WINTER 2020

ESMT BERLIN

update

PATHS AND PEAKS

Navigating the post-crisis landscape

Editorial

The mission of ESMT Berlin states, "From the heart of Europe, we create and impart new knowledge to advance business and society. We develop entrepreneurial leaders who think globally and act responsibly." But what inspires us – individually and as an organization? What are our aspirations and goals? Why do we come to work?

In a highly participative process last year, we examined the culture of ESMT and its impact on all members of our community. As a fundamental part of this reflection, we put our shared understanding of why we exist and what makes ESMT what it is into words. We defined our common purpose and values to guide us today and tomorrow, in particular in these challenging times.

Our purpose is "why" we work: **Empowering people to create a better tomorrow**.

Our shared values guide "how" we work: through **community, curiosity, courage**, and **rigor**.

Together with our mission, these statements on our purpose and values have provided a powerful framework for navigating the pandemic.

Throughout the past few months of the coronavirus crisis, we have had the chance to live all of our values. We have committed to working together as one community, bringing together the interests of students, executive clients, external partners in academia and politics, faculty, and staff at all levels. Just this October, for example, our Hidden Champions Institute (HCI) invited Peter Altmaier, German Federal Minister for Economic Affairs and Energy, to meet with leaders of the German *Mittelstand* – largely market-leading and family-led companies – to consider the nation's post-pandemic economic future. Curiosity and rigor continued to drive ESMT faculty research and executive education initiatives as well. You will read in this edition a report on our award-winning collaboration with an Irish development agency, in which our blended program helped Irish SMEs understand and enter new markets in the post-Brexit European Union. Indeed, the pace with which professors, lecturers, program directors, program managers, and students embraced online and blended learning has affirmed the best of ESMT as a place of courage and agility. ESMT faculty and staff have shared the challenges and best practices of these highly innovative learning formats in media outlets such as *Süddeutsche Zeitung*, *Capital*, *BusinessBecause*, *Forbes*, and *Harvard Business Manager*.

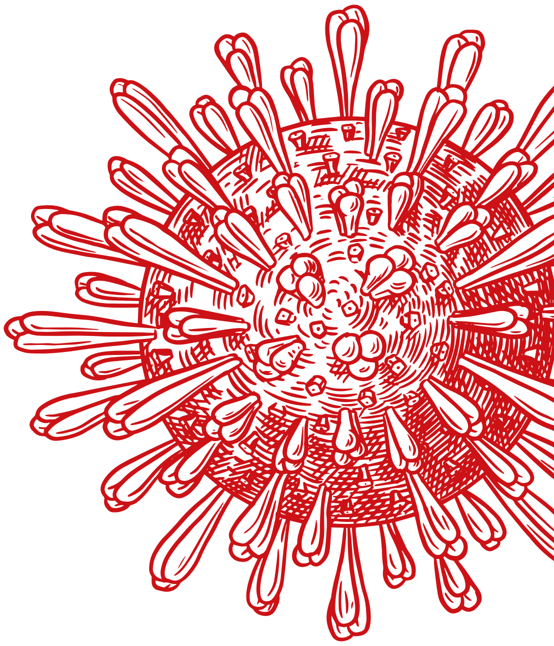
In this edition of the ESMT Update, we further explore the value of the exchange between business school and business community, between academia and practice. We introduce you to new faculty and some of our latest research, show how business data can inform and guide business investments, and highlight the award-winning research shaping the better business world of tomorrow.

I invite you to turn the page and explore with us.◆

JÖRG ROCHOLL
President, ESMT Berlin

IN THIS ISSUE

Winter 2020



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Editorial: Tammi L. Coles, Editor, tammi.coles@esmt.org
Contributors: Molly Ihlbrock, Director of Corporate Communications and Marketing; Jennifer Cordes, Public Relations Manager; Maximilian Peukert, Marketing Manager
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With opportunities dwindling in the neighboring UK after Brexit, Irish companies learn to tap bounties in Germany and other Eurozone markets.

Irish SMEs target Eurozone export markets

The Eurozone is one of the world's most dynamic, prosperous, and stable markets. Given that it is on the doorstep of the Republic of Ireland, the Eurozone is also a fountain of untapped opportunities for Irish companies – valued at €38bn. For Irish companies, the Eurozone boasts several important advantages, including shared currency, no customs, no tariffs, regulatory alignment, proximity, and ease of access.

Moreover, Brexit underscored the importance of accelerating ongoing diversification efforts into Eurozone markets. However, despite the benefits, there was a perception among Irish SMEs of the Eurozone as a difficult market, acting as a barrier to engagement. The Eurozone has five times the population of the UK yet receives less than two thirds of its exports from Irish companies, even though reliance on the UK market was already down from 97 percent in the 1920s to 18 percent in 2012.

Enterprise Ireland is the Irish government agency responsible for promoting export sales and jobs for Irish business globally. It is the largest VC in Europe and the second worldwide (by deal flow). It is responsible for €4.8bn in exports. To continue the strategic shift in the export footprint from a UK focus to a Eurozone one, Enterprise Ireland crafted its Eurozone Strategy 2020 to achieve specific successes in working with Irish companies. These were: 300 new exporters to the Eurozone,

200 clients growing exports from €200k to more than €500k, and a 50 percent increase in annual exports to the Eurozone (€6.15bn) as well as three €1bn markets and two €0.5 markets.

To accomplish this, Enterprise Ireland identified a need to increase supports for client Irish companies entering and scaling in the Eurozone. This would draw on the success of other Enterprise Ireland clients that had already achieved significant export success in the core Eurozone markets of the Netherlands, Germany, France and Belgium as well as Spain and Italy. A new four-month intensive program would thus seek to inspire the target group to do the same.

The "Enter the Eurozone" initiative was born

The program targeted approximately 600 to 700 Irish companies with an established market offering but not yet exporting to the rest of the Eurozone. The companies in this group have a minimum annual turnover of €500,000 (established business model), are exporting a minimum of €25,000 annually to the UK or a market outside the Eurozone, and are not significantly (under €25,000) exporting to the Eurozone. A core aim of the "Enter the Eurozone" program would be thus to give Irish companies the sales and marketing skills, confidence, and motivation to win their first significant contract in a core Eurozone market. This aim underpinned the entire design, development and delivery of the program.

Strength in collaboration

Enterprise Ireland sought partners with specific market entry knowledge to design and deliver a unified program that could build on existing sales and marketing frameworks and give due consideration to the culture of the Irish SME. Via a competitive procurement process, the international business school ESMT Berlin was selected for its experience in training delivery for executives, and Galway-based IMS Marketing was selected for its expertise in one-to-one business advising, especially on international market entry planning and implementation.

The program successfully blended Eurozone locations (Berlin and Paris for the first cohort) for inspiration, Irish locations (Dublin) for convenience, and "eiLearn," Enterprise Ireland's online learning support platform (which was supported by IMS business advisors) for effectiveness. As a team, the partners had three months – in tight, near-seamless collaboration – to design, recruit, and deliver an effective learning and mentoring program for Irish SMEs before the original Brexit date of October 31, 2019.

> **"The partners had three months – in tight, near-seamless collaboration – to design, recruit, and deliver an effective learning and mentoring program for Irish SMEs before the original Brexit date.**

The expertise of all three parties, the experience and support of internal Enterprise Ireland divisions, the collaborative process and the adaptation to the culture of the Irish SME were key factors in the success of the entire program, resulting in tailored learning content as well as practical templates for participants along their market entry journey. The progress that clients made between Day 1 and the finale – with a specific, budgeted MEP (Market Entry Plan) with clear targets and next steps – was dramatic.

Modular and tailored learning with results

Let's look for a moment at the case of Campion Connect.

For 30 years, Campion employees in Tipperary and Dublin have sold, installed, and serviced pumps in Ireland. In response to the global digital transformation, Campion developed its own software platform and a smartphone app, with which the company has successfully served Irish clients that include Three Arena, Irish Water, Dublin Airport, and The Convention Centre. But the company had no clear idea about how to expand its market to other EU countries or how to identify and price its software for those potential customers.

Like Campion, each company started the Enter the Eurozone program with varying degrees of management skills and experience. But the five-phase, four-month program developed by Enterprise Ireland, ESMT Berlin, and IMS was designed for impact.

"The Enter the Eurozone program provided clients with a clear goal of winning their first Eurozone contract," said Keelin Fagan, head of client learning and development at Enterprise Ireland. With the one-to-one guidance of Enterprise Ireland's business advisors and built in peer-to-peer support, clients completed each phase with the knowledge and skills specific to their stage in the MEP journey. The module-based approach ensured that all companies made progress towards developing a MEP for their chosen Eurozone market.

Phase 1: Starting the journey

A typical failing is that companies often approach the market using a shotgun approach, trying to enter too many markets with too few resources. The key element of this phase was the selection of the target Eurozone market as a "working assumption" (i.e., clients could change their selection later). The client companies made this choice following one-to-one meetings with Enterprise Ireland and IMS Marketing personnel. Making a market choice brought a strategic focus to each client's journey into the Eurozone.

Phase 2: Market intelligence

During this phase, clients took initial steps in researching their target Eurozone market. This process, which included practical templates and was supported by individual mentoring, ensured that many companies were following a market data-led approach (in many cases for the first time).

The companies had to answer key questions:

- Why is this market attractive?
- What makes it attractive?
- How do we believe we can be successful in this target market?

The process also brought client realization that market intelligence was a continuous process. (A key program impact: many of the companies continued their market research and validation efforts after the program's conclusion).

Phase 3: Berlin module

Two senior representatives from each client company traveled to Berlin for campus-based workshops delivered by ESMT. In some cases, this was the first time they had invested significantly in this type of executive training and development. The work from previous phases gave clients the foundation to use what they would learn in the strategic workshops delivered by ESMT. Specifically:

- The "Business Model and Value Proposition Canvas" workshop and peer-to-peer learning opportunities helped the companies formulate their market entry strategy.
- "Organizational Decision Making" made companies realize why and how to engage the whole organization in the market entry project.

After Berlin, the client representatives returned to Ireland where, over the four weeks that followed, Enterprise Ireland business advisors helped each company integrate these lessons into their market entry strategy. These interventions focused on fine-tuning the value proposition and revisiting some of their market research gaps.

Phase 4: Paris module

The business advisors also prepared the clients for their visit to Paris. There, strategic workshops were delivered by ESMT in areas such as sales strategy, route-to-market options, and business negotiations. The impacts from this phase were demonstrated by the "before" and "after" comparison of each client's MEP, which were shared with IMS Marketing, ESMT, and Enterprise Ireland.

Phase 5: Market entry plan

The end goal of the journey was a completed and tested MEP by each participant company, as well as equipping them with the practical items they needed to know in the next six to nine months as they executed their MEP and sought to gain their first significant contract.

In the case of Campion, the five-phase Enter the Eurozone program increased its potential for success in the Eurozone market. The program helped Campion identify its target potential in entering a new market, in terms of both short and long-term revenues, and the value of using partners to grow its presence in the EU. The company now has a business development manager for export sales, is attending an international market expo for its industry, and is in discussions with real customers in its new Eurozone market.

Market entry is a multifaceted challenge. Irish companies must learn the skills for market entry, not just have the information handed to them. Given the scale of the challenge and the Eurozone targets of Enterprise Ireland, the Enter the Eurozone initiative demanded an ambitious response – one that would unify previous one-to-one support with a learning and development (L&D) approach towards an end goal of market entry.

And in the end the Enter the Eurozone initiative achieved for Irish clients what it intended – namely the knowledge and skills to build and execute their MEP and gain their first significant contract in a thriving Eurozone marketplace.◆

Originally published in Vol. 14 Issue 3 of Global Focus, the business magazine of the European Foundation for Management Development (EFMD). EFMD recognized the successful partnership of Enterprise Ireland, ESMT Berlin, and IMS Marketing with the Excellence in Practice Silver Award 2020 (Special Category: Ecosystem Development).

For Irish SMEs, Brexit is as real a challenge as the global pandemic. The second cohort of the Enter the Eurozone program of 20 Irish SMEs started their journey on October 20, 2020. A new delivery concept was developed to meet the current travel restrictions within Europe, with large parts digitalized. This program will repeat for another three cycles until 2022.

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How to benefit from strategic investments

By OLIVER BEHR

Understanding the relationship between corporate venture capital units and their startup investments is key to gaining from them.

Corporates run venture capital (CVC) units that conduct equity investments into emerging startups. The CVC units usually scout for and invest in startups in hopes that this will generate certain benefits for the parent corporation. Such benefits range from direct financial return to indirect strategic advancements, like market insights or technology access.

However, such strategic benefits do not simply emerge from a capital injection. For my ESMT master's thesis *Making corporate venture capital work and measurable*, I explored both the additional activities investors undertake and the nature of the startups themselves to understand how investors could benefit from such a relationship – how an investor can capture and measure the strategic benefits of a CVC investment. Data was collected through interviews with thirteen investment managers from diverse major German DAX corporations and leading consultancies.

The interviews focused on CVC units and their investment processes to reveal, ultimately, the actions investors take during their startup engagement as well as their relation to the measurability of benefits received. Investigating such relationships can help investors learn which approaches work best and how a parent company can get the most out of their investments.

CVC units fall into two categories: exploitative or explorative. Neither category is mutually exclusive, or inherently better than the other. However, as the interviews showed, managing different CVC units demands differing strategies.

> **The practice of CVC equity investments in startups can give a corporation a competitive edge when done right – both financially and strategically.**

Mature players in close collaboration

Exploitative CVC units typically invest in startups that are closely related to their parent company's core business and that can help improve existing designs. These CVC units have a strong connection to their parent companies and exhibit a high level of dependency. As a result, rather than investing in early-stage projects, exploitative CVC units tend to invest in more mature projects that demonstrate some degree of market readiness.

The interviewed investment managers underscored the importance of close operational collaboration between the CVC units, business units, and startups. The coordination of joint projects and partnerships serves to integrate innovative solutions from the startup into the business units, accruing learning effects and similar strategic benefits to the parent company.

This potential for collaboration is thus key to how an exploitative CVC unit must evaluate a startup for investment. This also means that exploitative CVC units must be aware of the challenges and developments in the business units, so that they can scout for startups accordingly.

Strategic benefits can also be gained without prior equity investment. As one of the interviewed investment managers stated, "If I really want to benefit from a startup, I have to buy the product and not the share." They described a lean process that enables business units and startups to quickly become clients for a limited time, allowing the technologies and services to be transferred to and applied in the business units quickly.

Due to this high level of collaboration, the measurability of strategic return of exploitative investments is rather straightforward. Investors can define the objectives of the collaborative projects beforehand and compare these to the actual tracked impact of the collaboration.

Future players with strategic support

In contrast to exploitative CVC units, explorative CVC units invest in startups that bring new concepts to the table that are far from the parent company's core business and offer future business potential. While parent businesses still have influence, these CVC units are characterized by a high degree of autonomy and a low level of dependency. The startups that they select do not necessarily share a direct market, product, or technology with the parent and are less connected to its current business needs.

Here, as the investment managers reported, explorative CVC unit activities are focused on consulting and supporting the startups in their growth. They provide these startups with resources, market access, and industry knowledge, and connect them to networks within and beyond the corporation. This means that many of these startups are far from market ready when the initial investments are made. Thus, the benefits of such investments do not manifest for quite some time.

These early stages are time for representatives from the parent company to learn as much as they can about the new technology, together with the startup. While CVC unit experts may provide advice in building startup leadership teams, they refrain from interfering with the day-to-day activities. Taking board seats, building networks, and providing on-call support are better alternatives to intense involvement.

Without the high degree of collaboration that we see with exploitative CVC units, measuring the strategic benefit of investments by explorative CVC units can prove more challenging. The nature and evolution of these investments are a little more complex. However, taking board seats gives companies access to information that offers measurable insight.

Core lessons

As the my study showed, the practice of CVC equity investments in startups can give a corporation a competitive edge when done right – both in financial and strategic regards. Different factors concerning the actions of the investing corporation and the nature of the startup influence the extent to which these benefits are gained and measured. Exploitative CVC units, with the strategic objective to improve the parent corporation's core business, should encourage collaboration between the business units and the startup. Facilitating joint projects or enabling the purchase of products can help solve the current challenges of the parent corporation. Explorative CVC units, which seek investments in disruptive technologies and future market opportunities, should support and advise startups by taking board seats, providing expert advice, and building networks. Understanding the relationship between performance and investment activities is crucial to gaining the most strategic and financial benefits from CVC investments.◆

Oliver Behr is a founder, project manager, and methodological consultant. He earned his master's degree in innovation management from ESMT Berlin. "Making corporate venture capital work and measurable" is his unpublished master's thesis (2020).

Digitalization demands preparation

Digitalization is still a pain point for the German economy. Some companies are seen as pioneers, such as the publishing house Axel Springer or the heating and refrigeration manufacturer Viessmann. Others are still struggling with its complex challenges, such as insufficient budgets, resistance to change, lack of expertise or IT infrastructure, and more. However, because of the corona crisis, almost all companies are now addressing the issue – be it through initiatives, projects, or digital strategies.

We believe companies should look for ways to simplify all their processes through digitalization and to prepare with advanced training courses in digital strategy, innovation and agile methods, artificial intelligence, and data analytics. These are important for effectively managing and empowering employees to work, especially in remote teams.

BIANCA SCHMITZ
Program Director and Head of Sales and Operations, Executive Education, ESMT Berlin

Speaking to *BusinessTalk am Kudamm*, September 7, 2020

Corona and coal exit affect East German economic development

By **JÖRG ROCHOLL**

Interruption or disruption? This is one of the most important issues in the current discussion on the consequences of the coronavirus pandemic. After a kind of hibernation, possibly even prolonged by a second wave, will we continue to operate more or less as before the crisis? Or are we going to experience a new state after the crisis that doesn't have much in common with the old one?

It is obviously too early for a final answer to this far-reaching question. All of the world's major economies are struggling with massive economic collapses – the exact extent of which is still widely disputed – not to mention the appropriate handling of medical challenges and humanitarian tragedies. On closer inspection, however, the clear economic downward trend is not spread across all players and regions alike. In this we can see the first tendencies for the period during and especially after the pandemic – in Europe, the US, China, and beyond.

Global perspective

Let's focus on the US and China first. Even before the crisis, the major American and Chinese tech companies with their market capitalization were among the most valuable companies in the world and clearly overshadowed German and European companies: Apple, as a single company on the stock exchange, is valued higher than the sum of 30 German DAX companies, i.e., the crown jewels of the German economy. Tesla is rated higher than BMW, Daimler, and Volkswagen combined.

Looking at the development of these companies over the first nine months of the year, several points are striking: Firstly, the share prices of these companies have outperformed over the past few weeks. In the coronavirus crisis, we experienced the fastest stock market crash ever and, at the same time, the fastest recovery. However, the current catch-up movement is not a general reflection of the macroeconomic situation, but primarily reflects the development of a particular part of the economy. The upward trend in equity markets is mainly driven by companies with particularly high growth prospects, also referred to as growth stocks in the financial markets. While companies with favorable valuation and solid fundamentals, in contrast, classified as value stocks, often remain in a clear minus since the beginning of the year, growth values have actually risen on average. The US equity markets especially benefit from this.

The S&P 500 increased slightly over the course of Q1-3 of 2020, and the NASDAQ technology index almost reached an all-time high. On the other hand, leading European indices such as the DAX and even more clearly in other European countries that are particularly characterized by value companies, have lost ground despite the interim recovery.

Secondly, the turnover of technology giants has continued to grow rapidly. For example, Microsoft and Facebook recorded sales growth of 13 and 11 percent respectively in the second quarter of 2020 compared to the same quarter of the previous year. The trading giant Amazon anticipates sales growth of 40 percent, which is not surprising in the face of global lockdowns and the associated tailwind for online orders. The two highly rated Chinese companies Alibaba (+34 percent) and Tencent (+29 percent) also significantly increased their sales between April and June – probably because China already saw the first economic restrictions in late January. Customers who have become accustomed to online consumption are expected to retain it even when the situation returns to normal.

Thirdly, the major American tech companies Google, Amazon, Facebook, Apple, and Microsoft have embarked on a big shopping tour. While many companies around the world are struggling to survive and only keep a perspective through government rescue packages, these companies are bursting with strength. According to Handelsblatt, these tech giants have bought more companies this year than they have done in many. In this way, they are manifesting their market position in the longer term — and even expanding it.

European companies will need to find strategic answers on how to deal with the increasing global dominance of these selected American and Chinese companies. This concern has been fueled since the term “decoupling” became popular. A politically driven unbundling of the Chinese and American economies would mean a complete reversal of the economic integration of the two major powers, which had been progressing until the recent past. “Decoupling” goes hand in hand with the fear of European companies that one day they will have to decide where they stand – on the side of Washington or Beijing? Or whether they have to “split up” in order to perform with largely separate companies in China and the US. The consequences could be devastating in both cases: significant reductions in sales and declining efficiency, with both effects likely to reinforce each other. Thus, European policy must also find answers if the success of companies in China and the US is to be based on better conditions, such as larger internal markets without barriers, and political claims are increasingly derived from this economic success – especially from nation states whose values do not always coincide with those of Europe. Here too a European response is urgently needed.

> **European companies will need to find strategic answers on how to deal with the increasing global dominance of American and Chinese companies.**

European perspective

Germany already weathered the crisis better than the other major European economies such as France, Italy, or Spain. For years, this situation led to massive demands on Germany to finally move more state funds and increase public investments. The hope of these demands was that the higher investments in Germany would help to reduce current account deficits worldwide and revive other countries’ economies. Behind closed doors, however, one wondered for a long time whether these demands could achieve the desired goal. Above all, the question was raised whether Germany’s companies could not become even more competitive and thus more dominant via the state investments demanded at the time, such as an expansion of infrastructure or improved depreciation options for research and development – in other words, whether the desired reduction in the current account deficit would ultimately result in its widening.

As soon as the crisis struck, one could hear precisely this criticism publicly. Aid packages in Germa-

ny are followed abroad with eagle eyes, because there is always the perceived danger that a state with sound public finances, such as Germany, can mercilessly play this advantage over other states during a crisis and give its companies a sustainable competitive advantage. This criticism finds further fuel because the economic decline is unevenly distributed across Europe this year.

According to the European Commission's growth forecasts in July 2020, the slumps hit southwest Europe particularly strongly, especially France, Italy, and Spain. The further you move to the northeast, the lower the expected slump in economic performance – even though their absolute size still represents the strongest slump for most countries since the end of World War II. In view of these divergences, the German government is acting correctly and wisely by pushing for European solutions to cope with the crisis.

Description of macroeconomic development

So the answer to the question asked at the beginning cannot be called interruption or disruption, but rather acceleration. Existing developments before the coronavirus crisis will be significantly accelerated by it and will shape our lives in the years to come. Such a development is a question of what further macroeconomic development is to be expected.

Over the past few months, economists have repeatedly tried to describe macroeconomic development in letters. The optimistic variant is the letter V, in which a sharp downturn is followed by a rapid and equally strong recovery process. The pessimistic variant is best described with the letter L, that is, a permanent significant loss of prosperity. In the middle are the letters U, in which the recovery process is strong but only takes effect after some time, and the letter W, which involves further setbacks after an initial economic recovery, for example, in the form of a second wave of the pandemic. How could the acceleration outlined above be best summarized in the form of a letter? It is appropriate to use the letter K, which describes a stronger spread in the form that some economic actors are suffering lasting damage from the crisis, while others are only really starting out. Such acceleration can, in the worst case,

> **From a macroeconomic perspective, Germany can afford a faster exit from lignite-based power generation.**

lead to division if business and government do not react appropriately and with a global view on the extent of current developments.

Situation in East Germany

In East Germany, the downturn of the economy as a result of the pandemic is likely to be slightly weaker than in Germany as a whole. Contributing to the fact is that infection numbers are significantly lower in the East than in the West. This is probably one reason why, according to the ifo Business Climate Index, the East German retail sector does not currently rate its situation as bad as the German whole. In addition, manufacturing enterprises reported a capacity utilization rate in the spring that was low but significantly higher than in Germany as a whole. At play here is that East German companies produce more strongly than companies in West Germany for the internal market, which is generally more stable in downturns than export markets. Finally, the East German economy is less susceptible to economic activity than that in the West, because the manufacturing sector particularly affected by the slump has a lower weight of about 16 percent than in Germany as a whole (23%). The public service sector plays a major role in the East, with a share of 25 percent, and its production is likely to remain fairly stable (share in Germany as a whole: 18%). Overall, overall economic output in eastern Germany is expected to fall by 3.2 percent in 2020 (Germany as a whole — 5.1%). Expansion of 2.4 percent is expected for the year 2021. Unemployment: 6.4 percent in 2019, 7.8 percent in 2020 and 7.9 percent in 2021.

Coal exit – the phase out of fossil fuels

According to analyses carried out by the Halle Institute for Economic Research (Leibniz-Institut für Wirtschaftsforschung Halle, IWH), the lignite (brown coal) industry, with around 21,000 employees in 2014, is a secondary factor in Germany. However, the average compensation of employees (gross annual salary plus employer social security contributions) of €68,000 is almost twice as high as the German average of €35,000. The IWH therefore expects a noticeable reduction in the average wage in the three directly affected regions of Rhineland, Central Germany, and Lusatia because of coal exit. In the course of the lignite phase-out, suppliers are also affected and regional incomes will decrease overall, so that a €4.2 billion reduction in compensation of employees in the final year of the projection (2040) is expected in Germany as a whole, compared to a non-accelerated exit. From a macroeconomic perspective, the effects are small, which is why Oliver Holtemöller concludes: “From a macroeconomic perspective, Germany can afford a faster exit from lignite-based power generation.” However, the regional effects are quite considerable.

According to the 2019 final report “Climate Protection and Coal Exit: Policy Strategies and Measures until 2030 and Beyond” by the Federal Environment Agency, lignite mining has decreased altogether from 411 million tons in 1989 to 178 million tons in 2015. According to the report, since the mid-1990s, the Lusatian region is no longer the largest lignite production region in Germany, rather the Rhenish region is. Consequently, the installed capacities of 9.8 gigawatt hours (GWh) were also highest in the Rhenish region, followed by 7 GWh in the Lusatian region and 3 GWh in the Central German region (as of end of 2017). It is also noted that in the Rhenish region, with 79 terawatt hours (TWh), the electricity produced is also higher than in the Lusatian region (49 TWh) and the Central German region (17 TWh) (as of 2015). The population density also varies in the regions, with the Rhenish region (770 inhabitants per square kilometer) most densely populated. The Central German region follows with 222 inhabitants per square kilometer and the Lusatian region with 106 inhabitants per square kilometer. In contrast, the proportion of those over 50 years of age is highest in the Lusatian region with 55 percent, followed by the Central German region with 48 percent and then the Rhenish region, which corresponds to the nationwide average with a share of 43 percent. Economic activity in 2014 in the identified regions accounts for around 12 percent of Germany’s total gross value added. The proportion of the mining, energy, and water supply sector is the largest of the three regions in Lusatia with 15 percent.

Glimmer of hope

According to Dalia Marin of the Technical University of Munich, East Germany is on its way to becoming Europe’s center for electromobility. As proof of this, she lists the production of the electric car ID.3 from Volkswagen in Zwickau and Dresden and the production of the electric car i3 from BMW in Leipzig. In addition, the Chinese company CATL produces EV battery cells for BMW at a plant near Erfurt in Thuringia. Another Chinese company, Farasis Energy, will produce EV battery cells for Mercedes-Benz in Saxony-Anhalt in the future. In addition, there are Tesla’s announcement and major steps towards the production of electric cars and batteries in a new “Gigafactory” near Berlin. ◆

Translated from the original German presentation by ESMT Berlin President Jörg Rocholl to the Deutsche Bank Advisory Board Meeting East on October 7, 2020.

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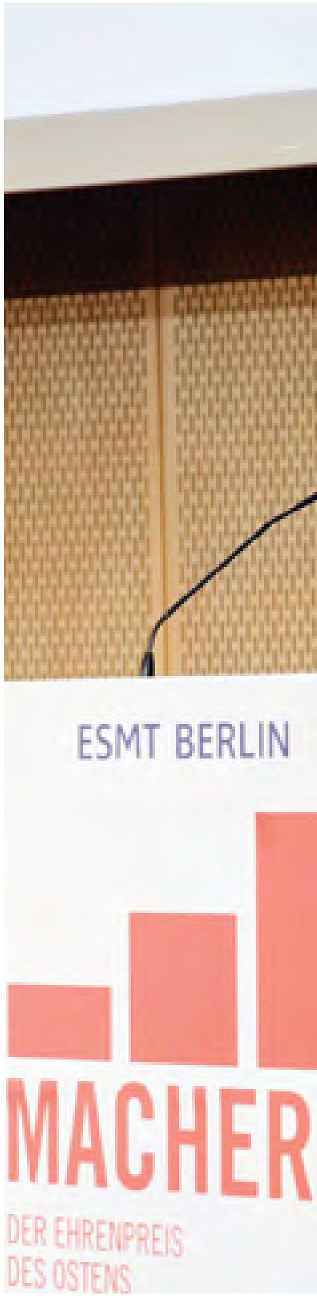
Macher30 – The Prize of the East September 2020

The initiative “Macher30 – der Ehrenpreis des Ostens” recognizes the makers and doers of the eastern Germany federal states who have made outstanding, supra-regional contributions on a social, political, or economic level since 1989.

Twelve winners were selected by an expert jury and honored in four categories: business, science, community, and newcomers. ESMT Berlin joined the Association of Berlin Merchants and Industrialists (VBKI), the East German Banking Association (OstBV), and Egon Zehnder International (EZI) as sponsors of the initiative and hosted the award ceremony on the ESMT campus on September 29, 2020.

Read more about the award, the jury, and the winners at www.macher30.de.



Opposite page (top to bottom)

Jörg Rocholl, President, ESMT Berlin

Community winners: Reinhard Dettmann, Christine Herntier, Eckard Naumann

Science winners: Klaus-Dieter Weltmann, Brigitte Voit, Klaus-Peter Schmitz

This page (top to bottom)

Business winners: Rainer Gläß, Ute Bergner, Uwe Blaumann

Markus Voigt, President, VBKI

Guests seated and during the break on ESMT campus

Not pictured

Newcomer winners: Cloud & Heat Technologies GmbH, OMEICOS Therapeutics GmbH, Wandelbots GmbH

Gaming the virus to win at virtual leadership

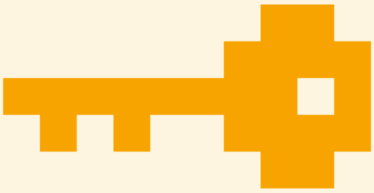
By **NORA GRASSELLI** and **BETHAN WILLIAMS**

For many of us still writing emails from our kitchen tables, the term global virtual team or "GVT" no longer conjures up images of techies living the digital nomad lifestyle in Bali. In the early months of 2020, the coronavirus crisis created the conditions for what has been dubbed "the world's largest work-from-home experiment" – a chance for office workers around the world to experience first-hand the benefits and drawbacks of forgoing face-to-face teamwork. Collaborating virtually became something that thousands of teams found themselves forced to master overnight.

Neither distributed teams nor virtual collaboration were completely unchartered territory for most office workers, of course. The evolution of global markets normalized video conferencing, online project trackers, and other digital collaboration tools long ago. For many companies, a globally distributed team aligns better with their external environment – helping them to serve clients in foreign markets, work with suppliers in lower-cost manufacturing countries, or cultivate partnerships with a diverse range of global players. On the other hand, a GVT can also serve internal organizational needs – facilitating a more inclusive organizational culture, a wider network of knowledge, or simply optimized productivity across time zones.

While research studies have shown the innovation potential of virtual teams, bringing the ideas together and managing conflicts within a permanent GVT can be challenging. In this post-corona era, one of the most common requests we receive as executive education providers is (virtual) support for managers in navigating virtual leadership. The difficulties that our faculty are currently facing in their teaching mirrors what executives face daily within their teams: how do I monitor and improve engagement during virtual interactions?

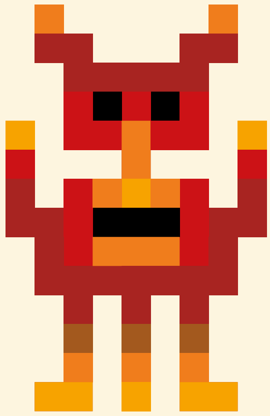
A proven strategy for maximizing engagement both online and offline is gamification. Rob Álvarez Bucholska, host of the podcast Professor Game, defines gamification as "the use of game design, game elements, and play for purposes beyond entertainment." Back in 2019, our team at ESMT Berlin designed a game to do just that – remotely educate executive clients in the art of virtual collaboration. Christened (rather prophetically) "The Virus," the escape-room-styled game pits executives against imagined cyber criminals. In just 30 minutes, the players must work together and pool their resources to discover clues, solve puzzles, and accomplish tasks in order to stop the cyber attack. The catch? Not everyone is in the same room. Unlike most classic team building challenges, the game does not grant players the luxury of all looking at the same visual or numerical data. Instead, the executives are split into three teams (or "local offices"), each receiving different parts of the puzzle via the in-game app. To succeed, the players must rise to the challenge of sharing this rich contextual information via conference calls only.



One leadership practice that our game explores is leaders' capacity to either centralize or decentralize decision-making depending on the nature of the task. Some of the in-game challenges are solved much more efficiently when all relevant data is collected and analyzed by just one of the "local offices." Executives coming from a HQ background typically default to this type of power distribution, both in the game and in their daily business practice. However, other challenges within the game require context from the players' analogue environment, or a level of creativity that is difficult to centralize. These tasks demand distributed leadership in which dispersed team members in the "local offices" are trusted to contribute independently. In multinational firms the local contexts that team members are working in are often so highly complex and divergent that centralization efforts either lead to an unmanageable degree of complexity or oversimplification. Both can lead to erroneous decisions and team disharmony in both the game and in real-world settings.

Managing a distributed team is especially difficult for leaders during these desynchronized phases – when team members are working independently, leaders are also distanced from the task. This can cause some level of anxiety for those used to having more direct oversight, prompting one of two extremes: unnecessary meddling in the work of local offices (e.g., excessive HQ report requests) or an overly laissez-faire form of leadership with teams working in divergent directions.

Virtual leadership requires above all a sensitivity to the merits of both desynchronized and synchronized work. Leaders need to invest their time and efforts into building crystal-clear structures and processes around collaborative projects to help manage this balance. These frameworks should answer simple questions such as who is doing what and when; who is supporting;



whether any local circumstances will affect delivery; if changes are predicted, and what the potential impact of those changes will be. These conversations about macro-processes can easily fall by the wayside when there are outward pressures on time or resources, but their importance cannot be overestimated.

Our executive participants often fail to complete the challenges set by the game's cybercriminals within the allotted time. However, losing a fictional battle creates fruitful ground for vivid discussions about real-life leadership practices in a virtual world.◆

Originally published by Forbes on September 13, 2020.

NORA GRASSELLI
Program Director,
Executive Education, ESMT Berlin

BETHAN WILLIAMS
Program Manager,
Executive Education, ESMT Berlin

Crisis creates opportunity

Long before the coronavirus crisis, the MIM Essentials Program was conceived over a lunch in London with two collaborators in the FOME network: Stephanie Villemagne (IE) and Leila Guerra (Imperial College Business School). The idea was to provide a part-time pathway for those wanting to learn the fundamentals of management online, earning credits they could use later in our respective MSc or MIM programs.

When the pandemic arrived, we pivoted MIM Essentials to a full-time online offering. While almost 130 students traveled to Berlin to begin in a hybrid format, 20 students chose MIM Essentials.

MIM Essentials is great for students who need a flexible start to their business education – now and in the post-pandemic world. Our relationship with IE and Imperial has been crucial in its development.

NICK BARNIVILLE
Associate Dean of Degree Programs and
Director of EdTech Lab, ESMT Berlin

Speaking to *AACSB Blog*, November 5, 2020

CENTER FOR
SUSTAINABLE BUSINESS
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Modeling digital platforms

Digital platforms such as Amazon, Alibaba, and Google, have become important players in the global economy. While their practices have drawn significant public debate and scrutiny by policy makers, today's anti-trust and regulatory toolboxes are rooted in analytical models that fail to fully capture the important aspects and dynamics of markets with digital platforms.

Digital Platforms: Pricing, Variety, and Quality Provision (DIPVAR) is a five-year research project led by **Özlem Bedre-Defolie**, an associate professor of economics (with tenure) at ESMT Berlin. DIPVAR builds on recent conceptual innovations of microeconomic theory and industrial economics to develop tractable and applicable models capturing significant and distinguishing features of markets with digital platforms. The project will analyze implications of powerful digital platforms' practices on consumers, business clients, small competing platforms, and potential entrants. Research findings will highlight profitable business opportunities, sources and causes of potential market distortions, and policy interventions that can mitigate their harm. Using analytical models and rigorous analysis, DIPVAR thereby aims to improve efficiency, competition policy, and regulation in digital markets, while contributing to efforts to improve consumer welfare internationally.

The recent DIPVAR article "When do markets tip? An overview and some insights for policy," written by Özlem Bedre-Defolie and Rainer Nitsche, reviews factors fostering and mitigating tipping of markets with multi-sided platforms for a monopolist. It provides a tool for policy makers in identifying the likelihood of tipping in markets with platforms. This article will soon be published in the *Journal of European Competition Law and Practice*.

Learn more about the project at **faculty-research.esmt.berlin/DIPVAR**.

DIPVAR Team

ÖZLEM BEDRE-DEFOLIE
Project Lead and Associate Professor of Economics, ESMT Berlin

ATARA OLIVER
Project Research Associate, ESMT Berlin

SIMON ANDERSON
Project Co-author and Commonwealth Professor of Economics, University of Virginia

GARY BIGLAISER
Project Co-author and Professor of Economics, University of North Carolina

TIJANA RISTIC KERN
Project Manager, ESMT Berlin

European Research Council
Established by the European Commission

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The maverick is a mainstream success story

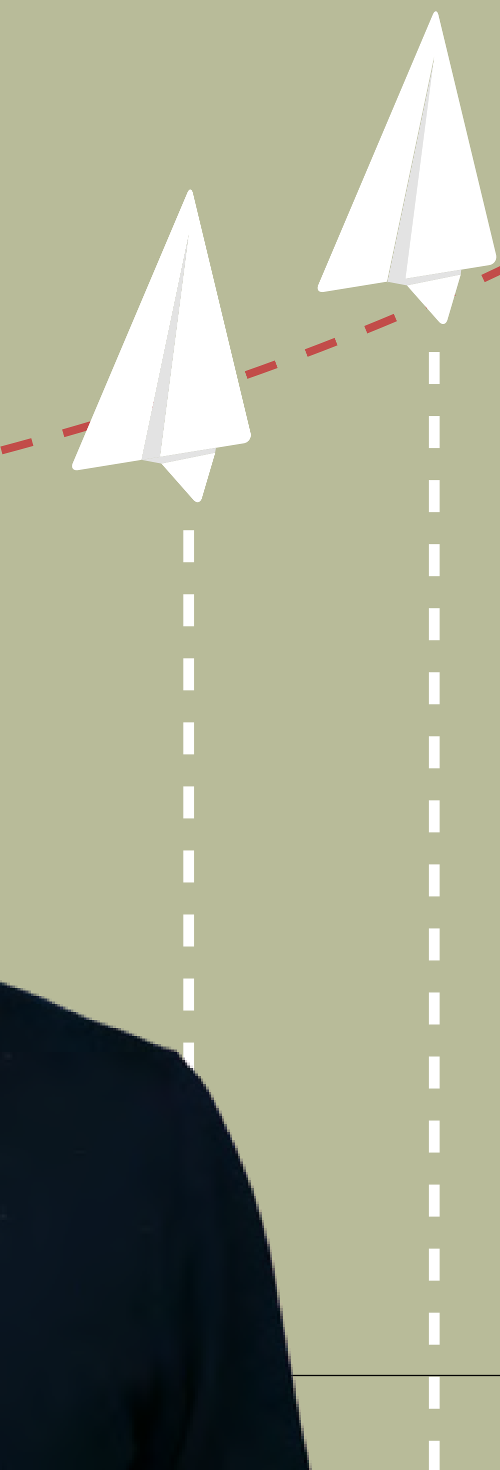
By **GIANLUCA CARNABUCI**

Maverick. While the word may bring to mind the latest Top Gun movie installment, the concept goes well beyond Tom Cruise as Pete "Maverick" Mitchell. Whether in popular media, business, or politics, the term conjures up the idea of a leader whose very success is in their fearless convictions and their readiness to go it alone – convention and cooperation be damned. We credit the successes of high-status and highly influential leaders like the late Steve Jobs, Richard Branson, and Jeff Bezos (of Apple, Virgin Group, and Amazon respectively) to how far they stepped away from the mainstream. Even in the US political sphere, the late Arizona Republican Senator John McCain was repeatedly praised and labeled as a maverick. But is it the way of the maverick that translates to success in organizations?

For research forthcoming in Organization Studies, my fellow researchers Francois Collet (ESADE), Gokhan Ertug (Singapore Management University), Tengjian Zou (Zhejiang University), and I sought to better understand the relationship between status, influence, ideology, and outcomes. While organizational scholarship widely accepts that high-status persons are more influential than low-status ones, we believed that the data would reveal the nuance – specifically, the conditions that translate status into success. We already knew that a leader's higher status garners more attention, enjoys higher quality evaluations, and sets the stage for stronger collaborations on the leader's initiatives. But we posited that the success or failure of these high-status leaders depends on the degree to which they conform to the mainstream ideology of their organizations. Or more simply stated: In wielding influence, ideology trumps mere status.

Because ideology is often associated with politics, we decided to test our hypothesis in the political realm of government. For our dataset, we tracked the status, ideology, and influence of 873 legislators of the US House of Representatives over eight consecutive congresses, from the 105th Congress to the 112th. This was an ideal testing ground: Decision making is driven by deliberations, and – as earlier research has proven – securing the attention, approval, and endorsement of

> **Whether they are high-status actors on the political stage or in the corporate boardroom, the mavericks are as powerful as the culture and ideology of their surroundings allow.**



other system actors is important to having influence. Moreover, the process of influence in the House is highly formalized: While a single legislator introduces legislation, this sponsor must seek out co-sponsors to gain an audience with the relevant legislative committee that, in turn, assigns it to a subcommittee, before it has a chance of going through further stages, such as a vote in the House.

Drawing from the scientific literature, we mapped legislative effectiveness (i.e., the degree to which a sponsor's initiatives made progress on the way to becoming law) and status (i.e., the number of times their bills were cosponsored by other legislators during a congress) against their ideological distance from the median (i.e., their current and relatively stable position along the liberal-conservative dimension) as well as other variables.

What we learned of this analysis is as relevant to business leadership as it is to political leadership. In corporate committees, boards, and working groups, the organizational status of the person making a proposal – high-status or low-status sponsors – is highly significant to outcomes:

1. The proposal of a high-status sponsor will draw more attention of potential high-status cosponsors than one put forward by a low-status sponsor.
2. The proposal of a high-status sponsor is thus more likely to gain high-status cosponsors, committee support, and favorable votes.
3. Low-status persons are thus incentivized to support high-status persons in the hope that their own proposals will be favored in the future.

However, rather than favoring ideological mavericks, our deep-dive into the data of those eight congresses showed that those for whom status was indeed linked to greater influence were also those whose ideological positions conformed with the body's mainstream ideological position. That is, as we wrote in the research, "status enhances influence only for ideologically mainstream actors, but not for actors who are far from the mainstream."

In the final analysis, what this research provides is a more culturally rooted understanding of status and influence. Whether they are high-status actors on the political stage or in the corporate boardroom, the mavericks are as powerful as the culture and ideology of their surroundings allow. While continuing research in this area will enrich our understanding of how our leaders can lead, there's little doubt that strategic leadership must openly embrace organizational ideology as a source of their power rather than as the constraint holding the mavericks back.◆

Gianluca Carnabuci is professor of organizational behavior at ESMT Berlin. The article was originally published in Forbes on October 21, 2020.

Of Note

ESMT Berlin events, faculty, and research announcements

Photo from discussion on transatlantic relations on October 27, 2020 with (l-r) Ambassador Tony Gardner, Sigmar Gabriel, and moderator Sarah Kelly

Experts discuss future of US-EU relations
Anthony "Tony" Luzzato Gardner, US ambassador to the European Union 2014–2017, presented insights from his latest book *Stars with Stripes: The Essential Partnership between the European Union and the United States*. Thereafter, he and Sigmar Gabriel, former vice chancellor of Germany and current chair of Atlantik-Brücke, discussed the current and future state of US-EU relations. The two were joined by Sarah Kelly, anchor-at-large at Deutsche Welle, who moderated the talk. (October 27)

Research shows activism increasingly important for CEOs, managing directors
The study by ESMT Master's in Management (MIM) graduate Christoph Cewe entitled "The political CEO: Rationales behind CEO sociopolitical activism" explores the question of how and why CEOs and managing directors of European companies increasingly take a public stance on political and social issues that have no direct connection to their core business. Leonhard Birnbaum, member of the board of management of E.ON SE; Günther H. Oettinger, former EU commissioner and president of United Europe e.V.; and Jörg Rocholl, president of ESMT, debated the research results. (October 26)

German family businesses and government imagine post-corona economy
The Hidden Champions Institute (HCI) of ESMT Berlin invited German Federal Minister of Economics and Energy Peter Altmaier and leading representatives of German family-owned companies to a high-profile exchange on the economic situation and perspectives of small and medium-sized enterprises during the corona pandemic. (October 26)

Award ceremony: "Macher30 – The Prize of the East"
On the occasion of the thirtieth anniversary of German unification, the initiative "Macher30 – The Prize of the East" honors committed individuals who have become part of an East German success story and continue contributing to it. In the categories business, science, community, and newcomer, nine personalities and three founding teams from the East German states were honored at ESMT for their outstanding achievements. (September 29)

MIM program enrolls largest class amidst pandemic, enters global top 30
The current ESMT MIM program has enrolled 148 students, its largest cohort to date and a growth of 32 percent on 2019. The MIM class, which started on campus and online in September, comprises 68 women and 80 men of 43 different nationalities. The school ranked 26th in the *Financial Times*' MIM Ranking 2020. One year after entering the ranking, the ESMT MIM program has moved up nine places. (September 15/28)

ESMT strengthens faculty

David Ronayne joined ESMT as an assistant professor of economics in September. An industrial and behavioral economist, David completed his postdoctoral research at Nuffield College (Oxford) and received his PhD and MSc in economics from the University of Warwick. David's research in industrial organization concentrates on the role and impact of information, intermediation, and policy on market outcomes. (September 1)

Angeliki Papachroni joined as a lecturer in November and is the newest addition to our faculty. She holds a PhD in strategy and organizational ambidexterity from Warwick Business School, UK. Her research and teaching focus is on strategy and the leadership of innovation and bridges theory with practice. (November 1)

Study shows scientists are motivated by more than money

For scientists, engaging in commercial activities such as patenting and starting new ventures can be much more lucrative than relying on pure academic work. However, according to new research by Henry Sauermann of ESMT and colleagues Wesley M. Cohen (Duke University) and Paula Stephan (Georgia State University), money is not the main reason why scientists work on commercial activities. Other motives such as social impact and intellectual challenge appear to be more important. The study, titled "Not in the job description: The commercial activities of academic scientists and engineers," has been published in *Management Science*. (June 18)

Post-Brexit executive education program wins international award

The European Foundation for Management Development (EFMD) recognized the successful partnership ESMT, Enterprise Ireland, and IMS Marketing with an Excellence in Practice Silver Award 2020 in Ecosystem Development. The core of the partnership is Enterprise Ireland's "Enter the Eurozone" executive education program, designed and delivered by ESMT. It aims at accelerating the number of Irish small and medium-sized firms entering new markets in the Eurozone. The initiative is, among other reasons, a response to growing uncertainties for Irish businesses in the post-Brexit UK market. (May 19)

***Financial Times* ranks ESMT in global top 10 in executive education**

ESMT placed 10th globally in the 2020 *Financial Times* combined ranking of open enrollment and customized executive education programs, climbing two places from 2019. It is the second time after 2017 that ESMT is among the global top 10. ESMT has been the number one provider of executive education in Germany for over ten consecutive years. (May 11)

Reading Room

Selected reading from published ESMT research

Citizen science and sustainability transitions
Research Policy 49 (5): 103978
Henry Sauermann, Katrin Vohland, Vyron Antoniou, Bálint Balázs, Claudia Göbel, Kostas Karatzas, Peter Mooney et al. (2020)

Crowdsourcing hypothesis tests: Making transparent how design choices shape research results
Psychological Bulletin 146 (5): 451–479
Justin Landy, Miaolei Jia, Isabel Ding, Domenico Viganola, Warrent Tierney, Martin Schweinsberg, Eric Uhlmann et al. (2020)

Experience, consumers, and fit: Disentangling performance implications of preentry technological and market experience in 2G mobile telephony
Organization Science 31 (2): 245–265
J.P. Eggers, Michał Grajek, Tobias Kretschmer (2020)

"Hacking back" by states and the uneasy place of necessity within the rule of law
Heidelberg Journal of International Law (HJIL) 80 (2): 433–452
Henning Christian Lahmann (2020)

Industrial buying during the coronavirus pandemic: A cross-cultural study
Industrial Marketing Management 88: 195–205
Johannes Habel, Viktor Jarotschkin, Bianca Schmitz, Andreas Eggert, Olaf Plötner (2020)

Loan officer incentives, internal ratings, and default rates
Review of Finance 24 (3): 529–578
Tobias Berg, Manju Puri, Jörg Rocholl (2020)

Warning against recurring risks: An information design approach
Management Science 66 (10): 4359–4919
2018 POMS HOCM Best Paper Award
Saed Alizamir, Francis de Véricourt, Shouqiang Wang (2020)

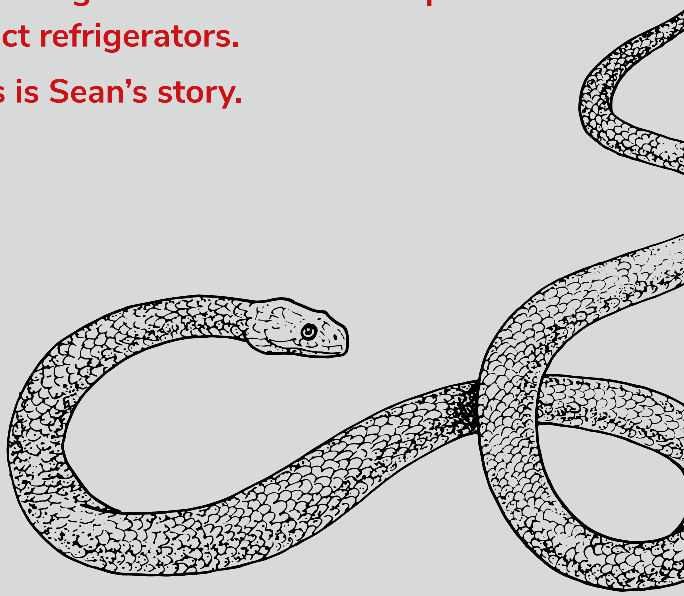
Win-win in distributive negotiations: The economic and relational benefits of strategic offer framing
Journal of Experimental Social Psychology 87: 103943
Michael Schaerer, Martin Schweinsberg, Nico Thornley, Roderick I. Swaab (2020)

In Profile – Conversations with alumni of ESMT Berlin

In 2018, Sean Nyquist moved from Philadelphia to Berlin to study for his MBA at ESMT. After graduation, he started working for a management consulting company but looked for a more fulfilling career shortly thereafter. With the help of ESMT's associate dean of degree programs Nick Barniville, Sean started volunteering for a German startup in Africa that builds low-impact refrigerators.

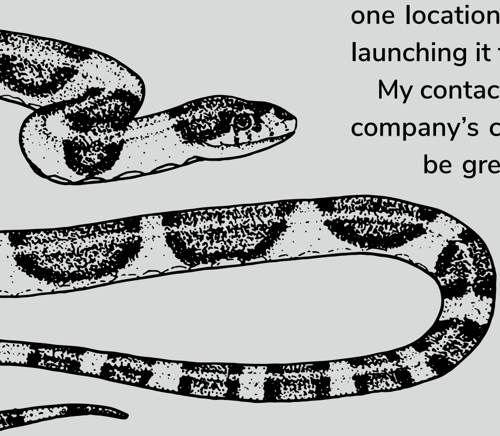
Then corona hit. This is Sean's story.

Of venom and virus



Coolar UG is basically an eight-person startup. The company has designed a refrigerator that can run without electricity using just water as a refrigerant – no rotating parts, no compressors. The refrigerator is to be used for medical applications, for storing vaccines that are temperature sensitive, for testing supplies – for anything that would be in a medical facility. Coolar thinks the product's greatest and most immediate impact will be in developing countries that do not have electricity. [In 2016, 13% of the world did not have access to electricity. — Our World in Data, Global Change DataLab] They made a prototype and tested it in at least one location to ensure that it worked before launching it full-scale.

My contact was Christoph Göller, one of the company's co-founders. He thought it would be great if I could find some regions in Kenya that could be right for tests. And I thought it sounded like a cooler option than just working at my desk for two months.

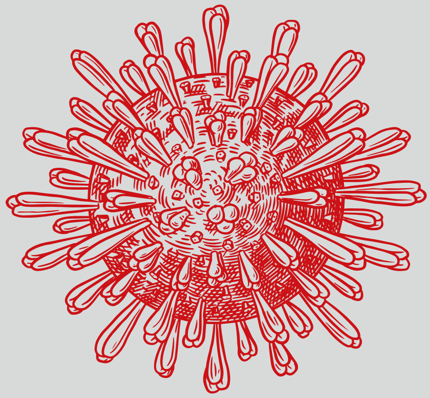


Nairobi was already an eye-opening experience – the change of culture, sticking out a bit with my pale skin. I wanted to get a perspective of areas outside of Nairobi. So I explored the wildlife and nature for two days. Then I returned to the city and started to meet people.

I met with a man from a company called WaterKiosk who was just running through some of the projects they were doing. I asked, *Are there any locations you've seen where they don't have electricity, where they could benefit from a refrigerator that is used for medical supplies?* He said that they took over a project up in northern Kenya. There's not a lot of infrastructure. These are very dispersed communities – they are nomadic and herding goats is their main source of livelihood.

Because of the isolation (and the lack of hospitals) in the region, one of the big problems is snakebites. In just the three weeks that he was there, two children had been killed by snakes. Once bitten, they're supposed to get an antivenom. Because it must be stored cold and

> **Educating business executives on responsible leadership is the first stepping stone for a more sustainable world.**



they don't have a refrigerator, they need to go to a hospital. But the nearest one is in Lodwar, nearly a five-hour drive.

He and I traveled together to a little village, Nariokotome, where we stayed for just a few days. In the middle of that week, we read online that someone from Ohio with the coronavirus had arrived in Kenya. Mid-March, it did not seem like that big of a deal. But later in the week, when we flew back to Nairobi, they took our temperatures right at the gate. And they made sure everyone used hand sanitizer.

Before leaving for Nariokotome, I had gotten a new apartment. I was only there for two weeks, one week of which I was in Nariokotome. The host was pretty calm at first, although she said she'd cancelled the stay of another guest because of corona. Two days later, however, she turned on me. She was not willing to extend my stay. It was kind of a surprise to me – there was still only one corona case in the country at that point. But she panicked and wasn't willing to allow any guests anymore.

I wasn't ready to leave Kenya yet. It just didn't seem to make sense then. So I got in touch with an American I knew. We rented a car and traveled to the coast. We figured we could stay with one of her friends in Kilifi, which is about an hour's drive north of Mombasa. It's a small town with beautiful beaches, turquoise water, and enormous baobab trees. (About one of them, they said twelve Kenyans had to link arms before they could get around the whole tree.)

So, we were there in Kilifi but I was looking at the world trackers on the number of corona cases. It went from one to three, to seven, to seventeen, and then (probably in the span of a week) it was up in the 40s or 50s. By then, the government of Kenya had drafted measures to make sure people weren't spreading it. After a week or so, they implemented a curfew – you couldn't be outside of your apartment later than seven o'clock in the evening. You couldn't use public transport of almost any kind. You couldn't go to a restaurant, only to grocery stores. Even the beaches were officially closed (although that didn't seem to be enforced very much).

I was back in Nairobi, showering at a friend's apartment, when someone knocked on the front door. I came out in a towel, thinking it would be friends of mine. Instead, there were three people in masks and uniforms. They started asking me questions. *When did you get here? How long have you been in Kenya? Have you been tested?* They told me that one of the neighbors had reported that an outsider was staying there.

Already while in Kilifi, I had signed up for an alert system for evacuation flights (although, at that point, the US Embassy said that it was not planning any). Then the Kenyan government announced that there would be no more international flights. An email from the US Embassy arrived at six in the morning. *A flight will leave from Mombasa in two days, operated* *by Lufthansa for the German Mission*, it said. *Let us know if you want to be on that flight. First come, first served. Price is 1200 euros. Be ready to pay.*

I replied within 20 minutes of receiving that email. They called around lunchtime. *We're confirming that you would take this flight.* Did I get the flight? They said yes, but two hours later I got another email from the US Embassy. *We regret to inform you, but you did not get this flight out of Mombasa. We'll let you know if there are any other flights. But at this point, nothing is planned.*

That was the most emotional I'd gotten in a while. I didn't realize how much I needed to get out of Kenya until I got that email. That was really scary.

I talked with Sophie of ESMT's career services. She asked, *Why don't you get in contact with the German Embassy? You have a visa. Maybe they can get you out.*

I called them. There was an away message. *Please call back during normal business hours, Monday through Friday, from 8 a.m. until 4 p.m.*

Christoph from Coolar said that he had a contact at the German Foreign Service. He's texting me, then he's texting her, and then he's texting me what she says. It was *Get a hold of this hotline* but also *After 4 p.m., email this group* and then *Sign up for this list*. Copy/paste, copy/paste.

I called the hotline. They picked up on the first ring. (I think they have this emergency line where they just have one person sitting in front of a phone.) It was a woman speaking German. For me, it had been two months of not speaking any German. I switched to English. I wanted to know if I could get on the flight from Mombasa to Frankfurt or on any other. *That is the last flight. Not just Germany. Not just US. That is the last flight out of Kenya that we know of.*

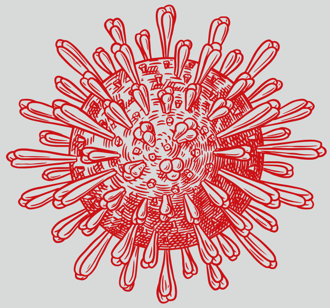
I told her that I had been rejected from that flight but that I had a German resident's permit, medical insurance, and an apartment. She asked me to send all my information to an email address. I threw in that I was volunteering for a social impact startup too.

They emailed me at one o'clock in the morning. *Send a scan of your German visa.* I sent it. *Confirm that you want to be on the flight.* I replied yes, I want to be on the flight.

I had to show up on Friday. The flight was at 3 p.m., but they said I should get there at 11. When I got inside the airport terminal, there was just this open area – no check-in counters or anything. A bunch of old Germans were standing there kind of absentmindedly, waiting for someone to tell them what to do. It was four hours before the flight and we were just a bunch of people standing around.

A tall German solider arrived. Everyone gathered closely around him. He had a printed list of all the people who were going to get on the flight. One by one, he read off three hundred names. It took two hours for him to read all the names from that list, German names first.

But my name was on it.◆



This report was taken from a full interview that Sean had with Nick Barniville, associate dean of degree programs, for the ESMT community radio podcast. To hear the full interview, visit www.mixcloud.com/ESMTcommunityradio/*. Sean has a new job in Bonn.*

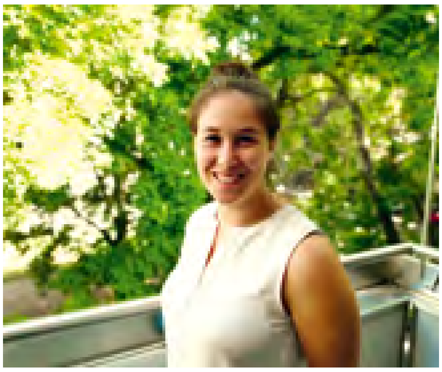
Alumni at Large

A roundup of news and events from and for ESMT Berlin alumni

Welcome to the newest members of our team!

The Alumni and Development Team is pleased to announce that we have been joined by **Chelsea Steensen** and **Hana Clark**.

Chelsea is originally from the beautiful but small US state of New Hampshire – where she completed her bachelor's degree in psychology and a master's in social work – but joins ESMT via Dublin. There, Chelsea completed another master's degree in human resource management and worked for several years in international education. To her new role as the ESMT alumni relations manager, Chelsea brings her passion for other cultures as well as professional experience in case management with newly resettled refugees and mental health counseling for high school exchange students.



Hana is our new team assistant. She grew up in China but moved to Canada, where she earned her bachelor's degree in politics, history, and economics. Before moving to Berlin, she worked as a program assistant at a nonprofit social services program in Edmonton, where she was responsible for the coordination and implementation of a citywide income tax program.

Excitingly, with our newest staff, the Alumni and Development Team is now fluent in English, French, German, Italian, Spanish, and Mandarin. Send your greetings and welcomes via LinkedIn or alumni@esmt.org.

Survey uncovers challenges, opportunities for alumni network growth

The Alumni and Development Team wanted to understand the needs and interests of our alumni and offered a format for feedback on how our alumni services affected them or required deeper work. Of the nearly 5,200 alumni who received this survey via email, results showed that over 1,000 alumni opened the email and, of them, 21 percent responded. We have three major takeaways.

First, we found that 50 percent of our respondents are currently using the Alumni Network. Of those who are within this network, we found four main incentives for their participation: networking, career opportunities, lifelong learning, and career mentoring. With this considerable insight, the Team is motivated to increase and target our communication to highlight these values of our alumni community.

Secondly, we have alumni activities, which encompasses chapter events as well as events that the Team directly develops and promotes. While many alumni are aware of these activities, few (36%) are actively participating; for many, there is not a strong enough impact on their professional and personal lives to warrant their participation. However, through a different query, we found that 76 percent of alumni respondents want to engage in alumni activities, especially in the mentorship of current students. This highlights the strategies that the Team must undertake to foster a stronger alumni network.

Finally, there is ESMT Connect, which is the opt-in student and alumni platform. Alumni are aware of this platform (52%) and would be interested in something like ESMT Connect if the Team could produce and show the value-add for their personal and professional goals (81%). This statistic encourages the Team to work more with diverse ESMT departments to create and promote more engaging content across the student life cycle.

Experts tackle luxury and post-scandal recovery for alumni and students

In the webinar "Dreaming Up a World – How Luxury Brands Create Desire," ESMT program director and brand marketing expert **Hannes Gurzki** recently discussed with our students and alumni the secrets of the most successful brands in the world. How do luxury brands manage the paradox of being exclusive and being popular at the same time? Using his research as a starting point, the group talked about what luxury is, what luxury brand managers do in their advertising to create the extraordinariness of luxury brands, and what other brands can learn from them.

Leadership in Practice, a series of sessions for executive MBA students at ESMT, provides a first-hand opportunity to explore current leadership dilemmas with top managers of global companies. In October the keynote speaker was **Hiltrud D. Werner**, member of the board of management of Volkswagen Group and alumna of the ESMT Executive Transition Program. Werner oversees the compliance and integrity teams for Volkswagen AG and its twelve brands and was tasked with restructuring the compliance culture after its emissions scandal to ensure that such a crisis would not happen again. Werner shared with the EMBA class her experiences and insights with driving change, helping people embrace integrity, and promoting diversity and inclusion in a truly transformative discussion.

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ESMT Berlin
ESMT European School of Management and Technology GmbH
Schlossplatz 1, 10178 Berlin, Germany
Phone: +49 30 212 31 0
info@esmt.org • www.esmt.berlin