

Meet IEDC Faculty:

If not for Prof. Jim Ellert, the Executive MBA Program at IEDC would have looked totally different. He is the person behind its design and launch back in 1991. He is the lecturer whom our students call The Professor, chosen 22 times as the professor of the year! So, how did Jim Ellert become Jim Ellert? Jim rarely speaks about himself, but we tried to find out.

Interviewed by Vera Pasyukova

Photo: IEDC Archive

W We know you for many years, and mostly in your roles as a professor, a consultant, and a colleague... How did Jim Ellert become Jim Ellert? Tell us a little bit where you come from.

I was born during World War II. My father was stationed in Europe during the war as a member of the Canadian armed forces. During the war, I lived with my mother and grandparents in Transcona, Manitoba, a small town of 6,500 working class people where the major employer was the Canadian National

Railway. After the war, we moved to East York (now part of Toronto) in Ontario.

So, who were your ancestors and did they have any influence on you?

My Irish grandfather was a revolutionary fighter and member of the Irish Republican Army during the "troubled times" in Ireland from 1919 - 1922. After migrating to Canada, he developed a career with the Canadian National Railway in Transcona where he became foreman of a demolition group charged with responding to periodic train derailments. He taught

me to enjoy being outdoors (mainly on lakes and fishing) and supported me when my parents sometimes viewed my youthful behaviour as rebellious.

My German grandfather was an architect who built a business designing and constructing new homes. He went bankrupt during the Great Depression of



*Photo: Transcona Municipal Office (c1940-1960)
Source: Archives of Manitoba, Government Photographs*

1929-1933 as a consequence of financing his business with too much debt. So, at an early age, I learned from him about the risks associated with aggressive use of financial leverage.

What were your parents and siblings like?

We cannot choose our parents, but I won the lottery by having caring parents who were very influential in my personal development. My mother was born in Ireland and emigrated to Canada at a very young age. In our family, she was the optimist and a consummate risk taker. My father was of German descent with his forebearers immigrating originally to the USA in the late 1880's and later to Canada. He taught me about self-discipline and respect for the rules and was the consummate risk avoider. So, I benefitted from having two different but highly compatible role models to learn from.

I also have a younger brother, Ron. He has been a lifetime companion and advisor for me, and we still have telephone conversations together on a very regular basis.

In common, my family members encouraged me to

aspire to a university education and find ways to finance this. My father did not complete high school and no one in our family tree had been given the opportunity for higher education.

When did you go to university and what did you study?



I entered university at the age of 17 having been allowed to "skip" two years of primary education. To finance my education and other needs, I took a job stocking shelves in a supermarket from 12 midnight to 8 a.m. The work was mindless, but it gave me time to reflect on what I was learning at the university. During my first two years as an undergraduate, I received a liberal arts education grounded largely in English literature, philosophy, political science, and history. During the last two years, I began to study economics to prepare for employment.

What was your first job after university? How long did you stay with this job?

My first full-time job was as a government of Ontario

economist writing economic reports and speeches for elected politicians on economic issues. After four months on this job, I was offered a Canada Council fellowship to continue university studies, was granted a leave of absence from the government, and decided to complete a master's degree

in economics at the University of Western Ontario (UWO) in 1964. While competing the master's degree, I continued work with the Ontario government part time, having been given the opportunity to work, in a small way, on Canada's Carter Commission Report on taxation policy.

So, how come did you start teaching and what was your first teaching job?

I had never thought of a teaching career but on graduation day at UWO, I was lined up with cape and gown for the ceremony when a man touched me on the shoulder and introduced himself as the Dean of the Business School at UWO who told me that he was looking for a "tame" economist to teach this topic.

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Not really wanting to go back to a government job, I accepted his offer without hesitation. So, it was pure serendipity that I would become a university teacher.

How was your first year as a teacher and how well were you accepted by students?

It was an unmitigated disaster, the most painful year in my life. I was assigned to teach economics to the MBA's and economics and statistics to the doctoral candidates. I was 22 that year and the average age of the MBA class members was 36. They saw me as very theoretical, boring, and not attuned to the needs of business.

How did you respond to this?

By using the next summer to develop a set of case studies in economics and getting coached on the art of teaching through the case method.

Was UWO a pioneer in the development of MBA programs and case teaching in Canada?

Partly yes but with a significant lag in timing. Undergraduate studies in business date back to 1881 in the United States when Wharton business school developed a bachelor's degree in finance. The University of Chicago was second to offer business as a university undergraduate discipline in 1888. The first MBA program was launched by the Harvard Business School (HBS) in 1908. What differentiated HBS was its introduction and development

of the case teaching approach for business studies. In 1943, the University of Chicago launched the first executive MBA (EMBA) program using traditional learning methods (mainly lecture format). In 1948, UWO launched the first MBA program in Canada patterned after the HBS case teaching model of case teaching.

Can you tell us something about the early development of MBA programs in other parts of the world?

It may surprise some of our readers that the University of Pretoria (South Africa) established the first MBA program outside of North America in 1949 followed by the University of Karachi (Pakistan) in 1955. INSEAD (France) launched the first European MBA program in 1957. IEDC pioneered MBA studies in the CEE with the launch of its EMBA program in 1991.

After leaving UWO in 1968, you decided to do your PhD at the University of Chicago. Why did you choose this University?

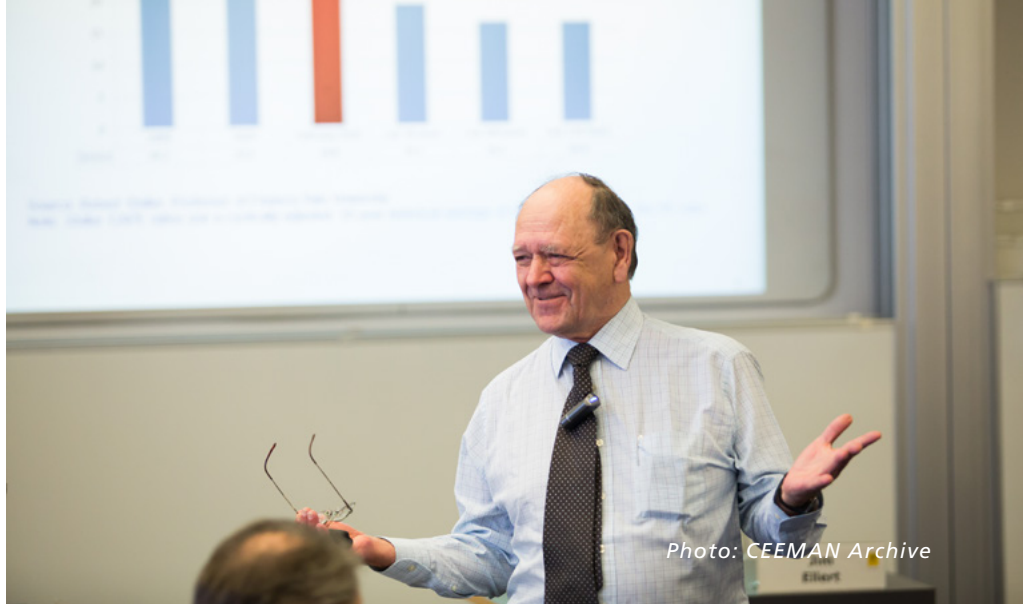
My academic colleagues at

UWO encouraged me to go to the Harvard Business School. I chose the business school at the University of Chicago for several reasons. First, the faculty there were at the cutting edge of new theoretical breakthroughs with a multi-disciplinary research approach. They offered a joint PhD in economics and finance that appealed to me and responded favourably to my request to develop, with their guidance, a personalized curriculum of studies that would allow me to take courses in the business school, the department of economics, and the law school. Finally, I thought that this program would challenge me more than that of other schools.

Were you happy with your decision?

Absolutely. I had the opportunity to take courses

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from five professors who had been awarded or would later be awarded the Nobel prize in economics: Ronald Coase (law school), Milton Friedman (economics department), and Eugene Fama, Merton Miller, and George Stigler (school of business). Collectively, they taught me to think and teach in a much more structured way than I had learned to do in my prior academic studies. They

interested in that particular topic?

The title of my thesis was "Antitrust Enforcement and the Behaviour of Common Stock Prices". It was an empirical study of how common stock prices adjusted to the announcement and resolution of all of the antitrust cases brought to the courts in the United States during the

educated in ***the Chicago School of economic thought*** that was not mainstream in the 1950's but coming of age in the 1960's. The main tenets of the Chicago School are that free markets best allocate resources in an economy and that minimal or even no government intervention is best for economic growth and prosperity as well as social betterment. This school of thought has been extended to many academic disciplines including business, law, sociology, and political science.

Do you still subscribe to this school of thought?

Acceptance of this school of thought contributed favourably, I think, to a period of rapid globalization, product innovations, wealth generation, and the development of financial markets during the later decades of the 20th century. However, wealth accumulation strongly favoured the few who formed new successful businesses or owned equity shares of publicly traded companies and today we see unsustainable levels of income inequality not seen globally since the 1930's. So, the Chicago model is under attack today and capitalism is not likely to survive in its current form. The dilemma we face is that mainstream capitalism is good for creating wealth but does not distribute this wealth in socially acceptable terms. By contrast, socialism distributes

Lecturers of Prof. Jim Ellert during his PhD



Ronald H. Coase



Milton Friedman



Eugene Fama



Merton H. Miller



George J. Stigler

Photos: www.nobelprize.org

also taught me to think and research from multi-disciplinary perspectives. 18 months into the program I was given the opportunity to start teaching in the executive MBA program and three of the Nobel prize winners accepted an invitation to mentor me through the process of writing and defending my PhD dissertation. I could not have hoped for a better or more stimulating education.

What was your PhD thesis about and why were you

time period from 1926-1973. The main finding was that, on average, antitrust litigation had no impact on the common stock prices of companies accused of antitrust violations. The topic interested me because of the opportunity to combine my research interests across the three disciplines of finance, economics, and law.

Is there a particular economic school of thought that you share?

During my PhD studies, I was



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wealth better but is not good at creating wealth. What should emerge is some form of "social or stakeholder capitalism" that would be better for the planet and human beings. But we are a long way still from social agreement on the form and

residents. Germany has a long history of strong employee representation on company supervisory boards. From the 1920's through to the global recession of 2007, Japanese companies followed the principle of lifetime

(1976-1980) and elected by faculty to become a member of the University Senate where I was asked to chair a Senate Committee on Academic Promotion, Tenure, and Leave. These appointments provided my first experiences in administration.



execution of such an approach.

Would you say Europe managed to create in certain countries a more social capitalism than US or not?

Many Scandinavian companies have become leaders in global competition while contributing through average levels of Western corporate tax rates to the development of government sponsored social welfare programs that outpace those in place in the US. Switzerland maintains low corporate tax rates by Western European standards but redistributes wealth through an annual wealth tax on high net worth individuals and differential mandatory pension payments (relative to ultimate benefits) by income level (paid 50/50 by employees and companies) to support its minimum national pension plan for all permanent

employment. So, the answer is yes.

So, from Chicago, you went back to Canada for several years at Queen's University. Why did you join Queen's University and how did your career develop there?

I returned to Canada in 1973 and stayed there until 1981. I had intended to return to UWO, but this school was strongly departmentalized at that time and made its employment offer contingent on choosing between joining the finance or economics departments. Queen's allowed me to teach in both disciplines. The Dean of Queen's business school, Rich Hand, was a University of Chicago graduate and was very supportive of my wishes to teach across academic disciplines. At Queen's I was director of the MBA program

Then you went to Switzerland, to IMEDE, one of the founding institutes of IMD. Why did you do this?

By 1980, I had completed my administrative terms at Queen's and was looking for something new to do. I had been told by some Canadian colleagues from UWO that IMEDE (later known as IMD) was truly international in its faculty and student body and an innovator in executive education. I wanted to experience working in an international community and to learn first-hand how they were innovating. So, I arranged a one-year leave of absence from Queen's University to join IMEDE as a visiting professor in 1981 and joined IMEDE as a permanent faculty member three years later.

Is it usual to stay at a business school for three years as a visiting faculty member before becoming a permanent faculty member?

At the end of my first year at IMEDE, I requested and received a one-year extended leave of absence from Queen's. On my third annual request in 1984, Queen's was less accommodating. So, I brokered the silliest, craziest compromise of my life. The agreement was that I would teach weekly in Canada and Switzerland. I

earned lots of air miles but was in permanent jet lag for four months before committing to stay at IMEDE. In retrospect, it was a foolish decision-making process on my part because I knew in my heart that I would stay at IMEDE and later at IMD that was formed in 1991 through the merger of two business schools in Switzerland (IMEDE in Lausanne and IMI in Geneva). Sometimes, old allegiances are difficult to leave behind. The learning lesson was to become quicker and more decisive when making a career change.

At IMEDE, your career path included becoming Director of the MBA program at IMEDE and later Dean of Faculty at IMD. Does this mean you preferred an administrative role rather than a teaching role?

No, teaching has been my real passion over several decades. This is what I enjoy most and during periods when I was seconded to administration, my contracts were always written to allow me to carry a full teaching load during these periods.

He loves what he teaches, he loves to teach and has a true interest that even the last finance averse person understands... our class loved him too and as our project mentor he drove us more than once totally crazy but we always had to admit he had a point.

**Judith Hübner,
VP Human Resources &
Corporate Affairs, MBA,
Co-Active Coach,
Germany**

What did you find most attractive about working at IMEDE and later IMD?

Internationality, diversity, and innovation were strong motivators. By 1991 when I stepped down as director of IMD's MBA program, we had a single class of 80 participants with passports from 45 countries. Today, IMD has 50 faculty members including 24 nationalities. Since I joined in 1981, IMD's staff has always had members from more than 25-40 countries and balanced gender representation in key committee and staff leadership roles. I inherited an MBA program in 1984 that was very innovative and, as early as 1983, IMEDE was developing tailored in-company programs well ahead of our competition. At IMEDE and IMD, we never had the legacies of academic tenure, formal academic departments, or academic ranks, and I think that absence of these organizational constraints were crucial in allowing us to create a culture of team-playing that fed into continuous innovation. In hiring new faculty, we relied on Say's law that said that supply creates its own demand. So, we recruited the best faculty we could find irrespective of functional discipline with confidence that each new faculty member would create demand for his or her teaching and research talents. On the research side, we looked for research that could easily and effectively be transferred into the classrooms.

What developments were most important to you during your time as Dean of

Faculty at IMD?

Personally, I had the opportunity to work as part of a small management team with well-defined and independent responsibilities. As President of IMD, Peter Lorange took responsibility for revenue generation. Philip Koehli, our Finance Director, took responsibility for managing our staff members and I had responsibility for faculty affairs. We were able to achieve double-digit annual revenue growth over our years together while self-financing 50% of the construction or extension of 4 new campus buildings from retained earnings. The second 50% of the financing came from a few large companies and private donors. The IMD Board of Trustees allowed us significant latitude to convert fixed costs to variable costs by introducing variable compensation through bonus payments for faculty and staff that were directly linked to the annual financial surpluses that we were able to generate.

In 2007, our last year together as a management team, the Financial Times selected IMD as number 1 globally in its ranking of executive education for in-company programs. Over the last 9 years (from 2012 to 2020), IMD has been recognized by the Financial Times as number 1 worldwide for open executive programs and is one of two business schools only that have been ranked in the top five of the Financial Times executive education rankings for more than 15 consecutive years. So, there was some durability to the concept that a niche business model can compete

globally over an extended time period. You do not have to be the scale of Harvard Business School or the University of Chicago to compete in this industry.

How did you meet Danica Purg and how did she convince you to collaborate with her in launching an EMBA program in Slovenia?

Derek Abell was the Dean of IMEDE and introduced me to Danica in the mid to late 1980's when I was IMEDE's MBA Program Director. Danica's vision and determination were all the convincing I needed and what was set up as a short conversation with her in Lausanne turned into a lengthy and intense discussion on how to design an international EMBA program that would serve the needs of Slovenia and other eastern countries.

Had you ever been to the Balkans and Slovenia before coming to Bled and IEDC? When you came there first time, what was your impression versus expectations that you had?

No. My first visit to Bled was in 1991. I was very impressed by the hospitality provided to me, the natural beauty of Bled, and the commitment to interactive learning demonstrated from the very beginning by the IEDC participants in the EMBA program.

You have been teaching in our Executive MBA program since its inception in 1991. Looking back, what is the biggest difference you see from today's perspective?



Let me answer from different perspectives. Many key features of the EMBA program have not changed - for examples the modular program design, the use of integrated end-of-module exams, the international consulting projects, and the securement of world-class visiting professors. What has changed is the innovative introduction of new core subjects such as arts & leadership, business ethics & corporate governance, sustainability, and most recently global issues, as well as the offering of the program in different formats to allow participants to complete their studies in two, or three years.

As a teacher of finance, I remember that in 1991 finance was a totally new discipline for our MBA participants most of whom had to learn the concepts of profit, interest, and the need to finance business activities. Later generations came to us with more financial vocabulary but similar passion to learn more about this topic. They know their companies have a finance department and want to deepen their understanding of how financial decisions are made and how financial markets function.

We did a few interviews with you, typically in times of financial crises, asking for your prognosis on how things might develop in the world. Do you have anything to say on this?

We are focused today on reacting to the impacts of Covid-19. We will survive Covid and will remember this period as one of adjustment to new working and learning behaviours. We are only at the beginning of the 4th industrial revolution, a fusion of technologies that blurs the lines between the physical, digital, and biological spheres. This transformation is exponential rather than linear and we should anticipate an unprecedented acceleration of disruptive innovations across many industry sectors over the next decade.

When interest rates rise, I think we will ultimately see the end



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of the current long-term debt cycle and a global financial crisis. China-USA relations will lead to a new world order, and the US dollar will lose its role as the major global reserve currency. Don't ask me to predict the time frames precisely.

You have been successful in teaching our Executive MBA's. How would you describe your teaching style?

My primary teaching discipline today is finance. Finance has a rich history of theoretical contributions based on mathematical modelling supported by rigorous statistical testing of the theoretical propositions. The mathematical models are elegant in their construction. But, as I learned from the MIT economist Paul Samuelson, "elegance is only for tailors". So, my first obligation as a teacher is to reduce the complexity of models that do not capture fully the realities of the environment in which we make business decisions. Rather than focus on the mathematics, I begin to relax the model assumptions to develop some practical "guidelines" on how the models can help us to make better financial decisions. The goal is to keep the instruction and discussions simple, relevant, and practical. Perhaps due to my own educational background, I encourage the MBA's to draw linkages to other management disciplines (e.g. strategy, marketing, business ethics, digital transformation, leadership, and organizational culture) when discussing possible solutions

or perspectives in our finance course case study discussions. This approach is very structured and is suitable for finance while perhaps not so applicable for all management disciplines.

IEDC prides itself on the quality of the professors who teach in IEDC programs. Over your years at IEDC, which faculty colleagues have you most admired and learned from?

This is a difficult question to answer because I have learned so much from so many of them. So, let me short-list a few IEDC faculty members who I have worked with over many years who will be recognized by many of your readers. I have worked longest with Nenad Filipovic who places emphasis on getting our MBA's to ask the right questions rather than providing the right answers. As director of IEDC's consulting projects, Nenad is more skilful than I am in finding an optimal balance between student learning and client satisfaction in the outcomes from these projects. Joe Pons is the best pure case teacher I have worked with. While I cannot imitate Joe's style of teaching, I continue to learn from his

approach to teaching. From Randy Kudar and Danny Szpiro, I learned that accounting can be taught effectively from a general management perspective. Pierre Casse is a master of provocation as a means of achieving learning outcomes. What impresses me most is the complementarity of many different teaching styles and objectives that make the IEDC learning experience so unique. It takes more than great faculty to deliver highest customer satisfaction and IEDC is also exceptional in aligning faculty efforts with first-class program administrative support for its management education offerings.

What do you enjoy most about your job?

I can cite three things. First, I enjoy the autonomy that an academic position provides and the privilege of balancing time between teaching, research, and administration that I would not find in another profession. Second, I am always learning new things through discussions with executives in the classroom and from my colleagues. Third, I gain satisfaction when former students and colleagues share with me the continuation of



Photo: CEEMAN Archive

their own life journeys.

Can I probe you now with some more personal questions to better understand “Jim as a person”? For example, what do you remember from your teenage years?

At age 11, I craved for some measure of financial dependence from my parents. My father told me that this could happen if I found a job that paid money. So, I started to deliver daily newspapers to individual homes, and payed token rent to my parents for my food and lodging at my home. I learned that even small businesses have expenses to meet. I also discovered the meaning of a low margin business. To improve margin in my mid-teens, I found a better business opportunity as an impresario. The business model was simple. I rented a basement church hall, contracted with musicians to entertain, and sold tickets for dancing events. For this business, I learned the importance of “block-buster” events in this industry sector – that one really successful event can cover the losses of several unsuccessful events. My mother was pleased that I was learning the meaning of “risk”. I won’t share with you what my father thought about this business opportunity.

What is the most recent book you have read, and would you recommend it to others?

This would be “Masterpieces of Swiss Entrepreneurship: Swiss SMEs Competing in Global Markets” (May 2021)



co-authored by Jean-Pierre Jeannet from IMD. This is an ambitious empirical study based on field research and interviews that resulted in 36 case studies written about the development of small to medium-sized Swiss industrial companies, mostly privately owned, that succeeded in becoming strong global competitors from what is arguably the most expensive manufacturing base in the world. In addition to the 36 cases studies, the book mines the data from these case studies to develop a series of key tables that examine what was most common in the development of these companies. In reading this book, I kept asking myself how much CEE companies could learn from the experiences of these Swiss

masterpieces. I recommend this book and its insights most highly to all participants who have graduated from the EMBA program at IEDC.

What advice would you give to members of the next generation of IEDC business leaders?

Always aim high in setting personal objectives. Don’t be afraid to aim too high. Be bold enough to make mistakes. You will learn more from your mistakes than what you learn from your successes.



LESS KNOWN FACTS ABOUT JIM ELLERT:

If Santa Claus was real and could really fulfil any wish, what kind of present would you wish for yourself?... A long, productive, and satisfying life. Even without Santa Claus, this wish is coming true.

What courses did you like most at the university – math, physics, or something else? Among my favourite courses was one in English literature where we spent the whole semester discussing one book – J.D. Salinger's "Catcher in the Rye".

How much do you read? I like to read new things and find time to read about 700 pages a week on various topics.

What is your favourite food and drink? Perhaps due to my upbringing, I have a normal preference for meat (particularly steak) and potatoes. Unlike the tastes of my Irish grandfather, I prefer Canadian whiskey instead of Irish whiskey.

If you did not become Jim Ellert, the professor of finance and a consultant, what would you become, what would be your alternative career? A musician and a composer.

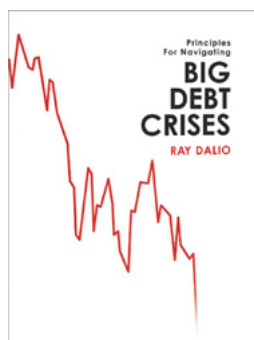
Which management writer do you most admire? Peter Drucker. It's remarkable that you can read his first book published in 1939 and see wisdom and relevance for today's management decision making.

Wall Street Journal or Financial Times? Actually, neither of these choices. For business news and company data, I prefer Reuters and the global data base that is updated annually by Aswath Damodaran from the Stern School of Business at New York University (USA).

What's your favourite travel destination? Thailand, I like the culture and openness of its people, Thai food, and the values that underly its predominately Buddhist religious convictions and practice.

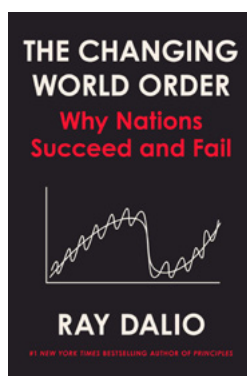
Prof. Jim Ellert

Books you read recently that have impacted heavily on your thinking?



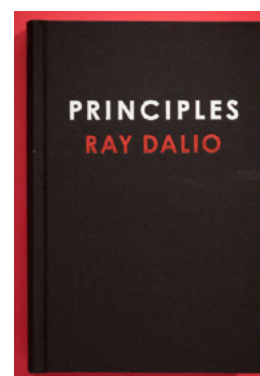
“Principles of Navigating Debt Crises”, by Ray Dalio. This book develops and tests the hypothesis that global and country debt crises are

unavoidable, recurring, but have common patterns or stages of evolution.



five centuries and an insightful analysis of US/China historical relationships. I have read this book in manuscript form (in serial fashion on Dalio's web-site) and it is due for publication in late 2021.

»Changing World Order: Why Nations Fail« by Ray Dalio, that provides a fascinating analysis of the rise and fall of reserve currencies over the last



“Principles”, by Ray Dalio. that is a sharing of life experiences and lessons learned from Dalio's remarkable career as a successful hedge fund manager.

Do you read fiction books? Which is your favourite? I like fiction as well with preference for thrillers or adventure novels. My favourite authors in recent years have been David Baldacci and Clive Cussler. Nothing very profound from these authors but nice escapism from heavier readings. For non-fiction reading, I am attracted to biographies, particularly those related to military or team-building experiences.