

The Value of Experience

By Robert Strauss

Wharton's Global Consulting Practicum has given students real-world experience for 25 years.

Josefa Nolte was faced with a business impasse. The non-profit organization she runs in Peru, Mercomujer, was successful at making toys and other artisan-like objects in rural women's cooperatives. Yet its distribution, accounting, and general organizing systems were clearly too haphazard.



ON LOCATION IN PERU (LEFT TO RIGHT): SUE KOLLORU, WG'05, SARAH RYERSON, WG'05, NIKHIL CHANDRA, WG'05, ARTHUR STEINBOCK, WG'05, ELIZABETH ULMAN, WG'05, EMILY LIN, WG'05

Then she discovered that the Corporation Andina de Fomento, a rural banking program associated with Mercomujer, was going to meet with Wharton MBA students—American students who were taking a class designed to advise companies in developing economies break into the American market. She decided to sit in on the proposal from the students from the Wharton Global Consulting Practicum.

"Because my program was closer to their proposal, they came to our office, where I made a presentation (for them to take on) Mercomujer," said Ms. Nolte.

Take Mercomujer on they did. Four students from Wharton and four from a partner program at the Universidad Del Pacífico in Lima, Peru, spent several months doing a consulting job that otherwise might have cost Mercomujer hundreds of thousands of dollars—a sum the non-profit surely did not have—had they been consulted by McKinsey or Bain or even some lesser first-world firm.



THE MERCOMUJER PROJECT GROUP — SHAOWEI YING, WG'05; JOSE LOO, ERNESTO DELGADO, OSCAR UGAZ, UNIVERSIDAD DEL PACIFICO, PERU; EMILY LIN, WG'05, SARAH RYERSON, WG'05; CAROL MAGUIRE; ELIANA UGARTE, UNIVERSIDAD DEL PACIFICO, PERU; JOSEFA NOLTE, MERCOMUJER.



PROFESSOR LEN LODISH

Instead, it paid some of the students' expenses and got what Ms. Nolte considers first-class advice.

"I think they have done great work," said Ms. Nolte. "They had to understand the logic of an enterprise working under the cover of an NGO [Non-Government Organization], and all the difficulties working with 800 producers in 40 different sites in Peru.

"Understanding these issues, and the target to grow the market in the United States, will bring the benefit not only of meeting our break-even point, but will include more women in the production end," she said.

It has now been 25 years since Wharton Professor Leonard Lodish began what was then an experimental program, the Global Consulting Practicum. The idea was, according to Lodish, who still runs the program, to give current students a chance to do international consulting on a practical basis, not just with traditional textbook learning. Lodish recruited foreign business schools to both help find companies which could benefit from the student consultants and lend their students to be part of an international team effort.

"This is a chance to be cross-cultural, to have a complete functional experience," said Lodish. "We've become more sophisticated over time, but the idea is still the same, a capstone course, something of real value to both the students and the company for which they consult."

Over the 25 years, the students have consulted for just about every imaginable type of industry. To be sure, during the technology boom, many of those companies were tech firms trying to gain a foothold in the United States market. For the 2003-2004 group, the 10 clients ranged from a winery to a feminine hygiene products manufacturer to a billing outsourcing firm to the non-profit Mercomujer. Lodish said the criteria for the firms the Global Consulting Practicum picks to help out are not extensive.

"The first is that there is a reasonable, prima fascia reason for them to be successful in the United States market," said Lodish. "They have to have something leverageable. Management has to have the courage to do something different. And they have to have the resources to be able to implement what we suggest."

One of them might be as fortunate as Kitan, which Lodish pointed out as a Global Consulting Practicum success story. Kitan, an Israeli company, had a line of about 240 various products, but was exporting none of them, when it came to the practicum for advice 20 years ago.

"The students went through a winnowing process and came up with a detailed marketing plan for the company's 100-percent cotton flannel sheets," he said. "There were OSHA standards that prohibited U.S. companies from making them and the main competition was in Portugal and China. The designs in Portugal were not as good as Kitan's, and the ones from the Far East didn't have their quality.

"The student team did a step-by-step plan and the export manager followed it almost word for word," said Lodish. After about six years, he said, the export business was doing \$10-15 million in sales. "They wouldn't have been around, it is fair to say, if our project wouldn't have happened."

Sometimes the students in the Global Consulting Practicum find themselves in a somewhat top-secret situation. Such was the case for Ellen Copaken, WG'05, a member of the team consulting for an Israeli company which makes feminine products.

"They have a product that is completely new in technology. That's about all I feel I can say," said Copaken.

Because of security concerns in Israel, the team from Wharton and its partner team from Tel Aviv University met in Paris to plan the strategy for the company to get its product into the North American market. There, she said, the main initial difficulty was to figure out who was to do what and why.

"In an actual consulting firm, there would be a pre-established hierarchy. We had to decide our own roles and how we would choose who would lead what part of the project," she said. Once that was done, though, the teams became emboldened. "I think because it was more of an academic setting, we had more permission to challenge the client. We certainly did that. We challenged many of the assumptions. They came to us exploring one specific thing, but we said to explore four or five things and they were receptive."

Copaken's Wharton team was also unique because it was entirely female.

"For any project, that would be unusual for consulting and unusual for Wharton, since only 30 percent of the student body is female," she said. Yet, she said, she felt that served the client well. After all, it would be women who would be using the product. "We had

professional interest in the project and personal interest in the project. The product itself, if it indeed works as described and planned—and they are doing more clinical trials—can make huge improvements for women's health. There is no other product like it on the market anywhere in the world."

Unfortunately for some firms that come to the Global Consulting Practicum for advice, there is indeed too much market competition for particular products. At that point, said Lodish, the advice is to not enter the U.S. market, which can be a disappointing answer to the client.

"If it entered the market and lost lots of money, that would be worse," said Lodish, who noted that it does not affect his evaluation of the student teams if that is what they prescribe for the client. "That is part of the game. If they come up with a practical approach and decide it isn't worth it for their company, then that is the answer."

It was a close call on that score for Wharton student Gil Dibner, WG'05, and his team advising a Chilean office supplies company. Although this multi-million dollar company has a significant share of the notebook market in its home country and already exports to several Latin American countries, it still sought the advice of the Wharton team and its partners from the Universidad Adolfo Ibanez in Chile. Dibner said the ultimate advice the students gave was not completely negative, but that the company had to do better at distinguishing its products to make any real inroad in the United States market.

"It really was a great experience, since it is one of the few classes at Wharton where you get to integrate a lot of stuff," said Dibner, who wants to be a venture capitalist after graduation. "It was an applicable and relevant fusion: market strategy, pricing, international work, even finance."

"And you are working with a client paying money, which is pretty relevant," said Dibner. "You learn all the same lessons as in a classroom, but in the context of a high-effort environment. That adds to the stress level, but also to the relevance. People really care. We stayed up until 2 a.m. arguing the fine points because we wanted to see the final and best product. You get real-world experience, but with an educational context to reflect on it and talk about it."

Ellie Moss, WG'05, was most appreciative of the hands-off policy of the Global Consulting Practicum staff. It was scary, in a way, she said, to be in Peru, where her group was trying to find ways for a winery to get into the U.S. market. But on the other hand, that was the point—to have the experience of being on a real consulting project.

"There are a lot of resources at GCP, but that is the back-up. They want to see how you do on your own," she said.

The winery, one of the oldest in South America, markets products that are well known and well respected locally, but no one in the always experimental wine-buying market in the United States knew about it. Before she came to Wharton, Moss had worked as a

director of operations for a translation company that focused on pharmaceutical and medical device instruction translations. She said she already knew from that how difficult and important language and culture is in putting together business propositions.

"I speak Spanish and lived in Spain for a while, but I never had to conduct business in the language," she said. "It's a whole new vocabulary, and even with that, you have to learn cultural differences. You are thrown into this situation and you have to learn quickly to adapt. This is not just a grade. A client is depending on you for your advice."

On top of that, she said, you have to learn how to work with your own team.

"Everything in business now is involved with groups, so you have to get used to group dynamics," said Moss, who after graduation intends to go into international development, primarily with food policy, and probably in Latin America. "But together, we got, I think, a good result, some ways the winery can position itself to come to the market. It will be exciting to see if they are successful."

The group consulting with Mercomujer, though, will not just be waiting around to see if the non-profit is successful. All the Wharton Global Consulting Practicum members have signed on to continue consulting. It is the first time the practicum has taken on a non-profit client, and Lodish said it will certainly not be the last, though this and future non-profit projects will have to be funded differently than the for-profit clients. In this case, the students on the Wharton GCP team had to raise several thousand dollars of the budget themselves to help finance the Mercomujer project (with GCP itself donating some in-kind services in research and the like). This was no small feat, considering that GCP projects typically cost \$50,000 to \$60,000.

"We are not doing this to change the perception of MBAs as being capitalists, because that is what we are," said Emily Lin, WG'05, one of the four Wharton students to team with a similar group from the Universidad Del Pacifico in Peru for the project. "But we did this to have something we feel good about doing."

Mercomujer, which focuses on women's cooperatives, has a goal of creating more non-subsistence jobs for rural women in Peru. It also wants to find ways to get these women working at jobs that will get them closer in wages to working men in their particular regions. The project the Global Consulting Practicum team worked on had women in several villages spread out through Peru hand-making knitted dolls and other somewhat sophisticated paper and cloth items. Most of the women also had family and farming duties, so their work hours were inconsistent, most often depending on when they were needed otherwise by their families. The products themselves, said Lin, were good, but Mercomujer could never quite get a consistency in inventory or know exactly when the workers would show up.

"That is a real challenge with a non-profit that we learned," said Lin. "You have to get them to think like a business. You spend an awful lot of energy with a non-profit that way which you probably wouldn't with another kind of business."

"But then, you are not only analyzing things, but working with a cause," she said. "What was interesting is that there was a nexus between environmental concerns, women's concerns, business, and a host of other things. McKinsey and other firms do pro bono work, sure, but here you are out there making a difference."

In the end, the GCP students advised Nolte and Mercomujer to concentrate on the high-end and "organic" market in the United States. There are a lot of buyers of crafts, they said, who look for natural fibers and things made by local artisans for gifts or show items. In addition, the students also tried to show Nolte and her workers about nuts-and-bolts aspects of a business, everything from accounting and time-management to figuring out with a system how to know just when each worker would come and how much she would produce. Nolte said she is grateful that she found the GCP students, that she hopes it will be a turnaround for her work and for other non-profits around Latin America.

"We're improving our financial forms, and we will start working with the organic marketplace, which was one of the most important recommendations," said Nolte. "We had a team that understood the benefits and difficulties of an enterprise with social responsibility from the marketing and financial perspective."

For most of the for-profit Global Consulting Practicum projects, the firms want the student teams in for a stated time with a stated consulting purpose, fitting quite well within the five months or so allotted for the course. But for the Mercomujer project, the students have decided to stay on to see how they can help on an on-going basis.

"When you work with a non-profit, you get really into it. You get an intrinsic emotion. It grows itself organically," said Lin. "When we first got there, they didn't know if they were making a profit on products or not. Were they charging enough for their product? We asked them about capacity and they didn't know what capacity was. They were dealing with eight different communities and each has subcommunities with different holidays and farming schedules.

"But that was the exciting thing. The GCP provided us with a real-life situation, not just some classroom work," she said. "It will be great to help our partners succeed long after the project itself is over."

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