Crisis management:

Understanding the credit crunch
Making a drama out of a crisis
Why crisis management?

East to West
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Dear alumni

Welcome to the fourth edition of the alumni magazine of the Business School. The theme of this issue is crisis management, looking at how the world is changing as it moves through increasingly turbulent times. As a School we are well placed to tackle such issues. We have leading experts in the fields of credit and financial management, crisis management, risk communications and decision making. We are also in partnership with the UK’s Emergency Planning College.

Professor Nick Wilson of the Credit Management Research Centre (CMRC) looks at the credit crunch and current financial crisis (page 8); what went wrong with the nation’s borrowing and lending and the work of the Centre in advising the government. The University’s Vice Chancellor, Professor Michael Arthur, praised the work of the CMRC, describing them as a “leading edge team who will continue to make key advances that will inform industry and have a global impact”.

“Why Crisis Management?” is the theme of the article on page 14. Eve Coles considers the costs of failing to plan for a crisis and the impact these can have on all areas of a business. You can read about risk communications (page 12) and how different types of thinking and use of language by experts and the public can get in the way of an effective message. We also take a look at the opportunities and challenges arising from the integration of the Eastern Bloc countries in an article on page 4.

During the last 12 months the School has continued to climb up the rankings and towards achieving its vision of securing a place among the world’s top 25 business schools by 2015. We are now ranked 48th in the top 100 business schools (Financial Times Global MBA 2008) and in UK Top Ten for Research (RAE 2008). Our links with business and industry have been strengthened with the launch of a Corporate Learning group and a new module on social enterprise on the MBA programme. We now have over 100 placement opportunities for our students with different companies in the UK and abroad.

In the summer, the Chancellor of the Exchequer, Alistair Darling, came to the School to discuss the current economic situation with our MBA students. During the autumn, we hosted a seminar given by two members of the Monetary Policy Committee of the Bank of England. As part of the Corporate Wisdom series, former BP boss Lord Browne gave an excellent assessment of the world’s energy needs. We have also had speakers from McKinsey & Co, SIG Plc and GlobeScan Inc as part of the FT Speaker Series. Details of forthcoming events can be found on page 19.

I do hope you enjoy the magazine and we look forward to receiving your comments and suggestions for the next issue. Once again, thank you for your continued support and for acting as ambassadors for the School.

Best wishes for 2009.

Peter Moizer
Dean

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Please Note: The views of the authors are not necessarily those of LUBS

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Undergraduate Business and Management student Emily Cummins won the Ultimate Save The Planet Pioneer Award at the Cosmopolitan Ultimate Women of the Year Awards 2008.

She was in good company with top celebrities including Kim Cattrall, Alesha Dixon, the Sugababes and Myleene Klass who also received accolades at the glamorous Awards ceremony. The Awards celebrate the remarkable stories of the nation’s Ultimate real-life women and inspiring celebrities.

Emily achieved the national honour for her dedication to designing eco-friendly and ethical products, which are set to change a generation. Her projects include a water carrier and sustainable fridge that is now being used by some of the world’s poorest people who don’t have mains electricity, to store medicines and food.

Cosmopolitan’s Editor Louise Court commented, “Emily is an exceptional young woman whose enthusiasm and ingenuity have captured the hearts of many.”

In the same month Emily was named as one of the Future 100 Young Entrepreneurs for 2008. The Future 100 Awards profile young entrepreneurs aged 18-35 who are demonstrating entrepreneurial flair and innovation in progressing a responsible business venture.

The Bank of England – Monetary Policy Committee

Leeds University Business School recently welcomed Kate Barker and Tim Beasley, members of the Bank of England’s Monetary Policy Committee to speak to staff, students and a small number of invited guests about the current economic crisis and its impact both at home and globally.

This was the first time that two members of the MPC had ever publicly shared a platform and it was an exceptional opportunity for us to engage directly with such influential policy makers in such exceptional economic times.

Launch of MA Corporate Communications and Public Relations

The MA Corporate Communications and Public Relations is a new and exciting programme for 2009, designed to equip students for a successful career in corporate communications or PR. Subjects covered include corporate communications strategy, consumer behaviour, marketing communications and research, brand management and relationship and direct marketing.

The programme incorporates a series of workshops designed to develop key skills required by communications professionals, with senior figures from the industry invited to deliver guest lectures, providing a practitioner’s view of the latest developments.

To find out more visit www.leeds.ac.uk/lubs

Funding for the Future

LUBS alumni have helped Leeds raise nearly £145,000 towards achieving its vision to become one of the world’s leading universities. An average of £95 was pledged by each Business School alumnus; every penny will go directly towards providing the very best student experience at Leeds.

Since 2004 over £1 million has already been raised for Leeds students through the Alumni Annual Fund. Over 200 students have benefited directly from scholarships and the access to learning fund and thousands more have benefited from improvements to our library facilities.

To take part visit www.alumni.leeds.ac.uk and click on “donate now”
Leeds students recognised as leaders of the future

Four undergraduate students from the Business School have been made GE Foundation Scholar Leaders in recognition of their academic excellence and future leadership potential.

Clare Coley, Laura Craddock, Samuel Menahem and Eleanor Ring have each been awarded £6000 over two years to assist with the remainder of their degree studies. They were amongst only fifteen undergraduates from universities throughout the UK to receive the award.

The students will also attend a three day leadership development programme which enables them to develop business skills such as leadership, communication and career planning. They will also have the opportunity to participate in a work shadowing placement at one of GE’s UK businesses.

Professor Peter Moizer said: "This is a fantastic achievement and reflects all the hard work put in by the students, as well as the help they received from the University. The students themselves are very impressive ambassadors for LUBS and to have four such talented students for the next two years is wonderful for the School."

The GE Foundation Scholarship was launched in the UK five years ago and is designed to provide promising young students with opportunities to develop their leadership skills as well as creating possibilities for community involvement.

Leeds University Business School in UK
Top Ten for Research

Results of the national Research Assessment Exercise (RAE) 2008 show 70% of LUBS research is rated internationally excellent or world-leading.

This percentage puts Leeds 6th (out of the 90 UK institutions that entered) for research in business and management.

Dean of LUBS, Professor Peter Moizer said, ‘This is a great achievement by the researchers in the School, especially as standards at the top have clearly risen during the seven years covered by this assessment. All our students will benefit from the influence and proximity of our researchers.’

‘LUBS is proud to be an integral part of the University of Leeds which overall has achieved a rise in the Times Higher Education’s RAE rankings from 26th to 14th in the UK. We very much share the University’s vision to be recognised as within the world’s top 50 by 2015.’

Read more at: www.rae.ac.uk

LUBS Professors awarded prestigious Academician status

Professors Gerard P Hodgkinson and Richard Thorpe have been awarded Academician status of the Academy of Social Sciences (AcSS).

They join the ranks of some 500 eminent social scientists formally recognised for their outstanding contribution to their fields in the UK.

Director of the Centre for Organisational Strategy, Learning and Change (COSLAC) at Leeds University Business School, Professor Hodgkinson’s expertise encompasses human cognition in the workplace, especially thinking, reasoning, and the ways in which individuals and groups represent knowledge.

Deputy Director of the Keyworth Institute, Professor Thorpe is a leading researcher in performance, remuneration, entrepreneurship, management learning and development, and leadership.

The Academy of Social Sciences, formed in 1999, encompasses 34 Learned Societies. Its remit is to promote the excellence in and encourage the advancement of social sciences in the UK to government as well as public and private sector organisations and agencies.

Strategy and Business Award for Professor Peter Buckley

Professor Peter Buckley has been awarded the Booz Allen Hamilton Strategy and Business Eminent Scholar in Management Prize presented at the Academy of Management Annual Meeting, Anaheim, California, August, 2008.

The US Academy of Management is the foremost academic body in the world in our subject area and published two of the top 4* journals in the field.
The European Union and Eastern European Countries – Grounds for Optimism?

Dr Hanna Gajewska-De Mattos, Lecturer in Business Development in Emerging Markets

Since the collapse of communism, the East European countries have completely transformed their political, economic and social systems. The ongoing reforms were anchored by the accession of these countries to the European Union (EU). This event was welcomed with enthusiasm in all Eastern European economies. It supported their convergence with those of the rest of the EU and it assured their economic and political stability. It also made Eastern European countries attractive locations for foreign direct investment (FDI).
The two latest EU enlargements (2004 – Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic, Slovenia; 2007 – Bulgaria and Romania) offered an unprecedented opportunity to extend European integration into Eastern Europe. One of the Union’s post-enlargement priorities was to raise the living standards in the new Member States, which were all below the EU’s average. At the time of the accession, the EU 15 were on average two and a half times richer than the newcomers. The new Member States’ productivity levels were much lower, their capital stock and technology far older, and their agricultural sector twice as large. The Eastern enlargement also had a symbolic meaning of political returning to Europe for the countries from beyond the former “Iron Curtain”.

There has been a strong link between the EU accession and transition process in Eastern European countries. The EU membership depended on the success of the transformation process to move towards open, market-oriented economies in these former communist countries. The pace of the transition in the region has been mixed, with the 2004 entrants to the EU being more advanced than Bulgaria and Romania. Despite initial hardships, the reform programme has brought better economic results in long run, and the progress in those countries continues.

Although the growth in the region as a whole fell from 7.5 per cent in 2007 to a projected 6.3 per cent in 2008 (EBRD 2008), the new EU Member States showed a remarkable resilience to the early phases of the current world economic crisis, which might suggest a degree of success in implementing their macroeconomic and institutional reforms. Nevertheless, a number of difficulties remain in the region (including unemployment, poverty, corruption, uneven respect for law and human rights), and the further effects of the global crisis are also unknown.

The EU membership can bring about massive investment flows, as it was experienced by Ireland and Spain (the earlier entrants to the EU). It can be expected that for the East European countries EU membership will also result in even more FDI. Although the 10 new EU Member States experienced considerable inflows of FDI even before they formally joined the EU, the potential of these countries to attract further FDI is considered to be much higher. Even though individually most of them are relatively small countries, if treated as one market they successfully combine access to a large single market and efficient locations. The latest figures show that FDI inflows to the 12 new EU member countries remained at the same level in 2007 as in 2006, at $65 billion (UNCTAD 2008). The top recipients of FDI in the region at the moment are Poland, Romania, the Czech Republic and Bulgaria (in that order). Their combined inflows in 2007 accounted for over two thirds of the inflows to the 12 new EU members.

Another important factor is the new Member States’ full membership in the customs union and the single market with free movement of goods, services, labour (with a transitional period) and capital. This puts them in an advantageous position in terms of intra-EU transportation, logistical, and administrative costs. The newcomers also have access to regional and structural funds of the EU. Although such aid cannot be used directly for FDI promotion, it will nevertheless contribute to improving the Eastern European countries’ infrastructure for FDI. From the new Eastern European entrants only Slovenia has so far adopted the Euro, although the remaining countries will probably do so eventually (most of them after 2013). This is encouraging for companies operating in these countries in terms of reducing currency and exchange risks.

Given all that it is not surprising that the former Eastern European countries were so keen to join the EU, and are rather optimistic about it. Let us hope their optimism is justified. We do not know what the future holds for the EU and its new entrants. But given the warfare and conflict that have caused so much misery in twentieth-century Europe, let us hope for the future of peace and prosperity.
Interesting Facts about **Poland**

- Poland’s official name is the Republic of Poland
- The national symbol of Poland is the White tailed Eagle
- Around 39 million people live in Poland
- Geographically Poland is not in Eastern Europe but the very centre of Europe
- The official language of Poland is Polish, but German, English, Russian and French are also spoken
- Poland became a member of the OECD in 1996, NATO in 1999 and the European Union in 2004
- The currency of Poland is the Zloty
- Polish people marry the youngest within the European Union
- Poles wear their wedding ring on their right hand
- Most Poles consider their name day more important than their birthday
- Poles have won a total of 17 Nobel prizes, including four Peace Prizes and five for Literature
- Famous Poles include:  
  Frédéric Chopin (1810-1849), classical composer.
  Marie Curie, born Maria Skłodowska (1867-1934), the first and only Nobel laureate in two different sciences and first female professor at the Sorbonne University.
  Nicolaus Copernicus, the Polish born astronomer said to be the founder of modern astronomy, formulated the first explicitly heliocentric model of the solar system which stated the earth was not the centre of the Universe.
  This theory started the scientific revolution that transformed Europe and weakened the dogma of the Catholic Church.
  Nowadays, however, Poland is one of the most staunchly Catholic countries in Europe.
  Another Polish astronomer, Johannes Hevelius (1611-1687) published the earliest exact maps of the moon.

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**Doing Business in Poland**

Poland is a patriotic nation, united by the strong sense of community. It is also a rather formal and hierarchical culture. The importance of building long-term business relationships should not be underestimated. Responsibility and position are clearly defined within Polish organisations. People in senior roles and older members of the organisation command the most respect.

The following should be borne in mind when doing business in Poland:

- Punctuality for meetings is very important when establishing business relationships and is considered a sign of reliability
- When meeting people a firm handshake with good eye contact is important
- When meeting or leaving a group each individual should be addressed separately and not altogether
- It is polite to wait for a woman to extend her hand upon initial meetings
- First names are rarely used initially in the business context. People should be addressed with Pan (Mr) or Pani (Mrs) plus their last name. As the relationship develops the other party will signal when first names can be used
- Business cards should be exchanged at the start of initial meetings. The visitor should offer their card over first
- Meetings will normally start with some small talk giving both parties the opportunity to become more acquainted. The topic of money should be avoided
- Corporate hierarchy is often based on age and educational background. It is therefore best to send negotiators of a similar background and age to those with whom business will be conducted
- Decisions will not be made if decision makers are not present in a meeting, instead the meeting will be for sharing information and general discussion
- If invited for a meal, avoid the topic of business unless the other party brings it up. Take the opportunity to get to know the host better
- The host will normally pay for the meal but it is considered polite for the guest to offer
Spotlight on...
Peter Moizer, Dean of LUBS

Professor Peter Moizer took up the Deanship of LUBS from Professor Andrew Lock in August 2008. Peter’s first degree was in chemistry at Merton College Oxford. Following this his first permanent job was as a trainee accountant with Price Waterhouse in Manchester. He subsequently moved to Manchester University as a lecturer and there took a part-time MA (Econ) and a part-time PhD. In 1989 he moved to Leeds as the professor of accounting.

How did you end up in academia?
I became an assistant manager at Price Waterhouse and was offered a three month secondment to Manchester University. I found the academic world very stimulating and eight months later took a full-time position as a lecturer. I had offers from both the London School of Economics and Manchester University and in the end familiarity won and I stayed in Manchester.

Did you consider any other career paths?
I had a scholarship with British Nuclear Fuels whilst at Oxford, and for a while thought that I would end up either as a research chemist or as a production manager for BNFL. However, in my final year at Oxford, I realised that accountancy had more to offer, both in terms of money and variety. I limited my choice of accountancy firms to four of the top ones and my choice was then London or Manchester. I had offers in both cities, but decided for the North! As a professional accountant, I could either stay and try to become a partner or leave to become a finance director.

How did you end up in academia?
I was following fads and fashions. As a result, he has great admiration for Warren Buffet, because he has followed sensible investment principles even when the rest of the industry was following fads and fashions. As a result, he has made a lot of money, but he is giving most of it away, which I think shows a great sense of community.

What was it that attracted you to the University of Leeds?
I wanted to be a professor and in 1989, the Business School was almost a greenfield site, with very little happening in the accounting and finance area and so I felt that I could make a difference. The University had also a good reputation and I was impressed by the calibre of the Vice-Chancellor and the Head of the Business School, Professor Ken Gwilliam.

How do you perceive the role of Dean at LUBS?
The role is very challenging and that is what appeals to me. The Business School has improved enormously since I joined, but it has the potential to be in the top five in the UK and in the top 25 in the world. That is the great opportunity and my challenge is to help it realise this ambition. My philosophy as a leader is to provide the vision and to put in place talented individuals who can help realise it. I recognise that it is the performance of the teams within the School that will allow us to create substantial achievements.

You’ve been at LUBS for nearly 20 years, what has been your greatest achievement during that time?
I have three great achievements and would not like to prioritise! The first is building up the Accounting and Finance group from nothing to a major player in the UK. The second is being part of the creation of the Faculty of Social Science when I was its first Dean. The third is working with the architects to create the Maurice Keyworth Building to house the Business School.

What is the importance of alumni to LUBS?
Alumni are of critical importance to the future success of the Business School. At a basic level, their views are influential in the rankings used to determine the status of the School. I am thinking particularly of the important FT MBA rankings and the Economist Which MBA? rankings. These have become an accepted measure of performance and the views and career performance of alumni are important constituents of the measures.

What do you most admire in the world of business/academia today and why?
I have great admiration for Warren Buffet, because he has followed sensible investment principles even when the rest of the industry was following fads and fashions. As a result, he has made a lot of money, but he is giving most of it away, which I think shows a great sense of community.

What would be an ideal day away from the office?
An ideal day for me would be climbing the mountain Great Gable in the Lake District from Wastwater on a sunny day in June.

Who would you like to have dinner with and why?
Naomi Watts, because she is a great actor and the idea of the lecture as theatre is a fascinating one.

I would like to see LUBS being rated as one of the best five business schools in the UK.”

How do you think the student experience has changed during this time?
Since 1989, the student experience has changed hugely. The first and obvious difference is that the number of students at the University has risen to over 30,000. The facilities in the lecture theatres have improved significantly. When I started, many lecture theatres still had chalk boards and the overhead projector was just starting to be used. Now, PowerPoint is universal and the electronic resources available to students are significant. From their laptops, students can now access lecture notes, and various other module materials including chat rooms. Electronic journal access is now so ubiquitous that visiting the library is a rare event. Finally, the Business School has much improved the way students are prepared for the world of work, with more placements, skills modules and general career advice.

Where do you see/ would you like to see LUBS in 5 years?
I would like to see LUBS being rated as one of the best five business schools in the UK.
Professor Nick Wilson

The Credit Management Research Centre is now in its tenth year having been established at Leeds University Business School in July 1998 with commercial sponsorship from a range of key players in the credit industry. The Centre has enjoyed continuous funding throughout this period from organisations such as credit reference agencies (Experian, ICC Credit); credit insurers (Euler Hermes, Atradius); large corporates (Fuji Film, 3M) and Financial Services (HSBC, Barclays). CMRC has attracted research funding for specific projects from government departments (BERR), the research councils (ESRC Knowledge Transfer Partnerships) and from the credit industry.
The combination of private and public funding has ensured that CMRC’s research output has academic rigour and both practitioner and policy relevance. Indeed, during the last ten years, the work of the Centre has been cited in many parliamentary debates and reported in Hansard, featured in government reports and policy documents (BERR, Bank of England, National Audit Office), won awards for ‘Knowledge Transfer’ activity (ESRC, KTP Award 2007), industry recognition and has been reported extensively in the national and international media, often as headline stories.

The CMRC’s work covers the gamut from consumer credit and debt management, corporate borrowing and inter-company credit and risk modelling and management. The Centre has built up extensive data-bases over the years covering the lending practices and debt management processes of major lenders and debt collectors; business to business trade and payment behaviour and company level risk analysis. In 2001 CMRC was involved in setting up a University spin-out company, CreditScorer Ltd which compiled a database of all UK companies (over 12 million records and accounts) for the period 1995 to present and offered risk and benchmarking reports along with Basel II risk modelling solutions for the banking sector. The company was acquired by Bisnode in 2007.

The credit crunch and financial crisis has meant that the Centre’s work has never been more relevant. The research from surveys and interviews conducted over the last ten years makes CMRC well placed to provide an analysis of the nation’s borrowing and lending patterns that have fuelled the current crisis. CMRC provided some early warnings of things to come in the publication of a report at the end of 2003 which focused on the debt collection industry. In order to place the growth in the debt collection sector in context the report began with an analysis of credit and debt in the UK economy and raised some concerns about the high and growing levels of household debt (in relation to income) and suggestions that many households were becoming financially stressed, evidenced by the increase in arrears and the rise in bankruptcy rates.

The report went unnoticed for a few weeks and then a journalist from The Guardian came across it and reported some of the findings as headlines on the front page: “Cost of Easy Credit: A 70% Rise in Arrears” (14/10/2003). The next day similar front page headlines and internal coverage could be found in the Daily Mail, Daily Express, Independent and on most BBC TV and Radio news bulletins. The Independent ran the headline “Be Warned: The Housing Market is About to Crash” and the Financial Mail on Sunday, “The Credit Bubble is About to Burst”.

Of course, it didn’t and the banking sector played down the potential debt problem as something only affecting a tiny minority of the population. Having looked at the statistics and having interviewed major lenders and debt recovery centres, Nick Wilson, along with others, remained convinced that the rise in debt and house prices was not sustainable and that a crisis would come. Debt to income ratios for the household sector had reached 165% and personal bankruptcies (see charts) were showing a sharp increase. The longer that debt and asset prices rose, the more the severe the crash would be when it came. Interest rates continued to fall, governments made pronouncements about ‘the end of the boom and bust cycle’, consumer confidence remained high and the cycle of debt and house prices rises continued buoyed by considerable liquidity in the credit markets and the growth of financial derivative products.

2008, however, witnessed the crash triggered (but not caused) by the US sub-prime mortgage defaults. The sub-prime crisis is a symptom of the underlying credit crunch and provided the final push that resulted in the collapse of an inherently unstable financial market. The instability resulted from informational asymmetries (between borrowers and lenders and in relation to risk grading), and a failure of regulation. Professor Wilson currently sits on a government Expert Working Group that is looking into the provision of consumer data for lending decisions.
The Charts 1 and 2 show that debt to income ratios have continued to rise quite alarmingly since 2004 and personal bankruptcies, which had already started to rise sharply from 2003 are set to accelerate again. The impact of the credit crunch on the real economy will be felt in 2009 (see later) which could precipitate a further financial crisis as large corporations fail and/or default on loans or corporate bonds. The Credit Default Swap market could seriously amplify the impact of the latter and put more strain on the financial services, banks, insurers and investors.

Worldwide events have demonstrated that there is an urgent need to look at the way the credit markets operate and lenders make their decisions. CMRC will play a role in providing an independent assessment of the causes and consequences of the current global crisis.

CMRC has undertaken regular surveys of UK businesses and compiled a considerable data-base on UK company performance, including insolvency. A recent collaboration with Professor Edward Altman (New York Stern University), the pioneer of the Z-score methodology of company risk assessment, has produced some exciting results. An enhanced Z-score, inclusive of financial and non-financial data has been successfully applied to UK unlisted companies (Altman, Sabato and Wilson, 2008) using a sample of over 6 million companies. The work, as well as having some academic interest, will provide an important tool for lenders to the SME sector in both the UK and US.

Further work on the UK corporate sector has involved producing forecasts of the rate of company insolvency on a quarterly basis. Unlike personal bankruptcies, corporate insolvencies have been low and stable for a very long period of time (since 1994). However, recent data shows an increase in company insolvencies for 2008 (20.5% increase on 2007) and an acceleration as we move into 2009. The CMRC forecasting model predicted a 20% rise for 2008 and recession level insolvencies in 2009 (as reported in the Financial Times Jan 2008). A revised forecast will be produced in January 2009. The initial forecasts are reported in Chart 3. We are expecting over 45000 company insolvencies in 2009, nearly 3 times the normal rate.

CMRC has undertaken a number of projects for Government departments. An area that has always been contentious and attracted media and policy interest is the late payment of commercial debt, that is late payments between businesses. The problem is particularly acute for small businesses at the moment. Small businesses are especially bank-dependent and can be sensitive to late payments from trade debtors when bank credit is difficult to obtain. There is, of course, much concern that large buyers are more likely to delay payments to small suppliers as the credit crunch hits the real economy and causes cash-flow problems resulting in insolvency. CMRC has been tracking payment behaviour between businesses (Business Credit Survey) for over 10 years and has been able to inform government as to the impact of government interventions. This work culminated in a report prepared for BERR in March 2008. CMRC have built an on-line data-base of the payment performance of UK PLCs which can be found at www.Paymentleague.com

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Worldwide events have demonstrated that there is an urgent need to look at the way the credit markets operate and lenders make their decisions.
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**Chart 1 – Household debt as a proportion of disposable income**

**Chart 2 – Number of personal bankruptcies**

**Chart 3 – Number of Insolvencies in the UK**
The Government has considerable debt management activity, primarily the collection of taxes from the household and corporate sector but also in other areas (e.g., collecting fines and penalties from the court system). CMRC has been involved in tracking and benchmarking trends and developments in the management of consumer and commercial debt and the collection and recovery of debt amongst large volume lenders (financial services, utilities, debt collection operations). This work has been found useful for the Government (e.g., HMRC) and CMRC have been involved in a number of National Audit Office projects that have investigated the efficiency of government debt management operations. The latest example is a report produced in November 2008 ‘HMRC: Management of Tax Debt’ (NAO). The report draws on the ‘best practice’ work of CMRC.

The CMRC model of industry and public sponsorship has worked well for over ten years and we hope that the combination of serious academic work, applied work and knowledge transfer activity will continue to generate a range of useful outputs along with informed teaching and curriculum development.

More information on the CMRC can be found at [http://www.cmrc.co.uk/](http://www.cmrc.co.uk/)

CMRC is inviting new sponsors for the period 2009-2014. Sponsors have the opportunity to play a key role in shaping the future research agenda. In addition, individual sponsors can commission research projects specific to their own interests. Examples include: Euler Hermes European Survey of Business Credit; Coface Export Survey; Intrum Justitia Debt Survey; BERR Study of Company Payment Behaviour, 1997-2007.
One of the paradoxes of modern life is that while most of us are living longer healthier lives, we are increasingly sensitive to the risks concerning food, health, finance and personal safety.

A major factor underlying this paradox is the fact that people, including experts, often misperceive the threats involved and that this, coupled with ineffective communications from government and regulatory authorities leads individuals and organisations to take inappropriate actions. This, in turn, leads to a reduction in trust in government and regulators which further reduces the effectiveness of their communications. Research undertaken within the Centre for Decision Research at LUBS is contributing to the body of work that helps to understand these misperceptions and how they might be overcome.

One of the major factors underlying misperception of risk concerns how people think. Formal risk assessments rely on a detailed analysis of scientific and statistical information. This involves analytical, conscious ‘rational’ thinking called System 2 thinking. In contrast to this, people generally use much simpler forms of thinking based on ‘intuition’ or ‘gut feeling’, referred to as System 1 thinking. For example, people use how a situation makes them feel to assess risk – if it makes them feel good (eg driving fast or smoking) they judge it to be relatively safe; if it makes them feel anxious (GM food or nuclear power) they judge it to be risky. Indeed some perceived threats such as GM food can become stigmatised and consistently induce a negative emotional response that provides the continuing basis for how people assess the risk.

Thus, communications using reasoned arguments about relevant statistics on safety, effective risk management practices and the like are unlikely to influence people if their risk perceptions are derived from this kind of System 1 thinking. Instead communicators may need to develop tactics that encourage the public to switch to System 2 thinking so that they process relevant statistical and scientific information about the threat. If this is not possible then it may be necessary to develop ways of communicating pertinent to System 1 forms of thinking. These findings highlight the need to identify what people think about and how, when confronted by crises.

In a recent ESRC funded project we investigated the perception and communication of terrorist risk. The first part of this project used focus groups to investigate people’s knowledge and understanding of terrorism and how this influences the way they respond to communications from the government and security services. This investigation included an analysis of the metaphors used and how these differed across gender, social class, religion and expertise (lay public vs security ‘experts’).

People rely heavily on metaphor to make sense of difficult and emotional situations, making this analysis highly pertinent to terrorism. Our findings showed extensive use of metaphor when people talk about terrorism as well as differences between the groups. For example, both members of the public and experts use a ‘theatre’ metaphor but in strikingly different ways. Experts use it positively to talk about figures as ‘actors’ with ‘scripted roles’ on ‘the stage’, advised by others ‘behind the scenes’. However, the public use the same metaphor but with the action of the authorities as ‘farce’ and key players as ‘comedians’ and ‘figures of derision’. These findings suggest that experts are in danger of using metaphors they perceive as positive and constructive but resonate negatively with their audience.
We further investigated these ideas by running field experiments that involved presenting the same information using different metaphors and testing predictions about the effect this would have. We showed that choice of metaphor is important, e.g., it can affect perceptions of the risk involved and the extent to which people feel empowered to report suspicious situations to the security services. These findings provide important information on how different groups of people understand terrorism and the implications of this for developing effective communications to the public.

In a second ESRC funded project we investigated the design and evaluation of decision support processes in the management and communication of risks across the food chain. The primary concern was to integrate statistical modelling derived from the natural sciences with stakeholder participation methods from the social sciences designed to ensure that the food risk issues addressed and communicated reflect the worries and concerns of different members of the population. The work undertaken at LUBS investigated how different stakeholder groups (e.g., farmers, food producers, general public) think about the food chain, where they think the major risks occur and how these should be mitigated.

We found some important differences between groups. For example, food campaigners and the public divide food production into two food chains—mainstream thought to involve some risk and “alternative” (organic, fair trade, locally sourced) thought to be generally safe. In contrast, scientists, farmers, and food industry representatives tended to see food production as a unified system that was generally well managed and safe. Also, the public identified most risks as occurring early during food production whereas experts identified them as occurring much later in the chain associated with the storage and preparation of food in the home.

These findings show how readily risk managers and communicators may address issues that are irrelevant to the public while leaving issues of public concern neglected.

This and other work on risk perception and communication at LUBS shows how expert conceptions of risk are often very different from those held by the general public and other stakeholders. Furthermore, it shows that these conceptions are critical in determining how people make sense of and act in the face of communications about risk. In crisis situations, whether financial, environmental, health or related to personal security the public and other stakeholders depend crucially on communications from government and other agencies. Our work shows if agencies fail to take account of how the public thinks about risk their communications may not only be ineffective but lead the public to take actions that exacerbate the situation and put themselves at greater risk.

The public identified most risks as occurring early during food production whereas experts identified them as occurring much later in the chain.
Failing to plan for crises or major incidents may result in casualties and poor safety procedures, with many potential losses including money, equipment, reputation, staff morale, market share and ultimately loss of the business itself.

The terrorist attacks of 9/11, Bali, Madrid, 7/7, the collapse of Worldcom and Enron, the Indian Ocean Tsunami and latterly the global financial crisis all serve to emphasise the vulnerability of organisations.

Indeed, research by the Institute of Crisis Management (ICM) (2008) has shown that crises and major incidents whether generated externally or internally, are on the increase and it is generally agreed that organisations will face some sort of crisis during their existence, indeed some statistics state that organisations can expect to face a crisis every five years. Even though most of the literature on the subject focuses on the negative impacts of crisis it must not be forgotten that they can also be positive events that enable the restructuring of organisations and allow them to emerge from the experience as much stronger and more flexible entities. British Midland after the Kegworth crash, Johnson & Johnson after the Tylenol sabotage and more recently Virgin Trains after the Greyrigg derailment are all examples of how dealing with crisis effectively can maintain customer confidence and trust and market share.

However, failing to plan for crises or major incidents may result in casualties and poor safety procedures, with many potential losses including money, equipment, reputation, staff morale, market share and ultimately loss of the business itself. By contrast effective crisis management can save lives, minimise loss of money and reputation and safeguard the future of the organisation. Organisations that engage in crisis management are 2½ times more likely to recover from crisis as those who do not. Contrary to popular belief most crises are not of the sudden impact type (35%) but are of the slow ‘creeping’ or ‘smouldering’ type (65%) with just over half (52%) generated by mismanagement in organisations (ICM, 2008).

Where a crisis is unforeseen, poorly anticipated or unavoidable events can very quickly come to the attention of stakeholders and the media, organisations without an effective crisis management system will inevitably find themselves at the mercy of circumstance and reacting to the problem rather than controlling it. Having an effective well defined crisis management system can mean that a potential crisis could be detected early and dealt with quickly before it becomes a problem with organisations being able to stay in control of the situation and mitigate any losses. Such strategies also mean that organisations can establish and maintain trusting relationships with all stakeholders and develop a healthy learning organisation that is accepting of change.
Researchers (Mitroff et al, 1989, Turner, 1976, Turner & Pidgeon, 1997, Shivastava, 1987, Smith & Elliot, 2001, 2006) have identified a number of faulty assumptions or beliefs with regard to crisis management strategies within organisations. These range from ‘it’s never going to happen to us’ type denial beliefs to misplaced social responsibility fallacies such as ‘crisis management is someone else’s responsibility’ or ‘someone else will rescue us’. Central to these problems are the values and assumptions, which are thought to be of importance in helping to develop a culture that is prone to crisis. Such values and assumptions can be seen to be a major factor in inhibiting successful outcomes and learning from crisis situations.

Other important barriers to success are that of communication and difficulties with information both within the organisation and external to it. Little or no attention paid to other events and near misses: not identifying the lessons to be learnt from other crises or near misses can allow the same mistakes to happen again and again. Organisations can fail in times of crisis because key business functions and managers were unconnected with any plan; early signals that things were going wrong, or were about to go wrong, were not interpreted correctly and the interdependency of key business functions was not fully appreciated. Building resilience into organisational structures can help overcome these problems.

‘Resilience’ has become a very popular term in much of the post 9/11 management dialogue and political rhetoric. It is a term that has been adopted by policy makers and organisations alike in an attempt to describe the way in which they would like to be able to handle disruptive challenges. Having a strategy that embraces crisis management and its related disciplines is increasingly being seen as fundamental to good business planning and necessary for the future survival of organisations.

Crisis Management along with Business Continuity Management, Security Management, Emergency Management and Risk Management are all from the same family of disciplines (see Figure 1). Each seeks to mitigate the potential effects of hazard and reduce vulnerability. Each deal with uncertainty and disruption, albeit from different perspectives, and each should be part of an integrated approach to organisational resilience. Each are equally important to any resilience strategy, they have their own particular role to play in the management of crises, however they are not mutually exclusive being interdependent on many different levels.

Establishing such resilient organisations is a major driver behind the current development of a Publicly Available Specification (PAS) in Crisis Management by the British Standards Institute (BSI). Leeds University Business School (LUBS) through its partnership with the Cabinet Office Civil Contingencies Secretariat is at the heart of the development of the PAS which will eventually become a full blown British Standard. The aim is to reduce the susceptibility of organisations to crises and disasters of all kinds by reducing their probability of occurring and their likely effects by building institutions and structures in such a way as to minimise any possible effects of disruption upon them.

‘The resilience of an organisation can be improved when there is recognition of the diversity and subtleties of an organisation and co-operation between departments, when there is an acceptance that an understanding of the organisation can lead to the development of solutions to potential crisis and when there is an acceptance that being prepared is fundamental to the health of the organisation and its long-term future. The Crisis Management PAS should go some considerable way to helping to achieve this.

References
Institute of Crisis Management, 2008
Smith D & Elliott D, 2001, Moving Beyond Denial, Working Paper, Sheffield University School of Management
Economic crises in many markets. Depressed labour markets with dreams squashed and investments blown. The feeling that any job will have to do, just to get to the other end of the recession.

Times are indeed not easy and alumni across the world face the impact of the first serious test of labour market shrinkage since the early 1990s. This is often the best time to take stock, assess where you are in your career, and revisit the dreams and aspirations, rather than drift for a few years until ‘times get better’. As a professor in the career counselling team in Harvard recently told me, they were coaching plenty of people out of the impasse of accepting unsuitable jobs in the last labour market downturn of 2001-2. It is often difficult to unwind the implications of quick, simple decisions made in times of uncertainty and anxiety.

Their emphasis is on creating a five year vision, a tangible goal which gives sense to the various career steps from now to the realisation of that goal. They strongly advise their graduates against taking the first thing that comes along, unless it clearly fits with their aspirations and plans. How long since you have reviewed your goal – are you still on the desired track?

In our Career Wise Programme in LUBS, we spend an increasing amount of time on self-analysis and goal creation. This is even more important in challenging labour markets, because competition can be fierce, and attitude and motivation ultimately make the difference between a job offer and rejection. The understanding of your capabilities, values and interests, and how these fit with the market, is crucial for two reasons. Firstly, it’s impossible to market yourself effectively to potential employers or business partners without this self-awareness. Secondly, aspirations should really be based on being happy at work and nothing less should do. Of course we compromise for periods of time, but this shouldn’t make for unhappy careers if we know where it’s leading.

In recessions, it will be beneficial to think more broadly and creatively about the roles which could lead to the longer-term goal. The journey of discovery may be full of risk, setbacks, changing currents, but it should also be rewarding in its own right. If you are interested in a poetic analogy, listen to Sean Connery’s reading of the inspirational poem ‘Ithaca’ by C.P. Cavafy on YouTube. You’ll get the message that the journey can be rewarding if the goal is clear, perhaps even more so than reaching the goal itself.

Some decisions don’t work out – does that mean it’s a poor decision? Only if we use extreme heuristics – simplifying strategies – in our decision making. If the analysis was right, and we have a grip on our systems of bias, it would be harsh to be too critical. We wouldn’t feel anything but sorry for the young graduate who recently joined Lehman’s only to find out that his first day would also be his last day at the firm. His decision was sound but it just didn’t work out. But a difficult climate makes it even more important to understand your decision making and filter out certain bias. For example, one bias is now seriously challenged – that MBAs are only really successful if they become a top earning banker or consultant.

If you have attended Professor John Maule’s excellent Decision Making classes as an MBA student, you will know more about how to recognise good and bad decision making strategies. In any case, the superb textbook by Max H. Bazerman, Judgement in Managerial Decision Making, should be useful background reading to a considered approach in career decision making.
New developments

Marc Smelik has been appointed as Head of Corporate and International Relations at LUBS from January 2009, to develop and deliver a strategy and investment for the external relations with organisations and other educational institutions.

He will work closely with the Marketing and Alumni Relations team to develop stronger relationships with our global alumni base and to develop services for current students and graduates. One key element will be the development of our own Global Talent Centre, a service point for academics, students, alumni, companies and other partners. Marc will be developing the team over the first half of 2009, and looks forward to sending out updates of events, opportunities and services to wherever you are in the world – please make sure you have updated your personal details with the alumni team!

Leeds MBA Coaching

During the summer we reviewed the MBA careers programme. As a result we hired a pool of nine external, industry experienced coaches to deliver an intense coaching programme for all full-time MBA students in the first half of their courses.

The first part of the process has clear outcomes on self-analysis, goal setting, and self-marketing including CVs. The second part also facilitates the understanding of industry and professions and connecting with markets. This is also the foundation for choosing summer projects. If you are interested in learning more about the coaching programme, or connecting your organisation with the MBAs, drop us an email at globaltalent@lubs.leeds.ac.uk

Careerleader Questionnaire

If you would like to enhance your self-awareness, you can take the Harvard designed Careerleader test as a LUBS alumnus, even if you have already taken it either before or during your course. Simply email globaltalent@lubs.leeds.ac.uk and we will provide you with a personal log-in, courtesy of the Global Talent Centre we are now building at the Business School.

If you would like to know more about the questionnaire and how it looks at your abilities, interests and values, please visit the website www.careerleader.com

Work with Us

Here are just a few of the projects you or your organisation can get involved with to engage with the talent at Leeds University Business School over the next few months.

Postgraduate Careers Conference 1 & 2 June 2009
Take part in workshops aimed at any Masters, MBA or PhD student at the University of Leeds who has an interest in a Career in Business.

Summer Consultancy Project
Take on one of our MBAs or masters students to complete an organisation-based consultancy project over the summer months to find real solutions and opportunities.

Undergraduate Work Placement Programme
Recruit an undergraduate student for a placement year.

Recruit from LUBS
We welcome employers from across the world to advertise vacancies to our students at LUBS through our Global Talent Centre, Carnet Alliance Website and University Careers Service.

Advertise your Organisation at the Business School
Advertise your organisation direct to our students via:

- Website
- Targeted communications
- Posters/Leaflets
- Plasma screens

Sponsorship Opportunities
We have a range of sponsorship opportunities including:

- Career Wise Programme
- CV Builder site
- CV book
- Student prizes
- Financial Times Masterclass and other events

If you are interested in any of the above opportunities please contact globaltalent@lubs.leeds.ac.uk
Alumni Events

Reviews of Previous Events

Corporate Wisdom
Date: Thursday 9 October 2008

We were delighted to welcome Lord John Browne former CEO of BP and now MD and Managing Partner of Riverstone Europe, to LUBS for the seventh Corporate Wisdom lecture in October. He spoke to a packed lecture theatre of some of the region’s leading business figures, LUBS and University staff and many MBA students.

Lord Browne gave a fascinating lecture “Energy & Change” when he described the changing use of energy and the move to clean fuels. He explained the significance of the move towards alternative energy sources such as bio fuels which would mean “policy and politics becoming more important in energy everywhere”. “The world’s energy mix, having been static over the last four decades will become increasingly diverse, with much of the bad publicity about bio fuels is unjustified.” Lord Browne said that 1,500 venture capital firms are currently researching clean technology.

Widely regarded as one of the UK’s most admired businessmen, Lord Browne has an excellent reputation for his visionary leadership and has been hailed a “legend” in the energy industry by his peers. The event was presented in partnership with the executive search and consultancy group Whitehead Mann and sponsored by Yorkshire Forward.

Alumni Reception – Sydney
Date: Thursday 20 November 2008

A reception at the Shangri-La Hotel in Sydney saw over 90 alumni and guests get together to talk about their time at Leeds, catch up with old friends and meet other Leeds alumni living in the Sydney area. A good number of LUBS’ alumni in Australia attended the event. The University’s Pro-Vice-Chancellor, Professor Richard Williams and Jayne Glennon, Deputy Director of Development talked to alumni about the current activity and plans at Leeds.

Alumni Reception – Toronto
Date: Saturday 18 October 2008

Over 70 alumni and guests joined the Vice-Chancellor, Professor Michael Arthur for a reception and lunch at the Rosewater Supper Club in Toronto. He was joined by Michelle Calvert, Director of Development and Jayne Glennon, Deputy Director of Development to welcome Leeds alumni. Guests were able to reminisce about their time at Leeds and meet up with old friends and Leeds graduates now living in Canada.

The Vice-Chancellor discussed the University’s ambition to secure a place as one of the top 50 universities in the world by 2015 with alumni. Following the lunch Peter Robinson (English 1974), best-selling author of the Inspector Banks crime novels spoke about the impact of his time as a student at Leeds.
Forthcoming Events 2009

Date: 7 October 2008
Time: 09:30-16:30
Title: Bali and the islands of the Southeast
Location: ULITA, Maurice Keyworth Building
An exhibition of Indonesian textiles from Bali and Nusa Tenggara.
More Information: www.leeds.ac.uk/ulta

Date: Thursday 26 February
Time: 18:15
Title: Suits you: Dress for success
Location: University of Leeds
Receive top tips on what to wear for an interview, your body language, and the style, tone and delivery of your voice.
More information: k.isherwood@adm.leeds.ac.uk
+44 (0)113 343 7945

Date: Thursday 26 February
Time: 17:15 for 17:30
Title: Women in Management
Location: LUBS
Come and join us for an evening of networking and guest speakers with the theme of women in the boardroom.
More information: www.leeds.ac.uk/lubs/wim

Date: Wednesday 4 March
Time: 13:15-16:00
Title: Masters Open Afternoon
Location: LUBS
Come and meet us and see how our masters degrees could benefit your future career.
Find out more: masters@lubs.leeds.ac.uk

Date: Tuesday 10 February
Time: 18:30 - 19:30
Title: Networking Dinner
Location: Golden Lion Hotel, Leeds
You and your colleagues are invited to join our host, branding expert Tessa Hood, at the next Leeds MBA Networking Dinner where you will be joined by our corporate guests, alumni and current MBA students.
More information: j.lumb@leeds.ac.uk
+44 (0)113 343 3487

Date: Wednesday 18 February
Time: 17:45 for 18:00
Title: FT Masterclass. Ralph Kugler, President of Home and Personal Care at Unilever Plc.
Location: LUBS
Ralph’s presentation will be ‘Developing a Global Brand.’
More information: www.leeds.ac.uk/lubs/ft2008
+44 (0)113 343 7945

Date: Wednesday 25 February
Time: 18:00-20:00
Title: HR Managers Open Event
Location: LUBS
We will be showcasing our Executive Education programmes. Come along and see how we can help improve your organisation’s management development.
More information: www.leeds.ac.uk/lubs/executive
lad@lubs.leeds.ac.uk

Date: Thursday 26 February
Time: 17:15 for 17:30
Title: Women in Management
Location: LUBS
Come and join us for an evening of networking and guest speakers with the theme of women in management.
More information: wim@lubs.leeds.ac.uk

Date: Thursday 14 May
Time: 17:15 for 17:30
Title: Women in Management
Location: LUBS
Come and join us for an evening of networking and guest speakers with the theme of women in management.
More information: wim@lubs.leeds.ac.uk

Date: Monday 1 – Tuesday 2 June
Time: 11:00-14:00
Title: Postgraduate Careers Conference
Location: LUBS
Aimed at Leeds University postgraduates who want a career in business. Alumni are welcome to take part in the event as presenters or delegates.
For more information or to take part contact: j.lumb@leeds.ac.uk
+44 (0)113 343 3487

Date: June 2009, TBC
Time: TBC
Title: Campus wide open day
Location: University of Leeds
Know anyone thinking of studying at Leeds? Bring them to our open day!
Find out more: www.leeds.ac.uk/students/opendays/

Date: Tuesday 3 September
Time: 18:00-20:00
Title: MBA Open Evening
Location: LUBS
Come and find out how the Leeds MBA can benefit both you and your organisation.
Find out more: mba@lubs.leeds.ac.uk

Date: December 2009
Time: TBC
Title: Winter Graduation
Location: University of Leeds
Congratulations to everyone who will be graduating. Don’t forget to bring your guests back to LUBS afterwards for a drink and a bite to eat.
Find out more: www.leeds.ac.uk/graduations/

Date: Saturday 9 May
Time: 11:00-14:00
Title: MBA IA Open Day
Location: LUBS
Come and find out how the Leeds MBA can benefit both you and your organisation.
More information: mba@lubs.leeds.ac.uk

If you are interested in organising an event in your area contact
alumni@lubs.leeds.ac.uk
we will be pleased to help.
Book Review

Hinrich Voss (PhD 2007)
Managing International Joint Ventures

Author: Clifford Matthews
Publisher: Kogan Page

The author attempts to analyse and present the core aspects of managing an international joint venture in an accessible fashion. He focuses on the issues of control, finance, human resources, necessary agreements between joint venture partners and the source of disputes and their settlement.

The international joint venture (IJV) discussed in the book has been established between a firm from a developed and a developing country operating in a developing country. These aspects are supported by discussions on the objectives and structure of an IJV. Each chapter is concluded by a chapter summary and overview of the key points discussed. Multiple case studies are used to illustrate the context of most chapters, which makes the sometimes abstract text better digestible. It is stressed throughout the book that the IJV generally has a definite life-span and both the organisation and management has to accommodate this issue – but often does not.

Matthews covers a wide range of issues concerning the daily management, as well as long-term strategy and scope of an IJV. These two aspects are well developed alongside each other and provide a good overarching perspective on crucial aspects of managing an IJV which are normally covered by a range of individual books. The good topic coverage comes, however, with a lack of depth on most topics. Only the chapter concerning the financial structure of an IJV is well illustrated with extensive mathematical examples. This kind of ‘hands-on’ approach is missing in other chapters.

Another shortcoming is that the book was originally published in 1999 and therefore has aged in some respects. This is especially pertinent in the discussion of IJV activities in developing and emerging countries. The economic environment in these countries has changed considerably over the last eight years. Despite these shortcomings, the book provides good food for thought and clarification of key concepts for managers in joint ventures and the supporting back-offices.

Publications by Business School Staff

Professor David Hillier recently published a 900 page textbook entitled Financial Markets and Corporate Strategy with Mark Grinblatt (University of California at Los Angeles) and Sheridan Titman (University of Texas at Austin). It is already a top 10 Finance Books’ bestseller on Amazon ISBN 978-0077119027

Professor Giuseppe Fontana’s new book “Money, Uncertainty and Time” was published in September 2008 by Routledge in their series International Studies in Money and Banking. It analyses the differing approaches to endogenous money and combines them in presenting a general theory of this important subject.
ISBN 978-0415279604

Professor Gerard Hodgkinson has co-edited The Oxford Handbook of Decision-Making with William H Starbuck. It comprehensively surveys theory and research on organisational decision-making, broadly conceived.
ISBN 978-0199290468

October 2008 saw Professor Gerard Hodgkinson and Dr Mark Healey’s article in the Annual Review of Psychology reach the list of top 20 most-downloaded articles from the Annual Reviews publisher in the last 12 months. Since its publication in January 2008, their article on the topic of ‘Cognition in Organizations’ has received more than 1,750 downloads.
Starting up in the Credit Crunch
James Waggott, MBA 2007

After my first degree I worked in telecommunications, ultimately as the Group Marketing Manager at Rocom, the UK’s largest independent telecommunications distributor. I took a career break and returned with a conviction to work for myself – first as a small-scale property developer and investor and later with other forays such as restauranteering in my UK hometown of York.

At this point I had reached a crossroads. I decided to look to an MBA programme… and I did it for two, albeit polar opposite, reasons. I felt establishing my credentials through an MBA programme would prove my value to organisations despite my unorthodox experience to date. But perversely if I was successful in rebuilding my employability, the first thing I wanted to explore was not getting a job! I hoped the MBA would give me the skills and know-how to seek and capitalise on new opportunities in business as an entrepreneur. I wasn’t disappointed.

I’m the son of one of the principal partners of Prosperite, an Ultra-Deluxe Barge on the French waterways. One of the perks of Ultra-Deluxe Barge ownership is, of course, the annual cruises aboard! On one of these cruises I’d begun thinking “what can I add by taking away?” And then “what can I replace these with which will make the experience even BETTER?” I had an ideal opportunity to fan the flames of these thoughts during my MBA. My dissertation investigated the design of an a new and different approach to barge cruising which focused on my own experiences and the evidence of changing tastes – central to which is the authenticity of a vacation experience.

Crucially, a lot of what was taught on the course found relevance in the business plan which improved its quality massively. In the middle of a credit crunch it was just what the banks needed to see. I managed to gain significant financing, on fair terms to support the build of a depreciating asset with no personal guarantees… say that three times with consideration to the current credit markets and you realise why I still pinch myself!

And the output of all that is “Savoir Vivre” the wonderful barge you see here! It blows a fair sized hole in the luxury barge cruising rule book and I’m proud of that. Upon finishing the MBA my time was focused on commutating this concept to the industry and banks and travel agents and finding a suitable shipyard to build her. Since the build process began (in Holland), I’ve been focused on refining the itinerary, working on interior schemes and, mostly, finding agents.

If our first season is successful then I will be extremely busy seeking further funding to build more ships. Two in time for the 2010 season and 3 per year thereafter up to about 15 ships. At this point I’d like to sell the business and ‘work’ on my skiing… life is short and for living.

07815 795770
info@svbarge.com www.svbarge.com

If anyone is interested in knowing more about Savoir Vivre, please contact me – I love talking about it. If you might be interested in cruising on her, I can offer BIG savings to LUBS Alumni – I owe the business to this School!!
THEY DON’T COME MUCH BIGGER.

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