The Million Dollar 'D'

Got a "D" in your class? Treasure it. It might be worth millions.

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Class of 2014

Every year at orientation, Academic Services does a "Booth Myth-Busting" presentation, where some of business school's most popular rumors are dispelled. One of them is the myth that at Booth it's "impossible to get a D." Upon reaching that slide, Director of Academic Services Christine Granholm says with a smile that "You CAN get a D at Booth, but you would really have to deserve it." Ironically though, Erwin Villaorduna '13 leveraged his hard-earned D grade in Strategy and Structure to squeeze out a million dollars, and showed the business world that regardless of whether his D grade was "fair" he most certainly deserved the big bucks that followed.

Erwin's tale is not just that of a sweet turnaround, but also a testament to Booth's flexible curriculum as a means to success. "In spring break of my first year at Booth, I was just hanging out with my friends, until one of them suggested we start a business exporting seafood from Peru to North America." What followed was a series of improvisatory attempts to start a business without a strategy.

"We were desperately looking for any kind of customer, while simultaneously working on getting FDA approval. Because of this lack of strategy, I took a Marketing of Services class in the spring quarter of my first year." Erwin was juggling school, running his company "Seven Seas Products" (SSP), and searching for an internship. In May, he finally got one, doing Airport Operations for United Airlines. Little did Erwin expect that one of the perks of working for United Airlines would allow him to start up his business in a big way. "As a United Airlines employee, I could fly anywhere for free, so I spent every weekend of my internship flying from one place to another, negotiating deals with potential customers." By the end of the summer, we shipped two containers to Thailand. Flying for free was a fantastically convenient coincidence, but at the time I was still running my business on the fly [so to speak]. N.M.

When the second year of business school kicked in, Erwin still had no idea how to sell to the American market, so he enrolled in the Going to Market and Entrepreneurial Selling classes, hoping to amend that gap. "I was analyzing the American market in search of the right channel to enter it. The classes were useful in framing the problem, and we used Entrepreneurial Selling to write our pitch for a trade show in Boston during March 2013." SSP had a professional advantage in the Hispanic market, as Erwin was from Peru and had experience running two restaurants, one of which he owned. The classes he took were useful for selling to Latin America, but for the United States, Erwin was still missing something.

Evan Professor Elizabeth Pontikes' class, Strategy and Structure. The class is designed to solve a firm's "identity crisis," and that's exactly what SSP was going through. In his final paper, Erwin decided on a strategy shift—switching from a brand-based strategy to a strategy that competes on services. Professor Pontikes approved of the decision, but graded the execution with meticulous notes, resulting in Erwin's "mythical" grading.

According to her feedback on Erwin's paper, SSP did not "comprehensively analyze the market," missing out on understanding the "market need for a high service provider" and determining whether the market is saturated. SSP also did not properly "map out the competition as well as the dynamics and power within the supply chain." Pontikes' notes are filled with room opportunities to explore, most notably relating to SSP having to learn how to translate their failed brand-making experience into the new strategy. Erwin was stunned by his rock-bottom grade: "At first I wanted to appeal, but then I realized I didn't just get a D on my paper. I got a D on my real life company! I was graduating and did not care about the grade anymore, so instead of appealing in school, I appealed in real life.

Erwin was now determined to turn the proverbial lemons into a juicy cash cow. SSP positioned itself as a strong commodity supplier in Peru, but after reading Pontikes' notes, Erwin understood he should position his advantage relative to other countries, not Peru. The first thing to establish in order to appeal to American companies is high-level certification (overfishing standards, labor conditions, fair trade, etc). Merely being in the process of getting certified was enough to open a stream of orders from U.S. markets. Large importers in LA, Florida, and Texas were calling SSP to provide for supermarkets. Beaverton, a seafood industry leader, made several large orders from SSP, some of which were placed on behalf of Walmart. This opened a new opportunity for SSP, which is now working on a private label manufacturing for Walmart (in fact, Walmart even helped Erwin get in touch with reliable certification consultants).

Now, in October, clients are no longer

Continued on page 5
Choices, choices, choices...

America, the land where buffets of unlimited meat varieties and return policies that never expire are fundamental to our pursuit of happiness. Except that...they're not. Evidence from behavioral science suggests that our instinct to increase our options and delay our commitments may be a bit off. We may, in fact, be better off simplifying, narrowing and committing earlier.

Simplify choices: People tend to agonize over and make errors with complex choices. Consider a study on Medicare Part D, conducted by a team of academics and idea42, a non-profit behavioral science consultancy (Disclosure: I interned there this summer). In the study, seniors presented with clear comparisons between a limited set of plan options better grasped potential cost savings, switched more often and ultimately saved more money.

The lesson for Boohoo? Figure out ways to reduce complexity in your choices. Talk to Career Advisors and past interns to compare the pros and cons of career paths. Similarly, evaluate the student groups that interest you by metrics such as time commitment, fees, total members, career applicability and, of course, plain good fun.

Narrow choices: Those of you who were lucky enough to take Professor Richard Thaler's class last spring already know this one: people feel frustrated over and even freeze up when they face too many choices. In a much-cited study led by Professor Shikha Iyer, grocery shoppers more often stopped to examine a display of twenty-four flavors of jam rather than a display of ten flavors, but far more actually bought a jar (by a factor of ten) when faced with the smaller display.

The lesson for Boohoo? Taking some options off the table—whether it be the option to study on Thursday night (because you know that work actually happens) or a career option you realize you're just pursuing because it's popular—can help you make your choices easier and smartly make a final choice.

Commit earlier to choices: While most predict otherwise, people tend to be happier once having committed to their choices. A classic study by Professor Daniel Gilbert illustrates this: photographees students given the option to switch prints they took home were less happy with their chosen prints than those who had no such option, even though most forecasted the opposite. (Gilbert attributes this to our "psychological immune system"—our ability to subjectively optimize outcomes—an off-looked-ability that can't kick in if we delay our choice of outcomes.

The lesson for Boohoo? You may not want to wait so long to choose which courses to bid on, which of your (hopefully many) internships offer to accept or which cute Boohoo to ask out on a date. You might just find happiness in committing sooner.

As you dive into autumn quarter, full of academic, career and social options, you can keep your options open, or simplify, narrow, and commit. The choice is yours. So choose away!