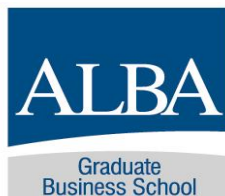


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ALBA's Quarterly Newsletter

ALBA Graduation - Fall 2006

The ALBA Graduation Ceremony for the Year 2006 took place on October 5, 2006, at the Athens College Theatre, with 220 Graduates: 28 from the MSc in Business for Lawyers, 30 from the MSc in Strategic Human Resources Management, 33 from the MSc in Finance, 28 from the ALBA-EFG Eurobank Ergasias MBA in Financial Services, 36 from the MBA, and 65 from the Professional MBA. Mr. Konstantinos Petropoulos, Chairman of the Board, PETROS PETROPOULOS A.E.B.E., was the keynote Speaker. It is worth mentioning some of Mr. Petropoulos' thoughts: *"Creating ALBA we had in mind that the graduates of this School should make a difference as agents of change. I have seen quite a few ALBA graduates in the business environment, in the Company where I work. Executives in other companies confirm my observations. ALBA graduates have some common characteristics that make them stand out: They work hard, they are ambitious, they are keen to learn and they thrive in being evaluated. They give the impression of being self-reliant, people who believe that their advancement in society depends mainly on themselves."* The Field Consulting Project awards were presented to the MBA team for the project: "Sustainable Diabetes Care in Tanzania", assigned by the NOVO NORDISK A/S, and to the ALBA - EFG Eurobank Ergasias MBA in Financial Services team for the project: "Redesign of Credit & Sales Procedures in the Corporate Banking Division". Last but not least, the Special Business Plan Award was presented to the MBA team "CURVE DYNAMICS Ltd." that represented ALBA to the European Business Plan of the Year Competition 2006 and won the 1st Runner Up Award. Finally, a short address by Mr. Yiannis Koutrakis, on behalf of the ALBA Alumni Association closed the 2006 Graduation Ceremony.



Mr. Petropoulos, Chairman of the Board, PETROS PETROPOULOS A.E.B.E.

Fall 2006

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Dr. Christos Cabolis, Assistant Professor of Finance, in Financial Times!

Co-author, with Dr. Arturo Bris, of the article "Integrating corporate governance systems" published in the FT on October 5, 2006



On October 5, 2006, the Financial Times published an article on Corporate Governance co-authored by Dr. Christos Cabolis, ALBA Resident Faculty, and Dr. Arturo Bris, Professor of Finance, IMD.

The article, which focuses on the corporate governance implications of cross-border mergers and acquisitions, is based on Professors Bris and Cabolis's working paper, "The Value of Investor Protection: Firm Evidence from Cross-Border Mergers", which won the Jaime Fernández de Araoz Award in Corporate Finance.

You may find the article online at :

<http://www.ft.com/cms/s/d1ba5740-53dd-11db-8a2a-0000779e2340.html>

Special points of interest:

- ALBA Graduation 2006
- Dr. Christos Cabolis in Financial Times
- Best Workplaces 2007: The Competition has already started
- 14th ALBA Career Forum
- How relevant is marketing for radical innovation? Article by Dr. Kyriakopoulos
- Interview with Mr. P. Koronaios, Attorney - at - Law, TITAN CEMENT Co. S.A.

Academic Programs

4 new Classes started !

New classes started for four ALBA Programs : the Professional MBA (P-MBA 12), the MSc in Business for Lawyers (Law 8), MBA in Shipping 2 and MSc in Strategic Human Resources Management (HRM 5). Let's all welcome them to the ALBA family and wish them to make the most of the ALBA experience!!!

ALBA Team Buildings in Sofiko, Corinth

ALBA evaluates effective teamwork as a key factor for future success for all Programs. This year team building field trips were organized for the ALBA-EFG Eurobank Ergasias MBA in Financial Services on November 3-5, 2006, and for the new classes of the MBA and MSc in Finance on September 1-3, 2006, in cooperation with SUMMIT.



MBA Team Building in Sofiko

ALBA in the World MBA Tour 2006

ALBA had a strong presence in this year's World MBA Tour. Potential candidates had the opportunity to obtain information on ALBA's MBA programs and activities. The Athens Fair, took place on Wednesday, November 1st, 2006, at the Divani Caravel Hotel. The Tour gives the opportunity to potential candidates to meet with admissions directors of universities offering MBA programs, and obtain a wide range of information on program content, costs and duration, financial aid and post-qualification career options.

Executive Development @ ALBA (exed@alba.edu.gr)

"Managing and Leading People" - Open Seminar conducted by Professor Olga EpitropaKi, took place at ALBA, on November 2-3, 2006

The main objectives of the seminar were to help participants develop key **emotional intelligence** competencies (such as empathy, communication and teamwork) that will help them perform their job more effectively and contribute substantially to increased morale, to familiarize participants with some central issues in **performance management** such as employee motivation and reward strategies, performance assessment and feedback skills, to introduce participants to the concept of **resonant leadership** and the self-development and ongoing learning process it requires.

The Seminar was attended by participants from the following Organizations: Carrefour - Marinopoulos SA, Titan Cement Co. S.A., Elval, Shell Hellas S.A., Voiceweb, BSB Hellenic Telecommunications and Post Commission, ING, Philips S.A., and Tourism Development Office.

Graduation Ceremony for the 2nd Program on e-Commerce and e-Banking offered by Piraeus Bank in association with ALBA



The graduation of the second Program on e-Commerce and e-Banking, that was offered by Piraeus Bank in association with ALBA, took place on Wednesday, October 25, 2006, at the Acropolis Hotel.

The Program is a Corporate Social Responsibility activity, offered by Piraeus Bank to the Greek public. The graduation ceremony was attended by Dean Nickolaos Travlos and Associate Professor Nikolaos Mylonopoulos (ALBA).



SHELL Diploma in Management Studies - Graduation of 3rd Class

The Graduation of the 3rd Class of the Program **SHELL Diploma in Management Studies** will take place on Monday, November 20, 2006, at ALBA premises.

The 3rd class of the Program for 21 executives of **Shell Hellas S.A.**, **Shell Gas Hellas** and **Attiki Gas Supply Company**, began on Friday, September 23, 2005 and was introduced by the President of ALBA, Mr. Nikos Ebeoglou, the Dean of ALBA, Dr. Nickolaos G. Travlos and the new President of Shell Hellas, Mr. Panos Xynis.

"ALBA - EFG Eurobank Ergasias MBA in Financial Services"

After the great success of the three classes delivered in Athens, the 4th class of the **ALBA-EFG EURO-BANK ERGASIAS MBA in Financial Services** will be offered in Thessaloniki on January 2007.

Applied Research & International Projects (ARIP)

BEST WORKPLACES 2007: THE COMPETITION HAS ALREADY STARTED



After the success of the four previous annual competitions (organized by ALBA for the years 2003 and 2004 and by Great Place to Work Institute Hellas since 2005), ALBA will be the scientific partner, for the third consecutive year, of the 'BEST WORKPLACES' competition. All Greek companies can participate in the competition, regardless of their legal status -private or public-, with the only condition being that they employ at least 50 individuals. By participating in this competition, Greek companies will have the opportunity to survey their working environment and find out their employees' opinions about the company's working conditions. The results will be announced in March 2007.

The "Career Guidance - The European Dimension" Conference in ALBA



The European Network of Career Guide organized the 1st International Conference in Athens at ALBA Graduate Business School on 4th of November 2006. The Conference attracted more than 100 Greek and European experts on Career Guidance, teachers and consultants specialized on counseling of students. Conference topics covered issues such as: personal development, competences and skills of young people, emotional intelligence, the role of career offices in schools etc. The European Network of Career Guide includes several educational and research organizations by 10 European countries. Ellinogermaniki Agogi (Network Coordinator) and ALBA Graduate Business School represented the network from Greece, while Pedagogical Institute, Lambrakis Research Foundation and ORIENTUM participated as presenters at the Conference. The Network is funded by the European Programme Socrates for the next 2 years and aims at collecting and disseminating the best practices of Career Guidance to Greek and European Schools. Any secondary school can become member of the Career Guide Network by visiting the Career Guide portal: <http://www.career-guide.eu/>



Conference Participants during the break

CHANGE MASTERS KICK-OFF MEETING



Change Masters Kick-off meeting at INSEAD facilities

The first meeting of CHANGE MASTERS Project took place on September 11th at INSEAD, France. CHANGE MASTERS aims to develop an innovative, highly involving, effective and easily deployable lifelong learning service which will provide adults with key skills and competencies in organizational change and innovation management area. CHANGE MASTERS will provide a set of widely deployable eLearning simulations putting users in role-playing situations in which they can validate and develop their soft skills through learning-by-doing in realistically modeled scenarios. CHANGE MASTERS will improve the change and innovation management competencies of European corporate learners and decision-makers, and the change and innovation readiness of organizations, both in the private and public sector, Europe-wide. ALBA will participate in the CHANGE MASTERS project as a Validation Partner. In this context ALBA's main role is to participate in the several phases of the development of the training tools. CHANGE MASTERS represents an opportunity to explore an innovative way of providing training in a critical area such as change management, reviewing how this subject is currently taught (using traditional methods), and exploring the possibility to provide high-quality training services to students and companies. The consortium consists of: INSEAD (France), Deloitte & Touche (Greece), Learning Lab Denmark, Alpha Labs (France), Scottish Executive - Scottish Government, IKEA (Sweden), Isvor FIAT (Italy), and Swedish Trade Council.

L2C 3rd MEETING IN MILAN

ALBA participated in the 3rd plenary project meeting of L2C on the 13th of September, held at Università Cattolica del Sacro Cuore in Milan. The objective of this meeting was to discuss all necessary preparations concerning the development of the educational simulation game on collaboration dynamics. The project web site has been already developed and can be visited at: <http://www.l2c.info>. The next project meeting will take place in Athens on January 2007.



L2C 3rd Meeting at the facilities of Catholic University of Milano



Events

Upcoming Events

- **Shipping Today** - Shipping Conference, November 21, 2006, at the National Insurance Conference Centre. Dr. Christos Cabolis will be the Moderator at Panel III, on Risk Management & Shipping Derivatives and Dr. Ilias Visvikis will be one of the speakers
- **HR FORUM 2006**, November 23, 2006, Sofitel Athens Airport
- **14th General Assembly**: December 6, 2006, at EVEA premises
- **IAME 2007 Annual Conference**, July 4-6, 2007, Athens—Greece

REUNION—KARAOKE PARTIES FOR ALBA ALUMNI

In our effort to reinvigorate social bonds between fellow Alumni, a series of REUNION Karaoke Parties is scheduled for all ALBA Graduates.



The 1st Karaoke Party is going to take place on December 14, 2006, for the MBA's Alumni (series 8-14) at Hard Rock Cafe, Athens. Others will follow soon... Don't Miss it !!

For further information, please contact Career & Alumni Office at 210 8964531-8 or career@alba.edu.gr

14th ALBA CAREER FORUM



The 14th ALBA Career Forum was successfully held on September 11-15, 2006 at Poseidon Hotel, P. Faliro. This year a total of 95 participating companies, represented by 144 recruiters, had the opportunity to come in contact with the 101 participating students of the MBA, Professional MBA, MBA in Banking, MSc in Finance, MSc in Strategic HRM and MSc in Business for Lawyers, who were available for interviews, and jointly explore employment possibilities. Out of the 95 participating companies, 25 are ALBA Corporate Members: ABN AMRO BANK N.V., ALPHA BANK S.A., ALUMINUM DE GRECE S.A., ANTENNA TV S.A., ATHENIAN BREWERY S.A., BP HELLAS S.A., COCA - COLA HELLENIC BOTTLING COMPANY S.A., FAGE DAIRY INDUSTRY S.A., HALYVOURGIKI INC, INFOQUEST S.A., INTERAMERICAN HELLENIC LIFE INSURANCE CO. S.A., INTRACOM S.A., KRAFT FOODS HELLAS S.A., L'OREAL HELLAS S.A., NEOSET S.A., NOVABANK S.A., PAPAS-TRATOS CIGARETTE MFG CO. S.A., P. PETROPOULOS S.A., PIRAEUS BANK S.A., SANOFI AVENTIS S.A., S & B INDUSTRIAL MINERALS S.A., SHELL HELLAS S.A., STEELMET S.A., TIM HELLAS TELECOMMUNICATIONS S.A., TITAN CEMENT CO. S.A. ALBA would like to express its gratitude to all participating companies for the support and confidence to ALBA graduates. For more information please contact the ALBA Career & Alumni Office: career@alba.edu.gr

"2ND EXECUTIVE SEMINAR ON PEOPLE MANAGEMENT: ALIGNING PEOPLE TO BUSINESS STRATEGY"



HR Professional Magazine and Bousias Communications Ltd organized, with the academic cooperation of ALBA Graduate Business School, the 2nd Executive Seminar on People Management on Thursday, October 19, 2006 at the Nassioutzik Estate. The Seminar focused on the great challenge for top management, HR professionals and line managers: the alignment between People Strategy & HR Strategy.

Lynda Gratton, Professor of Management Practice at London Business School, and Professor of Organizational Behavior at INSEAD in Fontainebleau and Shell Chaired Professor of Human Resources and Organizational Development, were the Seminar's keynote speakers. Dr. Olga Epitropaki, Associate Professor of Organization Studies and Human Resources Management, closed the seminar discussing the conclusions with the participants.

"Meet the Architects of Management Excellence in Greece" Lecture Series

ALBA MBA students had the opportunity to meet - and learn from the invaluable experience of - Dr. Alexander Paufler, President & CEO, MERCEDES BENZ Hellas.

Dr. Paufler visited ALBA on Friday, October 13, 2006, in the framework of the "Meet the Architects of Management Excellence in Greece" Lecture Series and delivered a very interesting lecture based on his multinational experience in top executive positions.



Dr. Alexander Paufler, President & CEO, Mercedes-Benz Hellas



ABSTRACTS OF ALBA's FACULTY RECENT PAPERS

Theodore Sougiannis with Lev. Baruch, *New York University*, Sarath Bharat, *CUNY – Baruch College*, “R&D Reporting Biases and Their Consequences”

The immediate expensing of research and development (R&D) expenditures is often justified by the conservatism principle. However, no accounting procedure consistently applied can be conservative throughout the firm's life. We therefore ask the following questions:

- (1) When is the expensing of R&D conservative and when is it aggressive, relative to R&D capitalization?
- (2) What are the capital-market implications of these reporting biases? To address

these questions we construct a model of profitability biases (differences between reported profitability under R&D expensing and capitalization) and show that the key drivers of the reporting biases are the differences between R&D growth and earnings growth (momentum), and between R&D growth and return on equity (ROE). Companies with a high R&D growth rate relative to their profitability (typically early life-cycle companies) report conservatively, while firms with a low R&D growth rate (mature companies) tend to report aggressively under current generally accepted accounting principles. Our empirical analysis, covering the period 1972–2003, generally supports the analytical predictions. In the valuation analysis we find evidence consistent with investor fixation on the reported profitability measures: we detect undervaluation of conservatively reporting firms and overvaluation of aggressively reporting firms. These misvaluations appear to be corrected when the reporting biases reverse from conservative to aggressive and vice versa. This evidence is consistent with behavioral finance arguments about investor cognitive biases.

Keywords

Financial reporting biases; Market valuation; Mispricing; R&D

Christos Cabolis with Sofronis Clerides, Ioannis Ioannou and Daniel Senft “A Textbook Example of International Price Discrimination”, *Economics Letters* forthcoming.

In this paper, we investigate differences in book prices between the United States and other countries. We find that general audience books are similarly priced internationally, but textbooks are substantially more expensive in the United States (often more than double the price). This disparity is much more pronounced for commercial publishers than for university presses. We argue that supply-side factors like cost and market structure can not explain this phenomenon. We discuss several demand-side explanations; our preferred theory is that higher US textbook prices reflect the unique status of the textbook as a centerpiece of US college instruction.

RECENT BOOK BY ALBA's FACULTY



Ilias Visvikis with Manolis G. Kavusanos, “Derivatives and Risk Management in Shipping”, 1st Edition June 2006, Witherby Publishing Limited, London

How Relevant is Marketing for Radical Innovation ?

Article by Dr. Kyriakos Kyriakopoulos, Associate Professor of Strategy & Marketing



Radical innovation concerns new products that employ different technology, deliver new customer benefits, and create entirely new product categories. Think about the personal computer, the video recorder, medical imaging scanners and how much they have revolutionized our life by satisfying latent customer needs. They have also changed the fortunes of the companies commercialized them successfully. In that process, one would expect that marketing would have an important role to play in uncovering unarticulated customer needs. After all, marketing is poised to be the customer's advocate in the product development process that can derail into an exercise for technological extravaganza.

The relationship of marketing and radical innovation is, however, somewhat troublesome and unsettling. Though they are both essential in turbulent high-tech environments, there is rich anecdotal evidence that marketing blinds companies in pursuing radical new product concepts. No surprise many high tech firms have limited the role of customers and marketing in the new product development process.

It is not marketing but the *type* of marketing applied that makes the difference in radical innovation."

As Akio Morita, the visionary CEO of Sony claims: *"Our plan is to lead the public rather than ask what king of products they want. The public does not know what is possible, but we do. So, instead of doing a lot of market research, we refine out thinking on a product and its use and try to create a market for it by educating and communicating with the public"*. Research has accepted this norm and there have been rarely studies of marketing and radical innovation. Intrigued by the fact that many technological innovations have failed despite their tech edge,

I have researched how marketing interacts with radical innovation in the high tech sectors. In examining the impact of market orientation, we make an important distinction between proactive and reactive market orientation. While the former is geared towards new customers, latent needs, and new ways to organize the marketing model, the latter is directed at studying the current customers, refining current needs, and improving the existing marketing model. In addition to market orientation, we look at the impact of marketing assets and capabilities. Specifically, I look at the impact of market knowledge, brand equity, and customer & channel relations, which are current stocks accumulated over the time.

However, it is also important to look at the marketing capabilities (the weaving of marketing assets into company processes) in order to execute correctly the exchanges with the customer: market learning, brand management, customer relationship management, and channel management.

My research relied on a representative sample of more than 100 firms in the high tech sectors (aerospace, pharma, chemicals, etc.) in the Netherlands. This was in the context of a research project sponsored by METEOR, the research School of Maastricht University. A survey instrument completed by marketing managers was used. The most important conclusions of this research are:

- While technological orientation is important, companies become even more innovative in presence of proactive market orientation. In fact, proactive market orientated firms are 2.5 times more innovative than reactive market oriented firms.
- Radical innovations improve the firm financial performance.

• Marketing assets and capabilities play a diverse role. Specifically, while customer and channel relations help companies *develop* radical innovations, brand equity help firms *profit* from radical innovations. In addition, market knowledge is good for innovation in intermediate knowledge. Too much knowledge stifles innovation (leading to me-too product extensions) while too little knowledge deprives new product concepts from grounded to customer benefits tests.

These findings point to an overall conclusion. It is not marketing but the *type* of marketing applied that makes the difference in radical innovation. Proactive market orientation that is based on experiments (and not on market surveys) and risk-taking culture can help firms break from established thinking to generate novel ideas into customer needs. In this spirit, the last years have witnessed an explosion of new marketing tools like lead users, empathic design, customer-supplier co-development, analogical thinking to name few.

Experience from our Alumni

We interviewed Mr. Panagiotis D. Koronaïos, Attorney - at - Law, TITAN CEMENT Co S.A.

1. What are the main responsibilities of an in-house lawyer in an Enterprise like Titan Cement Co S.A.?

Being a corporate lawyer in a multinational company like Titan is a very demanding and intensive position. Personally I deal mainly with the international legal issues of Titan Group and thus I face the extra difficulty to engage with issues of different legal systems. On the other hand my position offers me the compelling opportunity to dodge from hackneyed legal topics and address myself to more complex and attractive matters. Mergers and acquisitions, negotiations, set up of foreign companies, drafting and reviewing international contracts constitute the core avocation of my position.

"MSc in Business for Lawyers is a tailor-made postgraduate program for corporate lawyers since it offers the opportunity to attend courses that are not being taught in the majority of the law schools and are of great importance for a contemporary lawyer."

2. Your position entails dealing with many different people on a daily basis. How important are competencies like people management skills, time management skills, stress management, etc?

As an in-house counsel in a big company I cooperate on a daily basis with people from different departments, of different backgrounds, working philosophy and culture. Sometimes, especially on very exigent cases, the tense is so high that the personal management skills are very important in order to achieve the common goal that is to get the job done. In such collaborations the management of dif-

ferent characters and the effective time administration, - since in a big company most of matters are urgent - are very crucial abilities which are of significant importance. In such co-operations, the lawyer, due to the nature of his occupation, usually acts as the mediator and the controller of the team and this requires high management skills.



Mr. P. Koronaïos

3. Do you believe that the skills and knowledge acquired in the ALBA MSc in Business for Lawyers has helped you meet the requirements of this demanding position?

The knowledge I attained from ALBA has already proven a very useful qualification in my job. It is

not only the financial understanding we picked up from ALBA but also the managerial experience that ALBA communicated to us. MSc in Business for Lawyers is a tailor-made postgraduate program for corporate lawyers since it offers the opportunity to attend courses that are not being taught in the majority of the law schools and are of great importance for a contemporary lawyer. Accounting, finance, business ethics, negotiations, marketing and management and the other courses of the certain program are essential knowledge for the current law practice.

Thank you very much for your time!!

ALBA on the Move

- Emmanouela Stamiris from BLUE CONCEPT ADVERTISING to SPOT JWT as Account Supervisor
- Vassilis Tsantiotis from ALTEC TELECOMS S.A. to TELLAS S.A. as Broadband Internet Product Manager

The ALBA Insider

ALBA welcomes three new Staff Members!

Three new members joined the ALBA staff; Mr. Aggelos Manioudakis, MBA In Shipping Officer, Mr. Konstantinos Mavropoulos, Research Assistant of Dr. N. Tessaromatis and Administrative Assistant of the MSc in Finance Program and Ms. Kanto Petri , Operations Manager. Let's welcome them and wish them all the best!



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