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Alumni Profile: An Interview with Mark A. Israel

Abstract

Mark is currently an Assistant Professor in the Management and Strategy Department at the Kellogg Graduate School of Management, Northwestern University. His job consists of ongoing research in empirical industrial organization, as well as teaching 3-4 courses per year in the MBA program there. He paid a visit to campus first semester and gave a presentation to students and faculty of the Economics department. Mark was kind enough to take time out of his very busy schedule to let me interview him over spring break. Here's what he had to say:

Alumni Profile:

An Interview with Mark A. Israel

By James Morris

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James: How has your IWU education helped you throughout your career?

Mark: An undergraduate economics major is very helpful for working in the field. My time at IWU taught me the core economic ideas -- how incentives impact behavior, how firms set prices in competitive situations, how regulation impacts market outcomes -- that I used in everything I did at State Farm. Graduate work in economics still uses the same ideas, but it's much more mathematical and focused on rigorously proving each detail- my undergraduate economics degree helped me keep my eye on the key questions, and helped a lot when I began to formulate my own research, but in my first couple years I had to struggle a lot to keep up with the math, even with a math minor at IWU. (Ultimately, Mark's math skills worked out, as he ended up teaching math to the incoming PhD students at Stanford!)

James: Seeing that you have recently been through the entire range of higher education, what advice do you have for students concerning when to go to grad school?

Mark: It depends on what type of degree you are pursuing. If you're getting an MBA you basically have to work for a few years. For a Ph.D., the standard advice is to go straight through, because the type of work you do to get a Ph.D. is nothing like what you'd do at a job, so the experience doesn't help as much. A Ph.D. requires a ton of self-discipline and motivation, and a few extra years of maturing is a big help. If you're at all unsure, I'd go work for a few years and see what becomes of that. Then, if you really want to go do research -- which is what a Ph.D. is all about -- you can go back and be more committed to your decision.

James: What area did you focus on in graduate school?

Mark: My major area of study was empirical industrial organization. Industrial organization is the study of how firms compete, how consumer's choose firms, etc. Empirical just means I looked at real data, rather than doing pure theory. My secondary focus was econometrics.

James: Why did you decide to go back for your Ph.D. in economics?

Mark: I expected to get a Ph.D. in economics pretty much from the time I started at IWU. My parents are both Ph.D.'s (in history and education), so I guess it's in my blood. And, I just really like the core questions of economics and I wanted to have a chance to identify those topics that were most interesting to me and research

them. So, I went to UW Madison right out of school with the intention of getting a Ph.D. there. But after one year and a Master's Degree, I just wasn't sure and I really didn't like the program there. Plus with both my parents being academics, I had never really known any other type of work. So, I decided to go into the "real world" for a few years. And while I had a great experience at State Farm, the desire to do my own research never went away. So after three years there, I re-applied to places, and with the master's degree plus a recommendation from Art Goldberger - a well-known economist from Wisconsin -- I got into Stanford.

James: You mentioned working at State Farm. What did you do while you were there?

Mark: Basically, I did economic research about urban insurance markets. State Farm felt the need to sell more insurance to inner-city residents, so my job was to identify areas where they could profitably place agents, to help them better understand State Farm's current sales performance in different cities, etc. And I loved that. But as much as I liked it, doing that research convinced me to go get a Ph.D. In academics, I could continue with research like that, but the topics, the methods, the findings, and everything else would be up to me. That's the best thing about doing academic research.

James: So you decided you wanted to go back and do research, how did you choose to go to teach at Northwestern?

Mark: Kellogg is just such a great place. I'm surrounded by people in the Management and Strategy Department who are interested in similar topics to what I do, but there's enough diversity to keep things fresh. And when you add the other departments in Kellogg, plus the economics department, which is in our building, it's just a great intellectual community. To some extent that was also true at the other places I seriously considered -- namely MIT's Sloan School, and UCLA's economics department. In the end, it came down to Chicago -- my wife and I both love the city, we both have family and friends here and in the Midwest generally, so this was the best spot for us.

James: What is it that you enjoy about teaching?

Mark: Nearly everything, mostly the interaction with students with lots of different backgrounds that I can learn from. When the classes start, they have very different perspectives. By the end of class, they still keep their fresh views, but they're able to couch them in the language of business strategy and economics and have very good, intelligent discussions with me and the other students. That's fun to see. And I just like spending time with the smart, friendly students that Kellogg attracts.

James: What are some of your current research interests?

Mark: My research focuses on long-term consumer-firm relationships. Most work on consumer choice and competition between firms is very static -- firms set prices, consumers pick the best firm, and that's the end of the story. But in the real world, consumers purchase products over and over again. And in many markets, they maintain long standing purchasing relationships with one firm. Examples of this are insurance, banking, health care, telecommunications, etc. So, I'm interested in what generates these long-term relationships, how experiences during the relationship impact future purchase choices, how firm strategies are designed to foster new relationships or take advantage of existing ones, etc. This raises some new econometric issues; so much of my work is methodological as well, trying to overcome these issues.

James: As we wrap up the interview, do you have any advice for students majoring in economics and/or looking to go to graduate school?

Mark: Mostly what I've already said. To prepare yourself for graduate school, take a ton of math. But be sure to take advantage of the liberal arts education at IWU -- don't spend all of your time preparing for grad school. Take other unrelated classes that sound good, and have some fun. There will be plenty of time to do nothing but work when you get into a Ph.D. program. And, be sure it's what you want, perhaps by working for a few years first.

James: Thanks for spending so much time corresponding with me; the entire IWU community thanks you. Mark Israel everybody!