

# Bookshelf

## Market Survey

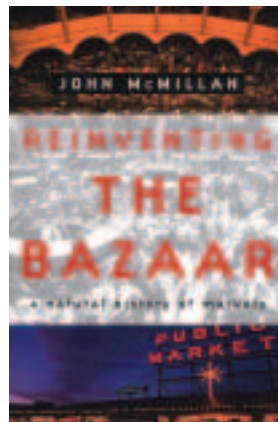
A master economist, according to John Maynard Keynes, “must contemplate the particular in terms of the general, and touch the abstract and concrete in the same flight of thought.”

Stanford economist John McMillan realizes this ideal with *Reinventing the Bazaar: A Natural History of Markets*.

Moving with ease between examples and economic theory, he uncovers the fundamental requirements for effective markets. They boil down to mechanisms that support trust, provide security of property rights, facilitate information flow, curtail externalities, and enhance competition. Serious and important conclusions, yes—but getting there is a pleasure.

Along the way, we discover the technological sophistication of the wholesale flower market in the Dutch village of Aalsmeer, experience the vibrancy of the Middle Eastern Bazaar in Marrakech, and realize the grand scale of the fish auction in Tsuskiji. We’re brought inside McMillan’s own consulting and research projects to observe the high-stakes electromagnetic spectrum auction and investigate the secretive *dango*, price-fixing conspiracies in Japan. We also examine the causes and consequences of corruption in Mobutu’s Zaire and Suharto’s Indonesia; compare the economic reform experiences of New Zealand, Russia, and China; and much more.

Such a world tour would be irrelevant for the usual abstract treatment of markets by economists. For McMillan, however, place and time are essential. Local histories, cultures, technologies, governments, and firms affect market design, which in turn affects market performance.



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achievements; they can also work badly. Whether any particular market works well or not depends on its design.”

McMillan doesn’t shy away from the most challenging questions about the role of markets in dealing with controversial issues. How can we make AIDS drugs affordable in developing countries? Can we reduce sulfur dioxide emissions (the main cause of acid rain) without bureaucratic command and controls? Is it possible to sustain the world’s fisheries? What programs and policies are most effective in lifting millions from poverty? In each case, market solutions offer huge potential, but they also create substantial risk if poorly designed and implemented.

McMillan demonstrates that markets are complex. More important, however, he reminds us that markets are created by humans. In the end, he calls for a pragmatic approach. He writes, “Markets are not magic, nor are they immoral. They have impressive achievements; they can also work badly. Whether any particular market works well or not depends on its design.” (W.W. Norton, \$25.95)

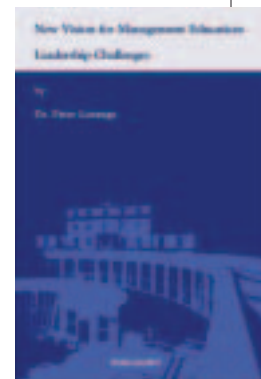
—reviewed by Dan LeClair  
AACSB International

## The School of the Future

The future of management education is fraught with a variety of perils, not least among them the challenge of offering a relevant curriculum to an ever-changing pool of students. To thrive in the upcoming decades, business schools will need to develop their own strategic management plans—more likely than not, aimed at serving corporate clients with specific needs. So argues Peter Lorange in his book *New Visions for Management Education: Leadership Challenges*. He sees the business school of the future as one that must be pioneering, market-oriented, dynamic, and flexible.

Moreover, it must work in partnership with its primary clients, corporations that send teams of executives back to school as part of their own investment in human capital.

Some challenges are associated with becoming a learning partner with industry, Lorange admits. Schools must make sure they manage the gaps between what they’re delivering and what the customer wants, in terms of relevant content, in the interests of better serving these corporate clients. He points out, “Business issues today tend to be complex, cross-functional, and cross-disciplinary.” Since one of his premises is that business schools must be able to adapt quickly to changing market needs, he is in favor of eliminating the tenure system, which inherently promotes inflexibility.

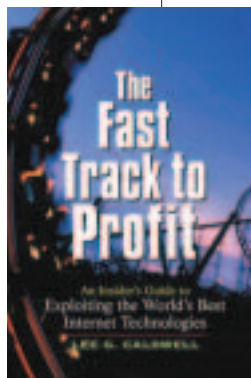


Lorange draws many of his examples from the strategies in place at the International Institute of Management Development in Lausanne, Switzerland, which he heads. He acknowledges that many of the tactics that work for an independent school outside the university system might not be easy to implement for schools within universities or supported by state funds. But many of the principles are universal: identifying customers, adapting to their needs, looking ahead to the market conditions of the future, keeping up with innovative technology—and keeping the business school relevant. (Pergamon Press; available through Elsevier Science Inc.; \$75)

### Internet Innovators

When was the last time your office was able to handle 45 million changes in a single day? Depending on your field, and your technological sophistication, such a feat might be routine—or, at any rate, doable. If so, you're one of the companies in one of the industries that has enthusiastically and intelligently embraced the power of the Internet.

That astonishing statistic of 45 million updates comes from the airline industry, where price wars sparked constant fare changes in the late '80s. The highly sophisticated Semi-Automated Business Reservations Environment (SABRE) used advanced technology to control all the chaos. Today SABRE is one of the largest IT companies in the world.



When was the last time your office was able to handle 45 million changes in a single day?

The airline industry is only one to be profiled in *The Fast Track to Profit*, a new book by former Hewlett-Packard executive Lee G. Caldwell. While the opening chapter discusses “Using Internet Technologies to Make Cold, Hard Cash,” the book isn’t really a primer on turning your business into a tech-savvy money machine. Rather, it better lives up to its subtitle: *An Insider’s Guide to Exploiting the World’s Best Internet Technologies*. This book is essentially a history lesson about a few major industries that

experienced extraordinary growth and gains in efficiency by going online, and it’s full of fun facts, fascinating back stories, and shrewd corporate maneuverings.

Caldwell explores how the auto industry used Internet technologies in car design and manufacturing, reengineering of the supply chain, and network communications. He describes the way the banking and credit industries adopted technological advances—including their techniques for overcoming customer resistance to the first ATMs. The airline industry did everything right. The telecommunications industry, still mired in a crazy quilt of competing technologies and governmental regulations, has done most things wrong. The writing is lively, and the tales revolve around industries that touch every part of our lives. You’ll walk away with a new respect for the Internet—and the people who have harnessed it. (Prentice Hall, \$29.99) 