

Five Minutes with Malcolm Gladwell

In the best seller *Blink: The Power of Thinking without Thinking* (Little, Brown, 2005), author Malcolm Gladwell examines the power of first impressions. People who make great decisions aren't necessarily those who process the most information, but the ones who can zero in on what's relevant, Gladwell argues. This spring, after addressing the Business Book Roundtable, he spoke to *Chicago GSB* about taste tests, management styles, and how to introduce an unusual new product.

You say the "Pepsi Challenge" led Coca-Cola executives to create the disastrous "new Coke." If taste tests don't work, what does?

Taste tests work, but you have to understand what you're measuring.

If you give somebody a blind taste test of Coke and Pepsi and have them sip, that's a long way from the real world. But if you send someone home with a case of Coke for a couple months and have them taste it, that's pretty good.

We need to get away from the notion that there is some simple test that can perfectly capture someone's preference. Marketers are in love with these simple, elegant, black-and-white tests, but there's no such thing as a simple, elegant, black-and-white test of someone's instinctive reactions. It's just too complicated.

What works is just bringing judgment and nuance back into our analysis of the way consumers think. We've got to be much more comfortable making decisions based on far more ambiguous data.

When the Aeron office chair was introduced, its appearance was so unusual that it nearly failed in the marketplace. How should marketers handle a product that might make a bad first impression?

With the Aeron chair, they withstood that first impression by showing patience. It was new and radical, and it took time for people to warm up to it. Their task as marketers was to start a conversation so people could get used to it, and then be willing to wait and see what happened.

Marketers have to understand the complexity of human responses to things that are new. We have a whole range of responses, and some are easy to misinterpret. Marketers have to be patient in sorting out the true meaning of those reactions.

You say that [retired CEO and chairman of GE] Jack Welch and [investor] George Soros have different management styles. Soros relies on intuitive feelings; Welch claims to "go from the gut" in his book *Jack: Straight from the Gut*, but he lays out carefully worked-out theories. Why are they both so successful if they use different approaches?

Because there are an infinite number of ways to be successful in the world. I'm trying to combat the notion that one size fits all in the business world—that there's this set of principles, a book you can read, an algorithm you can use, a theory you can employ, which makes everything work all the time.

This is not true. Every single situation, every single company, every single executive is different. When people take instinctive judgment seriously, they're saying they respect the infinite variety of decision making, and the infinite variety of human beings, and the infinite variety of the situations people are in. Soros is a very different kind of manager from Welch, but they were in very different businesses faced with very different challenges. Soros is making decisions for himself. Welch was running an organization with thousands of people working for it. If they both thought the same way, I'd be scared.

You describe research by Lee Goldman that concludes "less is more" when you're trying to pick up patterns in human behavior. What do you think about the stream of data now being

"There's no correlation between the amount of facts that you know about someone's behavior and your understanding of what he or she will do next."—Malcolm Gladwell

generated about consumers from such sources as credit cards and Web purchases?

I think a lot of it is useless. Companies are drowning in it, because it's feeding the fantasy that if you know enough about a consumer, you can perfectly understand and predict him or her. And that's a fantasy; it's just not true.

Someone recently said that there is no industry in America that has so systematically and comprehensively studied its consumers as the Big Three in Detroit, and there's no industry that has so frequently misread consumers as Detroit. There's no correlation between the amount of facts that you know about someone's behavior and your understanding of what he or she will do next. They're totally different. If human beings were perfectly predictable, being in business would be easy. We're not. We're profoundly unpredictable.

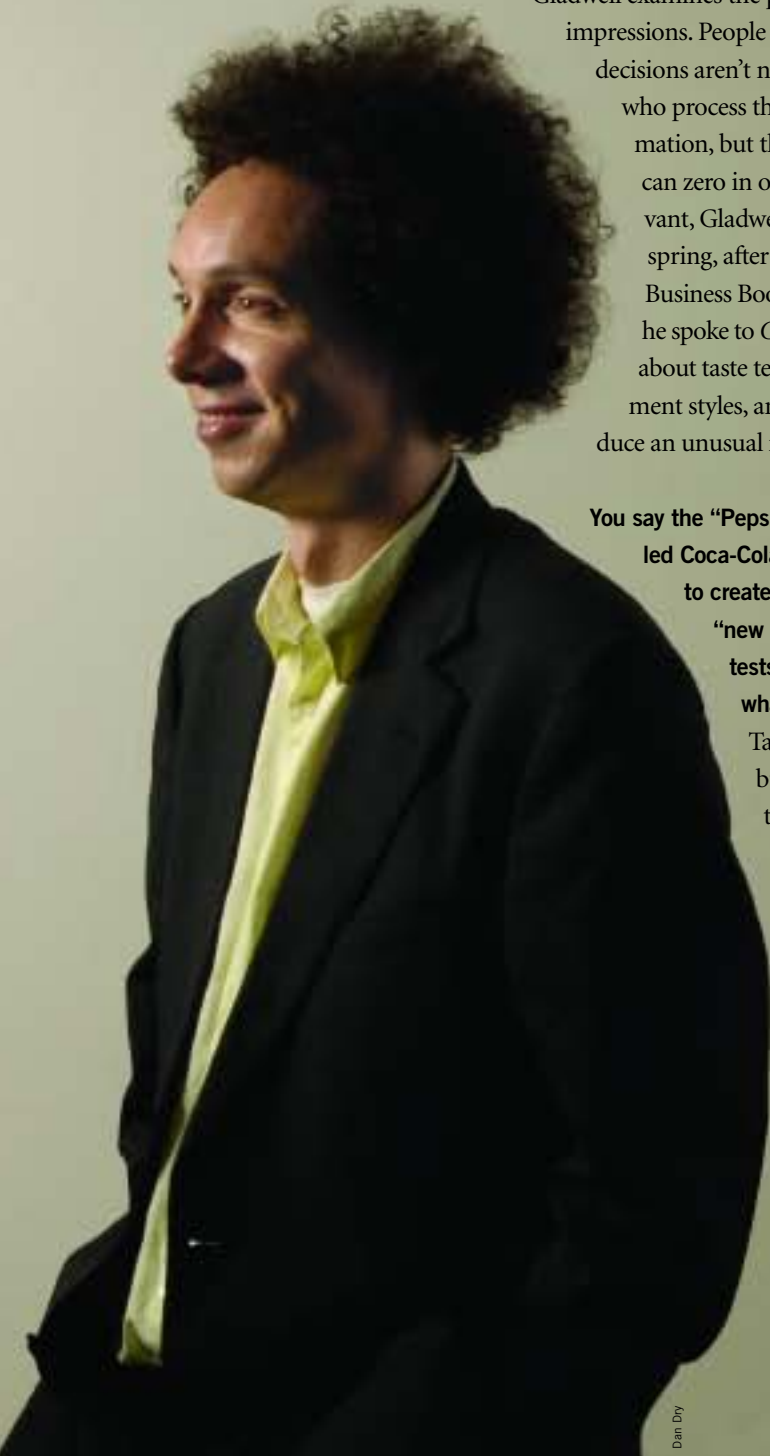
I worry that this flood of data is just feeding the worst instincts of business decision makers, which is this notion that it's possible to figure everything out. At a certain point, there's no substitute for the individual entrepreneur or manager making his or her own best judgment and going forward with that.

How do you know if your snap judgment is right or if your snap judgment is wrong?

You don't. You can ask the same question about rational judgments. How do you know when your conscious, deliberate judgment is right and when it's wrong? You don't.

Decision making is extraordinarily complex. All you can do is follow some principles that increase the likelihood that you'll know the difference. In *Blink*, when people have specific expertise in an area, their instinctive judgments are likely to be better. That's one clue. So if you're making an instinctive judgment about something that you don't know much about, don't follow it.

Secondly, we should feel better about following [instinctive judgments] when we've done something to clear away a source of bias. If you train doctors in how to diagnose chest pain by focusing on four variables, and they use that system for a long time and get familiar with it, their instincts about chest pain are going to be really good. Because you have trained them properly and cleared away the irrelevant stuff, they know now what to look for. When you've taken steps to clarify the decision and sort out some of the sources of biases, that equals a fantastic instinctual decision.—P.H.



Dan Dry

EXECUTIVE MBA PROGRAM

Europe Campus Moving to London This Summer

The GSB in London fast facts

GSB Alumni in London: **455**

Members of the University of Chicago
UK Alumni Association: **450**

GSB Alumni in the UK: **575**

Chicago GSB's London address:

Woolgate Exchange

25 Basinghall Street

London EC2V 5HA, United Kingdom

London-based firms that made
offers to GSB students in 2004:

3i Group plc

Bain & Company Inc.

Barclays Capital Inc.

The Boston Consulting Group

BP

Citigroup

Credit Suisse First Boston LLC

Deutsche Bank

Diageo

Goldman, Sachs & Co.

Institute of Economic Affairs

JPMorgan Chase & Co.

Jones Lang LaSalle

Latham & Watkins

Lehman Brothers

McKinsey & Company Inc.

Merrill Lynch & Co. Inc.

Morgan Stanley

Pictet CIE

PricewaterhouseCoopers LLP

Thames Water

UBS Investment Bank

Unilever

Chicago GSB is relocating its European campus from Barcelona to London this summer.

Dean **Edward A. Snyder** said that after a highly successful decade in Barcelona, the school is moving its Executive MBA Program to leverage London's corporate and financial power and the city's connections to market-oriented economies around the world. Snyder said the change will enhance academic and professional opportunities for the GSB's students and alumni, many of whom work in London.

"Soon we'll graduate our 700th executive from our Barcelona-based program, and we're grateful to many people in that beautiful and exciting city for their support," Snyder said.

"But going forward, the GSB belongs in Europe's business center. London is home to 86 corporate headquarters and it's no accident that business leaders rank London as the top European city in which to conduct business."

Snyder pointed out that Chicago GSB has been a leader over many decades in educating executives who want to pursue an MBA without career interruption. In 1943 Chicago GSB introduced the world's first executive MBA program, and the school was the first to establish a truly global presence with permanent campuses on three continents. Today, in Europe, Asia, and North America, professionals from the world's best organizations study part time with the GSB's Nobel Prize-winning faculty.

Snyder said, "Europe is, of course, different in many ways than it was when we established our Barcelona campus. Unification has brought extraordinary growth, and the UK has led the economic charge." He noted that London and its diverse citizens reflect the profile of the executives whom Chicago attracts. The European Executive MBA Program hosts students from the Middle East, Africa, India, and every corner of Europe.

"We look forward to developing new programs in London, a city with strong connections to all sectors and all regions. The city is indisputably a global metropolis, with its strength in real estate, consultancy, finance, and insurance," Snyder said. "And with fully 25 percent of our curriculum involving interaction among our executive MBA students in Asia, Europe, and North America, the London platform will strengthen what is already an extremely effective and global learning system."

The London Center is located at Woolgate Exchange at 25 Basinghall Street. —A.F.

ON THE WEB For more information, visit chicagogsb.edu/execmba/london.aspx.

MEDIA

The Buzz about London

The announcement early this year that Chicago GSB would move its Europe campus to London garnered widespread media attention. From the *Moscow Times* to the *Chicago Tribune*, many outlets were buzzing with news of the move, including *Financial Times*, *Sunday Telegraph*, *Economist Intelligence Unit*, *Guardian Unlimited*, *Bloomberg*, *Financial News*, and *ITAR-TASS Wire*. —M.M.B.



GSB in London: The GSB's London Center will be located at Woolgate Exchange (left) in the city's financial district.

Update Europe

New Staff, Events in Europe

The GSB has created two positions in London to better serve the European GSB community.

"We wanted to increase the visibility of the brand, reach out to alumni, connect students and alumni, and strengthen corporate partnerships," explained **Caroline Karr, '88**, associate dean for alumni affairs and development.

Penka Bergmann, associate director for alumni affairs, Europe, will work with alumni clubs, increase the GSB's global visibility through a series of events geared toward alumni and the overall corporate community.

Shelley Nason, senior director, alumni and development, will work with both the GSB and the university to build alumni and corporate relationships.

Forecasting European Business

More than 300 alumni and friends attended Business Forecasts in Brussels and London this spring. In Brussels, more than 150 people gathered to hear **Richard Thaler**, Ralph and Dorothy Keller Distinguished Service Professor of Behavioral Science and Economics; **Joel Stern, '64**, managing partner and CEO of Stern Stewart & Co.; and Paul De Grauwe, of Katholieke Universiteit Leuven Belgium. Johan Van Overtveldt, director of VKW Denktank, moderated.

The London event drew more than 150 to hear Thaler, Stern, and Hugh Hendry, partner at Odey Asset Management, along with moderator Bronwyn Curtis, former senior economist at Nomura.

Also this spring, London was the site of a Dean's Forum on how to make the GSB the best business school on all dimensions, including increasing its activities in Europe.

Chicago GSB faculty have spoken to several alumni clubs in Europe in the past several months, including **Robert Fogel**, Charles R. Walgreen Distinguished Service Professor of American Institutions, in London; **Anil Kashyap**, Edward Eagle Brown Professor of Economics and Finance, in Amsterdam; **Roman Weil**, V. Duane Rath Professor of Accounting, in Frankfurt; and **Marvin Zonis**, professor emeritus of business administration, in Frankfurt and Moscow.

London Center Dedication

The dedication of the London Center has been set for Monday, September 12. For more information, contact Penka Bergmann at penka.bergmann@ChicagoGSB.edu. —M.M.B.

ALUMNI

Winkelried Gift Establishes Professorships, Scholarships



Jon Winkelried, AB '81, MBA '82

A \$5 million gift from Abby and **Jon Winkelried, AB '81, MBA '82**, will fund a number of programs at the University of Chicago, including a professorship at the GSB.

At the business school, a \$2 million donation establishes the Phyllis and Irwin Winkelried Professorship, named in honor of Winkelried's parents, while \$400,000 creates the Abby and Jon Winkelried Scholarship Fund. The Winkelrieds also contributed \$100,000 toward the naming of a classroom at the Hyde Park Center.

At the College, \$2 million will fund the Elise and Jack Lipsey Professorship, named in honor of Abby Winkelried's parents. Another \$400,000 establishes the Abby and Jon Winkelried Scholarship Fund at the College, while \$100,000 creates the Jon and Abby Winkelried Internship Fund for Metcalf Fellows in the College.

"The University of Chicago helped me become more analytical, rigorous, and more of a problem solver. It helped me understand there are more interesting ways to evaluate situations and put them in context than one might first think," Jon Winkelried said.

Winkelried chose Chicago after he was awarded a Carnation Fellowship that fully covered his tuition. Although he originally planned to attend law school, he signed up for the Professional Options Program, which gave students the opportunity to begin business school in their senior year. A summer internship at Goldman Sachs set him firmly on his career path; he returned to the firm with his MBA and is now a managing director and head of the firm's investment banking division.

GSB coursework built a base of knowledge that Winkelried said he still relies upon. "If you take classes in accounting, finance, options pricing, or options theory, it becomes foundational," he said. "There are so many different applications of options theory and options analysis in the world I live in—whether it's pricing securities in the market or the way more esoteric financial products get structured and valued—that the foundation I got at Chicago allows me to apply it and think laterally.

"To this day, I am more rigorous and disciplined in the way I approach a problem because I was there."—P.H.

STAFF

Rosemaria Martinelli Now Heading Admissions



Rosemaria Martinelli

Rosemaria Martinelli joined the GSB as associate dean for student recruitment and admissions this spring. She previously served as director of MBA admissions and financial aid at the Wharton School of the University of Pennsylvania.

"Rose clearly has the knowledge, experience, and global vision to lead admissions for our Full-Time MBA Program," said dean **Edward A. Snyder**. "She will be instrumental in leveraging fully the power of the GSB enterprise—our alumni, corporate partners, faculty, students, and professional staff. Our objective is to communicate clearly what we value—discipline-based knowledge, rigor, and support—and the extraordinary return on investment realized by Chicago MBAs throughout their diverse careers," Snyder said.

Martinelli is responsible for organizing and managing admissions marketing, recruiting, processing, operations, and financial aid functions.

She performed similar duties at Wharton for the past four years. Before that, she spent two years developing and implementing Wharton's admissions recruitment strategy for Asia, the Pacific Rim, and Italy and rebuilding the school's brand through a redesign of its admissions publications.

Martinelli is one of the founding members of the Forté Foundation, a national organization that encourages more women to attend business school. She continues to serve on its board.

"We are hoping to increase our enrollment of women and underrepresented minorities in the next academic year," said **Stacey Kole**, deputy dean for the Full-Time MBA Program. "Rose will be a big help in our efforts."

Martinelli, who spent the first 15 years of her career as a professional opera singer, received both her undergraduate and master's degrees in music from Northwestern University. She also spent two years training at the Academy of Vocal Arts in Philadelphia.—A.F.

CLASSROOM

GSB Offers Courses to College Students

Last winter, Chicago GSB began a new initiative to offer courses open only to undergraduates in the University of Chicago College, starting with an accounting course taught by associate professor of accounting **Darren Roulstone**. Made possible through support from the university provost and from the College, the course covers the same content as its MBA-level equivalent, giving College students a leg up when they enter the job market.

"Many students in the College take jobs with our top corporate partners," said dean **Edward A. Snyder**. "The GSB can help them be more effective in the early stages of their careers." Connecting with College students before they enter the business world benefits the GSB as well, Snyder said. "We know that they will help strengthen external relationships

with the GSB, and we'd be delighted if some return to the GSB for MBA education."

During the next two academic years, the GSB will continue to offer the accounting course, through the support of the provost, and will add a course on entrepreneurship, taught by **Waverly Deutsch**, clinical assistant professor of entrepreneurship, through support from Alicia M. and **William A. Miller, '67**. A finance course is planned for the 2005–06 academic year, through the support of **Bernard J. DelGiorno, AB '54, AB '55, MBA '55**. Snyder said he hopes to attract enough support from donors to sustain these offerings and expand the set to include courses on marketing and strategy.—A.R.

GSB Course	ACADEMIC YEAR			Fund
	2004–05	2005–06	2006–07	
Accounting	x	x	x	Internal funds (Provost)
Entrepreneurship		x	x	Alicia and William Miller, '67
Marketing				Funding open
Strategy				Funding open
Finance		x		Bernard J. DelGiorno, AB '54, AB '55, MBA '55

The following donors have made gifts in support of this center.

PUT YOUR OWN STAMP ON THE HYDE PARK CENTER

There's still time to secure your legacy at the GSB by naming a space in the Chicago GSB Hyde Park Center. To find out what your donation can accomplish, contact Caroline Karr, associate dean for alumni affairs and development, at 773.702.0520 or caroline.karr@ChicagoGSB.edu.

CHICAGO GSB
The University of Chicago Graduate School of Business

Update Asia

Events Connect Alumni and the Business Community to the GSB

The University of Chicago Club of Hong Kong hosted the first Business Forecast in Asia this spring. **Mark Zmijewski**, Leon Carroll Marshall Professor of Accounting and deputy dean for part-time MBA programs, opened the event with an update on Chicago GSB. The business outlook was provided by Francis Lui, AB '75, Hong Kong University of Science and Technology, and George Leung, HSBC economist. **K. C. Chan, MBA '81, PhD '85**, dean of Hong



First Asian BFL: The University of Chicago Club of Hong Kong hosted the first Asian Business Forecast this spring, featuring (from left) **K. C. Chan, MBA '81, PhD '85**; George Leung; and Francis Lui, AB '75.

Kong University of Science and Technology, moderated the event.

The Career Development Office (CDO) in Singapore has hosted a series of well-attended panels. In January, more than 85 students, alumni, and guests attended a panel discussion on executive derailment.

The event featured Hsieh Tsun-yan, chairman of

McKinsey & Company for Asia and McKinsey's global head for the organizations practice; Michael Jenkins, managing director of the Center for Creative Leadership, which recently opened in Asia; Margareta Sjolund, behavioral psychologist and expert on EQ and leadership; and **Ronald Burt**, Hobart W. Williams Professor of Sociology and Strategy.

In February, more than 35 students and alumni attended a panel on management consulting that featured **Suvir Varma, '96**, partner at Bain & Company; Cormac Kelly, partner at Capco; Arvind Mathur, partner at IBM Business Consulting Services; and Vishrut Jain, consultant at Marakon Associates.

Alumni Staff Expansion

The GSB has created a new position for a Singapore-based associate director of alumni affairs. Associate dean **Caroline Karr, '88**, said she hopes to fill the position shortly.—M.M.B.

STUDENTS

Gift from Management Lab Targets Technology

Well before the December 26 tsunami struck, a GSB Management Lab team saw a need they could meet in Asia. Working on a project for Citibank in Indonesia, they discovered the good work being done by Hope Worldwide's computer training centers in Jakarta.

"We were impressed with the computer training programs, which are located in poor areas of Jakarta and provide valuable training to students in these communities, said **Renee Chan, '05**. The team raised \$1,800 for the school. "We thought Hope Worldwide would be a good choice since Citibank Indonesia currently works closely with them," she said.

The Management Lab team had been looking for a way to thank **Frits Seegers, '89**, CEO of Citigroup's Europe, Middle East, and Africa Global Consumer Group, for his support of the Management Laboratories. The Citibank Indonesia Management Lab project was the seventh project and the third international project sponsored by Seegers. The team decided to make a donation to Hope Worldwide in his honor.

After the tsunami struck, team members agreed that it was important to maintain support for the computer training centers rather than to redirect their donation to general tsunami relief. The GSB community raised more than \$5,500 for tsunami victims (see "Student Groups Raise \$5,500 for Tsunami Victims," page 13) and alumni are investigating efforts to rebuild schools.—P.H.

STUDENTS

Student Groups Raise \$5,500 for Tsunami Victims

Student groups at Chicago GSB raised more than \$5,500 in a fund drive to benefit tsunami victims in Asia and East Africa.

"E-mail came from all over the GSB community asking us if we could do something," said **Frederick Alfredo, '05**, a member of the student group Giving Something Back. The organization coordinated efforts among the Chicago Asia Pacific Group, the South Asia Business Group, and Net Impact.

Norman Young, '05, said, "Students are reaching out because of the diverse international community at the GSB," he said. "Everyone knows someone from one of the affected regions."

Students in the Full-Time MBA Program and the Part-Time MBA Program donated cash at tables set up January 6 at the Hyde Park Center and Gleacher Center. Students also solicited additional funds January 7 at the Liquidity Preference Function in Hyde Park; January 12 at a coffee hour with **Stacey Kole**, deputy dean for the Full-Time MBA Program; and January 13 at another student-led activity.

Funds were earmarked for the American Red Cross International Response Fund, a global organization that can efficiently reach even remote areas of all the affected countries.—P.H.

ON THE WEB For frequently updated information on Giving Something Back and its tsunami relief efforts, go to gsbwww.uchicago.edu/student/give_back/tsunami.html.

Join us for the dedication of the London Center

September 12, 2005 Woolgate Exchange 25 Basinghall Street

SCHEDULE OF EVENTS

4 pm Panel discussion on "Energy, Geopolitics, and the Global Economy," featuring:
George Shultz, Former dean and former US Secretary of State
Gary Becker, Nobel laureate and University Professor of Economics and of Sociology
Raghuram Rajan, Joseph L. Gidwitz Distinguished Service Professor of Finance and Economic Counselor and Director of the Research Department, International Monetary Fund
Moderated by **Edward A. Snyder**, dean and **George Pratt Shultz** Professor of Economics

5:30 pm Reception and Open House

Learn how Chicago GSB's London Center will strengthen the alumni network in Europe.

Be part of the celebration! For information and to RSVP, contact Penka Bergmann at penka.bergmann@ChicagoGSB.edu.

“We’re just reporting what *is*.”—Steven Levitt,

on his controversial research showing that 35 percent of the drop in crime in the early 1990s was due to abortion legalization. Levitt, Alvin H. Baum Professor in Economics and the College and author of the best-seller *Freakonomics*, directs the Initiative on Chicago Price Theory. He spoke to the Milton Friedman student group at the Hyde Park Center in April.

Heard at Chicago GSB highlights prominent speakers at the GSB. Quotes in this issue were reported by Jenn Goddu, Patricia Houlihan, Mary Sue Penn, Phil Rockrohr, and Jennifer Vanasco.



Matthew Gilson

“We feel strongly that many of our problems will improve when the economy improves.”

Katerina Chumachenko Yushchenko, '86, Ukraine's First Lady, on the outlook for her country. She spoke to alumni and friends at Gleacher Center in April.

“I’m a risk taker, but not a gambler . . . my idea is always to take risks that are meaningful enough to be worth doing.”

Paul Yovovich, AB '74, MBA '75, president and cofounder of Lake Capital. Yovovich spoke at the Mid-Day Club in downtown Chicago in April as part of the Leadership Series, sponsored by the Chicago GSB Club.



Matthew Gilson

“We often say a violently executed plan today is better than a perfectly executed plan two weeks from now.”

Joe Mansueto, AB '78, MBA '80, chairman and CEO of Morningstar, at the Chicago GSB Club Leadership Series in April.



Dan Dry

“You need someone who will look you in the eye and tell you, ‘I see it a little bit differently.’”

General Peter Pace, vice chairman of the Joint Chiefs of Staff, on what to look for in associates. He spoke to students at the Hyde Park Center in May.

“Bankrupt companies don’t make a difference in the world.”

Gary N. Keller, founder and CEO of ZelleRx, which is developing a new way of fighting cancer based on “killer cells.” Keller was speaking to BioPharma, a GSB student group, at Gleacher Center in January.



Dan Dry

“As unpleasant as it may seem, it’s your obligation to get the best deal for your company.”

Derex Walker, MBA '92, JD '95, principal at Miller Buckfire Ying & Company, on rising from bankruptcy. Walker was among the financial advisors called in to save Kmart.



Joni Jeffries

“A lot of corporate America moves at a snail’s pace. But to be competitive you just start a relentless pace. You always have to ask, Is it better, cheaper, faster for the customers?”

Jamie Dimon, president and COO of JPMorgan Chase & Company, in a conversation with dean Edward A. Snyder at the Hyde Park Center in January.

MANAGEMENT CONFERENCE

Welch: Candor, Openness Are Keys to Success

The biggest barrier to success in business for most people today is the lack of candor in the enterprise, according to Jack Welch, retired chairman and CEO of General Electric, author of the new book *Winning*, and keynote speaker at the 53rd annual Management Conference. “No matter where you go, you get this incredible shield—that people think it’s kind not to tell people the truth, to always coat things,” Welch told nearly 1,000 alumni and friends in a conversation with dean **Edward A. Snyder** at the Fairmont Chicago on April 22. “In the end, it wastes a lot of time, you don’t build great teams, and you disappoint a lot of people.” Building a winning team can be achieved only by creating an open, transparent culture, he said.

Companies serve their communities and employees best by winning, so succeeding is the social responsibility of business, according to Welch. “Everyone in this room has that in their blood or they wouldn’t be here,” he said. People have to accept the notion that capitalism yields winners and losers, and “the further east you go in this country, as you get to the shores of Massachusetts, the

harder that concept is to sell,” he said. Welch offered unusual suggestions for operations. He called the human resources department the most important part of any company. Because they help choose employees, HR heads should be treated as equal to or higher than CFOs, Welch said. “If you were running a baseball team, would you rather hang around with the team accountant or the head of player personnel?” he said. “Why people want to hang around finance grunts is beyond my imagination.” Welch called budgeting “the worst invention ever invented in the corporate world.” Budgets kill innovation and growth, and close open forums, he said. “The only way to do a budget is to ask people to come in with every dream they’ve got,” Welch said. “They’ll come in and do that and you won’t be able to afford it. Instead of being an enervating experience, it will be an energizing, ideal-filled experience. You’ll all be reaching for the moon. You’ll all be talking about it, and you’ll end up deciding what you can do and can’t do in this open forum.”—P.R.



Dan Dry

A Conversation with Jack: Dean **Edward A. Snyder** (left) spoke with Jack Welch, retired chairman and CEO of General Electric and author of the book *Winning*, before an audience of nearly 1,000 alumni and friends of the GSB as the keynote speaker at the 53rd annual Management Conference in April.