

# viaSarfatti25

BOCCONI UNIVERSITY, KNOWLEDGE THAT MATTERS

Issue 3 / 2021

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In the new economy, innovation accelerates thanks to the ability of decision-makers to collect and analyze new data - with the help of artificial intelligence and machine learning. In this issue, read about frontier work by Bocconi researchers on marketing and privacy, data sciences, and business strategy

# Data-driven managers



Alisee de Tonnac | Federico Marchetti | Diego Piacentini |  
 Davide Serra | Cassandra Chambers | Markus Venzin

FT Talent Coffee Chats is a video series by Financial Times and Bocconi University, part of the FTxBocconi Challenge 2021 partnership.

It is an opportunity to have an informal chat with business leaders and successful entrepreneurs on advice they have for younger talent and tips for building and growing a business - as well as hearing some personal insightful stories.

FT Talent is an innovative programme that aims to bring diverse and global talent into established organisations. The 2021 edition in partnership with Bocconi University is about human capital, sustainability, diversity and inclusion. The experts interviewed in the #FTTalentCoffeeChats were all guest speakers of the live event.

Discover more at [FTTALENT.FT.COM](https://FTTALENT.FT.COM)





**Corrado Passera, CEO and founder illimity**



"Technology is key to making education more inclusive and efficient. But business schools have to be more courageous in addressing entrepreneurship, leadership and including ESG principles in all core courses."

**Emma Marcegaglia, CEO Marcegaglia Group**



"The pandemic made us face unprecedented challenges. We became more resilient and agile and the most important thing was to stay close to our people."

## The future of education is digital and sustainable

**D**igital transformation and sustainability are the levers of the growth we hope to see. Growth (and our competitiveness) will be all the more rapid and lasting when investments in these two areas are strategic and implemented with a reorganization of business processes. In other words, we have to get away from the mistaken idea that digital innovation is the sum of the simple purchase of new technologies and a leap into the cloud, and that sustainability is merely a matter for the corporate social responsibility department. That is, we need to move away from passing fads and act on innovation. The Next Generation Eu and its Italian application, the PNRR, clearly indicate this and provide us not only with the direction but also with the tools and capital. This applies to our businesses, but even more so to the educational system, on whose rethinking our future and that of the generations to come depends. For schools and universities, thinking digital and being sustainable means first and foremost being inclusive and able to tailor training to the needs, rhythms and abilities of individuals. It means being able to innovate rapidly, not to follow the market but to anticipate needs and guide them. It means thinking in a transversal way, having the ability to create courses

capable of opening the minds of young people. They must be trained to think about the convergence and intertwining of various disciplines and not about their segmentation. All this is possible thanks to the skillful integration of remote and in-person teaching, which should never alternate separately (except in times of health emergencies such as those we have experienced and hope not to relive) but must be integrated to get the best from both and create a new educational model. Bocconi has been engaged in this direction for years, well before the pandemic, thanks to the efforts of [BUILT](#) ([Bocconi University innovations in learning and teaching](#)) and the integration of subjects such as critical thinking, computer science, artificial intelligence and geopolitics each student's individual study path. For an institution like Bocconi, this also means being inclusive.

**Gianmario Verona,  
Rector**

Bocconi

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# Back to ca

*After months of lockdown and hybrid teaching, the University blossoms again and students*





# mpus

*return to meet in Via Sarfatti 25*





# Inclusive, Quality Education Is







# the Product of a Community

*The goal of a university is to develop knowledge that makes the world better for everyone and transfer knowledge into engaging and state-of-the-art educational programs. To do this, it is also essential to leverage the support of individuals and corporations, so that the €36 million invested in financial aid for 3,700 students can grow even more, explains Bocconi's Dean of Fundraising and Alumni Engagement, Bruno Busacca*

by Emanuele Elli @

“Put my money into the university? Don't tell me that Bocconi needs it, too.” **Bruno Busacca**, the Dean of Fundraising and Alumni Engagement, can't recollect how many times this objection was aired at him. As a marketing professor and scholar, however, he has transformed the initial skepticism of his interlocutors into a way to stir up the sensitivity of even the most recalcitrant. “To be honest, it is almost preferable when a person has this attitude”, comments the professor. “In fact, it offers me the opportunity to clarify what the true goal of a university is, its brand purpose one could say. Which is to develop knowledge that makes the world better for everyone and translate this knowledge into educational programs that are always engaging and at the vanguard of learning. The objective is to arrive at an inclusive, quality education, which integrates knowledge with experience, which helps people and companies grow, including the socio-economic system in all its expressions, for all ages, social classes, at all latitudes. In 2020, at Bocconi we invested €36 million euros for our system of financial aid and tuition subsidies, based on both merit and need. More than 3,700 students have benefited from this form of support, but I can't help thinking we need to do more. If for example this sum were to double, we could train many more talented young people to deal with the great challenges of our time, from sustainable growth to the reduction of inequalities, from the protection of health and the environment to the valorization of diversity and inclusion.”

→ **Speaking of brand purpose: you study its dynamics in companies, how does it apply to a university?**

Brand purpose is a broad theme that obviously is affected by a diversity of contexts. In general, it means defining the deep reasons for which an organization exists, beyond its traditional mission, I mean. The answer therefore lies at the intersection between the ultimate purpose of an organization, defined by its values and key competencies, and the ethical dimension and the social value that it can generate. When the perfect intersection is attained, the relationship with the consumer is

*BRUNO BUSACCA  
Full Professor of Business Economics and Management, Dean of Fundraising and Alumni Engagement, Bruno Busacca has added to his career as marketing researcher roles of increasing responsibility at Bocconi University and SDA Bocconi School of Management. He previously presided the Masters Committee and the Cultural and Sports Activities Committee, was Rector's Delegate for teaching and relations with institutions, Director of the Degree in Business Administration and Management and of the Marketing Area, and was appointed Dean of the SDA Bocconi School of Management. “In fact, I entered Bocconi as a student at the end of the 1970s and have yet to leave it,” he jokes. “The aspects that won me over as a young person, namely the prestige of Bocconi and the high-quality, engaging, and innovative teaching*

no longer transactional, but becomes a real relation, precisely based on a common purpose, with all the consequences that can be imagined in terms of trust and loyalty. This is an ambitious goal for a company to achieve, and it is no less so for a university. For some time now, we have placed these concepts at the center of our community's attention, building on a solid and constantly growing relational capital. Consider, for example, how strong the tradition of passing the torch between generations is at Bocconi.

→ **In your experience, is the link between alumni and their alma mater less strong in Italy than elsewhere?**

When you live the student experience fully “on campus”, the bond that is created with the university is stronger and more identifying. And this is normal in many countries, above all the US. Here in Italy it is a little less strong, but even here the most loyal alumni are those who experienced the university as their second home, perhaps because their family home was far from Milan; even more so if they stayed in university residences. Those of my generation are among the most generous donors and many have given their name to a room in the original Via Bocconi student dorm. With the new Bocconi campus in place, I have great expectations for fundraising in this sense. In general, Italy is a generous country, in which the culture of philanthropy is quite developed. It is essential to leverage this generosity to promote and support quality education and research, while stressing its impact on development and social mobility. It is no coincidence that education internationally is among the top recipients of philanthropic donations from high-income individuals, and this is a reassuring fact.

→ **In the University's Strategic Plan there is an indication to balance the sources of fundraising by increasing the engagement of individuals. How are you moving towards this goal?**

The first step is to create strong engagement, starting with students while they are still on campus and then following them throughout their careers. At Bocconi, a great step

forward was made by uniting all the alumni associations into a single community. With the latest reform, in 2018, the Bocconi Alumni Community was born which, for the first time, abolished the payment of the membership fee. It no longer felt appropriate in current times: if you studied at Bocconi, you don't need to pay a fee to be part of our community. This change has paid off, because in three years members have more than trebled and today the alumni community is over 30,000 strong. The initiatives organized for alums go in various directions: Life-Long Learning, in close coordination with SDA Bocconi and with the active involvement of the various topic leaders; Career Advice and initiatives to support professional careers; and the classic Class Reunions, usually accompanied by ad hoc fundraising drives. To build a climate of engagement, we try to foster a two-way relationship between people and the university, where each one gives and receives. With our alumni, we seek to leverage the three "Ts", by asking them to make their Talent available, for example by becoming mentors and tutors of students, devote their own Time, by welcoming students and researchers in companies or bringing their own experience to master and executive courses, and of course give some of their Treasure, by providing tangible support to our various causes.

## → What are the initiatives that are most appreciated by companies?

The issue which companies and foundations are most sensitive about is being able to link their names to the development of academic knowledge and human capital, in order to contribute to the progress of the whole world. For this reason, at Bocconi we offer the possibility of creating chairs and multi-year research projects supported by corporate donors. Today we have twenty titled professorships and the number of research laboratories that can count on charitable contributions to explore the central research issues for the economy and society continues to grow. There are also other forms of help, including the possibility of improving the life of the Bocconi community by promoting the quality and sustainability of the campus environment and equipment, an option that can result in the naming of classrooms and other spaces. And then there are scholarships, which help us to support and spread the value of education for social mobility and to promote the new Bachelor or Master of Science programs, on innovative topics such as cybersecurity and artificial intelligence. Speaking of scholarships, I would like to mention the one we just stipulated to honor the memory of Luca Attanasio, our graduate and Italian ambassador to Congo, who was killed in an attack in February, which received incredible support. Thanks to the response of the Bocconi Alumni Community and the University's willingness to match the amount raised, we will be able to establish five new scholarships, a result that makes us particularly happy, because increasing the number of graduates in Italy is an absolute priority. There is still a long way to go, but certainly a decisive step has been made to open the doors of higher education to young talents coming from disadvantaged backgrounds, who, without help, would inevitably stray from the goal of college education. ■

*methods it offered, like teamwork and case studies, which were the envy of all my friends enrolled in other universities, have strengthened and still remain the distinctive features of our University. Becoming Dean of SDA Bocconi was really an important milestone and a fundamental step to strengthen my sense of belonging to a larger community that today I am called to safeguard and disseminate in my role as Dean of Fundraising and Alumni Engagement".*

# Multifacete

by Andrea Celauro @

## ALICE BORDINI

### Helping Research for a Sustainable World

"When I realized the sheer size of climate change, I decided to devote my energies to helping solve the problem." This is how alumna **Alice Bordini** summarizes what pushed her, about eight years ago, to direct her commitment to sustainability. A commitment that today sees her overseeing sustainable investments for the UK's Financial Reporting Council, and advising the National Trust, the legal NGO ClientEarth, and the House of Commons, in her role as a sustainable finance policy consultant. In 2019, she decided to support Bocconi University, by putting climate change at the center of her donation's remit. Together with her husband Lawrence Staden, Ms Bordini has decided to finance the Bocconi GREEN (Geography, Resources, Environment, Energy and Networks) research center and in particular the research projects started by Valentina Bosetti, Professor of Climate Economics. "The fight against climate change is the greatest challenge of our generation and I believe that funding research is the best way to invest donation funds".

**Alice Bordini** graduated in Finance from Bocconi in 1997 with a thesis on the stochastic models of controlled financial markets. She remembers well her years at Bocconi and in particular her thesis in financial mathematics done under the supervision of Lorenzo Peccati. That opened for her "the gates of London hedge funds, still a relatively obscure world back then." Today, after a career in financial investment and the founding of her own company (GLC Advisors), Alice Bordini is a member of the Advisory Panel of the UK Government's Financial Reporting Council (FRC), the Investment Committee of the National Trust, and consults for ClientEarth. She also sits on the Advisory Council of the All-Party Parliamentary Group on Sustainable Finance of the UK Parliament.



## ENEL AND ENEL FOUNDATION

### A partnership that energizes research

Supporting partner as part of Bocconi's Partner for Development program, the Enel Group has long given its support to the University (since 2007) in the context of various student support programs (among others, the Bocconi Merit Award and tuition remission scholarships for the [Masem](#), [Maac](#), [Mafinrisk](#) and the full-time SDA Bocconi [MBA](#)). Enel has also supported Bocconi research on energy economics, sustainable mobility, and digital transformation. Bocconi is in fact one of the academic

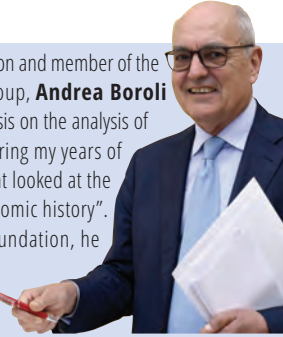




# d Support

*Supporting students, investing in research and teaching, developing its campus: Bocconi University can do all this also thanks to the support of institutional partners and many alumni. Here are ten stories of individuals and companies that have chosen to focus on the education of the new generations*

Vice-president of the Achille and Giulia Boroli Foundation and member of the Board of Directors of the De Agostini publishing group, **Andrea Boroli** graduated from Bocconi University in 1976 “with a thesis on the analysis of the market for installment purchases,” he says. “During my years of study, I was particularly interested in the subjects that looked at the development of Italian industry and European economic history”. Today, still close to his alma mater through the Foundation, he emphasizes the role of Bocconi “in being a stimulus and forerunner for certain issues in Italian society”.



## ACHILLE AND GIULIA BOROLI FOUNDATION For Europe and Young People

“My father had two very strong interests: the education of young people and the European cause, of which he was a staunch supporter from the very beginning”. It is with this spirit in mind that the Achille and Giulia Boroli Foundation has constantly supported the University with donations and initiatives since 2006, says **Andrea Boroli**, Bocconi graduate and vice president of the Foundation founded in 1998. From scholarships and degree prizes for young Bocconians to the Bocconi-Boroli lectures on European issues, the 2015-2018 initiative entitled *Europeans*, the establishment of the Achille and Giulia Boroli Chair in EU Studies assigned to Gianmarco Ottaviano, on up to the very recent #Generation EU initiative promoted jointly with newspaper *La Repubblica* and dedicated to high school students. All the projects supported by the Boroli foundation respond to that special amalgam that binds the cultural development of young people to the promotion of European values. “My father was convinced that Europe could correct many of Italy’s defects and today we continue to defend this idea, even during the difficult moments, when recently, even in our country, various currents of thought became opposed to European integration”.



## BNL BNP PARIBAS

### A Donation to Put Customers at the Center

“Putting people in a position to express themselves at their best, giving everyone a chance, is part of the DNA of our Group”, explains **Andrea Munari**, President of BNL BNP Paribas and CEO of BNL until April 2021. The French group has developed a partnership with Bocconi, to support the University’s faculty and research, by endowing in 2017 the BNP Paribas Chair in Marketing and Service Analytics held by Andrea Ordanini. The chair was created to study the evolution of the customer experience in the service sector: “The ultimate goal”, Munari continues, “is to make people’s lives easier. With Ordanini we are therefore studying the ways in which we can make the customer experience simpler and more authentic in banking services”. A member of the Partner for Development program, BNP Paribas is actively involved in the life of Bocconi through the Development Committee and the Coordination Committee: “We care a lot about issues linked to higher education. We believe that helping the University’s development is an important commitment for us, because of its fundamental role in fostering upward social mobility”, concludes Munari.

“I am an accidental banker.” This is how **Andrea Munari**, Bocconi alumnus, president of BNL BNP Paribas describes himself. “I came to the financial world as a second thought. I actually started out in manufacturing,” he says. A 1989 graduate in Economics with a thesis on the duration of investment portfolios, “which was a concept that was only beginning to evolve then”, of his Bocconi years he remembers the love-hate relationship he had with the more purely quantitative subjects. “For me, who came from a classical high school, quantitative subjects were the most difficult ones. However, the quantitative approach is something I appreciated later in life, since it has been very useful for my professional career”.

**Ernesto Ciorra**, Bocconi alumnus and General Manager of Enel Foundation, has been Chief Innovability Officer of Enel since 2014. He graduated with a thesis titled *Transgressive advertising: historical analysis, sociological interpretation and managerial implications* and it is precisely the interdisciplinary mix of subjects he appreciated during his years at Bocconi: “The professors weren’t single-minded, they were individuals of profound culture. I can remember discussing poetry with Gianguido Scalfi, who was a Full Professor of Private Law, or debating philosophy with Gabriele Troilo, who taught marketing.” Not only that: “I enthused over company visits and business case histories. Back then, in the 1990s, none of my colleagues coming from other universities had the opportunity to work on actual business cases.”



partners of the Enel Group within the We4U program, whose aim is to ensure a constant and multidisciplinary dialogue between business and academia focusing on the challenges of the energy transition. “The program sees the participation of a selected group of 14 of the best universities in the world. Among these, in addition to Bocconi, there are MIT, Columbia and Berkeley,” explains **Ernesto Ciorra**, Chief Innovability Officer of Enel and General Manager of the Enel Foundation. “The network wants to stimulate collaboration across universities. The goal is the shared development of intellectual capital.”

## EUGENIO MORPURGO

### An All-Round Kind of Support

Over the years, he has contributed to various projects for the financial support of students, for example through the Bocconi Alumni Scholarship Fund, where he donated for the creation of several scholarships in memory of the Italian ambassador and Bocconi graduate Luca Attanasio, recently killed in the DRC. He also gave a donation to name one of the study rooms in the Bocconi Library after his parents. The support to Bocconi University of **Eugenio Morpurgo**, Founding Partner and CEO of Fineurop Soditic, has taken different forms and methods over the years, but always followed the same thread. "Conceiving giving back to the University not as mere restitution but as the joy of again being part of a community that shares like-minded values". In recent years, as a result, in addition to contributing through various donations, Morpurgo has devoted his time to filling various institutional roles in the alumni community. The latest of these is his appointment as Chair of the Bocconi Alumni Fundraising Committee within the Board of Directors of the Bocconi Alumni Community, created this year out of several existing alumni associations. Not only that: "I believe I have the record for loyal attendance of dinner speeches organized by the alumni community!", he says jokingly.

Founding Partner and CEO Fineurop Soditic, **Eugenio Morpurgo** has a very specific memory linked to his years at Bocconi. "It's about the German language exam at AIESEC which allowed me to do an internship in Stuttgart at the Bundesverband der Deutschen Industrie (BDI), the organization that represents the interests of German industry, where I then met the person who introduced me to the professional world where I am still working today". Some time ago, putting his parents' things in order, he found the honors medal given to cum laude graduating students: "I hadn't seen the Bocconi medal since I graduated in 1984."



In finance since graduation, **Mariafrancesca Carli** has been Managing Director of BDT & Company and was Managing Director of Goldman Sachs and JP Morgan in London and New York. President of the Board of Directors of Friends of Bocconi, you have always maintained a strong bond with her alma mater: "Bocconi was the most formative moment of my academic life, but also a time of great personal growth. The university years are incredible years in which the foundations of one's future are laid." She graduated in 1988 in political economy with Mario Monti as supervisor of her thesis, and she has a precise memory of that day when the current Bocconi president proclaimed her a graduate: "It was an unforgettable satisfaction and the realization of a great dream".



## MARIAFRANCESCA CARLI

### From New York, at the Helm of Friends of Bocconi

**Mariafrancesca Carli**, Managing Director BDT & Company in New York, remembers with a certain nostalgia her years on the campus of Bocconi University. Then it was decidedly smaller, but it already offered students an intense life, made up of close relationships with each other and with professors. Perhaps it is also due those memories that one of the ways you support Bocconi University is to name a classroom in the new building in Via Sarfatti 10, designed by the Japanese studio SANAA. "This is a significant investment for Bocconi University, which testifies to the ambition to maintain a leadership position in Italy and abroad," explains the alum. "The Bocconi campus is state-of-the-art and unique. It is another effective way to encourage internationalization by attracting students and professors from abroad." A former student at MIT's Sloan School of Management, and a US resident for years, Mariafrancesca Carli is well aware of the importance of a campus for a university. Among other things, from New York, she also supports Bocconi through her activity as president of the Board of Directors of Friends of Bocconi, the charity that promotes Bocconi projects in the USA.

## MASSIMO DELLA RAGIONE

### Making University a Truly Possible Choice

When he received a letter in which the student he had supported informed him that he had graduated and found a job, **Massimo Della Ragione**, Co-Head of Goldman Sachs in Italy, alumnus and professor of investment banking at Bocconi, understood that he had made the right choice. "I supported the University's *Una Scelta Possibile* program because access to education, after health, is the primary good," explains Della Ragione, who contributed to the program together with his wife Valentina Pan, also from Bocconi. "When I read Christian's words, I realized that our support had really worked." Because, as he himself says, when it comes to supporting an institution economically, "they must be organized in receiving the funds and transparent in using them. We must be able to trust that our support is invested in what was proposed. At Bocconi I found exactly this." This is why Massimo

Della Ragione decided to renew his commitment to supporting the development of Bocconi students in 2021 by funding a total exemption for an undergraduate student.



Co-Head of Goldman Sachs in Italy and Country Coordinator for Italian business, Bocconi professor and Head of Digital Tech Vertical of the Bocconi accelerator for Innovation, **Massimo Della Ragione** graduated from Bocconi in 1989, in business administration. From those years he remembers the charm of university life, but also "the mixture of creativity and discipline" that Bocconi represented. "You could organize your studies as you liked, but this freedom was framed in a highly organized system of exams throughout the year".

Thanks to his thesis on consolidated financial statements, the first internship was in Montedison: "But when Ferruzzi Finanziaria arrived, they cut costs and the internship did not turn into a job. Then I arrived at Credito Italiano, where I began with investment banking and from there my career".

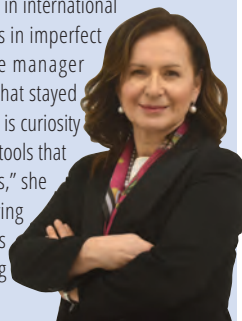




## ASSICURAZIONI GENERALI Supporting Education Benefits for the Whole Community

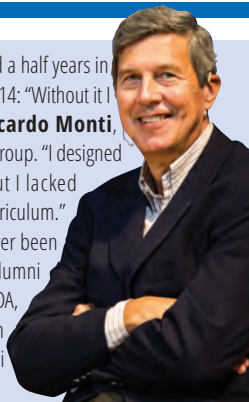
High quality education. Throughout their 25-year partnership with Bocconi University, this key concept has always motivated Assicurazioni Generali in their aim to support the University's development. For instance, in 2017 it led to the establishment of the Generali Chair in Insurance and Risk Management assigned to Professor Stefano Rossi. The study of STEM subjects among young women is also promoted through the *Generali 4 Girls in STEM* scholarship (partial waiver), which was assigned to Clara Marioni, a student in the Data Science and Business Analytics program. "Contributing to quality education in the communities where it does business is part of Generali's purpose," explains **Monica Possa**, Bocconi alumna and Group Chief HR & Organization Officer at Generali. "The excellence of universities is based on the quality of

**Monica Possa**, Group Chief HR & Organization Officer at Assicurazioni Generali, graduated with Fabrizio Onida in 1989 with a degree in DES and a focus in international economics. "My thesis? It was on international trade models in imperfect markets." And looking back on her university years, the manager remembers the power of modeling as one of the elements that stayed with her the most: "More than concepts, Bocconi's true legacy is curiosity and powerful tools for understanding the world. Models and tools that allow you to think about complex problems and find solutions," she says. "I remember Angelo Guerraggio's lectures: despite having attended a classical high school before Bocconi without a focus on math, I learned the great value of this subject for tackling problems with logic and rigor."



teaching and research, which in turn create the necessary fabric for the attractiveness of the university." In this regard, "I really like Bocconi's motto, *Knowledge that matters*, because that is exactly it: encouraging knowledge that is not an end in and of itself, but that is useful for the progress of the community."

A degree in engineering from Politecnico di Milano, four and a half years in the workplace, then the decision to attend SDA Bocconi MBA 14: "Without it I would not have started working in consulting," says **Riccardo Monti**, Managing Director and Senior Partner at Boston Consulting Group. "I designed bridges, I had a very technical professional profile, but I lacked managerial tools. The MBA allowed me to round out my curriculum." Since then, Riccardo Monti's connection to Bocconi has never been broken. He has held various institutional roles within the alumni community over the years: he was the last President of AMSDA, the association of SDA alumni, he was first Vice President then President of the BAA and finally President of the Bocconi Alumni Community until 2020.



## RICCARDO MONTI At the Forefront of Alumni

Even after he left the position of President of the Bocconi Alumni Community, **Riccardo Monti** has continued to support the University: along with his wife Vittoria ("We are a team, we do everything together") he chose to establish a named scholarship for a Master of Science student. But the gift from this alum, Managing Director of Boston Consulting Group and President of the Bocconi Alumni Community until Silvia Candiani took over, is only the latest in a long series of donations to programs supporting to named funds from Alumni linked to fundraising initiatives promoted within the Community. One of these is the MBA Reunion Scholarship Fund: "Anyone who chooses to attend an MBA develops a keen sense of belonging to their Alma Mater. This team spirit gave us the idea to raise funds for an entire scholarship for one student," explains Monti, recalling its genesis. He has personally supported the University's initiatives and promoted a culture of giving back through his various institutional roles for alumni. "What has always guided me", concludes Riccardo Monti, "has been a commitment to ensuring that others had the opportunity to access the same path I did."

## SIMONA MAELLARE On Behalf of Women (in Finance)

The support from Bocconi alum **Simona Maellare**, Global Co-Head of Alternative Capital Group at UBS, has a specific goal: to promote women's participation in finance, dispelling one of the myths that circulate in that setting, namely that it is men's work. In 2018, Simona supported the student Valentina Fregnani, who has recently graduated from the Finance program. She then renewed her commitment in 2020, supporting Alice Cairolì's academic path, who is currently on campus attending the same Master of Science. "The thing that made me most proud was not so much being able to support their education," says the alumna, thinking in particular of Valentina, already in the world of work. "Rather, it was being able to guide and direct her at the time of graduation, to allow her to find the best way forward." This form of mentoring "helped her spread her wings." Simona also feels grateful to her University and remembers the moment in London a few years ago when Rector Gianmario Verona told her about Bocconi's development projects. "I want to support the University in a concrete way," she explains. "Bocconi's impact on society is very important and it must be encouraged."

"At Bocconi I had a very theoretical academic career," says **Simona Maellare**, Global Co-Head of Alternative Capital Group at UBS. She graduated guided by Francesco Giavazzi and Francesco Corielli in 1994 with a degree in Political Economy (her thesis focused on the transmission channels of monetary policy) and then completed the Master in Economics program in 1995. "During university, I always thought I wanted to do a PhD in Economics, then when I got an offer from JP Morgan to work in investment banking, I knew that was the direction for me." In addition to being Vice President at JP Morgan in London and an 8-year experience as Managing Director of the London branch of Bank of America Merrill Lynch, she has worked in the top management at UBS for 7 years leading up to the role she holds today.



# Creativity Is an O

*Diversity and instability guarantee a long, continuous, and regular context for creative resources, especially in organizations. As shown by a study that analyzed the collaboration models of over 200 artists who worked on the creation of 273 episodes of the Doctor Who tv series*

by Giuseppe Soda, Ronald Burt,  
Pier Vittorio Mannucci @

**C**reativity often manifests itself as a bolt of lightning – something that strikes once and forever changes the course of what follows. Stories abound about creative people who shaped the field with only one memorable piece of work, whether it is a movie, a song, a painting, or a novel. Harper Lee is one example: her novel 'To Kill a Mockingbird' won the Pulitzer Prize in 1960 and remains the only work she published during her lifetime. When it comes to creativity in organizations, however, producing a single creative contribution is not enough: within organizations, to sustain enduring competitive success, employees' creativity must be continuous and regular, not bumpy and erratic. Nurturing and preserving creativity over time has thus become increasingly important for firm innovation and success.



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One well-known recipe for stimulating creativity is interacting with people belonging to different, disconnected social circles and exposing oneself to diverse content. Diversity – of perspectives, of knowledge – has been shown to be the fuel that the human brain needs to power the creative engine.

However, over time interacting with the same people and working with the same content leads to diminishing creative returns – even if they are diverse. The creative engine will stop if you do not add a spark to kickstart it. We find that that spark is instability. Adding new people shakes things up, changing team dynamics and sparking new ways of working and thinking. New ties bring a positive 'shock' that pushes individuals in the network to change the way they organize and process knowledge, as well as the way they interact and collaborate. Some instability is needed in order to help people get the best out of open networks over time: individuals working in open but stable structures eventually get caught in creative ruts because of increased routinization and rigidity of interactions and cognitive structures.

To study such an important topic we needed to find a context in which: 1) creative individuals continuously engage in collaborations to generate creative outcomes; 2) the outcome is a single cultural product realized over a long period of time within the same company, rather than a variety of ones to rule out product-specific or studio-specific characteristics that affect the results; 3) a controlled context for creativity in which the relatively





# Open Network

stable narrative reduces changes to product-specific variations only. We found that context by investigating the collaboration patterns of over 200 artists that have worked on 273 episodes of Doctor Who, the BBC science fiction television series that follows the adventures of an extra-terrestrial being called “The Doctor” who explores the universe thanks to a spaceship called TARDIS, which allows him to travel in space and time (click here to see the graphic representation). Launched in 1963, the show has enjoyed a continued success among critics and fans and has attracted a lot of praise for its creativity and ability to reinvent itself. One of the core premises of the show is actually about the importance of change: every time the Doctor is mortally wounded, the Doctor is reincarnated in a different body. Originally conceived as a device to allow the production to continue when the lead actor wanted to



## THE PAPER

**Networks, Creativity, and Time: Staying Creative through Brokerage and Network Rejuvenation**, by Giuseppe Beppe Soda, Pier Vittorio Mannucci and Ronald Burt

quit, regeneration over time has become a key defining feature of the character and of the show, making it a perfect illustration of our findings.

Changing one's network is not an easy task: we tend to like working repeatedly with the same people, particularly if we like them or if the collaboration has been successful. Yet, creativity cannot be achieved without rejuvenation: having an open network that bridges many disconnected groups can go a certain way, but without some fresh faces in your midst you are likely to see your creativity decline.

To ensure a continued flow of creative ideas, you must not only balance diversity and instability – you must embrace them. It is no easy task: we like being surrounded by similar people, and we love predictability and control. Knowing each other well can be very efficient and comfortable – but it is precisely from discomfort, from interacting with people that are different from us that creative ideas are born.

Breaking free from your usual ways is more likely when you are exposed to people whose opinions and behaviors are different from your own – and it's even more likely when these people change occasionally. ■



## THE BOOK

In organizations, fostering creativity is essential to innovate and sustain competitive advantage. But creativity in business is often the subject of false beliefs: it is innate, it is the exclusive prerogative of young people, it belongs only to the individual and not to the group, and it does not require constraints (in terms of time and money) at organizational level. The book by Manzoni, Magni and Mannucci *Creatività in azienda* (Egea, 2021, 144 pp., €20 in Italian) aims to unmask these beliefs.





# The CEO's Network

*Managerial decision making is often plagued by a lack of long-term planning and, more generally, by a disregard of the future. Recent research shows that this often depends on closed managerial networks that lead to temporal myopia*

by Sonja Oppen @

**W**ho does not cherish the gathering of good and close friends, maybe over a hearty meal and good wine? Old stories are shared, joint experience relived, familiar jokes and banter exchanged, absent friends are recalled. Time is flying and 'tomorrow' is a distant thought. It is a safe and happy place to be surrounded by trusted, long-term friends.

What is an enriching experience in one's personal life can be a career-limiting pathology in a manager's professional life. Managers who routinely surround themselves with a circle of deeply connected advisors to solicit ideas and guidance on critical company matters feel safe - just like our group of friends sharing a good meal. They will also perceive a sense of social support from their advisors. Yet, an advisory network staffed exclusively with familiar



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and mutually connected contacts encourages a neglect of the future. Gradually, temporal myopia - a tendency to focus on today and ignore the long run - begins to threaten a manager's attention to effective long-term plans.

The underlying mechanism is simple: With information diversity being at the heart of strategic planning, company strategies hinge on the advice and opinions discussed in the C-suite. Comparing two CEOs with the same number of advisors, the breadth and quality of advice will depend on the social structure within each advisory team. The more closed a CEO's network - that is, the more strongly connected its members - the lower information diversity, the lower the probability of productive disagreement and discussion, and the quicker discussion converges on familiar solutions.





# Dilemma

The more open the CEO's advisory network - the more contacts are drawn from different groups or only weakly connected across groups - the more diverse the information raised, the wider the range of options discussed.

A study of 700 Chinese CEOs and their respective social networks illustrates the corrosive effect of closed networks on business strategy. Managers with relatively closed networks are less likely to introduce long-run plans and tend to sign short-term rather than long-term contracts with critical technology and managerial staff. They even shy away from human capital development. Their lack of attention to the long-run is consistent with a false sense of security. Whereas managers with relatively open networks are aware of future threats

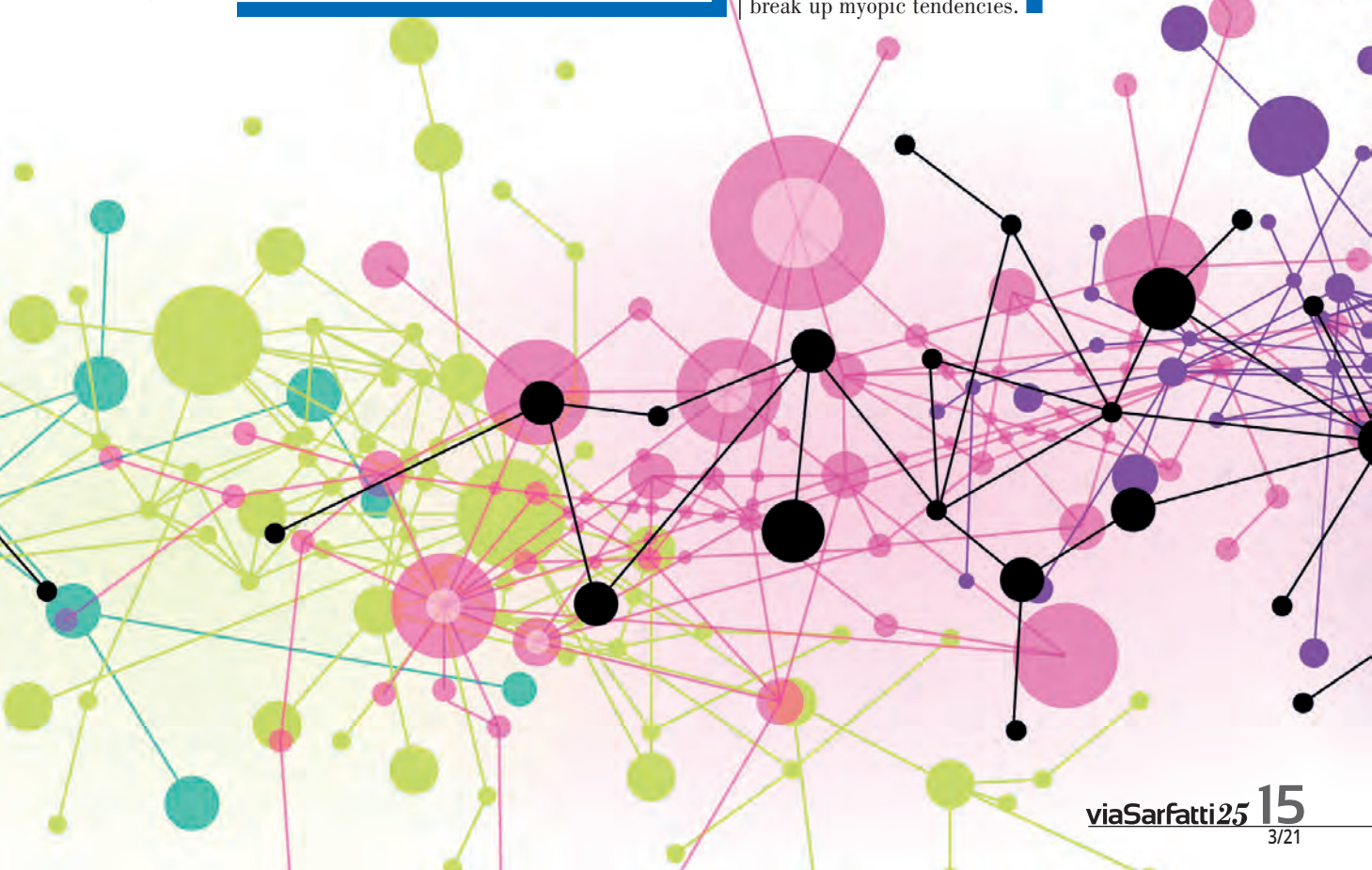
and market risks, CEOs in closed networks believe their product to be uncontested, so price elasticity to be low. In short, they run their company as if the future were just an endless extrapolation of the present.

It is true, even managers with closed networks occasionally introduce long-term plans. Some mimic the behavior of local industry leaders, others follow serendipitous advice they find outside of their core network, and others simply implement what they have learned in educational programs. The same study, however, finds significant qualitative differences. Long-term strategies formed by CEOs embedded in closed advisory structures tend to be economically less successful than strategies formed in open networks, a finding that reinforces the value of information heterogeneity for successful planning. The study's conclusion is straightforward: Temporal myopia and lack of foresight in strategic planning are not simply managerial preferences or responses to institutional constraints. Temporal myopia is a learned pathology rooted in an advisory network too closed and too homogenous to allow its members to 'see' the future. On the bright side, such pathology can be cured easily. This does not require letting go existing advisors. The addition of new advisors beyond the usual group broadens and opens up existing social structures, brings information diversity, and invites the critical discourse needed to break up myopic tendencies. ■



## THE PAPER

**Network Structure and Temporal Myopia**, by Sonja Oppen and Ronald Burt



# People Power Sh

*The strategic use of various nonviolent tactics changes the course of the conflict. A study conducted on the African continent highlights how protests, political commitment, non-cooperation, or intervention impact the peace process*

by Marina G. Petrova @

Civilians are often viewed as powerless bystanders during armed conflicts, given the danger of violence. This notion is contradicted by the variety of nonviolent actions that are carried out by civilians and civil society actors in the context of civil war, aimed at countering violence and promoting peace initiatives. But do these nonviolent actions positively impact the prospects for a peace process?

Focusing on post-Cold War civil wars on the African continent, we set out to investigate this question by studying the effect of different nonviolent actions on key components of a peace process: the likelihood of negotiations between the conflict parties and subsequent peace agreements. The variety of nonviolent action tactics that are prevalent in conflict contexts include, but are not limited to, protests (i.e., demonstrations and protests), political engagement (i.e., lobbying and bridging activities), non-cooperation (i.e., strikes and boycotts) and intervention (i.e., sit-ins, occupation, and the creation of alternative institutions).

Through these nonviolent activities, ordinary people, civilians, and civil society actors in various conflict settings throughout the world have been able to influence the dynamics of conflicts and contribute to the initiation and success of peace processes. For example, the Women of Liberia Mass Action for Peace used protests and political engagement tactics prior to initial negotiations between the government and LURD in early 2003. These nonviolent action tactics both helped to support and pressure parties to start talking. Later on, these were followed by more radical nonviolent activities during the formal negotiations to pressure for a peace settlement: activists lobbied and pressured warring parties and staged sit-ins and



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blockades to prevent delegations from leaving without a resolution. The Alliance for Democracy in Mali (ADEMA) launched mass nonviolent demonstrations between 1990 and 1991 against the military government, while the Tuareg rebellion was ongoing in the north of Mali. These nonviolent tactics performed by civilians, cutting across various social groups, altered the power asymmetries in the conflict and paved the way for negotiations and the following peace agreement with the Tuareg rebels in 1996.

Our findings suggest that people power, enacted through nonviolent action tactics, does impact civil war peace processes, albeit in diverse ways. Protests and political engagement transform conflict, foster cooperation, and help warring parties to overcome the first hurdle to a peace process – initial peace talks. However, protests and political engagement are not associated with the likelihood of subsequent peace settlements that bring a peace process to a successful conclusion. These two nonviolent tactics might have little effect, as they are difficult to sustain over time and because the nonviolent groups deploying them are often excluded from formal talks.

Radical tactics such as non-cooperation and intervention seem to impede rather than facilitate negotiations. Such tactics are likely to create additional instability, thereby subverting the chances for peace talks. However, intervention tactics such as sit-ins and the creation of alternative institutions are associated with an increased likelihood of peace agreements, as the example of Women of Liberia Mass Action for Peace shows.





# apes Peace

Alternative institutions created by civil society actors can play a crucial role in undermining unjust state institutions and provide a blueprint for more inclusive institutions that are often included in peace settlements (e.g., the “committees” that were set up to govern townships in South Africa).

One thing is clear – people power works. Civil society actors, activists, and ordinary people really do have the power, not just to be bystanders and observers of the ongoing civil war, but to change the course of the conflict through the strategic use of different nonviolent tactics. But the use of specific nonviolent tactics should be strategic given that not all forms of nonviolent action work at all stages of a peace process. ■





# Be Data-Driven







*Data is the fuel of the human brain, which in turn is the vehicle for innovation. Its payload of innovation lies in the way it is used in the decision-making process. For this reason, in order to make targeted, strategic, and informed decisions, CEOs and managers find it increasingly important to update their skills in the management of Big Data and their exploitation through artificial intelligence and machine learning*

by Torben Pedersen @



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There exists a fast-growing capacity to collect, store and analyze massive amounts of data, far more than an individual mind could process on its own. This enormous amount of information denoted Big Data, together with artificial intelligence (AI) and machine learning, is creating brand new opportunities. It is the bedrock of informed decision-making and the key to unlocking new businesses and business that is more efficient.

Data's volume and variety is owed to the growing number of sensors and connected devices that permeate every aspect of our society. In addition, the digitization of commercial transactions, medical records, online and social communication, and production data also contributes to the amount of data. The amount of data generated in two days is as much as all data in human history from the dawn of civilization up until 2003 (Eric Schmidt, CEO Google).

Data is a resource, much like water or energy, and like any resource, data does nothing on its own. Rather, it is groundbreaking in how it is employed in human decision-making. Without data, decisions are guesses; with it, decisions are targeted, strategic and informed. These lead to better solutions when addressing business issues. Indeed, data does not replace human thinking; it enhances it. The brain is the vehicle for innovation, and data is the fuel. Marie Geoghegan Quinn, former European Research Commissioner, coined the phrase 'Knowledge is the crude oil of the 21st century'. Data-driven innovation is about innovative ways of exploiting the vast data, which feed back to affect the way of doing things and the innovation processes itself. Data-driven innovation has attracted the excitement and attention it has because of the massive potential in its application.





## THE BOOK

In *Data-Driven Innovation* (Routledge, 2021), Michael Moesgaard Andersen and Torben Pedersen point to the importance of data-driven innovation based on digital platforms, as their footprints are growing rapidly and in sync with the shift from analogue to digital innovation workflows.

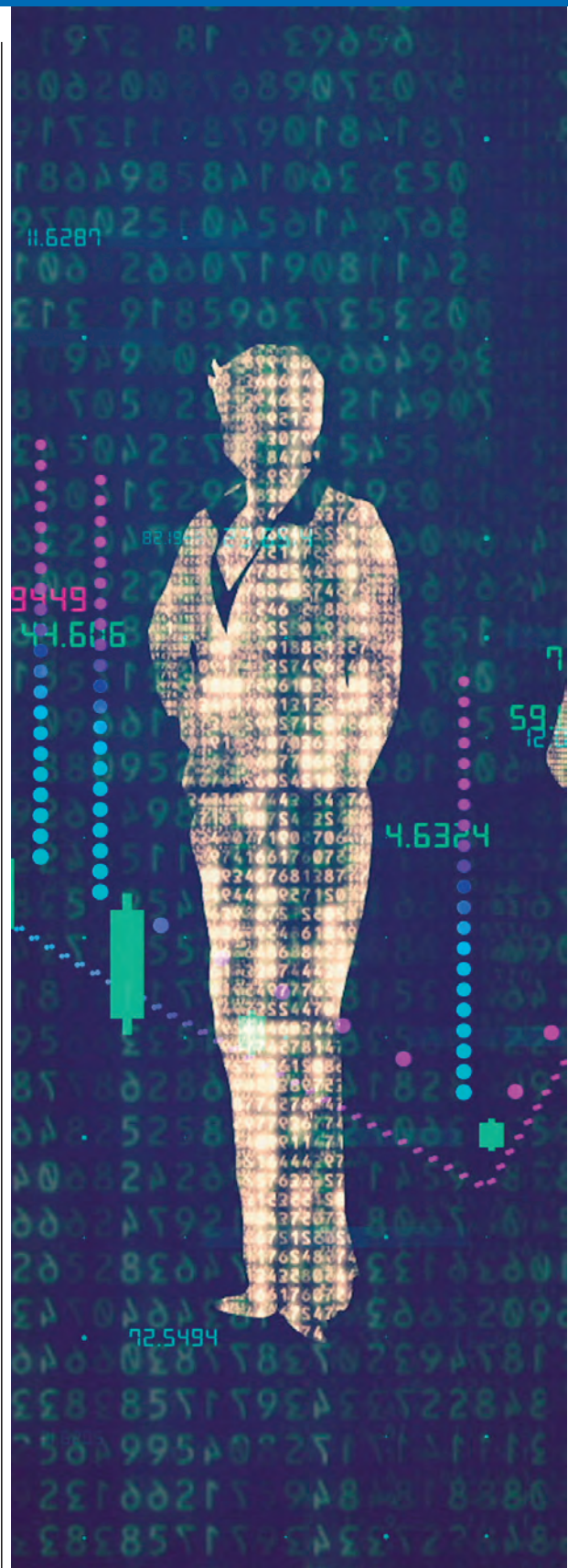


The examples of using Big Data in combination with AI/machine learning in different businesses are manifold. A Telecom company uses it for predicting churn of customers, where through machine learning, they become better and better in predicting which customers might terminate their subscription and with this information, they can offer customers that are more likely to churn special attention and offers before it happens. A manufacturing company has combined all the data created in the various phases of the production process and created a digital twin (a virtual representation) of the whole production process that receives real-time data. This allows to better monitor the process, testing changes digitally before they conduct the changes in physical production, and most importantly to use AI to predict costly bottlenecks and re-loops. A company making large wind turbines has added competences on blockchains as it is crucial for their future. The company approached a consulting company using Big Data and AI to search all over the world for this competence. It turns out that the ideal partner was a small innovative company in Chile that the wind turbine company never would have found if it were not for the use of Big Data and AI. These companies were able to use data-driven innovation successfully because they have made a change in their mindset. Instead of doing things the usual way and conducting inward-looking innovation, they have opened their eyes to a world of external inputs and acknowledged the opportunities that lie in applying Big Data and AI for better prediction and decision-making. Companies are making better use of their own data sources from internal processes or from products ("Internet of Things"). This obviously goes hand in hand with companies upgrading their own competences in handling Big Data and striking new gold through AI/machine learning. ■



## THE PODCAST

With this issue of *ViaSarfatti25* we are kicking off a new podcast series: *Story Scanner*. A podcast based on the stories headlining the magazine, with analysis and insights from Bocconi professors on the big topics in business, management, finance, data science and politics. In the first episode, we look at one of the most valuable assets of our time: data and how it is driving innovation. Torben Pedersen helps us understand how data-driven innovation is the key to future success for companies. Gala Rubera talks to us about how big data has evolved in recent years, getting to this point where it is seen as the new oil. Whilst Gabriele Troilo discusses how to make investments in Big Data pay off, with some insights for managers on how to reap the benefits of such investments.







# Data, the Evolution of the Species

*In the beginning there were the numbers of likes or polls, then the revolution began through word embedding and computer vision. Thanks to neuroscience and deep learning, organizations have thus begun to use textual, visual, and more recently audio data that return useful information to segment the population according to stable demo-psychographic characteristics. The future? Analyzing emotions, a market that is expected to be worth \$56 billion in 2024*

by Gaia Rubera @

It goes without saying that data is the most important resource in the data-driven economy. Over the years, the type of data available to organizations, our models with which to analyze it, and the knowledge we gain from it, have profoundly changed.

Initially, there were numbers, from a variety of sources: for example, loyalty cards, likes and shares on social networks. This data, coupled with machine learning models, provided us with a more refined understanding of customer wants and preferences. Firms like Amazon and Google built their fortune around it. Most importantly, and alarmingly, organizations could correlate numbers to sensitive information. For instance, Target learned that women who buy hand lotion and vitamins are most likely to be pregnant. Cambridge Analytica learned that a simple like to a post about The Addams Family reveals that one is neurotic. However, if you think of human beings, numbers are just a small piece of data that we process daily. We also receive data from discussing, reading, and our senses of sight and hearing, for example. In the last decade, advancements in computer science augmented numbers with “unstructured data”, i.e. text, images, and audio data.

Unknown to most at the time, a revolution happened at Google around 2013. Until then, words were treated as atomic units, namely as indices in a vocabulary with no relationship between them. Drawing from linguistic theory, Google scientists developed a neural network model – called word embedding – that represents words as vectors, where closer vectors indicate more semantically similar words. For example, the vector for “coffee” is close to the vector for “tea” but further from the vector for “soccer”. Do you remember Google Translate a decade ago? Hard to use. Have you tried it nowadays? It can instantly translate between any pair of languages. All this because of word embedding models. The implications for our understanding of society are equally remarkable. We can now infer historical stereotypes and assess changes to these stereotypes over time. For instance, by analyzing news outlets, Garg and colleagues (2018) observed that the vector for “emotional” gets closer to the vector for “woman” over time, until it becomes a word to describe women in a pejorative sense. Similarly, firms can mine textual data



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from social networks and use word embedding to track how consumers’ perceptions change over time or in response to specific events, such as marketing campaigns, scandals, or new product introductions. Over a similar time period, another stunning advancement happened in the field of computer vision. At an annual competition for recognizing objects in images, scientists from the University of Toronto presented AlexNet, a deep learning architecture that smoked all competing algorithms, dropping the error rate from 26.2% (the closest competitor) to an astonishing 15.3%. What was so special about AlexNet? It translated neuroscience models of how vision occurs in the human brain into a computer science model. It is a monument to the spectacular achievements of computer science meeting neuroscience. Today, the offspring of AlexNet are everywhere, from models analyzing MRI scans to detect early signals of cancer to Disney tracking the facial expressions of moviegoers to predict movie sales, to logo recognition algorithms identifying Instagram images of consumers using a brand’s products. Through these images, firms can now conduct ethnographic studies on millions of consumers – rather than on a few dozen, as in the past. Among the many computer vision applications, one is particularly lucrative, yet unsettled: emotion detection, a market projected to be worth \$56 billion in 2024. Current applications largely rely on facial expressions. However, cognitive and neuroscientists report that multimodal representations (e.g. face and voice) yield faster and more accurate emotion judgments than unimodal presentations (e.g. face only) (Klasen et al. 2012). Vocal features such as pitch, tone, and loudness provide helpful clues that human beings use to detect emotions. The next frontier is, hence, the development of multimodal models that combine visual and audio data. Such models could pave the way to a different type of segmentation, no longer based on stable demo-psychographic characteristics, product usage, or purchase patterns. Rather, we could segment, and target, consumers according to their mood in the specific moment they interact with an organization. A quantum leap from the meager information that we could gather from surveys or focus groups just a few years ago. ■

## EMANUELE BORGONOVO

### Methods and Models for Deciding with Data

What kinds of questions should managers pose to machine learning software? And how can they get the right insights from these tools? These are some of the questions animating two research projects which involve Emanuele Borgonovo, Bocconi Professor at the Department of Decision Sciences. The first is in collaboration with Manel Baucells, (Darden Business School), Elmar Plischke (Clausthal University of Technology), John Barr and Herschel Rabitz (Princeton); and the other is in conjunction with Jan Rivkin (Harvard), Nicolaj Siggelkow (Wharton), Marco Pangallo (Sant'Anna) and Leonardo Rizzo (University of Vienna). "There are many models in the literature to make sense of the data, and many methods to explain the models," summarizes Borgonovo. "Both are studies that, albeit in different ways, focus on the second aspect, that is, they aim to identify which methods really help us understand how models work, how they respond to questions, how they react to stress affecting data inputs, and how it is possible to carry out debugging operations which can validate their results."

Creating data science models that are on a par with best-practice outfits involves a costly investment in terms of time, effort and economic resources for any organization; it is essential that managers exploit the work of AI by gaining greater understanding in the functioning of the algorithms and quickly transform the information received into concrete plans of action. However, the models have exhibited recurring critical vulnerabilities, and understanding how data models relate to external variables is essential for a correct interpretation of the results.

"Unfortunately, it has been shown that different methods applied to the same model and the same data do not provide the same answer," confirms the researcher. "A classic case is that of correlation between the data: often the models do not know how to distinguish whether the dependence observed is functional or statistical, that is, if one varies depending on the other in a cause-effect relationship that therefore always repeats itself, or if the observation is just the result of happenstance statistical correlation. It is a fundamental distinction for a manager to make, in order to select the elements on which s/he needs to act to produce change; it is by no means certain that the variables that carry information are those on which it is possible to act. In general, the more the models can be

explained, the more they instill confidence, and this is true in business as it is in other fields. The second research work cited, for instance, works on the agent models used to investigate complex phenomena, for example the spread of a pandemic or how people interact with each other faced with factors that are currently important to know and explain".



## ARNALDO CAMUFFO

### Innovation Scientists

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Entrepreneurial decisions in conditions of uncertainty are, by definition, an area in which there are no guaranteed best practices. Innovation management falls into this category, to the point that, according to a survey published by *Harvard Business Review*, business executives faced with the unknown tend to make decisions based more on gut instinct than on judgments based on factual reasoning. "Our research began like that, thinking that entrepreneurs and other decision-makers should instead adopt the approach that is characteristic of scientists. Therefore, they should generate new theories, observe existing phenomena, gather evidence, build experiments, compare results, and only then draw conclusions," explains Arnaldo Camuffo in the paper *A Scientific Approach to Innovation Management: Evidence from Four Field Experiments*. "We are in an evolutionary phase of history in which there is a lot of data available to build new business theories. Consider, for example, Amazon, which, by amassing enormous amounts of data resulting from transactions with customers, is able to imagine and offer completely new services and products. But data alone do not speak by themselves; it is important to have a framework that poses the right questions to software, using the sophisticated algorithmic logic of machine learning and AI. This makes it possible to generate theories and to reflect on the firm in a new way, through reasoning by analogies and parallels, and by developing lateral thinking and creativity". The advantages of this approach can be easily understood: to develop ideas and projects for new, more innovative and convincing services and businesses. The advice is to test innovation early, with small experiments, to avoid costly investment that could prove useless. This reduces the chances of running into false positives and thus mitigates the risk of large-scale applications. "This is not an outlandish practice: Google or Netflix constantly carry out experiments on their portals. The task of our study, however," concludes Camuffo, "was to demonstrate with facts the validity of the scientific method applied to the management of innovation and for this we analyzed four field experiments carried out in Italy and the UK. In the coming months we will expand the research study through another five experiments to be conducted in Italy, the UK, the Netherlands, China, and Tanzania. Furthermore, we intend to apply the method also to other typical situations of business uncertainty such as M&A operations or the selection of top management personnel."

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## THE PAPER

**A Scientific Approach to Innovation Management: Evidence from Four Field Experiments**, by Camuffo, Gambardella, Messinese, Novelli, Paolucci, Spina





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## FRANCESCO GROSSETTI To Really Understand Financial Disclosures, Let's Transform Words Into Numbers

If there is one realm which is Big Data by definition, it is Accounting. Yet even in this area, numbers alone are not enough to explain complex business phenomena and the study of the textual content of the financial disclosures is also necessary. The related research of Francesco Grossetti, Assistant Professor at the Bocconi Department of Accounting, is contained in the working paper *Crafting Financial Communication. Does Tone Suffice?*, which focuses precisely on the textual analysis of financial statements and their impact on corporate performance. It is co-signed by colleagues Miles Gietzmann (Bocconi University) and Craig M. Lewis (Vanderbilt University in Nashville, Tennessee). "In the study we apply machine learning algorithms to analyze the contents of the MD&A (Management's Discussion & Analysis) sections present in the annual reports which US public companies must submit to the Securities and Exchange Commission (SEC), the supervisory body enforcing the law against market manipulation", explains the researcher. "These are rather long, discursive paragraphs, which are sometimes difficult to interpret and that are usually studied by observing certain metrics such as the recurring terms, the tone of voice, or the presence of particular sentences. Instead, here we have trained a series of Naive Bayes algorithms to classify each sentence along five different dimensions: tone; optimism; specificity and quality of the speech; whether it is frank and direct; or evasive and passive-aggressive. Each of these dimensions was scored on a scale from 1 to 5." The study covered 118,000 MD&A sections of as many financial documents released between 2001 and 2018, which is equivalent to about 30 million sentences that were analyzed by software to understand the word content and how they were perceived by the investors who read them. "A text can be interpreted from different points of view. Mathematically speaking it means that there are, in theory, infinite combinations and interpretations of words, and this is a problem from an empirical point of view," summarizes Grossetti. "Here we try instead to better explain which elements investors pay attention to. It may seem trivial, but it is not because this issue has a direct consequence on the actions taken by investors and therefore on companies' individual destinies. We posit an investor that is rational, capable of interpreting almost every signal and maybe even able to understand if, for example, an MD&A is more forced or less forced, and identify hidden pitfalls. A positive tone does not necessarily equate with positive meaning. Conversely, a negative tone can have favorable implications if the sentence as a whole is optimistic and looks toward the company's future. Basically, there are not only signals of market sentiment, but also other dimensions that need to be evaluated to have a clearer understanding of how financial communication is constructed and what effects it can have."



## ANDREINA MANDELLI Yes to Data, But Only If It's High Quality

Both managerial and scientific literature on the subject of Big Data is now quite extensive. Yet the tone in general, especially in managerial literature, remains mostly emphatic, focusing on the potential and the wonders that can arise from this mine of information. "Speaking with executives during meetings for the SDA Bocconi AI for Marketing course, it always emerged, however, that there are still many problems and challenges to be faced when handling and interpreting data," observes Andreina Mandelli, Fellow of Digital Marketing. She is describing the genesis of the in-depth research that has already been



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marketing* (Egea)

published in two volumes, one of which is *Big Data Marketing* (Egea). This research is now also included in the paper *Big Data and Artificial Intelligence Quality in Customer-Centric Marketing*, written with SDA colleagues Chiara Piancatelli and Alessandro Arbore. "The priority issue is the quality of data for BDAI marketing, because they need to be more than just 'big' to create value." The focus of current research has therefore become how to improve quality when collecting, interpreting and using this data. What kind of analysis should be performed, with what methods? And what managerial skills are

needed to transform information into real benefits? "If a manager makes the decision, for example, to launch a promotion based on a recommendation suggested by predictive analytics but fails to fit it into a broader customer relationship strategy, this information will likely not translate into long-term value for the customer or for the company because there is a lack of quality in the process," says Mandelli. Therefore, while BDAI marketing represents a new way of applying data and knowledge to marketing, it is also important to question how to choose, manage and transform data to provide valid decision support, encouraging managers to go beyond the forecasts offered by algorithms in order to understand the deeper reasons for changes. "In this research, we have confirmed that it is not easy to transform the potential of Big Data into effective actions because we must be aware of all the implications that this challenge entails also in terms of ethics, transparency, privacy, customer experience... In short, for a manager today it is essential to have a non-mechanistic orientation, because BDAI marketing is more than a powerful tool for thinking about market research, it is a completely new way of marketing. Advances in artificial intelligence and machine learning continually suggest different mixes of interpretive intelligences and sensitivities needed to grow a



## THE PAPER

Big Data and Artificial Intelligence Quality in Customer-Centric Marketing (excerpt from the research report),  
by Andreina Mandelli, Alessandro Arbore and Chiara Piancatelli





## THE BOOK

*Judicial Protection of Fundamental Rights on the Internet. A Road Towards Digital Constitutionalism?* (Hart Publishing, 2021) by Oreste Pollicino explores how the Internet impacts on the protection of fundamental rights, particularly with regard to freedom of speech and privacy. In doing so, it seeks to bridge the gap between Internet Law and European and Constitutional Law.

### ORESTE POLLICINO

## Standards and Transparency Are Not Obstacles to Development

The increasingly dominant role of digital platforms is changing not only the global economic landscape, but also that of rights and legislation. "Today these parties are private powers that in some areas are competing with public powers," says Oreste Pollicino, Professor of Constitutional Law and author of the book *Judicial Protection of Fundamental Rights on the Internet*. "We therefore need to ask ourselves what the reactions of public power, i.e. regulatory bodies, should be with respect to this shift in power. No one wants to demonize the power deriving from data, but it must be regulated, and not only by the antitrust authorities that protect competition, but by some body that regulates its public functions." All this, if possible, without creating an unfavorable context for innovation and investments involving Big Data. The comparative analysis described in the book compares the solutions applied by the United States and the European system in this area. In fact, the US is reacting to this excessive power with the usual - albeit perhaps a little blunt - weapons of self-regulation and disciplinary codes. "Due to its liberal tradition, the American state does not intervene in relations between private individuals," explains the professor. "The principles of the Constitution are not even brought into question in matters between individuals and companies and thus the most important rights, federal rights, are not part of the discussion." Conversely, in Europe unlimited delegation to these companies can be considered a finished experiment. Today, in addition to the bill of rights that already regulates range of movement, a reform project is underway and likely to fuel a long debate between the European Commission, Parliament and Council of Ministers. "The reform proposal contains a very important procedural aspect which requires private subjects who work with data to complete specific procedures for accessing, processing, handling and disseminating personal information." The question then becomes: How will the platforms react to this new climate? Could the new rules halt investments? "The new regulation could nonetheless be a driving force for growth," he

concludes, "because it charts a path that combines innovation and rules. From the point of view of legislators, it is an invitation to transparency that does not preclude free initiative in the private sector. Digital platforms, on the other hand, could perceive the new climate suspiciously."



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## GABRIELE TROILO

### An Investment That Pays Off?

Better and more numerous data on customers and the market have long been the holy grail of marketing experts and represents the goal towards which companies have channeled important investments over the last twenty years. "Already in 2017, however, by completing a first step of the current research on the impact of Big Data on innovation in service companies, we recorded a certain frustration among the managers, both Italian and in the UK and the US, because this economic commitment seemed not to translate proportionally into a greater competitive advantage," comments Gabriele Troilo, Professor of Marketing, introducing the paper *How and When Do Big Data Investments Pay Off? The Role of Marketing Affordances and Service Innovation*. "It emerged, in fact, that for a company it is not enough to make an upgrade in technological terms, but it is necessary to promote a cultural and organizational change". From these conclusions starts the second chapter of the research, published in the *Journal of the Academy of Marketing Science*, in which the team tests the effectiveness of some Big Data Marketing Affordances, or specific marketing actions enabled by investments in technologies and data analysis, in producing tangible business benefits. "In particular, we have identified three actions", Troilo describes: "Recognizing customer behavior patterns; responding in real-time to market demands; and being 'ambidextrous', that is, being able to manage the rational and creative parts of marketing at the same time, information that explains the current market and information that foreshadows new developments. These three capabilities are able to generate returns on investments both directly, that is by improving operational efficiency, and indirectly, acting as a transmission belt for innovation in marketing, from communication to customer experience." Where a research project concludes, it often happens that another one begins. The construction site for a third step of the study is already operational and this time it concerns the relationship between specific investments in marketing technologies based on artificial intelligence and the effects on the changes in the stock market value from 2000 to 2019 of about 500 companies listed on the Standard & Poor's index. "It is a significant amount of data, to which are added the information contained in the letters that administrators attach to quarterly reports. For this reason, it required the creation of an ad hoc algorithm", concludes the professor. "The computer took a few weeks, but it managed to grind the data, now it's up to us to analyze and comment on them and in a year we will be ready to reveal the results."



## THE PAPER

*How and When Do Big Data Investments Pay Off? The Role of Marketing Affordances and Service Innovation*, by Luigi M. De Luca, Dennis Herhausen, Gabriele Troilo and Andrea Rossi

# How to Transform Information Into Services

*Data collection is a key element for personalizing hearing care, explains alumnus Giuseppe Vironda, Amplifon's Chief Marketing Officer. Even in a segment, that of seniors, which is only apparently less digitized than the others*

di Emanuele Elli @

There is always a moment in everyone's life when we discover that the world is wider and more varied than we imagined it. For me it was during the military draft visit, which when I was 18 was compulsory. We all have distortions in perception, cognitive biases, and today data are a further tool to overcome them and guide choices with more depth." **Giuseppe Vironda**, Amplifon's Chief Marketing Officer, with a degree in management engineering and an MBA from SDA, thus exemplifies one of the tangible benefits of leading business in the data age. "With data, the unexpected and chance are blunted," continues the manager. "In their place, as the determining variables for success, are the ability to interpret numbers and behaviors and quickly translate them into action. The data supply chain is now democratized: information is acquired from all possible interactions and from here data scientists generate insights that are made available to the organization to drive growth and innovation. This is how collective intelligence is freed and true empowerment is transferred to everyone, especially to those who experience the relationships in stores with customers every day.

→ **On the operational level, how does the study of data drive innovation in Amplifon?**

For Amplifon, data is the tool to provide a personalized hearing care experience and therefore really improve people's quality of life. By analyzing the data, for example, we study the correlations between the lifestyle and the audiological profile of our customers to propose the solution with the highest probability of success. Or we use algorithms to optimize the booking and planning of appointments, managing to profile customers and predict the duration of their visit, while increasing their satisfaction. Then there is the CRM activity in which, by working on micro segments, we can reduce the number of contacts with customers so as not to disturb them unnecessarily, communicating with them only truly relevant content.

→ **What differences does the fact that yours is a senior target make in terms of data collection, analysis and use?**

*GIUSEPPE VIRONDA*  
From Turin, 44 years old, he has been Amplifon's Chief Marketing Officer since 2020. A graduate in management engineering from the Polytechnic of Turin, he obtained an MBA from SDA in 2005 with an Exchange program at the Columbia School of Business in New York. "In my case, the experience of the Master came after three years of working in a consulting company," says Vironda. "My goal at that time was to strengthen managerial and leadership skills, but those years served above all to understand what I really wanted to do, and that is to leave consulting to enter the world of companies and see projects born, grow, affect the market, and evolve. During the MBA I was also able to build a fundamental network of professional contacts but also of friends that is still a sounding board

Contrary to what one might think, ours is a very active target when it comes to digital touchpoints. We commissioned Ipsos to carry out a study on the over 55s which showed that, even in a country like Italy that does not shine for digitalization, 76% of seniors are inseparable from their smartphone and have a social profile. The campaigns we do on Facebook also have feedback comparable to those I supervised, for example, for Telcos. Rather, the distinctive feature of this target is the desire and the need to be supported in the first approach with apps, and for this reason I consider a service that combines digital and attentive in-store assistance to be ideal. Finally, the senior target usually has more free time, offers more opportunities for knowledge, is more willing to provide information and more generous in doing so, especially after establishing a personal dialogue with our hearing care professionals based on trust, empathy, and competence.

→ **From your point of view, what is the situation of the professional market of talent prepared for the processing and interpretation of data?**

The disconnect between the demand of companies and the supply currently available is real: there are few profiles and high competition for them the market. We are also

looking for people who are not only capable of technical analysis, but of working in multifunctional teams that integrate design, retail and marketing experts. This is why we look more favorably to more rounded paths, which develop wide-ranging skills. Last but not least, passion for Amplifon's

purpose and a genuine interest in the customer are fundamental. The long-term partnership that we have







## THE BOOK

The success of giants such as Amazon, Alibaba, Netflix, Uber, Airbnb and many other companies, organizations and public administrations is based on the ability to use digital technologies to create new business models, experiment with new processes and offer new value propositions. *Impresa Digitale* by Elia, Margherita and Secundo (Egea, 2020, 256 pp., €30, in Italian) provides managers and scholars of business and innovation with a Digital Business Canvas based on 4 pillars.



inaugurated with the Amplifon Chair in Customer Science has precisely this goal, to create a strong bridge between the world of higher education and applied research and the new needs of companies.

**→ What can be, in addition to the role of donor, the contribution of a company in this kind of initiative? Why do you think the tradition of funding research is less common in Italy than in other countries?**

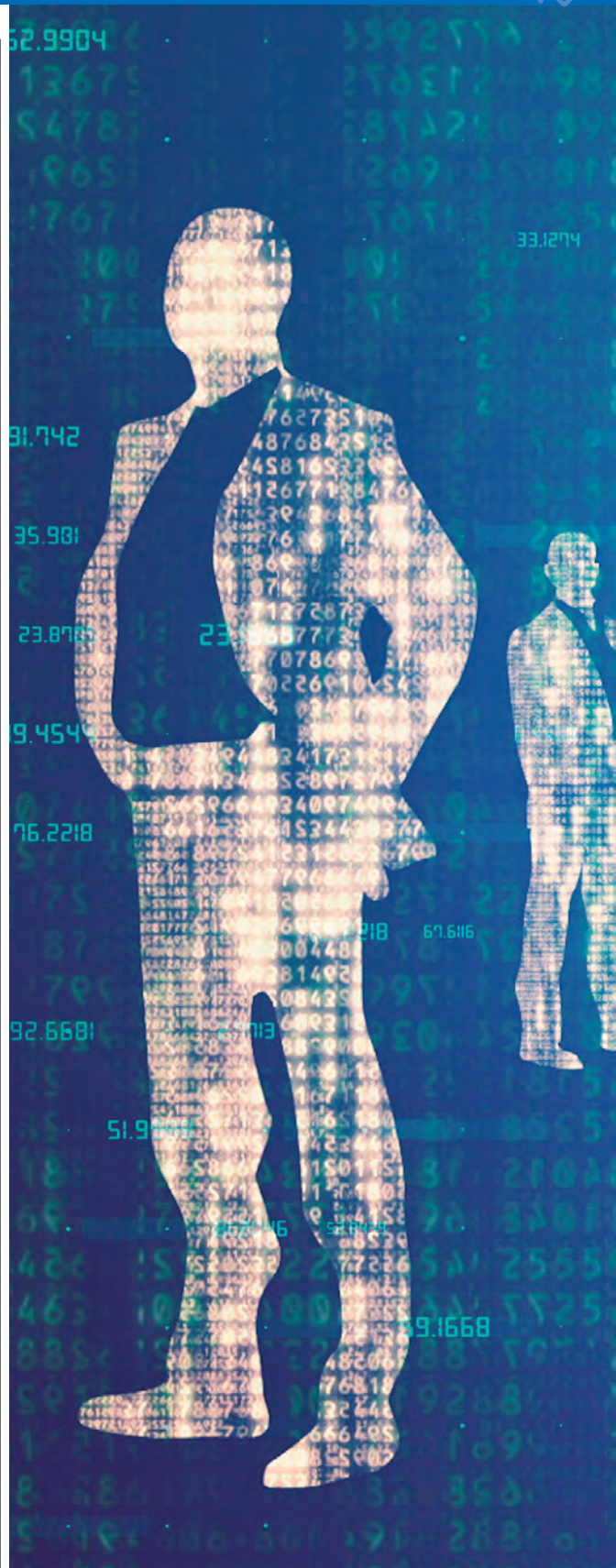
I don't like making comparisons with different countries; in my experience, if a company has a clear will to build a talent pipeline and a strategic idea in this regard, the interaction with institutions and educational entities comes by itself. In short, an opportunity is found or created. However, I believe that the first step must be taken by companies rather than universities. This happens if companies have the attitude to keep challenging themselves. We at Amplifon think like a startup that has 70 years of history, we are used to having agile working methods, horizontal leadership models, multidisciplinary teams and therefore we also want to have an innovative approach to training. In this phase we are defining together with Professor Gaia Rubera the research areas and the topics on which to engage students: we will propose challenges based on real cases taken from our customers' daily lives. All of this creates not just an exchange but a real relationship, and that's what we value. ■

*that I could not do without." Vironda has alternated experiences in different sectors, covering, among others, the roles of Sales Strategy & Operations Manager Google, in London, Managing Director at ho-mobile and Consumer Marketing Director at Vodafone and COO at Credimi. "This variety is proving particularly valuable in my current role, in which I have direct responsibility for business growth in 26 countries and in a company like Amplifon that is over 70 years old but growing at the pace of a startup."*



## THE COURSES

It is often said that Big Data is the oil of our time. However, data alone are not enough, it is necessary to know how to interpret them and extract value for the company: it is therefore necessary that those who analyze them have a dedicated preparation. The multifaceted universe of data science in its many forms is the focus of several courses at Bocconi University and SDA Bocconi School of Management. It starts with the [Bachelor in Economics, Management and Computer Science](#), directed by Emanuele Borgonovo, continues with the [MSc in Data Science and Business analytics](#), led by Alessia Melegaro, and ends with the [PhD in Statistics and Computer Science](#) directed by Antonio Lijoi. SDA Bocconi, on the other hand, dedicates to the topic, among others, the course in [Small and Big Data Predictive Analytics](#), directed by Luca Molteni.



# How Can We Explain the Different Strategies of WhatsApp and WeChat?



*The first is a specialized messaging app, the second has developed as a true e-commerce and services platform. But what explains the differences is the presence or absence of frictions and market costs. And in the most competitive markets, specialization wins*

by Charles Williams @



CHARLES WILLIAMS  
Associate Professor  
of Corporate strategy,  
Bocconi University

**M**any of us use the popular phone tool WhatsApp to communicate with friends and family and organized groups. But if you were to use the equivalent app in China - WeChat - you would find it is not just a messaging app but a platform for commerce, hosting the country's most popular ride sharing service, lots of e-commerce, financial services, and even the official registry of retirement accounts from the government. Which leads to the question, why has one successful messaging platform become this broad home for products and services while the other is just a specialized application on our phone?

An enormous amount of strategy research has helped us understand why and how companies diversify between different product markets, like when Apple adds video streaming to its successful array of phones and computers or when Prada acquires a famous Milanese pastry company. But the field of strategy hasn't offered as much to understand why we





see such striking variation in the breadth of product offerings within individual markets, which is where our study offers some insight.

This project, with Bocconi PhD graduates Niloofar Abolfathi and Simone Santamaria (now professors at the National University of Singapore), explores the product variety of cellular services in markets around the world. What we found is that a particular market friction - switching costs for customers - helps explain when companies offer a variety of service packages to their customers or when they specialize in a narrower segment of the market.

In order to identify how market frictions shift the rewards to companies with broad or narrow product portfolios, we used a change in policy called mobile number portability, which spread slowly around the world. It may be hard to remember now, but it used to be that each cell phone number was tied to a specific company. If you wanted to move from TIM to Vodafone, you had to get a new number, which

imposed significant costs on anyone who wanted to switch. This policy started with Singapore in 1997 and gradually spread around the world, coming to Europe and North America in the early 2000s and finally reaching holdout countries as recently as 2016 or 2017.

What we find is that after this change takes place, the more competitive marketplaces tend to favor product specialists. This suggests two important things for understanding business strategy. The first is that broad or multi-product positions are more advantageous when there are market frictions, or costs of using the market. You might understand this by analogy to huge modern supermarkets for groceries compared to specialized food stores. The big store adds value if customers face substantial costs in putting together that mix of products from specialists. So, in rural or suburban areas where customers need to travel longer distances to get to several specialty stores, we see that supermarkets or even hypermarkets dominate. On the other hand, in urban settings like Milan the benefits of the supermarket are weaker since we may have a butcher, a bakery, and a fruit and vegetable store on the same block. We find a parallel to this pattern in the digital markets of the cellular industry.

The other thing we learn is that one of the ways that more competitive markets - those without frictions - create value is by creating incentives for companies to invest in specialization. Creating a really specialized offering often requires learning and investment. This can add real value, providing products that are more closely tailored to the needs of specific customers, but we see that the rewards for specialization only emerge after the market frictions are eliminated.

So, returning to our example of WhatsApp and WeChat, we learn something surprising from the comparison of the offerings of the two messaging platforms. It may actually be an indication of the health, or lower frictions, of digital markets in Europe that has led to a messaging app that is just one of many specialized tools on our phones. Perhaps counter-intuitively, the superstore nature of WeChat's platform in China may indicate that digital markets there are still marked by market frictions and costs for consumers. ■

# How to Measure the Years of a Good Life

*Starting from the Sustainable Development Goals, a research team has identified the right metric to measure success by focusing on well-being and a demographic approach. There are two advantages of YoGL: it is possible to measure entire countries and subpopulations and to observe their variation over time*

by Simone Ghislandi @







**T**he Sustainable Development Goals (SDGs) are a wake-up call for humanity to move toward a more sustainable and inclusive development model. The SDG approach focuses on poverty and inequality reduction, well-being maximization and environmental sustainability, in an attempt to overcome the limits of GDP as the main indicator of success in the development of a country. Although comprehensible in theory, the metrics to be used for measuring the degree of SDG success are still debated.

Attempts at overall quantitative assessments of sustainable development can focus on either determinants or constituents of long-term human well-being. In this paper we focus on the constituents of well-being using a demographic approach. We construct a tailor-made metric based on life expectancy and indicators of objective and subjective well-being: Years of Good-Life (YoGL). The idea behind YoGL is to focus on the constituents of well-being and their changes over time. First and foremost, we consider survival as the most essential prerequisite for enjoying any quality of life. But since mere survival is not enough, we go on to define “good” years of life as those years spent above minimum levels of both objectively observable conditions and subjective life satisfaction. Only if people are above critical levels in these areas are their life years considered as good years in the calculation of YoGL. The three objective aspects YoGL considers are: being out of poverty; having no severe activity limitations; and being cognitively able to function. Having a positive life satisfaction, on the other hand, represents the subjective aspects of the index.

YoGL has two main advantages over other similar indicators: it can be measured across subpopulations (for example, gender) and across time. When YoGL is calculated on complete datasets such as the European Survey of Health, Ageing and Retirement in Europe (SHARE), all four aspects can be measured for the 50+ demographic. Overall, northern



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European countries and Switzerland perform better than the Mediterranean and Eastern European countries. Even if Italy and Spain are traditionally associated with high life expectancy, they score low in both subjective well-being and in cognitive abilities, reducing on average the number of “good” years lived. Incidentally, these results might reflect the lower educational attainments among the elderly population for these countries.

YoGL can also be set up for ranking countries at world level. Data for this setting, although available, are not always complete and some technical adjustments are needed. Using the World Values Surveys, we show that strong inequalities exist across and within countries. For example, while YoGL for females in the top country (Sweden) is 58, the same figure for the last one (Yemen) is 10. In general, while the reduction in “good years” due to poor health plays a proportionally larger role in highly developed countries, elevated levels of poverty and cognitive impairment are the main drivers of losing YoGL for men in the least developed countries. Within countries, it is also clear that the difference between life expectancy and YoGL is higher for females than for males. This indicates that the objective and subjective limitations to a “good life” are not gender neutral.

The strong inequality patterns are concerning, but there are reasons for optimism. Looking at the changes over time of YoGL, it is evident that most countries witnessed significant increases over the last decades. In particular, in India the reduction in poverty prevalence and the improvement in physical health and in subjective well-being have increased YoGL more than 50% in 25 years; more limited improvements have been registered in other middle-income countries like Mexico and South Africa.

This study only addresses a step in the great challenge to comprehensively develop a metric of well-being that can be assessed across subpopulations and over time. This is important because measurement is key in defining targets and driving policies. Also, this new metric can be used more widely in sustainability research. This is why, for example, the same research team is planning to develop models and scenarios with feedback from environmental changes onto future long-term human well-being. ■



## THE PAPER

**Years of Good Life is a Well-Being Indicator Designed to Serve Research on Sustainability**, by Lutz, Striessnig, Dimitrova, Ghislandi, Ljajić, Reiter, Spitzer and Yildiz





# The Unbearable W

*The experience and professional backgrounds of the members of boards of directors – especially One study shows that such experience is associated with an increase in credit spread of 20.4*

by Stefano Gatti @

**T**he role of the Board of Directors in determining the success of a corporation has never been debated as today. The enactment of the SHRD II and of the SFDR has put the shareholders under the spotlight, giving them a more active role in shaping boards' decisions. In this debate, the importance of board members' past professional experience becomes essential. A skilled board of directors should be in the best position to engage not only with shareholders but also with all the stakeholders of the firm: customers, suppliers, creditors, employees and institutions.

In our recent paper entitled *Corporate bankruptcy and directors' reputation: an empirical analysis of the effects on public debt contracts*, we study a very specific relation: the link between board members' past professional experiences and the terms and conditions of the debt



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contracts of their current firms. Overall, we suggest that lenders incorporate information about past professional experiences of directors into public debt contracting. We examine whether directors' past bankruptcy experience at other firms affects the pricing - essentially the interest rate/credit spread - and non-pricing terms - raised amount of funds and funds maturity - of bond issues in primary markets. Our intuition is that if a firm hires a director who has been involved in prior bankruptcy cases, outside lenders interpret this choice as negative for the hiring firm. In fact, this director could contribute to increase the risk-taking appetite of the company and/or to modify the investment choices of the firm. Clearly, these aspects threaten the core of good corporate governance practice, if these behaviors are not properly checked and monitored. The sample of our study is based on 8,142 bond issues in the U.S. in the decade 1995-2015, and we find higher credit spreads and smaller bond sizes for firms with such





# Weight of the Past

*ally if they involve bankruptcy - are carefully studied by capital markets.  
basis points and a decrease in bond size of 22.6% on average*

directors. This suggests that bondholders are concerned about past bankruptcy experience and that they react with less favorable terms and conditions when purchasing such bonds at issue. More precisely, we document that the presence of a director with past bankruptcy experience is associated with an increase in credit spread of 20.4 basis points and a decrease in bond size of 22.6 percent on average.

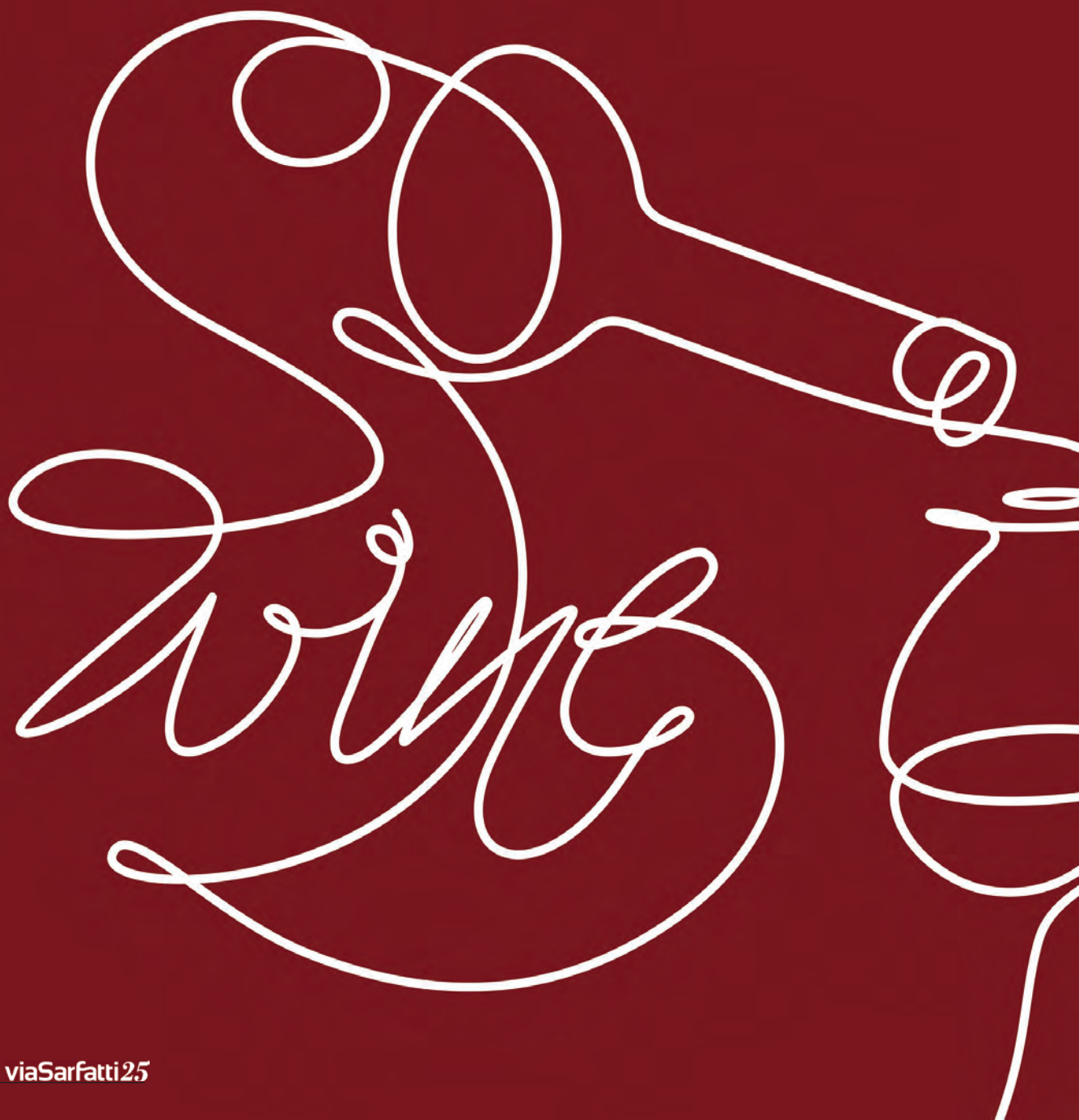
The effect of directors' past bankruptcy experience on credit spread and bond size is more limited for bankruptcies that are determined by exogenous/non idiosyncratic shocks such as the dotcom bubble and the global financial crisis. We also show that our findings are not explained by bond issuers with a high risk of default (high yield issuers). Instead, results seem to be driven by the specific role played by the directors inside the board, for example serving on key monitoring committees. This is a clear signal that prior bankruptcy

experience raises concerns about the company's corporate governance. Lastly, we find some evidence of a limited negative indirect effect of prior bankruptcy experience on the terms of debt contracts through the firm's financial and investment policies.

To summarize, our paper indicates that the professional background and experience of board members are taken into great consideration by capital markets, even more so if the director has served in companies that went bankrupt and more yet if they served in key committees of the same board. Policymakers seem to be acting as suggested in the paper. For example, the recent Decree of the Ministry of Economy and Finance (Decree November 23, 2020 nr. 169) has strengthened the criteria to be met in order to take positions as board members in financial institutions and financial intermediaries, focusing on the past professional experience of candidates. ■



# Wine Routes







*Italy's post-Covid recovery will flow through its wineries and vineyards which, thanks to the crisis, have found a way to weather their problems with digitization, distillation and new forms of communication to strengthen brand awareness. By focusing on the Italian way of living and increasingly immersive tourism*

by Magda Antonioli @

**T**he wine industry and the HoReCa (Hotel/Restaurant/Catering) sectors in general were among the most affected by the Covid-19 crisis; not only that, they posted a negative trend which largely exceeded the drop suffered during the previous crisis of 2008-2009.

But it is precisely the crisis that can provide useful ideas for a restart and indicators to evaluate how. By concentrating on the criticalities that have emerged or worsened, the Italian wine industry can move towards the necessary realignment to new market conditions.

If the smaller wineries, more strongly tied to the HoReCa channel, were significantly damaged compared to larger firms, e-commerce sales, which have characterized the pandemic period, posted significant growth. This business increased both on proprietary channels through virtual shops, and in the general marketplace, thus opening up new commercial channels for everyone, rewarding in many ways innovative ideas and more creative forms of sales. In addition to e-commerce, large-scale retailing also posted an increase and, by opening its shelves to more prestigious wines, it also benefited from the increase in value and in the level

of prices. The result was certainly a clear and positive strengthening towards higher quality, as well as greater attention to aspects of communication and image. This has had repercussions on the whole supply chain, a signal that needs to be widely grasped in order to continue with tenacity and strength.

As for wine exports, they have held firm: €6.3 billion in 2020 (-2% with respect to 2019, but in line with 2018), and growth in EU and German markets (+ 4%), although there are drops in other regional markets, especially Asia (-12%). But even there, there are positive signs if you look hard enough: for example, Italy has overtaken France, its main competitor, in the United States, although the market has contracted (-



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5.6%). We remind readers that one out of two bottles is exported in the wine industry and there are signs of optimism in this direction as well: brand awareness is high when it comes to the Italy brand, and this combined with the quality of the product (let's not forget that over half of Italian wine production has protection-of-origin seals) acts as a driver for exports, enabling virtuous loops which facilitate the additional direct and indirect promotion of Italy as a destination country.

The fact remains, however, that it is increasingly necessary to resort to distillation, also extended to IGP and DOP wines, which the crisis has made indispensable to dispose of unsold products, while seizing the advantage - why not? - of the greater need for alcoholic products for sanitation. But wine is about culture and tourism and it is precisely there that this sector's drivers for recovery must be sought. In fact, certain cultural features of our quality products, already in evidence in pre-Covid years, dominate the sentiment for the recovery of the Italian tourism industry. Increasingly linked to immersive experiences in the Italian way of living, and its medieval towns, villages and forgotten "minor" food traditions, these same products will guarantee that Italy will see a very significant recovery in the post-pandemic period.

Pre-Covid data indicate that wine tourists account for at least 30% of the turnover of the wineries being visited and an even larger proportion of revenues for local players in the tourist hospitality chain, for an annual turnover exceeding €2.5 billion (source: Città del Vino). It should also be noted that countries that are the main importers of Italian wine worldwide are also the main markets for Italy in terms of incoming tourists.

In conclusion, wine, through the enotourism component, and then tourism proper (a very adversely affected sector), will be the first to be able to seize the challenge of recovery. In addition to the numbers, however, the real challenge will lie for both sectors in the ability to trigger and nurture virtuous feedback loops for the growth of their respective territories. This will allow the development of smaller and peripheral communities and, with a view to internationalization, the entire supply chain linked to the Made in Italy and the agri-food industry, where our country is a world leader. ■



## THE MASTER

### The Master of Management in Food & Beverage

(MFB) is a full-time 13-month program that focuses on management of F&B and related companies, such as manufacturing companies, retailers, and hospitality hotel chains.

# Digital, Ambassadors and New M

*At a time when the pandemic is shaking up the wine sector, Fabrizio Dosi, COO of the Tuscan winery Marchesi de' Frescobaldi and alumnus Bocconi, talks about the strategic choices for developing a company beyond the emergency*

by Emanuele Elli, Davide Ripamonti@

**T**he imperturbability of the vineyards to the pandemic context should not be misleading: in the world of wine there is great ferment, and not only among the yeasts in the vats. Between the transformations imposed by digital technology to the opening of borders to new markets, plus the issues related to the health and economic emergency, history is knocking on the door of every cellar. It is not surprising, therefore, that an outfit accustomed to traversing the centuries like Marchesi de' Frescobaldi has prepared itself by drawing on the experience of a manager like Fabrizio Dosi. Trained as a student and young marketing professional at Bocconi, from our campus Dosi reached the top of companies like Bulgari, Armani and Illycaffè, and now fills the role of General Manager to reorganize Marchesi de' Frescobaldi for new challenges.

→ *Coming from such different sectors, what was your first approach to wine?*

First of all, I started in listening and observation mode, because here in the company there are very good professionals in all roles to learn from. And then over time I tried to bring my experience to define a new strategic plan. The first step was to focus on core products and on the 10 main countries plus travel retail: this strategic choice immediately brought remarkable results, especially on key products such as Brunello di Montalcino and Chianti Classico, which recorded exponential growth. Other priority objectives were the creation of synergies between the various companies of the group, for example by optimizing the distribution network itself, and the definition of a strategy to have a stronger presence in the territory. This is why we have also re-evaluated the role of the sales force in the area, transforming our ambassadors into real managers, trained not only on the product but also on marketing and sales, with full responsibility for the business. In addition, we have developed marketing intelligence functions to better understand the markets, track the business models of different countries, and carry out pricing and

*FABRIZIO DOSI*  
Milanese, 51 years old, is COO of the Tuscan winery Marchesi de' Frescobaldi. He got his degree in Business Administration with a specialization in marketing, he was also a lecturer at SDA Bocconi for three years. "In all the years I spent in Via Sarfatti, I greatly appreciated the closeness between what was happening in the classroom and the world of companies, an aspect that was anything but taken for granted at the time and which also left me with a precious habit, that of continuing to update myself and look for connections between research and application in the field," recalls the manager. "Then I made a transition to consultancy and from there my path within companies began". A journey that led Dosi to tackle different sectors, from Blu's mobile telephony to Bulgari's luxury jewelry, from Armani to Illycaffè, with roles of increasing responsibility. And now wine.



value chain analyses. In this way we were able to have a more constructive dialogue with our importers and distributors.

→ *This past year has shown the contribution that digital can also make to wineries. What are the initiatives on which it is especially worth investing?* Social media for communication are fundamental, but there are many recent technologies that can be exploited. For example, we have created virtual tours with 3D viewers, to be able to visit our estates and cellars even when it was not possible to go there. And then there is e-commerce that potentially has a decisive role: in the first three months of this year, we had an online growth of 300% in sales compared to 2020. In this regard, our choice is to work with the sites of our partners and not to develop a direct e-commerce: we do not want to compete with our trade, but to support it to develop their online business.

→ *Even on WeChat, the social network of reference for China, there is now a profile of Frescobaldi. Is*



## THE LAB

**The Wine Management Monitor** within the SDA Bocconi Food & Beverage Management Lab analyzes and monitors the competitiveness of Italian wine and the evolution of Italian Style throughout the world with regard to the food & beverage market.





# Markets. Thus History is Renewed

*wine also part of the Chinese future?*

Asia is extremely important, and the difference in exports that exists still today between Italy and France was built right there. Some say that Merlot and Cabernet better meet the tastes of Chinese palates, but it may also be true that this preference has been formed over time and through the most popular products. Sangiovese must catch up, but we must do it by working with their methods and sensibilities, building a reliable image and then looking for a clear and well-defined positioning, because in that market there is no room for different prices or unclear labels. China will become increasingly important in the world of wine, but traditional markets, such as Europe and America, where there are many collectors, wine connoisseurs and wine lovers, will continue to play a significant role.

→ *Concerning Horeca, how much have you missed this channel in the last year?*

A lot of course, even if we tried to maintain contacts as much as possible and to be in solidarity with the agents by guaranteeing commissions and making flexible offers to the network so that they could still buy the vintages for their libraries.

→ *On the other hand, the role of large-scale distribution has grown a lot.*

True. Here our strategy has been to grow without resorting to promotion in order not to distort certain products, but still trying to satisfy a growing demand. We have therefore invested in some ad hoc products, such as Brunello di Montalcino and Chianti Classico, which maintain quality at a price appropriate to the context.

→ *Your role calls upon you to plan, so how do you feel about the independent variable linked to the climate and the quality of the vintages?*

The professionalism present in the wineries is the best guarantee of the result in the bottle and can greatly reduce the impact of the climate on quality. On the other hand, quantity may be affected, as for example happened with the 2017 vintage. In this case, long-term planning can make it possible to manage the emergency by activating alternative solutions. Going back to the example of 2017, we at Frescobaldi have maintained the same turnover even with less product, by working more with collectors and earning more customer loyalty. ■





## ALESSANDRA QUARTA (Claudio Quarta Vignaiolo) Invest in the Whole Territory, Not Just the Vineyards

Three wineries, in the Puglia and Campania regions, united by a single brand: Claudio Quarta Vignaiolo. Behind the business idea, an overarching ambition: to give Italian Southern wines a recognition they are still struggling to acquire. Claudio Quarta, a professional biologist, decided to change his life and established his company in 2005. His daughter, Alessandra, who graduated from CLEACC in 2011, soon contributed her efforts, knowledge and enthusiasm. She currently holds the position of Vice President and Brand Manager. "The concept around which our



*ALESSANDRA QUARTA  
VP & Brand Manager at  
"Claudio Quarta  
Vignaiolo", and a CLEACC  
alumna: "CLEACC was the  
right springboard to  
develop my identity, since  
it gave me all the tools to  
carve my own path. I did  
an internship at UNESCO  
and from that experience  
my graduation thesis was  
born, which focused on  
the management of the  
world cultural heritage  
protected by UNESCO. A  
program that gave me a  
solid grounding but also  
taught me to think  
unconventionally. A  
memory in this sense?  
Massimo Amato's class of  
economic history, where  
creativity and  
unconventional thinking  
ruled".*

company was born", explains Alessandra, "is that of contributing to enhancement of the local territory understood not only as the land and the grapes, but also the human and cultural heritage that surrounds them". In other words, le terroir, as the French say. "We want to invest in the community that surrounds a wine, to make it unique in a certain sense, innovating but without neglecting the past, because in this industry there are very strong values that must be safeguarded". However, if you are a young company without generations of winemakers and history behind you, you need to find something that allows you to stand out in a market and that's something that is becoming more and more complex: "It can only be done by innovating, by creating something that was not here before, a product that is both modern and sustainable: in a nutshell, qu.Ale., an IGP Salento red wine which blends the two most famous indigenous grape varieties, Negramaro and Primitivo, whose sales have trebled since its inception in 2014. "My intent was to create a great wine that was sustainable at all stages of production, using lighter glass bottles and environmentally friendly materials. Furthermore, part of the proceedings of wine sales are donated to charitable initiatives". Because, as Alessandra claims, "In Italy, it often happens great wines are produced, but only the final product is judged, without dwelling on the process that led to that result". This is what Wine Democracy is about: establishing a set of rules that link the production of great wines to respect for people and the planet. "We don't do it just for qu.Ale.", continues Alessandra Quarta, "since all our cellars follow the same production rules. We believe in this business model because, fortunately, that's what people want from us".





## CAMILLA LUNELLI

(Lunelli Group)

### If Your Bubbly Has a Strong Identity, Communicate It

Cantine Ferrari now represents Italian bubbles in the world, thanks to the quality of their sparkling wines and communication campaigns of great effect. Behind the realization of the latter there is above all Camilla Lunelli, Communication & External Relations Director of the Group, Bocconi alumna like her cousin and company president Matteo, but also, and most importantly, member of the third generation of the family which has owned and led the company since 1952. "Social media represent the future of communication and we put a lot of effort into that, although in our world, which is still fortunately based on product quality, more traditional forms of communication remain effective, such as presence in the most important wine guides and the appreciation of opinion leaders", explains Camilla Lunelli, "as well as partnerships with high-impact sporting events, such as those we recently signed with Formula 1 and the America's Cup".

It all descends from Denomination of Origin, DOC in Italian, and more specifically the Trento DOC, a small but growing wine denomination, which brings together 55 associates and produces only a limited quantity of bottles, most of which for Cantine Ferrari. It has quality and the unique characteristics of the land where the wine is made as its major strengths: "We feel a little like the flagship company of this territory", continues Camilla Lunelli, "and we are pleased that other producers recognize the effort we are making on behalf of the Denomination as a whole. I consider it to be part of our corporate social responsibility. From this territory we take, and to this territory it is right we give back".

The reference to territorial rootedness is a value which Camilla Lunelli strongly believes in and fortunately is beginning to be accepted also abroad, where until a few years ago, when it came to bubbles, the mighty champagne swallowed up everybody else: "At the end of 2020 an authoritative critic in the New York Times argued that just as there is not only Burgundy red when you speak about red wines, for sparkling white wines there is not only champagne, since each bubbly has its own identity, which is an expression of the territory where the wine is born".

The Lunelli Group, of which Cantine Ferrari is a part and parcel (together with the Tenute Lunelli, Surgiva, Segnana, and Bisol 1542 brands, and the starred restaurant Locanda Margon), is a family company. Is it important to stress this aspect in marketing communication? "Very, because it represents the guarantee of certain values, such as sustainability, in which we strongly believe. But it doesn't have to be a limit on our reach. For the size we have, and the one we want to attain, we are open to the entry of outside talents who can help us in our growth process".



GILDA FUGAZZA  
a Bocconi graduate in  
Business Administration  
(1992), is wine  
entrepreneur and  
president of the Oltrepò  
Pavese Wine Consortium:

"A particularly fond  
memory of my years at  
Bocconi are the lectures  
by Claudio Demattè, who  
was capable of  
explaining very  
complicated financial  
concepts in a clear and  
simple way. From his  
teachings in particular, I  
learned a management  
methodology that helps  
me to deal with problems  
and solve them in a  
rational way. For me, a  
lover of numbers, three is  
always larger than two.."

CAMILLA LUNELLI  
Communication &  
External Relations  
Director of the Lunelli  
Group, graduated from  
Bocconi in Economics in  
2000: "Bocconi was a  
great training ground for  
me to become open to  
the world, certainly  
thanks to the excellence  
of its academic teaching,  
but above all to the  
internationality of the  
faculty and student body.  
The exchange program I  
did in Paris and the  
internship I did in New  
York were fundamental  
steps in my training,  
which are now almost  
taken for granted but  
which, 20 years ago, few  
universities could offer".

## GILDA FUGAZZA

(Mondonico Agricultural Firm)

### Promoting and Protecting Oltrepò Wines

A vintner, yes, but not only that. Gilda Fugazza, who graduated in Business Administration from Bocconi in 1992, was elected for the second consecutive year as president of the Oltrepò Pavese Wine Consortium, an institution that brings together about 160 winemakers, one of which, however, Cantina Sociale,



represents in turn over 700 wine producers. In the approximately 100 hectares of the Mondonico wine firm, Gilda Fugazza cultivates the grape varieties that are typical of the area: Croatina (for the popular Bonarda red), Barbera, Pinot Nero, Riesling, Pinot Grigio... a major heritage of this land which struggles to obtain the recognition it deserves.

"Other areas, I'm thinking of Franciacorta for instance, moved on networking before us and this has contributed enormously to their positive image. Perhaps they were also favored by having a single flagship wine, while we produce several kinds of wine here. But the valorization of our wines", explains Gilda Fugazza, "is an objective that must also be pursued through synergies with other entities and actors". An agricultural but also a cultural heritage, which, as Gilda Fugazza underscores, "is unique and unrepeatable elsewhere. Thus it must be promoted but also protected and passed on intact to future generations". The Consortium, according to the president's vision, has a double role, however: "On the one hand, of course, it must protect members, on the other, it must function as a guarantee for the end consumer, the one who buys our wines. We must encourage visits to the company, show consumers the work we do, in practice have people see how wine is made".

Another area of operational competence of the Consortium is exports, i.e. markets to be consolidated and new ones to be conquered: "We are very active in this sense", says Gilda Fugazza, "we have also carried out specific projects in two countries, Switzerland and the United States, through brand ambassadors, although this is certainly not the best time and many activities have been moved online". The wine most easily associated with Oltrepò Pavese is Bonarda, which in the past has often been produced with an eye more to quantity than to quality. How is the situation now? "Perhaps few know that Bonarda, despite the large numbers it posts, about 20 million bottles a year, is a wine that is extremely difficult to make, because the grapes must be harvested strictly by hand. There are many producers who work well and need to be valorized. We must, in a nutshell, know how to communicate quality. And, if necessary, we must learn from those who did it well ahead of us".

## GIOVANNA PRANDINI (Perla del Garda winery) Two Siblings and a Family Vineyard



A stony, hilly plot with poor water. It may seem strange, but these are the ideal conditions for making great wines. And to convince a young graduate in economic and social science at Bocconi to abandon a promising career in the insurance and financial field to embark on a risky new business venture, together with her brother Ettore, a graduate in Law. "We started from the land owned by my family, cultivated to produce grapes that were not vinified but sold to third parties. My brother and I decided it was time to do something of our own," explains Giovanna Prandini.

It was 2006 when Perla del Garda was born, a winery in the municipality of

Lonato, between Desenzano and Sirmione, where Turbiana is grown mainly for the production of Lugana DOC, but also international vines such as Chardonnay and Riesling, Merlot and Cabernet Sauvignon. There is a total of 40 hectares of vineyards, partly already converted to organic, where the harvest is done exclusively by hand. "Environmental sustainability is one of the cornerstones of our philosophy, which looks to tradition but winks at innovation in production processes by investing in technology and research, especially in the vineyard to reduce the number of treatments and respect the protocols of organic farming".

And so a winery was born, designed by their architect mother, structured on three floors, and working by gravity, a technological jewel of a company that produces everything with its own grapes, a choice that is both the scourge and delight of those who, like Perla del Garda, scrupulously adhere to it: "We are in the hills, we can benefit from the unique climate of Lake Garda and from a good exposure of the vineyards, fortunately. Our wine has characteristics of flavor and minerality that make it unique and distinguishable from the others. Being independent winegrowers and producing only our own grapes means sometimes depending on the vagaries of the seasons, obtaining a wine that is a true interpreter of the vintage, as I like to call it, but at the same time always faithful to itself in style and elegance". A successful wine, with about 45% of production destined for export. And we return to the subject of organic farming: "It is a path that we started in 2013 and that we intend to take seriously. However, it must not become a dogma, because the economic and social sustainability of the company weighs on our shoulders, which is made up of people and families who depend on us" continues Giovanna Prandini. "Producing 100% organically without having a consolidated experience is too great a risk, we cannot afford it yet. Ours must be a policy of small steps, we want to grow gradually by making courageous but wise choices".

*GIOVANNA PRANDINI owner of the Perla del Garda winery, graduated in economic and social sciences: "My years at Bocconi were a life lesson. I had difficulty at the beginning, I who had done classical studies to pit myself against subjects such as mathematics, statistics, and econometrics. The university taught me a method that I was then able to apply in my work and that has always accompanied me both in the financial and agricultural fields, allowing me to build a winning team. I am pleased to note that among the new generations of entrepreneurs in the world of wine there are more and more people with a university background, curious and eager to learn and innovate with particular attention to sustainability".*

*GUALBERTO RICCI CURBASTRO co-chief executive officer of Ricci Curbastro Agricultural Firm, graduated in Management: "A particular memory concerns my thesis and the relationship with my supervisor, Armando Cirincione, a great wine lover. The topic of the thesis focused on the difficulties of managing a consortium label that brings together 120 companies, each with their own history and characteristics. It was, thanks also to Professor Cirincione, a wonderful experience that allowed me to get to know better the area where I live and work".*

## GUALBERTO RICCI CURBASTRO (Ricci Curbastro agricultural firm) Managing the Growth of Pinot Noir and Chardonnay

The comparison with the Champagne region comes naturally. Vineyards as far as the eye can see, mostly cultivated with pinot noir and chardonnay varieties which give rise to the finest bubbles in Italy. And although other Italian wine-making regions may claim superiority, the combination Franciacorta and classic method (champenoise) brings together quality and large numbers. Among the approximately 120 companies in the region, Ricci Curbastro is one of the oldest and, with its 30 hectares of vineyards, it represents the typical medium-sized company of the area. A healthy company thanks to the commitment, passion and foresight of the various generations of the family and which today, in radically changed times, needs professional managerial skills to continue to grow. This is what Gualberto Ricci Curbastro, 29 years old, got from Bocconi with a degree in Management, and he now assists his father in the management of the company: "Working in the family business was a choice dictated above all by a passion for this world, it is not something I have felt was a duty. Both my two brothers and I were given the freedom to choose", explains Gualberto, who is now co-chief executive officer of the company, "and when I started university I didn't think I would do it. But then it turned out to be the right choice". Turning a passion into a job is what everyone really wants. And for Gualberto Ricci Curbastro it was like this: "Ours is a reality that can still be managed directly. My father is an enologist, has great experience and has held important positions in the sector. I brought rigor and economic vision, which were often lacking in farms. I deal with statistics, budgets, investment planning which, in this sector, are always medium-long term and must be carefully considered. Once nobody did this".

Another ability that Gualberto traces back to his Bocconi years is networking. "It is essential to network with other producers, have relationships and create a system. I believe that one of the secrets of Franciacorta's success was precisely the ability of the generations that preceded us to remain united and to think as a single block. A bit like Champagne, which we envy above all for its 300 years of history".







## ROBERTO SCIOLLI (Guido Berlucchi) With Business Greatness Comes Responsibility

A company and a territory that are tied indissolubly like nowhere else. Because the Guido Berlucchi company, born from minds of Guido Berlucchi and Francesco Ziliani in the mid-1950s, is the creator of a product, a territory, a brand, Franciacorta, which can be considered the symbolic region of Italian quality bubbly. In fact, it was Francesco Ziliani who conceived the first bottle of Franciacorta in 1961. This year, the company celebrates the 60th anniversary of that intuition and the 90th birthday of the founder. Roberto Sciolli, who graduated in Business Administration from Bocconi in 1989, joined Berlucchi in 1997

and now holds the position of CFO of the company.

Over the last two decades, the company has changed but above all the context in which it must operate has evolved: "Wineries are generally family businesses with a certain degree of capitalization and fixed assets. Wealth as measured by total assets is generally quite high. In the sparkling wine sector", explains Roberto Sciolli, "there is also a certain degree of profitability and if twenty years ago the wine industry, but also

the agri-food sector as a whole, was not of interest to large financial institutions, now it is no longer the case. This has led companies to equip themselves with a more managerial structure".

In recent years, the surge in interest for the world of wine has led to the emergence of phenomena, such as wine routes and visits to cellars, which represent new forms of income but also a way to put the final consumer in contact with companies. How does a large company like Berlucchi (over 4 million bottles produced annually) fit into this context? "Berlucchi has always given great importance to hospitality", says Sciolli, "to the point that we have had a department dedicated to hospitality for a few years now. It is not a division that generates major revenues, but it is fundamental from the point of view of communication and puts us in direct contact with the consumer, who over the years has become increasingly critical and demanding". In the area in which it operates Guido Berlucchi is the largest company, as well as the business pioneer. A great honor but also a great responsibility: "All the activities that the company carries out have a significant impact on the territory and for this reason we carefully calculate our moves", continues Roberto Sciolli, "we have always worked with foresight, not aiming for an indiscriminate amount of production but factoring in from the start the aspects of quality and sustainability. For us, technology, which has made great progress in the wine industry as well, is above all about protecting the environment and improving the quality of every production aspect. And the lives of those who work in the company".



*ROBERTO SCIOLLI  
Bocconi class of 1989 in Business Administration and Chief Financial Officer of Berlucchi recalls that "Professor Gianfranco Piantoni, shortly before the end of our studies, reminded us that you have to be a great person to be a great manager. This is a lesson that I have always carried with me and in a family business like Berlucchi I was able to combine the two aspects well. From a more technical point of view, the University has given me very solid foundations, so much so that every now and then I happen to open old Bocconi textbooks and discover that they were already ahead of their time 30 years ago".*

*SARAH DEI TOS  
owner of La Vigna di Sarah, and a Bocconi alumna:  
"Together with my family, we decided that a degree in Business Administration would allow me to work alongside dad in his wood flooring company. Which I did, before I started my business. Bocconi was fundamental because it taught me all the managerial skills that I now carry out personally. But not only that. It also taught me the ability to read financial statements and, importantly, which offline and online pricing strategies to apply, by also considering the interests of those who resell our wine. Perhaps the strategy lessons are the ones that have proved most useful in my adventure as an entrepreneur".*

## SARAH DEI TOS (La Vigna di Sarah) Bringing Innovation to Prosecco

An enchanted territory which, since 2019, has enjoyed the status of UNESCO World Heritage Site. And a wine, Prosecco, produced in over 330 million bottles, more than Champagne, mostly for export markets. All good, then? Not really, because the old warning that quality does not rhyme with quantity has often found confirmation here. But something is changing, with new producers appearing on the scene, innovative ideas and a goal: to preserve and improve a product, Prosecco precisely, by leveraging the DOC and especially the Conegliano-Valdobbiadene DOP control-of-origin consortiums to improve quality.

From Col di Luna, where her farm is located, Sarah Dei Tos, 34, who graduated from Bocconi in Business Administration and Management in 2009, has a privileged look at all this beauty. Sarah founded her own company in 2012 and started a small revolution: "I started with my grandfather's land, previously worked by renters, I acquired additional land and now, with 18 hectares, we are a medium-large company for this area, with about 120,000 bottles produced". La Vigna di Sarah (Sarah's Vineyard), this is the name, and is not only a winery, but also a small resort that is establishing itself thanks to the exponential growth of wine tourism, which has one of its most popular destinations right here.

"When I started this adventure, after the required courses in agronomy and my diploma as sommelier, the world of wine was a somewhat static, masculine world, and prosecco a wine that had to be valorized before being merely sold. But innovative ideas were met with skepticism". When she talks about change, Sarah actually refers to "an epochal turning point". Because making the transition to organic wine for all her production was a complex undertaking. "Producing organically means preventing diseases, because when they arise you have fewer remedies with which to treat them, so you study the land and the vineyards well, which are not all the same. It is a long process, since the certification comes after four years. And we got ours in 2019". The pandemic has hit us hard here too, but not immediately. The difficult moment is now: "In the first phase we didn't have great repercussions, now people are tired. It is obvious that our hospitality division is the one

that has suffered the most. How will we come out of this? We must continue to focus on quality, in particular that of wines produced in the hills, which can boast the DOP warranty. It is a difficult kind of viticulture, which gives lower grape yields but an excellent product. Plus, who can claim a better view than from Col di Luna?"



# When Affiliation Works

*Being recognized and associated with a high-level incumbent is a positive sign for those entering a sector because it certifies its basic quality. However, this is not the case, for example, for new bands that play as support acts at the live events of established artists. A study explains why*

by Fabrizio Castellucci 

**N**ewcomers in an industry often have trouble being taken seriously, or even noticed in the first place. This challenge, often referred to as the “liability of newness”, underscores the idea that to survive and thrive, new entrants must be recognized as legitimate by their stakeholders - employees, investors, customers, analysts, or simply followers. Network affiliations have been extensively investigated as a way for new entrants to overcome this “liability” as affiliations provide access to information, resources, and new knowledge. Furthermore, affiliations with high-status organizations have signaling value, functioning as endorsements to actors who need legitimacy, such as newly established organizations like startups. In other words, an affiliation between a new entrant and a high-status incumbent can work as an informational cue signaling stakeholders the underlying quality of the new entrant. Defined as the relative position of an actor in a socially constructed hierarchical order, status signals the perceived quality of a producer’s outcome with respect to the competitor’s outcome. Despite being socially constructed, meaning that the perceived quality might be very different from the actual quality, new entrants usually benefit from being affiliated with high-status incumbents. The implicit assumption here is that forming an affiliation is a deliberate act and, therefore, affiliations between high-status firms and new entrants will not materialize in the absence of a specific endorsement of the latter on the former’s part. Affiliations, however, are not necessarily the result of deliberate choices. Rather, affiliations can have tangible



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effects even if two actors are simply perceived as affiliates by an audience. When actors share a membership in a social group or jointly participate in common activities, and if this is visible to audiences, they will often be perceived as connected, even though their association might be unintentional, and their interactions limited. This is the case of bands who participate in the same live music performance: they are perceived by audiences as affiliate even though their participation in the performance is not determined by the choice of any band in the concert lineup. According to popular belief, new bands should benefit from playing in the same live performance with a successful high-status band. Yet in those contexts, such as live performance, where entrants rely on attracting audience attention to acquire resources and must compete with their affiliates to do so, we argue and find support for the opposite. Because attention is a limited resource and because high-status affiliations tend to capture most of the audience’s attention, the amount of attention that audiences can allocate to any given entrant is dramatically reduced. In turn, the reduced allocation of attention to entrants is likely to translate into reduced engagement by the audience, hindering both the acquisition of resources and the development of a distinctive identity in the eyes of stakeholders, with detrimental effects on performance outcomes. By looking at a sample of new bands and their live performances, those performing with high-status bands are less likely to survive and tend to generate lower revenues. If, on the one hand, high-status bands can still provide legitimacy to the new entrants, this effect would decline for older bands while the diversion of attention would still remain. Consistently we find that older new bands are less likely to survive and produce revenues if they perform live with high-status bands ■



## THE PAPER

High-Status Affiliations and the Success of Entrants: New Bands and the Market for Live Music Performances, 2000–2012, by Piazza, Phillips, Castellucci





# s (and When It Doesn't)



# If Art and Fa

*From sponsorship of exhibitions to more extreme forms of hybridization, such as the creation of limited editions of products, the encounter between the two separate worlds brings benefits and recognition to both*

by Alex Turrini @

**A**lbeit often perceived as two worlds apart, art and fashion are increasingly converging in mutually advantageous ways, especially when it comes to luxury, one of the fastest-growing sectors before the pandemic. The phenomenon of artification has attracted both the praise of those who see in it an opportunity to “purify” luxury and fashion goods from their long-stigmatized link to unnecessary excess and amorality, and from the criticism of those who view it as “desecration” of art. To date luxury and fashion companies are carrying forward various artification strategies when they join the art world. On one end of the continuum synergies represent collaborations to achieve common goals like sponsoring exhibitions, patronizing artists even with barter agreements or granting awards for young talents. Synergies do not radically affect the nature of either the luxury fashion companies and brands or the artists or arts institutions involved as the degree of detachment between them is still relatively high even when extensive corporate arts programs (like corporate arts collections) are developed. Contaminations strategies represent a step ahead in artification as a process. They occur when art’s key properties spill over onto brands, thus influencing consumer evaluation and awareness. At this stage, artification benefits luxury companies as they can upgrade their brand-infusing characteristics such as rarity and value, prestige, and legitimacy. This category encompasses those actions developed by fashion companies with a deeper commitment toward the arts: the organization of exhibitions like the Culture Chanel at the National Art Museum of China in Beijing in 2011 or the Christian Dior exhibit at the Victoria & Albert Museum in London in 2019, the opening of a corporate museum or exhibition spaces like Armani Silos in Milan, and the dedication of corporate foundations for developing artistic projects (e.g., Louis Vuitton, Cartier, Prada, and Trussardi) are examples of such practices. Finally, at the very end of this spectrum hybridizations imply an extreme level of interaction. Through hybridizations,



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Associate Professor  
of Management of  
Cultural Industries  
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# ashion Meet



## THE BOOK

Despite being vastly different both socially and economically, art and fashion are increasingly converging to collaborate in mutually advantageous ways. *The Artification of Luxury Fashion Brands* by Marta Massi and Alex Turrini (Palgrave Macmillan, 2020) discusses the mutual benefits of collaboration through analysis of successful case studies, including corporate art collections and museums, patronage and sponsorship initiatives, and art-based brand management in the fashion sector.



fashion companies artify limited editions of their products (like John Galiano, who honored Gustav Klimt, reinterpreting his most important works for Dior's 2008 Spring collection) or retailing (with in-store displays of permanent or temporary artworks or the organization of live performance art events) or, more often, branding and advertising (like Stella McCarthy who collaborated with Ed Ruscha for the #Stellacares campaign).

One might argue about the benefits of artification for luxury and fashion companies and, at the same time the benefits for the arts world. No studies have been carried forward so far but some of the advantages for companies engaged in artification might include not only enhanced legitimacy (by providing a moral and aesthetic endorsement at the level of its high prices), but also enhanced authenticity (by stressing the importance of traditional handcrafted and artisanal methods in the production), uniqueness and exclusivity (by reinforcing the idea of distance and separation from what is a unique object and its copies) and enhanced emotional and aesthetic value which, in turn, can lead to increased loyalty toward the brand.

On the other hand, artification by luxury and fashion companies might have some important impacts on society. It is not only a matter of new cultural philanthropy, corporate social responsibility towards the arts or maecenatism. Artification can be regarded as a driver and a consequence of cultural democratization characterizing the postmodern era as it multiplies and extends the number of legitimating bodies, including the audience, newspapers, collectors, gallery or festival directors, sponsors, etc. Thanks to artification, genres such as breakdance, hip hop, video art, and computer art might swiftly acquire their aura and, above all, enhance their economic value and spread recognition. ■



## BUILD YOUR CAREER PATH

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A detailed 3D rendering of COVID-19 virus particles. The particles are spherical with a dark, textured surface and numerous bright yellow, crown-like spikes protruding from them. They are scattered across the frame, with some in sharp focus and others blurred in the background, creating a sense of depth.

# Covid19

by Camillo Papini, Fabio Todesco

Research by  
Marco Bonetti  
Angelo Borselli  
Brunella Bruno and Elena Carletti  
Oriana Ciani, Simone Ghislandi and Amelia Compagni  
Filippo De Marco  
Colombe Ladreit  
Alessia Melegaro  
Zachary Parolin  
Andrea Resti



## MARCO BONETTI

### Real Time Maps of Covid Trends in Italy

**Marco Bonetti**, at Bocconi's Department of Social and Political Sciences, and **Ugo Filippo Basellini** (Max-Planck-Institut für Demografische Forschung) have developed Epilocal, an online tool designed to estimate and visualize differences in the spread and trends of the pandemic at the sub-national level, which has now been published in Demographic Research.

The real-time maps are now reachable from the homepage of Bocconi [Covid Crisis Lab](#).

The software uploads official data at the province level and, through a manual or automatic choice of local statistical models, summarizes the trend that the epidemic has followed over the selected time period at the local level. The result is a graph for each province and region, including cumulative data on positive cases (or other variables) and a model-based curve. Next to the graph is an indication of the estimated relative growth rate of the curve on the last day of analysis. This translates into three maps of Italy. In two of the maps, different nuances of blue correspond to different numbers of positive cases relative to the population and to different speeds of growth of the cases. A third map summarizes the two variables: each province corresponds to a circle, and the size of the circle corresponds to the number of events up to the day of the analysis, while the color of the circle indicates the speed of growth at the time of the map.

"The Epilocal software provides researchers and policymakers with a simple open-access, real-time tool to monitor the older and the most recent trends of the Covid19 pandemic in the Italian regions and provinces," Prof. Bonetti says.



ELENA CARLETTI  
Full Professor of Finance,  
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BRUNELLA BRUNO  
researcher in Financial  
Markets and Institutions,  
Bocconi University



## BRUNELLA BRUNO AND ELENA CARLETTI

European monetary authorities have been effective in deploying extraordinary measures to support the economy during the Covid19 crisis, maintaining banks' ability to provide companies with funds. Unwinding measures such as debt moratoria, though, might be problematic. On the one hand, a brusque stop could thwart businesses' ability to repay their debt; on the other, keeping moratoria in place for too long could mask non-temporary deterioration of a borrower creditworthiness, develop a non-payment culture also among viable borrowers and make banks' balance sheets more opaque.

Two professors of Bocconi's Department of Finance, **Brunella Bruno** and **Elena Carletti**, co-authored with Thorsten Beck (The Business School, University of London) an in-depth analysis of the issue, requested by the Committee on Economic

MARCO BONETTI  
Director at the Dondena  
Research Center, Full  
Professor of Statistics,  
Bocconi University



## THE MAP

A mapping app developed by Marco Bonetti (Bocconi) and Ugo Filippo Basellini (Max-Planck-Institut für Demografische Forschung) monitors the epidemic in Italy





## ANGELO BORSELLI Corporate Law Evolves on the Spur of Urgency

Facilitating remote meetings of company boards and other governance bodies, loosening the duties and responsibilities of directors, and supporting the liquidity of companies are the three main areas in which European governments have intervened to adapt corporate law to the pandemic crisis. However, there was a lack of coordination over such interventions at the EU level. This is what is suggested in the article *Corporate Law Rules in Emergency Times Across Europe* by **Angelo Borselli** (Academic fellow, Bocconi University) and **Ignacio Farrando Miguel** (Pompeu Fabra University), published in *European Company and Financial Law Review*. The paper is a comparative analysis of the experiences of the United Kingdom, Germany, France, Italy and Spain, and others.

"Most European states have introduced rules to facilitate the conduct of virtual assemblies, as a consequence of the measures of social distancing", observes Borselli. "In some cases, part of the duties of chief executives have also been relaxed, in light of the extraordinary challenges and uncertainties that they have found themselves facing. This was also done to prevent the Covid19 crisis from triggering a chain of liquidations or insolvencies". For example, in the United Kingdom the wrongful trading regime was suspended, in Germany the exemption from liability for payments made for ordinary business was provided, in Italy and Spain there was the suspension of the "recapitalize or liquidate" rule. On the front of measures to support the liquidity

of companies, Borselli comments that, "while substantially all governments have restricted the distribution of dividends for companies benefiting from state support, certain states have also introduced rules to favor the inflow of resources to companies". In Italy, for example, action was taken to suspend the deferment of shareholder loans (as in Germany and Spain) but also to facilitate recapitalizations.

"The urgency imposed by the pandemic has given a push to reconsider some hitherto untouchable rules of corporate law", concludes Borselli. "It will be interesting to see to what extent these emergency interventions will turn into

permanent regulations. An example in this sense already comes from Germany and concerns the lasting exemption from liability for payments made in the conduct of ordinary business, while in Italy the suspension of the "recapitalize or liquidate" rule has been extended to 5 years, for the losses recorded at the end of 2020".

ANGELO BORSELLI  
Academic Fellow,  
Department of Law,  
Bocconi University



### THE PAPER

**Corporate Law Rules in Emergency Times Across Europe,**  
by Angelo Borselli and Ignacio Farrando Miguel

## Out of the Crisis Restoring Bank Balance Sheet Transparency



### THE PAPER

**When and How to Unwind Covid-Support Measures to the Banking System?** by Thorsten Beck, Brunella Bruno and Elena Carletti

and Monetary Affairs (ECON) of the European Parliament.

"In designing the exit strategies, restoring bank balance sheet transparency should be a first-order objective," they write. In fact, in the case of deterioration of borrowers' creditworthiness, a prolonged relief would impair banks capability to correctly classify the risk of their loans and would increase their exposure to future risks. The quality of their balance sheets would become difficult to assess and monitor and their capacity to lend

would be reduced.

"Having this in mind, borrower relief measures such as moratoria should be phased out ahead of phasing out other measures, as a first important step. This is important in order to re-establish the proper screening/monitoring incentives, favor NPL recognition and, therefore, promote adequate loan loss provisioning," the authors write. "Doing this would reduce the risk of credit misallocation (including zombification) that is likely to rise if generalized borrower relief measures are in place for too long."

The second step the authors suggest is lifting the current relaxation of loan classification and provisioning policies. Asking banks to rebuild their capital buffers, released in the early stages of the pandemic, should come towards the end of the exit process.

## ORIANA CIANI, SIMONE GHISLANDI, AMELIA COMPAGNI

### An Opportunity to Relaunch Italian Healthcare

*Response to Covid19: was Italy (un)prepared?* is not just the question that citizens and companies have been asking themselves for months. It is also the title of the study that traces the history of Italian healthcare, analyzes the impact of the pandemic both on the supply side of services and on the demand needs of patients and, above all, proposes ideas to relaunch Italy's national health system. The study by **Iris Bosa** (Business School, University of Edinburgh) and others, including **Oriana Ciani** of CERGAS, SDA Bocconi School of Management, and **Simone Ghislandi** and **Amelia Compagni** of Bocconi University, presents a detailed map with numbers and regulatory references that leads the reader to understand certain questions. Why, for instance, has a decentralized regional approach not



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SDA Associate Professor  
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management

proved optimal to handle infections (given that the spread of the virus caused the postponement of 50,552 medical operations for other conditions at the peak of the crisis)? Or why are there regions that have invested more than others to create a widespread network of so-called USCAs, rapid medical intervention units in towns and cities? To have international terms of comparison, the survey published by Health Economics, Policy and Law is part of a "broader work conducted by the academics that are part of the European Health group, which is investigating the health policies of various countries, from the United States to New Zealand, from China to Israel ([www.cambridge.org](http://www.cambridge.org))," explains Ciani. "The work horizon of this survey is, instead, that of identifying which interventions are now a priority for reorganizing the Italian health system. Among these are the necessity of adequate funding over time, greater attention to prevention and to territorial and primary care, in particular." These would avoid the burden of emergency situations falling only on the shoulders of hospitals, which should rely, in parallel, on a strengthened network of general practitioners, without neglecting a more homogeneous territorial distribution of public multifunctional health centers. "It is true that Covid19 has accelerated the use of innovative technologies in healthcare, starting from tele-visits and more generally from the use of tele-medicine. This is a first step that is driving the situation from an organizational point of view and the training of skills, both among healthcare professionals and the patients themselves," concludes Ciani. "Italy was lagging behind on the path of digitization; now the time has come to catch up."

### COLOMBE LADREIT Fear of Covid, the

In the recent paper *Fear of Covid and non-pharmaceutical interventions: An analysis of their economic impact among 29 advanced OECD countries* (published by CEPR Press) **Colombe Ladreit** (PhD candidate, Bocconi University, Department of Social and Political Sciences) and **Laurence Boone** (Chief Economist, Organisation for Economic Cooperation and Development OECD), estimate the effects of lockdowns and voluntary social distancing on the economy of advanced OECD countries, using Google mobility data as a proxy for economic activity.



### THE PAPER

**Response to Covid19: Was Italy (Un)prepared?** by Bosa, Castelli, Castelli, Ciani, Compagni, Galizzi, Garofano, Ghislandi, Giannoni, Marini and Vainieri





## FILIPPO DE MARCO

### Guaranteed Lending to SMEs During the Pandemic

Large, rooted in the various territories of the Peninsula and with strong IT capabilities: this is the identikit of the banking institutions that have ensured effective disbursement to Small and Medium Enterprises (SMEs) of loans wholly guaranteed by the Italian government. The financing comes through the so-called Fondo di Garanzia (Guarantee Fund), up to a threshold of €25,000, subsequently raised to 30,000. This is the subject of the research study *Public Guarantees for Small Businesses in Italy during Covid19* by **Filippo De Marco** (Bocconi University and CEPR) and **Fabrizio Core** (Erasmus University and ERIM). The study analyzed the data of the Guarantee Fund for the companies which have applied for the facilitated lending formula, considering the amount, the interest rate paid and above all the disbursement times, as well as information on the banks involved to infer their characteristics.

"It is a system that has rewarded SMEs that already had relations with an efficient bank" especially from a technological point of view, explains De Marco. "This could have created a situation of unequal access to credit". Not only that: many companies that could have requested higher amounts have preferred to go through the procedure that had the €25,000 ceiling. The reason? "Greater simplicity of the loan application process. A trend that reveals room for improvement", says De Marco. "Overall, 16% of the companies registered with Infocamere submitted an application. It is a figure on average with other EU countries. It means that in the perception of entrepreneurs this is a loan, albeit a subsidized one, rather than a government grant". But a surprising result, according to De Marco, is that the



FILIPPO DE MARCO  
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trend of requests was affected by regional characteristics despite the March-April 2020 lockdown being national, controlling for the birth and mortality rates of firms across provinces. In fact, looking at Italy from a geographical point of view, it emerges that more applications were submitted in the North between April and May, while, between July and August, requests were concentrated in the Center-South of the country. Overall, however, industry sector weighed more than the province where the firm is located. The sector of non-essential services, shut down during the lockdown, was the one that made the largest use of guaranteed credit, together with some medical practices that remained open. In their case, in fact, many patients have postponed less urgent care for fear of contagion.



## THE PAPER

**Public Guarantees for Small Businesses in Italy during Covid19**, by Fabrizio Core and Filippo De Marco

## Effectiveness of Non-Pharmaceutical Interventions



## THE PAPER

**Fear of Covid and Non-Pharmaceutical Interventions: An Analysis of Their Economic Impact among 29 Advanced OECD Countries** by Colombe Ladreit and Laurence Boone

On average, lockdowns explain the biggest share of the decrease in mobility, both during the first wave (February 15, 2020, to June 30, 2020) and the second

wave (September 1, 2020, to January 15, 2021). Yet, voluntary social distancing gained explanatory power during the second wave as lockdowns were less stringent and, potentially, as people became more aware of the risks.

Looking at the type of government restrictions, the closure of workplaces and stay-at-home requirements had the most effect on the decrease in mobility during the first wave of Covid. The restrictions on public transports, school closures and restrictions



on gatherings also had an important effect but, during the second wave, stay-at-home orders no longer had a significant effect on mobility. Workplace closures remain the most effective measure. "A more detailed analysis of countries shows that, during the first wave, the effect of government restrictions on mobility was stronger in France, Spain and the United Kingdom than in the average of advanced OECD countries," explains Ladreit. A specific case is Italy where, according to her, the country stands out in the first wave as "the only one in which government restrictions and voluntary social distancing played an equally significant role in the decrease in mobility." During the second wave, countries opted for less homogeneous measures: France, Germany and Italy implemented measures, but France responded to the death toll with a lower elasticity than one observed in the first wave. Germany, on the other hand, adjusted its mobility to the restrictions more than in the first wave and, in Italy, the effect of daily deaths is less important during the second wave, maybe because

the climate of anxiety that was present eased. Lastly, Spain and the United Kingdom decide on different solutions based on numerous and different regional restrictions and an overall measurement became less precise.



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## ALESSIA MELEGARO The Science of Altruism: Why We Should Give Vaccines to Developing Countries

At the end of February, 600,000 doses of Covid vaccine arrived at Accra, Ghana, as a first accomplishment of the COVAX initiative, intended to deliver 2bn doses to developing countries by the end of 2021. The humanitarian motivations of such a scheme are well understood and there is no doubt that it will contribute to containing the global toll of the pandemic. Now a working paper by **Alessia Melegaro**, Director of Bocconi [Covid Crisis Lab](#), and nine co-authors from European and American universities, shows that this kind of altruism can also meet donor countries' self-interest.

Using a network Susceptible-Infected-Removed (SIR) model, Prof. Melegaro and her co-authors show that there are circumstances in which it is in a country's self-interest to ensure other countries can also obtain a Covid19 vaccine rather than focusing only on vaccination of their own residents.

The authors run simulations of how many people could be infected in the US if cases of Covid were imported from foreign countries under different conditions, depicting a scenario in which a population with low immunity levels experiences

## ZACHARY PAROLIN School Closures Disproportionately Hit Disadvantaged Students in the US

The uneven distribution of school closures in the US since September 2020 threatens to exacerbate regional, racial and class-based divides in educational performance, according to research by **Zachary Parolin**, Assistant Professor at Bocconi Department of Social and Political Science, recently published in *Nature Human Behavior*.

Professor Parolin and **Emma Lee** (Columbia University) found that exposure to distance learning from September through December 2020 was more common among schools with lower academic performance (measured with third-grade math scores), a higher share of students experiencing homelessness, more students eligible for free/reduced-price lunches and from racial/ethnic minorities. "If the schools and students with the greatest

pre-Covid disadvantages are also those most exposed to school closures and distance learning, inequalities in learning outcomes may worsen," Professor Parolin says. Recent studies have demonstrated, in fact, that distance learning is less effective than traditional schooling, and that reductions in test scores appear to be particularly steep for students with less educated parents.

The authors measured in-person attendance using an anonymized mobile-phone database



## THE PAPER

**Large Socio-Economic, Geographic and Demographic Disparities Exist in Exposure to School Closures,**  
by Zachary Parolin and Emma K. Lee





an internal outbreak that may then travel to other countries through individuals' mobility patterns. In the case in which the US has reached herd immunity, but the foreign country is only close to this result (with 45% of susceptible population vs. the 35% herd immunity threshold), using the vaccine in the US would reduce deaths by around two thirds, but donating it to the foreign country would prevent the

spillover altogether by preventing the domestic outbreaks that would later spread to the US. In this case, cooperative actions would allow for a reduction in the spread of the disease in the US.



ALESSIA MELEGARO  
Director of Covid Crisis  
Lab, Bocconi University



## THE PAPER

### Public Opinion on Global Rollout of Covid19 Vaccines,

by Clarke, Roope, Loewen, Bonnefon, Melegaro, Friedman, Violato, Barnett, Duch

If both the US and the foreign country are far from herd immunity, on the contrary, domestic allocation is more efficacious for protecting the domestic population because it allows the US to more rapidly achieve herd immunity.

"Importantly," Prof. Melegaro adds, "as vaccination becomes widespread in rich countries, where the burden of Covid19 disease is currently highest, a cooperative and altruistic strategy will allow not only these countries to keep their international borders open and avert economic losses inherent to border closing, but also low and middle-income countries to be in a better position to contain the local and global spread."

Moreover, because governments' willingness to make Covid19 vaccines available to low-income countries may be influenced by their public's willingness to support such donations, in another study Melegaro and other co-authors investigate such willingness in a sample of population in high-income countries, finding that the percentage of people who support such donation is more than twice the percentage of those who do not support it.



## THE PAPER

### National Interest May Require Distributing Covid19

Vaccines to Other Countries, by Rotesi, Pin, Cucciniello, Malik, Paintsil, Bokemper, Willebrand, Huber, Melegaro, Omer

able to track traffic around locations, which covers 94% of US school districts and 98% of counties. A school was identified as "closed" or "mostly closed" if it experienced a 50% year-over-year decline in in-person visits during a given month.

"The race/ethnicity and math score gaps are particularly striking," Parolin and Lee write. "In October, 35% of White students were exposed to distance learning, compared with 52% of Black students, 60% of Hispanic students and 65% of Asian students. Moreover, schools recording the lowest third-grade math scores prior to the pandemic were, on average, around 15 percentage points more likely to be closed during September to December 2020 relative to schools with average test scores." Disparities seem to be mainly driven by

ZACHARY PAROLIN  
Assistant Professor  
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geography: larger and denser cities are both at greater risk of Covid spread and more diverse in population, while rural and less populated areas are more frequently white. Politics can also play a role, as Democrats (in power in denser, race-mixed areas, such as California or Washington DC) tended to be more rigorous in Covid restrictions than



Republicans.

"The results of the study don't imply we are taking a position on whether schools should close", Prof. Parolin warns. "School closures may save lives if they prevent the spread of Covid and the decision to turn to distance learning is undoubtedly difficult. Our study only observes that closures may be widening the educational gap."

ANDREA RESTI  
Associate Professor  
of Finance,  
Bocconi University



## ANDREA RESTI

### We Need European Solutions to Overcome the Crisis

The idea that the Covid crisis could be tackled as an exogenous, temporary crisis, has proved to be an illusion, according to **Andrea Resti**, Associate Professor at Bocconi's Department of Finance and one of the banking experts called by the European Parliament's Economic and Monetary Committee (ECON) to address the question of when and how to unwind Covid-support measures to the banking system. In his paper, Prof. Resti warns us to brace for an impact that could include company bankruptcies and banking sector consolidation. While supervisory measures that directly affect the banking system have been homogeneous across Europe, indirect measures seem to have followed different patterns across Member States. Where constraints posed by public-sector deficits and sovereign debt were tighter, the governments' response to Covid19 was more focused on contingent measures (such as state-sponsored loans, tax deferrals and public guarantees) and fiscally-neutral interventions (such as moratoria, which do not entail costs for governments). "However," Prof. Resti warns, "such measures are intrinsically fragile, since they might lead to greater fiscal unbalances (as deferred taxes may not be paid, and public guarantees must be honored if called in) and to a significant rise in bank loan defaults once moratoria are lifted."

"Emergency instruments aimed at freezing payments, easing capital constraints and providing additional credit," Prof. Resti writes, "cannot simply be dismantled, but rather have to be replaced by measures aimed at smoothing the transition". On the one hand, he therefore suggests measures aimed at alleviating the burden of bankruptcies: additional flexibility in default recognition should be allowed for companies that are on a path to recovery but that require additional support. Also, significant investment in judicial procedures to deal with a rise in liquidations should be undertaken, including digitalization of the workflow. Where such innovations are implemented, less strict prudential regulation should be allowed.

On the other hand, Prof. Resti suggests policies aimed at protecting the banking system and at disentangling banks' and governments' liabilities: State aid rules should be reexamined, in order to streamline the establishment of bad banks, preferably on a continental rather than national scale; in the same way a truly pan-European deposit insurance would be advisable.



## THE PAPER

**When and How to Unwind Covid Support Measures to the Banking System? The Quest for Safe Landing Place,**  
by Andrea Resti



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# Want a Stronger Social Network? Turn off the Phone and Stay Away from Social Media

*This is one of the recommendations of Marissa King, Professor of Organizational Behavior at the Yale School of Management. Another? Awaken dormant contacts. Keeping in mind, however, that having more contacts in your network does not automatically make it more effective*

by Jennifer Clark



**T**he rise of social media means people spend more time on their “networks” than ever before. Yet our understanding of how networks actually work is often hazy - especially post-pandemic. In *Social Chemistry: Decoding the Patterns of Human Interaction*, **Marissa King**, Professor of Organizational Behavior at the Yale School of Management, takes an evidence-based approach to networks that shows how we can improve their effectiveness.

MARISSA KING  
Professor of  
Organizational Behavior,  
Yale School  
of Management

## → What was your goal in writing this book?

I knew from my time studying how networks work that a lot of the advice I was getting about networks was really misguided. I wanted to help other people who had struggled with feelings of anxiety around networking to understand how it really works.

## → How it was “misguided”?

Far too often, the advice is meet new people, and grow your network. But what we know from decades of





research is that the size of your network is not what is important. What counts is the quality of your social relationships, and their structure. Our networks are just the traces of social interaction we have on a daily basis, whether it is bumping into a barista when you get a coffee in the morning, or a more enduring relationship of friends and family.

→ *So bigger is not better?*

If you look at how our networks matter, a wide range of

research has shown they are critical for how likely we are to get a job, promotion, creativity, innovation, cognitive engagement, and even health and happiness. The type of network you have has an overall impact on your longevity. For every single one of those outcomes, it's not the size that matters. It is the quality of those relationships and the configuration of those relationships. It's what your network map looks like that really matters.

→ *How can people more effectively harness the power of their networks?*

The first step is to take an inventory of your current network's strengths. We can categorize people's networks as one of three types: expansionists, brokers, or conveners. By understanding the strengths of your existing network, you can begin to utilize it more effectively. No matter what type you have, there is extraordinary untapped value in your existing network. And one of the most effective strategies to utilize that is to get in touch with people who may have lost touch with and to reconnect with them.

→ *What advice do you have for "successful networking" or for people to improve their networking abilities? How do people become better networkers?*

One of the first is reaching out to dormant ties, an idea developed by Daniel Levin at Rutgers and his colleagues. A study with executives showed that those people the manager hadn't talked to in 2 or 3 years were much more likely than current contacts to provide better or innovative ideas. The trust endures within those relationships for an exceedingly long time. My best suggestion is to list 3 or 4 people you haven't spoken to in 2 or 3 years, and just reach out to them. That can be one of the ways to reinvigorate your network after the pandemic, when most people's relationships have taken a hit.

→ *What is the consequence, in your view, of diminished social contact during the pandemic?*

My colleagues and I have conducted a study and found that our networks shrank by close to 16% during the pandemic. But that reduction in the overall size of our networks was due to the shrinkage of men's networks, which shrunk by more 35%, or roughly 400 people. Women's networks hardly shrank at all. Women tend to maintain and develop relationship through conversation, which has been unimpeded during the pandemic. Whereas men tend to develop and maintain relationships by doing things together like having a drink or playing sports. One thing that is critical for everyone is we know that disruptions like what happened during the pandemic tend to be enduring. If we are not attentive about reinvigorating or revitalizing our social connections post pandemic, the consequences are likely to be long.

→ *Any other ways that men and women have different networks?*

One key difference is that at work, men turn to them same people both for resources and advice, as well as for socializing. But women tend to keep those separate. Women go to one social circle if they want to talk about their private life, and to a different set of people if they need help or a resource. It helps them achieve more work-life balance, but it also means they are doing more work to get to the same set of outcomes.

## → How can employers encourage networking? Does networking make for a more productive workplace?

It's critical. We know that relationships at work have a huge impact on organizational performance, on everything from reducing turnover at companies to increasing creativity and innovation. The ability to ask for help without fear of reprisal is absolutely critical to team performance and has been shown in dozens of studies to be the most important indicator.

And the best ways employers can think about doing this is through events that have safety and structure. The idea of just putting people together for a cocktail party or a professional event simply doesn't work. We know from research by Kathy Phillips, Tracy Dumas, and Nancy Rothbard that it often leaves people feeling excluded. It has a counterintuitive negative impact. Employers need to create opportunities for a meaningful interaction where people can engage in self-disclosure in a safe and structured way. It could be having a guest speaker talk about art, or a chocolate tasting.

## → Office or working from home: how important is office work for networks?

We know that as long as people are in the office at least half the time that their relationships don't suffer. But it is almost impossible to replicate face-to-face interaction online. The quality of our interactions is determined in the moment, and through our senses. So literally through eye contact, things like touch. If I am on a screen, it is impossible for me to make eye contact with you and look at the camera at the same time.

## → Do you have any suggestions about how to create connections in a virtual work environment?

One of the most effective things is to make time for one-on-one interactions that are separate from work. And it's absolutely critical for managers in particular. Managers need to be reaching out to every direct report, rather than just simply checking in on how they are doing. People think that working virtually gives them more time to work. Yet if you are in a management role, it actually increases the amount of emotional work and the one-on-one discussions you need to be having.

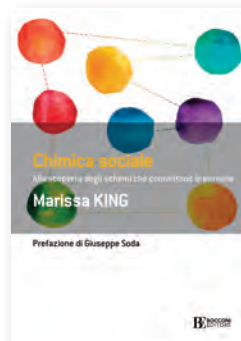
## → What are the common obstacles to effective networking, and how can we overcome them?

There are three main obstacles, and quite simple solutions. Let's start with the moral uneasiness part that can arise from the sense that networking can feel too instrumental and calculating. Changing your mind set



## THE BOOK

Any of us can build more meaningful and productive relationships: Marissa King demonstrates this in *Chimica sociale* (Università Bocconi Editore, 2021, 320 pp., €30, in Italian) based on the insights of neuroscience, psychology and the science of networks. It is commonly believed that what counts is the size of the network of contacts. However, social science research has discovered that something more is at stake: the quality and structure of our connections.



and thinking about what you can give in a social interaction instead of what you can get can be an effective way of overcoming that obstacle.

The second one is a notion that some people are not good networkers is simply not true. We know that any form of intelligence, like emotional intelligence for example, can be learned. Erica Boothby did a study that showed people really underestimate how they are liked in conversations. It's called the liking gap. By starting to approach social interaction as something you can learn, and that you are probably doing better than you think, you can build confidence.

The final piece is time, and understanding how to use the time you do have more effectively.

## → Is there an optimum amount of time you should be spending to strengthen your network?

The best thing you can do to strengthen your network is to get off social media. We know that the quality of our relationships is determined in the moment. There has been great research that shows that even having your phone on the table during a conversation makes the other person perceive you as less empathic and the conversation is less important and engaging. The best thing you can do for your social connections is put your phone down. And truly be with the people you are with.

## → What is the best type of communications for reaching out? Written? Email? does it matter?

Phone call. The phone has become something I feel like people are afraid of. Hearing someone else's voice is such a gift. It has an effect on our body that is the equivalent of a hug. It reduces cortisol, a biomarker of stress, and really enhances our social connection. Written connection doesn't bring those emotional benefits. If you are brave enough, pick up the phone. But even a simple note saying "I just read this article now and was thinking of you" can really help both you and the other person. People really needing social connection right now. ■





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