Alumni share their solutions to one of the biggest challenges in business.
FOOTPRINT

JUNGLE ISLAND

Only one island in Miami offers beaches, ballrooms and flamingos all in one place. Located between Miami Beach and the mainland, Jungle Island maintains 18 acres of habitats and gardens for dozens of exotic animal and plant species. The picturesque flora and fauna, along with other park amenities — including a new aqua park and private beach, amphitheaters and revamped ballroom and meeting spaces — are part of management company Iconic Attraction Group’s five-year plan to turn Jungle Island into one of the region’s foremost destinations.

And following a successful run as director of the San Diego Zoo, Iconic Attractions Group CEO and Jungle Island President John Dunlap ’09 has come on to direct that turnaround. “My ultimate goal,” Dunlap says, “is to build and manage culturally significant attractions that create pride and inspire creativity in communities where we operate.”

In Jungle Island’s case, that model includes establishing the Iconic Conservation Fund and creating real-life jungle experiences centered on adventure, animals, discovery and play.

PHOTO BY SONYA REVELL
INSPIRING GROWTH  Growth is more than just good business. It’s a mindset that allows you to solve unarticulated problems and seize transformative opportunities. It is the essential means to extraordinary ends, and one of the most difficult challenges you must overcome to find success. The question is: How do you grow?

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Kellogg (USPS 009-272) is published by Northwestern University/Kellogg School of Management, 633 Clark Street, Evanston, IL 60208-1114, and is issued twice during the year: Spring/Summer and Fall/Winter.
Our strategy always has been to align Kellogg with the new realities of our rapidly changing world, and prepare the next generation of leaders for business and society.

Growth has long been the imperative and continues to be the biggest challenge that every organization faces. Growth is a critical indicator of success. It fuels innovation, lifts people out of poverty and accelerates breakthroughs in medicine and technology.

At Kellogg, we are answering this challenge by developing brave leaders who inspire growth in people, organizations and markets.

And we are delivering on this by leveraging Kellogg’s unique capabilities to develop growth-minded leaders in three ways:

- Our distinctive approach to business thought leadership, which combines six foundational departments with four strategic cross-disciplinary initiatives.
- Our innovative portfolio, which offers the broadest array of global offerings.
- Our vibrant community and culture, which prides itself on being courageous, driven and supportive.

As a result, we’ve created significant curricular innovation — more than 55 new courses — in the past three years. Our dynamic degree portfolio continues to pay off with the start of our 100th Executive MBA cohort and our 50th One-Year cohort, our largest ever.

Our market-leading global programs, which includes 37 exchange programs across 20 countries, give us the largest, integrated global footprint of any major U.S. business school. We just welcomed the first cohort for our Kellogg-Guanghua EMBA program this past September.

Our culture continues to be part of the secret sauce that makes Kellogg distinctive. If you’ve gone to Kellogg, then you know we create low-ego, high-impact leaders who can be competitive and collaborative at the same time.

You’ll read more about our continuing course innovation and co-curricular opportunities in this issue of Kellogg, along with stories showcasing our alumni and how they stimulate growth in their people, organizations and markets.

Inspiring growth. That’s the Kellogg difference.

Tim Simonds ’98
Chief Marketing and Engagement Officer
Entrepreneurship has become the mantra of recent times, yielding myriad startups built from scratch. Yet leveraged buyouts offer ready-made companies with proven track records. Though these investment models may seem diametrically opposed, both present opportunities. So which one yields the best growth?

Jeffrey Fine ’93 has more than 15 years of experience handling leveraged buyouts. In 2003, he acquired CIBT, a global expeditor of visas and passports, leading the company through 40 acquisitions before its sale to ABRY Partners eight years later. At Hyde Park Angels, Karin Dommermuth O’Connor ’89 serves on the front lines of innovation, investing in and advising entrepreneurs and startups across a broad swath of industries.

TO START UP OR BUY OUT?
Alumni debate the merits of divergent investment strategies

JEFFREY FINE & KARIN DOMMERMUTH O’CONNOR

What makes the most sense for investors today: trailblazing startups or traditional buyout deals?

Fine: Buying a company based on past performance reduces risks and provides some comfort to the investor trying to predict future growth. By definition, startups offer neither historic insight nor leverageable cash flow. In an environment of slow growth, acquiring competitors rather than individual customers may be the fastest way to grow revenue, especially now, when acquisition financing is so inexpensive.

O’Connor: There has never been a better time than now to start a company. Technological advances have lowered the costs of launching a business, from marketing to running the back office. Using technology in innovative ways, startups have the power to knock existing business models on their backs.

What key factor is critical to your investment strategy?

F: A highly competent and intellectually honest management team that will give you a realistic assessment of the upsides and downsides of their business. Chemistry is also important. You’ll be working closely together, so you’d better like each other. The world is littered with investors conned by management teams. Asking frank questions helps to sort out leadership you can trust.

O: Finding game changers who have the ability to execute their vision. We spend a lot of time with entrepreneurs before we write a check to understand their business strategies and see what makes them tick. Can they shift gears if needed? Many times, the model we start with in the beginning is not the one we have at the end.

What does the future hold for investors?

F: The outlook for creating great companies through industry consolidation is exceedingly positive. Investors have access to record amounts of debt and equity capital for leveraged deals today. On the flip side, the availability of low-interest capital has inflated valuations. You will no doubt get burned if your underwriting relies solely on cheap financing.

O: Opportunities abound for startups. There’s a lot of interest in funding very early ideas. The challenge continues to be raising money for the next round. There isn’t enough to go around. The bar has been raised for performance, and startups can’t just do OK and expect to succeed. With our companies, we make sure they are well-positioned and well-capitalized to get to the next level.

Interviews condensed and edited for clarity.

BY CHERYL SOOHOO  ILLUSTRATION BY NICOLE LEGAULT
A CAREER OPPORTUNITY
MARK GASCHE BRINGS HIS PASSION FOR CAREER COACHING TO KELLOGG

While a work-study job as an undergraduate led him to career management, Mark Gasche knows that a gratifying career doesn’t come easy to most. And since joining Kellogg’s Career Management Center (CMC) as its managing director in January, Gasche has been working to empower students to manage their careers effectively and with staff to serve a wide range of needs.

Here, Gasche talks with us about coming back to Evanston and his plans for CMC.

K: What led you to Kellogg?
MG: For me, this is coming back home. From 1995 to 2000, I was a Northwestern University career counselor serving undergrads while living in Evanston. Kellogg is a great place with a positive student culture and talented colleagues. If I could go back to December, I would accept the job all over again. Kellogg is clearly merging the best of higher education with the good business practices and this is a great fit for me.

K: In the past, you’ve spoken about how there is a lot more support for “nontraditional” job searches where students reach out to companies. How do you think these types of searches will help students find passionate, meaningful careers?
MG: The upside of the job search that’s not reliant on campus recruiting is that the sheer quantity of opportunities is larger and more diverse. It allows our students to lead with their interests and passion, and then find employment situations that fit their unique needs and wants.

K: What’s next for CMC?
MG: I want to give more attention to international students. They are a very diverse group, and when we have international students who feels they are experiencing challenges that we can direct address and influence, we need to serve them better. We also launched Job Action Groups this year to help normalize and support the “just in time” internship or job search process. Finally, we want to communicate very clearly to students that we’re listening and in tune with what they need. They can approach us with feedback anytime and anywhere.

Visit kelloggmagazine.com for an extended version of our interview with Mark Gasche.
Kellogg students are always a force at case competitions around the world. Here are just a few of their recent wins.

**Medical Device Excellence Awards / Global Venture Labs Investment Competition**

Medical-device startup Innoblative took first place in its category at the Medical Device Excellence Awards in June and first place overall at the University of Texas-Austin’s Global Venture Labs Investment Competition in May.

Innoblative’s new technology has garnered 11 competition wins and $200,000 in funding for the group, which rang the NASDAQ closing bell in June. The eight-member company, which includes five students from Northwestern University’s business, medical, engineering and law schools, developed a probe that uses thermal energy to treat surgical cavities once a tumor is removed.

**Morgan Stanley Sustainable Investing Challenge**

In April, a team of students from Kellogg’s Part-Time program won the Morgan Stanley Sustainable Investing Challenge with a plan to help depressed steel town Gary, Ind. Nicole Chavas ’15, Laura Brenner Kimes ’15, Nathen Holub ’14 and April Mendez ’16 came up with a plan to plant hybrid poplars on former industrial sites. The poplars not only help remove certain contaminants from the soil, but offer a profitable product to lumberyards and biomass facilities.

**Origami Capital Partners Idea Challenge**

As he celebrated with family just an hour after Northwestern Law’s May convocation, JD-MBA graduate Mike Denklau ’14 learned he had won the second annual Origami Capital Partners Idea Challenge with his concept involving asset liquidation. He took home a $50,000 prize and the chance to further develop his idea with Origami.

**MBA Impact Investing Network & Training Competition**

Student teams came up with plans for real-world startups working on social issues at the MBA Impact Investing Network & Training Competition.

Cindy Ye ’15, Zoila Jennings ’14 and Jennifer Wittig ’14 decided to add to their plan’s impact by searching for companies founded or co-founded by women. That took them right back to Northwestern with Jail Education Solutions, an inmate-education startup founded by Kellogg and Northwestern Law grads.

The students’ business plan won both the Best Investment and Best Impact awards, in addition to $50,000 in equity for JES.

**HEARD @ KELLOGG**

“There’s a myth sometimes that only startup companies can be creative, because they’re agile, nimble, have nothing to lose. But innovation has nothing to do with the age or the size of a company. It has to do with the mindset.”

**MOHANBIR SAWHNEY**

Robert R. McCormick Tribune Foundation Clinical Professor of Technology, on innovation within big companies, in the Chicago Tribune
ANOTHER FUNDRAISING MILESTONE
KELLOGG SETS NEW GIVING RECORD FOR THIRD STRAIGHT YEAR

For the third year running, Kellogg smashed fundraising records. The school raised more than $44 million in gifts during fiscal year 2014, the first year of the capital campaign’s public phase.

“We are very proud of the progress that we’ve made this year,” Associate Dean of Development Eric Lundstedt said. “I think Kellogg alumni and friends are embodying the old adage about records existing to be broken. We see this year’s increase as evidence of continued momentum in our recently launched Transforming Together campaign.”

As of the end of the fiscal year, alumni and friends of the school donated more than $210 million toward the campaign goal of $350 million by 2017.

While a new goal for fiscal year 2015 has yet to be set, Lundstedt said he was confident alumni would rise to the challenge again.

“It will be an aggressive number, but one that reflects our alumni’s belief that Kellogg is poised for ongoing growth,” he said.

Progress made on new global hub
With construction on Kellogg’s new 410,000-square-foot global hub beginning in this past April, more alumni have stepped forward to support the endeavor. So far, the school has raised $120 million toward its goal of $220 million, Campaign Director Julie Allen said.

Some of the latest gifts have included:

- An in-kind gift from David Kohler ’92 and the Kohler Co. to provide all fixtures for the new building, totaling $1.3 million
- A $2 million gift from William Osborn ’73, chairman of the board of trustees for Northwestern University, toward a named first-floor learning center
- A $2 million gift from Rick Lenny ’77
- A $2.5 million gift from Jamie Star ’89 and his wife Sara toward the new admissions office
- A $2.5 million gift from the McCormick Foundation toward the Dean’s Boardroom and Terrace
- A $3 million gift from the Crown family toward the fifth-floor City View Board and Seminar Room and Terrace
- A $3 million gift from Ann Drake ’84 toward a named second-floor terrace

Nominations now open for Youn Impact Scholars Class of 2015
Kellogg is now accepting nominations for next year’s class of Youn Impact Scholars, which recognizes graduating students and alumni who are launching new enterprises, influencing policy decisions and leveraging the private sector for positive social change.

Graduating students and alumni are eligible for nomination into the program, now in its second year. Last year, five students and four alumni were inducted, including Andrew Youn ’06, the honor’s namesake.

Recipients of the award — funded through a gift from Northwestern trustee Chris Combe and his wife Courtney — will meet biennially to share ideas, discuss challenges and collaborate on their work in social innovation.

“The most prestigious social impact award available to Kellogg students and alumni, Youn Impact Scholars is an opportunity to recognize those making an impact,” said Elizabeth Coston, program director. “We look forward to growing this collaborative and supportive community of leaders.”

To nominate a Class of 2015 student or alumni, go to kell.gg/younscho lar s and fill out the questionnaire. You must be a member of the Kellogg community (alumni, faculty, students or staff) to participate.

The nomination process runs through Nov. 30. The 2015 class will be announced next January.
OBAMA: BUSINESS IS THE FUTURE
PRESIDENT SPOKE TO KELLOGG STUDENTS ON THE ECONOMY

Speaking to an assembly of Kellogg students, faculty and staff at Northwestern’s Cahn Auditorium, President Barack Obama delivered an address that emphasized the role of tomorrow’s business leaders in shaping a stronger economy.

“There is a reason why I came to a business school instead of a school of government,” Obama said. “I actually believe business is the greatest force for prosperity and opportunity that the world has ever known.”

Obama called for Kellogg students, as those future business leaders, to pursue mindful growth.

“As you chase your own success, as we want you to do, I challenge you to cultivate ways to help more Americans chase theirs,” Obama said.

In a speech that also touched on education, health care and energy, the president talked about the importance of parity for women in business, praising Dean Sally Blount ’92 for her work in this area.

“Let’s do what Dean Blount is doing here at Kellogg,” Obama said, speaking of Blount’s meeting with senior White House officials last April to discuss ways to best prepare future leaders in the executive suite.

Learn more about Dean Blount’s trip to the White House at on.msnbc.com/RpmSJA

KOTLER NAMED TO MARKETING HALL OF FAME

Marketing legend Phil Kotler, who has taught at Kellogg since 1962, has added three new accolades to his already impressive CV.

This spring, Kotler was one of three inductees to the Marketing Hall of Fame, a project of the New York American Marketing Association. Kotler also received both an honorary degree from Moscow’s Plekhanov Russian University of Economics and 16th place in research organization Global Gurus’ ratings of top Global Management Gurus.

“He has really been a champion in telling people how marketing can contribute in very positive ways to social good, to having a very robust economy, to helping people,” said Randall Ringer, NYAMA president and CEO, Verse Group LLC.

When Kotler entered the field, marketing meant reaching a huge number of people in the hope that a sliver of them would be interested in the product. It was a “very wasteful methodology,” he recalls with a chuckle.

Nowadays, he focuses on how marketing adapts to a digital revolution that “promises an opportunity to more carefully reach the right people who might be ready for the right message for an offer that might benefit them,” he says.

Co-directors named to MMM and JD-MBA programs

Two professors have joined the MMM and JD-MBA programs as co-directors.

Achal Bassamboo, a professor in the Managerial Economics & Decision Sciences department, has taken over as co-director of the MMM program, succeeding Bobby Calder, the Charles H. Kellstadt Professor of Marketing.

Mark McCareins, a senior lecturer of business law at Kellogg, has been named co-director of the JD-MBA program, succeeding James Conley, clinical professor of technology.

Both professors began their terms Sept. 1.
True to what it teaches, the Kellogg School is taking a successful model and scaling it.

This fall, Kellogg is expanding its newest degree track, the Russell Fellows Program's M.S. in Management Studies (MSMS), by opening admissions for July 2015 enrollment to accredited schools outside Northwestern. The program was available only to recent NU graduates for its first two academic years.

As a result of this admissions change, Kellogg expects the program’s class size to grow from 25 to 75 students within the next two years. Long term, the program is projected to enroll 125 to 150 students each year.

The first top-tier business school to establish a master’s program of this kind, Kellogg developed the MSMS degree after identifying a strong demand for it.

“When you take smart, well-rounded liberal arts students and give them a business wrapper, they become highly valued in the marketplace,” says Betsy Ziegler, associate dean of MBA programs and dean of students. “These kinds of students want business knowledge. And employers want to hire these kinds of students.”

Designed to help recent graduates launch their careers, the program focuses on teaching foundational management skills and offers access to a dedicated career coach.

Many graduates say the degree has already kick-started their careers. Among the employers for the inaugural class: Accenture, Burger King, Deloitte, Dropbox, FTI Consulting, Google, IBM, The Mind Company, Roland Berger, Uniqlo and Wells Fargo.

With an undergraduate degree from NU’s School of Education, Danielle David ’14 says that the program complemented her managerial skills with business discipline and quantitative skills, enabling her to land her “ideal job” in the high-energy technology field.

“You will come out [of the program] smart, more confident in your skills, and totally prepared to stand out in any industry you choose,” she says.
Alanna Lazarowich has joined the school as senior director of the Kellogg Architectures of Collaboration Initiative (KACI).

In this role, Lazarowich will work closely with Brian Uzzi, KACI faculty director and co-director of the Northwestern Institute on Complex Systems (NICO), to build on the school’s legacy of developing strong teams while understanding how to incorporate collective intelligence from crowds, networks and big data.

Other faculty working on KACI include Jeanne Brett, the DeWitt W. Buchanan, Jr., Professor of Dispute Resolution and Organizations; Jean Egmon, clinical professor of management and director of collaborative practices; and Leigh Thompson, the J. Jay Gerber Professor of Dispute Resolution and Organizations.

The initiative will focus on thought leadership and curriculum in three areas: catalyzing relationships, building collective intelligence and valuing complexity.

“It’s about catalyzing people and intelligence in an increasingly complex world to accelerate growth,” says Lazarowich.

Before joining Kellogg last May, Lazarowich served as the administrative lead for Northwestern Memorial HealthCare’s Value Based Delivery Team. She also brings experience from A.T. Kearney, Deloitte and the U.S. government. She earned her MBA in Strategic Management from the University of Chicago Booth School of Business.
As we aligned ourselves with the new realities of doing business in the 21st century, we began to explore what defines Kellogg and makes us distinctive.

Our process was intensive and rigorous. We gathered input from our internal and external communities worldwide. And through that extensive quantitative and qualitative research, we surveyed, analyzed and evaluated our strengths and drivers of top choice.

What we’ve learned is that the concept of growth — personal, professional, company and market — is woven throughout the Kellogg experience. It resonates throughout our community, from the faculty and students engaged in our robust thought leadership to the alumni who manage and lead outside our doors.

Our repositioning builds on the work we began with Think Bravely, which described our willingness to challenge the status quo. And that is still part of who we are. After all, it takes brave leaders to inspire growth.

As we move forward, this refreshed campaign highlights Kellogg’s unique ability to develop growth-minded leaders through our thought leadership, an innovative product portfolio with a broad array of global offerings, and a culture that prides itself on being courageous, driven and supportive.

GROWTH IS AN IMPERATIVE. AND AT KELLOGG, we develop brave leaders who inspire growth in people, organizations and markets.

THIS IS WHAT SETS US APART. THIS is THE KELLOGG DIFFERENCE.
“One of the challenges of managing growth, especially in a complex business, is to focus on keeping it simple and reminding yourself of the two or three things that have to get done.”

**TOM PRESCOTT ’92**
President and CEO, Align Technologies

“Growth is extremely important, as long as it’s profitable and sustainable. To truly grow, you have to grow through innovation, customer satisfaction and loyalty, new markets and new products.”

**SELM BASSOUL ’81**
Chairman and CEO, The Middleby Corporation

“Growth is the greatest leadership challenge. You have to think strategically to determine the right direction for growth, think operationally and financially to meet your growth targets and think organizationally to understand your internal capabilities and how to preserve the key aspects of your culture.”

**BEN JONES**
Gloria and Llura Gund Family Professor of Entrepreneurship

“If there’s any single thing that will help the long-run budget situation, it’s strong growth. That goes a lot further than even the hardest fought budget deals.”

**JANICE C. EBERLY**
James R and Helen D. Russell Professor of Finance

“Successful firms think deeply about the culture, particularly the values they need to create to reignite growth and thrive.”

**GREGORY CARPENTER**
James Farley/Booz Allen Hamilton Professor of Marketing Strategy

“To inspire growth, first and foremost you need a market opportunity, something unique to bring to the marketplace that actually adds value.”

**MARTIN LARIVIERE**
Professor of Managerial Economics & Decision Sciences

“Developed countries are growing slowly, so the easiest way to grow is to venture into emerging markets. But being successful in these markets requires skills from multiple disciplines. These skills include the ability to understand the local culture, build social capital, form strong local partnerships, hedge against political and exchange rate risk and redesign products so they can be sold on a large scale to the middle and bottom of the consumer pyramid.”

**SERGIO REBELO**
Tokai Bank Chair in International Finance Professor of Finance

“Successful growth strategies require leaders to have a deep understanding of what is scalable and what is not.”

**THOMAS HUBBARD**
Senior Associate Dean, Strategic Initiatives
Elinor and H. Wendell Hobbs Professor of Management Professor of Strategy

GROWTH DEMANDS social INTELLIGENCE

GROWTH EMPOWERS YOU TO solve UNARTICULATED PROBLEMS
“Given the challenges and the opportunities that we have in our world — driven by global middle-class growth, global consumption, population growth, the consumption of natural resources, climate change and the shift in growing patterns around the world — there are actually huge new risk categories and significant value creation and value preservation opportunities.”

DAVID CHEN ’84
Adjunct Lecturer of Social Enterprise and Finance
CEO and Founder, Equilibrium Capital Group

“Growing your brand is about knowing what you stand for and what you mean to people, and delivering more of those things in ways that liberate you as a business instead of constraining and confining you.”

MATT LEVATION ’94
President and Chief Operating Officer, Harley-Davidson Motor Co.

“You want to create a virtuous cycle of growth. You need to invest in brands, distribution and people to complete it.”

SANJAY KHOSLA
Kellogg Senior Fellow
Former President, Kraft Foods Developing Markets

“Organizations should not grow for the sake of growth; rather, growth is in service to some other objective.”

MICHAEL J. FISHMAN
Norman Strunk Professor of Financial Institutions

“Growth is a driving force. If you have the opportunity to create something, and the people to work with you because no one does it alone, then you’ve got something special.”

ROGER LINGUIST ’66
Co-Founder, former CEO and Chairman, MetroPCS Communications, Inc.

“People who are growth minded tend to focus on learning goals and developing their ability. When they face challenges, they respond by persisting and trying to discover new ways to solve their problems.”

J. KEITH MURNIGHAN
Harold H. Hines Jr. Professor of Risk Management

“Growth-minded people don’t bother keeping up with the Joneses. Why bother when instead you could be improving?”

CARTER CAST ’92
Clinical Associate Professor of Innovation & Entrepreneurship

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DAVID CHEN ’84
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CEO and Founder, Equilibrium Capital Group
GROWTH IS MORE THAN GOOD BUSINESS.

GROWTH IS A MINDSET.

IT DEMANDS PERSEVERANCE,

SOCIAL INTELLIGENCE AND THE MASTERY OF MULTIPLE DISCIPLINES.

AND THE BEST PART IS, IT CAN BE TAUGHT.

ARE *you* GROWTH MINDED?
"Every Bears game is an event, not just another game in a season."
When he took a job at the accounting firm Ernst & Whinney in 1979, Ted Phillips ’89 had no idea he would one day end up with a career in the National Football League.

“I didn’t have a vision that I’d get into pro sports,” Phillips said. “I thought I’d end up as a partner at a public accounting firm.”

Then life called an audible. After two years as the firm’s tax client, the Bears hired Phillips in 1983 as controller. Over the next 16 years, Phillips worked his way up from director of finance to vice president of operations. He made history in 1999 when he was named the first Chicago Bears president and CEO who was not a member of the Halas and McCaskey clan — the family that has owned the NFL franchise for 94 years.

“It was an overwhelming feeling,” Phillips said. “I still look at every day as a blessing to have that unbelievable trust put in me. It’s very humbling.”

In this role, Phillips’ responsibilities extend past the goal posts. His first task was to tackle the issue of Soldier Field, an aging stadium that lacked ample revenue opportunities.

“From a financial perspective, we had to do something about our stadium situation,” he said. “We weren’t able to financially compete to win championships, which is always our No. 1 goal.”

Completed in 2003, Soldier Field’s renovation opened up a host of new revenue streams, including sponsorships, signage, premium club seating and upgraded executive suites. Despite having the league’s smallest seating capacity, the Bears grew from the NFL’s 10th most valuable franchise in 2006 to its eighth in 2014, when Forbes valued the team at $1.7 billion, up 36 percent from last year.

“I’ve always treated the McCaskeys’ money as my own,” Phillips said. “Increasing the value of the team is something I’m very proud to be a part of.”

The Bears continued to reinvest back into the franchise and, in recent years, have made high-profile moves to acquire some of the league’s top talent, including Jay Cutler, Julius Peppers and Jared Allen. Under Phillips’ leadership, the Bears also returned their summer training camp to Illinois from Wisconsin in 2002, pleasing a fan base that simply can-not get enough of the team. In 2013, Chicago Bears ticket sales were up 9.2 percent from 2012, a league high.

Phillips said the team is working to continually improve the in-game experience at Soldier Field to ensure a unique environment that cannot be duplicated at home.

“Every Bears game is an event, not just another game in a season,” Phillips said. “A key for the future is focusing on the value proposition for fans coming into Soldier Field.”

By Dave Wischnowsky  Photo by Jeff Sciortino
‘TO GROW, YOU NEED TO CUT BACK’

IN THEIR NEW BOOK, ‘FEWER, BIGGER, BOLDER,’ MOHANBIR SAWHNEY AND SANJAY KHOSLA ADVISE MINDFUL GROWTH ON THE PATH TO PROFITABILITY

From startups to established conglomerates, companies looking to expand often go for broke — literally. They make more products, create more brands and enter more markets with the goal of growing their market share. While seemingly reasonable, this approach can often lead to fleeting gains, dismal results or outright failure.

“The complexity of companies frequently grows faster than revenues,” says Mohanbir Sawhney, the Robert R. McCormick Tribune Foundation Clinical Professor of Technology. A strategy and innovation consultant in the startup world, Sawhney has long observed the “unwieldiness” of companies that expand for expansion’s sake. “The paradox is that to grow, you need to cut back and do less.”
This simple, powerful strategy is just one of several detailed in Fewer, Bigger, Bolder: From Mindless Expansion to Focused Growth (Portfolio). Sawhney partnered with co-author Sanjay Khosla, former president of Kraft Foods International (now Mondelez International), to develop a simple framework for sustainable growth and profitability in any market. At its core, their seven-step model, Focus7, calls for making fewer but better bets.

Khosla intuitively followed this strategy throughout his long corporate career. Most strikingly, he used it in 2007 to turn around Kraft’s then-floundering developing-markets business. In five years, annual sales rose from $5 billion to $16 billion. Now consulting and implementing the model for other companies across varied industries and geographies “seems to work,” says Khosla, now a senior fellow with the Kellogg Markets and Customers Initiative (KMCI).

The authors created a how-to book on achieving profitable expansion by combining their academic and real-world experiences. In addition to drawing upon case studies featuring companies like Cisco, Netflix and Spirit Airlines, the duo also interviewed business executives around the globe. They distilled their observations and practical application of the program into a handful of key concepts:

BE BOLD. Focus only on the areas where you’ll have the best chances of winning. Shift resources — people and money — accordingly.

SIMPLIFY EVERYTHING. Reduce complexity in your organization, from the number of decision makers to the number of meetings.

WRITE BLANK CHECKS. Selectively give teams carte blanche to devise their own budgets and control their own destinies. Empowerment can yield amazing results.

EXECUTE. Move quickly and learn from trial and error. Stay with what’s working. Cease and desist what’s not.

“At the end of the day, this is a model for making things happen and not just one-stop growth,” says Khosla. “It’s about creating a winning culture for sustained growth.”

Learn more about the Kellogg Innovation and Entrepreneurship Initiative at kell.gg/si-kiei

Want to know more about focused growth? Visit kell.gg/KaaRu for exclusive content from Kellogg Insight.
It’s called big data for a reason. On average, humans generate enough data through routine activities like mouse clicks, social-media posts and GPS navigation to fill 57.5 billion 32GB iPads daily.

It also moves incredibly fast. And the methodology for analyzing the ever-growing amalgam of information continues to evolve, says Florian Zettelmeyer, the Nancy L. Ertle Professor of Marketing.

“No one owns the truth in this area,” he says. “Academics don’t own the truth, and the companies don’t own the truth. The only way to make yourself smarter is to find out what other people are doing.”

The need to team academic and industry leaders led Zettelmeyer to develop the Faculty Immersion Program. Launched in fall 2013, the program takes faculty on site visits to both established corporations and startups operating at the forefront of industry, says Jamie Rosman, executive director of the Kellogg Markets and Customers Initiative (KMCI).

With the help of alumni working at some of these companies — “They’ve really played an ambassador-like role in hosting and bringing Kellogg in,” Rosman says — faculty meet with the firms’ analytics and data science experts. The experts discuss their triumphs and challenges while Zettelmeyer and a team of faculty share their insights on the subject.
Past sites have included IBM’s Advanced Analytics Lab in Columbus, Ohio, and Civis Analytics in Chicago, a firm created by the analytics team that handled data mining for President Barack Obama’s 2012 re-election campaign.

“We do a lot of listening on those trips,” says Rosman. That attentiveness, she adds, has led to a dialogue of ideas and created “opportunities to maintain relationships and build projects [with these companies] going forward.”

“It was pleasant to see many of the tools we’re developing used in reality,” says Chaithanya Bandi, an assistant professor in the Managerial Economics and Decision Sciences Department who went on two of the site visits. “I really like to see things getting implemented and [that] gives me new research ideas.”

In some cases, the companies have benefited from the faculty’s acumen. During a lengthy session at SimpleRelevance, a Chicago-based startup that develops individual marketing campaigns, faculty worked with the firm’s technology staff to refocus how it handles time series analysis, which draws on successive data points to generate statistics and conclusions.

“We got very deep in terms of how we actually build the models,” says Erik Severinghaus ’12, founder of SimpleRelevance. “Everybody dug in as a team. And we ended up actually modifying the way that we do things based on some of the intelligent questions that Kellogg had for us.”

Other benefits are long-term. Bandi continues to work with data scientists from SimpleRelevance on an ongoing basis. And staff from Kellogg Case Publishing now accompanies the faculty on trips, scouting leads for potential case studies and other research prospects.

“It allows us the opportunity to capture how things are happening right now and produce cases that are going to be very fresh to students,” Case Writing Manager Vasilia Kilibarda says.

With more trips scheduled for this fall, faculty and staff are optimistic that the program will become an integral part of Kellogg’s data analytics endeavors. Besides getting people out of “the ivory tower,” Zettelmeyer says the trips have reinforced his belief that all students need a working knowledge of data science.

“The days of analytics as a specialization are completely over,” Zettelmeyer says. “Analytics is a competitive necessity.”

“The only way to make yourself smarter is to find out what other people are doing.”

FLORIAN ZETTELMEYER
Nancy L. Ertle Professor of Marketing
Nathan Kadish ‘09 arrived at Kellogg looking for tools to effect change. After five years as a grass-roots organizer for Stand for Children, a national organization dedicated to improving education and health care for kids, Kadish was eager to grow his skill set.

As a Kellogg Board Fellow, Kadish dove into the business of running a nonprofit, serving on the national board of the YMCA. The position, coupled with classes on nonprofit board governance, gave Kadish a great vantage point to learn how leaders of a national organization think.

Since the Kellogg Board Fellows was founded 10 years ago, nearly 500 participants have served on the boards of 172 different nonprofit organizations. Founded by three MBA students and Anne Cohn Donnelly, a senior lecturer on social enterprise at Kellogg, the program enables fellows to participate as nonvoting board members on a nonprofit board, while taking complementary classes at Kellogg.

The program was a logical extension of Kellogg’s existing offerings, says Liz Livingston Howard, a clinical associate professor of management and director of Nonprofit Executive Education. A student leadership team annually selects 50 fellows, and then matches each one with a local organization.

The pool has become increasingly competitive. The 2013-14 academic year had 121 students apply, Fellows Program Director Sunny Russell says.

Students take two academic courses taught by Don Haider, director of the Center for Nonprofit Management. The courses address critical nonprofit governance policies and procedures. As part of the classes, students meet with peers and faculty to discuss their board work. They also are required to do a project for their organization, such as identifying board governance best practices or studying marketing performance metrics.

“The value of this program is that we are really giving students the opportunity to have an impact on the nonprofit sector while they’re still students.”

LIZ LIVINGSTON HOWARD
Clinical Associate Professor of Management and Director of Nonprofit Executive Education
In return, the boards are expected to mentor students and allow them to participate as fully as possible in board activities. “The value of this program is that we are really giving students the opportunity to have an impact on the nonprofit sector while they’re still students,” Howard says.

Adding business acumen to her board service is what attracted Debbie Marshall Merovitz ’05, manager at Deloitte Consulting, to the program’s inaugural cohort. Prior to Kellogg, Merovitz was a founding member of the Young Associates Board, a junior board of directors for the Gus Foundation, which raises money for pediatric brain tumor research and family support services at the Ann & Robert H. Lurie Children’s Hospital of Chicago.

During her fellowship, Merovitz used her experience to help develop a junior board for Chicago House, which was founded to provide housing and social services for people with AIDS and HIV. “Being on a board with a completely different mission helped me understand how another organization worked,” she says. “It opened my eyes to new ideas I could use to improve our organization.”

Kadish also took his board knowledge with him. After a short stint at Pricewaterhouse Coopers, he landed his dream job as director of investment strategy at Ecotrust, a social impact incubator that works with both for-profit and nonprofit groups that focus on the environment.

“The Board Fellows program was a nice way to find [how] to use corporate tools [and] to apply them to nonprofit,” he says, adding that it also was “instrumental in knowing how to engage our board.”
AFTER THE BREACH
RUSSELL WALKER ’06 WEIGHS IN ON HOW COMPANIES CAN RECOVER FROM ONLINE DATA INVASIONS

With a growing number of companies, including Target and eBay, suffering massive online data breaches, Professor Russell Walker says businesses must resist the temptation to sweep security deficiencies under the rug if they want shoppers to trust them.

Many companies are reluctant to readily disclose internal invasions that reveal consumers’ personal details. For example, the technology firm Snapchat, whose app lets users take and share photos and videos, was hacked last December, exposing 4.6 million user names and phone numbers. Company officials drew criticism after they waited for days before speaking publicly about the breach.

But such incidents “are a natural place for companies to have a conversation with the customer about their commitment to their customers,” said Walker, a clinical associate professor of managerial economics and decision sciences. “If you’ve been a company that’s experienced this, be open and transparent. That’s the way to recover. Because there will be other events.”

Despite a short-term drop in profits, companies ultimately can recover from such incidents, Walker said. But in the Target case, he expects it will take “quite a while” because of the enormity of the theft. That breach, in late 2013, is believed to have compromised the personal data of as many as 70 million people.

Target has taken steps such as apologizing to customers and offering them a year of free credit monitoring, but Walker contends that more can be done. “If I were Target,” he said, “I’d want to use this as an opportunity to create a new relationship with the customer. Roll out a new coupon, do a security upgrade and get confirmation of it.”

In his 2013 book Winning with Risk Management, Walker examines risk management through business case studies. One such study involves the 2007 breach at TJX Co., the parent company of T.J. Maxx and other retailers, in which as many as 94 million Visa and MasterCard accounts were exposed to fraud.

He noted that the TJX data theft shared similarities with Target’s. With TJX, “There was an active decision not to upgrade a particular piece of security and it was deemed highly improbable there would be an attack resulting in damages,” he said. “I believe that a similar decision was taken by Target ... It suggests a big part of doing business and handling credit cards – just handling customers – has to be an investment.”

Members of Congress have discussed setting a national standard for corporate data-breach notifications, and Walker says the day may arrive when a digital consumer bill of rights becomes necessary. But in teaching about data theft at Kellogg, he says recent incidents haven’t unified his students’ concerns about privacy.

“There’s a strong separation between those who see disclosure and sharing as harmful and those who don’t,” he said. “It may be our more tech-savvy customers don’t see disclosure as challenging as previous generations did.”
A rising middle class is accelerating an economic transformation in Africa. Sub-Saharan Africa’s consumer class is growing at an exponential rate. According to a recent Accenture report, almost 8 percent of all emerging-market spending came from the region in 2010. That $600 billion in consumer expenditure is expected to increase to about $1 trillion by 2020. The same report projects a decrease in poverty to 20 percent during the next six years, down from 40 percent in 1980. And by 2030, more than 1.3 billion sub-Saharan consumers will be spending more and demanding more in services and products.

Kellogg alumni are helping to facilitate this growth. Abdul-Nasser Alidu ’10 oversees marketing for Tigo, a mobile phone company currently developing a handset that enables mobile commerce and banking, which are new to the region. Sandy Osei-Agyeman ’77, founder of SLID Industries, provides hair and skin care products to consumers.

And as he prepares to step down as joint CEO of City Lodge East Africa, Daniel Szlapak ’00 plans to move into investing and continue to explore this ever-growing market.

Why make this move? Simple, he says. “Every sector is booming.”

BY BOBBY CAINA CALVAN
ABDUL-NASSER ALIDU ‘10 IS TURNING THE COMMON CELLPHONE INTO AN ELECTRONIC WALLET

BANKING ON ASPIRATION

Abdul-Nasser Alidu offers up a maxim to explain what’s behind Africa’s rising status-conscious consumer class: “You are who you are because of what people think of you.”

That applies especially to the middle class, which is growing quickly. “The key thing is that the middle class cares about brand and quality,” said Alidu, Africa marketing manager for Millicom, an international telecommunications company whose brand, Tigo, operates in sub-Saharan Africa.

In a country where there are more mobile phones than people, demand for cellular service remains high “because people always want to be connected,” he said.

As a result, telecommunication companies like Millicom are positioning themselves to attract middle-class customers.

“Our brand traditionally has not appealed to the middle class. Our brand has appealed more to the bottom of the pyramid. And we have largely played on price,” Alidu said.

Once the leading cellular company in Ghana, the Tigo brand has slipped behind a key competitor that wooed customers with better handsets and service.

To regain its market share, Tigo is rebranding itself by offering solutions and handsets that Alidu calls “aspirational.”

“This year alone, the company has invested more than $40 million in Ghana to upgrade transmissions lines and build more towers to improve coverage and provide high-speed services.

“Everybody now relies on the Internet,” Alidu said. “If we can position ourselves as the one who [provides] the best Internet, we can better compete.”

Improved connections will help the company take advantage of greater demand for mobile commerce and banking, as well as help transform Africa’s economy by providing cellphones that can act as electronic wallets.

“We need to get through this process to build a new brand identity and build campaigns that will help position us as the company people consider aspirational,” Alidu said.
As economies and standards of living improve, Africans are becoming more aware of the clothes they wear, the brands they buy and their own standards of beauty.

Sandy Osei-Agyeman, the founder of SLID Industries, is hoping to tap into Africans’ growing attention to their appearance.

“It’s a global phenomenon, and it’s not just limited to the West,” he said. “The influx of African people now traveling outside [the continent] means there is now an exposure to everything from the outside. They are exposed to what they see through television or the movies, and they see advertisements. And now they believe in beauty.”

Indeed, the growing popularity of his company’s hair and skin products serves as evidence of the transformations underway in the region.

Osei-Agyeman began in the banking industry, but soon after graduating from Kellogg decided to strike out on his own. He took the skills he learned from banking — particularly in credit and risk analysis — and his penchant for crunching numbers and applied it to a new venture: He co-founded Chicago-based Afam Concept, a hair-care company catering to people of color.

“The hair-care industry was pretty much in its infancy, and I noticed that Africa was pretty much neglected,” he said. “There was good potential in that industry, so that’s why we chose it.”

In 2001, Osei-Agyeman moved his family to his native Ghana to work full time on his new company, which manufactures and distributes hair and skin products under the brands MVP (for “Most Valuable Product”) and RICH SKIN across sub-Saharan Africa, including Nigeria, Togo, the Ivory Coast and South Africa.

“The potential is there to grow a huge market,” he said. Because most of his raw materials are imported from the United States, his products aren’t cheap. Many of his products are sold directly to hairdressers. His primary customers are Africa’s affluent and status-conscious residents.

“We can build on that premium brand, but we can also expand that market by going for customers who want lower-priced items,” said Osei-Agyeman.

His next steps include developing new products that appeal to that broader market, not just the affluent. “[They] still want to use the product but cannot afford the prices,” he said, “so you have to do something and provide something comparable.”
Born in Kenya, Daniel Szlapak never imagined that his country’s “economy would take off,” he said. “The economy never seemed to move.”

And now? “Every sector is booming,” he said.

He’s seen that growth firsthand as joint CEO of City Lodge East Africa, a chain of budget hotels catering to business travelers in South Africa, Kenya and Botswana.

Szlapak joined the company after the sale of the Fairview, his family’s hotel in Kenya, which he transformed from a “small little hotel business” into a high-end property after returning from the United States in 2002. Rooms used to go for $70 a night; these days, they go for nearly four times that amount.

The purchase of the Fairview was City Lodge’s first foray outside of South Africa and represented confidence in the economic growth in Kenya and the rest of east Africa.

“The middle class has now started to come into its own, and that’s driving consumption in a big way,” he said. “There’s demand now.”

Part of the growing appetite for products and services is made possible by political and economic stability that’s come to the region in the last decade, one Szlapak said he thought he “would never witness in my lifetime.”

With the business stable, Szlapak plans on stepping down from his role at the hotel chain at the end of the year. He said
Kellogg, Northwestern students help shore up African economy with health initiative

While the economic boom in Africa has the potential to raise the standard of living in many areas, the disparity between rich and poor remains a concern across the continent.

“There are issues hindering Africa’s economic growth that must be addressed honestly in order for Africa to realize its full potential,” said Juliet Sorensen, a clinical associate professor of strategy at Kellogg, as well as a clinical associate professor at Northwestern Law. Sorensen is co-founder of the Northwestern Access to Health Project, a health and human-rights initiative that sends students and faculty to developing areas to assess their public health needs and develop appropriate and sustainable solutions. In previous years, the project has taken Northwestern students, including some from Kellogg, to Ethiopia and Mali.

There are economic incentives to improving the building blocks of public health, Sorensen said. Huge numbers of Africans won’t be able to contribute to the economy without access to clean water, proper sanitation, basic medicine and vaccinations.

One key issue facing the continent is corruption, said Sorensen. “Money is siphoned off that would otherwise go to public education, transportation, public works projects, infrastructure and, for that matter, public health.”

Although Africa is seeing a rising middle class and declining poverty rates, the continent’s consumer class is still dominated by low-income families who live in urban slums or rural areas.

The rise in wealth could leave the poor further behind, Sorensen said.

“If a growing middle class has money to pay for private school but the public schools don’t improve, or the public schools continue to charge for uniforms or books that people cannot afford, that’s not going to lift other people up,” she said. 
“Education and technology should be a basic human right. It should be affordable and it should be available for everyone on the planet.”
The tech evangelist
NJIDEKA HARRY EQUIPS THE NEXT GENERATION WITH CRUCIAL TECHNOLOGY SKILLS

Njideka Harry ’12 sat in the college classroom, feeling lost. It wasn’t the class load; it was that the other students had something she lacked: the knowledge to use a computer. The year was 1993 and Harry, a Nigerian native who had recently moved to the United States, had no experience with technology.

Over the next few months, Harry worked hard at bridging the digital divide between her old life and her new one. This planted the seed for something much bigger: It inspired her to create the Youth for Technology Foundation (YTF), an organization that focuses on providing underserved populations with education and technology to improve their livelihood.

“Education and technology should be a basic human right,” said Harry. “It should be affordable and it should be available for everyone on the planet.”

Since its inception in 2000, YTF has served more than 1,700 communities, helped create more than 2,670 businesses and trained more than 1.4 million people in Africa, Latin America and the United States.

Harry started the foundation while working as a financial analyst for Microsoft. The organization’s first challenge came while building a community technology center in the Niger Delta that provided a safe haven for learning, while teaching youth marketable technology skills necessary to complete their education and secure employment.

Soon, Harry left Microsoft — without another job, benefits or much money — to focus on growing YTF.

“I am possessed by this cause to enrich developing world communities using appropriate technologies,” Harry said. “Technology can level the playing field, can equalize. Imagine that 12-year-old girl living in a rural town in Kenya now being able to learn from a physics class being taught by an MIT professor on a massive online and open course platform. The opportunities that now exist are mind-blowing.”

Focusing on entrepreneurship, agriculture, education and health, YTF provides educational opportunities that enable young people to find sustainable solutions to local problems. The foundation partners with marginalized communities in the United States, Nigeria, Kenya, Cameroon, Uganda and Colombia, where Harry’s fellow Executive MBA classmates helped her build a new hub in Soacha, about 15 miles south of Bogotá. The group’s goal is to serve 20 developing countries by 2018.

The organization’s work has not gone unnoticed. YTF recently became a member of the World Economic Forum, an international nonprofit that unites global business and political leaders to improve the world. The Forum, in conjunction with the Schwab Foundation, named Harry one of its top social entrepreneurs of 2013.

At the Forum’s annual meeting in Davos, Switzerland, this past January, Harry met with several stakeholders, outlining ways to create training and employment opportunities for the disenfranchised.

“It was an amazing experience for me and an incredible way to share the work of the organization with world leaders,” Harry said. 
Alumni share how they solve for growth in their companies
No one-size-fits-all strategy exists for growing a business. One maxim, however, holds true: Every growth success story is a leadership success story.

"Growth is the greatest leadership challenge," says Benjamin Jones, the Gordon and Llura Gund Family Professor of Entrepreneurship and faculty director of the Kellogg Innovation and Entrepreneurship Initiative (KIEI). "You have to think strategically to determine the right direction for growth, think operationally and financially to meet your growth targets, and think organizationally to understand your internal capabilities and how to preserve key aspects of your culture."

One big challenge leaders face is recognizing where external market conditions and internal operations come together in a profitable way. Maintaining quality as you scale is key to ensuring that what you promise customers connects to what is possible.

"Rapid growth is very exciting, but you must pay attention to your capacity to truly deliver it operationally in a way that won’t tarnish the brand," Jones says.

Finding that balance is an exercise in good leadership. Here, four alumni share how they overcame the many challenges they faced while growing their businesses.
Sticking with your core

These are unprecedented times in health care, especially in the United States. A number of trends are converging: tremendous cost pressures, the Affordable Care Act, the rapid adoption of health care IT, increasing health care consumerism. Innovation in health care is increasingly shifting from products to business models and care delivery systems. Traditional roles are blurring. Profit pools are changing.

Cardinal Health is in a unique position to capitalize on some of these trends. It touches key stakeholders across the care continuum by providing products and services that help customers become more cost-effective and efficient in how they deliver care. Because of the critical need to bend the cost curve in health care, Cardinal Health has been able to launch new solutions and experience significant growth.

For most companies, even in relatively mature industries such as health care, there are always attractive growth opportunities. For larger companies, identifying these is rarely as challenging as overcoming internal barriers to execute on these opportunities. Some of these barriers might include the inability to focus due to conflicting organizational priorities or lack of resources and time, or the inertia in making decisions due to uncertainty or conflicts with existing customers or partners.

Instead, embrace uncertainty. Make decisions in such a way that you still have the option to adapt and pivot as the uncertainty reveals itself. Things like pilots and soft launches are useful in that regard.

Gathering perspectives, especially from your customers, on your core capabilities and your strengths, as well as your weaknesses, is helpful. Once you have a realistic understanding of your competencies, you want to develop growth strategies that are aligned to them. Don't deviate too far from these — you're much less likely to be successful when you're too far from your core.

“MAKE DECISIONS IN SUCH A WAY THAT YOU STILL HAVE THE OPTION TO ADAPT AND PIVOT AS THE UNCERTAINTY REVEALS ITSELF.”

PULAK PATEL '07
DIRECTOR, STRATEGY & BUSINESS DEVELOPMENT, CARDINAL HEALTH

Cardinal Health Inc., a $101 billion health care services company ranked No. 22 on the Fortune 500, has sustained its growth through acquisitions and mergers. Pulak Patel discusses the internal barriers many large companies must overcome to grow.
Learning from leaders

Our biggest challenge is that we’re not the first entrants into international travel markets. There are KAYAK copycats in almost all of them.

Thankfully, most of them have inferior products and lack the financial wherewithal to invest in consumer marketing. KAYAK shows more flight, hotel and rental car options than anyone else. We’re hopeful that we can educate people over time to use KAYAK instead of smaller local competitors.

The Priceline Group acquired KAYAK in November 2012, but we’re still independently run, which is very important to our entrepreneurial culture and innovation velocity. Not much has changed there. But it has been wonderful for us to learn from such a successful, world-class company. We’re better now at search engine marketing, search engine optimization, language translation and localization.

As we continue our expansion, it is a challenge to maintain excitement and freshness despite being 10 years old. A big part of that is circulating people through offices and functions so they grow individually. Constantly bringing in new talent is another way we stay fresh. Our college internship programs place 20-25 people in our offices each semester. It keeps us current on new apps and websites, and how younger people are interacting with their various devices.

We are big believers in sustainable, profitable growth. It’s simply the best way to create a viable business in the long term. As a result, we built our company, our human resources and our technology platforms for scale.

“A BIG PART OF [OUR GROWTH] IS CIRCULATING PEOPLE THROUGH OFFICES AND FUNCTIONS SO THEY GROW INDIVIDUALLY.”

Steve Hafner ‘97
CEO and Co-Founder, KAYAK.com

Steve Hafner has led travel search engine KAYAK.com from its inception in 2003 to a $2.1 billion acquisition in 2012 by The Priceline Group. As the company continues to expand internationally, Hafner talks about keeping a mobile travel app fresh after 45 million downloads.
Our goal at both Bro-Tex and Midwest Floating Island is to help make the planet cleaner and greener. That’s what we’re about—recycling materials as a way to help clean up the planet.

For 27 years, I’ve been passionate about growing the legacy my father and grandfather created at Bro-Tex. We manufacture a wide range of cleaning wipes and recycle carpet, which is then used in new carpet and plastic resins. The amount of carpet we recycled last year saved the United States more than 1 million gallons of oil.

While researching ways to use the PET [polyethylene terephthalate] from carpets we recycle, I learned about Floating Island International’s BioHaven Floating Treatment Wetlands, which remove pollutants from ponds, lakes and rivers and restore valuable wetland habitat. I was excited about this innovative approach for using recycled materials to help the environment. It seemed like a natural complement to what we do.

Midwest Floating Island is a licensee of Floating Island International. We manufacture islands that are constructed of durable, nontoxic, postconsumer plastics and vegetated with native plants. The islands bio-mimic natural wetlands but have more surface area. This expedites biological activity to clean polluted waters and provide habitat for fish, waterfowl and other aquatic species.

Because this is a new, innovative technology, we have had a steep learning curve. We’ve overcome it by reading a lot, networking, and attending conferences and education sessions. The business needs are different for Floating Wetlands than for the Bro-Tex side because we are selling a solution, not a commodity. There are many more stakeholders dealing with water quality, such as natural resources departments, cities, watershed boards and homeowners. The buying decision is more complex and longer than purchasing a cleaning product.

Communication is key when growing a business, especially hiring good people who can talk things through and share ideas to solve problems. Starting a new business is information overload, so you need to learn to adapt as new information keeps coming.

“COMMUNICATION IS KEY WHEN GROWING A BUSINESS, ESPECIALLY HIRING GOOD PEOPLE WHO CAN TALK THINGS THROUGH AND SHARE IDEAS TO SOLVE PROBLEMS.”

Arlys Freeman, third-generation leader of Bro-Tex, has expanded her family business’s recycling efforts by launching Midwest Floating Island, an artificial wetland that cleans polluted water systems.
Focus and freedom

Growing your brand is about knowing what you stand for and what you mean to people, and delivering more of those things in ways that liberate you as a business instead of constraining and confining you.

A year or two ago, we settled on a crystal-clear understanding that Harley-Davidson delivers dreams of personal freedom. Period. This is what we stand for. Everything we do needs to deliver on that purpose for our riders, our customers.

We did not appreciate the power of the brand and what it could be because we were a little too literal about what it meant to people. If your brand means “air-cooled, push-rod, 45-degree, V-twin classic motorcycles,” it’s pretty constraining. If your brand means personal freedom, it might be overwhelmingly liberating. Do not constrain yourself to simplistic or literal interpretations of what your brand is. Focus on what the brand can do, not what it can’t. Realizing this was a big moment for us, allowing us to think bigger about what the brand can be and do.

Project LiveWire is, in fact, the most radical demonstration of that for us. At the center of our brand is this idea of rebelling, daring to be different. The electric move says to people we’re not standing still; we’re willing to take risks. It isn’t some dichotomy in the marketplace. It’s part of the family, part of the sport and part of the brand. Before we launched LiveWire, it seemed antithetical. Now it seems like a natural progression for Harley-Davidson and an obvious, brilliant move. This doesn’t happen without a lot of smart people within this company really understanding the brand meaning and delivering on it.

It’s always a challenge for a very strong brand to evolve and maintain its relevance, edge and power in the marketplace. We love the challenge. There’s more excitement in the walls of Harley-Davidson now than there’s ever been in the 20 years I have been here.
In today’s evolving technological landscape, innovation alone doesn’t cut it. Companies have to excel at scaling their businesses.

At its most basic, scaling a business means increasing operating leverage as it grows. Widen the gap between revenue and operating costs, and you have yourself a scalable business.

But the path to successful scaling is not always smooth. Within those costs and revenue columns, businesses must consider staffing, competition and emerging technologies.

So where do companies start?
For Ethan Ambabo ’12, the answer is to start with what’s best for the customer. As a new business development manager at Google in Mountain View, Calif., Ambabo and his team are responsible for helping product and engineering teams solve external dependencies and launch new products. Whether that means obtaining the license for a new technology or finding partners to co-develop a new idea, Ambabo and his team essentially anticipate everything that product engineers need.

Ambabo equates his early-stage involvement in projects to standing at the beginning of a very long runway. “A big challenge is just putting structure on the project and figuring out what’s the right way to think about everything we’re going to do,” he says. To do that, his team discusses scaling at every level. “From the moment we start, we have to think about how it’s going to scale. Does it achieve a sufficient amount of scale to be sustainable and deliver a real value for customers? If it does, then we know there is a real opportunity.”
To answer this question, Ambabo follows three general steps for launching a new product:

**DEFINE:** Figure out what the product is and what it should do.

**BUILD:** Create prototypes, then test and validate that approach.

**REFINE:** Continue to revise, using feedback and lessons learned to make a lasting product.

If a product fails to scale, scrap it. “We continually ask ourselves, ‘Is this working? Is this going to be valuable?’” says Ambabo. If the answer is no, he takes a step back.

**Grow accordingly**

Fabio Sisinni ’03 has been at the forefront of scaling throughout his career. Prior to joining mobile app Shopkick in June, Sisinni worked at Motorola, PayPal and, most recently, Groupon.

As senior director of mobile products for Groupon, Sisinni helped grow the company’s mobile business to make up more than 50 percent of total transactions and expand in a few months its presence from one country to 48 countries. This fast-paced growth mode helped hone his instinct to plan for new opportunities. “In hypergrowth mode, the scaling issue you have to solve is the ability to plan in advance where you’re going to be in a few months,” he says, “because otherwise you will just not be able to scale fast enough.”

While Sisinni worked to scale across geographies, he also focused on adjusting the company’s scaling strategy as they added new classes of products beyond local deals. One of his main takeaways for success is smart staffing. “We needed to make sure to cultivate a high-performing workplace culture” while growing in staff exponentially, he says. To do this, Groupon worked fast to implement hiring processes and sticking to them.

He also learned the importance of embracing technology and change. As director of mobile products at PayPal, Sisinni grew
“From the moment we start, we have to think about how it’s going to scale. Does it achieve a sufficient amount of scale to be sustainable and deliver a real value for customers? If it does, then we know there is a real opportunity.”

ETHAN AMBABO ’12
New business development manager, Google
mobile payment volume from $24 million to $4 billion in three years by directing the company toward mobile commerce with new technologies and a faster product development process.

At Shopkick, Sisinni is working on transforming the company’s mobile app — which sends rewards and offers to users’ phones when they walk into stores — to a useful store companion that helps more shoppers to make smart purchasing decisions. To achieve this, he focuses on defining the new product vision and testing incrementally his way out into it. “If you start planning for what you need now, you’re never going to be faster,” he says.

Innovate or else

When CEO Selim Bassoul ’81 took over The Middleby Corporation in 2000, the company was in trouble. Revenue had stalled at $100 million. Bankruptcy loomed. The stock was barely over $3 per share and customer retention was at 70 percent — “and we would brag about it,” Bassoul recalls.

Middleby had to grow, and to do that, the Elgin, Ill.-based company would have to innovate. But for a company known for making ovens and kitchen equipment for restaurant chains like Pizza Hut, Domino’s Pizza and Papa John’s, innovative breakthroughs had become few and far between. “People don’t change their ovens because the flame got hotter,” he says.

The key was to become disruptive. And after auditing both his customer base and his own research and development department, Bassoul decided on a three-tiered approach: move into new markets like processing and residential cooking, expand internationally and find new technology.

Instead of building out that innovation, Middleby began buying businesses left and right. Companies like the Australian-based Beech Ovens, which manufactures everything from tandoons to teppanyaki grills, and Denmark’s Houno, a leader in combination ovens, gave Middleby an entry point into several countries. Acquiring TurboChef and CookTek made Middleby a leading innovator in speed-cooking and induction technology.

And with its latest purchase, the Greenwood, Miss.-based Viking, Middleby had the premier brand in luxury kitchen equipment. “It’s allowed us to move from the commercial cooking into residential with a really strong brand,” Bassoul says.

In all, Middleby has acquired more than 50 companies of various specialties and sizes in 14 years. Coupled with a distinctive customer service policy — Middleby offers a no-quibble guarantee and four-hour service calls within the United States — and it’s easy to see why the company is closing in on the $2 billion mark in annual sales this year.

The company has also expanded its chain penetration to include Morton’s, Chili’s, Subway and 7-Eleven, and its customer retention is now close to 100 percent. “I wanted to create a brand where innovation matters,” Bassoul says. “In order to grow, you have to create a brand.”

Keep an eye on upgrading

Curt Witte ’91 is a partner at Symphony Technology Group, a Silicon Valley-based private equity firm whose portfolio companies do $2.5 billion in sales worldwide. He is also the founder of Findly, a cloud-based talent management platform that lets job seekers track openings at preferred companies, recruiters track and analyze candidates, and employees build their careers at the company or beyond. He started the company in late 2009 in a 300-square-foot office space in Palo Alto, Calif.. Now, the profitable company has more than 400 employees, 2,000 clients and $60 million in revenues.

In Witte’s experience in scaling startups, companies that have this kind of hypergrowth need to think about scale at a couple points along the way, especially when it comes to infrastructure. A crucial one is when a company reaches about 20 employees and is poised for rapid growth. “When you have three people, there’s not a lot of infrastructure to build,” he says. But as they grow, companies will need to upgrade their infrastructure. The good news, he points out, is that with all the cloud infrastructure software offerings available, scaling businesses has never been cheaper or easier.

Witte points out that Findly originally used a free Gmail plugin as a rudimentary customer relationship management program. But when they reached 20 employees, the company looked ahead at potential growth and realized it needed a more all-encompassing tool. “Those decisions laid the base to build us up to hundreds of employees,” Witte says.

That said, Witte warns against going overboard in thinking ahead for scale. “If you start to build infrastructure that’s ahead of where you’re at, then you’re going to spend a lot of time and you’re going to distract your business and you’re going to spend a lot of money that you probably didn’t need to.”
“[Branded content is] changing the way that people do marketing. And that’s pretty exciting to see.”
The vox populist

USING ONLY 140 CHARACTERS, SHAILESH RAO IS HELPING THE WORLD FIND ITS VOICE

When Shailesh Rao ’99 joined Twitter in 2012 as vice president of international operations, the San Francisco-based social platform had a vision of transforming into a truly global company.

One problem: It had only a handful of overseas offices, a few employees and very little focus in general overseas.

Since then, Twitter has seen tremendous growth internationally, expanding to 15 overseas offices in only two years. Now, 77 percent of Twitter’s active users — and almost 30 percent of its revenue — come from outside the United States.

Much of that growth is thanks to Rao and his team, which first needed to develop a sense for “what Twitter would look like as a global company, where we needed to be and how we needed to operate,” he says.

Next came organizational design, which Rao defines as “thinking about the people, the leaders and skill sets, and then thinking about the communication and decision-making processes that need to be in place.”

Finally, the team executed its plans. “We worked hard and fast to make sure that we found the right people and did all the things operationally we needed to do,” he says.

The result is a Twitter that is globally “live, public, conversational and distributed,” says Rao, “used to help people stay connected to their world and the larger world around them.”

Any connection to the larger world, however, can be difficult to maintain due to access challenges, content needs and language differences. Finding leaders in foreign markets who can educate users requires tying Twitter into global events, such as Ramadan or the World Cup, while allowing users to share local perspectives on issues intrinsic to their cultures.

“To think that, two years ago, we had no one and nothing in Brazil,” says Rao, “and today, to be able to look at a large presence in Brazil, with a vibrant business that’s growing and usage that’s growing. That’s very satisfying.”

As Twitter grows, so do the number of voices on the platform. Four out of five world leaders are active on the platform, Rao says. Brands also are bringing their own carefully crafted voices and conversations to the mix, adding a new layer of corporate accessibility, accountability and engagement. Citizens and consumers can interact, converse and provide feedback, all in real time.

“It’s changing the way marketing is thought of,” says Rao. “It’s changing the way that people do marketing – with an authentic voice, in the moment to provide relevancy, and engaged with their audience in a true dialogue. And that’s pretty exciting to see.”
While conducting research for his book, Roadside MBA, Associate Professor of Management and Strategy Mike Mazzeo noticed something: Virtually every company he studied was focused on growth.

Data from Boston Consulting Group tells a similar story about the role of growth in a company’s success. According to the firm, top-line growth powers 75 percent of total shareholder return for the leading value creators in the Standard & Poor’s 500 index.

But growth isn’t easy. Especially in today’s complex, global economy.

Leaders needed
To grow successfully, organizations need a leader who possesses the skills, insight and agility to shake up the status quo and seize new opportunities. Through a series of new courses focused on growth and scaling, Kellogg is equipping the next generation of leaders with the knowledge and ability to accomplish those goals upon graduation.

The six new courses, which roll out between Spring 2014 and Spring 2015, build on Kellogg’s core curriculum in finance, social enterprise, managerial economics and decision sciences, strategy and marketing.

With its deep thought leadership and strong general management curriculum, “Kellogg is exceptionally well-positioned to train future business leaders on how to successfully grow their businesses,” says Professor Benjamin Jones.

“Growing a business — and scaling it successfully — is the ultimate general management challenge,” adds Jones. “You have to be good at making decisions across functions that work in concert with each other, from marketing that is consistent with what you can successfully deliver in operations, to strategy that is consistent with your capital structure.”

While growth has long been an integral part of Kellogg’s curriculum, these new courses “elevate frameworks, business
“Growing a business—and scaling it successfully—is the ultimate general management challenge.”

Examples and cases that train students to think clearly about growth and execute on growth strategies,” Jones says. The courses take an in-depth look at topical issues while continuing to track along the school’s key fundamentals: clarity of purpose; agility and resilience; deep collaboration skills; and the ability to navigate the public, private and nonprofit sectors.

Finding directions
Mazzeo taught the first of these courses, Strategies for Growth, in the spring. Students studied small and middle-market companies while learning the strategic fundamentals and frameworks that underpin profitable growth. They also worked on developing their critical thinking skills, which “is very important for growing a business, because you have to approach problems in a very structured way and be very careful about the implications of activities you do and don’t do,” Mazzeo says.

This fall, Gad Allon, a professor in the Managerial Economics and Decision Sciences Department, is teaching Scaling Operations, a class that focuses on linking operations to growth. Students will learn about “five important stages” of operations that present growth opportunities. “Everything boils down to two elements that every leader should have,” says Allon. “One is a sense of direction — ‘Where do I need to go?’ And second, good execution — ‘How do I go about doing that?’”

Through these changes, Kellogg is staking a new position as a management institution: It will fulfill the world’s need for leaders who can successfully scale organizations.

“It’s clear that being able to successfully and profitably grow a business is a key skill for business leaders,” Jones says. “Arguably, it is the skill for business leaders. General managers or business leaders are not meant to be status-quo caretakers of the organizations they run. They’re meant to take their organizations to the next level.”

Kellogg is piloting six new courses on growth and scaling, each designed and taught by top faculty members.

At the Forefront: Accelerating Growth
Tim Calkins, clinical professor of marketing

Generating Profitable Growth
Julie Hennessy, clinical professor of marketing

Human Capital and Enterprise Scaling
Daniel Weinfurter, adjunct lecturer of innovation and entrepreneurship

Managing Organizations for Growth
William Ocasio, John L. and Helen Kellogg Professor of Management & Organizations

Scaling Operations
Gad Allon, professor of managerial economics and decision sciences

Strategies for Growth
Mike Mazzeo, associate professor of strategy

GAD ALLEN
Areas of Expertise:
Operations management, particularly service operations and operations strategy
- Current research includes firms’ information sharing models, time-based competition in the fast food industry, contributing factors in emergency department overcrowding.
- Winner of 2014 Alumni Professor of the Year and 2009 L.G. Lavengood Outstanding Professor of the Year awards.

MIKE MAZZEO
Areas of Expertise:
Empirical industrial organization, product differentiation in markets, statistical methodologies
- Current research includes competitive environments’ effects on depositories’ branch networks, product assortment decisions of oligopolistic firms.
- Serves on the editorial board of the Review of Industrial Organization.
“Every company I have started was born out of a problem that I saw at the last place.”
Apply the adage about making lemonade out of lemons to the entrepreneurial track record of Sharmila Mulligan ’94, and you’ve got some very successful lemonade stands. Five started in 19 years, to be exact.

“Every company I have started was born out of a problem that I saw at the last place,” says Mulligan, whose current company, ClearStory Data makes business data intelligent by giving companies the ability to access, blend and analyze massive amounts of data in a timely, user-friendly fashion.

Years before ClearStory, Mulligan helped build Kiva Software, a company acquired by Netscape, which created one of the first commercial Internet browsers. At Netscape, she saw the need for automated management of Internet infrastructure and joined renowned tech investors Marc Andreessen and Ben Horowitz at Opsware to shape the “data center automation” market.

And so it went: Problem. Solution. With the market for big-data technologies predicted to reach $32.4 billion by 2017, Mulligan was in the right place at the right time when she founded ClearStory in 2011. After an initial funding round of $9 million two years ago, ClearStory raised another $21 million this past spring to develop its unique platform, which harmonizes internal and external data in real time, and presents it visually so that managers at any level can intuitively use the data to help make smart business decisions quickly.

This is a major improvement on the norm. “Companies have traditionally hired intermediaries to do rearview mirror reporting. But by the time that data is manipulated, converged and put into a dashboard view, it can take 60 to 90 days before people actually see what they need to see,” says Mulligan. “In today’s environment, with consumers having so much power, that’s not a viable solution.”

ClearStory provides clients in a variety of industries — from health care to entertainment to consumer packaged goods — with blended data on a daily or weekly basis. Managers can use that information to collaborate on insights and findings for fast decisions from any location.

One such client is Dannon, who called on ClearStory to combine historic data about retailers’ orders with data on inventory levels from stores and distributors to help the yogurt company restock its inventory more efficiently. “The speed of execution is dramatically different than what it was before, and we’re still in early days,” Dannon’s former Chief Information Officer Tim Weaver (now at Del Monte Foods Inc.) told The Wall Street Journal.

But for Mulligan, a mother of three, tech innovation is both good business and a cause to advocate. She helps fund and sits on the boards of multiple startups in the Bay area. Born in India and educated in both London and Hong Kong, Mulligan is committed to the mentoring of science- and math-minded girls — like she once was — in middle school and high school.

“My mother, a nurse, was always a big proponent of girls following their career dreams and having a family,” she says. “I’d like to impart this to other girls because I’ve loved being in the tech world. It’s opened many doors for me.”
Anyone who has run outside to plead with a parking enforcer knows that sometimes, a few minutes make all the difference.

Enter ParkChicago, a mobile payment service created by Charlotte, N.C.-based PassportParking that lets users pay for parking with smartphones or cellphones. It also sends them a text message 10 minutes before their meter expires.

Drivers have taken notice. Between April and June 2014, more than 70,000 Chicagans signed up for ParkChicago, which deducts payments from users’ accounts, preloaded via credit or debit card.

“Being from Chicago, I knew this was a service that would be well received,” PassportParking co-founder Bob Youakim ’07 said. “It’s really a testament to the progressive nature of the community.”

The venture began in 2010, after Bob and his cousin, Charlie Youakim, took stock of their respective parking routines, Bob in Charlotte, and Charlie in Minneapolis. “Charlie was stuffing bills into a tiny envelope with his license plate number on the outside,” Bob Youakim said. “The industry was ripe for innovation and in need of help.”

The cousins built a team around the goal of improving the parking experience for motorists, facility operators and enforcement officials. But some members of the parking industry were skeptical of the technology and told the Charlotte-based company their customers did not want things to change.

“We still see and speak with municipalities that are hesitant in adopting cloud-based services for parking programs,” Youakim said, “even though they use similar services in other aspects of their daily lives.”

Prior to securing funding, PassportParking’s managing partners worked without salary. The support of some angel investors, family and friends kept the company going until it raised $6 million in Series A funding.

“They saw that we were beating our competition on a shoestring budget.” Youakim said of the investors, “and knew we could be a significant player if we put additional capital to work.”

PassportParking now operates in more than 70 North American municipalities, including San Jose, Calif.; Louisville, Ky.; Omaha, Neb.; and Toronto, in addition to Chicago.

“As an entrepreneur, you never stop seeing opportunities that exist as you look at things through a different lens,” he said. ❖
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Alumni share their solutions to one of the biggest challenges in business

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