PRODUCTS. Scharffenberger succeeded with sparkling wine, moved on to premium chocolate, and now is raising acorn-fed pigs in hopes of making Spanish-style Serrano ham. He's also helping make syrah and has plans to grow organic cacao in Guatemala.

and smart marketing, says Medrich. The chocolate hit the market just as companies like Starbucks were teaching consumers to appreciate better-quality coffee and medical research was revealing dark chocolate's health benefits. Neither partner could have built the company alone. "It was the right time, the right place, and the right people," she says.

Steinberg is still deeply involved in Scharffen Berger, while Harris runs the company and another of Hershey's high-end acquisitions, truffle maker Joseph Schmidt. Scharffenberger does plenty of chocolate marketing and tastings. And he's enthusiastic about Hershey's plan to get mass retailers like Target to sell the company's dark chocolate, which has less sugar and more healthy antioxidants than milk chocolate. "It's good for you. It makes people happy. We don't want to make it exclusive," he says.

Organic. But Scharffenberger spends more and more of his time pursuing new ideas. Besides curing hams, he's helping to make syrah at a small Mendocino winery, Eaglepoint Ranch, that he co-owns. He's also writing a business plan for an organic cacao plantation in Guatemala that would take advantage of the soaring demand and prices for high-quality, organic beans. Planting an overstory of mahogany, teak, and rosewood that could be sustainably harvested and interspersing the forest with shade-loving cacao trees should eventually return at least 10 percent, he figures.

"This would repair a part of the Earth" that has been deforested, he says. "I want to make things better, but it has to work commercially to be sustaining." Budding entrepreneurs, take note: That sounds like something that might be on a final exam. ●

BRIEFCASE

A compilation of research produced by America's Best Business Schools

By Justin Ewers

Corporate Exec, Help Thyself

One of Jack Welch's most celebrated moves as CEO of General Electric was to make market share a top priority, cutting loose any businesses that weren't already first or second in their markets. The idea seemed to work: When Welch left the company, GE's revenues had gone through the roof, and management gurus spread his gospel. In **Competitor-Oriented Objectives: The Myth of Market Share,** forthcoming in the *International Journal of Business*, researchers at the University of Pennsylvania's Wharton School and Australia's Monash University argue that Jack's big idea has gone too far. Pointing to over a dozen studies, the authors maintain that for most companies, fixating on market share instead of profits tends to decrease profitability. Welch's winner-take-all mentality may be sending managers the wrong message. "Business isn't war," says coauthor J. Scott Armstrong, a professor of marketing at Wharton. "But a high percentage of people are more interested in damaging their competitor than in helping themselves."

It's Not What You Know But...

Why do some CEOs make so much more than others? Not necessarily because they're better, argue two professors at the University of Texas–Austin's McCombs School of Business in a working paper, **But, Mom, All the Other Kids Have One! CEO Compensation and Director Networks.** Examining data on the 1,500 largest public companies from 1996 to 2004, the authors found that the more "connected" a company's board of directors—meaning the more members served on other companies' boards—the bigger the paycheck going to its CEO. Company size and CEO performance aside, the best-connected boards paid their execs 10 percent more, and offered them 13 percent more in total compensation, than boards with smaller social networks. Who golfs with whom, in other words, makes some lucky CEOs worth an extra $500,000 a year. "If you ask me how it works, I have no idea," says coauthor Ilan Guedj, an assistant professor of finance.

In Search of Softball Questions

Do managers discriminate against some financial analysts who cover their companies? In **Evidence of Management Discrimination Among Analysts During Earnings Conference Calls,** Bill Mayew, an assistant professor of accounting at Duke's Fuqua School of Business, offers an emphatic yes. Examining the conference-call transcripts of nearly 3,000 large firms between 2002 and 2004, Mayew found that analysts with strong "buy" recommendations were more than twice as likely to be called on as those with strong "sell" positions. Managers whose stock options were dependent on rising stock prices were even more inclined to let only supportive analysts ask questions.

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