Suresh Kumar, the U.S. Department of Commerce’s former assistant secretary for trade promotion and director general for the U.S. and Foreign Commercial Service (USFCS), has joined the George Washington University School of Business as a Distinguished Visiting Professor of International Business.

In his role in the Obama administration, Kumar was responsible for stewarding the nation’s exports and network of trade specialists. The USFCS—the trade promotion arm of the Commerce Department’s International Trade Administration—has trade professionals in over 100 U.S. cities and more than 75 countries to help U.S. companies start exporting or increase sales in global markets.

“I am delighted to join the GW team,” Kumar said. “Leveraging the School’s unique assets at the intersection of business, government and society to both enhance global competitiveness and develop next generation leaders endowed with new business approaches is always energizing.”

Dean Doug Guthrie said Kumar’s hiring illustrates the School’s commitment to bringing in experts from business and government who can make business education more practical and relevant for students. Earlier this year, Federal Reserve Chairman Ben Bernanke delivered a series of lectures at GWSB on the central bank’s role in U.S. history.

“We are thrilled to have him working with us.” Under Kumar’s leadership, the USFCS more than doubled facilitated exports, job creation and return on investment, bringing in $215 in facilitated exports for every dollar invested. Changes initiated during his tenure resulted in the USFCS assisting over 20,000 companies in export-related transactions and collaborations.

Kristin Lamoureux, director of GWSB’s International Institute of Tourism Studies, is working to change that. “We’re developing recommendations for how the people who live on the reservation can benefit from tourism,” Lamoureux said. “Thousands of tourists drive through the reservation every year, but there is absolutely no way in place right now for the tribe to benefit. It’s a terrible lost opportunity.”

“We’re focusing on two things: the establishment of a tourism office to facilitate marketing and tourism development, and working with individual entrepreneurs to help them formulate business plans, develop contacts and gain access to financing,” Lamoureux said.

Funded by a grant from the U.S. Bureau of Indian Affairs, Lamoureux and research assistant Tania Segura, MTA, ’12, visited Crow Agency, the reservation’s capital (the reservation is sovereign national territory of the Crow Tribe) in January to meet with residents and assess tourism potential. In August, Segura attended the Crow Days event, an annual gathering and celebration of tribal culture and heritage, highlighted by an encampment of approximately 1,500 teepees.

Developing a profitable and sustainable tribal tourism industry won’t be easy. Economic conditions on the reservation are dismal—there are few jobs, a shortage of housing, substance-abuse problems and a workforce that lacks basic business skills. But a detailed, carefully researched proposal for how the Crow can capitalize on the potential for a viable tourism industry could be an important step toward addressing these issues and improving the quality of life on the reservation.

Lamoureux presented preliminary findings at the 14th Annual American Indian Tourism Conference in Billings, Mont., in September. She said that the research will be completed by the end of the year. “Native-owned and -operated tourism businesses are rare,” Lamoureux said. “Our plan is to develop a proposal that will help the Crow and serve as a model and pilot program for other tribes as well.”
The industrious “For” and “Mika”—and their offspring—act as guides for visitors through the Museum of Saving.

The study of business is not merely about buying and selling, profit and loss, risk and return. It actually spans a full range of human, societal and systemic actions, reactions and interactions. Scholarly inquiry into the virtually limitless array of topics influencing or influenced by business often takes GWSB faculty into realms not traditionally considered part of their purview.

In this edition of Research, you’ll read about projects that led GWSB faculty far afield and around the world—from Montana to Turin, Italy, and from Brazil to India to South Korea—examining and studying a variety of subjects ranging from logistics to little leaguers, and from powwows to the power of compound interest.

Annamaria Lusardi, director of the Global Center for Financial Literacy and Denit Trust Distinguished Scholar in Economics and Accountancy, discusses her work in support of the new Museum of Saving in Turin.

Prabir Bagchi, professor of decision sciences, describes his research on how effective, efficient supply chain management is an excellent indicator of an individual firm’s overall competency and success, and how—on a national level—it can drive foreign direct investment.

How To Teach About Money? In Italy, Follow the Ants

Annamaria Lusardi, director of the Global Center for Financial Literacy and Denit Trust Distinguished Scholar in Economics and Accountancy, helped unveil the new Museum of Saving in Turin, Italy, last month—a project focused on teaching people how to manage and save money.

Lusardi, an academic advisor to the museum, attended the museum’s ribbon cutting on May 24 and toured the site with Elsa Fornero, Italy’s welfare minister, who was instrumental in adding a financial education component to pension reform law in Italy: “This is a big idea for financial education and a fantastic one,” said Lusardi, who said the museum was the brainchild of Andrea Beltratti, an Italian professor who is also chairman of Intesa Sanpaolo, the bank that provided support for the museum.

Lusardi said “For” and “Mika” are particularly appealing to children, who also need to learn about economics, money and saving. “Financial literacy is like every other topic,” she said. “We need to engage students as early as possible.”

The museum employs various media to teach about money and savings, including movies; financial literacy video games for children; cards that describe financial instruments such as stocks, bonds and derivatives; comments and quotes from economic studies; and the appearance of virtual historical figures such as the writers Dante Alighieri, William Shakespeare and Molière, who describe society’s relationship with money during their lifetimes.

“Many Italians and tourists visit Italian museums every day to appreciate and learn about art throughout centuries of history,” said Lusardi, a native of Italy. “Now they can do the same to learn about economics and the workings of money and finance throughout the centuries, starting from the advent of money (around the seventh century B.C.), and continuing to the collapse of Lehman Brothers… and they can do so in a very engaging way.”

According to Lusardi, there is a critical need for financial education. A recent international survey demonstrated low levels of financial literacy throughout the developed world, and major changes are taking place in areas such as retirement planning.

“Driven by demographic forces—an aging population, changes in the labor market—employers and governments are unable to continue offering defined-benefit pensions,” Lusardi said. “People are increasingly responsible for their retirement planning and long-term savings decisions. In the past it was a CFO—perhaps with a master’s degree in finance—making those decisions. Now it’s up to the individual. This is why we need to focus on financial literacy.”

The museum’s mascots—inspired by Aesop’s fable “The Ant and the Grasshopper”—are two little ants (formichine in Italian) named “For” and “Mika” who guide visitors through the museum’s five rooms and describe the importance of saving money.
A supply chain is a system comprised of all that is involved in the process of moving a product or service from the manufacturer or provider to the customer: raw materials, power supply; sub-assembly suppliers, inventory management, transportation and distribution. In other words, “Everything from soup to nuts,” explained Prabir Bagchi, professor of decision sciences.

Supply chain management is an increasingly important and fast-growing field of study, and recent research conducted by Bagchi helps show why.

Bagchi wanted to examine supply chain competence and its correlation to foreign direct investment. His review of data on 60 different countries from a variety of secondary sources, including the World Bank, World Economic Forum and the World Trade Organization, demonstrated a clear link—countries whose firms performed effective supply chain management attracted more foreign investment.

Digging deeper, Bagchi and co-researcher Arshad Alam, visiting professor of decisions sciences, developed a composite variable encompassing all related factors to create a measure of supply chain competence. Using this variable as a standard, they looked at the correlation between supply chain competence and overall performance of approximately 60 firms in each of three countries: Brazil, India and South Korea.

Logistics integration has the greatest bearing and acts as a mediating variable between individual supply factors and overall performance. The researchers found proof that supply chain competency is a very accurate predictor of bottom line performance.

Supply chain costs tend to improve deficiencies in their supply chain operations. On the national level, the findings should encourage governments looking to attract more foreign direct investment to enact policies such as infrastructure improvements and tax incentives aimed at improving supply chain competency. (Supply chain costs tend to account for a higher percentage of GDP in developing nations.)

“The research would benefit the individual firms that were surveyed, helping them identify, correct and improve deficiencies in their supply chain operations. On the national level, the findings should encourage governments looking to attract more foreign direct investment to enact policies such as infrastructure improvements and tax incentives aimed at improving supply chain competency,” Bagchi said.

INdEX the ‘Youth Sports Industrial Complex’

Sports is big business. News reports about the billions of dollars spent on new stadiums, broadcast contracts, and superstar salaries and endorsement deals are as much a part of the sports page as the daily box scores. But sometimes overlooked on the business side of sports is what Mark Hyman, an adjunct professor who teaches courses on sports management, sports law and sports communication, calls the “youth sports industrial complex.” Hyman’s book examining the high costs (monetary and otherwise) of competitive youth sports, The Most Expensive Game in Town, has garnered nationwide attention and excellent reviews, including raves from the Sunday New York Times Book Review.

Hyman talked about how highly competitive sports programs for kids (as young as seven or eight, in some cases)—generically called ‘travel programs’—are a far cry from neighborhood recreation center leagues. “It’s expensive. There’s an anecdote in the book about a kid playing on a travel baseball team in Cincinnati. He’s 11 or 12. His team’s uniform consists of multiple hats, shirts, belts, pants and socks—they have 73 different uniform combinations.” According to Hyman, the “commercialization and professionalization” of youth sports can lead to families spending “eight, 10, sometimes 15 thousand dollars a year.”

Why are parents willing to spend so much? “I think it starts with our vulnerabilities as parents,” Hyman said. “It’s the belief that our child has the potential to be something special—and that’s probably a healthy thing. But parents who get distracted and see sports for kids as a kind of career path, as a stepping stone to a college scholarship or playing center field for the Yankees, are vulnerable to the trap of spending much more than is necessary, or really in the interest of their kids.”

Hyman described a “very popular business” that charges parents up to $500 for what amounts to an open audition. “Your child goes to a baseball field or basketball court and there are 30 college coaches present, supposedly evaluating kids and making judgments about their athletic abilities. Five hundred kids show up, and maybe three or four have a realistic prospect of receiving a scholarship, so it’s a very good business for the promoters.”

“Only five percent of all high school varsity athletes will play even one down or one inning on a college team,” Hyman said. “And even a smaller percentage will get a scholarship, so it’s a very good business for the promoters.”

Money aside, there’s another, perhaps greater, cost to all this, Hyman said.

Kids become burned out and turned off to sports at an early age, missing out on the positive experience of being part of a team, the benefits of physical activity and the simple love of the game.

“We also found that supply chain performance is mediated by integration,” Bagchi added. “Where suppliers, distributors and local manufacturers share the same platforms, use the same systems and procedures, and share decision making, governance and technology as partners in a supply chain, we found out that that’s where companies really succeed. Logistics integration has the greatest bearing and acts as a mediating variable between individual supply factors and overall performance.”

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