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DEAN

Robert J. Dolan

DIRECTOR OF MARKETING COMMUNICATIONS

Paul Gediman

EDITORIAL MANAGER

Deborah Holdship

STAFF WRITERS

Terry Kosdrosky, Dan Shine,
Leah Sipher-Mann, Amy Spooner

COPY EDITORS

Fred P. Wessells, Amy Spooner

CLASS NOTES

Fred P. Wessells

CREATIVE DIRECTOR

Steve Busch

ART DIRECTOR

Anne Fix

GRAPHIC DESIGNERS

Erin Elly, Aisha Holly

PHOTOGRAPHERS

Jennifer Bisbing, Dusty Brown, Phil Datillo,
Kate Elliot, Max S. Gerber, Steve Kuzma,
Brooke Slezak, Scott Soderberg

ORIGINAL ILLUSTRATIONS

Michael Austin, Matt Hollock

PRINTER

University Lithographers

Vol. 40, No. 1. ©2009, Stephen M. Ross School of Business at the University of Michigan. This publication is produced twice a year by the Office of Marketing Communications and made possible through the generosity of private donations.

ISSN 0046-0400

For more information, contact Dividend, Stephen M. Ross School of Business, University of Michigan, 701 Tappan, Ann Arbor, MI 48109-1234. (734) 647-4626.

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MIDDLE: ILLUSTRATION BY MATT HOLLOCK



20

Twenty Questions with ...

SUSAN AMSTER, BBA '79, is managing director of WTAS LLC in Los Angeles. She consults with closely held businesses and wealthy families on income tax, charitable giving, and succession planning. It's the kind of job best suited to a rational thinker, so it's no surprise that Amster's favorite line from a film was spoken by Steve Guttenberg's Edward "Eddie" Simmons in *Diner*: "You're dealing with a rational girl; that's your problem." Amster is a certified public accountant with more than 25 years of experience in managing the tax consulting and compliance needs of individuals, trusts, estates, exempt organizations, and closely held businesses. She is a contributing author of *Tax Economics of Charitable Giving*, and she appears at tax institutes as a speaker on individual tax planning. In addition, Amster is a member of the Ross School's Alumni Board of Governors.

1 What did you want to be when you were a kid?

A pilot, so I could fly to wherever I wanted to go.

2 What's one of the last books you read?

Into the Wild by Jon Krakauer.

3 What's the first album/CD you bought?

Déjà Vu by Crosby, Stills & Nash.

4 What's on your iPod? Bruce Springsteen, U2, the Who, the Rolling Stones, Tom Petty, and Led Zeppelin ... good ol' rock 'n' roll.

5 Guilty pleasure? Periodic massages.

6 Who is your personal hero (and why)?

My father. Since I was a child he told me the world would be my oyster provided I worked hard and put forth the effort.

7 What's the most thrilling/adventurous thing you've ever done? Took a walking safari in Kenya. Despite the armed guard, I still worried that a lion might attack from behind the next bush.

8 First job? Tax staff at Arthur Andersen.

9 Favorite sport to watch? Football, when my son's team is playing.

10 What advice would you give to yourself 10 years ago? Be patient, slow down, and enjoy the ride ... even if you hit a few bumps in the road.

11 What is the one thing you learned in business school that you'll never forget? Debits are by the window.

12 What is the most important room in your home? The gym. It helps me maintain my sanity.

13 First website you access in the morning? nytimes.com.

14 Favorite comfort food? Pralines and cream ice cream.

15 If you had a theme song, what would it be? "I Won't Back Down" by Tom Petty & the Heartbreakers.

16 Favorite line from a movie? "You're dealing with a rational girl; that's your problem." —Steve Guttenberg (as Edward "Eddie" Simmons), *Diner*.

17 Three people, living or dead, you'd have over to dinner? John Wooden, Morrie Schwartz (*Tuesdays with Morrie*), and Benjamin Franklin.

18 Pet peeve? Dirty dishes in the kitchen sink because the dishwasher is right there.

19 If you could read anyone's mind, whose would it be? My 18-year-old son's, so I could better anticipate what is coming next.

20 Why do you give to Ross? When I think of all the doors Ross has opened for me, I want to help open doors for others.

MICHAEL JENSEN, ASSOCIATE PROFESSOR OF STRATEGY, is a former table tennis champ who studies the role of social structures in markets. Current projects explore the role of identity in the creation of markets for illegitimate products, and in what kinds of markets robust market identities are most effective. He serves on the editorial boards of the *Academy of Management Journal*, *Administrative Science Quarterly*, and *Strategic Management Journal*. Jensen received the 2003 BBA Student Award for Teaching Excellence.



- 1 **What keeps you up at night?** Nothing. I sleep pretty well.
- 2 **What's one of the last books you read?** *The Historian* by Elizabeth Kostova. The author's sister, Victoria Johnson, is my favorite colleague. And *The God Delusion* by Richard Dawkins. It should be mandatory reading.
- 3 **What's the first album/CD you bought?** *Ring Ring* by ABBA ... I still like Agnetha the most.
- 4 **What's on your iPod?** I don't have an iPod.
- 5 **What's the most thrilling/adventurous thing you've ever done?** That is clearly not fit to share.

- 6 **Guilty pleasure?** 1970s exploitation movies (but I don't really feel guilty about it).
- 7 **Who is your personal hero (and why)?** My grandmother. No education but wiser than most.
- 8 **First job?** Delivery boy in an accounting firm. I learned that hierarchy is often more important than merit.
- 9 **How do you motivate your students?** They are pretty self-motivated.
- 10 **Biggest management myth?** That CEOs deserve their high salaries, stock options, and bonuses for getting fired.

- 11 **Best business decision?** To become an academic.
- 12 **What advice would you give to yourself 10 years ago?** Do what you like, not what other people would like you to do.
- 13 **What is the most important room in your home?** The bathroom ... the one room you could not be without.
- 14 **First website you access in the morning?** Danish newspapers.
- 15 **Favorite comfort food?** Popcorn ... no butter.
- 16 **If you had a theme song, what would it be?** Schiller's "Ode to Joy" (in Beethoven's 9th).
- 17 **Favorite line from a movie?** The opening line in Woody Allen's *Hannah and Her Sisters*: "God, she's beautiful." —Michael Caine as Elliot.
- 18 **Three people, living or dead, you'd have over to dinner?** The historical Jesus, Muhammad, and Buddha.
- 19 **Best trophy/award you ever won?** Table tennis championship in sixth grade ... only because I beat a very good friend and rival in the semi-final.
- 20 **What did you want to be when you were a kid?** A forensic examiner. I loved the TV show *Quincy M.E.* with Jack Klugman.

MICHAEL ZARRILLI JR., MBA '09, is pursuing a career in management consulting and private equity. "I chose to get my MBA at Ross because I appreciated the intimate, collegial, and collaborative environment of the business school," he says. Zarrilli contributed to that environment as a Ross student ambassador for the Office of Admissions and as a student adviser to the Wolverine Venture Fund. In addition, he is a member of the Consulting, Emerging Markets, and Travel & Tourism clubs, and was elected president of the Ross chapter of Habitat for Humanity. He is pictured on an M-Trek in Iceland.



- 1 **What keeps you up at night?** I worry too much.
- 2 **What's the first album/CD you bought?** A Spin Doctors CD.
- 3 **What's on your iPod?** Jack Johnson, Coldplay, the Kooks, Modest Mouse.
- 4 **What's the most thrilling/adventurous thing you've ever done?** Trip around the world: 10 countries and 65.5 hours of flight time, not including delays.
- 5 **Guilty pleasure?** Pictures of commercial airplanes. I am lame.

- 6 **Who is your personal hero (and why)?** My dad. Great guy, great businessman, and he knows how to have fun.
- 7 **First job?** Lifeguard.
- 8 **What advice would you give to yourself if you were applying to business school again?** Have a game plan and show your true character in the interviews, essays, etc.
- 9 **Three people, living or dead, you'd have over to dinner?** Warren Buffett, Robin Williams, and Barack Obama.

- 10 **What is the one thing you've learned in business school that you'll never forget?** Life is fun! Not that I didn't already know that, but it has just been reinforced.
- 11 **What is the most important room in your home?** Bedroom.
- 12 **First website you access in the morning?** wsj.com.
- 13 **Favorite comfort food?** Nachos.
- 14 **Best trophy/award you ever won?** 2007 MBA Games at Ross. Seriously, it was a great comeback.
- 15 **If you could read anyone's mind, whose would it be?** Warren Buffett's (smart man) or Jim Cramer's (crazy man!).
- 16 **What is your favorite "haunt" in Ann Arbor?** No Thai!
- 17 **Pet peeve?** Poorly constructed PowerPoint slides.
- 18 **Favorite sport to watch?** NFL football.
- 19 **What did you want to be when you were a kid?** A police officer.
- 20 **Best business decision so far?** To make sure that I have fun.

Remembering William Davidson

INSTITUTE FOUNDER AND
UNIVERSITY BENEFACTOR
LEAVES RICH LEGACY

William Davidson, BBA '47, died March 13 at the age of 86 at his home in Bloomfield Hills, Mich.

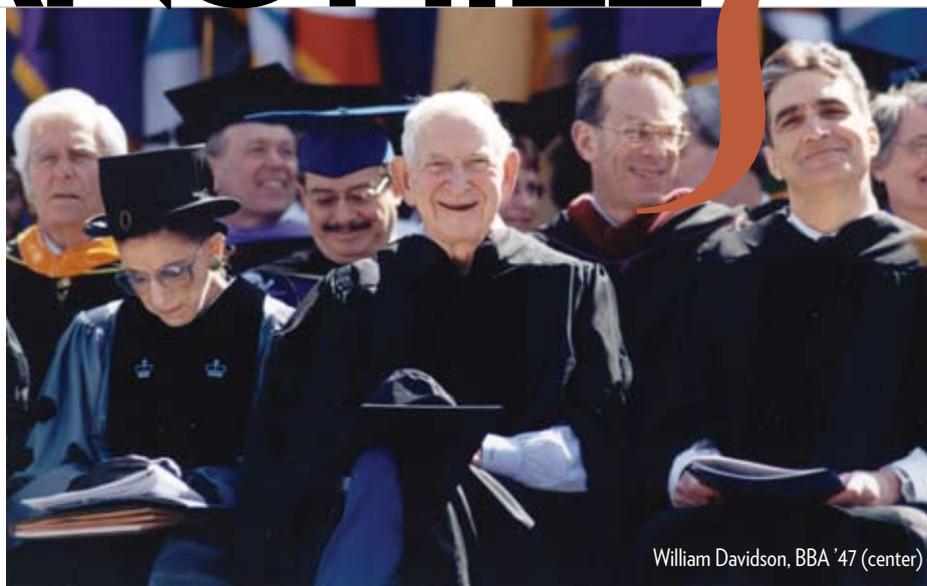
One of the most generous donors to the University of Michigan, Davidson also supported the University with his counsel, guidance, and vision. He was a long-time benefactor of the business school. The physical and social centerpiece of the new Ross School facility bears his name: the Davidson Winter Garden.

Davidson endowed a chair in his own name, held by Professor **Kenneth Lieberthal**, and a chair in honor of the late California Congressman Tom Lantos, held by **Robert Kennedy**. He also founded the University's William Davidson Institute (WDI), which is dedicated to developing and disseminating expertise on issues affecting firms in transition and emerging market economies.

WDI was created in 1992 when Guardian Industries Corp., an international manufacturer of glass products, made a major financial commitment over a 20-year period to establish an institute at U-M's business school. Named in honor of Davidson (who was chairman, president, and CEO of Guardian Industries at the time), WDI represented an aggressive and visionary response to global economic transformation.

"My vision is that it will help forge a path for those responsible for economic change in these emerging markets — that it will give them the knowledge, the methods, and the blueprints for a successful transition to a market economy," Davidson said of the institute.

"Bill Davidson was a business visionary,



William Davidson, BBA '47 (center)

a great philanthropist, and a dedicated family man," says Kennedy, who currently serves as WDI's executive director. "He always encouraged us to aim high and to accomplish great things. The thing he said most often was, 'How can I help?'"

That help emerged in many forms, says **Dean Robert Dolan**, who considered Davidson a mentor. "One did not have to be with 'Mr. D' for very long to figure out that there were lifelong learning opportunities in whatever you did with him," Dolan says. "Addressing a dilemma by asking, 'What would Mr. D do?' has always been a most worthwhile practice for me — one that I plan on continuing even though, sadly, my very enjoyable days learning from him have ended."

The University will benefit from Davidson's contribution for generations to come, says President **Mary Sue Coleman**.

"His generosity as an adviser, a business executive, and a philanthropist enhanced the teaching and research experience for U-M students and faculty," she says. "He did not hesitate to share his knowledge and expertise, and our University is stronger for it."

Davidson may have been best known as the managing partner of the NBA's Detroit Pistons, a team he bought in 1974. He was inducted into the Basketball Hall of Fame in 2008. He was the

The thing he said most often was, "How can I help?"

majority owner of Palace Sports and Entertainment, which includes the Palace of Auburn Hills, the Detroit Shock (Women's National Basketball Association), and DTE Energy Music Theater, a world-class entertainment venue, as well as management of Meadow Brook Music Theater.

In addition, Davidson was one of metro Detroit's most notable philanthropists, responsible for more than \$200 million in donations to local and international charities and universities. *The New York Times* named him one of America's most generous donors.

A native of Detroit, Davidson earned his BBA from U-M in 1947 and his law degree from Wayne State University in 1949. In 1996, he was awarded the Doctor of Humane Letters, Honoris Causa from the Jewish Theological Seminary in New York. He received an honorary degree from U-M in 2001.

Davidson is survived by his wife, Karen, two grown children, Ethan and Marla, and three stepdaughters. ✦ —*Dan Shine*



Supply Chain Management Degree Adds Value at Ross

In January, the Ross School launched its one-year Master of Supply Chain Management Program (MSCM). The full-time program was designed by Ross faculty in operations and management science (OMS), a discipline in which the school was ranked No. 1 by *BusinessWeek* in 2008.

The MSCM Program responds to an exploding industry need for supply chain skills, partly driven by outsourcing, deeper specialization, and offshoring, says **Ravi Anupindi**, MSCM faculty director. He describes supply chain as the “central nervous system” of a global corporation.

“Globalization is here to stay,” says Anupindi, a Michael R. and Mary Kay Hallman Fellow and associate professor of operations and management science. “Supply chain management is no longer simply a tactical function. It is a business function that interfaces with marketing, finance, and operations. It’s about material, information, and financial flows — and managing these flows effectively.”

Candidates in the MSCM Program join the Tauber Institute for Global Operations, which is a joint initiative between Ross and the College of Engineering. MSCM follows the school’s action-based learning model and offers a paid, team-based summer project with one of its corporate partners.

“It’s a tangible, results-oriented program,” says Anupindi.

Courses are presented in two 13-week blocks with the 14-week paid summer project in between. The structure is well-suited for corporations seeking to upgrade their own supply chain skill set and identify employees who would benefit from the program through sponsorship of students and summer projects.

From the school’s perspective, this new option is geared toward highly

he points out. “And that’s the heart of the program. I wanted a great education, and I knew Ross would supply it.”

OMS faculty developed the MSCM curriculum in conjunction with an advisory board of representatives from McKinsey, Intel, IBM, Wal-Mart, and Ryder Supply Chain Solutions, among others. Content includes a core set of supply chain management courses that cover

“Supply chain management is no longer simply a tactical function. It is a business function that interfaces with marketing, finance, and operations.”

driven graduates in engineering, business, and economics who already have identified supply chain as a focus. For current student Brian English, the one-year program at Ross offered the degree he needed, the concentration he wanted, and the time frame he desired.

“It’s an MBA boiled down to everything I wanted to learn,” he says. “And I get ‘supply chain’ in the title of my degree, which makes a difference when I’m marketing myself. The one-year tuition was appealing, and the paid summer project was a huge attraction.”

English was not cowed by the fact that he was entering the first Ross MSCM class, basically untested and unranked among its peers. “Even though the program isn’t ranked, the professors are,”

logistics, analytics, strategic sourcing, IT for supply chain, global supply chain management, and more. The new supply chain courses are now available as electives to all Ross MBAs. At the same time, MSCM candidates can opt into a broad array of electives ranging from business to law to engineering. Students also go through a business fundamentals boot camp (covering all business disciplines), and, as Tauber students, MSCM candidates participate in the institute’s Leadership Advantage program.

Applications are now being accepted for the Class of 2010 (beginning coursework in January). The early admission application deadline was April 1; the standard application deadline is August 1, 2009. ✦—*Deborah Holdship*



Entrepreneurship Program Seeks to Help State of Michigan

Each spring brings the promise of unlimited potential. That promise for 50 faculty and PhD students was in full effect at Ross this year as their aspirations came closer to reality in the school's first MBA Essentials and Entrepreneurship (MBAEE) Program.

The seven-week MBAEE was created for University of Michigan faculty and researchers looking to commercialize new products and services. Some 200 candidates, each touting a novel piece of intellectual property, applied for the 50 open slots. U-M faculty and graduate students, U-M Health System residents and interns, and those at the University who hold fellowships or other post-doctoral positions were eligible.

"One goal of the program is to move Michigan forward in terms of new venture startups," says **George Siedel**, MBAEE faculty director and professor of business law at Ross. "By providing U-M faculty and graduate students with an understanding of the essentials from our MBA Program, along with an entrepreneurial focus, we hope to advance the interests of the University community."

MBAEE participants came from 12 schools and colleges; medicine and engineering represented the largest contingents. Content kicked off with concepts, frameworks, and tools borrowed from the MBA core, such as accounting, finance, and

marketing. The focus then turned to developing, financing, and launching a business. Students brought ideas ranging from nanotechnology-based solutions for brain tumor surgery to nascent ventures in arts and music.

"We've designed the content for people who can envision themselves developing an idea or starting a company at some point in the future," says **Dean Robert Dolan**.

Ross faculty were joined by venture capitalists, entrepreneurs, and other experts in the classroom. While crash courses in finance and accounting would be daunting for some, MBAEE participants were "a very bright group" able to move at warp speed through the material, says Siedel.

"Many participants recognized that, 'I don't want to be an entrepreneur. The value I add is as a scientist. But at least now I know what I'm looking for in an entrepreneur to take the venture to the next level.'"

Siedel hopes when MBAEE participants start their businesses, they will do it in the state of Michigan, working with Michigan entrepreneurs. "We have a fantastic research base at U-M. We just need to commercialize our discoveries better."

MBAEE was a joint effort of Ross and the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies. ✦

Executive Education Finds Partner in Shanghai



Executive Education's
Melanie Barnett signs
deal with Shui On.

In November 2008, Ross Executive Education partnered with Shanghai property developer Shui On Land Limited to establish Shui On Academy. The alliance is designed to provide Shui On Land with innovative learning opportunities that drive individual and company performance while promoting academic development at Ross.

residential development projects. The company has plans for aggressive growth and will look to Ross faculty for expertise in the areas of leadership and entrepreneurship. Ross professors will experience issues regarding economic development, management styles, and property market elements in China.

Shui On Land is the flagship property company of the Shui On Group on the Chinese mainland. It has a proven track record in developing large-scale, mixed-use, city-core development projects and integrated

"The Ross School's educational philosophy of action-based learning is rooted in the conviction that the best learning occurs when the educational process is closely tied to the world of practice," says **Dean Robert Dolan**. "As a partner in Shui On Academy, we look forward to setting the standard for leadership development and to extending impactful learning opportunities to the people there."

The collaboration will incorporate in-house leadership and management courses and one-on-one partnering between Ross faculty and the company's senior executives in action-based learning projects. In addition, both organizations will co-host large-scale conferences, forums, competitions, and other events focusing on leadership and entrepreneurship. ✦

Ross BBAs Get in on the Action

ACTION-BASED LEARNING GAINS MOMENTUM IN UNDERGRADUATE COURSEWORK

The Ross School's commitment to action-based learning already distinguishes the MBA Program among the world's top-tier business schools. Now the BBA Program is taking action-based learning to the next level as faculty find new and more ways to connect BBA coursework to real business challenges facing actual organizations.

"Our students are an impressive bunch," says BBA Program Director **Scott Moore**, Arthur F. Thurnau Professor and associate professor of business information technology. "They're also very demanding. Our intention is to provide a broad range of project-based experiences for BBAs while experimenting with the details of course structure and management."

The support of generous benefactors like **Thomas Jones**, BBA '68/MBA '71, bolsters the school's efforts. In 2005, he endowed the Thomas C. Jones Center for BBA Education with a \$10 million gift, which encourages such program innovations as the integration of action-based learning into coursework. That could explain why the Ross BBA consistently ranks among the nation's best undergraduate business programs. In February 2009, *BusinessWeek* ranked Ross No. 4 in the U.S.

CLASS ACT **Tammy Feldman** is an adjunct lecturer of business economics and public policy. She was recruited to Ross to develop action-based courses, including Organizations and Industries (Business Economics 480). BBA seniors manage a live project as the bulk of the course output, with an emphasis on the application of multidisciplinary skills.

"Whether it's a marketing, strategy, or operations management project, students make a real connection between what they learned in the core and how to use all those tools in a meaningful, sustained way," Feldman says.

The in-class component still dominates BBA coursework, but Ross far outpaces competitor programs when it comes to bridging theory and practice, Feldman says. In winter 2009, her students consulted with a local distributor of high-end scientific equipment to create a marketing strategy.

Meanwhile, BBA students enrolled in Professor **Anu Nagarajan's** course Dynamic Capabilities through Corporate Development (Strategy 392) learn how companies build, gain, and leverage competitive advantages in constantly changing contexts. Nagarajan turned to the staff who oversee the MBA Program's Multidisciplinary Action Projects (MAP) course to initiate a venture at Whirlpool Corp. Nagarajan's BBAs visited a facility, met with Whirlpool staff, and worked on developing a growth strategy for countertop microwaves.



Ross BBAs consult for Target in Professor Wooten's strategy class.

OWN IT Other faculty members pioneering action-based learning at the BBA level include **Lynn Wooten**, clinical associate professor of strategy, and management and organizations; and **Bill Lovejoy**, the Raymond T. Perring Family Professor of Business Administration and professor of operations and management science. Wooten's BBAs perform consulting projects for Target Corp., a concept she introduced into Strategic Management of Knowledge in Professional Service Firms (Strategy/MO 470). Lovejoy's BBAs often can be found working in the University of Michigan Hospital and Health System as part of Projects in Healthcare (Operations and Management Science 490).

As a student in Lovejoy's class last year, **Mitchell Zoerhoff**, BBA '09, spent three to four hours each week at the East Ann Arbor Health and Geriatric Center's radiology branch. He consulted with staff to maximize patient CT scan throughput without compromising customer service. This year the class is being repeated with nine projects focusing on a range of cross-departmental problems, such as patient admissions and bed allocations or synching up lab testing and physician rounding.

Zoerhoff says his experience motivated him to approach problems from a new perspective.

"You learn in a different way," he says. "You have to gather your own data and work with different kinds of people. You have to discover what the problem is and come up with a solution, and there isn't necessarily just one."

That's the beauty of action-based learning, says **Valerie Suslow**, associate dean for degree programs and professor of business economics and public policy. "The students own that information now. They learn it, retrieve it, synthesize it, and apply it to a real-world situation. That's why we think action-based learning is important educationally, and that's why we continue to bring it into the BBA curriculum in a manner that benefits both students and partner organizations." ✦ — *Deborah Holdship & Leah Sipher-Mann*

Crisis Challenge Tests Leadership Skills



Luca Testa, MBA '10

The average person seeks to avoid crisis at all cost. But this past January, 64 MBAs pursued crisis — all in the interest of a challenge. The Ross Leadership Initiative pitted 16 teams against one another in a time-sensitive, role-playing exercise in which students framed and defended a collective response to an evolving corporate dilemma. They posed as executives in

an agribusiness firm confronting issues of sustainability, offshoring, deforestation, social unrest, and corporate sabotage. In a departure from a typical case competition, students faced an audience of hostile stakeholders that included actual journalists from the BBC, MSNBC.com, and the *Seattle Times*, among others.

“The bottom line is to get the big picture, come up with a reasonable plan, and stick to the plan — especially in a presentation before the board or the press,” says **Luca Testa**, MBA '10 (pictured above in a video interview). One of Testa's biggest takeaways from the experience? “Reporters will try to get you to say things you didn't mean to say.” ✖

Business Plan Competitions Inspire Viable Startups

It's a cold February day, but the competition inside Ross is getting heated. Jan Garfinkle, founder and managing director of Arboretum Ventures, and Pete Farner, managing director of TGap Ventures, sit at a table opposite four Ross School students. **Erica Graham**, **Shally Madan**, and **Siddharth Sinha**, all MBA '09s, and **Elizabeth Uhlhorn**, MBA/MS '10, make up Team Husk, a startup poised to convert agricultural waste into thin, high-grade insulation for the refrigeration industry.

The final round of the University-wide Michigan Business Challenge is in full swing as Garfinkle and Farner shoot questions at Team Husk. How long will it take to get their product to market? An estimated 18 months. How much funding do they need? \$425,000 for the first round. Why is their insulation an improvement over what's already on the market? It's more energy efficient and can be produced at a competitive price.

Some questions have no easy answers. When those arise, a team spokesperson says, “Thank you, we'll look into that.” And they do, says Graham. “That's the first thing we do.”

Being diligent about follow-through is one of many reasons Husk has succeeded so far. The team, which also includes **Ian Dailey**, MBA '09, took home the \$15,000 Pryor-Hale Award for Best Business at the Michigan Business Challenge and is one of three teams to make it to the finals of DTE Energy's Clean Energy Prize Competition. This was the first time business plan teams could compete simultaneously in the two competitions, and Husk took second place in the Clean Energy Prize.

The Michigan Business Challenge differs from other contests in that it draws out the rounds of competition over four months, giving teams time to make their plans increasingly viable. Round one took place in November 2008. Subsequent rounds required more detailed presentations, narrowing the field from 64 teams to just eight by the February finals.

“Any investor is going to have the same questions these judges had,” says **Luis Calderon**, MBA '10, whose Team Audiallo won a \$5,000 prize in the finals. “This is as real as it gets.” ✖

— *Leah Sipher-Mann*

Three-peat:

ROSS NET IMPACT TAKES
TOP HONORS AGAIN



For the third year in a row, Ross Net Impact won Chapter-of-the-Year honors.

Net Impact is an international organization of more than 10,000 students and professionals committed to serving the social and environmental good through business. The award was announced in November during the organization's annual North America Conference at Wharton.

Ross Net Impact (RNI) was selected from more than 200 chapters, including those from North America's top MBA programs, for its commitment to social and environmental responsibility in campus events, curriculum change, and professional development.

In addition, **Tammie Jones**, MBA '09, RNI's vice president of events, was named Net Impact's Member of the Year.

Says **Emily Reyna**, MBA/MS '09, RNI co-president: “Ross Net Impact members are not only passionate about society's most pressing issues, but are consistently able to turn that passion into action and results.” ✖

Economics and Environment to Shape Relations with China

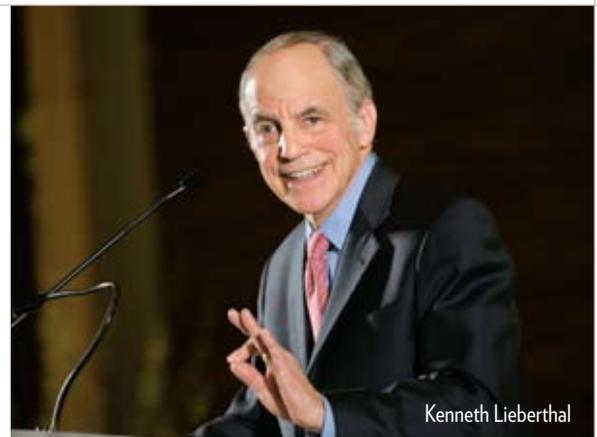
“The Chinese government may be one of the few in the world that was sad to see George W. Bush leave office and is nervous about his successor,” said **Kenneth Lieberthal**, William Davidson Professor of Business Administration, during the 42nd William K. McNally Lecture at Ross. He presented “U.S.-China Relations in the Obama Administration: Continuities and Changes” Jan. 27 in the school’s new Blau Auditorium.

“Neither side is seeking fundamental change in the way we deal with each other,” said Lieberthal, a distinguished fellow and director for China of the William Davidson Institute. But the solid foundation between the two nations will be tested by the way President Barack Obama handles the global recession and climate change.

President Obama inherited the world’s most extensive bilateral trade relationship with China. As a result, China has a major stake in a U.S. economic recovery. But while President Bush kept the U.S.

market for Chinese goods open, President Obama is dealing with rising unemployment and increasing cries of protectionism. At the same time, China holds the largest amount of dollar-denominated debt instruments, and the U.S. will rely on China to purchase more. But compounding debt may tempt policymakers to print more money, degrading the dollar and devaluing U.S. debt owned by the Chinese.

Meanwhile, Obama’s view on environmental stewardship is the polar opposite of Bush’s, Lieberthal said. It’s likely Obama will pursue a cap-and-trade system, in which carbon emissions are capped but could be traded on an open market. That kind of legislation won’t pass in Congress unless China agrees to its own carbon emissions policy. Opponents will argue that if the U.S. caps emissions and China does not, U.S. businesses will face a daunting disadvantage.



Kenneth Lieberthal

A cooperative agreement on emissions could be the beginning of a true partnership between the nations, Lieberthal said. Conversely, failure on the issue will have negative consequences.

“Neither side trusts the other side’s long-term intentions,” he said. “Building trust will be important, but also potentially difficult in the coming years.”

In addition to his role at the William Davidson Institute, Lieberthal is the Arthur F. Thurnau Professor of Political Science at the University and a faculty associate at the Center for Chinese Studies. He currently is on leave as a visiting fellow in foreign policy studies at the Brookings Institution in Washington, D.C. ✦—*Terry Kosdrosky*

When the Going Gets Tough ...



Kenneth Chenault

Managing a big financial services company during the most severe economic crisis since the Great Depression is tough work. But American Express Chairman and CEO **Kenneth Chenault** says he’ll know one thing for sure when it’s all over: who the good leaders are.

“Reputations of individual leaders are clearly made in times of crisis,” said Chenault during his Feb. 11 presentation for the Ross

School’s Leaders in Thought and Action Speaker Series.

The current downturn isn’t Chenault’s first brush with crisis. He led American Express during the Sept. 11, 2001, terrorist attacks and resulting economic slowdown. He laid off about 14 percent of the workforce then. But he was able to do it in a compassionate manner,

he said, due to the credibility he’d earned in the trenches.

“You just can’t switch it on all of a sudden,” Chenault said. “You need to interact with people every single day. That gives you the license to be trusted to take some of those tough actions.”

American Express is facing harsh times once again. Earnings are down, credit losses are up, and Chenault has had to lay off more employees. He follows Napoleon’s axiom that the role of a leader is to define reality and give hope. While the environment is grim — that’s the reality — the company has a strong brand and owns its own network. Therein lies the hope.

“We are not going to drive earnings the way we have over the last seven years,” Chenault said. “Staying profitable will build credibility. We’re a growth company. We have to selectively invest in growth, and that’s something we’re not going to compromise.” ✦—*Terry Kosdrosky*

Public Health Needs the Private Sector

Private industry has a major stake in bringing vaccines, drugs, and quality medical care to developing nations. Neglecting such issues as infant mortality, malnutrition, and the spread of disease will cause markets to suffer in the long term, said **Tadataka Yamada, MD**, president of the Bill & Melinda Gates Foundation's Global Health Program.



Tadataka Yamada, MD

"If we can't think of this problem in terms of a moral tragedy, we can think of self-interest," said Yamada, former chairman of research and development for pharmaceutical giant GlaxoSmithKline. "From a commercial standpoint, the emerging world is the emerging market."

Yamada, the former chairman of internal medicine at the University of Michigan Medical School, issued a challenge to Ross students during a Jan. 20 address as part of the William Davidson Institute's Global Impact Speaker Series. He asked them, as they lead companies later in their careers, to support business models that can make their products viable in developing countries while complementing the global health efforts of the public sector.

"The delivery channels for care are there for the private sector in a way they're not available to the public sector," said Yamada, reflecting on his own experience. "It can be done without compromising the financial goals of shareholders."

Yamada's journey in global public health began when GlaxoSmithKline was embroiled in litigation with Nelson Mandela's South African government over the price of HIV medicine. Yamada proposed setting up a lab to produce medicine for the developing world without concern for profit at first. "And I'm happy to say we partnered with the Gates Foundation," he said.

That partnership led to Yamada's full-time role as president of the foundation's Global Health Program. He now oversees grants totaling more than \$7 billion. Targets include tuberculosis, malaria, HIV, malnutrition, and maternal and child health in the developing world. In addition to its work with GlaxoSmithKline, the Gates Foundation has helped create business models other pharmaceutical companies can emulate.

"We have to be very creative," Yamada said. "But in the end we need examples the private sector can follow." ✦—*Terry Kosdrosky*

King's Legacy Lives in the Future, Not the Past

Martin Luther King Jr. was more than the leader of a "peculiar movement and a long-past set of times," according to civil rights historian and award-winning author **Taylor Branch**. King should be regarded as a "modern founder" in this nation's history alongside Thomas Jefferson, James Madison, Abraham Lincoln, and the suffragettes.

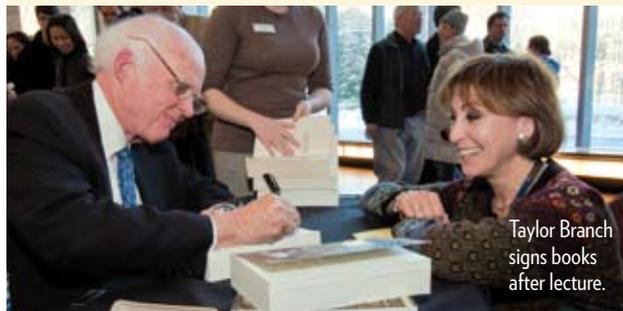
Branch, the author of the epic trilogy *America in the King Years* (Simon & Schuster), shared his thoughts during the Jan. 19 MLK Day Lecture in the Ross School's Blau Auditorium. Branch is a Pulitzer Prize-winning scholar, widely considered the definitive literary source on King's legacy.

"King did what the other modern founders did," Branch told the audience. "He confronted systems of hierarchy and subjugation and set in motion changes for a common citizenship, which is the very promise of America. Martin Luther King Jr. is about the future. It's about how we apply the ideas born of the civil rights movement going forward, because these ideas are the base ideas of democracy itself."

Branch is a white southerner who grew up in the segregated south. He shared his amazement that African Americans who'd never experienced the benefits, privileges, and promises of democracy could lead a movement for freedom. Somehow King and other civil rights leaders found the political genius, discipline, courage, and grace to lift "all the rest of us" toward the true meaning of our own professed values as Americans, he said.

"Now, we must all become modern founders because that's what the world needs, and that's what our citizenship requires," Branch said. "King was right when he said that no leader in a modern democracy and a shrinking world is so wise to be able to make major progress toward freedom without an aroused citizenry pushing him, behind him, ahead of him. We all have to do our part. That's the great lesson from the civil rights era." ✦

—*Deborah Holdship*



Taylor Branch signs books after lecture.

Faculty Kudos, Awards & Appointments

BAGOZZI RECEIVES AWARD, PROFESSORSHIP Professor of Marketing **Richard Bagozzi** won the inaugural C.W. Park Award for Outstanding Contribution to the *Journal of Consumer Psychology* as co-author of the article “The Role of Regulatory Focus in the Experience and Self-Control of Desire for Temptations.” Bagozzi recently was named Dwight F. Benton Professor of Marketing at Ross.



CAMERON NAMED KELLY PROFESSOR **Kim Cameron** recently was named the William Russell Kelly Professor of Management and Organizations. He is a co-founder of the Center for Positive Organizational Scholarship at Ross and focuses his research on organizational downsizing, organizational effectiveness, corporate quality culture, and the development of leadership excellence.



DUTTON DISTINGUISHED AT UNIVERSITY **Jane Dutton**, the Robert L. Kahn Distinguished University Professor of Business Administration and Psychology, presented the Distinguished University Professorship Lecture at Rackham Amphitheater in April. She discussed “Beauty in Everyday Work: Seeing the Resourcefulness of University Staff.” Dutton is co-founder and co-director of the Center for Positive Organizational Scholarship at Ross. She just completed co-editing the book *Exploring Positive Identity and Organizations* (with Laura Morgan Roberts).



ETHIRAJ RECEIVES TENURE **Sendil Ethiraj** has been promoted to associate professor of strategy with tenure. His research is based on the premise that firms are bundles of interdependent choices or complex systems. Ethiraj developed the MBA elective Strategy in Technology-intensive Industries. He also teaches the strategy core class in the MBA Program and serves on the editorial boards of *Administrative Science Quarterly*, *Organization Science*, and *Strategic Management Journal*.



HESS WINS PIONEER AWARD **David Hess**, assistant professor of business law, received the 2008 Faculty Pioneer Award from the Aspen Institute Center for Business Education. The annual recognition celebrates MBA faculty who have demonstrated leadership and risk-taking in integrating social and environmental issues into academic research, educational programs, and business practice.



JENSEN RECEIVES TENURE **Michael Jensen** was promoted to associate professor of strategy with tenure. He researches social structures in markets and teaches courses on corporate strategy, strategic alliances, social networks, and negotiations in the BBA, MBA, and PhD programs. He is on the editorial boards of the *Academy of Management Journal*, *Administrative Science Quarterly*, and *Strategic Management Journal*.



MUIR NAMED THURNAU PROFESSOR **Dana Muir** recently was named Thurnau Professor of Business Law. Her research interests are in employment law and securities law, particularly as they relate to employee benefits. Muir’s employee benefits research has been cited by the U.S. Supreme Court and other federal courts. She was a delegate to the first and second White House/Congressional National Summit on Retirement Savings and has served as a Congressional Fellow.



NARAYANAN NAMED TO PROFESSORSHIP **M.P. Narayanan** recently was named the Robert Morrison Hoffer Professor of Business Administration. He also is a professor of finance and chair of the finance department. Narayanan’s current research focuses on corporate governance. In particular, his work with finance professor Nejat Seyhun was instrumental in exposing the practice of backdating executive options.



INDIA HONORS PRAHALAD **C.K. Prahalad** was honored with the Padma Bhushan, India’s third-highest civilian award, in January. Prahalad is the Paul and Ruth McCracken Distinguished University Professor of Strategy. He recently co-authored *The New Age of Innovation* (McGraw-Hill, 2008) with M.S. Krishnan, professor and chair of the business information technology department.



SCHWARZ & YOON WIN BEST PAPER Marketing professors **Norbert Schwarz** and **Carolyn Yoon** took the Best Paper prize from the *Journal of Consumer Research* for their contribution to the 2005 study “How Warnings about False Claims Become Recommendations.” The journal gives the award three years after publication to see how the research stands the test of time. ✎



WDI Scholars Target Sustainable Innovation, Healthcare

The William Davidson Institute (WDI) recently announced two appointments to launch new research initiatives that address significant global issues: the effective commercialization of “green leap” technologies for sustainability and the effective delivery of healthcare.

Stuart Hart, the S.C. Johnson Chair of Sustainable Global Enterprise and professor of management at Cornell University’s Johnson School of Management, is director of WDI’s Green Leap Initiative (GLI). He will remain affiliated with Cornell but will be based in Ann Arbor and work part time for WDI.

David Canter is director of the Business of Healthcare Initiative at WDI. Prior to the appointment, Canter was a senior vice president in Pfizer Global Research and Development, and director of the Michigan Laboratories in Ann Arbor and Kalamazoo.



Hart (second from left) visits Peking University.

MAKING THE GREEN LEAP Sustainable innovation has exploded in recent years, but most clean-tech startups focus on high-end “green” markets, says GLI’s Hart. Little attention has been paid to creative commercialization strategies or distribution models targeting the base of the economic pyramid.

Hart feels that underserved markets, where the infrastructure has not been built out, could be the ideal testing ground for “disruptive” clean technologies. A new

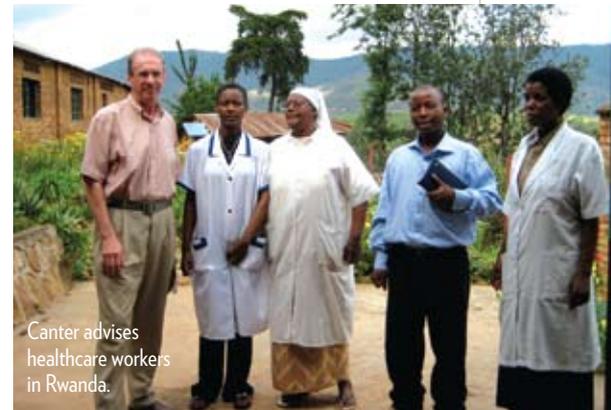
solar infrastructure, for instance, would disrupt the coal mining industry and coal-fired power plants. Other disruptive technologies include biomaterials, biomimicry, wireless information technology, sustainable agriculture, nanotechnology, point-of-use water purification, and renewable energy.

“It’s difficult to bring these next-generation, potentially inherent clean technologies forward on a commercial basis in established marketplaces,” Hart says, noting that incumbent firms have a vested interest in keeping things as they are. “But it is possible to construct a new next-generation form of living and infrastructure from the beginning.”

Regions in China can be ideal laboratories to launch the GLI because of the country’s size, growth rate, environmental problems, social challenges, and clean technology potential. “It is possible to imagine these next-generation technologies fueling local economic growth and development, building livelihoods, creating jobs, increasing income, and also moving to tomorrow’s inherently clean technology at the same time,” Hart says.

The GLI is now building relationships with corporations, universities, and other entities in China, such as the China Entrepreneurs Club. As *Dividend* went to press, GLI was developing student internships for summer 2009.

MANAGING HEALTHCARE Continuing work he started in Rwanda as a Pfizer Global Health Fellow, Canter will generate research at WDI on how management skills can be better taught and measured in healthcare workers in developing countries. “If you improve management skills, a health center will be more effective in delivering care,” Canter says, “and the health of



Canter advises healthcare workers in Rwanda.

a community will benefit.”

In addition, the new Business of Healthcare Initiative will create a market-based protocol to assist developing countries in the shift from donor-driven to fully autonomous healthcare systems. Education, private businesses, and supply chains all come into play as healthcare systems transition toward autonomy. Management and leadership skills are necessary to navigate infrastructure, mobilize workers and volunteers, enhance patient care, and maximize limited budgets.

The initiative also will promote study of how public policy and the actions of private companies and organizations influence a country’s dependence on foreign aid for healthcare, even when the strategy of foreign aid does not meet a country’s needs. For example, half of the foreign aid for Rwanda goes toward HIV treatment and research, but only three percent of the people there are infected with HIV.

It is expected that student projects will be sourced through the initiative; closer connections to the School of Public Health and the Medical School are anticipated. Teaching materials will be developed in collaboration with WDI’s Educational Outreach. ✦—*Dan Shine*

Thought in Action } *quote/unquote*

“ There are two kinds of CEO firings. There are the crooks and there are the incompetents. ”



NOEL TICHY, director of the Global Leadership Program and professor of management and organizations, on the biggest CEO firings of 2008. — *Forbes*, December 19, 2008

“While bankruptcy worked in the steel industry, buying a commodity is far different than a car. The very mention of bankruptcy to the public, even to a whole lot of sophisticated people, means going out of business.”

GERALD MEYERS, adjunct professor of management and organizations, on the perils facing the auto industry. — *Forbes*, February 23, 2009

“Mortgage workout programs can help some people who intend to stay in the house, but the big problem is people who don’t want to carry an ‘underwater’ house. Negative equity is not going away soon.”

ROBERT VAN ORDER, adjunct professor of finance, on the more than 250,000 U.S. homeowners facing foreclosure. — *Bloomberg.com*, February 12, 2009

“ If Chrysler has another hit on the way, I am unaware of it. Oh, for the days when the minivan was an instant home run and Chrysler owned that highly profitable market segment. ”



DAVID LEWIS, professor emeritus of business history, on the future (and past) of Chrysler. — *Associated Press*, November 1, 2008

“A decade ago, if you wanted to cut costs it was an India story. We recently identified 30 countries that have policies in place to promote service exports. All of the parking tickets in New York City are processed in Ghana.”

ROBERT KENNEDY, Tom Lantos Professor of Business Administration and executive director of the William Davidson Institute, on emerging economies poised to benefit from the offshoring of services. — *Forbes.com*, February 2, 2009

“There is no compelling evidence that a low-tax strategy is better for the economy over the medium or long run.”

JOEL SLEMRUD, Paul W. McCracken Collegiate Professor of Business Economics and Public Policy, professor of economics, and director of the Office of Tax Policy Research, commenting on the presidential candidates’ policies during the campaign. — *Washington Post*, September 8, 2008

“You have to compare the effects of this package not with previous data but with the ‘but-for scenario,’ or the impact of not getting a rescue package at all. And the alternative is much more severe.”

GEORGE FULTON, senior research scientist, about the assistance provided to Detroit automakers by President Bush. — *Crain’s Detroit Business*, December 19, 2008

“To get the bailout passed, the administration had to scare everybody and say, ‘We’re headed for another Great Depression.’ So everybody heard that the sky is falling — and now they believe it.”

H. NEJAT SEYHUN, Jerome B. and Eilene M. York Professor of Business Administration and professor of finance, on passage of the bailout’s disappointing effect on the market. — *The Detroit News*, October 8, 2008

“Asian consumers are not likely to rescue the U.S. economy by purchasing more U.S. exports. So salvation for the western world’s economic downturn won’t come from Asian capital or consumption.”

LINDA LIM, professor of strategy, cautioning U.S. businesses not to look to Asia for quick economic relief from the banking and credit crisis. — *YaleGlobal Online*, October 7, 2008

“The Chinese are probably one of the few people in the world who were sorry to see President Bush go, and are nervous about his successor. They also are uneasy about Hillary Clinton. She has, in their assessment, not been a friend of China.”

KENNETH LIEBERTHAL, William Davidson Professor of Business Administration, Arthur F. Thurnau Professor of Political Science, and distinguished fellow and director for China of the William Davidson Institute. — *The New York Times*, January 24, 2009

“ We need to teach our students to be courageous. We need to teach them to be intelligent risk takers. ”



ROBERT DOLAN, Edward J. Frey Dean and Stephen M. Ross Professor of Business, on leadership development in business school programs. — *Economic Times of India*, January 16, 2009



Accounting for Toxic Assets

Cathy Shakespeare Seeks Balance Between Regulation, Innovation

Valuing asset securitizations always has been a difficult issue for the accounting profession. Now, with the recent collapse of the credit and financial markets, a new layer of complexity further complicates the equation.

Professor **Cathy Shakespeare** has studied some of the shortcomings in existing regulations that apply to asset securitization, as well as the abuses and confusion that resulted from these shortcomings. She thinks a few changes are in order, such as revamping income statements, requiring more disclosures, and using linked presentations of assets and liabilities to more accurately reflect net positions. One thing that is not on her agenda: suspending the mark-to-market

standard, as some banks have advocated.

Shakespeare isn't pleased with one of the recent changes by the Financial Accounting Standards Board (FASB) that she says weakens the mark-to-market standard. The FASB sets accounting rules in the U.S. Instead, she advocates a robust regulatory environment that restores credibility to a shaken market but doesn't squash financial innovation.

"It's very difficult to regulate for the 'what if,'" says Shakespeare, the PricewaterhouseCoopers-Norm Auerbach Assistant Professor of Accounting at Ross. "All we can do is pay attention to the lessons we've learned. You have to remember that accounting is more of a social science in that we set the rules. It's not like physics where we find out what the rules are. When you write a rule you have to be aware, or

try to be aware, of the unintended social consequences. You won't always figure out every one, but you do have to try to minimize the unintended consequences. And it's been a year full of them."

HOW WE GOT HERE Securitization used to be a term rarely heard outside the circles of finance or accounting. Today it's worked its way into mainstream conversation, daily headlines, and nightly newscasts. The structured financial process involves the pooling and repackaging of cash flow-producing assets into securities that are then sold to investors. So when banks want to securitize assets like mortgages or car loans, they bundle them together and transfer them to a trust known as a special purpose entity (SPE). The SPE, now

current economic meltdown. Books are now cluttered with "toxic" assets — tough to quantify, even tougher to offload.

MAKING THE RULES AS YOU GO Even in healthy markets, these structured instruments were challenging for accountants to deal with because they lie somewhere between a sale and a collateralized borrowing. It's not like selling an object or hard asset, where a company receives cash and doesn't own the item anymore.

"Asset de-recognition, which is kind of the broad group into which asset securitizations fall, is something we don't really know how to deal with," says Shakespeare. "We just don't have a conceptual model. It's not something we know the answer to yet."



“It’s very difficult to regulate for the ‘what if.’ Accounting is more of a social science in that we set the rules. It’s not like physics where you find out what the rules are.”

purely a cash flow machine, issues securities that can be bought and sold.

For their part, buyers take security in the knowledge that the value of the package doesn't just rest on the creditworthiness of one borrower, but on the collective creditworthiness of a group of borrowers. Mortgages can be re-bundled and securitized multiple times, and often the loan originator will take back some of the retained interest or make an implicit guarantee to retain some of the risk.

When a securitization pool performs as expected, values are relatively easy to mark. But in recent years, securities backed by too many ill-conceived mortgages and other types of weak cash flows were packaged and repackaged, bought and sold at a dizzying pace. After two or three layers of securitization, identifying the credit risk of the original mortgagee is extremely difficult. And few investors looked hard at the underlying quality of mortgages and other assets in a given package or at what management assumptions were made on default rates.

Those same investors took a huge hit when the bottom fell out of the housing market. Dramatic credit deterioration led to losses and write-downs in value, a situation that sparked the

The FASB has given accountants some direction on this murky path. In 1997, it issued Standard 125, which said that companies could treat a securitization as a sale, given certain conditions. This created gain-on-sale accounting. That meant the assets could come off the books, a company wouldn't have to recognize a liability, and it could record a gain given certain conditions.

But, Shakespeare notes, under that rule the gains could be manipulated and there were few disclosures. So in 2000, the FASB tweaked existing regulations by creating Standard 140, which added significant disclosures.

Then the FASB added more rigors that went into effect in 2007 with Standard 157, which lays out a three-level, hierarchical order for determining the fair value of assets and liabilities. Level one is simply the price one can get in the open market. Level two establishes value by piecing together observable inputs such as interest rates, default rates, cash flows, and contract terms to establish value. Level three allows the managers of a company to use internal estimates about what kind of price an asset would fetch in the market.

Standard 157 led to mark-to-market accounting in which banks value securities according to market prices. The

problem is that, right now, there is no market. As a result, regulators have made it easier for companies to use the level-three disclosures. And though investors don't like level-three disclosures because of the wider use of estimates, it's a legitimate accounting tool, especially in a nearly frozen credit market, Shakespeare says. But many banks have called for the suspension of mark-to-market accounting

One of three new decisions issued by the FASB recently has Shakespeare concerned. The FASB didn't suspend mark-to-market accounting, Shakespeare says, but it did relax the standard some. An investor group decried the measure, but it was hailed by the banking trade group.

The new interpretation allows companies and banks to use more judgment to value assets for what they would fetch in an orderly sale instead of a distressed sale. When losses are recorded, it allows the company to record only the credit loss on the earnings statement. The rest of the market value decline can be marked in the "other comprehensive income" category.

The FASB did add some disclosures that will help investors determine how the bank arrived at its values, but Shakespeare thinks the new guidance does an end-run around bank regulatory rules. That's because the new guidance affects the earnings statement, which helps set a bank's capital requirements.

"By changing the accounting rules they are, in effect, changing the regulatory capital rules so the banks don't look as distressed as they actually are," Shakespeare says. "What we should be doing is fixing the bank regulations."

RESEARCH RAISES RED FLAGS Shakespeare's research has illuminated some areas of concern even before the recent change. She studied whether investors were able to use disclosures to distinguish if a securitization should be considered more of a sale or a collateralized borrowing. She found they really can't.

Her other area of study focused on how corporate managers treat securitizations. She found the majority of transactions occur in the last five days of a quarter because most securitizations qualify for the gain-on-sale treatment.

Often the valuations were at the favorable end of a range and had the effect of improving quarterly earnings.

"It's very hard for the auditors to disagree with them as long as the assumptions are within a reasonable range," Shakespeare says. "So we have looked at whether the gains are manipulated and, yes, they are. They are managed to smooth earnings."

More recently, Shakespeare has looked at the gains on securitizations and how they relate to executive compensation. A reported gain is not necessarily recognized as cash on the date of securitization, and the research suggests some CEO pay might have been inflated.

PUTTING THE TOOTHPASTE BACK IN THE TUBE The big problem now is that banks are reporting huge write-downs because they're unable to sell these securities in the market without taking a significant loss. Any bank that originated, sold, or holds mortgage-backed securities is vulnerable to big write-downs in their value, weakening their regulatory capital.

But Shakespeare advocates more fundamental changes than the recent FASB decision provides, ones that would give investors better information and still be fair to companies originating and holding these securities. The measures would face political hurdles, but she thinks they represent a better solution to a difficult problem.

First, she thinks income statements in quarterly and annual reports should be changed to reflect true cash earnings and the reported gains and losses from financial instruments.

"It's a little simplistic to think we can summarize the whole of a company's operations into one number," she says.

Regulators are now considering changes to FASB Standard 140, which allows companies to take these instruments off their balance sheets if they qualify for gain-on-sale accounting. One thing regulators should consider is what she calls a "linked presentation." That would bring these assets onto the balance sheet but link them with the corresponding liabilities so that what shows at the bottom is the net effect instead of the gross positions that produce some of these staggering numbers.

"Normally, we keep assets and liabilities gross and separate," Shakespeare says. "If you put them together, you would just see the net positions; the disclosures would allow you to figure out what the gross positions are."

It's still unclear what form further regulations will take. But no one can argue against the need for continued research and analysis to address some of these issues that now bedevil accountants.

"I see my work, hopefully, providing some guidance to the regulators about how we need improved transparency," Shakespeare says. "I think it educates people about the weaknesses in financial statements. I teach my MBAs how to understand securitizations, how they're reported in financial statements, what they say and don't say, and what they should be looking for." ✪ —*Terry Kosdrosky*



► Professor Cathy Shakespeare teaches MBAs to understand securitizations and how they're reported in financial statements.

JERRY DAVIS says Americans bought into too many myths about the financial markets.

Portfolio Society

Gerald Davis' New Book Traces Risks of Fixation on Financial Markets

The recent crash in the credit and financial markets has hit average Americans hard. The fallout is far-reaching, from rising unemployment and an economic slowdown to a stock market that consumed whole retirement plans. Meanwhile, the burst housing bubble went beyond lowering property values. Extracting equity from a home's rising value was commonplace, and now many homeowners are upside down on their mortgages. In his new book, *Managed by the Markets*, **Gerald Davis**, the Wilbur K. Pierpont Collegiate Professor of Management, argues that Americans settled on corporations providing the social welfare safety net — healthcare and pensions — in the 20th century. That model became untenable with the takeover wave in the 1980s, the break-up of conglomerates, and greater corporate dependence on the financial markets. A culture of high finance permeated society as Americans expected these markets to offer security in the form of 401(k) and mutual funds. But something seemed to get lost along the way: Risk was always part of the equation.

DIVIDEND: One of the central ideas in your book is that finance became almost a secular religion after the 1980s because the financial markets, after the takeover boom, re-shaped corporate behavior. These are the corporations that had provided healthcare and pensions but couldn't keep doing so because of shareholder pressure. How do we know it wasn't the other way around: that corporations sought this change through their desire for diversified sources of liquidity?

DAVIS: If you look back in American history to 1980, the diversified conglomerate was the prototypical U.S. corporation. During the 1980s, because of innovations in finance and deregulation, many manufacturing conglomerates were taken over — about one-third of the Fortune 500 disappeared between 1980 and 1990, mostly against the wishes of their executives. These companies were typically bought and split back up into their component parts, which were often sold to related buyers. We ended up with a reshuffled industrial landscape and a very different mindset among businesspeople. In 1980, few CEOs would say, "This corporation exists to create shareholder value." In 1990, almost all of them did. And so you saw a cultural shift among managers and in what we taught in business school: Companies should be focused, and shareholder value was king. That was the purpose of the corporation. This is very different from how corporations had been conceived prior to that point. When he was building his company, David Packard was famous for stating, "Hewlett-Packard does not exist to make a profit, it exists to make a contribution." There were many stakeholders whose needs had to be balanced. Packard's view largely disappeared, partly because of the takeover wave and the ascendance of the shareholder value idea, and also due to the practice of paying executives extravagant amounts of stock options, which closely tied their economic well-being to increasing the company's stock price.

DIVIDEND: But if companies didn't exist to create shareholder value, why did they exist?

DAVIS: It's a question of whether shareholders are one among many constituencies or the primary constituent. Before the 1980s, the view was that shareholders were entitled to a certain reasonable return. Not a maximum return, a reasonable return.

DIVIDEND: But it was more than that. You point to a convergence of events that changed the role of finance in society.

DAVIS: One that everybody is feeling these days is the advent of the 401(k) plan in 1982. At that time, only about six percent of American households owned mutual funds, which were mostly the domain of the well-off. Because companies found they could use 401(k) plans to cede the responsibility of managing an employee's retirement assets, they moved employees to defined contribution plans and phased out company pensions. As a result, many more people ended up owning stock through their 401(k) plans. That had a pretty big effect. Once people had gotten a taste of 401(k) programs, they came to think of themselves more as investors.

They became more comfortable putting their savings into retail mutual funds. By the turn of this century, more than half of American households had money invested in the stock market. Another event was the takeover boom, which I already discussed. A third event was the growth of mortgage securitization — that is, bundling mortgages together and turning them into financial instruments, which had the effect of sensitizing people to market movements to a degree they would not have been otherwise. Since most mortgages get re-sold as bonds, it made them more accessible, both to first-time buyers and to refiners. Half of the people with mortgages in the U.S. refinanced them in the first four years of this decade. That helped grow an industry of mortgage brokers, whose job is to either find people to buy new homes or to refinance existing homes. Because of the prevalence and accessibility of refinancing, many people came to think of their home as a financial vehicle, or a savings vehicle, and it further sensitized them to changes in the financial markets.

DIVIDEND: What were some of the problems associated with that?

DAVIS: There were some myths accepted as fact. One is this notion that houses always go up in value. That perception is detached from what the empirical evidence shows. If you look from 1890 to 1997, home values in the U.S. essentially stayed flat. They basically kept pace with inflation, on average, for about a century, and I would argue that the securitization of mortgages had the unintended effect of fueling the crazy ascent of prices over the previous decade.

Another myth is that stocks are a fool-proof retail investment, nearly as safe as a savings account. In the 1990s, how could you not believe that stocks always go up over time, with the constant drumbeat of the financial media? But for any given 10-year period, it's not clear what might happen. Certainly, looking at the last 10 years, you would have been much better off putting your money into a CD than putting it into the S&P 500. It doesn't mean that stocks won't go up over the next 50 years or the next 100 years. But when people start to treat mutual funds like a savings account that always increases in value, those people are likely to get burned.

DIVIDEND: But isn't broader participation in the financial markets, overall, a good thing?

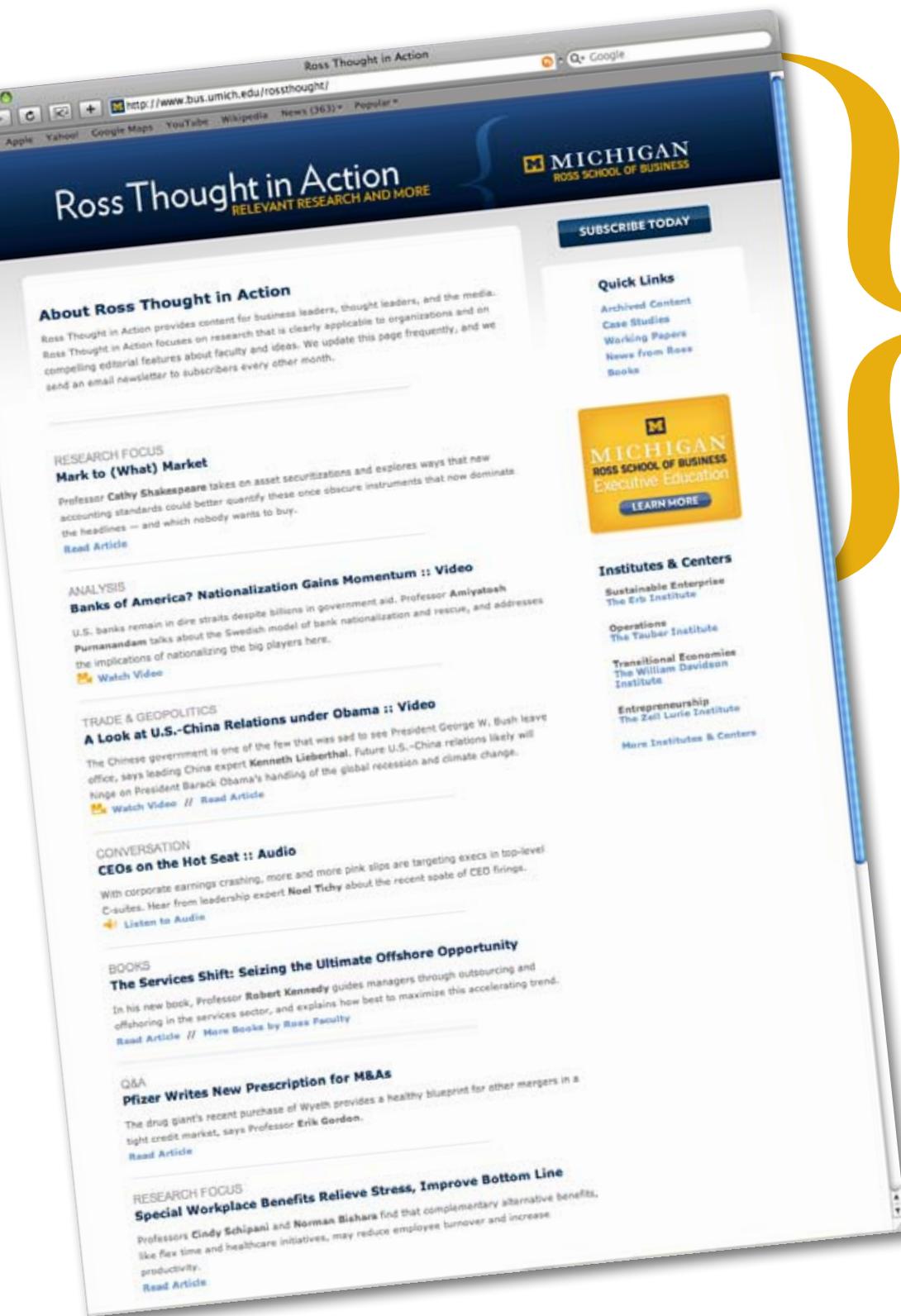
DAVIS: In principle, the theory behind participation in financial markets is that it will have an educating effect on people: They will come to understand net present value and care about what the Fed does. In practice, it isn't true. People don't necessarily have the time or inclination to become sophisticated about investment. In fact, what it tends to do is attune them to things like TV personalities saying crazy and inappropriate things. What people are more likely to remember is that the market always goes up over the long term and that somebody on TV says this or that stock is good or bad. Now we're seeing the negative consequences of people becoming overly tied to financial markets, both in terms of their economic security and in terms of the lessons they draw from finance.

DIVIDEND: You're saying that this societal tie to the financial markets delayed our transition to the post-industrial era. So how do we get there? Is government always the answer?

DAVIS: One way to think about it is to consider the array of problems we want society to solve for us. We want to consume safe foods and medicines. We want to have money for retirement. We want our kids to attend good schools. So there are a lot of things we want society to do for us, and there's always going to be a mix of market-based, individually initiated solutions and government-based solutions. It's fair to say the corporate sector did a pretty darn good job for most of the 20th century in addressing some of these issues, but it can't solve them anymore. ✦ —Terry Kosdrosky



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PROFESSOR ROBERT KENNEDY offers practical steps to manage the offshoring revolution.

Globalization and the Services Sector

New Book Offers Strategies to Leverage Benefits from the Offshoring Revolution

In their new book, *The Services Shift: Seizing the Ultimate Offshore Opportunity* (FT Press), authors **Robert Kennedy** and Ajay Sharma explore ways that outsourcing and offshoring are now impacting the services sector (accounting and finance, customer care, market research, etc.) as well as those who perform service functions within the manufacturing sector (product design, logistics, and marketing). And while globalization in the services sector may seem like a sea-change to some, it's really just an inevitable continuation of existing trends, the authors say.

Kennedy is the executive director of the William Davidson Institute and the Tom Lantos Professor of Business Administration at Ross. He finds that most managers in the services sector know something important is happening but are struggling with how to think about it. Is this shift an opportunity or a threat? How should they get started? What pitfalls should they look out for?

"Our book is a non-technical, managerial book that aims to give readers a framework on how to think about the off-

shoring and outsourcing phenomenon," Kennedy says. "It's a practical guide that talks to managers about what's happening, why it's happening now, what the opportunities are for managers, and what the future holds."

In conjunction with the book's February 2009 release, Kennedy sat down for a Q&A with *Dividend*.

DIVIDEND: Offshoring is a controversial subject. Do you see it as good or bad?

KENNEDY: Much of the controversy comes because people don't understand what is happening. The language used often implies moving jobs here or there. But what's really happening is companies are looking to improve productivity, cycle times, and the talent they employ. In many cases, the best solutions are in the firm's home country. But in more and more situations, firms simply can't find the talent they need in the U.S. or Europe.

That's why pharmaceutical and technology companies are opening R&D labs in India and China. They might save a little money. But the real challenge is to find people with the skills they need to compete.

Strategies to improve efficiency always cause dislocation in the short term. Technological innovation displaces workers. Trade in natural resources or manufacturing displaces workers. And now trade in services is displacing workers. These

“It’s the people who can solve unstructured problems and create robust, low-risk processes who are going to be in huge demand.”

adjustment costs are short term, but they are vitally necessary to improve long-term living standards — not only in the U.S. but in developing countries as well.

The political discussion has become very separated from the practical reality of competition. Intelligent people can disagree on whether globalization is good or bad for the country in the long run. I think it’s good for the country in the long run, but I respect the opinion of people who feel otherwise. But that’s an issue for policymakers. The issue facing managers is how to be efficient, how to develop better products and get them to market quickly. We wrote *The Services Shift* so that managers will know why, how, and where better business solutions may be available.

DIVIDEND: You spoke about offshoring as a way to improve productivity, cycle times, etc. But doesn’t the decision to move certain work offshore mostly come down to cost?

KENNEDY: Many firms are initially attracted by potential cost savings. But what they find is that going offshore forces them to re-engineer their business processes. In many cases, it turns out that the productivity improvements from re-engineering vastly exceed the labor cost savings — often by a factor of 10 or more. So offshoring is about many things: wages, re-engineering, access to best practices, access to the best talent, etc. In the early days, it was primarily about cost. But as the industry develops, those last few items are becoming more important than labor savings.

DIVIDEND: What are some of the most common mistakes you see when people decide to move work offshore?

KENNEDY: Probably the biggest mistake is not doing the proper due diligence up front. There are thousands of firms in India and elsewhere that offer these services. I’m amazed at how many U.S. firms will talk to the salespeople here, maybe send somebody for a one-day site visit, and then turn over their accounting or customer support processes. Companies need to make sure the partner has a track record, they have a brand image that’s worth protecting, and they understand and follow the service-level agreement.

The other thing companies traditionally haven’t done very much of is systematic risk management. While there are huge potential benefits to going offshore, you also are taking on a variety of risks.

DIVIDEND: Can you talk about some of those risks?

KENNEDY: Well, there’s country/location risk: Is war going to break out? Will local regulations change? Will power outages affect your business? Will labor costs rise?

Then there’s a set of migration risks: What happens when you start mapping the process and getting it from here to there?

There also are business operations risks: Will the work be done in the same way or will it be done differently? In many cases, the work is actually done better.

And finally, you have to think about hold-up risk: You move these things offshore, sign a contract, redeploy people, and then your supplier comes back six months later and says, “My labor costs have gone up and power’s more expensive. You need to pay me more.” What are your options?

DIVIDEND: How does this shift in the services industry affect the type of skills and management style required in an organization?

KENNEDY: In the traditional model, the career path is vertical. The key to getting to the next stage is having the most detailed domain knowledge. The signs of success tend to be very visible, i.e., bigger office, bigger expense account. In this new model, the path is horizontal, the organization is flattening out, and the signs of success are not so visible. You may have someone sitting in a cubicle managing a billion dollars and 5,000 people. If this person does their job well, they can save the company tens of millions of dollars, but nobody says, “Oh, nice office.”

In terms of skills needed to manage a remote operation, they are not function-specific, but rather process-specific. You need to manage analytically: How are we going to track your performance day to day and week to week? What measures are fair and accurate to do that? Second, you have to be much more process-oriented. When there’s a mistake, the response isn’t just to fix it but to figure out why the mistake happened and determine what can be done to prevent similar mistakes in the future. Third, you need people who are comfortable in a cross-cultural environment.

People like industrial engineers and MBAs often have these skills because they’re comfortable with numbers and understand the range of functions. It’s the people who can solve these unstructured problems and create robust, low-risk processes who are going to be in huge demand, because this is one of the key ways companies are creating value these days. ✖

—Dan Shine with Deborah Holdship

Ross Launches Case-Writing Initiative

William Davidson Institute's Globalens Provides Platform for Ross Faculty

The integration of research and teaching in the Ross School classroom received a major boost recently when the school unveiled a formal initiative to write and distribute its own case studies.

The new case-writing operation was launched in cooperation with the William Davidson Institute (WDI). Some 50 cases by Ross faculty are available for purchase online through a partnership with WDI's Globalens platform. Four full-time case writers are working with Ross professors to frame and author two to three new cases each month. About 15 to 20 courses in the curriculum currently utilize Ross cases.

"Ross has a very strong, top-rated faculty that is well-known for its research," says **Robert Kennedy**, WDI executive director and Tom Lantos Professor of Business Administration. "It's exciting to invest in a move that gets those ideas into the classroom in the form of teaching materials. Students walk in, get a case, and see the Ross and WDI logos. Then they see it's written by their professor. It's good for the faculty and good for the students."

THE CATALOG Topics are as diverse and wide-ranging as Ross professors.

Jeffrey Sanchez-Burks, assistant professor of management and organizations, has authored material on cross-cultural management. **Michael Jensen**, associate professor of strategy, produced a case on the platform wars in high-definition video. **Ted London**, adjunct assistant professor of business administration, has written a number of cases related to his specialty, the base of the pyramid. London's case on Acumen Fund is a best-seller.

Meanwhile, the emphasis on action-based learning at Ross provides endless fodder for new case study production. **Paul Clyde**, adjunct professor of business economics and public policy, has supervised numerous student projects at Aravind Eye Hospitals over the past decade; a resulting case study on Aravind is now available for use in coursework. Similarly, the Multidisciplinary Action Projects (MAP) course presents a great opportunity for future cases, Kennedy says.

"We get to know certain organizations very well," he says. "And you can start with, 'Here's something I need to teach my students. Is there a MAP project that illustrates that point?'"

ON THE CASE Case writing is unique from a creative and production standpoint. By nature cases are counter-intuitive — puzzles more than stories — and require a unique skill set from the writer. The case-writing team brings varied backgrounds to the table; they are experts in public policy, accounting, science, and organizational studies. **Dean Robert Dolan**, who has a long record of cases to his credit,

GLOBALENS PROVIDES ONLINE RESOURCE FOR BUSINESS EDUCATORS

In early 2007, WDI launched the Educators' Outreach initiative to work with leading thinkers to develop teaching materials on international business topics. Those materials are now available at www.globalens.com, a one-stop shop serving business educators. Content includes international cases authored by Ross faculty and cases submitted by faculty from other global business schools. Globalens features three inter-related components:

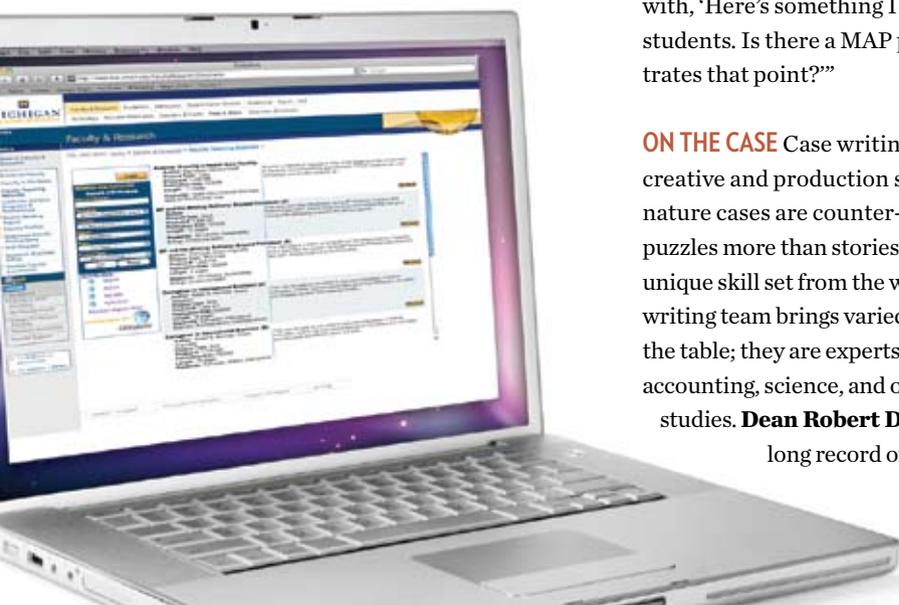
- ▶ **CASES:** A searchable catalog offers international business cases, exercises, simulations, and multimedia materials. About 80 titles are now available.
- ▶ **COURSES:** A searchable library of syllabi is ideal for faculty looking to develop international business courses. Some 40 syllabi are available from many different schools.
- ▶ **COMMUNITY:** Message boards provide a valuable interactive space for faculty to discuss international business cases, courses, and teaching issues.

says he is pleased with the progress so far. Action-based learning is the distinguishing feature of the MBA curriculum, he says, but case studies play an important role as well.

"There is no desire to change the culture at Ross, but if we have faculty who are interested in getting cutting-edge ideas into the classroom in case form, we want to make it as easy as possible for them," he says.

The Ross cases list for \$6 apiece, and the growing catalog can be found at www.bus.umich.edu/FacultyResearch/Globalens.

WDI launched Globalens in 2007 as a faculty resource to aggregate cases and other teaching materials — such as class exercises and syllabi — related to international business. (See sidebar.) ✎ — *Deborah Holdship*



• What are you thinking about?

• A: CONTROLLING CORRUPTION IN INTERNATIONAL BUSINESS

Assistant Professor of Business Law David Hess focuses his research on the role of the law in ensuring corporate accountability. He looks at approaches that enable corporations to go beyond legal compliance to meet the expectations of society with respect to ethical behavior and sustainable economic development. His publications in this area analyze the proper structuring of sustainability reports to increase stakeholder influence and improve organizational learning. Hess recently took home the 2008 Faculty Pioneer Award from the Aspen Institute Center for Business Education. The annual recognition is dubbed the “Oscars of the business school world” by the Financial Times and celebrates MBA faculty who have demonstrated leadership and risk-taking in integrating social and environmental issues into academic research, educational programs, and business practice. He also won the Faculty Award of Excellence for Early Career Achievement from the Academy of Legal Studies in Business. In the following Q&A, Hess reflects on his research into the insidious nature of corruption in corporations.



What are you thinking about? I’m continuing my research on controlling corruption in international business. I’m looking at both government regulation and the use of voluntary initiatives by multinational corporations. This research includes not only bribe payments to public officials, but also private-to-private corruption, which involves corrupt payments between two corporations’ agents.

Why is it interesting to you? The topic interests me because corruption is such a harmful but enduring practice. Some people have stated that it’s a paradox in that corruption is universally disapproved yet universally practiced. It’s also important to remember that corruption in developing countries is harmful not to just economic development, but also to the realization of human rights and the attainment of sustainable development.

In the United States, the Department of Justice has stepped up enforcement of the Foreign Corrupt Practices Act in the last few years. However, most enforcement actions seem to be based on self-disclosure by the bribe-paying corporation, and clearly only a very small percentage of those paying bribes are turning themselves in. The challenge is to get more corporations to prevent the payment of bribes by their agents in the first place and if someone does pay a bribe, to disclose those actions. The recent case of the German company Siemens shows why this is such a difficult challenge. Siemens, a conglomerate operating throughout the world and employing close to 500,000 people, apparently had corruption thoroughly ingrained in its culture. One

report indicated that the company’s own internal investigators identified more than \$2 billion in suspicious payments over the past several years. Apparently, these practices were so common that individuals at all levels of the organization either no longer questioned their appropriateness or felt powerless to oppose them.

Overall, we need to provide incentives for corporations to self-regulate, help them develop effective compliance programs that allow self-regulation to work, and find ways to help corporations like Siemens reform themselves. The legal, managerial, and ethical issues involved create many interesting and important research questions.

What implications do you see for industry?

Corporate officers recognize the business case for ending corruption. They see the costs that corruption imposes on operations and the damage it can do to the company’s reputation. Thus, there is a strong business case to end bribe payments. However, they also see their competitors paying bribes to win contracts. This makes it very difficult to ensure that employees refuse to pay when bribes are requested by customers and clients. It also means that collective action is required. All corporations must be committed to combating corruption and working together to solve this problem. Ending corruption is both pro-business/economic development and pro-human rights/sustainable development. Unfortunately, due to these collective action problems, breaking the cycle of corruption is a significant challenge and requires novel solutions. ✎

A: NOT GETTING LOST IN TRANSLATION

The global nature of commerce has more companies than ever selling their wares overseas. This puts them in the unfamiliar position of using new languages in advertising. These companies spend a lot of time crafting workable slogans in various tongues. But what should companies and advertisers do in bilingual countries such as India? Aradhna Krishna, the Isadore and Leon Winkelman Professor of Retail Marketing at Ross, discusses new research that reveals the critical nature of that decision. Krishna is co-author of the paper “Language Choice in Advertising to Bilinguals,” along with Rohini Ahluwalia of the Carlson School of Management at the University of Minnesota. The paper was published in the Journal of Consumer Research.

What are you thinking about? In the international marketplace, firms are moving into new countries and being exposed to bilingual and trilingual societies. I’m asking what happens in terms of advertising when you enter these societies. In Asia alone, you have Singapore, which uses Chinese, English, Malay, and Tamil; China, which uses Chinese and English; and Malaysia, which has Malay, Chinese, and English. In North African countries, you have the local language and French. The association with English may be different than the association with French, and it might make sense to do more research there. But the point is to show that you have to be careful about the language you use. I’m also building off of this research and looking at the effects of script in print ads. Some countries use two different scripts for the same language. In India, Hindi is in the Devanāgarī script, but many of the billboards use Roman characters. In Russia, they use the Cyrillic alphabet, but they also write Russian-language ads in Roman characters. So when this happens, does the choice of script make a difference?

Why is this interesting to you? There’s really no academic research on it. The kind of research that has been done has been more centered on slogans: Which ones are catchy? Which ones will be effective? They’re not necessarily focused on language use. We’re looking at this more in terms of the effect of language on interpretations.

What implications do you see for industry? For the multinational company, the choice of language might be extremely important for

positioning their product. Awareness is heightened and language becomes “marked” when it’s unexpected. What we find is that language does not get marked in advertising when it’s a local company, because people in bilingual countries move in and out of languages very comfortably. In India, Hindi and English are the informal means of communication. So the local company can use Hindi, English, or a combination and it doesn’t get marked. It’s fine. But with a foreign company, the English and the Hindi get marked, so they have to be more careful.

The right choice for a multinational company also depends on what they are selling. Both issues affect language use: the kind of company doing the advertising and the kind of product. In our study, English-language ads worked well for luxury items. English is associated with luxury while Hindi is associated with “belongingness.” Using Hindi in an ad for luxury items can backfire. When advertising necessities, such as soap or household items, we showed that the multinational firm can use the local language. But it’s even better to use a mixed-language ad for necessities. The mix of languages would not draw excessive attention to the language choice.

Right now, the advertising by companies in bilingual societies is all over the map. So there are some things advertisers can learn from the research. The good thing is that it’s very easy to adapt your strategy. It’s not like you have to radically change anything that’s already in play. ✪





Hey, we're Working Here

The scene opens on the Davidson Winter Garden at the Ross School of Business. The time is just before noon on a clear March day. The Ann Arbor sky presents a pale robin's egg blue; the trees are bare but spring 2009 stands ready on the crisp, cold air.

The setting is Tappan and Hill, where a three-story atrium is awash in natural light. Terra cotta, sandstone, and glass frame a diverse crowd of students and faculty. People cluster around dozens upon dozens of couches, tables, and chairs, conversing and collaborating over laptops, backpacks, and papers. Business plans are hatched, presentations are wrapped, and lively debates are waged all around.

A door flies open to reveal the plush golden hue inside Blau Auditorium. First-year MBAs stream out of the theater-style space, buoyed by a cacophony of chatter. The Davidson Winter Garden seems to swell with the sheer force created by newly formed teams who've just received their Multidisciplinary Action Project (MAP) assignments. They fan to the atrium's perimeter, lined with tiered classes and breakout rooms. Some head to the Seigle Café for a working lunch; others take the stairs to the Och Fitness Center.

No matter where you look, there's energy, activity, and transformation taking place. And if a title were to scroll across the scene, its essence could be captured in one fundamental truth: Hey, we're working here.

The scene, which plays out every day in the Davidson Winter

Garden, represents the fulfillment of a vision conceived by **Dean Robert Dolan** soon after he arrived on campus in 2001. When he set out to build the learning community of the 21st century, Dolan pictured more than bricks and mortar. He saw a creative space that would reflect the values that animate the Ross community: a collaborative culture, a commitment to environmental sustainability, and an appreciation of civil society in which business life unfolds.

It did not take long for Dolan to realize the school's existing physical plant could not support his mission to distinguish Michigan among the world's top-tier business schools. He was determined to move the business school curriculum toward an action-based model that required teamwork and interaction. And he was unwavering in his desire to recruit and retain the world's leading faculty. A modern facility, conceived and executed to support students and faculty, was a prerequisite. And it would require the buy-in and support of dedicated alumni, faculty, staff, and students.

In September 2003, Dolan initiated the transaction that would transform business education at the University of Michigan. He met with **Stephen M. Ross**, BBA '62, and proposed that Ross lead a fundraising campaign toward a new facility. Ross was the



THE DAVIDSON WINTER GARDEN serves as the central point of community on the Ross School campus.

ideal candidate to partner with Dolan on this mission. He is founder, chairman, and CEO of The Related Companies, one of the leading real estate firms in the U.S.

How the two agreed on the \$100 million deal is now the stuff of lore at Ross. The fall 2004 *Dividend* story “Two Men, One Vision,” by James Tobin, tells it best.

It started with a conversation in which Ross offered Dolan \$50 million in December 2003, and Dolan turned it down. “That’s nuts,” Ross said at the time. Then, in early 2004, Dolan returned and asked again: \$100 million or nothing. At that point, Ross asked the dean to write an “economic rationale” to justify the ask. Dolan composed a letter that cited several recent gifts of \$100 million or more that brought about the naming of various schools at other universities, though none for business schools. “I can’t give you an economic rationale for a gift like this,” Dolan wrote. “Truthfully it comes down to a simple fact: This would be an incredible, inspirational act of generosity on your part.”

Simple, but true. In September 2004, the news of Ross’ gift of \$100 million was announced at an official ceremony on campus. At the time, it was the largest donation ever to a U.S. business school and is still the largest gift to U-M in the University’s history. Some \$75 million was allocated toward costs associated with construction of a new facility; \$25 million was allocated to the school’s endowment.

At that point, Dolan enlisted 85 members of the business school community in a Community Creation Taskforce and various subcommittees. There was a lot of work to do.

Stephen M. Ross gave his historic \$100 million gift in 2004, which generated the momentum needed to create the new facility in record time. “Under Dean Dolan’s leadership we embarked on a truly historic effort,” Ross says. “No investment I have ever made has given me satisfaction like this investment to this school and this institution. There is no feeling like the one you get from giving back.”



STEPHEN M. ROSS, BBA ’62

“

There are many important goals in life — two of which are raising one’s children to be ‘menchen’ (good people) and providing them with a proper education that affords them the opportunity to achieve their goals. Thank you U-M for assisting and helping us achieve those objectives.”

**JERRY SCHOSTAK,
BBA ’55**



Dolan set off on four tracks simultaneously:

- obtaining the approval of the U-M Board of Regents at various stages of the planning and construction process
- fundraising to generate the additional \$70 million needed to complete the \$145 million facility
- designing the building
- embarking on a carefully orchestrated “decant,” in which school personnel were shifted from one part of the facility to others during construction

In 2005, the Regents approved the budget and plans by New York architecture firm Kohn Pedersen Fox Associates (KPF). To accommodate construction, Davidson Hall, Assembly Hall, and the Paton Accounting Center on the western half of the campus were razed in spring 2006. The area was cordoned off, and work began on the new foundation.

Tom Schlaff, project director for architecture, engineering, and construction, had one role to play while **Graham Mercer**, assistant dean for strategic planning and special projects, had his own. Both required extensive collaboration and dialogue with architects, designers, contractors, and construction teams.

“Tom’s job was to make sure the building got built,” says Mercer. “My job was to make sure we got what we wanted.”

What the administration wanted was a foundation not only to support a physical structure but one to support the school’s collaborative, action-based learning model. This required an open, accommodating, central space with casual team seating, Internet access, and direct paths to classrooms, breakout rooms, and an auditorium, café, and fitness center.

“In looking at the program function, it was important from the beginning to identify the need we were trying to meet and how best to meet that need,” Mercer says. “What kind of culture and community do we want to create? What is the appropriate image we want to present?”

“Our students work in teams and we wanted it to be easy for them to interact. We also wanted to create one central point of community where the faculty is part of this mix, rather than having different enclaves separate from students. In order to walk into the building, you would have to walk *through* the building.”

Before long, that building began to take shape. Terra cotta, sandstone, glass, and chrome climbed skyward. By October 2008, audio-visual equipment, furniture, fixtures, artwork, and other equipment were being installed to ensure that fully functioning classrooms, faculty offices, and services would be online by January 2009. When students and faculty returned from winter break, they stepped into a whole new era, literally and figuratively.

One thing remained consistent throughout the disruption caused by construction. The quality and integrity of the school’s academic programs remained intact. The full-time MBA Program maintained its No. 5 ranking in the *BusinessWeek* survey released in November 2008, and the BBA Program climbed two spots to reach No. 4 in February 2009. The Executive MBA Program, launched in 2001, ranked No. 4 in 2007.

“The administration’s top responsibility is to manage for the long-term health of our school,” Dolan says. “With the generous commitment of our alumni, our staff, and our faculty, we have been able to do just that.”

Quite a lot has transpired on campus since the doors opened in January. Noted historian and Pulitzer Prize-winning author Taylor Branch inaugurated Blau Auditorium on MLK Day. Leading China expert and William Davidson Professor of Business Administration Kenneth Lieberthal presented the 42nd William K. McNally Memorial Lecture in which he addressed policy challenges the Obama administration faces regarding China. The William Davidson Institute hosted Dr. Tadataka Yamada, president of the Bill & Melinda Gates Foundation’s Global Health Program, as part of its Global Impact Speaker Series. And American Express Chairman/CEO Kenneth Chenault was featured as part of the Ross School’s Leaders in Thought and Action Speaker Series. (See Tappan & Hill section for coverage of each speaker.)

The Ross community is now able to host alumni, corporate visitors, and recruiters in a comfortable and sophisticated manner. The sixth-floor colloquium offers panoramic views of the campus, and has been the site of several dinners, club meetings, and other social and educational events since January.

Ralph Johnson, MBA ’92, director of professional development and administration at McKinsey & Company, took a self-guided tour one Saturday when he had a meeting elsewhere on campus. “The place was full of people,” he says. “Every study room was full. It was amazing to see how it actually came to life.”

FROM TOP TO BOTTOM: RLI Crisis Challenge participants face media inquiries during a press conference in Blau Auditorium. Breakout rooms feature plasma screens; each is adjacent to a classroom. The Seigle Café presents fresh and healthy fare.



Mark and Robin Seigle supported the building fund by naming the café in the Davidson Winter Garden. “I felt it was important to recognize the value of the social side of education,” Mark Seigle says. “The café supports the Ross School’s philosophy of education — giving students a comfortable place to gather, work, or just hang out over a cup of coffee or lunch. Many of the strongest friendships I have are those that began more than 30 years ago at Michigan.”

MARK SEIGLE, BBA '80



“

The vision of a new, state-of-the-art learning structure to support our signature programs was critical for the continued superiority of the Ross School of Business. My wife, Darla, and I are thrilled with the new building and its impact on students, faculty, and the administration. Our strong alumni community made this facility a reality in record time. Go Blue!”

FRED BRODSKY, MBA '67



In March, the Ross community hosted an open house and official ribbon-cutting ceremony during which Steve Ross joined Dean Dolan and University of Michigan President **Mary Sue Coleman**.

“We owe a tremendous debt of gratitude to Steve Ross and to the many donors who stepped forward after his leadership gift these past several years to make a difference in the teaching, research, and service at the Ross School,” Coleman told the crowd gathered in the Davidson Winter Garden. “And in the tradition of well-run businesses, we owe thanks to everyone who kept this project on time and on budget.”

While pleased that the school is now housed in a complex that will continue to attract top students and faculty, Ross called for continued engagement by all members of the community. The global economic crisis has created a heightened need for business schools to prepare innovative graduates, he said.

“Business organizations and society are desperately looking for leadership: leadership with the ability to not only acknowledge the reality of the day, but also to energize good people to good purpose by offering hope and a realistic path to better days,” Ross said. “We must once again rise to the occasion and create the global business school of the future. While today is a historic event that any school in this country would be proud of, we must continue to build on it to make sure that we are creating the future leaders of the world.”

Many of those potential future leaders say

they appreciate the architectural and design features, amenities and services, and sustainable aspects of the new Ross School building.

“The natural light and sightlines in the classrooms are certainly a huge improvement,” says **Eli Cohen**, MBA '09. “I’m jealous of future MBAs who get to spend their whole two years in the building.”

Stephen Zutovsky, MBA '91, is a partner at Accenture. On a recent visit to the school, he too commented on the value of the natural light that permeates the space. “Something about the open-aired sensibility definitely translates to the mindset,” Zutovsky says. “I think it makes you feel more open, more connected. Believe me, the opposite is true as well. I’ve worked in some dingy buildings in my time.”

But looks aren’t everything. “Besides having a great look, it gives us access to the best technologies available to enhance our learning experience,” says **Jose Robles**, MBA '09.

State-of-the-art wireless, data-ready seats, and fully loaded group study rooms enable students and faculty to interact with one another and with project sponsors and teams across the globe.



OPPOSITE PAGE: On March 13, 2009, Dean Robert Dolan, U-M President Mary Sue Coleman, and Steve Ross, BBA '62, marked a new era in business education with a ceremonial ribbon cutting. **THIS PAGE:** The Blau Auditorium seats 499; it is equipped for multi-camera, broadcast-quality audiovisual output.

Each classroom features mounted and pre-set video cameras and one-touch lecture-capture technology. Virtual queue technology allows students to print, scan, copy, and fax documents on demand.

Meanwhile, in keeping with the school's commitment to sustainable enterprise, the building was designed and built in accordance with the Leadership in Energy and Environmental Design (LEED) Green Building Rating System, and much of the material used for the new structure — including concrete, drywall, and steel — is recycled. High-efficiency lighting, heating, and cooling systems are in place. Green roofs, automatic faucets, and low-flush toilets address water management, consumption, and conservation. The administration anticipates the building will be LEED certified in June, says Mercer.

"A school that teaches sustainability should reflect it in the facilities," says BBA student **Jennifer Miller**. "And the new building does that."

In fact, the new building does many things. In form and function it speaks to the importance the administration places on imagination and engagement with things that go beyond business. Leadership, as taught in the Ross curriculum, requires broad participation in civil society and openness to new ways of seeing and thinking.

To that end, the school houses an impressive art collection consisting of more than 200 contemporary works by Deborah Butterfield, Hung Liu, Robert Motherwell, Robert Rauschenberg, and Edward Ruscha, among others. The collection was started in 1995 in celebration of the school's 75th anniversary by alumnus and adjunct faculty member **Tom Porter**, MBA '67, and **J.D. Williamson II**, BBA '67/MBA '68.

Blending art into the business school environment encourages new ways of thinking, says **Kathleen Splaine Dolan**. The wife of Dean Dolan is a professional art consultant who contributes her time and expertise to the school. She provides advice and direction about which pieces to acquire and where to place them. "Art humanizes the space and creates a more vibrant and enjoyable environment for the entire community," Dolan says. "It also adds a new learning experience for our students, helping them to reach beyond the confines of business to develop an appreciation of contemporary art, which they will be exposed to in the corporate world."



Jeff Blau supported this project by naming the school's auditorium. Since opening in early 2009, Blau Auditorium has hosted the annual MLK Day Lecture, the McNally Memorial Lecture, and the WDI Global Impact Speaker Series, to name just a few. Guests have included award-winning author Taylor Branch, Professor Kenneth Lieberthal, and the Bill & Melinda Gates Foundation's Tadataka Yamada. "The ability to integrate our BBA and MBA students in a state-of-the-art learning community was a great motivator for me as a donor."

JEFF BLAU, BBA '90



Mike and Sue Jandernoa believed that creating an environment to better support action-based learning would help Ross maintain its strong rankings among top business schools worldwide. “The University of Michigan is among the very best institutions of higher learning, and it is only fitting that the business school have a cutting-edge facility. We were proud to lend our support to this important project.”

MIKE JANDERNOA, BBA '72

The pieces are all gifts of alumni and friends of the Ross School. Many are placed on routes along which members of the community pass every day.

Other building features also reflect the administration’s commitment to life beyond business. The Seigle Café offers fresh whole foods, many of which are raised, grown, and harvested locally. And the Och Fitness Center, equipped with free weights and strength and aerobics machines, is open to full-time students, faculty, and staff.

“It’s important that our students start off from a foundation of health and wellness,” says Dean Dolan. “In a real sense, thriving in today’s business world of constant communication and frequent travel requires the fitness of an athlete.”

In the end, no matter how impressive, contemporary, and beautiful the actual Ross School of Business building may be, it is what happens inside that building that matters most, Dolan says.

“As we ask students and faculty to consider Ross, we ask them to think about the relationship between people and place,” he says. “At Ross we now have a stunning place. The real foundation of what we do here, however, is to be found in the people.

“I believe that the recent period of major strategic investment will soon show a return of which we can all be proud,” he continues. “It will be a pride rooted ultimately not in a campus — though ours will be world-class — or in rankings — though I expect ours to remain strong — but in the vitality and relevance of what transpires on our campus and between the people who work and learn here together.” ✨ —Deborah Holdship with Terry Kosdrosky and Wendy Palms

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“Good economic research must be grounded in practice and communicate with practice. As an objective function, it needs to understand the real world.”

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H. Nejat Seyhun's research focuses on the backdating of executive stock options, intra-day impact of insider trading, and long-run performance of IPOs. His backdating work with Professor M.P. Narayanan helped expose one of the biggest corporate scandals of recent years. Conversations with benefactor Jerome York, MBA '66, often spark provocative research questions. York is CEO of the private investment firm Harwinton Capital LLC. He has been CFO at both Chrysler Corp. and IBM Corp., and is a director of Apple Inc. and Tyco International Ltd.

Read an interview with Seyhun (left) and York at www.bus.umich.edu/SeyhunYork

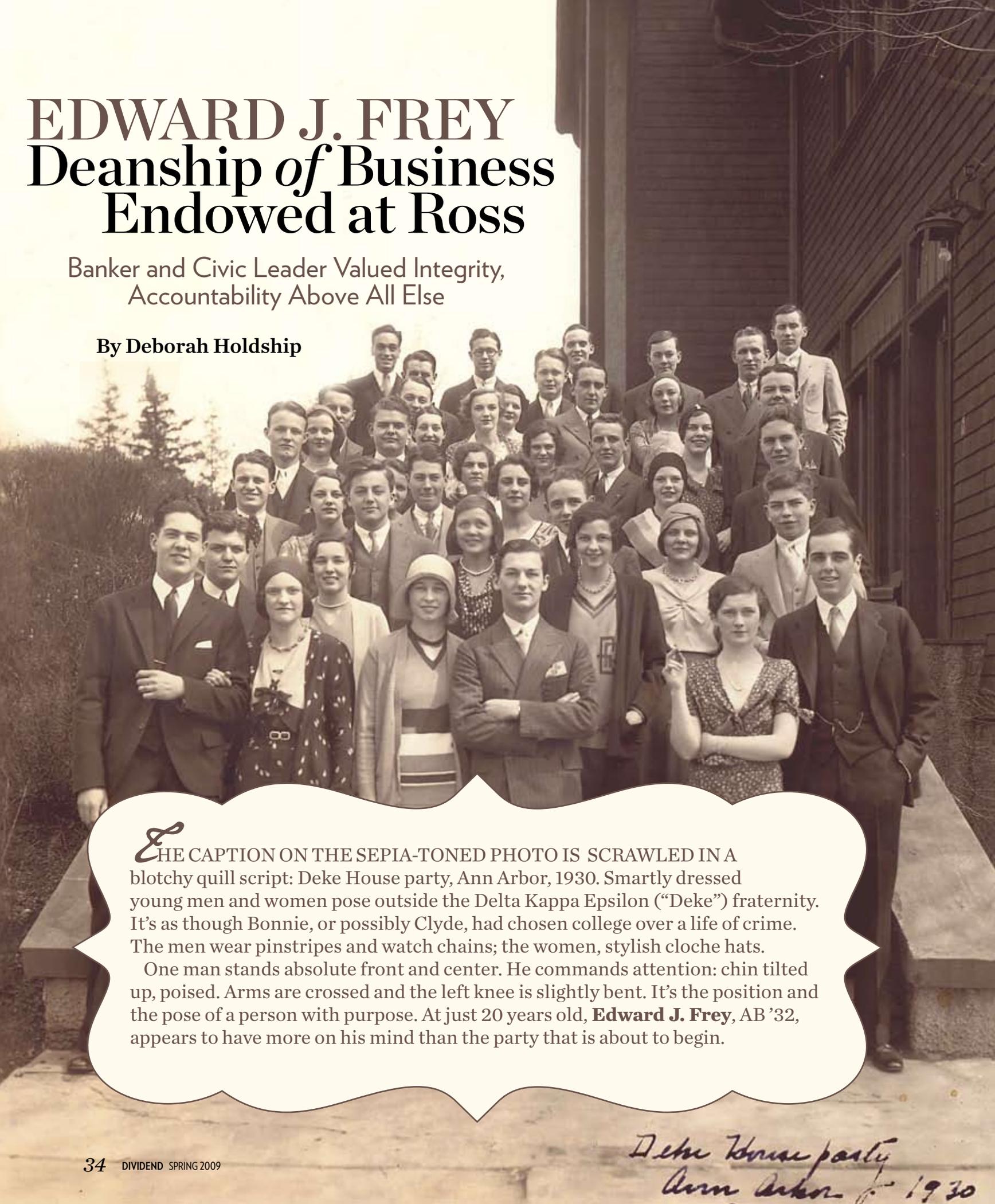
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EDWARD J. FREY

Deanship of Business Endowed at Ross

Banker and Civic Leader Valued Integrity,
Accountability Above All Else

By Deborah Holdship



THE CAPTION ON THE SEPIA-TONED PHOTO IS SCRAWLED IN A blotchy quill script: Deke House party, Ann Arbor, 1930. Smartly dressed young men and women pose outside the Delta Kappa Epsilon (“Deke”) fraternity. It’s as though Bonnie, or possibly Clyde, had chosen college over a life of crime. The men wear pinstripes and watch chains; the women, stylish cloche hats.

One man stands absolute front and center. He commands attention: chin tilted up, poised. Arms are crossed and the left knee is slightly bent. It’s the position and the pose of a person with purpose. At just 20 years old, **Edward J. Frey**, AB ’32, appears to have more on his mind than the party that is about to begin.

*Deke House party
Ann Arbor 1930*

from left

A DEKE REUNION IN 1974 BROUGHT TOGETHER (FROM LEFT) JOSEPH HINSHAW, FREY, AND PRESIDENT GERALD FORD.

FREY BREAKS GROUND ON UNION BANK IN GRAND RAPIDS, MICH.

FREY (IN 1928) WAS KNOWN TO BE A "NATTY DRESSER" SAYS SON DAVID.



The understated confidence displayed in that early image would inform Frey's long and distinguished career as a pioneer in banking, finance, and insurance. It also would emerge in his legacy as a civic leader, proud veteran of World War II, and dedicated philanthropist. And it would drive his enthusiasm as a University of Michigan alumnus who, some 50 years after graduation, led a fundraising campaign to save an Ann Arbor building owned by his beloved Deke fraternity.

Today, Frey's legacy is associated with two more of his passions at U-M: education and business. In late 2008, the Edward J. Frey Deanship of Business was established at Ross. The school's **Robert J. Dolan** is the first to hold the title.

"It is fitting that Dean Dolan is the inaugural Edward J. Frey Dean of Business," U-M President **Mary Sue Coleman** says. "His tenure at Michigan has been marked by classroom innovation, practical business experience for students, and lessons of corporate citizenship — principles embodied by the life of Mr. Frey."

A STRONG FOUNDATION Based in Grand Rapids until his death in 1988, Edward Frey for decades helmed the Union Bank and Trust Co. founded by his father in 1918. At various times he served as president, chairman, and CEO until his retirement in 1977.

Frey was an early innovator in the industry. In 1935, he originated installment financing for mobile homes; in 1940, he aggressively expanded the bank's branch offices; and in 1958, he started the trust department. Frey also was an entrepreneur. In 1952, he founded Foremost Insurance Company, the nation's leading insurer of mobile homes and recreational vehicles.

In 1974, he and his wife, Frances (or "Tallie," pictured at his side in the Deke party photo), established the Frey Foundation. It is one of Michigan's largest private family foundations, with grants now aggregating \$100 million. The Frey Foundation would provide a framework for Edward's approach to social responsibility during his retirement. But this regional banker and innovative thinker had long since claimed his role as an investor in people and community. "He was a true citizen soldier," says his son David.

CIVICS AND CIVILITY A retired banker himself, David Frey is chairman and trustee of the Frey Foundation, which endowed the Edward J. Frey Deanship of Business with gifts now

valued at \$5 million. Integrity and accountability were the two traits Edward Frey most demanded of himself and others, David says. And they are qualities Edward's four children recognize in the curriculum at Ross, which is why they endowed the deanship.

"The business fundamentals are job one, but in today's world, it's vital that we imbue students with a sense of propriety, ethics, accountability, personal responsibility, and integrity," David says. "Dad believed you couldn't be a successful person in business, or in anything for that matter, if you lacked those personal characteristics that make us whole beings. The University has done a splendid job of recognizing those needs and addressing them in their graduate and undergraduate programs."

Edward Frey was the type of man who placed tremendous value on diligence and civility, says David, and he never would have sought the kind of recognition that comes with an endowed deanship. "Dad had such a great experience both socially and educationally at U-M. He really understood what the University had done for him in his business career. So for us to be able to do this after he's been gone now 20 years is a really fabulous tribute to him and to this University that meant so much to him."

A thriving community was the ultimate incentive that drove this determined executive, who was proud of his Michigan heritage and dedicated to Grand Rapids, the city of his birth, as well as the bank.

"It's the local leadership that sustains communities; that leads them and drives them to be the best they can be," says David, who continued the family's legacy as a leader in regional banking. In addition to his role at the Frey Foundation, David is retired chairman of Union Bank and Trust Co. and its parent Union Bancorp, and following its merger with NBD Bancorp was chairman of NBD West Michigan (now JPMorgan Chase).

"Our father knew that vibrant cities are good for banking and vice versa," David says. "But he took it beyond shareholder value. He was a concerned and dedicated citizen."

STARTING YOUNG That concern emerged early in Edward Frey's career, when he was recognized by the Grand Rapids Junior Chamber of Commerce in 1941 as the citizen under 35 years judged to have given the most distinguished service to his community. He was VP of Union Bank at the time. In 1943, the father of three (and soon to be four) volunteered for the U.S. Navy and spent three years

on Guam. After the U.S. recaptured the island, Frey joined a group of officers who helped re-establish the Bank of Guam. "There were still Japanese soldiers hiding in caves, so it was not without risk," David says.

When Edward returned from the Navy, he brought two young Guamanians stateside and sponsored them through college. One, Carlos Camacho, would graduate from Marquette University's dental school before returning to the island. In 1969, Camacho was appointed governor of Guam by President Richard Nixon. David visited him that year while serving in the U.S. Navy during the Vietnam War.

"It makes one mindful of how some of the simple kindnesses you do for people can touch someone's life," he says.

WALKING THE TALK It is difficult to estimate how many lives have been touched by Edward Frey. But some highlights offer a sense of his reach and its effects. In addition to serving as a director on numerous corporate boards, he was instrumental in the efforts to establish Grand Valley State University in Allendale, Mich. In 1956, he founded the Junior Achievement Program in Grand Rapids. He also served as director and chairman of the Kent County (Mich.) United Way campaign. In addition, he was president of the Rotary Club and was instrumental in establishing the Vandenberg Center in Grand Rapids, home to the Gerald R. Ford Federal Building, the State of Michigan Building, and a number of leading financial institutions.

"Our parents taught us many lessons, but clearly one was to participate in politics and your community. And lead," David says. "Give it your best, and to the extent your financial situation permits, be generous to the agencies and institutions that make cities and regions great."

In that regard, Edward Frey led by example. He served as a director, officer, and president of the Grand Rapids Chamber of Commerce. He also was director of the U.S. Chamber of Commerce's District V and was vice president and director of the Michigan State Chamber of Commerce. In addition, he served on the board overseeing intercollegiate athletics at U-M and was one of 80 alumni chosen to receive the University's Sesquicentennial Award in 1967. He even contributed funds to the construction of the White House pool during the presidential term of his Deke

fraternity brother and lifelong friend, **Gerald Ford**, '35.

Today, Frey's four children are stewards of his vision as trustees of the Frey Foundation. David is chairman; John M. Frey is vice chairman; Edward J. Frey Jr. is secretary/treasurer; and Mary Caroline ("Twink") Frey is trustee emeritus. The foundation works in partnership with organizations, agencies, and other funders that have an abiding commitment to west Michigan. Its grantmaking focuses on six areas: arts, city-enhancing capital projects, children, civic progress, environment, and philanthropy.

The Frey siblings' approach to outcome-based grantmaking stems from lessons set by their parents long ago. "We look at investing versus gifting," says David. "When you are making investments, you have different expectations for the result. Your analysis is different. We expect you to do what you say you're going to do when you ask for a grant. That goes right back to that accountability our father always stressed."

EDUCATION HOLDS THE KEY The Edward J. Frey Deanship of Business is the third endowed deanship at U-M. The other two are the Joan and Sanford Weill Deanship at the Gerald R. Ford School of Public Policy and the Robert J. Vlasic Deanship at the College of Engineering.

"U-M has the template of what a global educational institution should look like and still maintain its regional orientation," David says. Though not a U-M graduate himself, he served as vice chair of the Michigan Difference capital campaign at the University. "I'm grateful for the academic leadership the University plays in the state, the nation, and the planet. The great relationship the Frey family has with the University would be very satisfying for our father. I think he is smiling down on his University, which he loved so dearly."

Endowing the deanship is one way the Frey family found to express their father's passion for the University. But it's not the only one. When David reviewed an initial rendering of the posthumous oil portraits commissioned of his parents, he was pleasantly surprised by the overall likenesses. There was just one detail the artist had missed. And it was a significant one. "He did not get the colors right in my father's tie," David says. "I advised the artist, 'It needs to be maize and blue.' And I traveled to New York more than once to make sure he got it right." ✦



from left

DAVID FREY STANDS WITH PORTRAITS OF HIS PARENTS AT THE FREY FOUNDATION.

EDWARD AND FRANCES "TALLIE" FREY ARE SURROUNDED BY THEIR CHILDREN (IN 1966). THE FOUR SIBLINGS NOW SERVE THE FREY FOUNDATION. FROM LEFT: MARY CAROLINE ("TWINK"), JOHN, DAVID, AND TED FREY.

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BIG MAN *on* BTTN



Mark Silverman, MBA '91, Coaches Big Ten Network to Successful Launch

By Terry Kosdrosky // Photo By Jennifer Bisbing

AS A DIEHARD MICHIGAN FOOTBALL fan, Mark Silverman, MBA '91, watched the final moments of the Wolverines' disastrous loss to Appalachian State in September 2007 in sheer agony.

But as president of the fledgling Big Ten Network, which premiered that very weekend, he had to admit he felt a glint of professional ecstasy, as well: "This could be huge for us."

Michigan, then the No. 5-ranked team in the country, had been struggling much of the day against underdog Appalachian State, a team in the Football Championship Subdivision (formerly Division I-AA). There were only two ways to see that now-infamous game: live at the Big House or on television via the newly launched Big Ten Network, which reached just six million homes.

As Silverman watched the historic upset unfold, he knew it could be a watershed moment in terms of marketing, brand recognition, and distribution for the network, which had yet to ink deals with most cable carriers, including Comcast. Any other outlet showing highlights of the game would have to credit the Big Ten Network. Fans — and cable company managers — would see what they were missing.

Still, the Michigan man had high hopes for his team as the Wolverines lined up to attempt a last-second field goal for the win.

"I started thinking, 'This is perfect: an up-and-down game where Michigan kicks a game-winning field goal,'" Silverman recalls. "One of our production guys said to me, 'Aren't we better off if it misses?' I said I didn't want to think about that."

Lest anyone forget, Appalachian State blocked the field goal, and football history was made. The Michigan man in Silverman had to shake it off right then, as the Big Ten Network president in him had no choice but to exploit the emerging advantage.

"Everyone said, 'Sorry for your loss, but this is probably the best thing that could've happened for the network,'" he says. "The phone started ringing out of control, and we quickly went into marketing mode. It was the lead story on ESPN's 'SportsCenter' throughout the day. One of the biggest upsets in college football history happened only on this fledgling network."

A week later, the Big Ten Network reached a deal for distribution on Dish Network and a medium-sized cable TV carrier in parts of Michigan and Ohio. A deal with RCN, a larger carrier in Chicago, followed soon after.

"I know Michigan fans weren't happy about this decision, rubbing their face in this horrible loss, but we needed to promote the network," Silverman says. "I had to do that. I think it proved to



MARK SILVERMAN, MBA '91, on the set of Chicago-based Big Ten Network.

the conference and to the other 10 universities that any potential bias I have isn't going to get in the way of my work at the network.”

IN LEADING THE BIG TEN NETWORK, SILVERMAN PUT TO use a host of skills gathered during a career in broadcasting and sports. He had been general manager and senior vice president at ABC Cable Networks Group, where he managed the company's stake in Lifetime Television, A&E Network, and the History Channel. He also had been general manager of ABC Family Channel.

Meanwhile, Silverman held various positions with the Walt Disney Co. and was general manager of ESPN Zone. In addition, he had co-founded and operated Silverkings Media, a media and entertainment consulting company.

“I am a major sports fan, and I helped launch the ESPN Zone in the mid-1990s,” he says. “So I saw some analogies with taking the Big Ten brand into a new forum with a network. The idea of launching a new business was appealing. And I definitely had Big Ten knowledge and ties. So the framework was there to make this very successful.”

The option to pursue that success came when Fox Networks Group CEO Tony Vinciguerra approached Silverman about the position. (Fox is a minority owner of the network with a 49-percent

stake, while the Big Ten Conference is the majority player.) And while Silverman wasn't the most experienced candidate for the job, he exhibited certain talents that Big Ten Commissioner Jim Delany was seeking in a team leader.

“Mark's experience in terms of running a network was not at the top of the list, but he was number one on my list from the beginning after going through the interviews,” Delany says. “It's hard to say exactly why, but I would point to his creative intelligence, his desire to run a company, and his enthusiasm. I was taken by the force of his intellectual and personal side, and I felt like he could really work well with our schools.”

SILVERMAN WOULD NEED THAT ENTHUSIASM AND INTELLIGENCE during 2007 and the first part of 2008. Granted, some big early football games provided a boost to the business, and basketball season looked promising. But the network had yet to lock in a distribution deal with cable giant Comcast (along with other carriers in the region). The Big Ten Network wanted the channel on an expanded basic tier, while most cable companies were pushing for a digital sports tier. Those who want it will pay for it, the carriers argued. But Silverman and his team held firm. The faceoff quickly became heated and public.

THE LIST: Mark Silverman's Top 5 Impact Games on Big Ten Network

#1

MARCH 2008
MINNESOTA
VS. INDIANA
Big Ten Basketball
Tournament

The Gophers' Blake Hoffarber nails a last-second shot to beat Indiana, closing the network's opening season of Big Ten basketball.

#2

SEPTEMBER 2007
APPALACHIAN
STATE VS. UNIVER-
SITY OF MICHIGAN
Football

Appalachian State stuns Michigan's football team on the opening day of the network's football coverage.

#3

NOVEMBER 2007
INDIANA
VS. PURDUE
Football

Indiana hits a field goal as time expires to secure a bowl appearance for the Hoosiers. The win fulfills late coach Terry Hooppner's goal of "playing 13 games."

#4

MAY 2008
INDIANA VS.
PENN STATE
Big Ten Baseball
Tournament

Indiana's Tyler Cox, whose error allowed the lead run to score, redeemed himself in the bottom of the ninth with a walk-off grand slam.

#5

JANUARY 2009
NORTHWESTERN
VS.
MICHIGAN STATE
Basketball

The Northwestern Wildcats upset Michigan State, snapping the Spartans' 28-game home winning streak.

Silverman knew it would take some time before the network achieved the kind of presence it wanted in Big Ten states and national households. That comes with the territory of launching a new channel. But the public nature of the distribution fracas took him by surprise. Both sides took the fight to the airwaves, leaving frustrated fans to watch from the sidelines.

"It was beyond anything I had ever seen," Silverman says. "But you had a lot of converging factors. You have an industry that's sort of not loved. You have escalating ticket prices and other costs that sports fans endure. Then you fan this flame that you're not going to get the games you want to watch. That just set everything up to get so heated."

Behind the scenes, negotiations started moving in early 2008, but it took a long time to finalize any deals. Meanwhile, a staff of 100 had to be managed, and leaders of 11 universities had to be kept in the loop. Delany says Silverman's leadership during a tough time was a big factor in keeping the network focused.

"When we were going through the dispute, which was hard and in some ways a disappointment, you still had 100 people who work here and you have to keep their morale up," Delany says. "Managing those two, the morale and arguing our case on the road, I think Mark handled that well. I think that's a very important quality in a leader."

In June 2008, the Big Ten Network signed a deal with Comcast that put the network on expanded basic cable in the Big Ten states. This spring, Comcast can move the network to a broadly distributed digital tier, which most customers receive. In the other states, Comcast makes the Big Ten Network part of premium sports tiers.

Similar deals with cable companies such as Bright House Networks followed, and now the network is in about 90 percent of homes in Big Ten territory and also is available to 70 million homes nationwide.

Despite the long dispute with Comcast, Silverman says the network is profitable in its second year and will be "significantly profitable" in the near future. Last year, the network exceeded its

advertising sales goals and signed Nissan Motor Co., State Farm Insurance, and restaurant chain Buffalo Wild Wings as major advertisers. The goal is to grab more of those blue-chip sponsors.

WITH THE FIGHT FOR DISTRIBUTION LARGELY BEHIND it, the network's focus now is on improving the on-air product and promoting its forays into new media, such as streaming games online and video on demand. Silverman says he'd love to have 400 sporting events on the TV network and 400 streamed on the website. The network especially wants to grow baseball and women's softball as streaming sports.

Right now, he's taking a hard look at original programming that would be of interest to all Big Ten fans and advertisers.

"We now need to make the next stride to get better," he says. "That means improving game telecasts, studio shows, and original programming."

On that score, the network has attracted such personalities as former ESPN host Dave Revsine and CBS Sports basketball play-by-play announcer Gus Johnson. The network also has several former Big Ten players and coaches, including Jim Jackson and Gary DiNardo, adding color and commentary.

Delany says he's pleased with the results so far, especially with the journalistic integrity of the network. He cites stories on Penn State football players being dismissed and Indiana's basketball coach, Kelvin Sampson, resigning in the wake of recruiting violations. And while the network has a responsibility to cover those stories, Delany says he's committed to keeping game telecasts focused on just that: the game.

Reflecting on the network's launch, Silverman calls it a win, despite some of the early struggles and the negative publicity during the Comcast negotiations.

"There are definitely worse things to spend your day doing than representing 11 of the finest schools in the country," he says. ✎

FROM LEFT: Drew and John Dowdle on the set of their horror film, *Quarantine*.



TITLE

NO BUSINESS LIKE SHOW BUSINESS

AUTHOR

TERRY KOSDROSKY

PAGE

41

DATE

2009

SUBTITLE

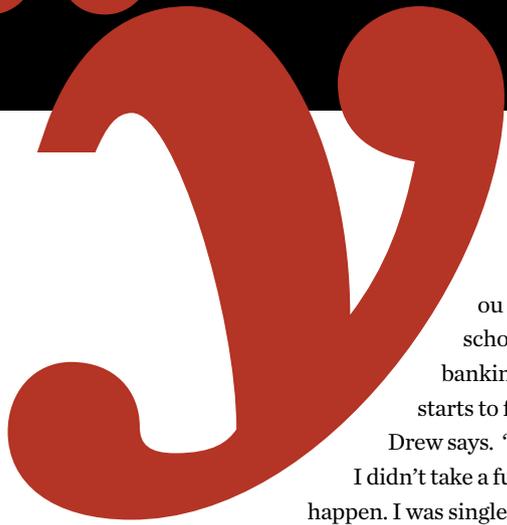
Drew Dowdle, BBA '97, Trades Wall Street for Walk of Fame

STORY

ANDREW “DREW” DOWDLE, BBA '97, AND HIS BROTHER, JOHN, traveled in very different circles just a few years ago. Both took divergent paths from their Minnesota home — Drew toward a career on Wall Street and John on the route to starving artist.

But their paths came together whenever they talked about movies — making them, to be specific. The desire started in high school, when John would bounce ideas off of Drew and together they would refine a plot. And though Drew’s professional reality was steeped in the ways of an east coast banker, he continued to dream about making movies with John.

One day, he woke up. And everything changed.



ou go to Michigan’s business school, you work in investment banking, and making movies starts to feel like a pipe dream,”

Drew says. “I knew at some point if I didn’t take a full shot at it, it might not happen. I was single, no kids, so I did it.”

Starting with low-budget flicks for indie film fests, the Dowdles worked their way up movie by movie. Their first studio film, *Quarantine*, was released on DVD in early 2009 after some good reviews and a better-than-expected theatrical release. These days, they’re teamed with writer/director M. Night Shyamalan (*The Sixth Sense*) on a production called *Devil*.

It’s a nice payoff, considering they gambled everything with no guarantee of being noticed in a very crowded field. Today, the brothers often are compared to Joel and Ethan Coen, another fraternal movie-making pair from the Twin Cities. They even divide labor according to the Coens’ blueprint, with John directing, Drew producing, and both writing. The formula seems to be working.

“It was a wonderful decision, but it was a long fight and scary as hell a lot of times,” Drew says. “I thank John for twisting my arm more and more.”

Says John: “And I thank Drew for getting me out of the poorhouse.”

WANTED: INVESTORS Drew says he’s glad he waited a bit before getting into the movie business. Raising money for and distributing an independent film tapped every bit of business acumen he acquired at Ross and in the field. And the budget for their first film, the raunchy comedy *Dry Spell*, was only \$50,000.

“Financing any film is difficult,” Drew says. “People don’t believe in the business model, and it’s a long-shot business. It requires a level of salesmanship.”

The idea was to make *Dry Spell* memorable enough to get a little press and prove to people in the industry they could make a coherent film. But getting even that was tough. The movie was rejected by a number of festivals, including the edgy Slamdance. Then John re-edited it and gave it a different name.

Finally, Slamdance accepted their picture in 2005. The movie didn’t lead to fancy agency representation or a major studio contract, but it garnered just enough hype to buy the Dowdles a bigger bankroll next time around.

“With a \$50,000 budget, there’s only so much you can fix, and you can only get so close to what you imagine,” John says. “Between fast, cheap, or good, you can only pick two of the three. It became a very do-it-yourself production.”

PICKING THEIR FEET IN POUGHKEEPSIE

Their next film grew out of the routine the Dowdles had perfected in high school: John generated ideas, and Drew gave a thumbs-up or thumbs-down. When John pitched the idea of a faux documentary about a serial killer, Drew was intrigued. The treatment for *The Poughkeepsie Tapes* was born.

The brothers scored a sweeter budget this time — \$500,000 from individual investors — and in a different genre. *The Poughkeepsie Tapes* is about the discovery by police of a trove of videotapes made by a serial killer. A combination of fake news reports and the killer’s own “footage” pieces together the tale of an untold number of sadistic murders.

It was quite a departure from the gut-laughs in *Dry Spell*.

“We’re trying to make stuff that’s not forgettable, and horror lets you create scenes that are burned into people’s brains,” Drew says.

John attributes their mutual fascination with dark films to their childhood roots in Minnesota. “You grow up with those Midwest winters and you get that Nordic bleakness in you.”

As *Poughkeepsie* neared completion, though, Drew began to assess the liabilities associated with such a macabre picture. The businessman in him wondered where it would screen.

“At certain points during production I’m saying, ‘There may not be a film festival that accepts this one,’” Drew says. “It’s not really a festival film. We show this and we’ll be burned at the stake. But we stuck to our guns. We knew it would take getting it into the right programmer’s hands.”

That it did, and the movie was shown at the Tribeca Film Festival

Drew Dowdle’s Top Three Influential Movies

THE OMEN

I was a seven-year-old Catholic school kid when I first saw *The Omen*. I’ll never forget how terrified I was, and I was instantly hooked on horror. The fact that my mom thought I looked exactly like Damien probably didn’t help. I spent many sleepless nights wondering if I could be the devil.

THE GODFATHER

I love character-driven drama, and no one did it better than Coppola in *The Godfather*. I first saw it in grade school, and I remember for the first time being riveted by a screenplay. A truly perfect movie.

RAISING ARIZONA

That came out when I was 13, and it was the first Coen Brothers movie I had seen. My brother and I also grew up in the Twin Cities, and for the first time the notion of making movies seemed possible. Although we make very different movies, the Coens’ talent and originality have been the main source of inspiration for us in our careers.

“We came at it with everything we had.”

in 2007. Reactions ran the gamut. But the buzz was big enough for *The Poughkeepsie Tapes* to emerge as the game-changer for the Dowdles' career.

The movie led to representation by Creative Artists Agency, or CAA, one of the most venerable entertainment agencies in Los Angeles. It also led to Vertigo Entertainment approaching the Dowdles for a U.S. adaption of the Spanish film [REC]. The English version: *Quarantine*.

“We immediately knew it was right in our strike zone,” Drew says. “It was terrifying, intense, and such a fun ride. It was an obvious fit. We came at it with everything we had.”

And what they had was considerably more than they were used to. The budget was \$12 million, all from the studio. That meant actual stunt doubles, longer takes, an army of extras, better actors (Jennifer Carpenter is the lead), and a real soundstage.

The thrill of making their first studio movie couldn't be dampened by a letdown with *The Poughkeepsie Tapes*. MGM originally planned to distribute the film nationwide in 2,500 theaters. But it cut *Poughkeepsie* from the rotation, along with a few other films. Its status remains in limbo.

“Even if *The Poughkeepsie Tapes* never comes out, that film did everything we needed it to do for us,” Drew says.

BUILDING THE BRAND *Quarantine* was shot in parallel with the Spanish screenplay from which it was adapted. All the Dowdles saw at first was the original script. That helped elevate the film above the typical remake, allowing the brothers to add scenes.

The movie is shot from the point of view of a television news cameraman, who accompanies a female reporter embedded with a company of firefighters and paramedics.

A call takes them to an apartment building, where a resident is acting strangely. With the rescue and TV crews still inside, the authorities forcibly seal the building. A terrifying situation ensues, as a mysterious illness turns victims into rabid, zombie-like creatures. Meanwhile, the camera keeps rolling as everyone is locked inside.

Quarantine could be described as a more mainstream “popcorn” film compared with the twisted *Poughkeepsie Tapes*, something the brothers welcomed. Screen Gems, a subsidiary of Sony Pictures, picked up the picture and, according to Drew, did an excellent job marketing it.

The film was number one in ticket receipts on opening day and finished its first weekend number two, grossing \$14.2 million. It garnered a positive review from *The New York Times* and beat out the Ridley Scott movie *Body of Lies*.

“Nobody saw that coming,” Drew says. “Screen Gems is so good



Drew (left) brings a bit of Michigan to Hollywood.

at marketing and opening new films and competing with much larger films. That was a godsend. The same exact movie opened by another studio would have had a different result.”

The success of *Quarantine* has Drew and John managing a number of projects. Shyamalan plans to produce a three-movie series called *The Night Chronicles*. The Dowdles are helping to develop the final script for the first movie, *Devil*, with Drew attached as a producer and John as director.

The deal represents another good challenge for the Dowdles. *Devil* will be a PG-13 movie, more of a suspenseful thriller than straight-on horror. The two also are preparing to shoot a film from their own script, *The Coup*, about an American family caught in the crossfire of a political uprising in Southeast Asia.

In addition, the Dowdles are executive producing a documentary — a real one this time — and are considering a period film. The documentary, *Transcendent Man*, is based on futurist/inventor Ray Kurzweil and his theory of “the Singularity.”

Much like the Coens, the Dowdles are eager to establish their own identity in Hollywood while producing a variety of pictures.

“We really want to expand, do some drama, a period piece,” John says. “We’d like to go in a lot of directions, but do it one step at a time so people know what to expect from the brand.”

For Drew, running the business end — and some of the creative parts — of what’s becoming a movie-making enterprise is the completion of a circle he and his brother started when they conjured up crazy ideas in high school.

“It was always the dream for me to work with John and make films,” he says. “It took awhile for us, or me at least, to think we had enough to make a go of it. It’s worked out great.” ✖

ON THE EDGE OF THE *economic* NEW FRONTIER

Ross Alumni Seek Fortune in the Emerging Carbon Economy

By Terry Kosdrosky



One of the biggest buzz phrases generated by President Barack Obama's administration is "green jobs." The new president wants U.S. business to lead the world in tackling global climate change.

But what, exactly, are those jobs, especially for the business school graduate? There's no easy answer, since policy is still developing. Most signs point to some sort of cap-and-trade system, where

a limit is set on emissions, and companies are allowed to buy and sell rights (or credits) to emit carbon.

Ross alumni already are sensing opportunities in this new "carbon economy." Their skills are in demand whether they are being asked to analyze the carbon trading markets, create forestry-based carbon credits, or secure contracts for renewable landfill gas.

Nothing is a sure bet right now, which makes some of these nascent fields risky. But that's what also makes them thrilling, says **Justin Felt**, MBA/MS '08. He received his dual degree from Ross and the School of Natural Resources and Environment (SNRE) via the Frederick A. and Barbara M. Erb Institute for Global Sustainable Enterprise.

"You have to be comfortable with a level of risk and change, and that's what's exciting," Felt says. The multidisciplinary

approach at Ross prepared him for a role that intersects science, business, and government. "I like finance, but this is such a complicated marketplace: It involves finance, science, and policy."

ANALYZING THE NEW MARKET Felt's job is a prime example of a traditional position — market analyst — getting a twist in the new economy. He works for Point Carbon, a firm of 220 employees that was founded in 2000 to provide research and analytics on the carbon and energy markets. Felt is based in the North American office and manages Point Carbon's one-stop shop for research and market data on the carbon offset markets in the U.S. and Canada.

What makes it more interesting than the average market analyst job is that the U.S. carbon trading system is voluntary. Carbon financial instruments, or CFIs, are traded on the Chicago Climate Exchange and over the counter. Many companies are starting to purchase offsets in anticipation of a mandatory cap-and-trade system.

With the market still voluntary, there are a number of measures used to value carbon credits. The goal is to stay one step ahead and help clients demystify the market while making sound financial decisions. Much of Felt's work revolves around



› **JUSTIN FELT**, MBA/MS '08, analyzes carbon energy markets.



providing information on where regulation will go, and then translating that to forecasts and analytics.

“It’s more of a ‘Wild West’ right now,” Felt says. “You have a very Balkanized market. It’s not really clear what this is going to look like a year from now. So the key for us is to always be reading the market and be a step ahead of everyone. There are a lot of players jumping into this field, so it’s exciting and there’s a lot of investment. There’s a very good chance we will be living in a carbon-constrained world in North America, and we’re helping companies prepare for it.”

As the son of a Foreign Service officer, Felt grew up with an interest in international policy. His career, though, was centered in corporate finance. While at Ross, he discovered he could meld his business expertise with his affinity for the environment and public policy.

“It’s great because I was reading about this [environmental] stuff in my free time, so when I was looking to go to graduate school, I was really looking at environmental finance,” he says.

Even with the economic crisis occupying much of the new administration’s time, Felt believes there will be movement toward regulated carbon emissions around 2010 to 2015. “A lot of things get put to the side when people start losing their jobs,

but President Obama has made it clear that it will be a priority,” he says.

SEEING THE FOREST FOR THE TREES Gabriel Thoumi, MBA/MS '08, has a varied background in finance and real estate with three graduate degrees. Like Felt, he received his dual degree from Ross and SNRE through the Erb Institute. Living in Indonesia and seeing deforestation up close helped set him on his current career path as director of forestry at MGM International. The project development firm helps companies evaluate and create carbon credits.

“I saw the fires at night when I was in Indonesia,” he says. “And it just hits you. I couldn’t do anything else. I tried for years to do something different. But I live and breathe this now, and I love it.”

Thoumi leads a team that works with industry, developers, and property owners to preserve forests or grow new trees for reforestation. In return, these companies are able to manufacture carbon credits, which can be sold.

Quantifying and valuing the carbon credits for such transactions is a complicated process. Some countries follow rules established by the Kyoto Protocols while others, like the U.S., do not. In North America, there’s a patchwork of regional initiatives since the carbon credits market is still voluntary.

“The two words that dominate the industry right now are exaggeration and confusion,” Thoumi says. “So as 2008 was the year of registry and third-party certification mechanisms, 2009 will be the year of verifying credits. In the last four months, we have verified at MGM almost two million metric tons of carbon dioxide equivalent from forestry projects.”

The way Thoumi sees it, his main skill is evaluating complex systems. The forest is a complex system, he notes, as are the regulatory and financial hoops one must jump through in the emerging offset market. After studying strategy with Ross professors **Allan Afuah** and **Linda Lim**, Thoumi developed a model called rational convergence that he uses as a guide to chop through the complexity.

“You have these four circles — science, civil society, government, and business — and where they intersect is the action of the project,” he says.

In Thoumi’s model, science means that the land dictates the rules. Forests are complex, changing systems. Civil society means

“... the 21st century is going to be the century of natural capital.”

— GABRIEL THOUMI, MBA/MS '08

that the local population has to buy in and be a gatekeeper for any project. Governments dispense rights, and the rules are different in every country. And, finally, business means structuring the risks.

That model helped Thoumi and some colleagues work on a project that ultimately saved 225,000 hectares, or 600,000 acres, of Indonesian forest that were home to a sizable orangutan population. What began as a long shot became a reality after developing land surveys, working with the local residents and Indonesia’s forestry ministry, and helping a land owner build a business case.

“I think the 21st century is going to be the century of natural capital,” Thoumi says. “For the previous 500 years, we’ve been going overseas looking for markets. Now I’m looking for natural resources, not to exploit them, but to maintain and restore them to their natural state. There’s more value in maintaining them on a per-hectare basis than there is in exploiting them.”

He also sees his business as a growth industry, despite the poor economy.

“I’m bullish,” Thoumi says. “Since I’ve started, I’ve hired one person, and we may hire more. But it’s hard, because from a skill-set point of view, this is difficult to teach. People have to have a science background and a business background. They also have to be entrepreneurs.”

IT’S A GAS In the years since graduating from Ross, **Tara D’Andrea**, BBA ’95, followed a traditional path for a Detroit. She worked at a few automotive parts suppliers and then GMAC, the financing arm of General Motors Corp. But by 2005, she wanted to re-invent her career.

When an opportunity opened at DTE Biomass Energy, D’Andrea

went for it. The company, a subsidiary of utility DTE Energy Co., captures gas produced from landfills and uses it to generate renewable electricity. It also processes and transports product to industrial clients to offset fossil fuel use.

DTE Biomass is hardly a latecomer to the scene. It’s been doing this for about 20 years. But there’s heightened attention now as more companies look to energy alternatives and become more conscious about their carbon footprint. More states also are mandating the use of renewable fuels. The federal government may do the same.

“There’s a lot more attention on the renewable character of our product,” D’Andrea says. “But it’s a double-edged sword because that’s going to attract more entrants to the market. We’ve been doing it for more than 20 years, so obviously we’ve been doing something right.”

And these new entrants might not appreciate how tricky the business can be. The start-up costs are high, the development process is long, and the economies of scale are small. A medium-sized landfill

can generate about five megawatts of power, though few go over 10. A traditional coal plant can produce 2,000 megawatts.

There’s also the issue of reaching the end user. Many landfills are “in the middle of nowhere,” so D’Andrea has to come up with a cost-effective way to transfer the energy to the customer. The job also requires negotiating gas-use rights with landfill owners and drawing up 20-year contracts with customers.

With those conditions, pricing the deal incorrectly can be disastrous.

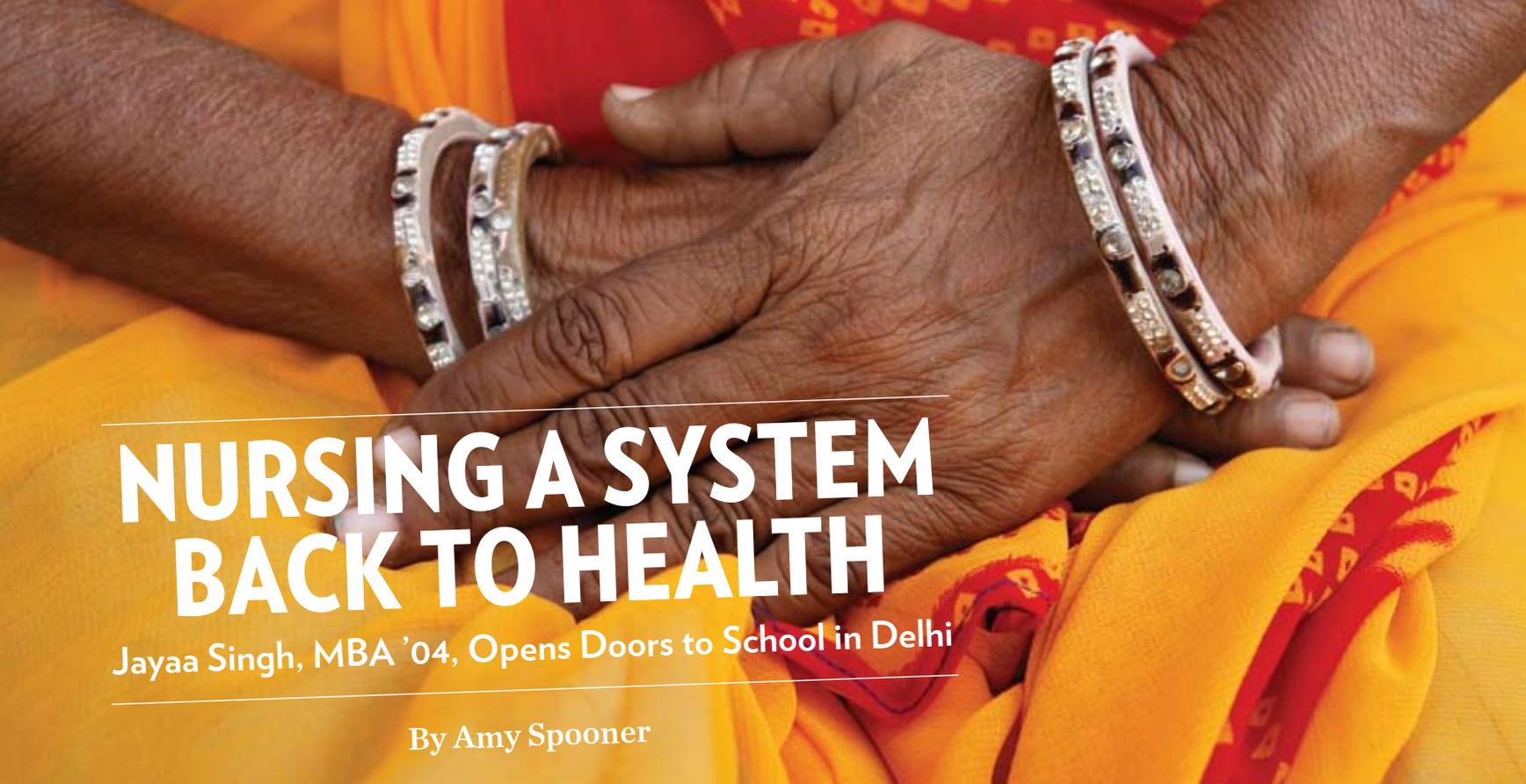
“If you think the market price is going to be \$120 per megawatt and it’s really \$90, you’ve missed the market by a lot,” she says. “So you have to manage the downside but make sure you don’t miss the upside.”

Fortunately, D’Andrea acquired extensive transaction experience in the auto industry. For her, it’s about taking that ability to make the correct market assessment from a pile of data and translating it to a new and different business. With the economic downturn worsening and people nervous about their jobs, she recommends people investigate careers they’ve never considered.

“People say the economy is so bad, and it is. But look around. There are opportunities out there,” D’Andrea says. “I’ve always been a ‘greenie,’ but I never thought I’d be doing this as a career. One of the reasons I do this is because I look at my kids and don’t want to leave them an Earth that’s a burning ash. And I’m lucky I found one of the places I can do something about that.” ❧



› **TARA D’ANDREA**, BBA ’95, negotiates gas-use rights with landfill owners for DTE Biomass Energy.



NURSING A SYSTEM BACK TO HEALTH

Jayaa Singh, MBA '04, Opens Doors to School in Delhi

By Amy Spooner

*Former food technologist **Jayaa Singh**, MBA '04, entered business school with a singular goal: to move up in management. Establishing a nursing school in India was nowhere on the agenda.*

“My husband was the one who was interested in starting a business,” says Singh, who today is president of India’s Ascent Educational Foundation and the founder of Delhi-based Salokaya Faculty of Health Sciences. “You can say he has the entrepreneurial DNA, while I was not much of a risk taker.”

All of that changed in her final term at Ross, when Singh enrolled in **Len Middleton’s** Global Projects course. Tasked to write a business plan, she reflected on the exposure she’d had to visiting speakers and fellow MBAs who clearly had the entrepreneurial DNA. She first proposed a new concept restaurant that fell in line with her previous career. But Middleton urged her to broaden her thinking and consider something more innovative.

A trip home to India crystallized her vision when she learned of an alarming exodus of nurses to other countries. “We were witnessing a voracious demand for healthcare services,” she says. “My research and subsequent visit to India [showed] the effect that this migration of skilled healthcare workers was having on the Indian healthcare system. There also was a severe shortage of faculty in all the major schools of nursing.”

At Middleton’s encouragement, Singh collaborated with a colleague in Texas to frame the problem in a broad context. “I began to think about how to add to the global pool of nurses,” she says. “There is such a huge shortage of nurses throughout the world, and I started to think about combating that by opening a nursing school.”

Singh believed that increasing the number of trained nurses could offset the impact of those who were leaving India, while a globally focused nursing curriculum would enhance nurses’ abilities and career possibilities.

“Our goal is to train nurses who have the skill set and knowledge to be an important part of the healthcare team wherever they work,” she says.

That goal is now actively pursued at Salokaya Faculty of Health Sciences. Salokaya comprises three colleges: nursing, allied health sciences, and global education. The flagship College of Nursing consists of two degree programs, offering an RN-equivalent diploma in general nursing and midwifery as well as an auxiliary nursing and midwifery diploma that roughly equates to an associate’s degree in the U.S. The curricula explore global nursing issues, and students may participate in an exchange program with the University of Texas at Arlington. This allows students to experience American culture while increasing proficiency in specialty nursing areas. The College of Global Education offers online diplomas and continuing education programs partnering with an Indian university and the University of South Florida. Singh hopes to forge additional partnerships with international universities. The ultimate goal, she says, is to prepare industry leaders who “address complex problems in global healthcare from a multidisciplinary, multinational perspective.”



IMAGES FROM the Salokaya Faculty of Health Sciences in Delhi. The nursing school, founded by Jayaa Singh, MBA '04, is now in its fourth year. Some 320 students are enrolled today, with the first graduating class slated for 2010.

Salokaya's four-year evolution from business plan to operational institution with 320 students has been a rollercoaster ride, Singh says. "In the first two years, we had to work on buying land, getting the building up, and acquiring funding."

Because private entities are forbidden to establish colleges in India, Singh first had to create an educational trust — Ascent Foundation — through the Indian Trusts Act, which promotes the advancement of higher education in India. She relied on private fundraising, bank loans, and her own resources to establish the school. Founding a school from scratch means involvement in all aspects of its development, and Singh laughs that she wasn't that far removed from actually taking a hammer and nails to help erect the building.

"We were down in the trenches," she says. Infrastructure creation was coupled with the need to sort through "countless bureaucratic hassles" to get the school up and running.

Attracting quality faculty and students was a key step toward establishing credibility. Singh began by hiring the school's principal and relied on the principal's network and other referrals to build the administration. Recruiting students was much harder, she says, because the necessary government permissions were obtained late in the admissions cycle. The first term began with five students. Prohibitive policy from the regulatory council governing higher education in India proved challenging in building subsequent classes. "Persistent lobbying, multiple meetings at the ministry level, and lots of perseverance helped us in getting the admissions criteria changed for nursing programs in Delhi," she says.

Now, in the fourth year, Singh says she finally has time to re-evaluate the programs and revisit that business plan written long ago in Ann Arbor. She praises Middleton's early involvement with her effort. "He was great," she says, "full of practical approaches to everything, but he would also tell me not to worry too much about the details; just go ahead with my idea."

Singh took a cue from Ross in developing the educational model at Salokaya. As she explains, the discourse between students and faculty tends to be limited in India. But having experienced the

benefits of the collaborative, hands-on atmosphere at Ross, she knew she had to emulate it in her own program. Accordingly, nursing students spend mornings in class and afternoons on-site at government hospitals throughout Delhi. In the evenings, back in the dormitories, students engage in group discussions about cases they observed during the day. This approach represents a new way of thinking not only for the students, but also the faculty — one they all seem to embrace.

She also uses the clinical method as an opportunity to incorporate mentorship into the curriculum, another concept she learned at Ross. Clinical instructors ("preceptors" in the U.S.) and working nurses in the hospitals have formed a network to guide their students. Singh believes these interactions and relationships are critical to training nurses with a multidisciplinary perspective, and ones who know how to work with "their head and their heart." She feels the essence of her — and any — organization is the interpersonal dynamics at play, and she credits Ross professors **Jane Dutton** and **Sue Ashford** with instilling "the notion of positive interactions and quality connections in the very early stages" of Salokaya.

This concept proved instrumental in marketing the nursing program. "For the faculty, our main proposition is the opportunity for professional development," Singh says. "International collaboration also plays an important part. In addition, we offer a very different work culture and the opportunity to create a new academic program."

With its first class poised to graduate in spring 2010, Singh is seeing the rewards of Salokaya's growth. "It's not just one student we are educating," she says. "We are basically educating a whole family. And since it's health education, we are teaching people who will train an entire population to be healthier."

The rewards also stem from her own embracing of the "head and heart" concept that is so integral to Salokaya's methodology. "There's something about education that is different from other businesses," she says. "It's always a business at the end of the day, but I like to call it 'responsible profit making.' We are providing education, which is priceless." ❧

★ Philippe Prufer, MBA '88, Recognized for Alumni Service

ELI LILLY EXECUTIVE IS FIRST INTERNATIONAL ALUMNUS TO RECEIVE HONOR



The Bert F. Wertman Alumni Service Award was presented to **Philippe Prufer**, MBA '88, Eli Lilly vice president and area director, European mid-size countries, during the annual Scholarship Recognition Dinner in March. Born in São Paulo, educated in Rio de Janeiro, and currently based in Vienna, Prufer is the first international alumnus to receive the honor since its inception in 1989.

Prufer is a longtime advocate for the globalization of business and the Ross School. He is a member of the Ross School's Visiting Committee and has served on the leadership team for the Brazil Alumni Club. In addition, he has sourced Multidisciplinary Action Projects (MAP) in Brazil and Europe. In 2008, he established the Otto Georges Prufer Scholarship, named for his father, to support incoming students from Brazil.

Prufer sat down with *Dividend* to talk about the importance of globalization in business education, why he created the scholarship, and the benefits he gets from staying connected to Ross.

DIVIDEND: Tell me how your background plays into your focus on globalization.

PRUFER: My father was French, my mother is German. They both immigrated to Brazil. My grandfather was Russian, my mother-in-law is from Hungary, and my father-in-law is from Estonia. Both my wife and I are first-generation Brazilians. When I was a kid, I lived in Brazil most of the time, but also in Europe, and I speak five languages. What you learn is that people are not that different. We sometimes make things too complicated. All businesses today have international connections — suppliers, customers, operations — and

MBA students need to appreciate and deal with that. In my work, I interface with people in 32 countries. I can talk in the morning with Norway, then Greece, then Portugal, and wind up my day talking with Indianapolis.

DIVIDEND: Why is it important to support Brazilian students at Ross?

PRUFER: Since Brazil is an emerging economy, there are so many opportunities. Brazilians, in general, tend to be very entrepreneurial, flexible, and adaptable. This is what they can teach in an MBA program, especially in this age where conditions are changing every day and every week. Also, Brazil is one of the top 10 economies in the world, and Brazilian students can benefit a lot from an education in Michigan by opening up their horizons.

DIVIDEND: In addition to the scholarship, you support MBA students by sourcing MAP projects.

PRUFER: In 2000, I had MAP students help my team put together a 10-year plan for Lilly in Argentina. It was fantastic and a wonderful opportunity. You get a group of individuals who are highly motivated, from outside the company, to bring a fresh view of the issues and alternatives you have. Last year, I had MAP students look at the launch of a new product, focusing on Sweden, Switzerland, and the Netherlands. And this year, we're going to have three MAPs. We're looking at long-term strategic planning, partnerships, and other business development opportunities.

DIVIDEND: Ross is lucky to have people like you advocating for the school. But what do you get out of this relationship?

PRUFER: Every time I come here, I either get a book, a case, or I talk to a professor and learn something new. Also, my peers on the Visiting Committee are extremely sharp and very nice people. The networking is fantastic. Even though we are so different, we are bonded by our Michigan education. I learn so much by listening to them. ✖

★ Ross Recognizes Entrepreneurs Wyly, Gani

IN 2008, ROSS PRESENTED ITS ENTREPRENEUR OF THE YEAR AWARD TO **SAM WYLY**, MBA '57, AND **MARCEL GANI**, MBA '78.



Wyly, often described as the "entrepreneur's entrepreneur," has founded and grown some of the world's

leading-edge companies pushing advancements in technology, energy, retail, and investments. His ventures range from the computer utility and software company University Computing Company, to the hedge fund Maverick Capital Ltd., to the clean electricity enterprise Green Mountain Energy Company. He is pictured here at Entrepalooza 2008, sponsored by the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies (ZLI).



Gani has played a part in some of the most exciting startups to emerge from Silicon Valley, including Juniper Networks, NVIDIA Corp., Grand Junction Networks, Primary Access Corp., NeXT Computer Inc., Cypress Semiconductor, and Intel Corp. He is an advisory board member at ZLI and endowed a scholarship to support student internships in startups and venture capital firms. He is pictured here (far left) at the Ross School's West Coast Forum in fall 2008 with Dean Robert Dolan and Tom Galizia, principal at Deloitte Consulting LLP.



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★ Los Angeles

1 From left: Entertainment executives **Eric Yang**, MBA '03, **Michael Corcoran**, MBA '04, **Doug McCracken**, MBA '04, and **Jamie Voris**, '96, ponder "the awful truth" at Sony Studios after their panel on digital media distribution.

★ Buenos Aires

2 From left: **Fernando Mascarenhas**, MBA '90, **Raquel Arevalo**, MBA '88, **Diego Regueiro**, MBA '99, **Diego Distefano**, **Ariel Rodriguez**, **Nicolas Castagnino**, MBA '00, **Douglas Choi**, **Fernando Pardo**, MBA '95, **Gustavo Orrillo**, and **Pablo Mautone**, MBA '98.

★ Dallas

3 **Deborah Gage**, MBA '86, president and CEO, GTESS Corp., speaks to Dallas alumni.

★ Washington, D.C.

4 From left: **Larry Muenz**, MBA '75, and **Charles Reaves**, MBA '87.



★ **Boston**

1 From left: **Purvi Ravani**, MBA '08, **Grant Robinson**, BBA '08, **Kellen Sarb**, '08, **Natalie Webb**, BBA '07, **Bret Eathorne**, BBA '08, **Tony Gross**, MBA '08, and **Kyle Zink**, BBA '07.

★ **India**

2 Members of the Ross Alumni Club of India gather to network and welcome new alumni.



★ **Hartford**

3 From left: **Layne Gobrogge**, MBA '80, **Jose Ruiz**, MBA '03, **David Carson**, BBA '55, **Ann Thomas**, MBA '75, **Azam Saeed**, MBA '96, **Ozer Ozcan**, MBA '02, and **Gaston Persano**, MBA '02.



For more photos and events, visit www.bus.umich.edu/AlumniCommunity/AlumniClubs



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★ New York and San Francisco Score Top Alumni Club Honors

ROSS ALUMNI BOARD OF GOVERNORS CITES EXCEPTIONAL ACHIEVEMENT

The 2008 Club of the Year Award went to the New York Alumni Club for achievements in programming, membership, outreach, and recruiting. **Cecil Shepherd**, MBA '00, is club president.

"The New York club consistently exhibits an incredible display of support for its area alumni," says **Jeff Mott**, MBA '95, chair of the Alumni Board of Governors Clubs Committee. "It has established itself as a premier alumni club in its ability to reach out to a vast number of remarkably diverse alumni in a way that provides value for each group independently as well as to all groups collectively."

Additionally, the San Francisco Bay Area Alumni Club received the 2008 Wolverine Spirit Award, which recognizes a club's tenacity and enthusiasm in building its organization.

Dan McLean, MBA '91, is president.

Mott says the committee was impressed not only with the significant number of events hosted by the club, but also with the outstanding participation of its members. "This clearly exhibits the tremendous value of these events to the area alumni," he says.

Domestic, international, and affinity clubs are considered for the annual awards. Winning clubs receive funds from the school to put toward their annual budgets. A new award will honor the top international club next year.

1 From left: New York alumni **Tim Garrabrant**, MBA '85, **Shama Zehra**, MBA '07, **Elitsa Anguelova**, MBA '06, and **Cecil Shepherd**, MBA '00, are pictured at the annual Wall Street Forum in October 2008.

2 San Francisco club members are known for bringing the Wolverine spirit to the San Francisco Bay Area.

★ Tokyo

3 Ross graduates from 1974 through 2008 gathered in Tokyo for the club's annual Go Blue! party in February. They welcomed David Methe, former associate professor at Ross. Methe is now a professor at Kwansai Gakuin University Business School in Japan.

★ Washington, D.C.

4 From left: **Dawn Edgerton**, MBA '08, **Russatta Buford**, MBA '05, and **Alantria Harris**, MBA '09, convened at the National Black MBA Conference.

★ Southeast Michigan

5 From left: MBA students **Brian Van Abel**, MBA '10, and **Justin Turner**, MBA '10, get to know their MAP sponsor **Nick Cucinelli**, MBA '05, during a club event at Ross.



Don Surath, BBA '67, is working on the second edition of his book *Conquering Cold Calling Fear*, which won the 2004 award for Best Business/Sales Book from the Bay Area Independent Publishers Association.

David Carson, BBA '55, is the subject of the biography *Bow Tie Banker* by Lennie Grimaldi (Kolumns Publishing LLC). Carson is the former president, chairman, and CEO of People's Bank, headquartered in Bridgeport, Conn.; he joined the bank in 1983 and retired in 2000. He funds the Ross School's Carson Scholars program, which sends 60 BBAs to Washington, D.C., each year.

Thomas C. Jones, BBA '68/MBA '71, was inducted into the Michigan Insurance Hall of Fame Sept. 17, 2008. He is senior adviser to the executive officers of the Hagerty Group, and a former insurance executive and commissioner of insurance for the state of Michigan. During his tenure as commissioner, Jones encouraged competition in the property-casualty insurance market, initiating steps that eventually led to less rate regulation and the end of industry "cartel" pricing. The policy recommendations that led to the enactment of the Essential Insurance Act, which guaran-

teed the availability of homeowners and automobile insurance, also were developed during his administration. In 2005, Jones endowed the Center for BBA Education at Ross with a \$10 million gift.

Edward King, MBA '74, has been director of small business services at Wayne State University for almost 30 years. He has taught classes for undergraduate, graduate, and executive education students, and has written three business books. He is a frequent speaker at national professional meetings and has been featured in dozens of newspaper articles. As a speaker he covers a wide variety of topics, including: how to price your product or service to the penny, the #1 reason why businesses fail, how to save thousands of dollars on your tax return, why you should run away from 99 percent of the turnkey business opportunities sold on the Internet, how to determine if you are even cut out to be in small business, how to double your profits in 42

days, where to get the financing to start or expand your business, how to analyze your business in 10 minutes and identify those areas that should be analyzed to dramatically improve your profits, and how to do a business plan quickly and easily.

Thomas Webb, MBA '74, has joined Northwestern Bank as business development officer for the Petoskey, Charlevoix, and Gaylord, Mich., areas. Tom brings more than 32 years of financial services experience to his new position. He is highly regarded for his estate planning and investment management expertise and his extensive work as an adviser to individuals, businesses, and institutions in northern Michigan. Before joining Northwestern, he served as a wealth management adviser at another financial institution. He has served the community as board member and Paul Harris Fellow of the Gaylord Rotary, founding president of the Gaylord Education Foundation, president of Hospice of Little Traverse Bay, and board member of the Petoskey Education Foundation. Webb is a longtime resident of northern Michigan.

Thomas Oswald, MBA '82, recently accepted a position as contracts manager in the law department at Booz & Company Inc. in McLean, Va. Previously, Tom was employed at General Motors Corp. as contract manager in the information system and services organization at GM's global headquarters in Detroit's Renaissance Center. You can connect with Tom via LinkedIn at www.linkedin.com/in/taoswald.

Maureen Victor Edson, MBA '83, has been working at Chrysler for 25 years in a variety of capacities. She has been married for 26 years to Tom Edson (U-M MME grad and Chrysler engineering retiree). They have three daughters, 20, 18, and 15. You can reach Maureen at mvedson@comcast.net.

Do you have news to share with Ross classmates? We'd love to hear from you. Send your Class Notes to dividend@umich.edu.

Vinay Gupta, MBA '85, is CEO and founder of Janeeva Inc. in Ann Arbor, which makes software that helps Fortune 500 companies manage their outsourcing relationships. He was co-founder of Blue-Gill Technologies and sold that online bill payment software company to CheckFree Holdings Corp. for \$250 million. He then became entrepreneur in residence at Ardesta LLC, where he served as president of three tech companies. Before BlueGill, Vinay worked in a variety of positions at Cabletron Systems, NCR Corp., and Zenith Electronics. He also has taught entrepreneurship classes at the Ross School. "There's nothing more fun than this," Vinay says of launching and growing companies. "It's an adrenaline rush."

William Wynne, BBA '85, has been appointed vice president, marketing, at Con-way Freight. William joined the firm in September 2007 as director of marketing. In his current position, he is responsible for directing the activities of Con-way's marketing organization, including resource planning and strategy development, market research, customer segmentation analysis and positioning, advertising and sales promotion programs, and execution of integrated marketing campaigns to achieve sales objectives. Prior to joining Con-way, William advanced through increasingly responsible positions with Ford Motor Co., most recently as head of marketing for Ford Racing Technology. His outside affiliations include an adjunct professorship in marketing at Eastern Michigan University, as well as membership in the Transportation Marketing and Communications

Association and NASCAR. He resides in Ann Arbor with his wife, Susan.

Dale B. Tuttle, MBA '86, is director of the Center for Entrepreneurial Leadership. In October 2008, the center launched a nine-month program to business owners and organizational leaders seeking to enhance their entrepreneurial leadership skills. Sessions are being conducted at the Rehmann Group offices in Troy, Mich., and focus on facilitating the development of a strategic action plan designed to help organizations grow their business. For information on future offerings, call 734-474-0550 or email btuttle@umich.edu.

Joe Savanyo, MBA '87, has joined the advisory board of Adera Systems, a clean technology leader in serial plug-in hybrid IP for the transportation industry. Joe is partner at Atera Partners LLC, a private equity and corporate advisory group. He has founded and sold or taken public clean-tech firms such as American Plastic Processing. Joe previously was a New York investment banker and an engineer at both GM and Ford, where he worked with corporate and entrepreneurial environments and held business and technical positions covering all functional areas on a global basis. Joe also is a VC mentor for the Ross School, where he facilitates the commercialization of clean technologies. He has been an invited speaker and consultant at dozens of organizations and has been active in a variety of strategic fuel efficiency and clean-tech initiatives around the globe, including board membership of the Great Lakes Renewable Energy Association.

Gerard Anderson, MBA '88, president and COO of DTE Energy, has been named to the board of directors of The Andersons Inc. Gerry joined DTE Energy from McKinsey & Company in 1993. He formerly chaired the Center for Energy and Economic Development and the Edison Electric Institute Committee on Environment. He also is involved in various local community and civic activities, serving as vice chairman of the Nature Conservancy, Michigan chapter; chairman of the Michigan Greenways Initiative; chairman of the Ross School of Business Corporate Advisory Board; and member of the executive committee of the Parade Company. He also serves on The Henry Ford Board of Trustees and the University of Michigan Phoenix Energy Institute. The Andersons Inc. is a diversified company with interests in the grain, ethanol, and plant nutrient sectors of U.S. agriculture, as well as in railcar leasing and repair, turf products production, and general merchandise retailing. Founded in Maumee, Ohio, in 1947, the company now has operations in 12 U.S. states and Puerto Rico, plus rail equipment leasing interests in Canada and Mexico.

Melinda Smith, BBA '90, has been named CFO of expressor software, the leader in semantic data integration. She will be responsible for leading expressor's financial and administrative operations, including financial reporting and control, investor relations, human resources, and legal affairs. Previously, Melinda served as director of finance at Aspen Technology, the leading provider of software and services to the processing industries. She also led the

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Jerry Klopfer, BBA '90, has been elected to partnership in KPMG, the U.S. audit, tax, and advisory firm. Jerry provides tax services to industrial manufacturing and insurance industry clients in the Chicago area. As the national practice leader for the firm's operational transfer pricing service line, he helps clients develop internal capabilities to more effectively implement, monitor, and document transfer pricing. He resides in Evanston, Ill., with his wife, Gail, and their children.



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hotel information, and anniversary class news.

Building Business Muscle Takes Time

Harvey Spevak, BBA '87/MAcc '87, Works Out a Healthy Deal for Fitness Operation



Harvey Spevak,
BBA '87/MAcc '87

Harvey Spevak, BBA '87/MAcc '87, knows the value of warming up before a big workout. As president and CEO of fitness club operator Equinox Holdings Inc., he's found the concept works in the business world as well.

"I am a big believer that it is better to build relationships or do a transaction when you're not looking for something, than when you are," Spevak says.

He cites one of his most fortuitous business pacts to illustrate the point. New York-based Equinox operates about 50 upscale fitness clubs in prime locations around such cities as New York, Los Angeles, and Boston. One of the New York clubs was a tenant in a property owned by The Related Companies LP. As a result, Spevak often encountered Related's Chairman/CEO **Stephen Ross**, BBA '62, and its president, **Jeff Blau**, BBA '90, in and around the location.

In addition to their ties to Michigan, the executives shared similar values in serving their overlapping demographics. Both

brands are known for a commitment to lifestyle, service, innovation, and design. So it was not a stretch when Related's Ross accepted an invitation to join the Equinox board in 2005. And what started as a casual exercise with roots in Ann Arbor ultimately grew into a mutually beneficial partnership in 2006, when Related partnered with Spevak and purchased Equinox from Spevak's former private equity partners, who were ready to sell.

"We had done a lot of business with Equinox when they were our tenant," says Blau. "We liked them. It was a brand with the highest standards, very consistent with what we do. In the for-sale residential business, it's very difficult to differentiate your product. What influenced buyers' decisions, according to our surveys, were high-quality fitness clubs. So to offer a top brand can offer a lot of value."

The transaction has worked out well for Equinox, since the company likely would have gone public without it. Staying private has allowed the high-end fitness operation to invest in new businesses and focus on the long term without having to appease hedge fund managers or shareholders looking for fast, short-term returns. And since closing the deal in February 2006, the company's profit has doubled, Spevak says.

The trick now is to keep that momentum going. Equinox is working on brand extensions and recently launched a business extension with Hong Kong-based Pure Yoga in which Equinox holds exclusive rights for the U.S. Early feedback and reviews from the New York location have been excellent, says Spevak, and he's currently scouting other locations in New York and Los Angeles.

On the brand extension, Spevak is assessing a hospitality business for Equinox that includes a branded retreat and an urban hotel concept. He also plans to keep opening new fitness centers and will take advantage of the depressed real estate market with lower prices for prime locations.

"If we were public, we wouldn't even be talking about most of these opportunities," he says. "We would be more focused on cutting costs and head count. As a private company, we are not. I am going to need those people. We still need to be prudent and make good, sound business decisions. But we're willing to take more educated risks that ultimately will yield great rewards."

Planting the seeds with Ross and Blau early — before he knew anything would ever come of it — was the catalyst for the healthy partnership, says Spevak.

"It's been really helpful in accelerating our growth," he says. ✪
—Terry Kosdrosky



Nora Staebler Schultz, MBA '95, is founder/president of Naturally Nora Inc., a natural foods company headquartered in Princeton, N.J. Naturally Nora's line of products includes five cake mixes and four frosting mixes, developed by Nora, that are free of dairy and soy, as well as artificial flavors, colors, preservatives, and hydrogenated oils. The line has been featured in such print outlets as *Family Circle*, *Gourmet Retailer*, and *Edible Jersey*, as well as on several websites. Naturally Nora is the entrepreneur's first foray into her own consumer products business after having worked for several years at Campbell Soup Co. and as a marketing consultant. As an MBA student in the Multidisciplinary Action Projects course at Ross, Nora worked on the new product development process for Whirlpool. She says she tapped into that experience when she launched her company in February 2008. "I've always loved new products," Nora says. "Once you've been trained that way, it all comes back to you. That experience certainly helped with this venture." Naturally Nora products can be ordered at www.amazon.com or www.mybrands.com; the mixes also are sold at retail in such outlets as Whole Foods Market, ACME Markets, and Ocean State stores. For a complete list of retail outlets that carry Naturally Nora, visit www.naturallynora.com.

◀ *continued from p. 54*

business process and controls group with oversight for process improvement and the Sarbanes-Oxley program. Prior to joining Aspen Technology, she was CFO at edocs, a leading provider of self-service, online billing and payment solutions. edocs was named the fastest-growing software company in New England with five-year revenue growth of 977 percent; the company was sold to Siebel Systems, now part of Oracle, in 2005.

Earlier in her career, Melinda was vice president of finance at Gradient Technologies.

Craig Milius, BBA '95, has been promoted to general partner of Austin Ventures, a leading \$3 billion growth-focused private equity firm. Craig joined AV as a senior associate in August 2000 and was promoted to partner in 2006. Craig's investment and transaction experience covers a diverse group of technology-enabled, services-driven, and

information-based industries. He is currently focused on the supply chain, information and business services, and integrated media sectors. Craig has led investments in and currently serves as a director on the boards of All Star Directories, Case Interactive Media, CreditCards.com, HomeAway Vacation Rentals, and Re:Trans, and also has worked extensively with Newgistics since its inception. Prior to joining AV, Craig was with Primus Capital Funds, a Cleveland-based private equity firm he joined in 1997. Earlier in his career, Craig was in the investment banking division at Salomon Brothers Inc., where he completed mergers and acquisitions, strategic advisory, and capital-raising assignments for clients in a variety of services-related industries.

Ron Carryl, MBA '96, is owner and CEO of Accurate Placement, which he acquired in 2007. He spent the last 12 years working for Florida Power and Light, a Fortune 500 energy company with operations in 26 states. Ron served in a variety of management and professional positions in employee relations, recruiting, and executive development. In 2004, he was named director of talent management with responsibility for employee and leadership development, internal and external recruiting, HR compliance, diversity strategies, and performance management. In 2007, Ron was recognized as one of the "50 Most Powerful and Influential Black Professionals" by *Success* magazine. He also served in the U.S. Army as a combat medic with tours of duty in Germany and the 101st Airborne Division (Air Assault) at Fort Campbell, Ky.

Currently, Ron serves as a board member of the Sickle Cell Foundation of Palm Beach County. He is a past board member of the Urban League of Palm Beach County, INROADS of Florida, and the American Association for Blacks in Energy. Ron also served on the Florida Energy Workforce Consortium to help address the workforce shortage of qualified craft workers in the energy industry in Florida.

The Pursuit of Happiness

Amin Irving, BBA '99, Comes Home to Housing



Amin Irving, BBA '99

Which career pays the most money coming out of business school? That question was top of mind for **Amin Irving**, BBA '99, during a "meet-the-professors" night prior to his first class at Ross.

Pursue a career you enjoy, regardless of the salary, the faculty urged. But that wasn't what Irving wanted to hear.

"I kept pressing," Irving says. "So they said, 'If you really want to know, it's investment banking.' But they kept telling me to find something that makes me happy. I thought, 'Screw that. I'll be happy when I make some money.'"

Ten years out of business school brings some valued perspective. "Boy, I wish I would have listened at the time," Irving now admits.

DETOUR DE FORCE Today, Irving is president of affordable housing developer Ginosko Development Co. in Milford, Mich. As it turns out, developing affordable housing is the "something that makes

him happy," but his path there was a circuitous one.

Irving says the real estate bug hit shortly after he graduated from high school. His mother had passed away, and he had to sell the house. When the broker suggested listing at one price, Irving pushed for \$20,000 more — and got it. "I thought, 'This real estate thing is easy.'"

During his junior year at Ross, Irving pursued an internship in real estate equity placement at Citigroup in New York. He worked on financial analyses for sale-leaseback and synthetic lease deals of more than \$450 million that included work for Huntington Bank and Samsung properties. The hours were grueling, but the pay was great.

There was only one problem. "I built it up in my mind that it would be the greatest thing ever, but it didn't buy me happiness," Irving says. "I knew I couldn't do it for the rest of my life."

Things got interesting in his senior year when Citigroup offered him a full-time

position, complete with moving expenses and a pre-approved mortgage. At first, Irving accepted.

"But as that start date got closer and closer, the more miserable and depressed I became," he says. "I knew what I was getting into, and I didn't want to do it." After much soul searching, Irving faxed Citigroup a resignation letter.

With no job and no backup plan, he decided to call Ross alumni living in the Lansing, Mich., area.

"I didn't ask anyone for a job, just about their paths to success," he says.

One alumnus, **Richard Nowakowski**, BBA '73/MBA '75, needed a financial analyst for Community Choice Michigan (CCM), a Medicaid-managed healthcare plan, and asked Irving to submit a resume. It turned out to be a good fit.

"Amin was a quick study, a very motivated young man," Nowakowski says.

Irving enjoyed working at CCM, but he started thinking about real estate again after meeting an affordable housing

veteran at a church event. Ginosko Development Co.'s John Hayes had been redeveloping multiple-family buildings for years, and his partners had recently retired.

"The timing was just right," Hayes says. "I was looking to mentor somebody, and he just gravitated to the business."

GOOD DEAL Irving joined Ginosko full time in 2006. His first deal was for a 175-unit building in Battle Creek, Mich. The company has done affordable housing redevelopments in Chicago, Detroit, and various cities in Ohio, and recent projects have ranged in size from 52 to 525 units. The company's revenue has grown from just over \$1.1 million in 2002 to more than \$5.1 million last year. Irving estimates he has about 13 of his own projects in the pipeline right now.

Deals are admittedly harder to do these days in light of the troubled economy. In affordable housing, the government awards developers like Ginosko dollar-for-dollar tax credits, which are then sold on the open market to fund the project. With the tax credits, affordable housing developers use much less debt than market-rate developers, so rents can stay low.

Unfortunately, the market for tax credits has largely dried up. Fortunately, Irving says, Ginosko has little debt and enough reserves to weather the storm.

"There is still a market for affordable housing if the deal is good enough," he says. "Luckily, most of my deals are good enough."

More important, Irving has found happiness at work.

"I love this, partly because I feel I'm doing things for people less fortunate," he says. "That's kind of cool. I never really cared what kind of real estate I was doing. I just wanted to be involved in it. I don't know why I like it so much. I just do." ✦ —*Terry Kosdrosky*

Catherine DeMille, BBA '96, has been named director, systems engineering, for CME Group. Cathy is responsible for managing the company's open systems and storage platforms, data center computer infrastructure, and technology support financial controls. Prior to joining the company in 2003, she held IT consulting roles at Arthur Andersen and Deloitte Consulting. CME Group is the world's largest and most diverse derivatives exchange.

Robert Feller, MBA '96, is CFO at Scientific Learning. The company creates educational software that accelerates learning by improving the processing efficiency of the brain.

Bob came to the firm with 18 years of financial leadership and auditing experience, including positions in financial management at both Fortune 500 and start-up firms. Most recently, he worked as vice president, finance and administration, at AdBrite Inc., which operates an Internet-based advertising marketplace. Prior to AdBrite, he served in financial leadership positions of increasing responsibility at salesforce.com, a leading provider of Internet-based customer relationship management software. His last position at salesforce.com was vice president, finance.

Hinesh Patel, MBA '96, has been appointed vice president of business development and strategy at Hillenbrand Inc. Hinesh is part of Hillenbrand's executive management team, working to identify and execute strategic initiatives that will drive growth and shareholder value across the organization. He most recently served as director of strategy and business development for Honeywell, where he started his career as a manufacturing process engineer. In the intervening years, Hinesh held management roles in strategy and development

at Milliken & Company, Caspian Networks, Eaton Corp., and Arthur D. Little.

Timothy Griffith, MBA '97, has joined Aleris International Inc. as senior vice president and treasurer. Previously, Tim had served as vice president and treasurer for Cooper-Standard Automotive, responsible for the global treasury function, including global liquidity, capital markets interface, financial risk management, credit, investor relations, investment oversight of defined benefit and contribution plans, and commercial banking relationships. Aleris International is a global leader in aluminum rolled products and extrusions, aluminum recycling, and specification alloy production. Headquartered in Beachwood, Ohio, the company operates more than 40 production facilities in North America, Europe, South America, and Asia.

Matthew Moore, MBA '00, has joined Winshuttle, the leading provider of data entry and extraction tools for SAP users, as vice president of marketing. He oversees all aspects of global marketing for Winshuttle's award-winning data management software and will spearhead efforts to build a global brand. Before this, he was vice president of independent software vendor programs at Dexterra, the leading mobile platform provider. Prior to that, he founded Wingman Mobile, enabling customers to improve productivity, reduce operating costs, increase revenue, and enhance customer service by eliminating manual, paper-based business processes.

Simone Pollard, MBA '00, is assistant dean of graduate business programs at Villanova University. Simone joined the Villanova School of Business in the summer of 2006 after her inaugural stint in academia at the Eller College of

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A Dedicated Follower of Fashion

Daniel Bloomgarden, MBA '02, Models Portfolios with Flair



Daniel Bloomgarden,
MBA '02

Beating the market might be harder to do these days, but **Daniel Bloomgarden**, MBA '02, is sticking to a proven strategy.

As vice president and senior retail analyst for AllianceBernstein LP, Bloomgarden advises the firm's portfolio managers on winning retail stocks. The way to get that alpha, he says, is to gather human intelligence — from store managers, buyers, and suppliers — and back it up with solid financial modeling.

"The problem is trying to invest in these stocks when nothing makes sense and there are no trends," Bloomgarden says. "You put a lot more hope in the numbers. So you stick to your knitting."

And that means getting out there and meeting people in the trenches of the specialty retail and fashion industry. Bloomgarden's daily experience can range from the glamorous, like scoring VIP access at fashion shows, to the routine, such as meeting with store managers at shopping malls and studying the store shelves. The investment he places in time on the street can be considerable, but the payoff speaks for itself in a free-falling market where the numbers don't always add up. He's been able to beat the market more often than not because he's talking to the right people. In one instance, he acted on news that an apparel store's shipment of fall clothes was held up at a port.

"You can talk to the CEOs, but they're just going to tell you what you want to hear," Bloomgarden says. "So you speak to the buyers, merchandise planners, the product managers, brand managers, store managers. They'll let you know if a product is

working or not. That's huge in fashion retail, where it's so quick and fast and a company's stock can fall apart on a bad season or take off on a good season. You want to get ahead of that."

GETTING AHEAD Bloomgarden actually got admitted to Ross by "getting out there." Originally wait-listed, he was working for Merrill Lynch, where he came in regular contact with **David Alger**, MBA '68, who was running the investment firm Fred Alger Management Inc. at the time. Alger advised Bloomgarden throughout the process, helping him get over the hump and into the program.

"David helped me an unbelievable amount," Bloomgarden says of Alger, who perished in the Sept. 11, 2001, attacks on the World Trade Center. "He always had time for graduates and undergraduates."

The economic fallout from 9/11 took a major toll on the employment prospects facing Bloomgarden's graduating MBA class. When he entered Ross, most second-years were entertaining multiple offers; when he exited, about 65 percent of his classmates had jobs.

Despite the daunting employment landscape, Bloomgarden hired on at Citigroup covering beverage stocks, and then became a junior partner at a hedge fund. The fund did well, but the two owners quarreled and the fund closed. Bloomgarden moved on to SAC Capital Advisors LP, a large hedge fund founded by Stephen A. Cohen.

It was a fast-paced, exciting time.

"You get a lot of responsibility, and you can bet in any direction," Bloomgarden says. "There are unlimited ways to make money. But it's also extremely hard, because there are so many more ways to lose money. There are times you can't sleep because you have \$20 million on the line and if you screw it up, people aren't going to be happy. It's very event-driven."

Bloomgarden lasted two years at SAC before moving to AllianceBernstein as a buy-side analyst covering specialty retail. The pressure is still on, but it's measured by a different gauge.

"If my index is down 30 percent in the last two months and I'm down only 20 percent, I'm considered a rock star even though I feel bad," Bloomgarden says. "But our clients are looking for relative outperformance. So the stress is different here. You don't recommend a lot of stocks, but you want to pick a few winners."

Now that he heads all retail investment analysis for AllianceBernstein, Bloomgarden is sticking to his own winning strategy when it comes to making those picks.

"To keep my edge, I just have to get out and speak to people even more." ✦ —*Terry Kosdrosky*

◀ *continued from p. 59*

Management at the University of Arizona, where she worked for Brent Chrite, formerly associated with U-M's William Davidson Institute. Simone and her husband, James, live in the Philadelphia suburbs. You can reach her at slthomps@umich.edu.

Katie Boehm Rooney, BBA '00, married Patrick Rooney last July. Katie is a vice president in investment banking for Morgan Stanley in Chicago. She and her husband live in the Wicker Park area of Chicago. You can reach Katie at kboehm08@gmail.com.

Togrul Kocharly, MBA '02, is now executive director of Caspian International Investment Company (CIIC) of Azerbaijan. The portfolio and private equity investment fund was jointly founded in March 2008 by the Azerbaijan Investment Company and the Islamic Corporation for the Development of the Private Sector.

Jie Liu, MBA '02, was appointed COO of Medical International Limited, a leading developer, manufacturer, and marketer of medical devices in China. Jie will focus on enhancing operations and will work with other senior management in providing strategic guidance, implementation procedures, and budget planning. He has served as executive vice president of international sales and marketing since 2007. Previously, he was vice president of international sales and marketing. Prior to joining the company, Jie worked within sales, marketing, and product management with Hewlett-Packard and Johnson & Johnson.

Rachel Lesser, MBA '03, is excited to announce the publication of her book *Shopping for Love*. It's a memoir that reveals life lessons learned while shopping with her mother and other family members. "I write it as a tribute to my mother, who lost her hard-fought battle with cancer four years ago. Shopping was a long-standing

tradition in my family, and it became a gift for my mother during her illness, in fact extending the quality and quantity of her life," says Rachel. You can learn more about the book at www.shoppingforlovebook.com, and classmates can contact Rachel at rlesser23@gmail.com.

Mark Tholke, MBA '03, has been promoted to southwest regional director of enXco, an affiliate of EdF Energies Nouvelles (formerly SIF Energies). In this role, Mark is responsible for managing the company's renewable energy development program in California, New Mexico, Arizona, and Nevada, including managing land acquisitions, permitting, power marketing, and shepherding projects through the interconnection process. Mark joined enXco in 2006 as regional project development manager and will continue to work in their San Ramon, Calif., office. Previously, Mark was vice president for business development at Eurus Energy, commercial leader at GE Wind Energy, and western region marketing manager at Green Mountain Energy. Mark resides with his family in the Bay Area. You can reach him at markt@enxco.com.

Anuja Rajendra, MBA '04, recently launched the new fitness program BollyFit with classes in Ann Arbor, Saline, and Plymouth, Mich. BollyFit aims to get people in shape by combining elements from Indian classical dance, Punjabi Bhangra, and Bollywood film music into a dynamic, aerobic dance workout. Anuja is a classically trained dancer who has performed professionally. She teaches new steps each class so that by the end of an eight-week session participants are able to piece together a complete dance. See www.bollyfit.com for more information. Anuja writes, "I remember my Ross days fondly, and am particularly proud that I chaired the 2004 Class Gift Campaign where we achieved 97 percent participation — the highest ever to that date."

Anthony Lent, MBA '05, has joined Cincinnati Bell as senior vice president and general manager of consumer markets. He will be responsible for sales, marketing, and the profitability of consumer products and services. Most recently, Lent served as vice president of sales and marketing for Comcast Corp.'s Michigan operation. Prior to that, he was vice president of wireless for OnStar, a General Motors unit, and also held sales and marketing positions with Sprint PCS and GTE.

Lena Epstein, MBA '08, has been named general manager of marketing for Vesco Oil Corporation in Southfield, Mich. Lena also serves on the company's corporate board of directors. Vesco Oil is a Michigan-based distributor of automotive and industrial lubricants, ancillary products, and services. Lena is responsible for developing and promoting the Vesco Oil brand throughout the Midwest to increase the company's regional presence in the areas of oil, distribution, and environmental stewardship. Prior to this, she was director of process management and has spent her entire career at the company. She recently was appointed to the marketing committee of the Jewish Federation of Metropolitan Detroit. You can reach Lena at LREpstein@vesco-oil.com.

Carmen Guzman Lowrey, MBA '08, has joined Steptoe & Johnson LLP, a leading international law firm, as a public policy adviser in its Washington, D.C., office, where she will be affiliated with the firm's government affairs and public policy practice. Carmen formerly was a director of government and industry relations at Fannie Mae, acting assistant secretary for Congressional affairs at the U.S. Department of Commerce, and an associate commissioner and counselor at the U.S. Patent & Trademark Office. She began her public service career in 1990 as senior legislative assistant to Sen. Barbara Boxer and senior legislative assistant to Sen. Alan Cranston, both of California.

All that Glitters is Gold (and Silver)

Jessica Lynne Constable, BBA '07, Hits the Entrepreneurial Jackpot



Jessica Lynne Constable, BBA '07, was an entrepreneur before she was a high school graduate. During the summer when she was just 15, Constable was lounging by her local pool making ankle bracelets when several women took notice and asked if they could order some.

The revelation that people would pay good money for her jewelry designs set the young artist on a course toward turning a profit. "My immediate response was, 'Go into business,'" Constable says.

By the time she collected her high school diploma, Constable also had collected about a dozen outlets that carried her budding jewelry line. But what she really needed was a way to grow her business while learning how to improve it. Ross was that place.

"Being from Michigan and seeing U-M's b-school ranked as highly as it was, it was a no-brainer to apply to Ross," Constable says. "I went to business school because I had a jewelry business already, which is not the traditional way to do it. When I prepared my applications, all my essays were about how to propel my business to something I could do full time."

JESS LC FINDS ITS LEGS Once enrolled at Ross, Constable took advantage of every course, club, and conference that supported her ambition. She graduated from Ross as Entrepreneur of the Year in 2007, and transitioned her business, now operating as Jess LC, from Ann Arbor to Chicago.

Between August and December 2007, Constable lived in her studio, worked solo, and grew Jess LC from about five to 20 active accounts. "A lot of businesspeople claim they need external motivation — the boss or the deadline — but I've never felt that way," she says. "There's lots of motivation when you have bills coming every four weeks."

In 2008, she expanded the operation and moved into an apartment across the street from her studio. Three part-time employees and an intern work for the company, along with various commission and freelance designers who work on a project-by-project basis. Constable estimates they moved more than 5,000 pieces last year. Retail outlets comprise the majority of Jess LC's customer base, and the company supplies wholesale product to about 94 stores. Sales also are

generated through local retail, home, and jewelry shows, as well as trunk shows in the Chicago area. She also sells product via the Jess LC website. Remarkably, each piece of jewelry is still handmade by Constable or her part-time employees.

OPERATING WITH INTENTION As her sales expand and the business grows, Constable keeps a close eye on the corporate culture at Jess LC. She has convinced her staff to put 10 percent of their salary into a charitable cause of their choice, so they essentially are working and volunteering at the same time.

But she didn't stop there. In September 2008, Constable launched Soc Chic, a line of "chic necklaces benefiting social causes." A portion of the sales from pieces in the line go toward such charities as Bright Pink, a national nonprofit that provides education and support to young women at high risk for breast and ovarian cancer, and KEEN (Kids Enjoy Exercise Now), a volunteer-run organization that provides free, one-on-one recreational opportunities to disabled children and young adults.

"The great thing about Soc Chic is that it's a win-win for everyone," explains Constable. "It catches the customer who loves the cause, but also the customer who likes the necklace."

Constable says she will always have a passion for jewelry, but her role as the company's founder has provided a broader picture of the impact she can create as a manager and a corporate citizen. "Jewelry will always be a part of my brand and who I am," she says. "But I'm an entrepreneurial spirit. I would say managing people is more rewarding now than the jewelry, and I always want to operate with an intention." ✨ —Leah Sipher-Mann



Bernie Kozel, husband to **Molly Foreman-Kozel, BBA '44**, passed away in September 2008. *Dividend* readers may recall Bernie and Molly's touching love story, "A Merger of Equals," which was featured in our Fall 2007 issue. The couple met at U-M in the fall of 1941, where, as Bernie told *Dividend*, "we had very good times together." World War II, however, put a limit on those good times. Bernie was called for duty in the U.S. Army during his senior year, just 11 hours short of completing his bachelor's degree. While Molly remained at the University, 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's degree in 1961. Bernie and Molly had lost touch by then; they went on to marry others, start families, and launch careers. Bernie initially pursued manufacturing but ultimately transitioned to a thriving career as a venture capitalist. Molly worked in advertising and public relations, where she founded and ran several of her own companies. The couple was reunited by chance in retirement some 60 years later and married in July 2005. "We're soul mates, and we just picked up where we left off," Molly told *Dividend*. They settled in Boca Raton, Fla., and summered in Rochester, N.Y., so Bernie could remain active on the board of his venture-capital portfolio companies. Together they funded the Bernard and Molly Foreman-Kozel Scholarship Fund at the Ross School.

Goff Smith, MBA '39, of

Winnetka, Ill., passed away in December 2008. He was 92 years old. Goff graduated from U-M with both engineering and business degrees; following graduation, he went on to attend MIT. He also

served in the U.S. Army as a major. After his military service, Goff took a position at American Steel Foundries and ultimately rose to CEO. He eventually became the CEO of its holding company, Amsted, in 1969. Goff served on numerous boards of directors, including Nalco, Beatrice Corp., Max McGraw Wildlife, Central Illinois Public Service Company, LaSalle National Bank, Miehle-Goss Dexter, Presbyterian Home, Rehabilitation Institute of Chicago, and the Sigma Chi fraternity. He loved bird hunting, fishing, golfing, and spending time with his dogs. Goff is survived by his son, Goff, daughter-in-law Dodie, and their three sons; daughter Susan and her partner, Andrea Van Sickle; and his beloved Edith McGovern.

Alfred Swinyard, professor emeritus and associate dean emeritus, passed away in September 2008. He was 93 years old. Al joined the Ross School faculty in 1962 as a professor of business administration and director of business research. As director, he was responsible for the development and supervision of the research program at the Bureau of Business Research, the Institute for International Commerce, and the Industrial Development Research Program of the Institute of Science and Technology. He was appointed associate dean of the business school in 1968, a position he held until the time of his retirement in 1980. Al subsequently was appointed associate dean emeritus and professor emeritus of business administration. "Throughout his career, he was compassionate, warm, and engaging," says longtime friend and Professor Emeritus of Business Administration and Commu-

nication Studies Herbert Hildebrandt. "He was a consistent friend of both new people to the school and those with long tenure." Al earned his MBA from Harvard and his PhD from Syracuse University. He served in the U.S. Army in World War II, including three years in the China-Burma-India Theater, where he was awarded a Bronze Star. From 1946 to 1957, he was professor of marketing and chairman of the marketing department for the College of Business Administration at Syracuse. He is survived by his wife, June, their two children, six grandchildren, and four great-grandchildren.

Byron B. Webb Jr., MBA '51, a banker and land developer, lost a valiant battle with leukemia in October 2008. He was 81 years old. While a student at U-M, Byron was elected to Phi Eta Sigma Freshman Honorary Society, and the social fraternity Delta Tau Delta. He enjoyed playing cornet in the Michigan Marching Band for three years and owned and operated a rooming house near campus during that time. He had completed one year of medical school when a professor convinced him that he should be in business school. Byron followed this advice and earned his MBA. He started his career with Security First National Bank in Los Angeles after his discharge from the U.S. Navy in 1952. He remained interested in real estate and embarked on a side career as an apartment developer while working at the bank. Eventually, he transferred to La Jolla, Calif., where he developed one of the city's first condominium properties. He went on to start La Jolla Savers & Mortgage Fund in 1962. Its subsidiary, Home Thrift and Loan, evolved into Home Bank of California. Until his death, Byron was chairman of three bank holding companies. He was active in several civic and service organizations in La Jolla, and enjoyed breeding and riding Missouri Fox Trotter horses, travel, and his wine-tasting group. He is survived by his wife, Jeannette, three children, their spouses, and seven grandchildren. ✕

Reaching Out ... of Africa

I'm standing in the one-room home of an African family living outside Kampala, the capital city of Uganda. At 10 by 10 feet, it's barely a house by U.S. standards. The family is poor, and four or five people share this tiny space. One of them is sick, too sick to travel to the clinic where I've been volunteering. Community outreach workers dispense medications and keep an eye on the locals who have no family nearby.

It's a scene I'll never forget and one I saw over and over during my time at Reach Out, a clinic that provides nearly free medical care to people with HIV/AIDS. I traveled to Uganda with my husband, Adam, for several weeks last year to explore the country and volunteer in the clinic. Adam completed his MD at the University of Michigan and is a resident at the University of California, San Francisco. He worked in the hospital/clinic treating patients with HIV/AIDS and/or tuberculosis. I worked with Roses of Mbuya, an income-generating initiative for women served by the facility.

It didn't take long for us to notice the stark contrast in resources and labor between Uganda and the U.S. But even with such scarce supplies, it was impressive to see what Reach Out and the locals were able to achieve and how many people they helped. Each workday started with community yoga, stretching, and singing. Some 80 patients came through the clinic each day, and its multifaceted community outreach program provided food for patients' families, school supplies for children, and, if possible, jobs for unemployed patients.

I have such vivid memories of our initial arrival in Kampala. Chickens, goats, and other animals crossing red dirt roads were interposed with a large, bustling metropolis of more than one million people. Taxis, matatus (hired 16-passenger vans), boda bodas (motorcycle taxis), and thousands of cars crowded the streets. Despite the congestion, the people of Kampala (and Uganda as a whole) were as nice and upbeat as any I've ever met. And the country reported to have the largest number of primates in Africa didn't disappoint, as a family of monkeys often played on the grounds of our hostel.

When we weren't working at Reach Out, we explored different areas of the country, with landscapes varying from flat farmland to rain forests to the rolling hills of western Uganda. Amazing lakes, waterfalls, and rivers run throughout the country, and Adam rafted Class 5 rapids near the source of the Nile River in eastern Uganda.

We also drove westward across the country, watched the gravitational effect of the equator (a very fun experiment!), and tracked mountain gorillas in Bwindi

Impenetrable National Park. While the six-hour hike was extremely rigorous and tiring, our guides from the Ugandan Wildlife Association were patient and encouraged me to "pole, pole," which means "take it slowly" in their local language of Lugandan. I took this literally, and we barely made it out of the park before dusk.

We only saw a fraction of the beauty that Uganda has to offer — and it was breathtaking. But my most precious memories are of the people. We had the opportunity to visit orphanages, schools, and other hospitals. The volunteers and patients we met were remarkable. Their positive outlook, despite difficult and often tragic circumstances, will remain with us for years. We were most impressed by the smiles on the faces of everyone we encountered. Young or old, student or professional, Ugandans generally have a wonderful attitude about life. Truly inspiring. ✨

Kelly Kong Rogers is an associate director of admissions at the Ross School. Her husband, Adam, begins his cardiology fellowship at the University of Michigan Hospital and Health System in July 2009.



Kelly Kong Rogers, MBA '05, (fifth from left) prepares to track mountain gorillas with local guides in Bwindi Impenetrable National Park, Uganda. Her husband, Adam, is on the far left.

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