

The Lauder Institute: The First Five Years

The **Joseph H. Lauder Institute** of Management and International Studies was founded in October, 1983 through the vision and generosity of Penn alumni Leonard Lauder W '54 and Ronald Lauder W '65.

The 10 million dollar gift honored their late father, Joseph H. Lauder, co-founder of Estee Lauder Inc. "Joseph Lauder used to tell his sons that he was concerned about the lack of education available for Americans conducting business overseas. He perceived that Americans were at a disadvantage in the international marketplace because so often they knew little or nothing about the language, culture, and customs of the country with which they were dealing." To meet this challenge, the Institute was established by the Wharton School and the School of Arts and Sciences. A faculty council which reported to the Provost, Tom Ehrlich, and was chaired by the Institute's founding Director, Professor Jerry Wind, was formed. The Council, with the assistance of the two deans and the Board of Governors, established the Institute's mission, goals and strategies.

These goals were:

- to develop a program that will prepare future business leaders who can operate comfortably and effectively in a language and cultural environment other than their own;
- to attract to the Institute the best and brightest students who combine a commitment to international business with a Renaissance perspective;
- to find the best placement for these students and thus enhance and improve the internationalization of the corporate community;
- to establish close links between the program and the international business community;
- to stimulate the international orientation, research and teaching of the faculty;
- to serve as a model for the internationalization of management education.

As the Institute celebrates its first five year anniversary, we can proudly point to the attainment of our original objectives: the Institute's dual degree MBA/MA program educates Americans and students from other countries about the problems, prospects of and approaches for doing business in the changing global economy.

Overall, the purpose of this report is to delineate our specific achievements and to assess the impact the Institute has had on students, faculty, and the business community. We conclude by identifying some of the future challenges facing the Institute.

The Lauder Institute
University of Pennsylvania
Suite 3001 Steinberg Hall/Dietrich Hall
3620 Locust Walk
Philadelphia, PA 19104-6368
(215) 898-1215

Goal: To prepare future business leaders who can operate effectively and comfortably in the global economy and in a language and cultural environment other than their own.

The Joseph H. Lauder Institute of Management and International Studies is a twenty-four month program which offers an internationalized M.B.A. from the Wharton School and an M.A. in International Studies from the School of Arts and Sciences. The Institute's innovative curriculum includes internationalized management courses, social science and humanities courses which focus on cultural understanding, advanced language training both on campus and abroad, an International Executive Internship, and extracurricular events designed to enhance the program academically and culturally.



Russell Palmer, Dean, The Wharton School (The Reliance Professor of Management and Private Enterprise) and Jere R. Behrman (The William R. Kenan, Jr. Professor of Economics and First Associate Director of The Institute).

Overall, the Lauder "concept" combines both general and specialized studies that cut across the disciplines of management and international studies. This approach develops skills and perspectives essential to the repertoire of the international manager.

The newly revised Lauder curriculum integrates management and international studies in the following ways:

The M.B.A. curriculum includes both general and specialized courses.

At the general level, the Lauder "core" is significantly internationalized. It includes the functional disciplines of accounting, finance, management, marketing, and operations management. A course in international business policy is offered, as well as courses in the "tool" areas of statistics, quantitative methods, microeconomics and macroeconomics. Such a broad-based foundation in the fundamentals of management prepares graduates as general managers throughout their careers regardless of their particular industries or functions.

At the specialized level, students elect a Wharton major (e.g. finance, marketing, strategy, operations management, and individualized majors) in order to develop a functional specialty. Individualized majors allow students to design programs tailored to their individual needs. Popular individualized majors include entrepreneurship/finance and entrepreneurship/marketing. Each major requires in-depth knowledge and includes an Advanced Study Project demonstrating disciplinary mastery in the context of a geographic concentration. Such a functional/geographic specialty enhances international job placement.

The M.A. in International Studies curriculum also includes both general and specialized coursework.

General international studies include: international economics, international politics, international law, international negotiations, and international technology transfer and management. These disciplines address issues which influence international business dynamics between nations.

Summer I

- Orientation

- Comparative Social, Political & Economic Institutions
Language & Culture Program
(8 weeks overseas)

Academic Year I

- Internationalized Management Studies
- Language & Cultural Perspectives
- Internationalized Area Studies Perspectives

Summer II

- Executive Internship
(12 weeks overseas)

Academic Year II

- International Management Studies
- Focus on Disciplinary Concentration
- Language & Cultural Perspectives
- International & Area Studies
- Integration: Internationalized Management & Area Studies

Specialized area studies address interdisciplinary dynamics within particular regions of the world. These studies comprise the Institute's unique Language and Cultural Perspectives Program. The program integrates cultural, historical, and comparative coursework with advanced language acquisition. The program focuses on four regions and their associated languages: East Asia (Mandarin Chinese and Japanese); Latin America (Spanish and Portuguese); the United States (English, for non U.S. nationals) and Western Europe (French and German). In addition, one or two students are admitted annually to study Eastern Europe (Russian). While the program demands expertise in particular languages and cultures, it also develops in students a sensitivity to cultural differences world-wide.

Overall, the Lauder "concept" combines both general and specialized studies that cut across management and international disciplines. This integrated approach develops skills and perspectives essential to the repertoire of the international manager.

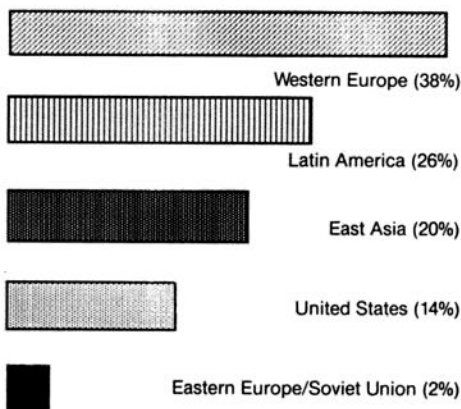
The Institute's innovative language and culture program focuses on cultural understanding and sensitivity as well as the achievement of superior language proficiency.

The Lauder program begins in late May. After three weeks of campus coursework, students spend the remainder of their first summer in Beijing, China; Caracas, Venezuela; Moscow, Russia; Munich, Germany; Paris, France; Philadelphia, the United States; Sao Paulo, Brazil; and Tokyo, Japan. The summer program is designed to learn language in context as an ethnographer would, from "a native's point of view." Cultural studies complement language instruction by providing contemporary and historical perspectives with which to understand the subtleties of the various countries. One student described his class's collective summer experience thus: "In eight weeks we covered Brazilian folklore, art, geography, urbanization, politics, economics, music, theater, literature, contemporary affairs, agriculture, and the 'Plano Cruzado,' an unorthodox economic plan to eliminate inflation without recession."



Herbert S. Levine, Professor of Economics and Co-Director, The Lauder Institute.

Area of Specialization



Corporate visits continue to be one of the highlights of the summer program. These excursions into foreign business environments demonstrate the variety of work ethics as well as the distinct cultural components of multi-national and indigenous companies. In describing these visits, according to one student "after they exhausted the supply of commercial banks in Paris, they branched out and visited Young and Rubicam, CNES, NBC's foreign correspondent, Pierre Salinger, the American Commission to the Common Market in Brussels, and even spoke about politics with Flora Lewis of *The New York Times*. Fellow students in Caracas treaded the red carpet as they boarded the corporate jet of the state oil company, Lagoven, and were greeted by the company's private boat for a guided tour of the oil rigs. While the American contingent was visiting the prestigious firms of Goldman, Sachs, Inc., the Scott Paper Company, and CIGNA, the China cohort was privy to a presentation by the China Nature and Animal Byproduct Corporation dealing with pig bristle exchange as well as visits to ITT, Otis, Hewlett-Packard, and ARCO. The classroom work was important, but actually viewing the operations of another country's companies emphasized the practical nature of what we were learning. Following their summers in various world regions' the students have felt that they not only came back speaking their second/third/fourth language better, but also that they 'came back knowing that country.'"



Summer Program in Germany

The Germans group's five-day trip from Munich to Berlin was a lesson in contrasts—political, economic and social—between the East and West. What struck one student the most "was the overpowering impact of the wall . . . it was so unexpected. One side was so dynamic and international, while the other was frozen and paralyzed." From the Champs Elysees to Inner Mongolia, Rio to the San In Islands, Red Square to Times Square, experiences are varied, but always critical to the integration of the cultural perspectives.



Summer Program in People's Republic of China



Summer Program in Japan



Summer Program in the United States



Summer Program in Brazil



Claire Gaudiani, Director of Language and Cultural Perspectives Program (1984-1988)

Following the first summer, the pursuit of enhanced language and cultural training continues in the academic setting at Penn. Specialized language and culture courses are taught by both language acquisition experts and faculty from the departments of political science, economics, history, sociology and literature. Individual and group tutorials are also available as needed. Some students also elect to enroll in regularly scheduled language department (non-Lauder) courses to supplement their learning. The goals of the academic year program are to advance students' knowledge of the language and culture for use in management settings and to strengthen and solidify the students' linguistic skills at the Superior level.

To assure the broadest possible cultural and academic perspectives, the academic program is supplemented by **extracurricular activities**. These events include monthly visits by the Board of Governors and range from arts enrichment to academic supplementation. One particularly notable example of the cultural activities arranged for the students is the James Wolfensohn Concert Series at the Curtis Institute of Music. Enhancing the academic program, Ralf Dahrendorf, visiting Lauder professor and the Warden of Saint Anthony's College at Oxford University presented the first of an on-going series of lectures to the Lauder students during the spring of 1988, "European Integration: The Problems and Prospects of 1992" and "Democracies Without Opposition: In Search of Political Ideas."

Guest lectures recently sponsored by the Lauder Institute include: "Communications Across Borders—Management Concern or Neglect?" —Loet A. Velmans, former Chairman, Hill and Knowlton; "Evolution of a Global Economy" —John E. Berndt, then President and CEO, AT&T International; "Soviet Economic Reform: Theory and Practice" —Leonid Abalkin, Director, Institute of Economics, U.S.S.R. Academy of Science; and, "How Do You Run a Diverse International Consumer-Service Business?" Ira S. Rimmerman, Group Executive, Citicorp.

Executive Internships are an integral and required component of the Institute's program. During the summer between the first and second years of study, students are hired by corporations throughout the world. Living for twelve weeks in a country where they use their language on a daily and professional basis, the students increase their knowledge of the inner workings of organizations and corporate cultures in different nations.

The Executive Internships provide mutual benefits to students and corporations. The students use their expertise to perform meaningful work, undertaking projects which make the most of their advanced language skills and Wharton management education. The internship enables corporate management to assess the potential of the intern for permanent employment. Many students return to their final year of studies having received offers or leads for permanent placement with the sponsoring company.

The success of matching 200 Lauder students with appropriate in-country, in-language internships has been phenomenal. To date 105 companies in 26 countries have offered internships to our students.

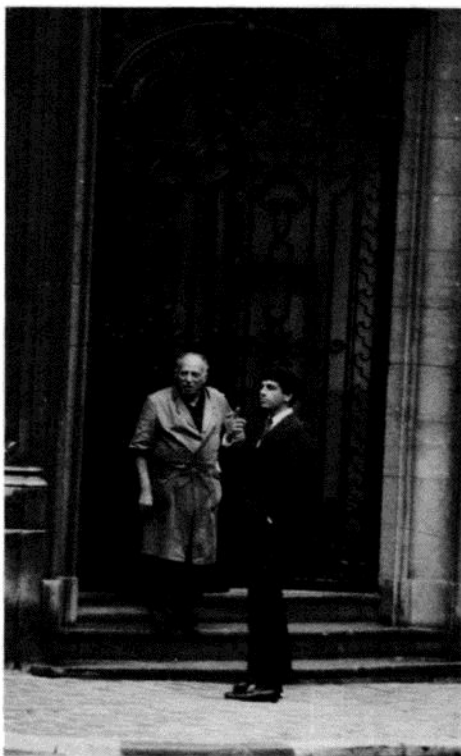
Internships vary widely. One student worked as the first non-Chinese employee for the largest corporation in the Republic of China. With an amateur boxing background, this student served as an interpreter for Muhammad Ali during the former heavyweight champ's tour of China. During this time, the student trained with the national boxing team of the People's Republic of China. He also served as negotiator for Ali. Soon after one set initial arrangements had been made, "the other side" asked that the student represent their interests as well, for not only did "he understand our language, but he understood our people as well."

Another internship provided a student an opportunity to work in the marketing department of Pechiney's Corporate Planning Division. Based in Paris for the summer, she travelled to Hong Kong to analyze Hong Kong's market and distribution network for Europe's largest non-ferrous metals company. Her dual concentration in Europe and East Asia and her command of the French language made this a manageable three-month project. A Swedish born student (who speaks German, French, English, Italian, Spanish and "some Japanese") spent his internship working for Deutsche Bank A.G. in Munich, West Germany where he worked in sales and trading of international equities. The summer position turned into a permanent job, as he has returned to work as the Assistant to the Chairman of Deutsche Bank AG. Another unique summer project opportunity was given to a student, having lived and worked in China and Taiwan for four years, who writes and speaks Mandarin Chinese fluently, when he was hired by a major New York life insurance firm to do research on opening branch offices in Taiwan and other countries in that region.



*Production Control Department, Fuji Xerox
Ron Schorsch, Lauder student (seated at desk)*

Despite the success to date in pairing students with appropriate internships and finding placement for graduates, there is a continuing need to "educate" the corporate world about the caliber and capabilities of the students. Also, the necessity for structuring appropriate projects at appropriate salaries is on-going. As Edwin L. Artzt, Vice Chairman of the Board and President of Procter & Gamble International and a member of the Lauder Institute Board of Governors recently said, "he is excited to be involved with the early stages of a program the world doesn't yet know it needs . . . The Lauder Institute has not just produced another flavor of business student, but brings something to the corporate international arena which would take years for other new employees to achieve."



Summer Program in France

Internships By Region

Africa: Citibank

Australia: Pratt Venture Capital, Plc.

East Asia: Bankers Trust; Banque Indosuez; Bear, Stearns & Co., Inc.; Booz, Allen & Hamilton (3); The Chase Manhattan Bank, N.A. (3); Coca-Cola China, Ltd. (2); Control Data; Dentsu Young & Rubicam; Eberstadt Fleming (2); The First Boston Corp.; Ford Motor Company; Japan Ltd.; Formosa Plastics Company; Fuji Xerox (2); Goldman Sachs & Co. (2); Hoare Govett Asia, Ltd.; Jardine Fleming Ltd.; Merrill-Lynch; Nomura Securities; Northern Telecom, Pacific; Otis Elevator Co., Pacific Area Operations; Yogogawa Hewlett-Packard, and Xerox.

Eastern Europe: E.I. Dupont de Nemours, International (2); Pfizer Inc.

Latin America: Booz, Allen & Hamilton; Bunge Born Group (8); The Chase Manhattan Bank; The Citicorp Investment Bank; Citibank Latin America (3); Citicorp; Coca-Cola Company (3); DOLE (2); La Fabril, SA; Fenix, S.A. (2); GLOBO; Goodyear International Group (2); Group Analysis for Development; The MAC Group; Operadora de Bolsa; Promotora de Negocios, S.A.; Rosario Dominicano; Scott Paper Company (2); Technomic Consultores S/C; Warner Lambert; Xerox do Brazil (3); Xerox Mexicana S.A. de C.V. (3).

U.S.A: American Appraisal Associates, Inc.; A.R.A. Services, Inc.; AT&T International (11); Banco Nacional de Mexico; Bankers Trust Co. (5); Banque Indosuez; Benton & Bowles; Booz, Allen & Hamilton; Braxton Associates; Citicorp Investment Bank; Citicorp/Citibank (3); Coca-Cola Company (4); Continental Grain Company (2); Discount Corporation of New York Advisors; E.I. DuPont de Nemours, Inc.; The First Boston Corp.; Franklin Mint; General Electric Trading Co. (3); General Motors Corp. (Global Planning Group); Goldman Sachs & Co. (3); Harris; IBM World Trade Corporation (2); Johnson & Johnson; Lepercq, de Neufville & Co.; Lusitania; Merrill-Lynch; Morgan Guaranty Trust Co. of New York; New York Life; PaineWebber, Inc.; Pepper, Hamilton & Sheetz; S.E.I. Corporation; Strategic Planning Associates, Inc.; Swiss Bank Corp.; World Bank.

Western Europe: Alcan Aluminium France, Technal; Anglo Nordic Holdings Plc. (3); Arthur D. Little; Bain (2); Banque Indosuez (5); Bayer; Bayerische Vereinsbank; Booz, Allen & Hamilton; CIGNA Worldwide Inc.; Citicorp; The Coca-Cola Co.; Credit Commercial de France; Credit Suisse, First Boston Ltd.; Deutsche Bank AG (5); Elf Aquitaine; Eli Lilly GmbH Ltd.; Estee Lauder, Inc. (3); EZ-EM, Incorporated; Ford of Europe; G.E.-C.G.R.; G.E. Electromedicina, S.A.; Henkel kGaA; Hewlett-Packard France; Hewlett-Packard GmbH; IBM (3); IBM Sweden; Kraft Europe; L'Air Liquide; L'Oreal (2); Louis Berger International, Inc.; Mastercard International, Inc.; McKinsey & Co. (3); M.I.D.; Morgan Grenfell; NCR France; Peat, Marwick & Main; Pechiney World Trade (2); Polaroid; Procter & Gamble (2); Quantum Management GmbH; S.G. Warburg; Scott Paper International; Scott Paper Company; Societe Generale de France; Solvay et Cie (2); St. Gobain; TVM Techno Venture Mgmt.; Wembley Stadium; Wickes Plc. (3) and Xerox.

Goal: To attract the best students.

To date, we have had 250 students from the United States and 40 other countries. The 50 students in each class have been chosen for their commitment to international management and for their leadership potential. While there is no typical Lauder fellow, each man and woman (for five years, 70% male—30% female) brings to the Institute academic excellence (with an average GMAT score in the 92nd percentile and an average grade point average of 3.4). The mean age is 26, ranging from 24 to 37 years of age. While all matriculants have had prior business experience, the average applicant has worked for over three years. Through international education, travel or work experience, all Lauder students have had exposure to the international environment.

The composition of the student body adds further to the international character of Lauder with over one third of the five classes of students being comprised of non-U.S. nationals. To date, the five classes have included 159 students from the United States and 91 students from the following countries: Argentina (5); Austria (1); Belgium (3); Brazil (1); Canada (3); Chile (1); Cuba (4); Ecuador (1); Egypt (1); El Salvador (2); the Federal Republic of Germany (5); France (3); Greece (1); Hong Kong (3); India (2); Iran (1); Israel (1); Jamaica (1); Japan (6); Kenya (1); Lebanon (1); South Korea (2); Madagascar (1); Malaysia (2); Mexico (4); Morocco (1); the Netherlands (2); New Zealand (1); Nigeria (1); Paraguay (1); the People's Republic of China (6); the Philippines (4); Scotland (1); the Soviet Union (2); Sweden (4); Switzerland (2); Taiwan (5); Turkey (1); the United Kingdom (3); and Vietnam (1).

The prior business experience of the students covers a broad range. From the **non-profit** sector, returning students have included, among others, a former financial consultant in the Peace Corps in the Dominican Republic and a former Associate Director of Catholic Relief Services in Middle East/North Africa who was responsible for oversight, supervision and management of programming activities of 19 countries.

Representatives from **government** include: a former assistant to Bruce Babbitt who researched domestic and foreign policy issues; a field coordinator who ran two regional headquarters for Michael Dukakis; an attorney from Maine who served as a legislative drafter; and officers, both male and female, from the Army and the Navy.

From Taiwan to France, from Los Angeles to Wall Street, students returning from the **private sector** bring impressive credentials including: an American in Taiwan who owned and operated his own export management business; the director of the financial analysis department for a bank in Paris; a student with a B.A. in Physics and a B.S. in Optical Engineering who had the responsibility for and coordination of the construction, from integration to test, of ten satellite systems from both management and tech-



Woo Choong Kim, Chairman, Daewoo Corporation (Korea) with Ronney Rosenberg (Class of 1988)



The Lauder cohort of "Yield to Maturity," Follies (1986)



William F. Glavin, Vice Chairman, Xerox Corporation and Ron Schorsch (Class of 1987)



The Lauder (Class of 1987) component of the Wharton soccer team

nical standpoints; and a Senior Credit Analyst responsible for evaluating the credit risk of loan proposals from clients in East Asia.

Reasons for returning to graduate school run the gamut from wanting to understand the complex superstructure within their companies to wanting to pursue international career opportunities and realizing that the Lauder education could provide the exposure necessary to make that change.

On the extracurricular side, the students make up a Who's Who of Fulbright Scholars, national ski champions, Kung Fu experts, and accomplished performers in music, dance, and theater: recently admitted to the class of 1990 are two magicians! Other members of recent classes: A woman from Chicago who has testified at the United Nations and has trained women entrepreneurs in Brazil, Kenya, and Ghana. A Russian specialist who coordinated the operations of the American Council of Teachers of Russia, which annually sponsors over 300 American scholars to study in the USSR and Eastern Europe. A former world-class amateur bicycle racer who raced in California before moving to France to race for Peugeot throughout Southern Europe. An American who speaks Japanese, German, and Irish Gaelic, and who worked for Nippon Television in New York coordinating news, documentary, and dramatic productions by Japanese television networks. A graduate of Brown University who was invited to Costa Rica to visit Nicaraguan refugee camps, and who later cycled from San Francisco to Boston to raise money for Oxfam and Save the Children. A quadra-lingual Malaysian who enjoys Ukrainian egg-painting and published an article on reindustrialization during her work for the U.S. Chamber of Commerce. A Canadian, born and raised in Iran, educated at an American school in Tehran and at Cambridge University in England, who speaks English, French, Spanish, Farsi, and some Arabic. And a citizen of the People's Republic of China who taught himself English by listening to English radio programs at night, while working full time at an aeronautical factory in Beijing, and who then translated and published works of Ernest Hemingway, Mark Twain, Irving Stone and G.B. Shaw.

Once at Lauder, the students continue to distinguish themselves as multi-faceted individuals through their extra-curricular activities: they have participated in the Wharton Follies each year in noticeable and impressive numbers; they have played on the Wharton soccer, rugby, ice hockey and squash teams; they produce an annual intra-Lauder awards ceremony as well as a Lauder yearbook; and there have been four intra-Lauder marriages to date, an impressive statistic among 150 graduates!

All new students are added to the growing, world-wide network of Lauder and Wharton alumni.

Goal: To find the best placement for these students and thus enhance and improve the internationalization of the corporate community.

The unique demand for the skills of the Lauder students and their combined capabilities has been illustrated through several recent requests for *permanent placement*: consider the company who needed a student with a management degree, Chinese language, undergraduate Engineering degree, and working experience in the U.S.A. to go immediately to run their operation in Beijing. Another company called with a request for someone who spoke fluent Japanese, understood Japanese culture, with experience in the computer industry to assist the President of the company in on-going business negotiations with Japanese companies. A recent letter came from a company saying they "knew it would be quite a difficult match" to find someone who speaks Russian, is willing to live in Brussels and is interested in selling industrial chemicals. A European based merchant bank called in search of a student with financial experience, international exposure and skills, and 3-5 languages (English, French, Spanish, Italian, Portuguese and German). Yet another firm wanted a student with an engineering background and French speaking abilities to work in France with a French company which has a business base in the U.S.A. Each of these companies could have had one or more students to interview who met their qualifications, had they been in contact sooner!

A remarkable percentage of students have entered post-Lauder careers in the international arena, either in the U.S.A. or in a country corresponding to their regional Lauder concentration. It is important to recognize that there will be an increased and enhanced internationalization of the business community through the presence of those graduates who have been Lauder-educated. Even those students who have entered non-international positions bring an invaluable international perspective to their jobs—both for competing effectively in domestic markets against foreign competition and for developing global strategies.

To date, 150 graduates are working in 16 countries. Through those graduates who have been Lauder-educated, we continue to enhance the corporate connections throughout the world. As these new "ambassadors" locate, both domestically and internationally, a formalized alumni network is being created to expand the knowledge about and impact of The Lauder Institute.

Goal: To establish close links between the program and the international business community.

The *Corporate Community* is closely connected to the Lauder Institute in a variety of ways which include:

- sending corporate employees to the

program;

- offering Executive Internships;
- offering permanent placement;
- input to course development;
- offering opportunities for student projects;
- giving guest lectures;
- acting as corporate hosts during the first summer of the program;
- serving as country attaches;
- sponsorship of other students through Fellowships.

Student sponsorship and Fellowships:

The Institute is especially grateful for the financial support which has been provided from individuals, companies and foundations. The significant need for funding the growing cost of management education is particularly important for students from foreign nations as they cannot get loans from their home countries for education in the United States—nor will U.S. financial institutions provide loans for non-U.S. citizens.

Fellowships have been received from the following:

AM International
AT&T Foundation
Bank Julius Baer & Co. Ltd.
Booz, Allen & Hamilton International
Thornton F. Bradshaw
Citicorp
The Coca-Cola Company
Exxon Education Foundation
Alejandro Garza Lagueria
IBM
Japan-U.S. Fellowship Commission
Senator Jacob Javits Memorial
Reginald H. Jones
Mellon Foundation
Pfizer Inc.
Procter & Gamble Co.
Ronald Schnitzer Memorial
Subaru Foundation
The Honorable Barbara Thomas
U.S. Department of Education, Title VI,
National Resource Center

Two country fellowships have been established to date: the Sahra and William M. Lese Fellowships (Israel) and the Deutsche Bank Fellowship (W. Germany).



Alfred Herrhausen, Managing Director, Deutsche Bank A.G. (Germany)

Lauder Institute Board of Governors.

The Board members of the Institute represent 26 of the world's most prestigious companies. The Board members are fully committed to the Institute's efforts and play an active role by: advising on its programs and activities; assisting with internships and placements; and sponsoring and nominating students.

The Board, which serves as a major link to the business community, convenes at an annual business meeting. The Institute is additionally served by these corporate leaders on an individual basis: each month during the academic year, on a rotating schedule, a Board member meets with the students for a presentation which is both informal and informative.



Reginald H. Jones,
Founding
Chairman of
the Lauder
Institute
Board of
Governors

Past presentations by Board members have covered a broad range: personal reflections have been shared by William Glavin, Vice-Chairman of Xerox Corporation who spoke his conviction regarding the necessity of "Balancing Family, Business and Culture"; David Culver, President and CEO of Alcan Aluminium (Canada) who spoke on "An International Management Career—Past Reflections and Future Hopes"; and James Wolfensohn, President of James Wolfensohn, Inc. who shared his philanthropic philosophy and talked about "What Differentiates the American System—Giving Something Back."

Multinational topics for presentation and discussion included: Edmund Pratt, Chairman of the Board and CEO of Pfizer Inc. who shared his views on "America Inc.—Business/Government Cooperation in the New International Marketplace"; Claudine Malone, President of Financial & Management Consulting Inc. who discussed her views on "U.S. Multinationals: Are We Competitively Disadvantaged?"; and, Brian Wolfson, Chairman, Wembley Stadium LTD. of the United Kingdom who spoke on "Successful Global Entrepreneurship."

Regional topics have included Washington Sycip, Chairman, SCV Group, The Philippines who made a presentation on "Recent Changes in East Asia" and Alejandro Garza Lagueria, Chairman of Empresas La Moderna, S.A. de C.V. Mexico who spoke on the topic "Underdevelopment: It is in the Mind."

1986 was a appropriate year for the exploration of business and morality as evidenced by the presentations on "Insider Trading and Wall Street Morality" by The Honorable Barbara S. Thomas, Senior Vice President and Group Head, Bankers Trust Company and "Ethics" by Willard C. Butcher, Chairman of the Board and CEO, Chase Manhattan Bank.

The Board of Governors

Thornton F. Bradshaw, Chairman, The Lauder Institute Board of Governors, Chairman of the Board, Retired, RCA Corporation

Michael Aiken, Provost, University of Pennsylvania

Edwin L. Artzt, Vice Chairman of the Board and President, Procter & Gamble International

Willard C. Butcher, Chairman of the Board and Chief Executive Officer, Chase Manhattan Bank, N.A.

David M. Culver, Chairman and CEO, Alcan Aluminium Limited (Canada)

David C. Farrell, Chairman and CEO, The May Department Stores Company

Michel Fribourg, Chairman and CEO, Continental Grain Company

Alejandro Garza Laguer, Chairman of the Board, Empresas La Moderna, S.A. de C.V. (Mexico)

William F. Glavin, Vice Chairman, Xerox Corporation

Alfred Herrhausen, Managing Director, Deutsche Bank A.G. (Germany)

Reginald H. Jones, Chairman Emeritus, General Electric Corporation, Founding Chairman of The Lauder Institute Board of Governors

Kenichi Kamiya, President, The Mitsui Bank, Ltd. (Japan)

Woo Choong Kim, Chairman, Daewoo Corporation (Korea)

Leonard A. Lauder, President and CEO, Estee Lauder Companies

The Honorable Ronald S. Lauder, former U.S. Ambassador to Austria

Herbert S. Levine, Co-Director, The Lauder Institute, Professor of Economics

Peter Lorange, Director, The Lauder Institute, The William H. Wurster Professor

Jacques C. Maisonneuve, President du Conseil d'Administration, Centre Francais du Commerce Exterieur (France)

Claudine B. Malone, President, Financial & Management Consulting, Inc.

Martin Meyerson, President Emeritus, University of Pennsylvania

Joseph Neubauer, Chairman and President, ARA Services Inc.

Russell Palmer, Dean, The Wharton School

H. Ross Perot, The Perot Group

Edmund T. Pratt Jr., Chairman of the Board and CEO, Pfizer Inc.

Hugo Sonnenschein, Dean, the School of Arts and Sciences

Washington Sycip, Chairman, SGV Group (Philippines)

The Honorable Barbara S. Thomas, Senior V.P. and Head of International Private Banking, Bankers Trust Co.

The Honorable William C. Turner, Chairman, Argyle Atlantic Corporation

Peter Wallenberg, Vice Chairman, Skandinaviska Enskilda Banken (Sweden)

Jerry Wind, Founding Director of The Lauder Institute, The Lauder Professor

James D. Wolfensohn, President, James D. Wolfensohn Inc.

Brian G. Wolfson, Chairman, Wembley Stadium Limited (United Kingdom)

Previous Board Members

Jere R. Behrman, The William R. Kenan, Jr. Professor of Economics

Jorge Born, President and Chairman of the Board, Bunge Born (Brazil)

Jean F. Caste, Former Director General, Nestle S.A. (Switzerland)

Roberto C. Goizueta, Chairman of the Board and CEO, The Coca-Cola Company

Robert C. Holland, President, Committee for Economic Development

Edward G. Jefferson, Chairman of the Board, Retired; Finance Committee Chairman, E.I. du Pont de Nemours & Company

Lee L. Morgan, Chairman of the Board and CEO, Caterpillar Tractor Company

Sir David Nicolson, F.I.C., F. Eng. Chairman, Northern Telecom plc., Chairman, Vickers Shipbuilding and Engineering plc. (United Kingdom)

Toshiro Kusaba, Director and Counselor, The Mitsui Bank, Ltd. (Japan)



Thornton F. Bradshaw, Chairman of the Board, Retired, RCA Corporation and Chairman of the Board, The Lauder Institute

Goal: To stimulate the international orientation, research, and teaching of the faculty.

One of the major problems and challenges facing the Institute, and all international management programs, is how to assure that the management faculty who concentrate on their disciplinary research and teaching in a domestic context will begin to internationalize their orientation, research and teaching.

To stimulate this internationalization, we provided incentives for new course development and encouraged our students to challenge the faculty in each class to explore the implications of the increased globalization of consumer and resource markets and competition to the (mostly domestic) concepts and methods of the material covered. Involvement with students' internationalized Advanced Study Projects also helped internationalize the faculty and fostered greater interaction between faculty of the Wharton School and the School of Arts and Sciences. In addition, we have encouraged faculty to attend the internationally oriented lectures given by the members of our Board of Governors and other visitors.

The efforts to internationalize the Wharton faculty have, however, only just begun. Despite having an increasing number of faculty members teach "Lauderized" courses, there remains much to achieve in fully internationalizing the Wharton courses. This is a recognized priority of the School, which has encouraged a variety of activities to stimulate and facilitate this process.

The major challenge facing the SAS faculty is the teaching of advanced language and culture perspectives, tailored for highly motivated graduate students pursuing professional degrees. Again, the Institute has provided support, especially as part of its Title VI Center.

Goal: To impact future management education and practice using the Institute as a model

To meet the Institute's objective, we must prepare a new generation of international business leaders and have a significant impact on the business community and thus on



Leonard A. Lauder, President and Chief Executive Officer of Estee Lauder Companies and The Honorable Ronald S. Lauder, Former United States Ambassador to Austria

a better understanding among nations. The Institute's impact on the future of management education has been in three ways:

- 1) Direct impact of our program on the Wharton and SAS faculty and our graduates;
- 2) Indirect impact through the Institute's effect on the internationalization of the Wharton faculty and the contact with other Wharton students. In this respect, the Institute has successfully been serving as a laboratory for the internationalization of Wharton. Similarly, the Institute had an impact on the University's language and cultural programs and has led to further interaction between Wharton and SAS faculty.

- 3) Second order effects have been via the model the Institute has provided for the internationalization of other management programs in the US and abroad. In addition, the Institute's language and culture component started serving as a model for other professional schools facing globalization such as law, engineering, medicine, etc. In this context, the establishment of the Title VI National Resource Center for International Studies in Management has been extremely helpful in getting new institutional programs and disseminating our experience to others.

Title VI National Resource Center

The Institute's program offers a national model for the integration of high level foreign language instruction and area studies with coursework in a premiere M.B.A. degree. The Department of Education has recognized the Lauder model by designating the Institute as the core of the nation's first National Resource Center in International Studies for Management. This designation has brought more than \$600,000 in support of academic programs and student fellowships in the last four years. As a Resource Center, the Institute has accepted the responsibility to help train faculty and assist curriculum materials' development at other colleges and universities seeking to integrate language with international studies and management.

The Institute has qualified for additional priority funding from Title VI each year by linking its foreign language program to the oral proficiency project. The Institute is the first and only international management program in the nation that requires specific foreign language oral proficiency levels for admission and graduation. This accountability factor assures employers that graduates will be competent to conduct their work in the foreign language. It also increases the efficiency of the program instruction.

Title VI funds have supported the development of course modules in social sciences and humanities taught in French, Spanish, Portuguese and German by professors in those disciplines. These faculty work closely with language instructors each week to assure that students both learn the course material and continue to progress in acquiring higher language skills.

Support has also brought visiting lecturers to campus and enables the Institute to

sponsor a number of events including the China Roundtable. The Roundtable focused on the "Implications of Recent Developments in the People's Republic of China for Foreign Investment and Management." Eight specialists from the academic and business sectors discussed the topic.



Dr. Jerry Wind, The Lauder Professor, Director, The Lauder Institute (1983-1988)

Achievements to Date and Future Challenges

Reflecting on the achievements to date and the challenges still facing the Institute, Professor Jerry Wind, who served as the founding Director of the Institute from February of 1983 until July of 1988, observed:

- We established the premier international management program in the world. It is a unique program which has been continuously evolving and improving.
- The demand for our program is steadily increasing—from slightly over four applicants for each admitted candidate in 1984 to over eight applicants in 1988. Furthermore, the applicant pool is improving in quality and diversity.
- Our 150 alumni have challenging positions—many of which include an international perspective.
- The corporate support for the Institute and our students is growing. To date, 105 companies have offered us 200 internships in 26 countries. Increasing numbers of companies in the U.S. and other countries have hired our 150 graduates and increasing numbers of companies are sending us applicants and seek other ways of cooperating with us.
- Financial contributions from individuals, corporations, foundations, and the government for fellowship support and programs development have exceeded a million dollars, and we have pledges for an additional \$1 million.
- The financial contributions and the original endowment established by the Lauder family coupled with prudent budget management provides us a strong financial base. We have been able to have a budget surplus every year, and the various Institute endowments now total over \$13 million.
- We have successfully been serving as a lab for the internationalization of Wharton and for the development of advanced professional language and culture programs at the School of Arts and Sciences.
- As the nation's first Title VI National Resource Center for International Studies in Management, we have been serving as a model program for other universities in the U.S. and abroad.
- We have excellent working relations with

the administration of Wharton, SAS and the University, a strong and growing group of affiliated faculty who teach in our programs and are internationalizing their courses and research, and a growing global network of corporate and faculty contacts.

- A Faculty Council was established. Members of the Institute's Faculty Council have included: Arjun Appadurai; Jere R. Behrman; Morris Cohen; Donald Fitts; Claire Gaudiani; Lawrence R. Klein; Richard Lambert; Herbert S. Levine; Peter Lorange; Susan Naquin; William P. Pieraskalla; Anthony M. Santomero; Henry Teune; and Jerry Wind.
- We have a solid organization with a group of highly dedicated professionals who run the Institute. We have further completed a successful transition in July of 1988 from the founding director—Jerry Wind—and his associate director (1983-7)—Jere R. Behrman—and the co-director (1987-88)—Herbert S. Levine, to the new leadership of Peter Lorange (director) and Herbert S. Levine (co-director).
- We have completed the design of our permanent residence—the Lauder-Fischer Building. This marvelous structure is expected to be ready before the fall of 1989.
- We have an outstanding and highly dedicated Board of Governors. The Board members' visits to campus are one of the program's highlights, and their overall interest and support greatly enhance the Institute's business relations.

Our accomplishments in the first five years provide the Institute with a firm foundation for the challenges facing it. These include:

1. Continued program refinement and improvements, especially as it relates to the integration of the management disciplines and area and international studies and the expansion of cultural understanding and sensitivity beyond a single second language to additional languages and cultures.
2. Focus on research to help develop the needed teaching materials.
3. Increased need for financial aid for U.S. and non-U.S. students to attract the best candidates.
4. Provide a stimulus for the internationalization of other University of Pennsylvania programs. Within the management area, the internationalization of:
 - Executive education program
 - Ph.D./MA in international studies
 - Undergraduate offerings
5. Expand the Title VI efforts for dissemination of pedagogical material and enhance the dissemination of the Institute model to other Universities.

As the new leadership of the Institute, held by Professors Peter Lorange and Herb Levine, takes over the Institute, we are looking forward to having the Institute continue its growth and enhance its impact on other programs at the University, helping to establish Penn as a premier global university.

This special *Almanac* insert on the Lauder Institute was produced by: Marcy Bevan, Assistant Director for External Affairs under the direction of Dr. Jerry Wind, The Lauder Professor, with excerpts from articles by: Dr. Bart Nourse, Administrative Director; Siobhan Mullen, Class of 1988; and, David Trachtenberg, Class of 1988.