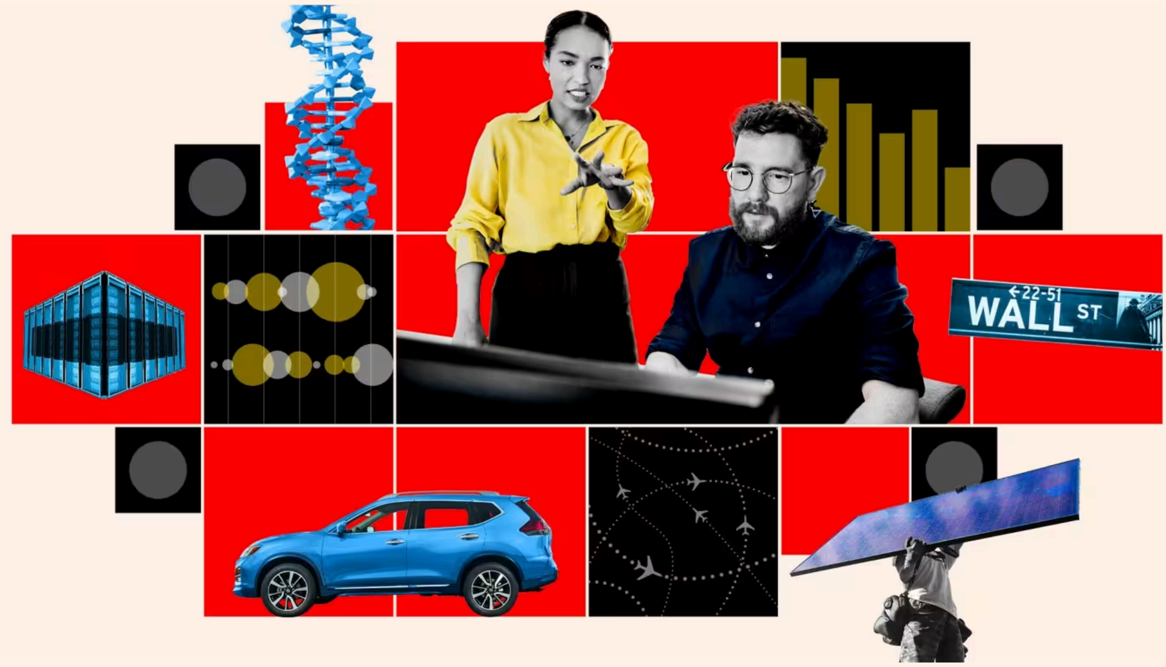
Business school picks

Business school professors’ picks

Supply chains, economics, banking, marketing



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Welcome to professors’ picks, offering a weekly curated selection of FT articles by and for business school faculty to connect classrooms to current events and to develop students’ critical thinking.

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Global sourcing, Innovation

The end of an era.’ What next for global trade?

Tags: Global trade, geopolitics, economic policy, supply chains, industrial policy, protectionism, WTO, de-globalisation

Summary: Global trade is undergoing a fundamental shift, moving away from decades of liberalisation towards a new era marked by protectionism, industrial policy, and geopolitical tensions. Once hailed as a pathway to efficiency and growth, open trade is now being re-evaluated in light of supply chain disruptions, national security concerns and a growing emphasis on domestic manufacturing.

Institutions like the WTO are losing influence, while large economies such as the US, EU and China pivot towards policies that prioritise economic sovereignty and strategic industries. This transition raises critical questions about the future structure of the global economy, who benefits and who loses out.

Classroom application: This article is ideal for discussions around the evolution of global economic systems, trade theory vs political reality and policy responses to globalisation's backlash. It can be used to help students critically evaluate the pros and cons of free trade vs protectionism; the role of multilateral institutions like the WTO; and how current events are reshaping business strategies and global co-operation.

Questions:

- How does this shift away from liberal global trade affect developing economies reliant on exports?
- Can countries achieve economic security without sacrificing global competitiveness?
- What role should institutions like the WTO play in this changing environment?
- Who are the likely winners and losers in a world of more fragmented trade?
- How might this realignment influence multinational companies' decisions on where to locate production and invest?
- Is this the beginning of a new form of globalisation, or the start of long-term de-globalisation?

Shweta Singh, Assistant professor, Warwick business school

Supply chains

Article: Apple aims to source all US iPhones from India in pivot away from China

Summary:
Apple plans to shift the assembly of all US-bound iPhones to India by the end of 2026. Pressured by Donald Trump's renewed tariffs on Chinese imports, Apple accelerates its supply chain diversification, doubling its Indian output. Despite India's growing manufacturing role, Apple remains dependent on China for key components like chips and displays. The article illustrates the challenges of replicating China's deep industrial ecosystem elsewhere: the complex supplier networks, trained workforce and logistical efficiency built over decades. Tariffs alone cannot recreate such infrastructure; they simply drive up prices. Apple's strategy shows the enormous difficulty in moving high-tech manufacturing and highlights that supply chains are about much more than labour costs. They rely on mature, specialised and highly efficient industrial environments.

Classroom application: This article is a perfect case study to discuss the strategic, operational and geopolitical challenges of relocating complex global supply chains. In today's interconnected world, managing a global supply chain goes far beyond finding the cheapest labour. Apple's recent move to shift iPhone assembly from China to India highlights the enormous complexity behind such decisions: decades of accumulated knowhow, dense supplier networks, specialised talent and highly optimised logistics are not easily duplicated. As we discuss this case, we'll explore why simply imposing tariffs or choosing a new location is not enough — and what it really takes to build a competitive manufacturing ecosystem from scratch.

Questions:

- Why is it so difficult for companies like Apple to replicate China's manufacturing ecosystem elsewhere?

- Besides labour cost, what factors make China a unique manufacturing hub for high-end electronics?

- What are the hidden costs and risks associated with relocating production to a new country?

- How do tariffs affect global supply chains, and why don't they automatically lead to local manufacturing?

- What role do trained technicians, specialised suppliers and infrastructure play in global manufacturing strategies?

- Could India eventually build a supply chain ecosystem comparable to China's? What is it going to take? Resources? Reasonable timeline?

- How should companies balance geopolitical risks against operational efficiencies when designing their supply chains?

Enrique Dans, Professor, IE Business School

Marketing

The official medal selfie: Paris Olympics steps up product placement

Tags: Brand visibility, product placement, sponsorship, sports management, Olympics, advertising, public events

Summary: The 2024 Summer Olympics in Paris had an array of prominent product placements in previously ad-free parts of the Games, providing sponsoring brands with unparalleled audience exposure. For instance, Samsung smartphones were included into medal ceremonies, and Louis Vuitton trunks prominently featured in the opening ceremony in a sequence lasting several minutes. While some sport officials raised concerns about overly commercialising this iconic sports event, others pointed to the need to relieve local taxpayers from shouldering increasingly high event costs. This debate is likely to continue in the run-up to the 2028 Summer Games in Los Angeles, where the organisers plan to leverage even more commercial income by exemplary trading naming rights for Olympic venues: a practice commonplace in other mainstream sports such as football.

Classroom application: This article invites faculty and students to discuss the role of product placement and more broadly event sponsorship in mainstream sports. It fosters debate on the extent of commercialisation of such events and the resulting opportunities and threats for stakeholders such as organisers, brands, local taxpayers and the public. If class time allows, a further FT article on a recent sponsorship deal in Formula 1 may help to juxtapose Olympics with F1 racing in a quest for a "perfect" balance between commercial interests and athletic ideals. Given the Olympics are a globally live broadcasted event, the article may also support an exploration of brand safety risks from the perspective of sponsoring brands.

Questions:

- Why are luxury brands such as Louis Vuitton increasingly engaging with mass sports events such as the Olympics? Which audiences in particular might be of interest to them and why?
- How effective have been the product placement measures of Coca-Cola, Samsung, or Louis Vuitton? Do other product placement ideas come to mind? Which specifically and why?
- Do you see any brand safety risks related to product placement at mass sports events live broadcasted across the world?
- How to balance the "very fine line" between protecting the Games' own brand and its "ad-free traditions" in creating new opportunities for sponsors helping to cover increasing event costs?

Anna Dubiel, Senior lecturer, King's Business School

Economics

Storage units are the new hemline index

Topic: Financial literacy, behavioural economics, retail banking

Summary: The article discusses the growth in self-storage units, highlighting changing attitudes towards ownership and spending habits. Despite millennials and Gen Z often preferring digital goods and leased items, physical storage spaces are multiplying, driven by smaller homes, urban living and emotional attachments to possessions. Storage unit growth can signal economic downturns, as people struggle financially or delay tough decisions about possessions. The article explores the irrationality and psychological comfort behind continually paying to store belongings we rarely need, illustrating deeper tensions between ownership and personal finance.

Classroom application:

This article is valuable for helping students understand the relationship between consumer decision-making, financial habits, and broader economic pressures. It highlights the influence of behavioural economics by exploring irrational financial choices driven by emotional attachments and inertia.

Questions:

- Explore the thinking behind paying a fee for storage using the concepts of homo-economicus and two-systems thinking. What financial decisions have you made that might seem irrational in the long-term?

- Discuss cognitive bias in financial decision-making eg the endowment effect

- Calculate the annual cost and opportunity cost of storage units. Using the principle of compound interest, how might use of a storage unit for three years in your thirties affect your pension provision?

- How much does the average person spend on monthly subscriptions? What financial habits cost you money without you thinking about it?

- Financial planning and priorities: Have you ever justified an expense as temporary which then turned into a long-term financial commitment? What was the impact on your long-term financial plan to achieve financial freedom?

Ian Roberts, Lecturer, Bangor Business School

Banking

Time to think the unthinkable about bank regulation

Tags: Regulations, Basel, Banking reforms, bank failures, SVB, Credit Suisse

Summary: Regulation of modern banking is complex. As we don't fight fire with fire, we need regulations grounded in simplicity. This area has been predominantly spearheaded by Basel Committee on Banking Supervision, which issued its first guidelines (30 pages) in 1988, a second set (347 pages) in 2004 and a third set (616 pages) in 2010. The US Dodd Frank Act spanned 2300 pages.

Bank of England economist Andy Haldane compared bank regulation to a dog catching a Frisbee. The dog will get better with practice. But the (regulator) watchdog is not just trying to catch a Frisbee, it is trying to catch multiple moving drones that are deliberately programmed to evade capture. Most reforms since 2008 did not come with any detailed analysis of how and why the new rules would work. Add to this the complexities arising out of vested interests and political lobbying. The result? Drafting and publication of regulations has turned into a continuous, never-ending process: a journey rather than a destination.

Classroom application: The article makes the point on how geopolitics undermines the global system of financial regulation. Responsibilities for financial regulation and supervision are often split between multiple authorities. As opposed to "blow up the silos and think globally", regulators sadly often think locally. While a few post-crisis regulations have been expanded (mandatory clearing), others have been rewritten (trade reporting) or even scrapped (US Basel-III). Having a broad understanding of the macro-environment within which these regulations operate (drafted, consulted and rolled out) will provide students the necessary ammunition to gain the "big picture" view and help them "connect the dots".

Questions:

- What is the progress of Basel III across jurisdictions so far? Why have some countries delayed implementation? How valid are the industry's concerns around the absence of a level-playing field?

- The article points to the regulation of market risk being the "least popular bit of the Basel III endgame". The new market risk framework under Fundamental Review of Trading Book has reduced use of internal models, as expected, but is that a good outcome?

- A decade later, has central clearing of OTC derivatives reduced systemic risk?

- Why does the industry think the Fed's stress-test models are inaccurate? Will the Fed's revised process planned in 2025 improve the overall effectiveness?

- Are banks fragile by design? What are the factors contributing to the ineffectiveness of regulations?

- Can we avoid the next financial crisis or specifically another bank collapse similar to SVB or Credit Suisse?

Krishnan Ranganathan, guest faculty, Indian business schools

Trade

Brussels rebuffs UK bid to prise open access to EU single market

Tags: Negotiations, Brexit, Europe

Summary: The UK has opened negotiations with the EU asking for a deal to combat illegal migration, steps to improve access for tour artists and an agreement on certification of industrial goods. This is part of a broader, ongoing negotiation this year, covering issues including youth mobility, energy security and easier movement for Britons across Europe. While negotiations are in progress, the EU appears to be unreceptive to the UK's demands unless they are balanced by concessions including paying into the EU budget and allowing for free movement.

Classroom application: This article provides a platform for discussion of multi-party, multi-issue negotiations.

Questions:

- How do multilateral negotiations such as the negotiation between the UK, EU and EU member states differ from two-party negotiations? Who are the primary stakeholders involved and how do the relationships between them affect matters?

- What are the challenges and opportunities that arise in multi-issue negotiations, for example, involving trade, movement of people and standards?

- If you find yourself on the negotiating team for one of the parties in a multi-issue, multi-party, representative negotiation such as this one, how should you prepare your team for the talks?

- What external factors influence the options available to negotiating teams and how should negotiators manage their own side of the table while working to resolve issues with the other parties?

- In the case of the EU specifically, how are decisions made in these types of negotiations and what do negotiators on both sides of the table need to do to increase the probability of positive outcomes?

Moshe Cohen, Senior lecturer, Questrom School of Business, Boston University

Global Commerce, International Entrepreneurship, International Strategy

Investors pump $22bn into short-term US debt to ride out market 'storm'

Tags: US Debt, treasuries, bond market, stock market volatility

Summary: Early in 2025, investors pumped in close to $22bn in short-term US government securities. This move reflected rising market volatility and worries about the economic effects of President Trump's policy position. This is the most significant quarterly inflow into short-dated Treasury funds in two years, according to EPFR statistics, indicating a flight to safety as stocks and other riskier assets see steep sell-offs. The attractiveness of short-term Treasuries has been reinforced by their perceived safety in uncertain times and competitive rates, like 4.3 per cent on one-month notes.

According to JPMorgan and Bank of America analysts, investors are looking for stability and liquidity more and more as they prepare for possible rate cuts by the Federal Reserve should the economy continue to deteriorate. Most risk-averse investors are choosing shorter durations, especially in light of uncertainties over the Fed's rate path and the general trajectory of the economy, even if some think long-term bonds could provide higher returns in a slump. As concerns about inflation, trade disputes and a slowing economy deepen, the trend reflects larger "de-risking" tactics.

Classroom application: This article provides an opportunity for faculty to discuss monetary policy, risk management and asset allocation, how investors act in uncertain times, equity vs fixed income strategies, and macroeconomic signals. The ramifications for corporate finance, including how decreased stock investments and wider bond spreads impact corporate borrowing and valuation methodologies, are also appropriate for a follow-up discussion.

Questions:

- In times of uncertainty, why do investors frequently switch from stocks to short-term government debt?

- Which elements of President Trump's economic and trade policies might worry investors?

- What can we learn about investor confidence in the economy from a significant influx into short-term Treasuries?

- How do market expectations for the economy and Fed policy manifest themselves in the yield curve's shape?

- How would this article affect your investing plan over the next six to twelve months if you were in charge of an endowment or pension fund?

Case Discussion Positioning: Soon after this article was published, the "safe haven" of US treasuries was challenged during a market sell-off, there has been cooling interest from pension funds about private market investment in the US, debate about whether investing in the US now requires a risk premium and a weakening dollar because of President Trump's attack on Fed Chair Powell.

Gregory Stoller, Master Lecturer, Boston University Questrom School of Business

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