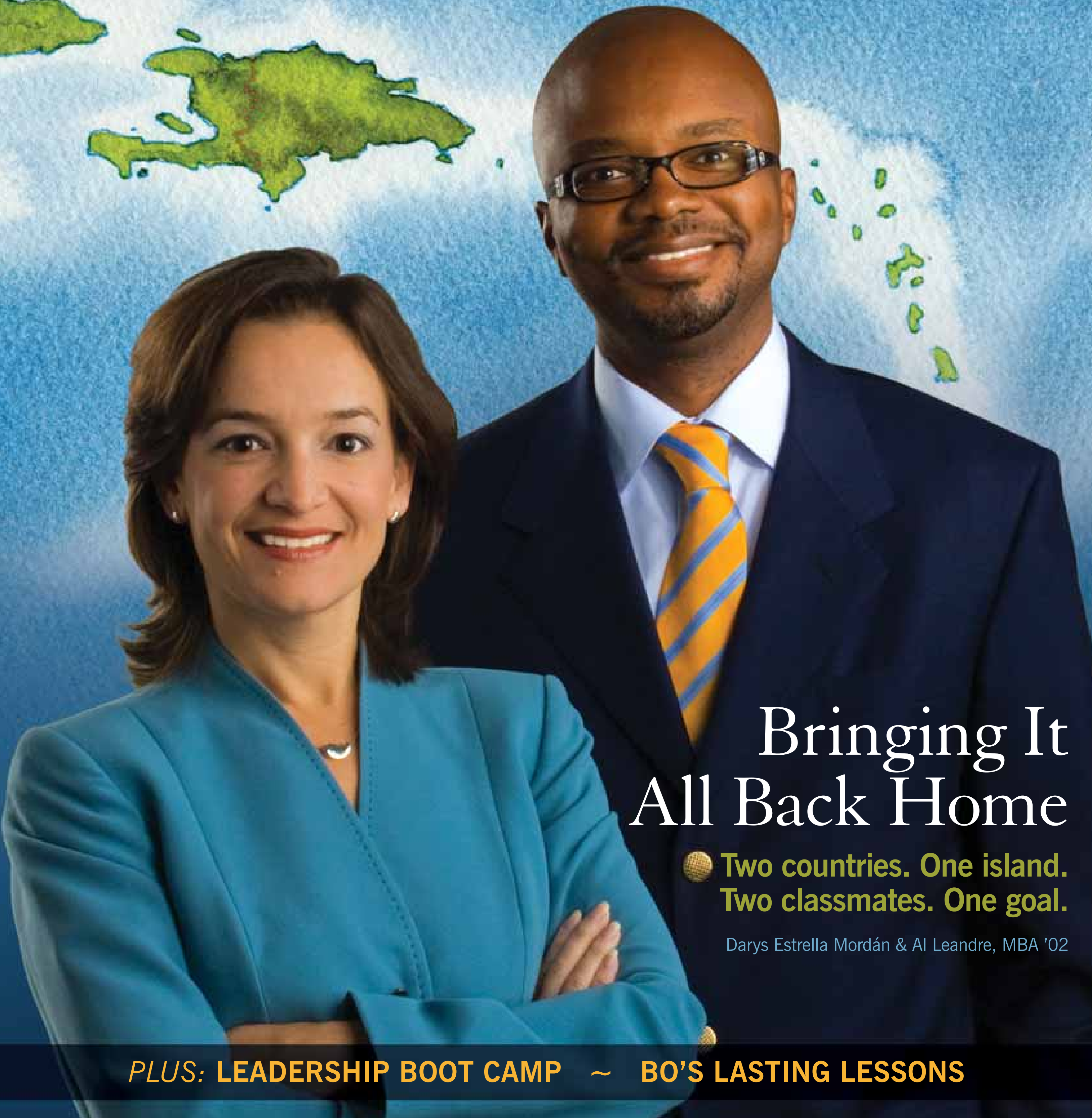
Stephen M. Ross School of Business at the University of Michigan

Dividend

FALL 2007



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UNIVERSITY OF MICHIGAN

Across the Board

APPOINTMENTS

Dean Dolan Taps Two on Faculty

The Ross School has added two new associate deans to its leadership team this year. Faculty members Valerie Suslow and Sue Ashford have joined colleague Kathleen Sutcliffe on Dean Robert Dolan's triumvirate of associate deans.

Suslow was named associate dean for degree programs in July, and Ashford assumed her duties as the school's first associate dean for leadership programming last January. Sutcliffe has held the position of associate dean for faculty development and research since 2006.

Left, Sue Ashford; right, Valerie Suslow

According to Dolan, Suslow's position is one of the most critical administrative appointments at the school, with its daily impact on the educational experience of Ross students. "Valerie's capability of working very effectively with students is well demonstrated by her outstanding performance in our classrooms for more than two decades," Dolan said. "We are fortunate to have her talents in this position."

Suslow, who has taught at the Ross School since 1984, is the Louis and Myrtle Moskowitz Research Professor of Business and Law and associate professor of business economics and public policy. She was the first academic director of the school's Evening MBA Program from 1995 until 1999. Her research focuses on the operation of international cartels, the design of competition policies relating to price fixing and the interaction between trade policy and competition policy. She also was the 2004 winner of the Ross School's Victor L. Bernard Faculty Award for Leadership in Teaching.

"I hope to take my own experience and passion for teaching and use it to continue strengthening the overall commitment to teaching at Ross," Suslow said.

Ashford, the Michael and Susan Jandernoa Professor of Management and Organizations, has taught at U-M since 1991. She also directs the Ross School's Executive MBA Program and served as associate dean for academic affairs from 1998 until 2002.

In her new associate dean position, Ashford is responsible for directing the overall leadership programming at the school. This includes the Ross Leadership Initiative, a two-year series of supplemental experiences that enable MBA students to develop topnotch leadership skills. "Given Sue's research in the area of leadership and familiarity with the faculty, her dedication to this task means a great deal to our students," Dolan said. "I am grateful to Sue for taking on this important new responsibility for us."

Ashford said her new appointment reflects a desire for better coordination of the Ross School's existing leadership opportunities and the creation of additional programming to encompass aspects of leadership not yet covered. "Ross has long been an innovator in the area of leadership development," she said. "My role is to help enhance that tradition by bringing a focus to what we do and by involving students in creating programming that is going to make a difference."

BEDFELLOWS

Erb Internship Brings Environmental NGOs and Industry Together

In recent years environmental nongovernmental organizations, or NGOs, have expanded their tactics, once focused mainly on influencing government policy, to include increasing efforts to directly impact corporate behavior. For example, World Wildlife Fund and Environmental Defense collaborate with large companies to help them increase profits while simultaneously cutting greenhouse-gas emissions. Recently, the Frederick A. and Barbara M. Erb Institute for Global Sustainable Enterprise demonstrated its commitment to furthering the partnership between environmental NGOs and business by launching a new joint internship sponsored by Dow Chemical Co. and Environmental Defense. Over the summer, students will have an opportunity to view corporate social responsibility through the eyes of a Fortune 100 company and a leading environmental advocacy group.

The new program and the first student interns, **Ali Moazed,** MBA/MS '09, and **Marc Weatherill,** MBA/MS '09, were announced at the Erb Institute's May summit on business and the environment. "NGOs play a vital role in addressing complex environmental issues," said Thomas Lyon, Erb Institute director and professor at the Ross School and the School of Natural Resources and Environment. "At the same time, the landscape in which they operate is changing rapidly, requiring a shrewd mix of collaboration and confrontation to increase membership and funding, form alliances and change corporate behavior."

KUDOS

Fourteen Faculty Receive Awards

This spring, the Ross School honored eight faculty members for their research, teaching and service, and presented Teaching Excellence awards to six more at commencement.

James Westphal, the Robert G. Rodkey Collegiate Professor of Business Administration and professor of strategy, was named Researcher of the Year in recognition of his substantial research contributions and scholarly publications in the areas of strategic management and organizational theory. The Senior Faculty Research Award was given to **Aradhna Krishna,** the Isadore and Leon Winkelman Professor of Retail Marketing, whose research on consumer perceptions and behavioral responses has contributed to building and maintaining a strong research environment at the Ross School. **Aneel Karnani,** associate professor and chair of strategy, was honored with the Victor L. Bernard Teaching Leadership Award for his outstanding teaching and research on firm growth and success through the leveraging of competitive advantage, and on global competition. **Michael Jensen,** assistant professor of strategy, was named the Bank One Corporation Assistant Professor in Business Administration, a one-year appointment that recognizes promising junior faculty conducting high-potential scholarly research.

The Sanford R. Robertson Assistant Professor in Business Administration, a one-year named professorship, was given to **Haitao Li,** assistant professor of finance, whose research focuses on asset pricing, hedge funds and financial econometrics. **Valerie Suslow,** the school's new associate dean for degree programs and associate professor of business economics and public policy, was named the Louis and Myrtle Moskowitz Research Professor of Business and Law in recognition of her comprehensive research on international cartels and the design of trade policies. **James Reece,** professor of accounting and professor of operations and management science, and **Thomas Schriber,** professor of business information technology, received the Andy Andrews Distinguished Faculty Service Award, which was created in memory of the late Richard (Andy) Andrews, associate professor of statistics, who died in 2002 and was much respected for the service he gave to the school.

Teaching Excellence awards given by Ross students were presented at individual degree commencement ceremonies. **Damian Beil,** assistant professor of operations and management science, received the BBA award; **Uday Rajan,** associate professor of finance, was selected for the MBA award; and **Gerald Davis,** the Wilbur K. Pierpont Collegiate Professor of Management and professor of management and organizations, accepted the PhD award. The Executive MBA award went to **Thomas Kinnear,** the Eugene Applebaum Professor of Entrepreneurial Studies, professor of marketing and director of the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies. **E. Han Kim,** the Fred M. Taylor Professor of Business Administration, professor of finance and international business, and director of the Mitsui Life Financial Research Center and East Asia Management Development Center, was selected for the Global MBA award. Finally, **George Siedel,** the Williamson Family Professor of Business Administration and Thurnau Professor of Business Law, was presented with the MAcc award.

RESEARCH, TEACHING AND SERVICE AWARD RECIPIENTS


James Westphal


Aradhna Krishna


Aneel Karnani


Michael Jensen


Haitao Li


Valerie Suslow


James Reece


Thomas Schriber

TEACHING EXCELLENCE AWARD RECIPIENTS


Damian Beil


Uday Rajan


Gerald Davis


Thomas Kinnear


E. Han Kim


George Siedel

RECOGNITION

Dutton Receives Distinguished University Professorship

Professor Jane Dutton, a world-renowned scholar in the field of organization and management theory, has received one of the University of Michigan's most coveted honors, a Distinguished University Professorship.

Dutton, professor and chair of management and organizations at the Ross School and professor of psychology in the College of Literature, Science and the Arts, is now the Robert L. Kahn Distinguished University Professor of Business Administration and Psychology, effective September 1.

In recommending Dutton for the appointment, Ross School Dean Robert Dolan said the honor recognizes Dutton's outstanding scholarly achievements and commitment to excellence in teaching, as well as the important leadership she provides to the school, the University and beyond.

"It's a great honor to have a scholar like Jane Dutton as a faculty member at the Ross School and the University," Dolan said. "She is one of the most prolific and most cited authors in her field. Her work is both creative and generative, and her achievements are legendary. Not only is she an extraordinary scholar, but she is a gifted mentor, devoted and compassionate teacher and highly respected colleague to many around the world. She has had and continues to have an enormous impact on Michigan and our profession, as well as the world of practice."

Dutton, who has taught at the Ross School since 1989, provides important leadership within the school and throughout the University. In addition to her current tenure as chair of her department, she has served on many Ross School committees and co-directed the Rackham Interdisciplinary Committee on Organizational Studies. She also is a board member of Kelly Services, the Academy of Management and eight management-related journals.

Her Distinguished University Professorship is named for social psychologist Robert L. Kahn, U-M professor emeritus, a founder of the Institute for Social Research and a seminal figure in organizational behavior.

"Having the opportunity to name the chair after one of my heroes and founders of our field, Robert Kahn, is a way to pay tribute to a man whom I think represents the best of what an academic can be," Dutton said. "Receiving this honor is such a wonderful tribute to all the amazing staff, students and colleagues who have been major contributors to my research.

"I appreciate being in an academic context where a researcher is encouraged to take risks and to aspire to growth and learning throughout one's career. The Ross School is a place that calls you to try to make a difference, and then supports you to try to make it a reality." M

HONORED

Ulrich Given Lifetime Achievement Award

Professor Dave Ulrich has managed to pack an awful lot into a remarkable career spanning several decades. Since 1988, he has taught and coached hundreds of students at the University of Michigan, where he currently directs the Human Resource Executive Program at the Ross School. Outside academe, Ulrich has made a name for himself in human resources and organizational leadership by consulting and conducting research with more than half of the Fortune 200 companies. He also is a partner and co-founder of the RBL Group, a Provo, Utah-based consulting firm. Ulrich's primary research focus has been on how organizations build important capabilities through leveraging human capital, and he has helped to generate multiple award-winning databases that assess alignment between strategies, human-resource practices and HR competencies.

Ulrich's many accomplishments were recognized recently by the American Society for Training and Development, which presented him with its Lifetime Achievement Award in Workplace Learning and Performance. Tony Bingham, the group's president and CEO, described Ulrich as "a pioneer in motivation, building organizational capability and linking human resources to bottom-line measures. (His) work has greatly influenced managers, human-resource practitioners, CEOs and other leading thinkers to understand the value of people in the equation for organizational success." M

CHALLENGE

Dr. Paul Farmer Builds a Healthcare Movement

Treating HIV has long been considered too costly in populous areas with high rates of infection and few healthcare resources. Dr. Paul Farmer, co-founding director of the international charity organization Partners in Health (PIH), thinks otherwise. Based on his lifesaving work in the impoverished nations of Haiti and Rwanda, the prominent medical anthropologist and physician contends that cost analysis shows HIV treatment is no more expensive than prevention. The greatest impediment to helping sufferers is the lack of community-health workers who are needed to deliver the new resources now available to fight the disease.

In a February lecture co-sponsored by the Ross School and the William Davidson Institute, Farmer challenged the University of Michigan and other research universities to devote more time and money to community outreach and service. "Teaching and research are noble vocations, but it's very difficult to intervene effectively if we don't have a major service component," Farmer said. PIH provides direct healthcare services and undertakes research and advocacy activities on behalf of those who are sick and living in poverty. It is one of the largest nongovernmental healthcare providers in Haiti and the only primary-care provider to more than half a million poor residents in the country's mountainous central plateau. Farmer has worked in the Caribbean island nation since 1983, living in a squatters' settlement. In April 2005, PIH established a foothold in two rural districts in Rwanda to launch HIV care and treatment. Its intervention efforts were helped by the Clinton HIV/AIDS Initiative and private donors.

"Teaching and research are noble vocations, but it's very difficult to intervene effectively if we don't have a major service component."
—Paul Farmer

PERSUASION

Yaffe Center Speaker Series

We swim in symbols and messages that reach us not just through advertising but also through the way products and services are designed and packaged. This past year, the Yaffe Center for Persuasive Communication, a multidisciplinary collaborative located at the Ross School, invited leading advertising executives, marketers and designers to Ann Arbor to share their insights on cutting-edge and traditional forms of communication with Ross students and faculty. The 2006-2007 Speaker Series showcased some of the best and brightest minds from organizations such as Google, Crispin Porter & Bogusky, Jaffe, IDEO, Discovery Communications and the National Football League.

In January, marketing adviser Joseph Jaffe, president of the Jaffe consulting firm and author of the daily "Jaffe Juice" blog, predicted the demise of the 30-second television commercial due to lack of creativity in TV ads. He encouraged marketers to become more innovative by rejecting the status quo, embracing change, accepting a higher level of accountability and challenging internal and external partners. "New marketing is a state of mind," Jaffe observed. "Experiment or you'll be experimented on."

Dr. Paul Farmer, center, fields questions about his work.

Former NFL Commissioner Paul Tagliabue, center, huddles with Ross fans.

Speaking in February, Iain Roberts, co-leader of IDEO's Consumer Experience Design Practice, told his audience that creating a successful brand requires more than making visually appealing products. A designer, he noted, also must consider the holistic experience and contextual use of the product to attract consumers. His pick of the litter: Apple for its blockbuster design expertise in Macintosh computers, the new iPhone and the upcoming Apple TV. "Everybody wants to be Apple," Roberts said.

Former NFL Commissioner Paul Tagliabue wound up the Speaker Series with a little communications coaching from the sidelines. "Today (communications) coverage is 24/7, and it focuses not just on the game, but on controversial adjuncts, such as player misconduct and coaching controversies," he said. The NFL's communications game plan centers on credibility in goals, vision and strategy; reality in conducting business to achieve those goals and vision; understanding NFL audiences; and candor and credibility in articulating themes and details. "Effective communications are at the heart of everything you do in managing an organization," Tagliabue concluded.

CHEAPER THAN WAR

Zainab Salbi's McInally Lecture

In war-torn countries such as Croatia, Afghanistan and Iraq, women are often the civilian victims of violent military and paramilitary conflict. And in the wake of war, women are often the most cohesive force in keeping families and communities together and in promoting healing and rebuilding. "No society can progress if women are not fully engaged," said Iraqi war survivor and author Zainab Salbi, who in February delivered the 40th annual William K. McInally Memorial Lecture sponsored by the Ross School. "I saw the atrocities of war (and) believed I had an obligation as a woman to reach out in a tangible way. I believed change was possible, even though I started with no money and no support."

Since founding Women for Women International with Amjad Atallah in 1993, Salbi has helped more than 93,000 women and 508,000 family members by distributing nearly $30 million in direct aid and microcredit loans or sponsorships. Her organization has trained thousands of women in rights awareness and helped many start small businesses. Today Salbi estimates more than 55,000 women, all war survivors, have begun to contribute to the political and economic health of their societies. In 2006 Michigan MBA students participating in the Multidisciplinary Action Projects program created a business and revenue plan to help socially excluded women achieve economic self-sufficiency in Bosnia and Kosovo. Salbi's pioneering philanthropic efforts have earned her the prestigious 2006 Conrad N. Hilton Humanitarian Prize, the Forbes 2005 Trailblazer Award and several appearances on *The Oprah Winfrey Show*.

Salbi ended her talk by reciting a favorite poem by 13th-century mystical poet Rumi: "Out beyond ideas of wrongdoing and rightdoing, there is a field. I'll meet you there." She went on to say, "There will be many women—and a few men. Join me in that field. Peace is much cheaper to build than war. And it is working."

"No society can progress if women are not fully engaged."
—Zainab Salbi

Zainab Salbi counsels war survivors in Rwanda, below, and the Democratic Republic of Congo, right.

Resilient Performance in an Age of Uncertainty

Since the first edition of *Managing the Unexpected* was published in 2001, pressures regarding quality of performance have intensified in all organizations. Recently revised by Ross School of Business professors Karl Weick and Kathleen Sutcliffe, the book's second edition presents a timely and practical guide for "high-reliability organizing" in an age of ongoing uncertainty.

Unexpected and unimagined events happen all the time in organizations: Coal mines collapse, fresh spinach causes grave illness and toys laced with lead threaten our children.

Above, Karl Weick and Kathleen Sutcliffe

For every unexpected event that management faces, early symptoms and warning signs appear. If left unchecked, these "weak signals of failure" can grow in complexity, multiply exponentially and wreak havoc to the point of catastrophe. In the second edition of their book, *Managing the Unexpected,* Ross School scholars Karl Weick and Kathleen Sutcliffe put forth a theory that can enable firms to anticipate, contain and "mindfully manage" the unforeseen.

"We use the term 'mindful' in contrast to automatic or mindless activity," says Weick, the Rensis Likert Distinguished University Professor of Organizational Behavior and Psychology. "Our definition of mindful is a 'rich awareness of discriminatory details.' "

The authors looked to high-reliability organizations (HROs) where discriminatory details set the stage for life and death scenarios. In observing wildland firefighters, emergency room teams and air traffic controllers, among others, they identified five key principles for high-reliability organizing: preoccupation with failure, reluctance to simplify, sensitivity to operations, commitment to resilience and deference to expertise.

These tenets can be generalized and applied to virtually any corporate setting, the authors say. For instance, a visit from the Securities and Exchange Commission to a CEO's office does not produce fatalities, but it can affect markets, share price and liability.

"The pressures for reliability and quality of performance—no matter what kind of conditions—are higher today than ever before for all organizations," says Sutcliffe, associate dean for faculty development and research and the Gilbert and Ruth Whitaker Professor of Business Administration. Since releasing the first edition of *Managing the Unexpected,* she and Weick have received inquiries about this work from the FBI, U.S. Department of Homeland Security, investment banking executives and the petroleum industry.

The goal is to create "learning organizations" in which preoccupation with failure is the first step toward mindful management, Sutcliffe says.

"People misinterpret preoccupation with failure to mean you have to be constantly paranoid about making mistakes," she explains. "But that's not what we're saying."

What she and Weick *are* saying is that complacency and hubris are management's two biggest enemies. No news is not necessarily good news, and success can be a liability that produces blind spots. Although it is human nature to "normalize" unexpected events, Sutcliffe encourages people to respond right away to that surprised, puzzled or anxious feeling one gets when "something is not quite right." Trust these all-too-fleeting signals, she says, since they are a solid clue that your model of the world is in error.

Early signs that portend trouble rarely appear in a vacuum, adds Weick, who warns against the temptation to simplify an anomaly into an "ordinary episode" or isolated incident.

"When you take a fairly complicated mindset into a situation, you often see more levers to pull than you would otherwise," Weick says. "You expand the options or the places where you can intervene, because you have a more detailed map of what's going on.

"Complication also helps you see longer chains of consequences and unexpected linkages along the way," he continues. "If you have more details out there and you change one of them, you'll see how it changes this, then that, and you'll observe more connections. We see this a lot in wildfire situations, where one is tempted to label something a 'piece of cake' and neglects to read into some detail that perhaps the flames are a little higher, the air is a little dryer, the wind is a little stronger and so on. You want all that information in there all of the time."

Part of catching the interconnected details requires reaching out to colleagues with varying viewpoints and levels of expertise. A culture of openness and information sharing is the key. Admitting small mistakes before they become fatal

> "When you take a fairly complicated mindset into a situation, you often see more levers to pull than you would otherwise."
>
> **—Karl Weick**

Emergency room personnel practice “mindful management” as a necessity. Photo by Veer

The Five Principles of Mindful Management

1. **Preoccupation with failure:** Small events can lead to huge failures. Treat any lapse as a symptom that something may be wrong with the system. Be aware that you have yet to experience all of the ways your system can fail.

2. **Reluctance to simplify:** Get comfortable with the idea that the world you face is complex, unstable, unknowable and unpredictable. Welcome diverse experience and skepticism.

3. **Sensitivity to operations:** Be less strategic and more situational. A person with situational awareness can identify anomalies while they are still tractable and isolated, and then make the continuous adjustments that prevent errors from accumulating and enlarging.

4. **Commitment to resilience:** Be mindful to keep errors small and be committed to improvising workarounds that allow the system to keep functioning. Use what you have learned from unexpected events to revise operating procedures and update plans.

5. **Deference to expertise:** Remember that the person with the most experience is not necessarily an expert when coping with the unexpected.

errors should be encouraged by management, the authors contend. But often management itself is too blind to realize a problem exists.

“Eastern Michigan University sociology professor Ron Westrum calls this the ‘fallacy of centrality,’ ” Sutcliffe says. “Sometimes people who are experts or are in high-powered situations think they would know if something were going wrong. The danger is that those people are less curious to seek out information and to determine ‘is this really happening?’ ”

Similarly, employees “in the field” may assume incorrectly that upper management shares the hands-on expertise they have amassed. As a result, early portents of disaster go unreported and gain traction.

Since embarking on this research, Sutcliffe has seen a trend develop in hospital intensive care units to reduce medical errors. “We are starting to see doctors include nurses, pharmacists and respiratory therapists on their rounds,” she says. “This in effect gives them more lenses and perspectives to view a problem. It creates a more comprehensive, richer and nuanced picture of what’s going on.”

The ICU example illustrates a critical element of managing the unexpected, Sutcliffe says. Learning from mistakes and amending protocols after an unexpected event can help to mitigate damage in the future.

“HROs tend to use the unexpected to discover more about their systems and to revise their standard operating procedures,” she says. “And they’re constantly changing those procedures to reflect even more new learning.”

This element of resilience is another key principle in managing the unexpected. Once embroiled in a situation, one’s reactive capacity to stretch and bounce back, to make do and recover, comes into sharp focus. Standard practices are a necessary element of doing business, but situational awareness and improvisation often trump long-term strategic thinking in a crisis, the authors say.

“It’s important to think of the word reactive as re–dash–active,” Sutcliffe says. “You’re not just responding to outside forces. It’s a much more conscious activity. You’re reactivating different elements, rearranging and combining things you’d never combined before. And ultimately you’re recovering.”

As technology advances and global systems become more complex and interconnected, unexpected interactions and events will continue to multiply, Sutcliffe predicts. But Weick is quick to point out that managers should not get mired in devising contingencies to cover infinite “unexpected” scenarios. Plans create expectations, he says. And expectations lull people into seeing only those things that confirm their expectations. It’s usually at that precise moment that “weak signals” of a system breakdown begin to split, multiply and breed potential chaos.

“It is very tough to anticipate, forecast or be proactive toward some situation until something happens,” Weick says. “So from our standpoint, there is a real premium on a quick, early response to those initial warning signals. That’s why chronic wariness and looking at small failures is crucial to us. We are concerned that people are lumping too many things together and, in a sense, concluding that they’ve seen something before, when, in fact, there are differences at play. Believe me, those differences can be crucial.”

Deborah Holdship

FACULTY RESEARCH

Microfinance: Miracle or Mirage?

In titling a 2007 paper "Microfinance Misses Its Mark," Aneel Karnani must have known his controversial stance on the topic would incite criticism and debate. This associate professor and chair of strategy at the Ross School is fine with that. In fact, that's exactly what he wanted.

If questions are the currency of scholarly discourse, the field of microfinance is cashing in. No longer content to ask, "Does microfinance help the poor?" some observers are posing the more provocative query: "Can microfinance eradicate poverty?"

The distinction is subtle. But it could redirect the way organizations and individuals allocate future funds toward the world's most economically disenfranchised, says Aneel Karnani, associate professor and chair of strategy at the Ross School.

"It's undoubtedly true that microfinance helps the poor," Karnani says. "But that is the wrong question to ask. The question is: Does it help enough? And does it help more in comparison with some other policy that we, as a world, might pursue?"

Microcredit gained initial traction in the late 1970s. Today, experts estimate some $27 billion is invested in microcredit worldwide. Financial institutions, non-governmental organizations and social entrepreneurs are drawn to the premise that, when given the support of financial capital, however small, the poor are fully capable of improving their lives at the individual and household levels. In ideal cases, micro-entrepreneurs even emerge to create and sustain small businesses with limited resources.

But Karnani and others argue that the one-at-a-time nature of microfinance is too fragmented to eliminate world poverty. Where microfinance might advocate loaning funds to 500 individual women to purchase 500 individual sewing machines, Karnani argues for investing in a small to medium-size clothing factory that could organize and employ those 500 women.

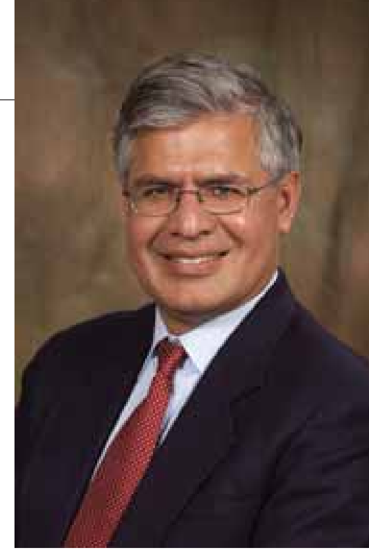
"Economies of scale play a critical role in modern economies," he says. "In developed countries, people don't sit at home stitching clothes for one customer at a time. So why do we think these poor countries should go down that route? If you help one woman to be a micro-entrepreneur, nothing much changes. Maybe her income goes up, but not enough to lift her and her family out of poverty."

Critics argue that factories can be sweatshops, which exploit and abuse the poor. But Karnani contends that creating jobs with reasonable and steady wages—however unappealing those jobs may be from a rich country's perspective—is preferable to microfinance as a path to reducing world poverty. It's a theory he puts forth in his paper "Microfinance Misses Its Mark," published in the *Stanford Social Innovation Review.*

At issue, he says, is the sweeping premise that the poor possess inherent entrepreneurial skills and drive. While proponents of microfinance cite inspiring anecdotes that bear out this notion, Karnani still characterizes the logic as flawed and romantic. "Most people do not have the skills, vision, creativity and persistence to be entrepreneurs. Even in developed economies, most people prefer to have a job with a steady income," he notes. "So why do we assume that the poor in developing countries want to be entrepreneurs? Most microcredit clients would gladly take a factory job if it were available."

Since publishing his alternative views in the papers "Romanticizing the Poor Harms the Poor" and "Fortune at the Bottom of the Pyramid: A Mirage," Karnani has been contacted by others who think along similar lines. He points to one NGO based in California as an excellent example of how to alleviate poverty through job creation. Starting with markets, this NGO identifies high-potential but under-performing economic subsectors and seeks to resolve the identified market failures that constrain their development. One success story is a medium-size enterprise that employs several hundred people to process and export cashews from Mozambique.

In India, one government/private sector partnership developed an employment organization to identify, recruit and train rural youths and then match them with entry-level urban jobs, such as shop clerk, hotel staffer, security guard and construction worker. Their impact studies show that providing one youth a job in the organized sector takes the entire family



Aneel Karnani

out of poverty on a sustained basis. This one organization alone has linked 30,000 poor youths to entry-level jobs in the last two years; its target for 2007-2009 is 150,000 jobs.

When asked whether both models of development—microfinance and generating employment—can co-exist equally, Karnani gives a qualified yes, and then changes his mind. "I lean toward the answer 'no' in the following sense," he says. "Every society has limited resources. The question is how to use these limited resources to get the maximum impact. I don't think we should eliminate microfinance, but in my view we should do much less microfinance and focus much more on generating employment. The second thing that is limited is political capital within a government. Governments in poor countries often suffer from corruption and lack of skills. How should they spend their limited political capital? On encouraging microfinance? Or on building infrastructure, developing capital markets and facilitating job creation? Next, there are many well-meaning philanthropic organizations, foundations and NGOs eager to help the poor. They have money, skills, energy and enthusiasm. How should they allocate their resources: microfinance or job creation?"

Though he raises questions about the efficacy of microfinance, Karnani does not question the value of discourse.

"I think what I'm saying makes sense," he says. "But even if I'm not right—even if I'm totally wrong—one positive outcome of my writing is to increase debate on these issues. We all have the same objective: to eradicate poverty. That is our moral challenge. We should have an informed and vigorous debate on how to do it. That is the whole point of academe. And the poor deserve no less."

Deborah Holdship

Investors of Last Resort

Professor David J. Brophy, director of the Center for Venture Capital and Private Equity Finance at the Ross School, has played a formidable role in company-building as an adviser to both start-ups and venture funds for nearly 30 years. His latest research looks at the role of hedge funds as "investors of last resort" for some public companies.

Recently, hedge funds have become an important source of funding for public companies raising equity privately. Since 1995, these funds have participated in more than 50 percent of the private placements of equity securities and have contributed about one-quarter of the capital raised in such equity issuances—a total investment that has exceeded the contributions of other investor classes.

Financing young, small companies with weak fundamentals and pronounced informational asymmetries has become an important investment strategy for some hedge funds. But questions arise over whether the funds and the companies selling their equity both benefit and perform equally well afterward.

In a research study, "Hedge Funds as Investors of Last Resort?," finance professor David J. Brophy and co-authors Paige P. Ouimet and Clemens Sialm investigate the role of hedge funds in private placements using data on 5,244 transactions of Private Investment in Public Equity (PIPE), which raised $77 billion between 1995 and 2002. Struggling high-risk companies that are unable to obtain external financing from more traditional sources often issue private placements to alternative investors, thereby providing them with unique investment opportunities.

Brophy and his co-authors find that hedge funds take steps to reduce the risk associated with their investments in weak companies by demanding substantial discounts on the equity-linked securities they buy, negotiating re-pricing rights to protect themselves against price declines and short-selling the underlying stocks of the PIPE-issuing companies.

Equally important, the researchers' results show companies that obtain financing from hedge funds significantly underperform those that obtain financing from other investors during the following two years. For example, the common stocks of companies issuing traditional PIPE securities purchased by hedge funds decline by 19.25 percent during the first year following the private placement, while the common stocks of firms issuing traditional PIPEs purchased by other investors decline by just 0.35 percent in that time frame.

In contrast, hedge funds that invest in PIPE securities perform relatively well. "PIPEs can be profitable for hedge funds because the funds obtain equity securities at significant discounts, because they protect themselves through embedded re-pricing rights and short positions, and because they can liquidate the securities after a relatively short time period," Brophy explains. "This leads us to conclude that hedge funds do act as investors of last resort for firms with the fewest alternative financing options, and that being an investor of last resort definitely pays off."

Claudia Capos

Talent Matters

Over the years, Haitao Li, assistant professor of business at the Ross School, has interacted with undergraduates and graduates from several of the nation's leading business schools. "I was very impressed by some of the smartest students from these schools," he says. "This prompted me and my co-authors to think that maybe talent matters in hedge-fund performance." Their recent study reveals that some hedge-fund managers are indeed better than others.

The rapid proliferation of hedge funds, which are predicted to have $3 trillion under management globally by 2008, has brought intense scrutiny to bear on the talents of the individuals who manage these high-flying, entrepreneurial investment vehicles.

In a new study, "Investing in Talents: Manager Characteristics and Hedge Fund Performances," Haitao Li of the Ross School and co-authors Xiaoyan Zhang of Cornell University and Rui Zhao of Columbia University conclude that the personal, educational and professional characteristics of fund managers greatly impact hedge-fund returns. They suggest investors seeking superior performance are well-advised to select younger fund managers who are well-educated and highly devoted to their jobs.

"The performance of a hedge fund depends crucially on both the investment strategies it follows and the talent of its manager(s) in implementing such strategies," Li explains. "Just like any entrepreneurial activity, some hedge-fund managers are better than others at making investment decisions."

For their study, the researchers collected information on the characteristics of the lead manager at 1,002 funds, spanning the period from 1994 to 2003. The six traits they examined include: the manager's age, the number of years he or she has been working, the length of his or her tenure at a specific hedge fund, the composite SAT score for the manager's undergraduate university, whether he or she has a CPA or CFA, and whether he or she has an MBA degree.

Li, Zhang and Zhao demonstrate that manager education and career concern have a strong impact on different aspects of hedge-fund performance, such as fund risk-taking behaviors, raw and risk-adjusted returns and fund flows. Specifically, they find managers from higher-SAT universities generally take fewer risks and have higher raw and risk-adjusted returns. They also report that younger managers tend to have higher returns and more inflows, and take more risks.

"When everything else is the same, a manager from an undergraduate institution with a 200-point higher SAT can expect to earn an additional 0.73 percent raw excess return per year," Li explains. "And a manager with five years less working experience can expect to earn an additional 0.54 percent raw return per year."

Though talent does matter, it is still very hard to beat the market consistently, Li notes. "There are always things that one's quantitative model cannot capture, and even the smartest people can lose money," he says.

Claudia Capos

FACULTY RESEARCH

Greasing the Way

James Westphal's research frequently focuses on management practices and social relations among corporate leaders. Since joining the Ross School as professor of strategy last year, he has looked closely at the culture of flattery and favors that influences corporate boards and Wall Street securities analysts. Some of his findings are examined in the Q&A that follows.

Dividend: Do American business practices encourage a culture of flattery and favors?
Westphal: In the case of top management and corporate boards, our business practices do allow a role for flattery. Board selection and promotion occurs mainly through informal social ties and recommendations by people who already hold corporate board seats. Because of the informality of the process, social influence can play a greater role than if the process were very formal and truly led by some independent party.

Dividend: How widespread is this?
Westphal: It's quite widespread in the sense that it's common for managers to engage in ingratiation toward CEOs. Based on our survey data, we also see relatively high levels of ingratiation and other social influence processes between outside directors on boards. Moreover, when CEOs or directors receive ingratiation, they seem to feel an obligation to reciprocate by doing something for the "ingratiator." This reciprocation is the real norm and makes the social influence processes powerful.

Dividend: Is this behavior accepted as "just the way things are done" on corporate boards and in upper-management circles?
Westphal: Yes, I don't think that ingratiatory behavior in this context is typically frowned upon. Clearly, some people are more adept at social influence than others, but by and large this is a population of people who know how to influence their peers. That's partly why they have gotten where they are.

Dividend: Can ingratiating behavior toward fellow directors help ethnic minorities and women obtain board appointments? Is this "leveling the playing field" or simply appointing individuals who may or may not be qualified?
Westphal: I would view it more as leveling the playing field. We find that ethnic minorities and women get more benefits from their experience and qualifications when they engage in this behavior. If they don't, they are disadvantaged in getting board appointments. On the other hand, for white males, it could be more a case of compensating for lack of experience. We have evidence that white males who lack high levels of management experience engage in higher levels of ingratiation.

Dividend: In a companion study, you uncover continuing discrimination against ethnic minorities and women on corporate boards.
Westphal: We find that once ethnic minorities and women achieve their first board appointment, they are systematically disadvantaged in getting further board appointments. They also realize fewer benefits from following prescribed behaviors such as giving strategic advice to CEOs, and are punished more for engaging in socially unapproved behaviors such as monitoring and control of CEO decision making. They also are rewarded less for ingratiatory behavior. So they are caught between a rock and a hard place.

Dividend: Does ingratiation that leads to board appointments negatively impact shareholders?
Westphal: Ingratiation can have adverse consequences, depending upon the company's situation. There are two basic forms of board involvement: One takes the form of cooperative advice and counsel, and the other involves more independent "monitoring and control" behavior. Cooperation can be effective, provided the firm is performing well and the management strategy is sound. However, if the firm is not performing well and significant strategic change is required, then monitoring and control behavior by the board may be necessary. Our research suggests that if directors are appointed on the basis of their ingratiatory behavior, they are less likely to engage in that monitoring and control behavior.

Dividend: What should be changed in the selection process to promote better governance?
Westphal: The biggest change would be to cast a wider net when looking for board candidates. We find that if board candidates are recruited through informal networks, then social influence affects the recommendations. However, social influence is less likely to play a role in the selection process if boards look more broadly for individuals who don't have any kind of network ties to current members of the nominating committee. This means going outside the regular social circle of corporate leaders who hold multiple board appointments to find a new population of individuals who can serve in that capacity. Engaging headhunting firms and giving them more influence in the selection process is one way to achieve this.

Dividend: Turning to Wall Street, your research reveals that favors from corporate executives influence securities analysts' behavior. What kind of favor rendering have you identified?
Westphal: We've identified both professional and personal favors. Professional favors include things such as putting an analyst in touch with a manager at a buyer or supplier firm, or offering to meet with the analyst's clients. Personal favors include providing career advice or recommending the analyst for a job position.

Dividend: How does favoritism affect analysts' stock rankings and evaluations of investment opportunities?
Westphal: We found that the greater the extent to which an executive provided favors to an analyst, the lower the likelihood that the analyst would downgrade the firm following the release of negative earnings surprises or other unfavorable firm information.

Dividend: Where does this behavior fall on a continuum of socializing and networking at one end and bribery and securities fraud at the other?
Westphal: Well, there's nothing illegal about this behavior. Favor rendering goes on every day among colleagues at U.S. corporations. However, many people don't realize it is occurring in relations between executives and analysts. Clearly, it's not bribery. Rather, it is the kind of behavior top managers use to build social networks or to forge relations with key constituencies of their firm. Some would say that's good leadership.

Dividend: Are securities analysts crossing an invisible line by downplaying bad news about firms' performance in their reports?
Westphal: To some people, this is clearly unethical, and they believe there should be a serious reappraisal of how analysts relate to executives. Others disagree, contending that these favors enable analysts to do their job by giving them access to information on buyer and supplier firms. The problem with the latter argument is that in our research we find accepting favors biases analysts' decision making. So even if analysts are naïve in intent, accepting these favors does have negative consequences.

Dividend: Does favor rendering serve management interests at the expense of shareholders over the long term?
Westphal: Right now, we're looking at who is hurt by these practices. Professional investors who take a short-term interest in firms may actually benefit. Some anecdotal evidence suggests they are sometimes aware of favor rendering and know which analysts engage in it and when. The people who are potentially hurt by these practices are investors who take a longer-term position or smaller investors who aren't privy to the kinds of social relations that occur between executives and analysts.

Dividend: Could, or should, anything be done to mitigate this culture of favors on Wall Street?
Westphal: First, people need to be aware of what is going on. If these practices are deemed to be unethical, the solution for changing them lies in socializing analysts not to accept favors, or at least to consider the possible consequences of accepting favors. Analysts may not realize this behavior is affecting their decision making to the extent it is, so they need to be educated by firms, professional societies and business schools.

Claudia Capos

Going Private

Many factors that drive public companies to go private are evident throughout their public lives, even at their initial public offerings, say Ross School finance professors Sreedhar Bharath and Amy Dittmar. Their latest research examines the resurgence of going-private transactions, fueled by the development of the private equity market.

Being a public firm has both costs and benefits. Greater scrutiny by investors and the Securities and Exchange Commission is certainly one cost. Since 2002, the Sarbanes-Oxley Act has increased this cost for many public firms. However, even without SOX, some companies find it tough to maximize their value in the public market.

By contrast, private firms can limit investor and SEC scrutiny. "When a firm is private, with concentrated ownership, incentives are aligned and information is much more symmetric," says Ross finance professor Amy Dittmar. "In other words, the owners and the managers equally understand the firm and have the incentives to maximize value."

In their new study, "Why Do Firms Use Private Equity to Opt Out of Public Markets?," Dittmar and co-author Sreedhar Bharath find firms that stand to benefit the most from the concentrated ownership structure associated with being private are the companies that are most likely to go private. "Being able to predict who will go private gives us insights into what firms are better off taking that step," Dittmar explains.

The two researchers examined 1,451 public U.S. firms that went private between 1980 and 2004, comparing them to 6,640 IPO firms that remained public during that time. They report that firms which are not frequently traded, and thus have less liquidity, and those with less information available about them in the public market are more likely to go private. "Several theories predict these are the firms for which the cost of being public outweighs the benefits, and thus these are the firms that can increase value by going private," Dittmar notes. "This is something investors should consider."

Using data from the time of the IPO to when a company decides to go private, Bharath and Dittmar are able to predict accurately which firms will become private about 83 percent of the time.


Sreedhar Bharath and Amy Dittmar

On average, they say, firms that ultimately go private remain in the public market for more than 13 years after their IPOs.

Market and macroeconomic forces also influence firms' decisions to go private. Whether the recent subprime mortgage fallout will impact deal making is unclear. "Certainly, private equity deals have relied on the easing of debt covenants and the access to capital this allows," Dittmar says. "Further, our study shows a relationship between the rates paid on corporate debt and the decision to go private. However, there are still many firms that can benefit from a private ownership structure, and there are still a lot of private equity firms with uninvested capital."

Claudia Capos

Pharmaceuticals: Addicted to Ads?

U.S. pharmaceutical sales hit an estimated $252 billion last year, according to industry consultant IMS Health. At the same time, *The Wall Street Journal* reports the nation's drug companies registered the highest growth rate among advertisers. Puneet Manchanda, associate professor of marketing at the Ross School, studies resource allocation and other strategic issues in pharmaceutical marketing. Having observed the industry's apparent addiction to mass media spending, Manchanda contends drug firms get a better return on investment by appealing directly to physicians.

Pushing a steady dose of little purple pills and sleep-inducing lunar moths, the U.S. pharmaceutical industry became one of the fastest-growing advertising categories in just one decade. *The Wall Street Journal* reports pharmaceuticals were the 10th biggest advertiser in 2006, spending $5.3 billion in direct-to-consumer ads alone.

But while direct-to-consumer advertising may be the most visible use of the pharmaceutical industry's marketing dollar, it is not necessarily the most lucrative, says Manchanda. A few unique restrictions on the category negatively impact the industry's return on investment. And while he doesn't expect drug companies to withdraw cold turkey from mass media, Manchanda speculates the dependence on direct-to-consumer drug ads finally may have peaked.


Puneet Manchanda

"Unlike other product categories, a pharmaceutical purchase has to be made through an intermediary physician, breaking the link between advertiser and consumer," Manchanda says. "From a behavioral standpoint, the only robust research finding we have is that direct-to-consumer advertising drives more traffic to the physician's office and increases the number of people participating in the category, but does not change a physician's preference in terms of which drug to prescribe."

Other limitations on the category reduce the ROI of consumer advertising. For example, the FDA requirement to list a drug's negative side effects creates a quandary for advertisers looking to accentuate the positive. Some 55 percent of pharmaceutical ad dollars were spent on television in 2006. Among the options that exist for TV advertisers: Talk about a medical condition, but don't mention your drug. Talk about your drug, but don't mention the condition. Or talk about the medical condition *and* your drug, but then allow enough time for the litany of caveats, which could nullify your otherwise effective sales pitch.

Advertisers get around this in many ways, some of which are borderline psychedelic. Talking beavers hawk sleep aids. Swirling rainbows push mood enhancers. Puffy clouds promise, well, pretty much anything.

"In one TV program you may see an ad about acid reflux, fully awash in purple, but no mention of Nexium," Manchanda says. "In the next break you may see an ad for the 'purple pill' in which they say, 'Try Nexium,' but never mention acid reflux. So the hope is that the consumer gets the purple reinforcement two or three times and puts it together in her head. This allows the advertiser to get away from listing all the negative side effects to the point where no one wants to take the drug anymore. But it also requires drug companies to buy more advertising time."

But buying more time does not always sell more drugs. When the FDA asked Pfizer to pull Viagra ads in 2004, sales were not impacted during the six-month hiatus. (The ads did not meet FDA regulations.) Meanwhile, Wyeth's Protonix, hardly a household name, has managed to obtain a 20 percent share in the competitive Protom Pump Inhibitor category with virtually no consumer push. Both Pfizer and Bristol-Myers Squibb now are eschewing direct-to-consumer advertising for six to 12 months after product launch, says Manchanda.

These scenarios, coupled with the fact that some blockbuster drugs (Claritin, Zoloft and Flonase) have gone off patent over the last three to four years, have medical marketers honing in on their most effective strategy to date: direct-to-physician sales calls, or "detailing." Research does reveal a definite link between the quality and quantity of sales efforts directed to doctors and their prescribing behavior, Manchanda says, citing the aforementioned Protonix. Pharmaceutical companies are beginning to codify their "relationship management" techniques with doctors, monitoring the impact of specific marketing efforts on prescribing behavior—and using that data to customize future appeals on a doctor-by-doctor basis, he says. *(See http://www.bus.umich.edu/NewsRoom/.)*

"It is not clear yet whether such strategies will yield an incremental lift in sales, but it is clear that pharmaceutical firms are looking to 'extract as much juice' as possible via such targeted mechanisms," Manchanda says.

They're still looking at consumers, too, but with less fervor than before. "The industry was very excited about this prospect of talking directly to consumers and has spent quite a bit of money on it," says Manchanda. "But I think they overdid it and are now realizing direct-to-consumer advertising is not the 'magic pill' they once thought it was."

The most addicted advertisers likely will rely on the Internet to solicit consumers in the future. Internet display ads only counted for about three percent of total spending last year, reported *The Wall Street Journal*. But dollars are shifting toward sponsored chat groups and other consumer-generated media, Manchanda says, as targeted communication and pre-announcements for experimental drugs are tailor-made for small and restrictive brands.

Deborah Holdship

QUOTE UNQUOTE

"If enough people decide this is a global meltdown, they can make it happen. The Fed is trying to prevent a self-fulfilling prophecy from taking place."

Paolo Pasquariello, assistant professor of finance, explaining why policymakers and investors need more information before the credit crisis can be solved.
—*BusinessWeek,* August 10, 2007

"Investors need to realize that analyst recommendations cannot be entirely objective. In order for them to get the best information from companies, they have to develop some kind of relationship with executives."

James Westphal, the Robert G. Rodkey Collegiate Professor of Business Administration and professor of strategy, addressing the strong ties between brokerage analysts and company executives.
—*Reuters,* July 26, 2007

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"Here's a way of sweetening the pot a little bit and apparently appealing to a desire on the part of shareholders to share the upside. The more activist the shareholder groups, the more you'll see this."

David Brophy, director of the Office for the Study of Private Equity Finance and associate professor of finance, commenting on private equity firms offering semi-private deals to win over shareholders.
—*The Associated Press,* June 1, 2007

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"Despite the hoopla over microfinance, it doesn't cure poverty. If societies are serious about helping the poorest of the poor, they should stop investing in microfinance and start supporting large, labor-intensive industries."

Aneel Karnani, associate professor and chair of strategy, arguing for greater emphasis on generating employment and increasing labor productivity.
—*Financial Times,* July 27, 2007

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"If we stop thinking of the poor as victims or as a burden and start recognizing them as resilient and creative entrepreneurs and value-conscious consumers, a whole new world of opportunity will open up."

C.K. Prahalad, the Paul and Ruth McCracken Distinguished University Professor of Corporate Strategy, suggesting that with creative marketing and distribution, selling to the poor would eventually generate profits with dramatic growth potential as the high-density population of millions gets ever-increasing buying power.
—*Minneapolis Star Tribune,* July 30, 2007

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"The Chinese have been very concerned about how to invest in the United States without producing the kind of political firestorm they ran into when they tried to buy Unocal."

Kenneth G. Lieberthal, the William Davidson Professor of International Business, expressing doubt that the Chinese would allow a technology company to pursue an acquisition if the transaction were likely to draw criticism from the U.S. government.
—*The New York Times,* August 25, 2007

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"There's nothing in his background that says he lives, breathes and loves cars."

Gerald Meyers, adjunct professor of management and organizations, musing over former Home Depot and General Electric executive Robert Nardelli being named chief executive at Chrysler.
—*The New York Times,* August 7, 2007

"Vodka right now is a big badge product, especially for ordering out. If you can get the bottle on the table, then you have the brand associated with the experience, which is the brand's Holy Grail."

Christie Nordhielm, clinical associate professor of marketing, contending that extending one badge product into another category is relatively easy in the branding business.
—*NEWS.com.au,* June 12, 2007

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"When you go through deep change, it doesn't matter if you're wrong. It matters that you're moving."

Robert Quinn, the Margaret Elliott Tracy Collegiate Professor in Business Administration and professor of management and organizations, contending that taking the first step and continuing those steps toward change is what is important.
—*The Washington Post,* August 5, 2007

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"I wouldn't call it a moral issue. I would call it a values issue—the equality of sacrifice. In tough times, good leaders get down with the troops… it creates cynicism in an organization when there is an absence of that."

Noel Tichy, professor of management and organizations, applauding Nissan and Renault CEO Carlos Ghosn for publicly renouncing his bonus to take responsibility for the automaker's poor performance.
—*Forbes,* June 21, 2007

* * *

"GDP growth numbers rise when foreign workers are employed to tear down perfectly good residences, and then to build new ones that hopefully enough people will buy to justify the developers' investment. But it is not clear that individual or collective well-being is enhanced in the process."

Linda Lim, professor of strategy, commenting that Singaporeans who are "en bloc" become cash-rich but property-poor, and may have destroyed the sense of home itself.
—*The (Singapore) Straits Times,* June 21, 2007

Bringing It All Back Home

This is a story of Hispañola. Of the Dominican Republic and Haiti. Of the Ross School of Business and the MBA class of 2002. It is a story about coming home. And about making a difference.

When **Darys Estrella Mordán,** MBA '02, CEO of the Dominican Stock Exchange, picks up the phone on a busy Monday morning, she sounds remarkably relaxed. It's only 10 a.m., and she's already solved a major crisis.

"This morning, the electricity went out," she says, "which is fairly common. But today the generator didn't kick in, which was terrible timing because Citibank was here [at the stock exchange]. We had to do some live tests; they had transactions to do. All of a sudden we couldn't function. I had no choice but to move into 'operations mode,' find the person who could get the power back on and make it happen. Right away."

Such is a day in the life at the helm of the Bolsa de Valores de la República Dominicana, where this Ross MBA has worked since April 2007. After 15 years on Wall Street, most recently on the fixed income desk at Goldman Sachs, Estrella chose to make a major career change and fulfill a long-held promise to herself and her country. The timing was fortuitous and the move pivotal, since the Dominican Republic had just accepted the DR-Central American Free Trade Agreement, which opened the U.S. market to the country's goods.

"I was perfectly happy at Goldman. It is the most advanced and professional climate I've ever been exposed to," Estrella says. "But given my deep connection to the Dominican Republic, it was always a dream of mine to be able to return and give back to my country in some meaningful way, if the right situation came along."

That situation came along in summer 2006 when the "Consejo" (or board of directors of the stock exchange) came calling in search of a new direction and a new CEO. The country was still reeling from a devastating bank failure and skyrocketing inflation. As a founding board member and two-time president of Dominicans on Wall Street, Estrella was a familiar and trusted face in a relatively small circle of players. Vocal and opinionated, she could offer the board connections to the most developed market and financial institutions in the world. Perhaps more important, she brought a homegrown passion to nurture an investment culture and secondary market in this emerging economy. To say she hit the ground running is an understatement. A week before she spoke to *Dividend,* Estrella was back on Wall Street with Bolsa delegates, meeting at the New York Stock Exchange with then-CEO John Thain, a former colleague at Goldman Sachs.

> "In sharing Hispañola, we shared mutual pride and admiration. Now that our paths have crossed, these commonalities are established and our friendship is sealed; this is an aspect of mutual support, unspoken understanding and respect upon which both of us can rely."
> —**Darys Estrella Mordán**

"It is important for me to solidify my credibility and reputation as someone who is knowledgeable, serious and will deliver," she says of the visit to the NYSE's top brass. The ceremonial fanfare, photo shoot and resulting pictures that ran in Dominican papers certainly help in that regard. "A big part of my job has been forging relationships with all the players who contribute to the regulation, supervision and activities of the Bolsa. As such, I have been meeting with all the brokerage houses and banks, the governmental institutions, international entities such as the International Monetary Fund and the United States Agency for International Development (USAID), and industry and business leaders across all markets. This is an exchange of information to understand past, current and expected practices; the laws and regulations on the books; the technological capabilities of market participants and the platform we provide; and the level of professional conduct needed to make these markets work at the highest level."

The process is time consuming, but necessary, she says. The volume of trading has increased an historic 400 percent since her arrival in Santo Domingo. "Already, we are making progress, and it is reflected in the volume and increased activity in the secondary market, which is now 75 percent of the total. When I came it was just seven percent. As we raise the bar for our own professional standards at the exchange, we'll be able to push for a more normalized level of behaviors from all market participants. This is the process of creating an investment culture."

One observer heavily invested in Estrella's success in creating that culture is Ross classmate and friend **Al Leandre,** MBA '02. Haitian by descent, Leandre founded the Maryland-based management consulting firm Vyalex in 2002. Leveraging his background in aerospace engineering, Leandre developed the com-

pany on a steady diet of Department of Defense contracts. But his underlying mission was to launch a global division to encourage development of entrepreneurial infrastructure in his home country, which is plagued by a legacy of bloodshed, turmoil, corruption and extreme poverty.

In 2006, Vyalex Global unveiled the online portal buildhaiti.com to connect members of the Haitian diaspora in establishing city-by-city economic and social development nationwide. The goal of the site is to showcase urgent needs and opportunities in major Haitian cities and towns, offer Haitian businesses technological solutions and provide a transparent system to accommodate financial contributions for each project. Leandre describes the site as the one place where people can access unbiased information about whatever is happening in the country.

"We hope to create enough businesses, enterprises and entrepreneurs so there is economic growth that is not tethered to the government or any NGO," Leandre says. Areas of focus include travel and tourism, agriculture, construction, telecommunications and service providers.

Much like Estrella, Leandre spends his days making the pitch for economic sustainability, but his horizon for change is far more incremental and long-term than hers. He attended the 2006 inauguration of Haitian President Rene Preval, and is cultivating relationships with officials in the government, USAID and other agencies. Recently he formed an advisory pact with a group of New York-based Haitian expatriates who have created a capital fund. Vyalex will advise the fund managers on consolidating risk and other factors as the group builds a resort in the long-suffering country.

In many ways, Leandre is starting from ground zero both literally and figuratively. Haiti's deforested landscape is just one crude manifestation of the economic and social devastation that has nearly destroyed the country. But he is not cowed by the challenges posed by political instability and ongoing violence.

"At Michigan, I attended a conference where [then-Dean] Joe White made the point that it's business, more so than government or any other force, that has the ability to bring about sustainable peace," Leandre says. "That stayed with me."

It was on a school-sponsored trip to Cuba that he and Estrella began their

dialogue about a shared vision to return to their roots and create an impact. Now that his classmate and friend is running the Dominican Stock Exchange, Leandre hopes to see that vision come to fruition. "The outstanding thing is that while I am on one end working to build an entrepreneurial class and sustainable job growth in Haiti, Darys is creating a mechanism to generate wealth, stimulate growth and allow those entrepreneurs to be successful," Leandre says.

When they first met at Michigan, Estrella and Leandre connected as scholars and parents, as friends and neighbors. Now they are connected as colleagues on a mission to invest not only in their nations, but in each other.

"We are both fiercely proud of our native roots and national identity," says Estrella. "This is something we supported each other in and never felt at a loss to promote. As people of privilege in the U.S., we were both acutely aware of how our experiences could someday translate to future resources and connections for our native countries. In sharing Hispañola, we shared mutual pride and admiration. Now that our paths have crossed, these commonalities are established and our friendship is sealed; this is an aspect of mutual support, unspoken understanding and respect upon which both of us can rely."

During a September 2007 visit to Estrella's home in Santo Domingo, there was little talk of business and politics. The economic challenges of their respective countries were put aside in favor of dinner and drinks, friends and family. And much like their personal bond, the ideal relationship between their two countries is one that is independent and sustainable for all of Hispañola, Estrella says.

"The futures of both countries cannot be bifurcated," she says. "Therefore, whenever possible, we must consider shared opportunities for future impact. It is a process that will take time. Yet, I am an optimist. At least Al and I are doing our part to try to make this possible."

Deborah Holdship

PHOTOS BY STEVE KUZMA

Read a full-length Q&A with Darys Estrella Mordán at www.bus.umich.edu/estrella

Selling for the Stars

ANDY ARVIDSON, BBA '89

"Lights, camera, action" is not a phrase one tends to hear in the order fulfillment business. "Pull, pack and ship" is more like it for this backstage player in the direct response industry.

But at Imagine Fulfillment Services (IFS), founded and owned by Andy Arvidson, BBA '89, things are about to change. Taking his latest cue from nearby Hollywood, the Torrance, California-based entrepreneur just launched IFS-Television. The new video production unit will create short- and long-form infomercials for clients who seek more from their fulfillment house than warehousing, distribution and billing of products sold online and on TV.

IFS, headquartered in close proximity to the port of Los Angeles, already offers clients innovative shipping options, real-time inventory tracking and financial management systems, data storage and analysis, online auction services and myriad other functions. Its 300 full-time employees serve clients ranging from major film studios and record companies to beauty mavens and fitness gurus. Some 200,000 items can be counted in the 300,000 square feet of space Arvidson has amassed since opening his first order fulfillment warehouse in 1997. There are wonder cookers, light sabers, miracle knives, steam cleaners and much more.

IFS' annual revenues hit $14.2 million in 2006. Now, with IFS-TV, Arvidson hopes to capitalize on a bold competitive edge in the direct marketing space.

Dividend: Tell me how IFS-TV came to be.
Arvidson: The city of Torrance did a documentary on my company to promote local business. I invited the crew to Response Expo, a major trade show for the direct response industry, to cover a big networking event I had organized. As we walked around the tradeshow floor, I saw how eager people were to be on camera and get video exposure for their products.

Dividend: How does IFS-TV fit into your fulfillment business?
Arvidson: It's an ideal way to get in the door. Normally, I would get a meeting, walk in and give my fulfillment pitch. Now I go in and state: "I own IFS-TV. I'm a supplier *and* a marketer. I'd like to interview you and do a spot about your product." People love it. And once they have a positive experience with me on the video side, I get the meeting for the fulfillment contract. I saw what a competitive advantage I could exercise if I developed this value-added part of the business.

Dividend: Give me an example of how a video production led to a fulfillment contract.
Arvidson: Lasik Spa in Los Angeles is a perfect example. I'd been talking to them over time, but now that I have the video side working, I said, "Let me create an infomercial for you." I produced a spot where I actually underwent the short outpatient procedure to repair my vision. The infomercial was unveiled on September 30 and airs on West Coast media and Internet outlets.

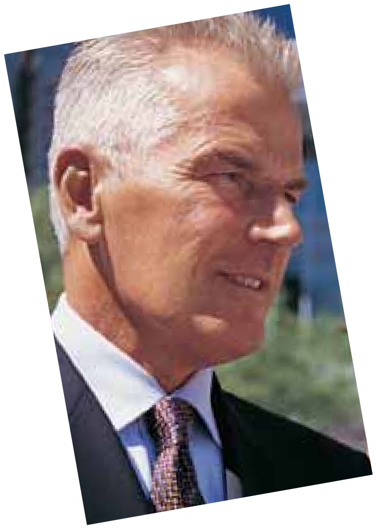
Dividend: Where does the fulfillment side come into the picture for a service like Lasik?
Arvidson: Lead generation. You are supplying qualified leads, not the actual procedure. People call an 800 number and that data is fed to the company's sales force. Major Fortune 500 companies are looking for additional revenue streams, and lead generation is a great one.

Dividend: Online auctions are another unique service you offer. And much like IFS-TV, that service came about in an unconventional way.
Arvidson: I learned the auction business about eight years ago when 20th Century Fox asked if I could sell television and movie props for them on eBay. I said, "I do not do that currently, but I will figure it out." As a result, we developed a system at IFS called Flippid.com. Since then, I formed a relationship with the Elizabeth Glaser Pediatric AIDS Foundation. I've auctioned off props from different Mark Burnett productions: *Survivor, The Contender, The Apprentice.* These are one-of-a-kind collectibles that can be fragile or oversized (like a contestant's torch from *Survivor*), and IFS has the expertise to crate and ship them at cost-effective prices. Since 2002, I've helped raise more than $1 million for the Pediatric AIDS Foundation through online auctions.

Dividend: I see you contribute to a lot of great charities in interesting ways.
Arvidson: The Wheelchair Foundation is a big cause in the direct response industry, and I created and executive produced the Inaugural Los Angeles Wheelchair Foundation Dinner at Trump National Grand Ballroom in Rancho Palos Verdes, California, in October. Creating these gala events is totally different from the order fulfillment world. I do this purposely to get out of my comfort zone so I can test my capabilities.

Dividend: It's ironic: for someone who is in the business of putting things in boxes, you think very much "outside the box."
Arvidson: At the Ross School, my focus was marketing, sales and business development. I always favored the classes that had simulations or put us into real-life experiences that forced us to be creative. In my business, clients have very high expectations, and the business is always changing and evolving. Michigan taught me to think critically, write effectively and—most important for me—to be creative.

Deborah Holdship



THE GREAT DIVIDE

AMERICANS' UNIQUE WORK WAYS SET THEM APART

As Americans expand their business interests throughout the world, they increasingly encounter different cultural norms and business practices. Sometimes subtle cultural differences sabotage business transactions. Ross professor Jeffrey Sanchez-Burks sees this as a cultural collision of incompatible perceptions of how business should be conducted. In his research, the assistant professor of management and organizations documents unique American work ways and investigates challenges to intercultural business relations in the global economy. His findings, discussed in the following Q&A, provide understanding of how culture shapes fundamental assumptions about business relationships, and the implications for intercultural organizational behavior.

Dividend: What makes the American workplace different from those in other industrialized societies?
Sanchez-Burks: In looking at intercultural business relations, we find the United States is somewhat of an anomaly—what Alexis de Tocqueville called *American Exceptionalism*—compared to Asian, European and Latin American societies, in terms of how we make sense of social-emotional aspects of work, and how this varies across the work/non-work divide. In the United States, it is more common to have a deep-seated belief that emotional and relational concerns play less of a role in the workplace than outside work. Americans take a more task-focused, rational approach on the job; although outside work, we're very social, emotional and relational. The tricky part is that we don't think of this difference as a cultural effect. Instead, we assume it's just the way you do business. As a result, we try to come up with explanations for why the Japanese pay so much attention to saving face and why the Italians are so emotional. Rarely do we look inward to try to explain the unique, rich traditions of American business practices.

Dividend: Why has America's business culture evolved this way?
Sanchez-Burks: German sociologist Max Weber and others have hypothesized, and our research has demonstrated to be true, that the early Calvinists left an imprint on Americans' approach to work. Although their imprint has lost its connection with religious ideology, it continues to this day for a number of reasons. First, when you put aside relationships at work, it allows you to do business with people, regardless of your connection to them. Your business transactions are not based on prior interpersonal history. You'll even do business with people you hate, and that opens up a host of opportunities. This approach is closely associated with the Protestant work ethic, which holds that work has value in itself. When you combine these two things, you get an image of what makes America unique in its approach to business.

Dividend: How does this cultural variation in relational attunement impact communications in international business transactions?
Sanchez-Burks: There's a widely held stereotype that East Asians are indirect and pay attention to saving face, while Americans are direct. However, in comparing Americans' and Asians' communications patterns of indirectness and directness, both at work and outside work, my colleague Fiona Lee and I found there was no difference in levels of indirectness between the two cultures when we asked people to think explicitly about communicating outside the workplace. The cultural divide became very substantial and significant when we compared the patterns in the workplace. This has two major implications. First, where cultures differ the most is in the context of work. That is really important because work is where people from different cultures are most likely to interact. Second, culture shouldn't be thought of as a personality. It depends upon the situation.

Dividend: What about trust?
Sanchez-Burks: In many parts of the world, cues of trust are based on cues that individuals pick up in an interpersonal context. Well, in the United States we don't have that context in business situations. So what do we do? It turns out we

Jeffrey Sanchez-Burks

rely more on contracts than trust, and turn to the courts when contractual agreements are violated. Where this gets tricky for Americans doing business in a global economy is that the legal system worldwide is not nearly as effective as the U.S. legal system, so there's not the same enforcement mechanism. This can put Americans who underappreciate cultural differences in work ways at a disadvantage.

Dividend: What about creativity and productivity?
Sanchez-Burks: It's really a double-edged sword. Being able to focus directly on the task provides many opportunities to get things done. Our latest research shows Americans have a very distinct optimism for being able to press on and succeed in a team, even when people hate each other. It's ironic, because all the published data suggest Americans are wrong—that teams actually do worse when they have relationship conflict. But we're starting to examine the possibility that this American optimism is a useful perspective for two reasons: First, people won't always be right about their predictions (of not being able to get along with others), and second, a team in which such optimism is shared among the group just might be able to prevail against the odds. Americans invoke this wonderful cultural expression, "let bygones be bygones." It is a very foreign concept to people abroad to say, in a task-focused way, let's put emotions aside. I think people from other cultures get a distorted view of us when they only do business with Americans but don't socialize with them outside work.

Dividend: Do you see a trend in the United States toward social isolation and a decrease in friendship ties between co-workers outside their work environment?
Sanchez-Burks: In other cultures, my colleagues Olenka Kacperczyk and Wayne Baker and I have found that the level of social-emotionality is more constant across the work/non-work divide than it is in the United States. To measure that divide, we looked at India, Poland and America to gauge how often people see their co-workers outside the workplace. Two interesting findings came to light. First, the United States is very low compared to India and Poland. Americans literally have two different social worlds and networks, one professional and another personal. They want some aspects of their life to remain separate from work. Second, this pattern of disconnection between professional and social lives in the United States is getting stronger over time. Yet, interestingly, Americans are working slightly fewer hours, marrying later and waiting to have kids. All the demographic features that would make it easier to interact with co-workers outside the workplace are moving in one direction, while Americans are moving in the opposite. One way of interpreting this is negative. Another way is positive—how refreshing to have a world of work and a separate private world.

Dividend: Is there a link to emotional energy?
Sanchez-Burks: We originally thought Americans would be more energized by maintaining two separate networks, which would be consistent with norms in the U.S. culture. As it turned out, that was not the case. Everybody we interviewed in the United States, India and Poland seemed to derive more energy from co-workers they see outside the workplace. So there's a cost to this strengthening pattern of isolation.

Dividend: Do Americans have to make major adjustments when they do business with people from other cultures or take job assignments overseas?
Sanchez-Burks: Again, I think it's a double-edged sword. There are aspects where Americans have a competitive advantage in a global economy, and there are aspects that can put them at a disadvantage if they are not prepared. Americans can have an advantage because they are more willing to do business with people quickly rather than waiting to build long-term relationships. On the other hand, Americans face a challenge in trying to understand what aspects of our approach to business are unique to our culture versus more universal. I've spent time with executives from Lufthansa, Swiss Air, Fujitsu, Panasonic and Deutsche Bank, and all of them had stories about doing business with Americans. Very few of those stories were flattering. These executives are a bit taken aback by Americans' inattention to the emotional and relational aspects of work. As a result, I think there's a lot that needs to be done to convince U.S. executives and American students how important this can be in a global economy.

Dividend: What adjustments must a foreign-company expatriate, global businessperson or immigrant make when starting work in an American firm?
Sanchez-Burks: In a recent research paper, my colleagues Emily Heaphy and Sue Ashford and I looked at how American culture shapes the way we judge other people's level of professionalism. Americans have a common expression, "act professional," which is a culturally loaded term because the words themselves are defined differently in other societies. In the United States, the phrase implies that an individual is behaving too much like he or she might outside the workplace. We found one way people violate this taboo is by talking about non-work matters or by having too many artifacts in their office that reference their personal life. Corporate recruiters told us they shied away from hiring individuals who indicated they would try to build rapport with a prospective client by making slight references to that client's personal life. It's very subtle. Ironically, even though an individual is trying to build rapport, it is best to begin with a polite impersonality and then adjust based on the individual and specific cues in the situation. Learning these nuances is important for students and businesspeople who come to the United States from abroad, if they want to succeed.

Dividend: What, if anything, can American companies, managers and workers themselves do to improve their satisfaction and effectiveness in cross-cultural business situations?
Sanchez-Burks: They can recognize the subtle ways in which culture contributes to the success and well-being of the relationships in the workplace. It's a diverse world, and Americans often become very frustrated in intercultural settings because they don't understand the fundamental differences between their work ways and those of people in other societies. Given our global economy, in which companies are dealing with suppliers and customers around the world, this is a ripe time to try to understand and map these cultural differences and to prepare for better coordination across these divides.

Claudia Capos

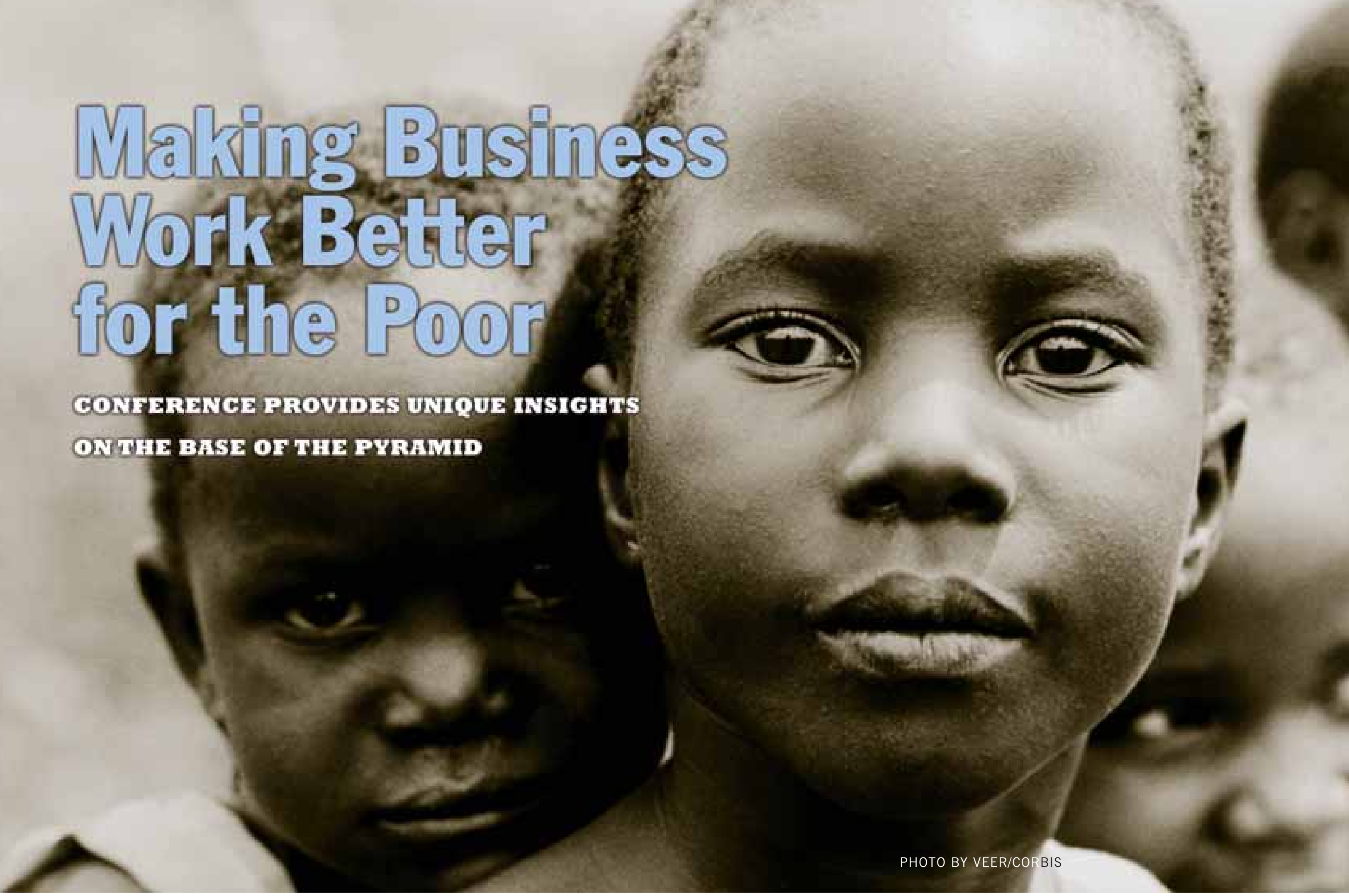


PHOTO BY VEER/CORBIS

Making Business Work Better for the Poor

CONFERENCE PROVIDES UNIQUE INSIGHTS ON THE BASE OF THE PYRAMID

It's said a picture paints a thousand words. Which is why Ted London used the same image of African schoolchildren to open and close the September conference "Business with Four Billion: Creating Mutual Value at the Base of the Pyramid."

London, a leading expert on the role and impact of market-based strategies on poverty alleviation, was eager to put a face (or four billion faces) on the world's poorest citizens—those who exist at the "base of the pyramid," or BoP. As director of the BoP Research Initiative at the William Davidson Institute (WDI) at the University of Michigan, he felt the picture would be a powerful reminder to conference attendees of what is at stake in BoP research and activity.

"Including these four billion people in the global capitalist system is perhaps one of society's greatest challenges," said London. "Our goal for the conference was to build on the growing global interest in venture-based strategies for serving the four billion poor at the base of the pyramid."

It's been a decade since noted Ross School of Business scholar C.K. Prahalad and fellow academic Stuart Hart of Cornell University first broke ground on the revolutionary school of thought centered on what they termed the "bottom of the pyramid." In short, the two proposed that innovative business strategies could serve and empower some four billion people who live on less than $2 per day, typically in developing countries. Instead of perceiving the poor as victims who can only be helped through donations, their theory holds that the poor are resilient and creative entrepreneurs who also are value-demanding suppliers and consumers.

In his research at WDI, London is pushing BoP thinking beyond Prahalad and Hart's foundational work toward the next significant phase: alleviating poverty. This was his primary goal in organizing the "Business with Four Billion" forum, which was held at the University of Michigan on September 9-11.

"WDI has taken a leadership role in exploring the unique dimensions of the BoP perspective on poverty alleviation," he said. "In particular, WDI's expertise lies in a deep understanding of the opportunities for implementing [the BoP per-

"Our goal for the conference was to build on the growing global interest in venture-based strategies for serving the four billion poor at the base of the pyramid."
—Ted London

Rob Katz of the World Resources Institute speaks with conference participants during a networking session.

> "Is globalization good or bad for the poor? That is the wrong formulation of the question. It should be, 'How do we make globalization work for the poor?' "
>
> **—C.K. Prahalad**

spective] in the field, an ability to evaluate the full range of poverty alleviation impacts of BoP ventures, and a collaborative approach to creating business models that incorporate the voices of those at the base of the pyramid."

The "Business with Four Billion" forum was co-hosted by WDI and the Center for Sustainable Global Enterprise at Cornell University. The event drew nearly 400 people from more than 30 countries and six continents. Attendees included business managers, policymakers, social entrepreneurs, academics, nonprofit experts and development agency professionals eager to explore ways in which BoP thinking could be used to alleviate poverty. Sponsors included the Ross School, the Frederick A. and Barbara M. Erb Institute for Global Sustainable Enterprise at U-M and Procter & Gamble.

Moving forward, London said, WDI will continue to pursue field-based collaborations, conferences and research partnerships to enhance the world's understanding of market-based approaches to alleviating poverty.

"That's WDI's niche," he said. "WDI and Ross have great competence in the business strategy of BoP with [Prahalad] and others. As a complement to that, WDI has expertise in this new poverty alleviation perspective. Our goal is to create and share new actionable knowledge that has immediate practical implications." Such activities will improve the capabilities of companies, nonprofits and development agencies at the base of the pyramid to understand and enhance the poverty alleviation implications of different types of business ventures, which is crucial in maximizing positive local outcomes, London noted.

Above left, Erik Simanis, co-director of the BoP Protocol Project, shares some standard practices in working at the base of the pyramid.

Above middle, a conference attendee promotes an innovative product designed to improve the quality of life for the poor.

Above far right, BoP conference attendees observe the demonstration of a clean water product.

Forward movement to maximize positive outcomes is critical, agreed Prahalad, the Paul and Ruth McCracken Distinguished University Professor of Strategy at Ross and a WDI Distinguished Fellow. But while hastening progress to alleviate poverty is important, he warned that the industry can only do so "if we know where we are going." For example, Prahalad cited a subtle way in which the rephrasing of a common question could redirect policy for BoP strategists.

"Is globalization good or bad for the poor?" he asked, touching on a timely topic. "That is the wrong formulation of the question. It should be, 'How do we make globalization work for the poor?' "

Although there are "no universal solutions" to moving people out of poverty, Prahalad challenged attendees to innovate

within the confines of multilateral aid agencies and NGOs to create ways in which globalization can benefit everyone. Companies that have applied BoP thinking in emerging markets (or are thinking about doing so) include SC Johnson & Son, Unilever, CEMEX, DuPont and Procter & Gamble, among others.

Prahalad also outlined a few issues that should inform forthcoming BoP efforts, including increased income, income inequality and income mobility.

The primary focus should be on how we move people out of abject poverty and deal with income inequality, he said.

Noting a rapid shift of people away from abject poverty in the past decade, Prahalad said BoP proponents should begin focusing on price-performance forces and the environmental implications of poverty alleviation.

He was just one of several high-profile speakers lending expertise to the "Business with Four Billion" conference. Other key speakers included: Hart, who is the Samuel C. Johnson Chair in Sustainable Global Enterprise at Cornell University and a distinguished scholar of WDI; Kobus De Klerk, global lead, the Solae Company; Helene Gayle, president and CEO, CARE USA; Al Hammond, vice president, World Resources Institute; Scott E. Johnson, vice president, SC Johnson & Son; Luis Alberto Moreno, president, Inter-American Development Bank; Carter Roberts, president and CEO, World Wildlife Fund; and Timothy Mahoney, director of the Office of Poverty Reduction, USAID.

Each specialist shed light on issues that organizations interested in operating at the BoP must consider, including cultivating a deeper awareness of the landscape at the base of the pyramid, evaluating the development implications of a BoP approach to poverty alleviation and developing new organizational capabilities needed for successful BoP ventures.

Hart noted that in moving forward, adherents of BoP will have to address the following four concerns:

- Can the planet handle it?
- What's in it for the poor?
- Are corporations up to the challenge?
- Can BoP be an antidote to terrorism?

"BoP is the innovation opportunity of the century for sustainable technology," said Hart, who is on sabbatical this year at WDI and the Erb Institute.

The conference closed with a pledge to keep the discussion going well into the future. Robert Kennedy, WDI executive director, said he sensed less tension among the different sectors than he did three years ago at the last BoP conference in San Francisco. "I believe there is a sense of community here," he said. Kennedy urged the group to maintain a regular, ongoing forum that encourages collaboration among different economic, cultural and religious sectors.

"We need to have a better understanding of what's unique about a BoP approach to poverty alleviation compared to other strategies," London noted. The "Business with Four Billion" conference was an important step in reaching that understanding. "At the conference, we had an explicit set of questions on this issue and folks were diving into it," he said.

Future MBA candidates who are interested in the field will benefit from the competitive edge Ross and WDI have to offer, London concluded.

Videos of the conference speakers, along with their presentation slides, are available at www.bop2007.org.

Dan Shine

www.bop2007.org

A Merger of Equals

After 60 Years, Two Business School Alumni Get Back Together

Molly Winokur and Bernie Kozel dressed for a night on the town, circa 1941

In the fall of 1941, a young woman from Detroit and a young man from Rochester, New York, shared a few dances in Ann Arbor, unaware of how, more than half a century later, chance would reunite them.

Just months before the Japanese attack on Pearl Harbor, the University of Michigan campus was roiling with anxious anticipation about the war in Europe even as students danced in the Michigan Union to the big-band sounds of Woody Herman, Tommy Dorsey and Glenn Miller. At 17, Molly Winokur had just transferred to Michigan from Highland Park Junior College to begin her sophomore year when she was introduced to Bernard Kozel by his cousin from Detroit. She was considerably younger than Bernie, having graduated two years ahead of her class at Detroit's Central High School. Her parents had insisted the 16-year-old attend junior college for one year before enrolling at Michigan. "Going to the University of Michigan was everybody's dream," she recalls. "Michigan was a prestigious school, and I was lucky to get in."

Bernie was a member of Kappa Nu fraternity and, Molly remembers, "a great dancer." He grew up in Rochester, New York, where his father, a self-educated Russian immigrant, ran a scrap-metal business. During high school, Bernie was an all-around athlete, who was more focused on his sports activities than on his studies. "My friend's sister graduated from Michigan and highly recommended the school," Bernie says. "So my friend and I applied and were accepted. I was on a combined curriculum in the College of Literature, Science and the Arts and the Business School, which would have enabled me to get an MBA in five years."

Bernie's first impression of Molly stayed with him. "She was extremely good looking and also a very clever woman," he laughs. "We had very good times together."

The war, however, put a limit on those good times. Like many Michigan students, Bernie enlisted in the U.S. Army. In his senior year, he was called for duty, just 11 hours short of completing his bachelor's degree. "All of a sudden," Molly recalls, "Bernie was gone. Off to war. I always wondered about him, but he never wrote to me, probably because he had a girlfriend back in Rochester."

The war changed Molly's trajectory as well. She had intended to major in history, but changed her mind after her father allowed her brother, Jack, to join the U.S. Army Air Forces as a pilot before he turned 21. "I worried that my brother might be killed, so I decided to enter the Business School in case my Dad needed my help to run our family heating and air-conditioning business, A. Winokur Co., in Detroit," she says. Two years later, Jack was shot down over the South Pacific.

In her junior year, Molly transferred from the College of LS&A to the Business School, where she was one of three women in the 1944 graduating class. "I also worked on the *Michigan Daily,* and, because many of the fellows had gone off to war, I became the advertising manager. The next year, I became the *Daily's* first female business manager, which augmented my experience in Business School." She encountered no problems as a woman in a traditionally male educational stronghold. "Don't forget, there was a war on, and we all did what we had to do," she remarks. "I never felt I was being segregated because I was a girl. I was just one of the boys." Molly majored in economics with a minor in psychology, and took the full regimen of required

Bernie's first impression of Molly stayed with him. "She was extremely good looking and also a very clever woman. We had very good times together."

Student dance at the Michigan Union ballroom in the early 1940s (photo courtesy of Bentley Historical Library)

business courses, as well as complementary classes at the College of Engineering.

She also maintained an active social life on campus, volunteering for the USO and holding sorority parties for soldiers and sailors who attended on-campus officer-training programs. "There were four men to every girl, and I sometimes had four or five invites for dates on weekends," she chuckles. "I worked on the Junior Hop and was a founder and vice president of Sigma Delta Tau sorority's U-M campus chapter."

While Molly remained at Michigan, Bernie was selected initially by the Army to study Spanish at the University of Wyoming with fellow recruits in preparation for the occupation of Western Europe. He later applied those credits to his Michigan degree program and officially received his bachelor of arts degree in 1961. Bernie's Army career did not go quite the way he anticipated. "The Army decided it didn't need us in Europe. So instead of getting a commission, I was stuck in the infantry carrying a Browning automatic rifle." He was moved to California, where troops were preparing for the invasion of Japan, and then to Georgia for infantry-officer training. After he received his commission as a lieutenant, Bernie was shipped overseas to the Philippine Islands. Later, during the post-surrender occupation, he was stationed in Japan for 12 months. "I was in charge of a 30-mile-radius area around camp where we had to destroy Japanese war materials and return civilian items to the Japanese," he says. "My University of Michigan business training enabled me to be an effective problem solver and decision maker."

"Don't forget, there was a war on, and we all did what we had to do. I never felt I was being segregated because I was a girl. I was just one of the boys."

After he was discharged from the Army, Bernie returned to Rochester in 1946 and went into business. "My father said, 'You're too well-educated to get involved in the scrap business.' So we formed a structural-steel contracting firm called J. Kozel & Son, and I ran the company." Bernie married his hometown girlfriend, Ann Levin, in December 1947. Business flourished, and their family grew with the birth of two children.

In 1957, Bernie bought Kayex Corp., which manufactured machinery to produce crystal wafers for the semiconductor industry. He headed the firm until 1981, when General Signal Corp. bought it, leaving him with a pool of cash. "I didn't want to retire, so I went into venture-capital investment where I could apply my business skills and experience to help the local economy," Bernie explains. "Starting with modest funds, my partner and I made investments in 26 to 30 companies, and I'm still active on the boards of four of them." At its peak, their VC firm, KG Capital Corporation, had several million dollars under management and succeeded in creating many new jobs in the Rochester area. "We learned the trade quickly and did very well."

After Molly earned her BBA in 1944, she landed a job with a small fashion-advertising agency in Detroit for a salary of $25 per week. Three months later, she was hired as a copywriter at Federal Department Stores for $55 per week. Her next move was to Federal's subsidiary, Goodwin's, where she was promoted to advertising manager for $110 a week, a hefty sum in those days for a 21-year-old woman. "It would never have happened if the guys were around," Molly observes. A year later, two friends suggested starting their own advertising agency, called Winston Cooper. She jumped at the chance. Each woman borrowed $500 from her parents, and together they opened an office in the Charlevoix

Tappan Hall, the Business School's home in the early 1940s (photo courtesy of Bentley Historical Library)

building in downtown Detroit. "What did we know? It was fun for us!" Molly exclaims. Eventually, all three partners got married, and, after two moved away, Molly was left running the business with several employees. When advertising magnate Wilfred B. Doner, the founder of W.B. Doner & Co., made her an "offer I couldn't refuse" in 1949 to become an account executive, she turned the home-grown business over to her staff and joined the larger Detroit firm.

Molly's first husband, Milton Zimmerman, a division manager for Columbia Pictures, had his own ideas about his wife's career plans, however. "He said it was okay if I worked, as long as I didn't wear a hat and act like a tough woman buyer— and as long as I was home for dinner," she remembers. "When I told my father I was getting married and wanted to work, he said, 'What do you mean you're going to work? Let your husband take care of you.'"

Carving out a successful career as a woman in the late 1940s, when so many war veterans were returning to the workforce, proved tougher than Molly anticipated. When she became pregnant with the first of her two children, she was told by Doner & Co. that she could "only stay until I showed." In the advertising business, she faced increasing resentment over the size of her paycheck. One controller commented: "You know, you're taking this salary away from a man who is the head of a household."

In 1950, Molly's father died. She took control of A. Winokur Co. and ran the family business for four years. "I found a couple of ways to improve the equipment-installation process, but my employees resisted because these changes eliminated time on the job," explains Molly, who was then 26 and the mother of a young baby. "I had to fire the shop steward because he wasn't obeying instructions." The morning after the firing, she was greeted at the shop by a sullen-faced crew that demanded she reinstate their shop steward. Molly stuck to her decision, and later hired a new foreman who ran the operations according to her specifications.

After selling her family's company, Molly resumed her career in advertising. She launched several successful business ventures, among them Molly Zimmerman & Associates in Chicago, which started in a small office on chic Michigan Avenue and became the premier fashion-advertising boutique in the Windy City. "I only hired women, because I had been discriminated against," she says. "Women pay more attention to detail, and are more persevering and dedicated to their jobs. I believed in flexible hours, because I knew there was a lot of talent among women with children who could only work part-time."

In 1970, Molly's husband Milton died suddenly. A year later, the young widow met John Foreman, a businessman and well-known sportsman, and they married in 1972. Just three years into that marriage, John sold his clothing-manufacturing firm to a company in Cincinnati, and the Foremans moved there in 1975. Molly was told by her husband that the ladies in their social circle did not work, and that if she wanted to work, she shouldn't talk about it. With that in mind, she pursued freelance jobs, writing copy for a major Cincinnati advertising firm and producing a catalog for Palm Beach Clothes, a nationally known men's clothing company. She never discussed her career or jobs with her friends.

In 1980, the Foremans moved to Boca Raton, Florida. "I was going to retire, travel with my husband, watch him play in senior tennis tournaments and have fun," Molly says. Then her daughter, Amy Jo, and her new husband moved to Boca, intending to open an advertising firm. "They asked me to join them. I said I would rather not." But Molly relented. After working with them for three years, she opened a sister public relations company, Foreman & Associates, and in time the all-woman agency became the 12th largest in southeast Florida. By the early 1980s, men's attitudes toward women had changed. "It was like day and night," Molly remarks. "Men were much more respectful and actually listened to what you had to say." In 1986, the 14th year of their marriage, John was stricken with pancreatic cancer and died.

> "We're soulmates, and we just picked up where we left off. It seemed like it was meant to be. He's a great guy and filled a void in my life."

The story of Molly Foreman and Bernie Kozel might have ended there, if Molly hadn't taken up duplicate bridge in retirement. "I was sitting at the bridge table one day in 2001, and another player said he was from Rochester, New York. I mentioned a couple of people, including Bernie, whom I'd gone to school with. The bridge player told me Bernie had a vacation house down in Boca, and I

thought, well, maybe we could get together someday." Molly called Bernie's Rochester office, and the two met for coffee in February 2002 during one of his Florida visits. They continued their friendship, and a year and a half later, following the death of his wife who had been suffering from Alzheimer's disease, Bernie popped the question to Molly. She remembers: "We were at Bernie's home in Rochester, and he said, 'I can't imagine being here any longer without you.' I asked, does that mean you want to marry me? He said yes." They married in July 2005, 64 years after their first meeting at Michigan.

Now in their 80s, Molly and Bernie reside in a country-club condominium community in Boca Raton. "We're soulmates, and we just picked up where we left off," Molly remarks. "It seemed like it was meant to be. He's a great guy and filled a void in my life." Says Bernie: "We did hit it off right away. She had a good understanding of what I was doing in my business. Fortunately, we got together again. It was a real break for me, and things are going well for us."

Last year, Bernie sold his house in Rochester and became a permanent Florida resident. The couple summers in Rochester, now in a rental apartment, so Bernie can remain active on the boards of his venture-capital portfolio companies. He is learning the new rules of bridge "with the guys" and plays socially with Molly. Although a back injury has curtailed his golf game, Bernie hopes to be out on the tee hitting a few balls again soon. "We enjoy watching football, basketball and tennis on television together," Molly says. "Bernie explains what's happening to me because he always has been involved with sports." She uses her hyphenated last name, Foreman-Kozel, in Florida "so my friends will still know who I am," and continues to do *pro bono* work for the Boca Raton Symphonia and the Memorial Art Gallery in Rochester.

Bernie and Molly also remain avid U-M football fans and loyal supporters of the University. Recently, they gifted $200,000 to the Ross School, which will be matched by the University, to establish the Bernard and Molly Foreman-Kozel Scholarship Fund for business students. "It thrills me to see how Michigan has grown and progressed over the past 60 years, particularly the Business School," Molly says. "I believe the future of America lies in education. We both benefited from our education at Michigan, and whatever we can do to help young people achieve higher education will be good for them too."

Claudia Capos

Company B-4 entering the Michigan Union at "chow time" (photo courtesy of Bentley Historical Library)

Bernie and Molly together again after more than 60 years

LISTEN BEFORE YOU LEAD

When legendary Wolverines football coach Bo Schembechler passed away in November 2006, it was as though he took a bit of the University of Michigan with him. For three decades, Schembechler infused college football with his boisterous passion and endearing ferocity. Often described as the consummate coach's coach, Schembechler combined a remarkable technical command of the game with a leadership style that helped make him one of the winningest coaches in college football history (234-65-8). *Bo's Lasting Lessons: The Legendary Coach Teaches the Timeless Fundamentals of Leadership* (Grand Central Publishing) breathes life into this lovably gruff, no-nonsense character through a first-person, common-sense approach to leadership that will appeal to sports and non-sports fans alike. An excerpt of the book, co-authored by Schembechler and John U. Bacon, follows.

U-M ATHLETIC DEPT./BOB KALMBACH

Look, I am fully aware that my public image is—how can I put this?—that of a cantankerous guy who rants up and down the sidelines screaming at people and smashing headsets. But that's what you saw on Saturday—although that's also pretty much how I acted at practice during the week too.

But what you didn't see was how we talked to each other during the week—my coaches, my players, my staff. I'm telling you right now: You CANNOT be a leader unless you like people! You've got to spend time with them, so you know them. You've got to be interested in who they are, what they do away from the job and how they think.

If you do not like people, you will not take the time to get to know them; and if you don't get to know them, you will have no idea what scares them, what inspires them, what motivates them. If you don't listen to what your people have to say, you will not know when they have a problem with you—and you will not know when you have a problem with them either.

My players listened to me for one very simple reason: *I listened to them!*

Without that, they really have no reason to respect you, and they will not follow you. Because they know you really don't care.

When I was head coach at Miami of Ohio in the 1960s, I went up to see the great Green Bay Packers in summer practice. They had already won five NFL titles, three in a row. They were awesome, and I loved the way they played the game.

I'm standing there in the locker room talking to Coach Vince Lombardi when his quarterback, Bart Starr, walks up to him with his playbook and says, "I've been thinking about this, Coach, and for this reason and that reason, I think this is the way we ought to run this play next time."

Now, I'm just some young college coach watching this, and I'm leaning in, trying to hear every word, waiting to see what Lombardi's going to do. This is the best coach in the league—maybe the best there ever was—and he was one tough son of a gun, probably the toughest. You did not want to cross Vince Lombardi. So I had to wonder: Is the old man going to blow his stack?

But Lombardi says—and I'll never forget this—"You know what, Bart? I think you're right. Let's do it that way."

I was surprised—but I saw it happen, right before my eyes. There Lombardi was, looking right at Starr—listening, not interrupting—and then agreeing. The great Vince Lombardi telling his quarterback, "We're going to do it your way."

Holy smokes!

At the Packers' training table that night, I had to ask Lombardi about that exchange. I think he probably knew I was going to ask, and he was ready. "You want to be stern with your players and make sure they're doing things the way you want them done. But sometimes they have a better idea. And if they have one, you ought to listen. Bart's a smart guy and a great quarterback, so if he has a better way, you don't want him to shut up and keep it to himself, because then he's demoralized—and you're missing out on a great idea."

Lombardi was as gruff and tough as they came. But you can't tell me he didn't care about those guys. It was *obvious!* He clearly had a special relationship with his players, and that's why his methods worked.

Now I've never seen a great team where the players are running the program, but there are times a player might tell me, "Coach, I could do a better job if we did it this way." And you look at him and say, "You know what? I think you're right." Now when he gets back on the field, *that* is going to be one motivated guy!

Write this down: *You cannot lead if you cannot listen.* Even if you're doing *everything else right,* if one of your people comes to you with a good idea—or a personal problem—and it just goes in one ear and out the other, YOU WILL FAIL.

I spend a lot of my time listening to my coaches, my players, my support staff. And they spend a lot of their day listening to each other too. If you can't listen—or you won't listen—you can't work for me.

In my 21 years at Michigan, I had to let only one assistant coach go. This guy had played for Michigan, and he was a bright, likable fellow, but he just didn't listen—not to me, not to his colleagues, not to his players—and it did him in.

I remember one day when one of his players came to me with a football question, and I told him the first person you need to talk to is your position coach, and only after that can you come to me. That was our policy, established on Day One. But I knew right then, as soon as that player left my office to go talk with this particular assistant, that the coach was going to do all the talking, and the player was going to do all the listening. And that kid was going to come out of that meeting and say, "He didn't listen to a word I said. He doesn't understand my problem."

And right there, you've lost him. You've lost him! Why is a player going to bust his butt for a coach like that?

After this happened a few more times, I called this assistant coach into my office. I sat him down right in front of my desk, and I told him flat out: "Your problem is you talk, talk, talk—and you don't listen!" And you know what happened? Everything *I* was saying to him was just going in one ear and out the other! He wasn't even listening to *me!*

At that point, I realized this coach had to go, and he did. He hasn't succeeded anywhere else since then either. And I know why. If you don't listen to the person talking to you, then you've sent that person a clear message that you don't need him. And they know this. I don't care how tough your people are—and I don't think people come too much tougher than the coaches and players and staffers we had here at Michigan—they need to know you care. You need to show them—because you're not going to fool them.

It's one thing to listen to a good idea from your star quarterback. It's another thing to listen with just as much interest to the problems of a walk-on. When someone—*anyone*—in our program had a problem, I wanted to know about it. And I wanted to do something about it too.

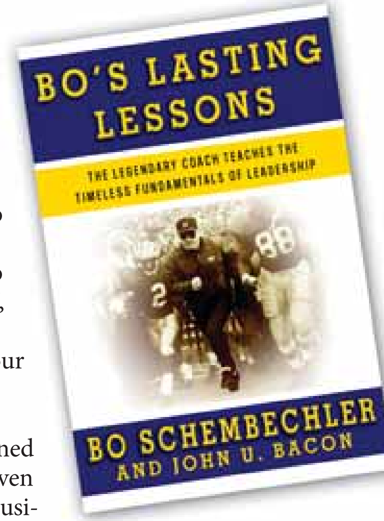
So I had a hard-and-fast policy: Any player who needed to see me, *at any time,* could. That simple. If he's wearing Maize and Blue, he's a Wolverine, he's one of mine and he's welcome to call me or see me anytime he needs to, day or night. To this day.

Is it easy? Not always. We're pretty busy! And these guys know that the most valuable thing I've got is my time, the scarcest resource I have to spend. But if they've got the guts to come down and pull me out of a meeting, it must be pretty important to them. Something must be eating them up. So I owe 'em that much, at least.

If you think that's foolish, then think about what would happen if I *didn't* have that policy. If a guy comes down to see me because he's eating his heart out over something, and my secretary says, "Bo's in a meeting right now. Can you come back tomorrow?" Well, that guy probably ain't coming back. He'll lose his nerve, and then his problem—whatever it is—isn't going to get solved, and it'll start festering inside him. And I'll lose him.

That doesn't mean there aren't limits. If the same guy keeps coming down to see me for every little thing, I might say, "Hey, you've been here five times for the same thing. You're becoming a pain in the neck! What is it *this* time?"

But the policy works. You just can't delegate something like that. If they need to talk to you, they need to talk to YOU, not your assistant or your secretary or anyone else.



I maintained this policy even during the busiest times of the year, which for us were the Tuesday and Wednesday coaches meetings during game weeks. That's when we put the entire game plan together by going over tape, poring over our stats and our opponents' stats, and debating what we're going to do, who we're going to start, what plays we're going to call. If I was in one of these staff meetings, my secretaries knew, if the president of the University calls, take a message. If the president of the United States calls—I'll call him back. (And I'm not kidding!) But if one of my players comes down to see me, for any reason, I am *always* to be interrupted. I'm sorry, folks, but you just can't build a team if you don't know your people; and when the chips are down for them, that's when they need you most.

It's October 1975. We've got five wins, two ties and no losses; we're ranked seventh in the nation and we're getting ready to play our seventh game of the year against Minnesota for the Little Brown Jug.

Jimmy Hackett was a junior on that team. His dad, Bill Hackett, was a great All-American guard at Ohio State in the late 1940s. Jimmy's brother played for the Bucks against us in 1969, but (Coach) Woody (Hayes) didn't want Jimmy. Didn't offer him anything. But I liked his attitude, so we gave him a full scholarship to come to Michigan.

Schembechler with his two captains from 1970, Henry Hill (left) and Don Moorehead (right) (Bentley Historical Library)

> "If I was in one of these staff meetings, my secretaries knew, if the president of the University calls, take a message. If the president of the United States calls—I'll call him back. (And I'm not kidding!) But if one of my players comes down to see me, for any reason, I am always to be interrupted."

Jimmy wasn't fast enough to play linebacker for us. Who ranked ahead of him? Just about every linebacker on the team, including All-Americans like Calvin O'Neal and John Anderson. We were loaded at linebacker! So Jimmy moved to center, where he wasn't *big* enough. We were loaded there too, with Jim Czirr and Walt Downing and George Lilja—three All-Big Ten centers, two of them All-Americans.

So where does Jimmy fit in? Hard to say, but Jimmy had the kind of determination we loved, and he never missed a practice. But by his junior year he was getting his doubts. He wasn't sure where he stood on the team, if he was really making a contribution, or even if he was ever going to be able to make one someday down the road. This was really getting to him, so he walked down State Street to see me, to make sure that he wasn't wasting his time. Jimmy wanted to play *so* badly; the least you can do with someone like that, someone who's sacrificed so much for the team, is to give him some of your time.

Jimmy came down on a Tuesday morning when all the coaches were with me in the conference room with the projector running, and all of us talking and arguing and doing all the things we do to make sure we've gone over absolutely everything before Saturday. In the middle of all this, I see Jimmy through the window, talking to my secretary, Lynn Koch. When a player came to see me, all he had to say was, "I am here to see Bo." Lynn was great because she never made them feel bad for asking, and she never asked them why either. She just said, "Hey, Jimmy. I'll get him for you."

When Lynn stuck her head in the door and told me Hackett's outside, I came right out to see him. Jimmy was no malcontent, so I knew this wasn't easy for him, pulling me out of a meeting like that. I asked him what was on his mind, and Jimmy reminded me that he hadn't missed a practice in three years—something I knew already, because we kept track of those things—and he told me he felt he had improved, and he knew he could be a starter on almost any other Big Ten team that year. All that was true, and I knew it.

At left, Bo with his friend President Gerald R. Ford, '35, who played center on the U-M football team in the 1930s and was voted Most Valuable Player (Bentley Historical Library)

Now, when a guy like Hackett screws up his courage like that just to talk to you, you listen intently. You *never* look at your watch or gaze out the window or glance back at the meeting room to see what's going on. You listen. You LISTEN!

When I was sure he was done, I looked him straight in the eye and said, "Jimmy, I know how you feel." Because I did. I'd been in his shoes. But that didn't mean I was going to give him a bunch of bull just to make him feel better. I intended to tell him the truth—because you have to. You owe him that too. So I made it very clear what was keeping him from being a starter—a lack of size and speed, mainly, plus the incredible competition he was facing at his position. But I also told him I knew he hadn't missed a practice, I knew how hard he was working, and that all his coaches saw it, and all his teammates saw it too, and we all respected him for it. And most important, he was the best demo team center in the nation. I wasn't kidding. No one did a better job of getting our defense ready for the next game than Jimmy Hackett. And that was the truth.

Jimmy listened to me. When I was done, he wasn't despondent. He had some hope in his heart and the clear impression that he was contributing something important to this team. He needed to see that his value to the team wasn't just about how talented he was, but about how hard he worked. He realized he was playing an important part on a great team, at an outstanding university. Jimmy never missed a practice his entire career, and after that meeting he never felt he had to see me again to have his value confirmed. He knew what he was giving us—and perhaps just as important, that day, was that he knew we knew it too.

Hackett shook my hand, and he headed back up the hill to class.

I'd like to tell you Jimmy got in the next game, and that we creamed Minnesota like we were supposed to, but none of that happened. Jimmy didn't get in, and we narrowly pulled out a fourth-quarter victory over an unranked Minnesota team, 28–21. Not our best effort.

Did my meeting with Hackett have anything to do with our team not playing our best that day? Hell no! If I can't spend 15 minutes with one of our hardest-working players and still get the team ready to play on Saturday, then I must not be a very good coach. No, we didn't have a great game, but it wasn't because of Jimmy Hackett, I can tell you that.

Years later, Jimmy told me he learned a lot from that meeting, that you can have a tremendous impact as a leader just by taking a little time. Your people have to know that their value to you and your organization is not determined just by what they *do,* but by who they *are.* I can't make it any clearer than that.

Today, Jimmy Hackett is the CEO of Steelcase in Grand Rapids, Michigan, number one in its field. Hackett's policy at Steelcase is the same policy I had at Michigan: Anybody who wants to talk with him can do it, from the custodians to the vice presidents. But I told him, "Jimmy, that's impossible. I had 125 players, but you've got 14,000 employees! You can't do that!"

"You're right, Bo. The odds of me seeing everyone in this organization in my lifetime are pretty slim. But Bo, you didn't meet with every one of us every week either. That wasn't the point. All of us knew that if we felt we had to see you, we could. *That* was the point. My employees don't come to see me that often, but they know they can. So if they feel they have to come talk to me, it's probably pretty important to them, and they know I'll make time."

Then he told me something else that made a lot of sense to me.

"I sit in this office building over here, and they're working in that factory over there. If I wanted to be walled off, it'd be easy to avoid them. But if you want to know what's going on with the rank and file, you'd better *talk* to the rank and file. I learn more about how to run this company from the people who actually do the work than from all my vice presidents put together. My VPs don't want to tell me bad news, but the guys on the line aren't scared. They want me to know. So you've got to stay in touch."

Now that's just as true in business—*any* business—as it is in coaching.

Keep in mind, if you're the leader, your supervisors don't want you to worry about their divisions. So where are you going to get the truth? The guy on the line probably isn't shooting for your job, so he doesn't have much incentive to hide the truth. He'll tell you!

Dave Brandon, who played for me a few years before Hackett did, rose to become the CEO of Domino's Pizza. And

"I always tried to help the refs every chance I could," Schembechler once said. "And they always appreciated it." (U-M Athletic Department)

he says it's the same thing at his company, even with 145,000 employees. If you send him an e-mail at midnight, you're likely to have your answer before you wake up the next morning. I don't know how he does it, but he does.

To this day my former players come back—in their 30s and 40s and 50s now—to see me in my office at the football building, and it's the same thing. They've got a problem, they need some help. Could be their jobs, their wives, their kids, maybe they're going through some tough times of their own—whatever. But if they feel the need to come down here and see me, it must be important.

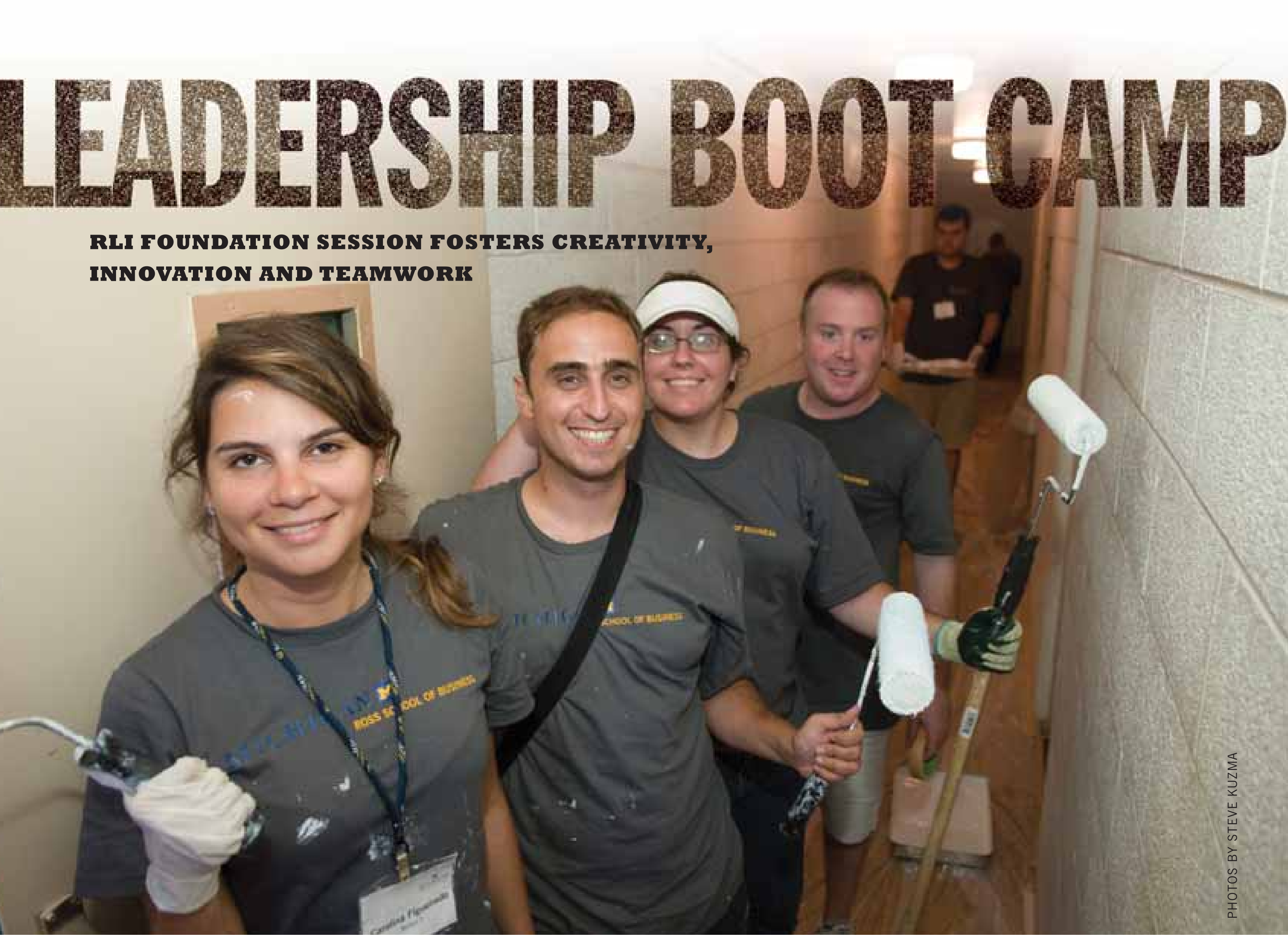
If you can help someone with a little attention, don't you think you should do that? And the answer is yes, of course you should. That's got nothing to do with football. That's just doing what's right. And that's what leaders do.

These days, though, most of the time they're just coming down here to tell me the success stories, how all those things we were yelling at them years ago have finally sunk in—or just to shoot the breeze and tell some old stories.

If you listen long enough, you get to hear the good news too.

LEADERSHIP BOOT CAMP

RLI FOUNDATION SESSION FOSTERS CREATIVITY, INNOVATION AND TEAMWORK



PHOTOS BY STEVE KUZMA

MBA students give the walls a fresh coat of paint at Matrix Human Services.

Sid Karri, a first-year MBA student at the Ross School of Business, arrived in late August for the start of the Ross Leadership Initiative (RLI) Foundation Session, eager to jump in with both feet. Like most of the other 430 incoming MBAs, he planned to hone his leadership skills while forging relationships with his new classmates. What he didn't plan to do was chop zucchini, write a "mockumentary" or demolish an urban building. But so began his six days of leadership discovery.

"RLI exposes students to the latest thinking about leadership and builds skills in teamwork, creativity and innovation," says Sue Ashford, associate dean for leadership programming and the Executive MBA Program. "Our goal is to prepare students to lead globally diverse teams, consider the role of business in society and build organizational cultures that foster innovation." Ashford was assisted by Graham Mercer, assistant dean, strategic planning and special projects, and Ali Waggener Boyd, program research assistant, with input from Ross faculty members and an elected student advisory board, in designing and developing the ambitious 2007 RLI Foundation Session.

The Foundation Session is the first rung on the RLI ladder. As its name implies, it lays the groundwork and opens doors to the possibilities of what can be accomplished in the 20 months MBA students will spend at Ross. Real-world scenarios develop and test students' leadership capabilities in a real-time context. Formative action-based experiences encourage them to apply the analytical skills brought forth in the management curriculum.

SWINGING SLEDGEHAMMERS

The 2007 leadership boot camp, held August 23-29 before fall classes began, immersed MBA students in mental and physical challenges designed to enhance communication, spark imagination and bolster leadership skills. In addition to classroom discussions and high-level lectures, the participants engaged in sledgehammer swinging, skillful storytelling and creative cooking.

The week-long initiative started outdoors with physical challenges that introduced a model for team effectiveness. Next, renowned screenwriting coach Robert McKee demonstrated how the art of storytelling can influence interaction with employees, clients and colleagues. Using an overhead projector and handwritten notes, McKee challenged the "PowerPoint generation" to utilize more effective verbal communication in future business dealings.

In a writing workshop, McKee critiqued versions of the same story written by different student teams. Although he initially found flaws in virtually every attempt, McKee shared ways that each story could be improved.

"He was brutal, and his delivery may have been a bit unusual, but the message was important," said Amaresh Mohan, a member of the Section 2 team. "However, I believe that we shouldn't have to choose between storytelling and technology to communicate our message. We should use both."

During a session titled "Innovation Boot Camp," Jeff DeGraff, a Ross faculty member and the author of *Leading Innovation: How to Jump Start Your Organization's Growth Engine,* highlighted the importance creativity plays in helping companies overcome today's challenges.

Karri and his section mates worked with DeGraff on specific techniques to stimulate original thinking. "It was during this classroom session and others like it that I came to know my section mates better," says Karri, who plans to pursue a career in strategic consulting with a multinational company. "We had the chance to discuss issues and to learn about each other's personalities and leadership characteristics."

GRILLING FOR GLORY

Part two of the "Lead as Innovator" day featured a surprise challenge of colossal proportions. Ashford designed an elaborate, well-orchestrated food preparation and presentation competition inspired by television's *Iron Chef.* Students were given two hours, with no advance warning, to prepare a meal and entertainment for more than 400 people.

Special consultants from the Food Network and the University of Michigan catering staff joined the contestants under large tents at Palmer Field. The outdoor "Grill for Glory," held amidst the stormy backdrop of Michigan's ever-changing weather patterns, prompted Dean Robert J. Dolan to remark on the organizers' courage: "No one can say that we don't take risks."

> "RLI exposes students to the latest thinking about leadership and builds skills in teamwork, creativity and innovation."
>
> —SUE ASHFORD

Above, MBA students discuss strategies for leading innovation.

At right, a Grilling for Glory team prepares fruit kabobs.

Each challenge was judged by a panel of business and culinary experts, including Dean Dolan. Before the cook-off began, Marc Weatherill of Section 6 asked the Dean what kind of food he prefers, choosing to focus the team's efforts on the preferences of a VIP judge. "The taste has to be acceptable, but I'm big on visual appeal," Dolan replied. "And I tend not to like things that aren't cooked."

Once the competition kicked off, students had access to a production tent stocked with vegetables, starches, condiments and spices, as well as serving and decorative pieces. Each of the sections divided into groups to chop, grill and present a dish. The Grill for Glory challenge also required each section to produce an original five-minute entertainment piece and marketing plan. Karri quickly settled into the role of scriptwriter, creating an Animal Planet-style spoof on the rare species of Ross MBA students. "It was a great team-building activity, and we all really enjoyed it," Karri says.

The week continued with two days of leadership rotations that exposed students to important Ross leadership values: global vision, integrity, diversity and social responsibility.

An additional session gave participants feedback on the "360-degree" interviews collected over the summer from students and nominated colleagues. They shared notes on leadership style, proclivity for change, cultural adaptability and political skills. Ultimately, personal action plans for the coming year emerged.

At left, MBA students clear debris from the site of a demolished home.

At right, Ross professor James Walsh leads a group discussion.

VOLUNTEERING IN BLIGHTED COMMUNITIES

As the week drew to a close, students put their leadership training to the test by volunteering with one of six local organizations. Working in the field side-by-side with section mates, participants gained a better understanding of how corporations and communities are inextricably interconnected.

Karri was among the students who traveled to the Detroit neighborhood of Brightmoor to volunteer with the Motor City Blight Busters. Founded by community activist John George, the Blight Busters target neglected neighborhoods and rid them of abandoned homes that attract criminal activity. Karri had cleaned up neighborhoods before, but in Southeast Asia, not Detroit. Born in India, he had seen the devastation that poverty and natural forces can bring.

"I wasn't shocked by what I saw in Detroit," says Karri, who previously had volunteered for the clean-up efforts in Sri Lanka following the tsunami of 2005. "But I think some of the American students were surprised to see that this kind of poverty and devastation exists so close to them."

The burned-out and abandoned structures juxtaposed with newly renovated homes in Brightmoor gave one Section 2 member pause. "We all came to this with preconceived notions about what we would find," said Harold Soper. "There was a bit of culture shock on the part of some of us, because we haven't been exposed to that kind of poverty."

Once the students settled into their roles, they used discussion and communication to turn an initially haphazard situation into an orderly job site. The removal of debris progressed without a hitch.

The Motor City Blight Busters' mission to stabilize, revitalize and repopulate Detroit's urban core, while encouraging residents to take ownership and feel pride in their communities, is a natural complement to the RLI experience. "We love the students," George says. "They come motivated and eager to learn about what we do, and they want to work."

That commitment often continues past the Foundation Session. A number of Ross MBAs have continued to volunteer with Blight Busters after graduation, on behalf of their corporations.

Other sections performed community service at Matrix Human Services, Grandmont Rosedale Development Corporation, Focus: HOPE, Greening of Detroit and Detroit Rescue Mission Ministries.

FINDING MEANING IN LEADERSHIP

Following the day of volunteerism, an inspirational closing ceremony was held at Rackham Auditorium. Speakers included community leaders who have devoted their lives to service, including Eleanor Josaitis of Focus: HOPE. Students shared what they learned working in the field, how the experience impacted them and what leadership means to them.

"The Foundation Session for the Ross Leadership Initiative was everything we dreamed it would be," says Ashford. "It prompted students to get actively involved and brought the sections together. It also challenged students to wrestle with difficult leadership issues, plan their development and work on their team building, creativity and communication skills. They did important community service projects and rose to every challenge we threw at them. The Class of 2009 impressed the faculty with whom they worked, and they're off to a great start in their MBA program."

Nancy Davis

RLI Podcast

Experience the

RLI Foundation Session

with Carmen Tapia, MBA '09

www.bus.umich.edu/carmen

2007 Alumni Awards Celebrate Achievement, Service

DAVID D. ALGER ALUMNI ACHIEVEMENT AWARD

Stephen W. Sanger, MBA ’70

2007 Award Recipient

Sales more than doubled, earnings more than tripled and international sales grew tenfold at General Mills under chairman and former CEO **Stephen W. Sanger,** MBA ’70. The 2001 acquisition of competitor Pillsbury is cited by industry experts as his greatest legacy during more than three decades with the consumer foods giant. In September, Sanger stepped down as CEO of General Mills, where he will remain as chairman through May 2008. Noted by colleagues for his personal and informal style, Sanger is an avid Michigan fan who has been known to decorate his office with school paraphernalia.

The Ross School of Business recognized Sanger’s impressive career arc and commitment to Michigan with the David D. Alger Alumni Achievement Award in October. The Alger Award celebrates an alumnus whose attainments in his or her professional field brought distinction to that individual, credit to the school and benefit to fellow citizens.

Sanger began his tenure at General Mills in 1974 and despite the countless demands on his time, he often has returned to the Ross School to speak with students. In October 2006 he presented the inaugural Susan B. Meister Lecture in Child Health Policy; his lecture on “Corporate Responsibility in Child Health” included such important topics as youth nutrition, childhood obesity and fitness. In addition, he hosted Dean Robert Dolan and Minneapolis alumni for “Michigan on the Road” in June 2005. Sanger is not only generous with his time, but also his resources. An investment in the new Ross School facility will include a classroom named in his honor.

During his 30-plus years at General Mills, Sanger has held such positions as president of the Big G Cereal Division and president of Yoplait USA. He was elected to the board of directors in 1992 and was named president of General Mills in October 1993.

Since Sanger became chairman and CEO in 1995, the company has received numerous awards for its corporate citizenship, performance and workplace culture. General Mills is listed regularly among *Fortune* magazine’s “most admired companies” and in 2007 was named by *Fortune* as “a global top company for leaders,” ranking sixth of 550 companies worldwide. The company also has received the Catalyst Award for advancing women in management and is ranked among America’s top 10 corporate citizens by *CRO* magazine.

Sanger is a director of the Target Corp. and Wells Fargo & Co. and a member of the board of Catalyst, the National Campaign to Prevent Teen Pregnancy and the Guthrie Theater. Additionally, he is a member of the Grocery Manufacturers of America and the Business Council. Earlier this year, he was appointed by President George Bush to serve on the Advisory Committee for Trade Policy and Negotiations.

HISTORY OF THE DAVID D. ALGER ALUMNI ACHIEVEMENT AWARD

Established in 1989, this award recognizes an alumnus of the Ross School of Business whose attainments in his or her professional field brought distinction to that individual, credit to the school and benefit to fellow citizens. The Alumni Achievement Award was renamed in honor of **David D. Alger,** MBA ’68, and the 2001 recipient of this award. Alger was a dynamic, involved and passionate contributor to the Ross School, as well as a member of the school’s Visiting Committee. He perished in the events of September 11, 2001.

Past recipients

1990	Eugene B. Power AB ’27, MBA ’30
1991	L. William Seidman MBA ’49
1992	Robert Briggs AB ’25, MBA ’28, HON LLD ’69
1993	Everett E. Berg MBA ’48
1994	Martha Seger BBA ’54, MBA ’55, PhD ’71
1995	David B. Hermelin BBA ’58
1996	Sandy Robertson BBA ’53, MBA ’54
1997	Sam Wyly MBA ’57
1998	Joel Tauber BBA ’56, JD ’59, MBA ’63
1999	Barnett Helzberg BBA ’56
2000	Stanley Frankel AB ’63, MBA ’64
2001	David D. Alger MBA ’68
2002	Cleveland Christophe MBA ’67
2003	Allan D. Gilmour MBA ’59
2004	John Madigan BBA ’58, MBA ’59
2005	Ronald N. Weiser BBA ’66
2006	Robert Shaye BBA ’60

HISTORY OF THE BERT F. WERTMAN ALUMNI SERVICE AWARD

Established in 1989, this award recognizes an alumnus of the Ross School of Business for outstanding service to the school and/or the University. The award was established in honor of **Bert F. Wertman**, MBA '28, who served for more than 60 years as president of the Class of 1928. Through his leadership and caring, the class remained a cohesive and vital group and held a record number of continuous reunions.

Past Recipients

1989	John R. Edman BBA '50, MBA '51
1990	Wilbur K. Pierpont MBA '38, PhD '42
1991	Gary T. Walther BSE '60, MBA '63
1992	William T. Dobson AB '42, MBA '48
1993	Sharon Reed Walker BBA '74, MBA '81
1995	Frank T. Westover BBA '61, MBA '62
1996	John F. McCarthy ABED '49, MBA '51
1997	Bruce L. Cook BBA '50, MBA '51
1998	Bonnie R. Proctor AB '70, MBA '74
1999	Eva Chang MBA '93
2000	Richard H. Rogel BBA '70
2001	Mary Campbell MBA '79
	Thomas Porter MBA '67
2002	Michael R. Hallman BBA '66, MBA '67
2003	Roslyn Braeman Payne BBA '68
2004	Cecil Shepherd MBA '00
2005	Tom Jones BBA '68, MBA '71
2006	William Hall MBA '67, PhD '69

BERT F. WERTMAN ALUMNI SERVICE AWARD

Daniel Hennessy, MBA '81

2007 Award Recipient

Daniel J. Hennessy, MBA '81, is a founder and partner of Code, Hennessy & Simmons, a Chicago-based private equity investment firm organized in 1988. CH&S manages approximately $2.8 billion of capital that is currently invested in 22 diverse operating companies with combined revenues of $7.5 billion. Hennessy serves as chairman of the board and director of CH&S portfolio companies, which manufacture and distribute geosynthetic lining solutions, disposable food packaging and infrastructure construction and demolition products.

At the same time, Hennessy is one of the Ross School's most active and engaged supporters, encouraging the school to continue its efforts to increase connectivity with graduates and to improve the quality of data on file for Ross alumni. Understanding that commitment to Ross comes in many forms, from time and service to resources and expertise, Hennessy has proved exceptional in all areas. He chaired his 25th reunion campaign, launched a phone outreach initiative, has hosted several receptions and admissions events, and always can be relied upon to forge links between new students and senior alumni. In addition, Hennessy was a champion and donor of the new facility campaign and has endowed student scholarships. For these and countless other contributions, Hennessy was honored with the Bert F. Wertman Alumni Service Award earlier this year.

Prior to founding CH&S, Hennessy was employed by Citicorp from 1984 to 1988 as head of the Midwest region for Citicorp Mezzanine Investments and vice president and team leader with Citicorp Leveraged Capital Group in Chicago. He began his career in 1981 in the oil and gas lending group at Continental Illinois National Bank (now Bank of America) where he was a banking officer.

Hennessy's civic activities include serving as a trustee of the John G. Shedd Aquarium, trustee of the Greater Illinois Chapter of the National Multiple Sclerosis Society and director of the Children's Memorial Hospital and Foundation, all in Chicago. He is also a member of the board of regents at Georgetown University and a director of the Yellowstone Park Foundation.

ENTREPRENEUR OF THE YEAR AWARD

Samuel Zell, AB '63, JD '66

2007 Award Recipient

It's not unusual for terms like "real estate rock star," "titan" and "icon" to be used in reference to the legacy of billionaire **Samuel Zell,** AB '63, JD '66. Once cited by *Fortune* as "controlling more commercial real estate than anyone else in the country," he is the chairman of Equity Group Investments in Chicago and a founding benefactor of the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies at the Ross School of Business. Of all the entrepreneurs who trace their roots to the University of Michigan, this visionary businessman is perhaps the most famous.

Zell accepted the 2007 Entrepreneur of the Year Award at this year's Entrepalooza, an annual Ross School symposium connecting successful entrepreneurs, venture capitalists and financiers with enterprising students looking to launch start-ups. The highlight of the conference came when he shared details about his record-setting sale of the Chicago-based commercial real estate firm Equity Office Properties Trust to Blackstone Group. The deal, totaling close to $40 billion, was the largest leveraged buyout in history.

A native Chicagoan, Zell began his career in real estate by managing apartment buildings throughout southeast Michigan while still an undergraduate at the University of Michigan. He currently maintains substantial interests in and serves as chairman of the board of various corporations, including Anixter International, Capital Trust and Rewards Network, among others. In April, Zell made a multi-million-dollar investment in the Tribune

HISTORY OF THE ENTREPRENEUR OF THE YEAR AWARD

Established in 1991, this award recognizes the accomplishments of an alumnus (or an exceptional corporate partner) of the University of Michigan who has started and built a successful enterprise.

Past Recipients

1991	Richard H. Rogel BBA ’70
1992	Randolph J. Agley BBA ’64, MBA ’65
1993	Gerrard Haworth MA ’40
1994	Eugene Applebaum
1995	Diane Langley BBA ’75
1998	Frank Stronach
1999	Steve Mariotti BBA ’75, MBA ’77
2000	David Bohnett MBA ’80
2001	Hal Davis MBA ’85
2002	Michael J. Jandernoa BBA ’72
2003	Rick Snyder MBA ’79
2004	Keith Alessi MBA ’79
	Lee Shainis BBA ’99 (Social Entrepreneur Award)
2005	Bharat Desai MBA ’81
2006	John Kennedy MBA ’05

Co. and joined its board of directors.

In addition, he recently completed a two-year term as chairman of the National Association of Real Estate Investment Trusts. He serves on the JP Morgan National Advisory Board, the EuroHYPO International Advisory Board, the President’s Advisory Board at the University of Michigan and the Visitor’s Committee at Michigan’s Law School. He also holds the honorary degree Doctor of Laws from the University of Michigan, bestowed by the Regents for “transforming the landscape of our country as well as the landscape of education at the University of Michigan and beyond.” The College of Literature, Science and the Arts at Michigan also has appointed him a DeRoy Visiting Professor in Honors.

THE CHARLES H. IHLING MEMORIAL SERVICE AWARD

Marci Carris, BBA ’78, MBA ’83

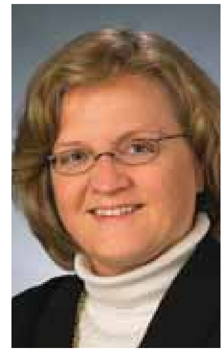
2007 Award Recipient

Marci Carris, BBA ’78, MBA ’83, vice president of customer finance services at Sprint-Nextel, received the 2007 Ihling Service Award this past spring. Named for Charles (Chuck) Ihling, an inaugural member of the Alumni Society Board of Governors (ABOG), the award is presented to a retiring or former member of the board for extraordinary service.

During her tenure on the board, Carris served in a variety of roles. She chaired the Alumni Awards Committee and served as the ABOG representative to the University of Michigan Alumni Association’s board of directors. Her service to the school in this role was so valued that she was invited to serve an additional term for a total of eight years on the Ross Alumni Board. During her tenure, she never missed a single meeting. True to form, Carris has volunteered on the committees for both her BBA 30-year reunion and her MBA 25-year reunion in 2008.

In addition to her service on the board, Carris has assisted many students through counseling and mentorship programs within the Ross School. She also has hosted MAP students and prospective admits at her home in Denver. She even tracked down University of Michigan President Mary Sue Coleman (who was vacationing in Denver at the time) and persuaded her to meet with students at the local alumni club’s “student send-off” picnic. These are just a few examples that demonstrate how Carris exemplifies the spirit of the Ihling Award through her service to the Ross School on the Alumni Board.

In her current role at Sprint-Nextel, Carris is responsible for credit, collections and fraud prevention. Prior to this post,



she was vice president and assistant treasurer for Nextel from August 2002 to August 2005 and vice president of Customer Finance Services for Nextel from August 1998 to August 2002.

HISTORY OF THE CHARLES H. IHLING MEMORIAL SERVICE AWARD

The Charles H. Ihling Award is presented to a retiring or former member of the Alumni Society Board of Governors for extraordinary service as a board member. This award is initiated by a member of the Alumni Board of Governors and is decided by the Awards Committee. If a member of the committee is nominated for this award, that person will not be made aware of the nomination. The Awards Committee decides when the award will be presented.

Established in fall 1991, this award is not presented annually, but rather when a deserving candidate has emerged. Inasmuch as Ihling’s contribution as an inaugural member of the board was indeed extraordinary, this is a most fitting way to honor him and to recognize the efforts of others.

Past Recipients

1992	John H. McCarthy MBA ’68
1996	Mary Kay Haben MBA ’79
2003	Ralph E. Johnson MBA ’92
2005	Lesa Chittenden Lim MBA ’86
2005	Ted Michael MBA ’68

Worldwide Club Day Extends Ross School's Global Footprint

Ross School alumni based in cities from Miami to Mumbai reconnected across the globe in September for the second annual Worldwide Club Day. Ross faculty and staff brought news from Ann Arbor to graduates who gathered in homes, eateries and businesses from Buenos Aires to Beijing. Not even a typhoon could keep Ross alumni from reuniting in Shanghai.

In Mumbai, Gautam Ahuja, the Harvey C. Fruehauf Professor of Business Administration, garnered media coverage for controversial comments he made in the presentation "India 2040: Roads to Riches." Meanwhile, Eugene Anderson, the D. Maynard Phelps Professor of Business Administration, updated Beijing-based alumni on Ross' commitment to action-based learning. And Paul Clyde, adjunct professor of business economics and public policy, reported to south Florida alumni on work he is doing through the William Davidson Institute with hospitals in India and Uganda.

A sampling of the 2007 events follows.

CARACAS—Alumni in Venezuela came together for an informal gathering; in attendance, from left, were Maria Elena Madrigal, **Pedro Blanco,** MBA '99, Maria Daniela de Blanco, Anna T. de Madrigal, **Miguel Madrigal,** MBA '99, **Aureliano Hernandez,** MBA '99, and Marta Elena de Hernandez.

MUMBAI—The University of Michigan Indian Alumni Association hosted Professor Gautam Ahuja in Mumbai for the presentation "India 2040: Roads to Riches." Ahuja is widely known for his contrarian views on whether India is on the right path and whether Indian companies are poised to become global players when it comes to scale, size and brand. Comments from his controversial presentation were picked up by the *Hindustan Times* in September. Ahuja (sixth from left) is the Harvey C. Fruehauf Professor of Business Administration and professor of strategy.

DENVER—**Dan Shey,** MBA '00, president of the Ross Alumni Club of Denver (left), fielded questions about the Ross School from prospective student Brandon Cornuke. Colorado-based alumni later enjoyed a presentation by Lynda Oswald, professor of business law.

BEIJING—The Ross School's commitment to action-based learning informed the presentation to alumni in Beijing by Eugene Anderson, the D. Maynard Phelps Professor of Business Administration. Anderson focused on the success of Ross' unique MAP program, which continues to expand globally.

BUENOS AIRES—Left to right, **Gustavo Orrillo,** MBA '04, **Fernando Pardo,** MBA '95, **Diego Regueiro,** MBA '99, **Nicolas Castagnino,** MBA '00, and **Marcos Portaro,** MBA '02, attended the alumni event hosted by the Ross Alumni Club of Argentina.

DURHAM—Karen Mishra, MBA '88 (far right), leader of the Ross Alumni Club of North Carolina, hosted fellow Ross graduates in her home. Attending, from left, were **Robert Jolls,** MBA '67, AB '65, **Cecelia Jolls,** AB '67, **Shilpa Guthikonda,** BBA '03, **Greg Davis,** MBA '86, **Ken Griffo,** MBA '92, **Paul Devine,** MBA '90, **David Zugger,** MBA '03, MS '94, **Lena Zugger,** BS '94, and **Brian Bucher,** BBA '97.

GRAND RAPIDS—In western Michigan, Professor Scott Moore, director of the BBA Program, presented an update on the school's progress in undergraduate pre-admission activities.

NEW YORK—Associate Professor David Brophy, director of the Office for the Study of Private Equity Finance, traveled to New York City for a talk on private equity. Attendees included, from left, **Caroline Hill,** MBA '06, **Ivy Zhang,** MBA '06, **Randi Weinberger,** BBA '07, **Marissa Siegal,** BBA '07, and **Viola Cheung,** MBA '03, AB '91.

MIAMI—Paul Clyde, adjunct professor of business economics and public policy (back row, far right), reported to south Florida alumni on work he is doing through the William Davidson Institute with hospitals in India and Uganda. Attending the presentation were, front row, from left: Esther Levi, **Gabriel Gerenstein,** BBA '02, **Andy Alan,** BBA '02, **David Treece,** MBA '88, AB '83, **Carol Haefner,** MBA '84, **Gabriel Freund,** MBA '04, **Carlos Bigott,** MBA '03, and **Jose Fincheltub,** MBA '03. Back row, from left, are: Marty Schiff, Michael Schiff, **Tom Hitchman,** MBA '84, BS '82, **Ashutosh Dalvi,** BBA '01, and **Peter Landry,** MBA '81.

SHANGHAI—A typhoon may have delayed Worldwide Club Day in Shanghai, but it could not keep alumni from reuniting on September 22 to hear **Jerry Liu,** MBA '02, deliver a presentation prepared by Eugene Anderson, the D. Maynard Phelps Professor of Business Administration.

WASHINGTON, D.C.—Ross Associate Dean for Degree Programs Valerie Suslow traveled to the nation's capital to meet members of the Alumni Club of Washington, D.C. Pictured from left are **Tige Savage,** MBA '98, Suslow, **Chris Campbell,** MBA '98, and **Adam Borden,** MBA '05.

Deal or No Deal

CHICAGO CONFERENCE EXPLORES CORPORATE VALUE IN TODAY'S MARKETS

CHICAGO—Leveraged buyouts. Dividend recaps. Strategic mergers, acquisitions and divestitures. Spinoffs. Going public. Going private. Whatever the strategy, the pace of corporate deal-making continues unabated in 2007, even after record levels of activity were reported in 2006.

Developments in the deal market were top of mind for more than 100 alumni who gathered in the Windy City for the fourth annual Ross School of Business Spring Conference. "Deal or No Deal: M&A and Unlocking Corporate Value in Today's Markets" was presented by the Alumni Club of Chicago. Leading academics, corporate executives, investment banking experts and private equity professionals analyzed the thinking behind the rush to unlock corporate value using a variety of transaction and restructuring strategies.

Ross Assistant Professor of Finance Amy Dittmar presented the conference keynote address, followed by a panel discussion among distinguished Michigan alumni. Experts covered trends in M&A and corporate restructuring strategies; the broad impact on businesses,

New Awards Recognize Outstanding Alumni Clubs

CHICAGO AND WASHINGTON, D.C., CLUBS NET INAUGURAL HONORS

Members of the Alumni Board of Governors Alumni Club Committee established two new awards this year to recognize and support the exceptional efforts of Ross alumni clubs worldwide.

The first Stephen M. Ross School of Business **Alumni Club of the Year Award** went to the Chicago Alumni Club for its achievements in programming, membership, outreach and recruiting, among other things.

The debut Stephen M. Ross School of Business **Wolverine Spirit Award** was presented to the Washington, D.C., Alumni Club for its tenacity and enthusiasm in building its organization.

"Alumni clubs play such an important role in building and sustaining the Ross community around the globe," said **Jeff Mott,** MBA '95, Alumni Board of Governors Club Committee chair. "We are so grateful and impressed by the leaders who go above and beyond, and take it to the next level. The Club Committee felt it was important to officially recognize and support their achievements with an award and financial support to keep up the good work. The clubs in Chicago and Washington, D.C., really set an example this year in terms of developing vibrant organizations that offer tremendous programming and outreach."

Each club received $2,500 toward its annual budget; the funds were allocated by the Office of Development and Alumni Relations. Club leaders were recognized at the Alumni Board of Governors' dinner and reception during homecoming weekend. Dean Robert Dolan presented the awards along with Mott and **Greg Bolino,** MBA '92, Alumni Board of Governors chair.

Recipients of the Alumni Club of the Year and Wolverine Spirit awards were chosen by the Alumni Board of Governors Club Committee, based on fiscal year 2007 annual reports submitted by each Ross alumni club. These were then summarized, based on the key components of the awards, and voted upon by the members of the Club Committee.

Domestic, international and affinity clubs are considered for these awards, which will be presented annually.

For information and deadlines regarding eligibility for the 2008 awards, contact Rachel Fleck, assistant director, Annual Giving and Alumni Relations, at (734) 763-5258 or fleckrl@umich.edu.

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2007 ALUMNI CLUB OF THE YEAR AWARD

The Chicago Alumni Club received the Alumni Club of the Year Award based on the following achievements:

- Best annual membership growth and participation in club events
- Commitment to student outreach and recruiting (working with the Office of Career Development and Office of Admissions)
- Best overall club programming (exceeding number of program events encouraged by the Ross School)

Pictured at the "Deal or No Deal" conference, left to right: **Greg Bolino,** MBA '92, Mike Bagley, **Yehuda Cohen,** MBA '83, and Scott Forester.

shareholders and other stakeholders; and views on future expectations.

The conference was organized by **Jeffrey Gordon**, MBA '83, managing director, Duff & Phelps, LLC. Participants included **Nancy Goble,** BBA '75, chief accounting officer, Chicago Mercantile Exchange Holdings; **Thomas R. Reedy,** MBA '84, president and CEO, iTRACS Corp.; **Kenneth Monson,** MBA '97, senior director, global strategy and business development, Kraft Foods; **Rodd M. Schreiber,** AB '84, JD '87, partner, Skadden Arps Slate Meagher & Flom; **David S. Evans,** BBA '75, chairman and managing director, Glencoe Capital; and **Frank G. Hayes,** BBA '84, partner, Wynnchurch Capital.

FRANKFURT, Germany—The national meeting of the Ross School Alumni Club of Germany convened in Frankfurt in June. Ministerial Secretary R. Schweer of the Ministry of Environment, Rural Development and Consumer Protection addressed the timely topic, "Environmental Certificates—Solutions of the Global Environmental Problems?" Other presenters included Gunter Dufey, Ross professor emeritus of corporate strategy and international business and professor emeritus of finance. The Alumni Club of Germany was hosted by McKinsey & Co. in Frankfurt.

From left: Ministerial Secretary R. Schweer, Professor Emeritus Gunter Dufey, **Dr. Andreas Kirschkamp,** MBA '98, and Dr. Karlheinz Haag, head of Environmental Concepts, Lufthansa AG, Frankfurt

- Consistently hosting a variety of events that engage alumni with different interests
- Most timely in submitting event and annual reports

Congratulations to **Yehuda Cohen,** MBA '83, **Rich Austgen,** MBA '92, and the leadership team in Chicago. In addition to the specific standards listed above, the Chicago Alumni Club was noted for its diverse and visionary programming scope, breadth of activities, and innovative approach in connecting with alumni.

Fellow nominees included the San Francisco Bay Area Alumni Club and the Southeast Michigan Alumni Club.

Alumni Club of the Year Award
Left to right: Dean Robert Dolan and Alumni Board of Governors Chair **Greg Bolino,** MBA '92, with Chicago leaders **Henry Gorecki,** MBA '86, and **Yehuda Cohen,** MBA '83, and Alumni Board of Governors Club Committee Chair **Jeff Mott,** MBA '95

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THE 2007 WOLVERINE SPIRIT AWARD

The Washington, D.C., Alumni Club, which demonstrated the best effort in revitalizing or starting a Ross alumni club in its community, was honored with the 2007 Wolverine Spirit Award. The committee felt the Washington, D.C., Club best mirrors the characteristics of a Michigan wolverine with its tenacious energy and school spirit.

To qualify for the Wolverine Spirit Award, an alumni club must meet the following criteria:

- Exceed program event requirements and show strong participation from alumni
- Best use of resources (seed money) provided by the school
- Most aggressive in recruiting new club members
- Most successful in revitalizing or rebuilding the club's leadership team

Congratulations to **Adam Borden,** MBA '05, and his D.C.-based team, who were noted for their great collaboration, expansive diversity of events and effective strategy in building a large volunteer base.

Also nominated for the 2007 Wolverine Spirit Award were the Minnesota Alumni Club and the Ross Alumni Club of Boston.

Wolverine Spirit Award
Left to right: Dean Robert Dolan and Alumni Board of Governors Chair **Greg Bolino,** MBA '92, with Washington, D.C., Alumni Club leader **Adam Borden,** MBA '05, and Alumni Board of Governors Club Committee Chair **Jeff Mott,** MBA '95

Café Klatch

GIFT TO ROSS SCHOOL WILL CREATE SPACE FOR STUDENT SOCIALIZING

A prank **Mark Seigle,** BBA '80, played on his older brother Harry years ago serves as a reminder of what it takes to keep a company moving forward in a highly competitive, fast-changing business environment. It also provides insight into a Ross School of Business alumnus who, with his wife Robin Seigle, recently made a $1 million commitment to create a student café, which will bear his family name, in the school's new building.

In the 1980s Harry was vice president of the Seigle family owned lumber and supply company in Elgin, Illinois, which was then called Seigle's Home and Building Centers. Their father, Harold T. Seigle, purchased what was originally Elgin Lumber and Supply Co. with a partner in 1942 after the onset of World War II and revived it into a thriving business that served the Chicago metropolitan area for decades. Both brothers grew up working behind the sales counter and on the lumberyard floor. After Mark graduated from the Ross School in 1980, he joined Seigle's full-time, bringing both his business degree in accounting and his sense of humor to the company.

When Harry returned from an extended four-week European holiday, after leaving his brother in charge, he was startled to discover that the signage on the front of the building had been changed to "Lowe's" in his absence. For a horrifying moment, Harry thought the family business had been acquired by the big-box retail competitor. The two brothers shared a chuckle after Mark admitted he had played the joke, but the incident underscored the importance of maintaining a sense of humor, friendship and sociability at work, anticipating what the competition is going to do well in advance and, ultimately, making strategic changes in order to maintain a competitive advantage. Those lessons have not been forgotten.

"Humor is such an important ingredient in running a business," Mark says. "You have to enjoy what you're doing. My brother and I had a great run of 28 years together, and I think it was attributable to our ability to make certain that we included humor as part of our day."

The friendships Mark established while he was a University of Michigan student have been equally enduring. Each year since graduation he and four other friends from his student days have returned to campus to watch a U-M Wolverines football game or to stroll through the Ann Arbor Art Fairs. (The only exception to the annual gathering occurred in the wake of the 9/11 terrorist attacks when one friend from New York felt reluctant to travel.) Mark's belief that students need to maintain a healthy balance between their studies and their social interaction, combined with his family's philanthropic tradition

Plans for the new Seigle Café call for a high-end, state-of-the-art servery, where hot and cold foods, salads and deli items will be offered buffet-style at different food stations. Students will be able to step from the servery into the adjoining Winter Garden to enjoy meals together at café tables or to talk informally with friends and faculty in lounge-type "soft" seating. A fully equipped kitchen located adjacent to the servery will provide catering services for Ross School events.

Mark and Robin Seigle (center) with their daughter Margot (left) and son Joel (right)

of giving back to the community, led him to make his gift for the Seigle Café in the new Ross School building.

"If I look back at the strongest friendships I have formed in my life to date, I would trace those to my time as a student at the University of Michigan," Mark says. "To this day I remain close to my roommates. Although academic experiences were a big part of my career success, I think it's important that students balance the academic and cerebral demands made upon their time with their social needs. I feel the choice of a café was appropriate for my gift from a facilities standpoint because it epitomizes that balance between the social and academic aspects of college life."

"Although academic experiences were a big part of my career success, I think it's important that students balance the academic and cerebral demands made upon their time with their social needs."

—MARK SEIGLE

In retrospect, Mark attributes Seigle's longevity as a family owned enterprise to its ability to stay focused on its unique selling proposition—based on keeping promises, delivering value and being the best—and to carve out a successful niche within the building materials and supply segment of the Chicagoland market. "Recognizing our core competencies and playing to our strengths enabled us to flourish," Mark says, adding, "My accounting education at the Ross School also was invaluable, especially coupled with my brother Harry's legal background."

Realizing that The Home Depot and Lowe's would become formidable competitors if they migrated northward, Seigle's shifted its focus in the 1990s back to its original core customers: the professional builders. "We returned to our roots of the late-1800s by catering to needs of the trade more than those of consumers," Mark explains. "Even though it required shuttering a number of our retail consumer-based stores, we decided to grow the business by leveraging our manufacturing and distribution capacities on behalf of the trade."

Seigle's continued its pattern of acquiring strategic companies, including millworks plants, a wood-window supplier and Michael Nicholas Carpentry, which added labor as a core competency and positioned the company competitively in the market.

In early 2005, Seigle's was approached by a potential buyer. Over the ensuing months, Mark and Harry carefully weighed the pros and cons of selling their privately held firm to a public company. The convergence of many factors, including the falloff in family participation in the business by the next generation, the challenge of accessing capital and the anticipated slowdown in housing, convinced the brothers to seize the opportunity. The winning bidder for Seigle's Inc. was Stock Building Supply, a division of Wolseley PLC, which asked both Mark and Harry to remain in managerial positions, thereby ensuring an orderly transition following the sale of the company in November 2005.

Today, Mark is still active in his role as the Illinois marketing manager for Stock Building Supply. However, he says he is considering various options, including a career change. For now, his interests center on design-build construction, nonprofit-management consulting and, quite naturally, the completion of the Seigle Café.

Claudia Capos

Class Notes

Peter deVaux, BBA '66, MBA '70
ended his six years as chair of the board of trustees of the Woodrow Wilson Presidential Library on June 30. He has served on the board since 1993 and will remain a trustee. A former advertising executive and current principal of a marketing and financial management firm, he has led the evolution of Woodrow Wilson's birthplace in Staunton, Virginia, into America's newest presidential library, gathering supporters throughout the U.S. Pete and his wife Paula are building a new home on Vancouver Island, British Columbia, Canada. You can reach him at pfdevaux@cfn.com

Michael R. Schiavoni, MBA '67
a 35-year veteran in the leadership development and human resources fields, earned the Charles T. Morgan Award, the highest human resources honor given by the New Jersey chapter, American Society for Training and Development.

He earlier received the Lifetime Excellence award. Mike has had a distinguished career that includes 25 years as an HR executive with General Electric, where he received four awards. In 2000, he launched his own leadership development consulting practice. Mike and his wife Suzanne live in Sparta, New Jersey.

John S. Hollett, MBA '71
retired this past May from TNT Logistics, where he had been managing director for South America and Europe and business development director for North American domestic logistics projects for the past 10 years. Prior to that, John served as managing director, Europe, for Inchcape Shipping Services in London after working in the marine transportation industry, where he was VP of the Middle East for Crowley Maritime, heading up the oil spill cleanup in the Arabian Gulf for the Kingdom of Saudi Arabia after Desert Storm. He also worked for Global Marine as a naval architect for offshore oil drilling ships and on the Hughes Glomar Explorer project in the early 1970s helping to salvage a Golf Class Russian submarine sunk in 17,500 feet of water in the Pacific. (You can learn more about this magnificent effort at www.fas.org/irp/program/collect/jennifer.htm.) "It has been a wonderful summer off," says John, who claims he has exhausted his trips to The Home Depot and Costco and is now settling into his Del Webb retirement community in Jacksonville, Florida. Rather than just passing time, however, John is returning to work helping Foss Maritime of Seattle expand their business internationally. You can reach John at jshollett@aol.com.

David M. Saltiel, BBA '75
has been named one of the top entertainment attorneys in the U.S. by Chambers USA in their *2007 Guide to America's Leading Business Lawyers*. David was one of fewer than 50 media and entertainment lawyers to receive the highest ranking, the fifth consecutive year he has done so. Chambers USA rankings are based solely on recommendations by clients and attorneys. David, who works for Bell, Boyd & Lloyd LLP, has represented television and film studios, theater producers and owners, comedians, actors, playwrights and film and TV writers. He resides with his wife Sandy and children Brittany and Robert in Lincolnshire, Illinois. You can reach David at dsaltiel@bellboyd.com.

Robert R. Stead, BBA '80
has joined the business department in Barnes & Thornburg's Grand Rapids, Michigan, office. Previously, he was a partner at Miller Johnson where he led the mergers and acquisitions group and served on the firm's management committee. Named a Michigan Super Lawyer for mergers and acquisitions by *Law & Politics,* Stead focuses his law practice on corporate transactions and tax matters. He is a member of several legal organizations, including the American Bar Association where he sits on the Committee on S Corporations and the Committee on Closely Held Businesses of the Section of Taxation and serves on the Committee on Negotiated Acquisitions of the Section of Business Law. He is a former chair of the State Bar of Michigan's Taxation Section.

Barry Gesserman, MBA '81
spent 20 years with the Campbell Soup Company in various marketing and sales roles and now is VP of sales and marketing and COO at First Flavor Inc. in Bala Cynwyd, Pennsylvania. First Flavor uses edible film technology (think breath strips) to enable food and beverage companies to include the sense of taste in their advertising communications. Barry is interested in reconnecting and networking with former classmates. You can reach him at bgess@comcast.net.

Lee Gorman, BBA '79, MBA '83
has been named director of the automotive business at Coherix Inc., an Ann Arbor-based supplier of holographic and optical inspection systems. During her 28-year career, she has worked for the former Allied-Signal Automotive and a pair of consulting firms and has served two stints at Ford Motor Co. Recently, Lee was a principal at Barton Consulting Services in Ann Arbor. At Ford, where she started as a financial analyst, Lee held various management and engineering posts, including director of SUV product planning, chief engineer for full-size cars, manager of truck powertrain planning and planning manager for the company's casting operations.

Robert H. Sack, BBA '84
was named the first COO for McShane & Bowie, western Michigan's leading real estate development law firm, on January 31. Bob is responsible for the firm's day-to-day management, long-term planning and business development.

For the past 12 years he was senior VP with DP Fox Sports. He is involved in several nonprofit leadership activities, including the Grand Rapids Sports Hall of Fame, the

Grand Rapids Chamber of Commerce, Junior Achievement and Legacy Christian School. He and his wife Debbie live in Kentwood, Michigan, with their three children. You can reach Bob at rhs@msblaw.com.

Mark A. Kielb, MBA '85
was appointed senior VP and CFO of Altarium Institute on January 18. Mark's responsibilities include mergers and acquisitions, all accounting and finance functions, asset and treasury management, and infrastructure support services. He has 20 years of industry experience and management expertise with an

emphasis on high-growth technology companies. Mark has been a speaker and panelist at various technology and entrepreneurial events, sponsored by the Ross School, the Michigan Technology Council, the University Office of Technology Transfer and the Michigan Biotechnology Association. Altarium Institute is a nonprofit research institution in Ann Arbor that seeks to become the nation's preeminent provider of objective health systems research and solutions.

Brandon Crocker, MBA '87
was named CFO of The Windstar Group, a San Diego-based commercial and residential development company with projects throughout California and Washington. The Windstar Group formerly operated under two names: Nexus Properties Inc. for commercial properties, specializing in biotech laboratories and flex-tech/office space, and Windstar Communities for residential condominium and apartment projects. Brandon started working at Nexus Properties in 1988 and formerly was director of asset management for Nexus/Windstar. You can reach him at bcrocker@windstargroup.com.

Lyle Finkle Jr., MBA '87
was awarded the Illinois CPA Society's Gold Excel Award on May 31 for earning the top score in Illinois on the Uniform CPA Exam for 2006. "I'm convinced it was the strong, principles-based accounting education I received at Michigan, particularly from Professor Harold Arnett, that allowed me to successfully sit for the CPA exam nearly 20 years after graduation," says Lyle. He recently supplemented his MBA with a master's degree in finance at Walsh College in Troy, Michigan, and was selected to receive the 2007 Financial Executives International Award for Academic Excellence. He also was asked to join the Walsh College Finance Advisory Committee. An experienced controller and CFO for privately held, mid-market companies, Lyle is currently leading an intermediate accounting lab at Walsh College and is considering various opportunities in public accounting and private industry. You can reach him at lfjr@umich.edu.

Valerie Barker Waller, MBA '89
is the vice president of marketing and public relations at the Museum of Science and Industry in Chicago. She and her husband Steve, a management consultant with Booz Allen Hamilton, have a 15-month-old daughter Marin and recently celebrated the birth of their second daughter Greer Key Waller on July 20.

Pat Jenkins Hurlock, MBA '91
was with American Express for 10 years and now is president of Hurlock Marketing Enterprises Inc., specializing in marketing

consulting, event planning and business seminars. She recently celebrated five years of business by launching the new Web site www.hurlockmarketing.com. Pat resides in Rockland County, New York, with her husband Byron and daughters Jaenique and Javon. You can reach her at hme@hurlockmarketing.com.

Mark H. Weintraub, BBA '91

was appointed in January as general auditor for GMAC Financial Services' Global Audit organization in support of all GMAC enterprise-wide business units globally. Mark formerly worked at KPMG LLP where he was the lead client-service partner for GMAC, in addition to heading KPMG's banking and finance advisory services teams in the Midwest and KPMG's internal audit and regulatory compliance practice in Detroit. Mark is a Certified Public Accountant and a Certified Internal Auditor.

Marc A. Wites, BBA '91
is principal at Wites & Kapetan PA in Lighthouse Point, Florida. The firm represents plaintiffs in class actions, brokerage disputes, personal injury litigation and medical malpractice actions. More notable, however, is that the law firm supports the Brazilian and Hispanic communities and just awarded $10,000 in scholarship funds to six students. The winners in each category received $2,500, $1,500 and $1,000, respectively, which must be used for tuition or books during the fall 2007 semester. Information about the WKPA Dream Scholarship, as the firm calls it, is available at www.wklawyers.com/scholarship/scholarship.php. You can reach Marc at mwites@wklawyers.com.

Dawn Scott Batts, MBA '92 and Domineca Neal, MBA '94
joined forces to open a Cartridge World franchise in the metro Chicago area. They believe their Ross School and corporate experiences made the business ownership transition transparent. Both have owned other businesses, including a Wendy's franchise and an investment advisory firm, and they anticipate this business will be very successful. Cartridge World is the world leader in printer cartridge refilling, with more than 1,400 stores worldwide. You can reach Dawn at dbatts@cartridgeworldusa.com and Domineca at dneal@cartridgeworldusa.com.

Hau Thai-Tang, MBA '93
was named director of product development for Ford Motor Co.'s South American operations based in Brazil on March 1. Thai-Tang, who was raised in New York, joined Ford in 1988. He received his undergraduate degree in mechanical engineering from Carnegie-Mellon University. Prior to his promotion, he was director of advanced product creation and special vehicle team, and oversaw the development of the 2007 Shelby GT500 Mustang. He also has served as chief

engineer for the 2005 Mustang, and led the development of the 2001 Mustang GT, Cobra and Bullitt GT models. You can reach him at hthaitan@umich.edu.

Ginger Wilson, MBA '93
is founder and managing principal of legalQuest LLC, Chicago's first and only minority- and women-owned full-service legal staffing firm, which specializes in the temporary and direct-hire placement of attorneys and paralegals with law firms and corporate law departments. Ginger began her legal career as a tax attorney and CPA. Prior to founding legalQuest, she spent eight years with the nation's largest legal staffing firm, where she served as executive director of its Chicago office. She is an active member of the Chicago Bar Association and the Black Women Lawyers' Association. You can reach her at ginger.wilson@legalquestllc.com.

Tony Harris, BBA '97
left BMO Capital Markets, along with several colleagues, and established an alternative asset management company called Six Degrees Capital Management, which will specialize in making structured product investments across the capital structure. The firm also expects to establish an asset-backed collateralized debt obligation management business.

"As an alternative asset manager, we expect to target attractive returns that are non-correlated with and provide lower volatility than other investments offering similar returns," says Tony. You can learn more about Six Degrees at www.sdcm.com, or contact Tony at Tony.Harris@sdcm.com.

Brad Frankel, BBA '98
has been promoted to senior consultant at Mars & Co., a management consulting firm specializing in business strategy. Brad joined Mars & Co. after earning his MBA from Georgetown University in 2005. He is a member of the Greenwich, Connecticut, office where he has worked on a broad range of strategic engagements for Fortune 100 clients. Brad and his family currently reside in New York City. You can reach him at bfrankel@mars&co.com.

Martha Masterman Gordon, MBA '98
joined the Arbor Strategy Group (ASG) as a consultant in March 2007. ASG, located in Ann Arbor, is a consulting firm specializing in strategic brand innovation. Martha brings her traditional marketing background from her former marketing position at Campbell Soup Company, in addition to retail marketing experience at Borders Group. Martha says, "It is great for me to have found this opportunity right here in Ann Arbor—a consulting firm that works with Fortune 500 companies and specializes in what I find most exciting in business: identifying future areas of opportunity for companies and helping them fill those spaces with breakthrough, actionable innovation." Martha's husband Scott recently has taken a new position as a powertrain engineer with the diesel division of General Motors. Martha and Scott have two young children, 4-year-old Finley and 2-year-old Madilyn. They thoroughly enjoy living in Ann Arbor and welcome friends who are returning to their alma mater for a visit. You can reach Martha at mgordon@arborstrategy.com.

Ralph Bolognese & Karen Maruyama Bolognese, MBA '99
announced the birth of their daughter, Anne Maruyama Bolognese, on June 2, 2006. Anne arrived promptly and was 7 lbs., 13 oz. and 19.5 inches. She is a very active, cheerful girl who loves people, animals, lights and observing everything around her. Congratulations may be sent to kmaruyam@umich.edu.

Chekesha Kidd, MBA '01
was honored at *The Network Journal* 10th Annual "40-Under-Forty" Achievement Awards Dinner on June 21 in New York City. The journal is the premier magazine for Black professionals. The event was first held in 1997 to recognize the next generation of African-American leaders who have proven to be exceptional performers in their respective industries and committed to the development of their communities. Chekesha is a director in the Investment Banking Department of UBS Securities. You can reach her at kiddc@umich.edu.

Linda Mok, BBA '01
is a senior associate at the Silicon Valley office of Draper, Fisher, Jurvetson ePlanet Ventures, a global venture-capital firm where she works with entrepreneurs to help them develop global marketplace strategies. Linda, who was born in Singapore, came to the University of Michigan on a Singaporean government scholarship, and after graduation she became the youngest person to join the strategy-planning team of a billion-dollar real estate development company in Singapore. Later, she was able to transition into venture-capital investment at DFJ ePlanet Ventures. Linda is active with the U-M chapter of AIESEC, an international student organization.

Adam Borden, MBA '05
founded a Baltimore-based venture-capital firm called Bradmer Foods in 2005. He celebrated the successful IPO of his first portfolio company, Organic To Go, an organic-food retailer and caterer, earlier this year. He is now raising money for his first investment fund. Bradmer brings together small early-stage specialty-food businesses and investors. Adam cultivated a penchant for specialty foods after college while working for a caviar importer in New York and combined it with his interest in entrepreneurial business.

Matt Brynildson, EMBA '06
recently was appointed head of human resources for Kenworth Truck Company, a $4 billion division of PACCAR Inc., based at their headquarters in Kirkland, Washington. Kenworth is a leading manufacturer of heavy- and medium-duty trucks and the recipient of three J.D. Power and Associates awards for customer satisfaction. Matt was previously senior director of human resources at ArvinMeritor in Troy, Michigan, and also has held HR leadership positions with Coca-Cola and Chevron.

Jason Jarjosa, BBA '96, MBA '06
is an associate with TouchStone Partners, a private-equity firm in Birmingham, Michigan, where he analyzes, evaluates and makes investments in real estate and distressed or turnaround assets. TouchStone's founder, Gerald Timmis, is a U-M alumnus, and the company regularly sponsors interns and hires graduates from the Ross School.

Gilbert R. Whitaker Jr.

served as dean of the U-M Business School from 1979 to 1990 and as provost and executive VP for academic affairs at U-M from 1990 to 1995. He died on June 21 in Houston at age 75. "As dean, Gil led Michigan's Business School to national

prominence," said Dean Robert Dolan. "He doubled the size of the faculty, spearheaded the school's efforts to attract outstanding minority students and expanded the school's facilities." Upon Whitaker's departure from Michigan in 1997 to become dean of Rice University's Jones Graduate School of Management, then-president Lee Bollinger noted U-M was losing "one of its most talented and dedicated faculty members. As dean he brought national prominence to the Michigan Business School, and his strong commitment to strengthening the University's academic programs was evident during his tenure as provost."

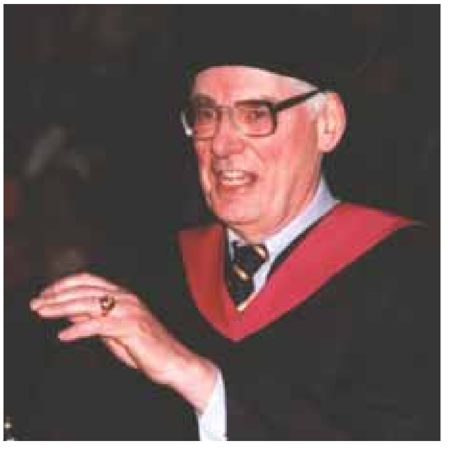
Whitaker was a professor of business economics, and his research interests included the cost-effective use of technology in teaching and corporate governance. He began his teaching career in 1960 as an associate professor of business economics at Northwestern University. In 1967 Whitaker went to Washington University in St. Louis, where he became associate dean and professor of economics. He then served as dean and professor of business economics at Texas Christian University from 1976 to 1978, before coming to Michigan. During his eight years at Rice, Whitaker was the driving force behind the conception, design, funding and building of McNair Hall, in which the Jones School is now housed. In 1998, he and his wife Ruth pledged $100,000 toward the new building.

A native of Oklahoma, Whitaker received a bachelor's degree in economics from Rice in 1953 and a master's and doctorate in economics from the University of Wisconsin in 1958 and 1961, respectively. He was a member of the Navy ROTC and upon graduation from Rice was commissioned an ensign and assigned to the *USS Isherwood* destroyer, serving in both the Mediterranean and Pacific.

Whitaker is survived by his wife of 53 years, Ruth; their three children Kate, David and Thomas; his sister and five grandchildren.

Alan H. Foster

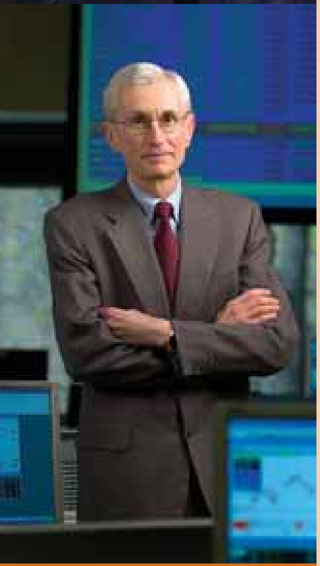
was a senior financial executive and University of Michigan adjunct professor. He died October 18, 2006, at age 80. Alan was born November 7, 1925, and married Cynthia Ann Brooks on June 26, 1954. They had two children, Mark Brooks and Andrew Herbert. Alan served in the U.S. Naval Reserve from 1945 to 1946 and received a BA and BS from Boston College in 1951 and an MBA from Harvard University in 1953. He worked at Sylvania Electric Products from 1953 to 1963 before joining American Motors Corp., where he held several positions including corporate director, financial planning and analysis, treasurer and vice president of finance. In 1977 Alan left the automaker to form A.H. Foster & Co., a corporate financial consulting firm, which he headed until 2006. He also was the president of Financial Risk Management from 1983 to 2006. Alan served as adjunct professor of corporate strategy and international business at the Ross School from 1983 to 2002, winning the Student Award for Teaching Excellence in 1994 and the Dean's Award in 2001. He co-founded the Detroit chapter of *Commanderie de Bordeaux* and served as president of the Detroit chapter of the Financial Executives Institute. Alan also was a member of the Baker Street Irregulars, Speckled Band of Boston, Institute of Management Sciences (past national chair), University of Mexico Club, Samuel Pepys Club, Harvard Club of NYC, Harvard Faculty Club and Ann Arbor chapter of the Secular Order of Discalced Carmelites.



Kenneth Warren

MBA '47

passed away on September 30, 2006, in Moraga, California, where he was receiving hospice care for cancer. Ken was born in Elizabethtown, Kentucky, on March 5, 1922. He spent his youth in Fort Wayne, Indiana, and earned an accounting degree at the Ross School. During WW II, Ken served as an officer in the U.S. Navy in the Atlantic. After the war, he married Mary Whitehead and started a family and a 40-year career in accounting. Ken retired in 1988 and lived in Paradise, California, with Mary until her death in 1995. In 1999, Ken married longtime Paradise resident Carol Fickett and joined Craig Memorial Church, where he volunteered as treasurer. Ken is survived by his wife Carol, sister Evelyn, sons David and Tom, and daughters Anne and Susan.



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A cloudless Ann Arbor sky offsets the new Stephen M. Ross School of Business facility, photographed in August 2007.