of its strong links to the region. A German national with an undergraduate degree in business studies from the University of Applied Sciences at Paderborn, Germany, and experience in management consulting, Bruns says: "The Asia-Pacific is the fastest growing region and will be the future economic centre of the world. It is where I want to take my career."

To mark their 10th anniversary, Allard Partners established a scholarship at AGSM for a highly talented individual interested in pursuing a career in the Asia-Pacific. In addition to a demonstrated interest in the region, the individual must have demonstrated leadership ability and personal integrity. Allard Partners offers the recipient the opportunity to complete an internship with the investment business.

Broadleaf Capital International Scholarship



Canadian **Sean Coristine** has come to Australia for two reasons – to be with his Australian fiancée and to study for an

MBA at AGSM. Mr Coristine began his career in the asset-based lending area of Wells Fargo Bank, after completing an undergraduate degree at Bentley College in Boston. He subsequently moved to a Montreal-based position for TD Bank as an account manager and has an ongoing interest in the finance industry. His contact with Broadleaf Capital has kindled an interest in risk management.

Broadleaf Capital is a specialist management consultancy serving a broad range of clients in the private and public sector in the areas of strategic, organisational and project risk management. The Broadleaf Capital scholarship is awarded to an outstanding student who is interested in pursuing studies or making a career related to risk management or corporate governance.

The Computer Associates Management Excellence Scholarship

With previous experience in mobile satellite communications and the enhancement of a Web-delivered vehicle design evaluation system, **Geetha Krishnakumar** most recently worked as a senior software engineer for Flextronics Software Systems in Bangalore, India, in the area of SMSC (short message) technology, where she led a team focussed on new product releases. Along the way she developed training programs for new team members and won several awards for teamwork.

The Computer Associates scholarship is awarded to an Australian or New Zealand citizen who has an excellent academic record and a desire to excel in business management. Computer Associates, founded in 1976, is the fourth largest computer software company in the world. In more than 100 countries, Computer Associates can count 99 percent of the *Fortune* 500 among its clients.

Marcus Cohen Scholarship



Karl Davis is a pioneer of Australia's internet industry with deep experience in building interactive web solutions for top-

end names such as BHP Billiton, Greg Norman and Marriott International. He worked for Sapient in Australia before starting his own business, Different, with a partner in 2001. For his final MBA (Executive) year, Mr Davis is based in Toronto, Canada, returning to AGSM for the course's residential components. He plans to continue in interactive media. "Whether I do that on my own or as part of another company is yet to be decided," he says.

The Marcus Cohen Scholarship was established by family, friends and students in memory of the late Marcus Cohen, a passionate and gifted teacher in AGSM's MBA (Executive) program. Candidates for the scholarship must demonstrate how they have applied their learning to distinguish themselves in managing people, organisations and change.

Andrew Thy



media business adding business the end of her M course. Three ye senior managem for-profit sector Centre for Volun Ms Franco says given her a "mul perspective" on l organisation fun plans to continu for-profit sector, board positions v organisations or



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Andrew Thyne Reid Scholarship



Kathryn Franco has a proven track record in creative and technical skills following a series of roles in film, television and online

media business, and is successfully adding business skills as she nears the end of her MBA (Executive) course. Three years ago she took a senior management role in the not-for-profit sector with peak body, The Centre for Volunteering, in Sydney. Ms Franco says her MBA studies have given her a "much broader perspective" on how to make an organisation function optimally. She plans to continue working in the not-for-profit sector, possibly moving into board positions with a range of organisations or companies.



Alastair McEwin believes his MBA (Executive) studies at AGSM will help him become more effective in pursuing

his passion for social equality and justice. Mr McEwin has a legal

background and was recently appointed CEO of People with Disability Australia, one of the nation's peak disability organisations. Previously he spent time at the United Nations in New York, assisting in the draft of a Convention on the Rights of People with Disability.



Larissa Sinclair has transitioned from physiotherapy into management, firstly in the private sector and now at Caulfield

Community Health Service in Melbourne. She began studying for her MBA (Executive) at the recommendation of a former manager, Susan Anderson, an AGSM alumna from the class of 2004. Ms Sinclair's ambition is to stay in the public health system and hone her management skills by leveraging her AGSM knowledge. "Because we are publicly funded we are accountable for every dollar, and all those business skills gained through the MBA make that task of budgeting and planning much easier," she says.

The Andrew Thyne Reid Scholarships were established by the Thyne Reid Charitable Trusts to support students from the not-for-profit sector (preferably charities) in either the full-time MBA or the Executive Year of the part-time program.

2006 Merit Scholarships

Nicole Botsman
Suzanne Weston
Gladys Ambrosio
Srishti Chand
Tom De Raedt
Lorin Knive
German Laso
Andi Parsaulian
Scott Shillinglaw
Elie Semaan
Paul Kelly
Matt Robles
Emily Hart
Shihantha Sangarapillai
Liwei Zuo



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Providing opportunities for our talented people to further their skills and careers is important and we strongly support AGSM's initiatives which help us achieve this.

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MBA1985

Richard Gould

have recently moved to West Melbourne, enjoying immense lifestyle. Richard is a commercial real estate area of export management a non-executive director of businesses. He was reappointed for a term to the Board of the organisation, stepping down from the Chair of Graduate Management Australia, following the governing Council of the University. He's a member of the Board of Barwon and continues to passionately stridently minimise

Guido Belgiorno

Director of Transport, 2005 recipient of the Alumni Award. This is one of the biggest accommodation purchase of Central company also made investment in alternative Guido's yacht Tra place at the Sydney earlier this year.

Peeyush Gupta,

Officer of ipac Securities announced the financial group has extended coverage by taking Adelaide-based P Solutions (PPS). AGSM's 2006 Director

MBA1987

Anthony Kongats

Officer of CAP-XX announced that CAP been listed on the Investment Market

MBA1988

Myles Baron-Hay

of the Sydney Swans announced the 20 reached 31,256 million old record of 31,17

MBA1990

Matthew Barnett,

Officer of Optiscan achieving MDD an

AGSM

MBA1985

Richard Gould and partner Magda have recently moved from Geelong to West Melbourne, and report they're enjoying immensely the inner city lifestyle. Richard continues commercial research in his doctoral area of export market selection and is a non-executive director of several businesses. He was recently reappointed for a second three-year term to the Board of disability organisation, Scope Ltd, and stepped down from the Committee of the Graduate Management Association of Australia, following his appointment to the governing Council of Victoria University. He's also a member of the Board of Barwon Water. Magda continues to paint and exhibit stridently minimalist abstract works.

Guido Belgiorio-Nettis, the Managing Director of Transfield Holdings, is the 2005 recipient of AGSM's Distinguished Alumni Award. Transfield has become one of the biggest providers of student accommodation with the recent purchase of Century Campus. The company also made its first investment in alternative energy. Guido's yacht Transfusion took second place at the Sydney Harbour Regatta earlier this year.

Peeyush Gupta, the Chief Executive Officer of ipac Securities recently announced the financial planning group has extended its national coverage by taking an equity stake in Adelaide-based Portfolio Planning Solutions (PPS). Peeyush is Chair of AGSM's 2006 Directions Conference.

MBA1987

Anthony Kongats, the Chief Executive Officer of CAP-XX, is pleased to announce that CAP-XX has recently been listed on the Alternative Investment Market (AIM) in London.

MBA1988

Myles Baron-Hay, the Chief Executive of the Sydney Swans, recently announced the 2005 AFL premiers had reached 31,256 members, breaking the old record of 31,175 set in 1999.

MBA1990

Matthew Barnett, the Chief Executive Officer of Optiscan, was proud of achieving MDD annex II certification

giving the company increased commercial flexibility on regulatory strategy for future flexible and rigid endo-microscope products. Optiscan has an alliance with Pentax and since the new flexible endo-microscope was launched in March, over 23 systems have been sold.

Andrew Cooke, the Chief Investment Officer in asset management at JBWere, was recently appointed a partner.

MBA1991

Janice Chan resigned earlier this year from her position as Managing Director of advertising agency M&C Saatchi and has joined Miller Insurance Services as a Director and Head of Technical Services. She will be responsible for managing the company's reinsurance support team.

MBA1992

Chris Harmsen had dual cause for celebration at the end of December last year, having clocked up eight successful years as a founding partner of the Sydney-based management consultancy, ARPOS, in tandem with his record-breaking run on Bob Oatley's Wild Oats XI in the Sydney-to-Hobart Yacht Race. Wild Oats became only the second boat in the race's history to take out the "triple": race record, line honours and handicap honours. Chris was a watch captain for the trip and is now safely back at his desk!

MBA1995

Judy Slatyer, Chief Executive Officer of Lonely Planet and SDX Joint Publishing Company, one of China's most respected publishing houses, announced a new publishing partnership which will see Lonely Planet titles translated into Mandarin for the Chinese market.

MBA1996

Simon Allen, the Vice President of Corporate and Business Development at Nuvelo Inc. was involved in the global collaboration agreement with Bayer HealthCare AG to maximise global development and commercialisation of Alfineprase.

MBA1999

Darren Challis has left his role as Group Director, New Media Development, at John Fairfax Holdings Limited to join Egon Zehnder International, based in Sydney. After serving on the UNSW Alumni Association Board of Governors, Darren was recently elected to one of 11 positions on the University's governing body, known as "The Council".

MBA2002

Nancy Cao, currently located in Florida, will be getting married in June this year! The wedding will be held in Boston.



Carlrow Crowley (MBA 2005) and **Mayela Garcia** (MBA 2006) were recently married!

MBA2003

Alumna Melissa Doueiri and her husband, Andrew, had a baby girl – Olivia Youssef Doueiri – on 23 November 2005. The next day at the same hospital, Theresa and Tony Mascarenhas had a baby boy – Christian Baoyan Mascarenhas. Melissa and Theresa later caught up at breastfeeding class, whilst the kids contemplated joining the AGSM MBA Class of 2034.

MBA(Executive)1994

Professor Graham Hellestrand joined the board of NICTA (National ICT Australia). Dr Hellestrand is founder and chairman of United States-based VaST Systems Technology.

MBA(Executive)1995

Ross Norton, the Group Executive, Business Banking, Bank of QLD, recently announced the bank had acquired a \$78 million debtor finance business as part of its ongoing strategy of building a national retail and business banking network.

MBA(Executive)1996

Barry Borzillo, Managing Director of Ericsson Australia, recently spoke on Ericsson's outsourcing deal that will construct and integrate Telstra's new \$1billion UMTS 3G mobile network. Barry was also recently appointed deputy chairman of the Australian Mobile Telecommunications Association. **Salman Ali** has been appointed as President, Marketing & Sales Asia Pacific, of Neuman Aluminium Austria. Salman joined the Neuman Group five years ago and is based in Sydney running sales for the Asia-Pacific region.

MBA(Executive)1999

Tony Whitfort has joined Melbourne-based e-business and IT services company 4LOOP as Marketing and Business Development Manager. He's also aiming to run a personal best in this year's Canberra Marathon in April. **Maria Kent** has been promoted from Chief Manager, IT Technical Services, to Head, IT Infrastructure, for the Australian and New Zealand region for Rabobank Australia. **Jacki Johnson** was promoted to another new role, Chief Executive of Business Relationships, for IAG earlier this year and will manage the group's relationships with brokers and other third-party distributors.

Chris Gawan-Taylor has recently taken on the role of Managing Director of Spinnaker Run and relocated to Singapore with his family.

MBA(Executive)2000

Craig Boyle has joined the ASX-listed 'SMS Management and Technology' concentrating on business development and consulting to banking and finance organisations predominantly in NSW.

MBA(Executive)2001

Lance Batty and wife Selina Chaine are having a baby, due in September. Already there is strong debate on whether the newborn will follow the All Blacks or Wallabies...but all other indications are good.

Jeff Miller, Head Coach of Queensland Rugby Union, will start a new career in banking when he finishes with the Reds at the end of the current Super 14 season. Miller will join Investec's Australian operations in Brisbane in a business development role.

MBA(Executive)2003

Tracey Hamilton has left Starbucks and started as General Manager Marketing and International Brand Development for Michel's Patisserie.

Katherine O'Regan has relocated from Sydney to Los Angeles for her new role as Director at Advance – an initiative of the Australian Government and businesses to support and leverage the the expatriate community.

MBA(Executive)2004

Ted Aravinthan married Anusha in January, 2006. The wedding was held in Sydney. Attendees included Simon Wayne, Rod Smith and Heath Christie (fellow eMBA graduates). In April, Ted took on a new role within Symantec as the Regional Program Manager for Asia/Pacific/Japan, still working in Singapore.

MBA(Executive)2005

Katrina Nelson has recently moved to Melbourne to take a role in business development for Alinta Asset Management.



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