From the Executive Director

I’m pleased to share with you our fall issue of The Purdue Executive. We continue our ‘Research for Executives’ with an analysis that combines international trade and economic analysis. Regardless of your area of specialty, the article points to the need to consider multiple criteria when assessing the impact of cost factors. Farther on, you’ll find photos of the many events we have held since spring – Executive MBA graduation, programs-in-progress, and our new Executive MBA class of 2014. It has been exciting, and I continue to be honored by the trust that executives from around the world place in our programs.

As I wrap up my first year in this position, I am pleased with the many improvements we have made in reaching out to alums. In particular, the newsletter and the alumni receptions in Indianapolis and Chicago gave us a foundation to work with you. Upcoming alumni events in Paris and at Purdue give even more opportunities to strengthen these bonds. As we wrap up 2012 and look towards 2013, here are some of the activities I look forward to:

- Working with one of the best executive education teams in the United States;
- Interacting with our alums around the world;
- Welcoming three new partners from Brazil, France, and China to our International Master’s in Management (IMM) program;
- Expanding our degree, certificate, and custom programs while retaining the quality of a Top 20 executive education program.

If you have any input on these activities or want to share ideas, feel free to contact me or drop by Purdue if your work brings you to this part of the world. As always, I look forward to hearing from you.

Sincerely,

Aldas Kriauciunas
By examining how goods are transported around the world, Professor David Hummels’ research provides insights into a wide variety of questions about international trade, from how consumers value timeliness to how changes in energy prices and carbon taxation will reshape global supply chains.

While many think of the world economy as seamlessly integrated, large impediments to trade remain. One of the most important is time. Ocean-borne cargo leaving European ports takes an average of 20 days to reach US ports and 30 days to reach Japan. In contrast, airplanes are fast, expensive and increasingly important to trade. Over half of US exports outside North America were transported by air, and over the last four decades, worldwide air cargo has grown 2.6 times faster than ocean cargo.

In a recent paper, “Time as a Trade Barrier,” Hummels uses data on how firms trade off the cost savings of ocean cargo against the greater speed of air cargo to estimate the willingness to pay for timeliness. He estimates that each day wasted in transit is worth up to 2.3 percent of the value of the good, about the same as the average US tax on imports.

Time savings are especially important for goods involved in complex global supply chains, and for goods subject to volatile demand. Why? When firms produce goods close to the point of sale, they can react rapidly to changing consumer tastes or to replace inputs or finished goods that have suffered from design or manufacturing flaws. However, when goods are sourced from abroad to save on manufacturing costs, and shipped using the cheapest available transportation, reaction times are measured in weeks and months. Airplanes can speed this process tremendously and so are exceptionally valuable to any firms that face uncertainty in their supply chains.

Hummels’ work on valuing timeliness has been featured in research highlights by The Economist and BusinessWeek magazines and by the National Bureau of Economic Research. He is currently applying the research in consultation with several US government agencies to identify and value other sources of time delays in trade, including inefficient ports and security related cargo screening.

While airplanes allow for the timely coordination of far flung global supply chains, they have an important downside. Because planes use significantly more fuel than boats, air cargo prices are highly sensitive to changes in fuel prices. Firms that have organized supply chains around the use of airplanes may find these plans increasingly unprofitable as oil prices rise.
In “Trade and the Greenhouse Gas Emissions from International Freight Transport” Hummels highlights some additional consequences of the fuel intensity of transportation. International trade generates carbon emissions from the production of traded goods and transportation between trading partners. Most research has focused on production due to worries that taxing carbon emissions in the US and Europe will cause firms to offshore production to unregulated countries like China. Hummels research shows that the main source of trade-related emissions comes from transportation and not production. Looking forward, tariff liberalization and economic growth in India and China will worsen this problem, as countries shift their trade away from neighboring countries and toward more distant, growing, partners.

Airplanes, while necessary to trade, are central to the emissions problem. Because of their high fuel use, airplanes generate between 50 and 200 times the carbon emissions of container ships to move the same cargo. Countries like the US that rely on airplanes to move traded goods generate a carbon footprint that is substantially higher than one would suspect looking only at the production of those goods. Taxing these emissions would be especially injurious to aviation-intensive countries.

This is not a speculative concern. Beginning in January 2012, the European Union began taxing aviation emissions for all flights landing in any EU country. The US and China do not recognize the right of the Europeans to tax carbon emitted outside EU airspace and have threatened major sanctions. However this is resolved, Hummels research shows that carbon emissions from international transport will remain a significant challenge for regulatory design, and source of uncertainty for global firms.

For more information about this research, please contact Professor Hummels directly at hummelsd@purdue.edu.

Professor David Hummels

Professor Hummels is a Professor of Economics at the Krannert School of Management. He has published 2 books and 37 scholarly articles focused on topics in international trade, including offshoring, product differentiation, barriers to trade, and the effects of transportation and infrastructure on trade and economic development.
During the weekend of May 12-13, we celebrated with the Executive MBA Class of 2012. Their program took them to the farthest reaches of management and different corners of China. We wish them much success in the future and look forward to seeing them back on campus.

Our Applied Management Principles, a 10-day certificate program, met in the second half of May. This program, ongoing for over 15 years, brought in participants from the Midwest and Tirana, Albania. The energetic class covered seven different management topics and are already applying them in their careers.

We are launching a corporate LinkedIn page dedicated to our executive education programs. We invite you to join, track what others are doing, and share your own content and ideas. Check us out - we should be live by October 15, 2012 — at Purdue University Krannert Executive MBA (EMBA).

Sally Lutes joined the Executive Education team in June as Director of Business Development. She has been strengthening our relationships to alumni and companies. If you've not heard from her yet, you likely will in the near future. She has worked in development management since 2005, most recently as the Director of Development for Purdue’s public radio station, WBAA. A Purdue alumna, she received her master’s degree in Curriculum and Instruction. When not working, Sally, keeps busy with her two teenagers and enjoys culinary pursuits, especially exploring international and regional cooking.
In June, our IMM Class of 2012 came for their residency and took a few minutes for formal photos as well as some more light-hearted shots.

In September, we welcomed our EMBA Class of 2014. Aside from the class work, good food, and IT orientation, the students had a chance for some golfing at Monster Golf. The whole class tied since—with all the fun—no one kept score.
EMS 2000
In May, 2012, Mike Hagen was promoted from Director of Door Floor Window Business to General Manager of Polymer’s business unit at HB Fuller. He resides in the Minneapolis-St. Paul area.

EMBA 2008
In June, 2012, Karen Upright was promoted to Section Manager, RPCS NA Delivery Chemicals and Flavors & Fragrances at Procter & Gamble. Karen resides in Cincinnati.

EMBA 2011
Heather Buchicchio recently started her own company, Infinity Growth Partners LLC, and is doing marketing consulting, targeting B2B companies in engineering or manufacturing.

EMBA 2011
In August, 2012, Brian Doran was promoted from Operations Manager to Division Manager of the Barnes Aerospace West Chester Aftermarket Division in Ohio.

IMaC 1998
In March, 2012, Bruce Gaskey was appointed by Mayor Michael Bloomberg as the Director of Citywide Emergency Communications for New York City. In this capacity, Bruce oversees the development and implementation of strategies and initiatives that support the City’s overall emergency communications operations. Chief among these is the responsibility to deliver NYC’s $2B Emergency Communications Transformation Program (ECTP), ensuring direct integration of telephone (voice and data), radio, and Computer Aided Dispatch (CAD) in the 9-1-1 Public Safety Answering Center (PSAC1). He is leading the new PSAC2 operational and functional design to create redundancy and diversity to operate in conjunction with PSAC1. Bruce also oversees emergency communications information technology across all NYC emergency communications channels.

IMaC 1998
Joerg Nowak and his family now live in Regensburg, Germany, a city one hour away from Munich and known for its historic medieval city center. Joerg and his wife have an 11 year old daughter and a little poodle. Joerg still runs 3 companies that he has founded and does M & A and private equity work.

EMS 2002
This past year Robert Williams accepted an expatriate assignment as Managing Director of Otis Elevator’s Central Europe Group (CEG). This group is comprised of Poland, Czech and Slovakian Republics, Hungary, Romania, Bulgaria, Serbia, Bosnia and Herzegovina, Croatia, and Slovenia. He and his family now reside in Vienna, Austria.

EMB 2004
Neil Wilson is an executive officer at the U.S. Coast Guard Air Station in Savannah, GA. Previously he was the USCG Aviation Center’s Industrial Operations Division Chief. An article about an IOD Hazmart project he was working on was published in the Coast Guard’s logistics magazine. Neil says his MBA from Purdue has really helped him to have an impact.

EMB 2005
Srinivas Datla has been promoted to Vice President for Engineering Services at Sogeti in Cincinnati.

EMBA 2002
Laura Gramman is currently VP & CFO at Gardens Alive! Gardens Alive! is a direct-to-consumer company with over 25+ brands they have developed and/or acquired. She loves it! Laura also got married on October 10, 2010, and her new last name is Soos.
IMM 2000

Miklós Biró has relocated from Hungary to Austria where he is a key researcher and quality engineer at Software Competence Center Hagenberg (SCCH). You can read about Miklós’ new appointment here http://www.scch.at/en/Page56-8760.aspx.

IMM 2002

Dennis Appel is Head of Luvata’s Heat Transfer Solutions Division, joining the executive team as Vice-President and based in the Greater Memphis Area. Dennis has 15 years’ experience with Luvata, particularly in running the HTS business in US, Europe and Asia.

IMM 2003

In May, 2012, Robert Bearden became President and CEO for Sino Gas & Energy Holdings, an ASX listed company, in Beijing, China. Previously he worked in Geneva, Switzerland, as Corporate Operations Director for Addax.

IMM 2004

Kristin Eilenberg has published an e-book entitled The Business Intrapreneur: Profiles of Unsung Heroes of Corporate America. It’s available on Amazon, Nook, and iBook/iTunes.

IMM 2004

In May, 2012, Jay Weiker was promoted to General Manager ABS Australia and Business Director ABS Asia. He is responsible for the ABS Australia bovine business, but maintains overall responsibilities with distributors in the Asia region and provides support for the company’s China business. Jay and his wife Mary and son Alex now live in South Morang, Australia.

IMM 2005

On August 1, 2012, Sven Jacobs joined Novartis AG, one of the top pharmaceutical companies in the world, as Head of Global TechOps Sourcing. In this capacity he will be responsible for all the sourcing requirements for the 20+ plans of the Pharma division, leading a team of 40 sourcing professionals and managing a total budget of about $2,500,000,000. He lives in Basel, Switzerland.

IMM 2001

In February, 2012, Steve Robinson was promoted to Director, Application Services at Savvis in Denver, CO. He and his wife Kathleen were married in 2008 and have two children, Claire, age 3 and Ryan, age 1.

IMM 2001

Susan Ross In May, 2012, Susan’s book entitled Expanding the Pie: Fostering Effective NGO and Corporate Partnerships was published. In this book, Susan identifies 46 successful partnership case studies that offer new approaches beneficial to both businesses and society.

IMM 2001

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IMM 2010

Karl Josef Wolf and his wife Monika had a new daughter, Helene Caroline, on March 15, 2012. This is their second child.
Calendar of Upcoming Opportunities at KEEP

Details at: http://www.krannert.purdue.edu/programs/executive/home.asp

Did You Know?

The first person on the moon, Neil Armstrong, and the last person on the moon, Eugene Cernan, were both Purdue graduates.

The Purdue Executive is published quarterly for alumni and friends of the Krannert Executive Education Programs (KEEP) at Purdue University. We welcome your comments, opinions, and questions. Please contact us at:

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Purdue is an equal access/equal opportunity university.

October
7 – 20 IMM 2012 Residency #5 in Beijing and Shanghai, China
15 Current and Future Alumni Reception (Paris, France)
16 – 19 Technical Management Institute (TMI)
25 – 28 AAHA’s Veterinary Management Institute (VMI): Marketing Module
28 – Nov 10 IMM 2013 Residency #2 at CEU (Budapest, Hungary)
29 – Nov 3 Entrepreneurship Bootcamp for Veterans with Disabilities
29 Announcement of new IMM Partners (Budapest, Hungary)

November
4 – 17 Executive MBA 2014 Residency #1
Nov 9 Purdue Executive Education Information Session
Nov 9 1st Annual ‘Back to School’ Alumni Day – classes and social events
Nov 13 Dean Earley’s Reception in Los Angeles with alumni

December
15 – 16 IMM 2012 Graduation Weekend

January
17 – 20 AAHA’s Veterinary Management Institute (VMI): Finance Module
31 – Feb 3 AAHA’s Veterinary Management Institute (VMI): Strategic Thinking Module

February
10 – 23 Executive MBA 2014 Residency #2
15 Purdue Executive Education Information Session
24 – March 9 IMM 2013 Residency #3 in Mexico City and Puebla, Mexico

March
24-29 International Master’s in Management (IMM) Launch Week

April
28 – May 4 Executive MBA 2014 Residency #3

May
3 Purdue Executive Education Information Session
13 – 24 Applied Management Principles (AMP) Program

*Unless stated otherwise, the events take place at Purdue in West Lafayette, IN.