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Introducing the C.K. Prahalad Initiative

**PLUS**

Closing a Decade  
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Award-winning illustrator Brad Holland lives and works in Manhattan. His work has appeared in *Time*, *Vanity Fair*, *The New Yorker*, *Playboy*, and *The New York Times*, among others. In 1999 his paintings were the subject of a retrospective at the Musée des Beaux-Arts in Clermont-Ferrand, France. Holland is a member of the Alliance Graphique Internationale and co-founder of the Illustrators' Partnership of America. In 2005 he was inducted into the Society of Illustrators Hall of Fame. He authors the blog *Poor Bradford's Almanac*.



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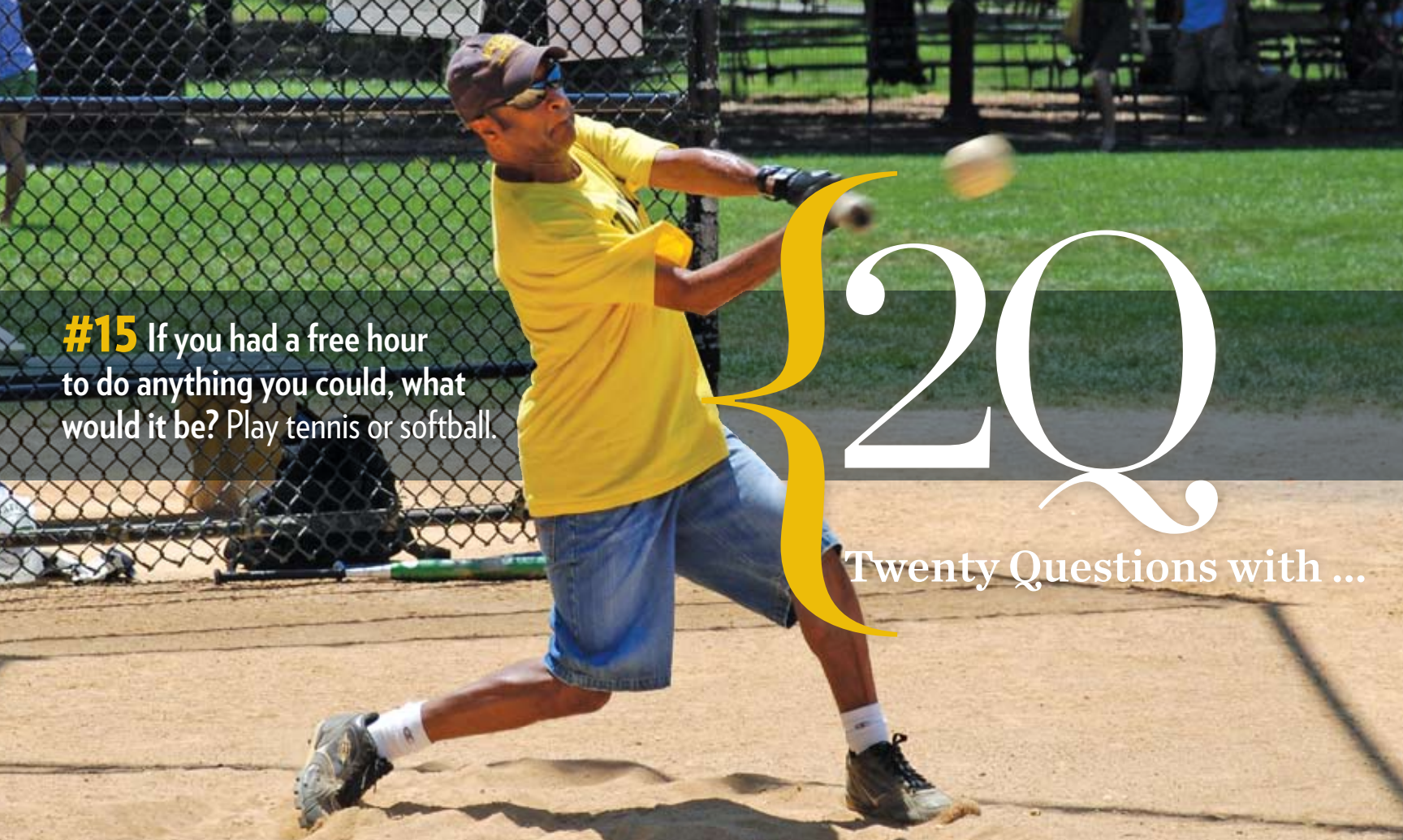
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LEFT TO RIGHT: STEVE KUZMA, MICHAEL AUSTIN, COURTESY OF THE NEW ENGLAND PATRIOTS



**#15** If you had a free hour to do anything you could, what would it be? Play tennis or softball.

## Twenty Questions with ...

**CECIL SHEPHERD, MBA '00**, is a VP at JPMorgan Chase & Co. in New York. It's a far cry from his first (and worst) job as an amusement park litter sweeper. A 2004 recipient of the Ross School's Bert F. Wertman Alumni Service Award, Cecil has been president of the New York Ross Alumni Club since October 2000. He is one of the school's most enthusiastic ambassadors. In fact, he still has his original acceptance letter and the comprehensive binder sent to all admitted candidates. "Are you kidding? I would never throw it away," Cecil says. "Right after I graduated from business school I used to say, 'Wow. Those were two of the best years of my life.' Now I say, 'Those *were* the two best years of my life.' Without question."

- 1 What keeps you up at night?** Absolutely nothing.
- 2 What's the best business book you've read lately?** *A Colossal Failure of Common Sense: The Inside Story of the Collapse of Lehman Brothers* by Lawrence G. McDonald.
- 3 What's the first album/CD you bought?** Madonna.
- 4 What's on your iPod?** Rihanna, Bruno Mars, Lady Gaga, P!nk, Taio Cruz, Travié McCoy, Ke\$ha, Usher, Katy Perry, Jason Derulo, etc.
- 5 What's the most thrilling/adventurous thing you've ever done?** Driving solo from New York to Los Angeles at age 22.
- 6 Best business decision?** To rent rather than buy a house in 2007.
- 7 Guilty pleasure?** Watching "Survivor" and "The Apprentice," and riding the Kingda Ka roller coaster at Six Flags Great Adventure.
- 8 Personal hero (and why)?** Each of the New York City firefighters who made the ultimate sacrifice on Sept. 11, 2001.
- 9 First job?** Litter sweeper at Playland, an amusement park in Rye, N.Y., when I was 15. It also was my worst job.
- 10 What is one thing you learned in business school you'll never forget?** If you're undecided about making a bold career move, go for it. If it works out, that's great. If it doesn't, you always can go back to what you were doing previously (Professor Afuah).
- 11 What advice would you give to yourself 10 years ago?** Buy as many shares of Apple stock as possible.
- 12 Unfulfilled wish?** Becoming an astronaut or a U.S. senator.
- 13 Most important room in your home?** The bedroom. It's where I do 95 percent of my thinking.
- 14 First website you access in the morning?** nytimes.com.
- 15 If you had a free hour to do anything you could, what would it be?** Play tennis or softball.
- 16 If you had a theme song, what would it be?** "Gonna Fly Now" (theme from *Rocky*).
- 17 Favorite line from a movie?** "Never rat on your friends, and always keep your mouth shut." —Robert DeNiro as Jimmy "the Gent" Conway in *Goodfellas*.
- 18 Three people, living or dead, you'd have over to dinner?** Martin Luther King Jr., Ronald Reagan, and Simon Wiesenthal.
- 19 Best trophy/award you ever won?** Bert F. Wertman Alumni Service Award.
- 20 If you could read anyone's mind, whose would it be?** Albert Einstein's.

**CHRISTIE NORDHIELM** is a clinical associate professor of marketing and author of *Marketing Management: The Big Picture* (Wiley & Sons, 2006). “I didn’t make it as a rock star, so teaching was my second choice,” she says. “There’s nothing I love more than creating and disseminating new knowledge, and watching to see what pieces are most compelling to the people who actually use it.” Nordhielm is a successful consultant who often brings her field work to the classroom. “I have one foot in the business world and one foot in academia, and that’s exactly where I want to be.”

- 1 **What keeps you up at night?** Jon Stewart and reruns of “Curb Your Enthusiasm.”
- 2 **What’s the last book you read?** *Zero History* by William Gibson.
- 3 **What’s the first album/CD you bought?** *Buckingham Nicks* by Lindsey Buckingham and Stevie Nicks, pre-Fleetwood Mac.
- 4 **What’s on your iPod?** Podcasts of Ted.com, “Radiolab,” and “The Moth Radio Hour.” As for music: The Go! Team, Yo La Tengo, 2Pac, and lots of clarinet music.
- 5 **What’s the most thrilling/adventurous thing you’ve ever done?** Raising an adolescent.
- 6 **Personal hero (and why)?** Umberto Eco. He’s brilliant, curious, and prolific.
- 7 **First job?** Selling encyclopedias door to door in the Deep South.
- 8 **How do you motivate your students?** My students show up motivated. I just try to give them the tools to make the most of it.
- 9 **Best business decision?** Deciding to follow my ambitions instead of the ambitions of others.
- 10 **What advice would you give to yourself 10 years ago?** Floss every day.
- 11 **Biggest marketing myth?** 1) Advertising is dead. 2) Pricing should be done by a pricing specialist. 3) Channels is operations. 4) Marketing is sales.
- 12 **Most important room in your home?** Definitely the kitchen. I don’t cook, but I eat.
- 13 **First website you access in the morning?** pandora.com.
- 14 **Favorite comfort food?** Hot fudge sundae with Breyer’s mint chocolate chip ice cream.



- 15 **Guilty pleasure?** Red Bull.
- 16 **If you had a theme song, what would it be?** “State of Independence” (all three parts) by Moodswings.
- 17 **Favorite line from a movie?** “That is not my dog.” —Harold Berens as the hotel clerk in *The Pink Panther Strikes Again*.
- 18 **Three people, living or dead, you’d have over to dinner?** Yoko Ono, P.T. Barnum, and Jon Stewart.
- 19 **Best trophy/award you ever won?** Customer of the week at Peet’s Coffee and Tea (and professor of the year at Kellogg).
- 20 **If you could read anyone’s mind, whose would it be?** Are you kidding? I have my hands full with the stuff in mine!



**JEFF BROWN, MBA '11**, is a supervisory special agent with the Federal Bureau of Investigation, which easily makes him one of the most unique candidates to go through the Executive MBA Program. Jeff was a detective and undercover officer before joining the FBI in St. Louis to investigate violent crimes, drugs, gangs, and domestic terrorism. After a stint in the bureau’s Washington, D.C.-based counterterrorism division, Jeff now heads one of the Detroit office’s counterterrorism squads. In addition, he supervises the Joint Terrorism Task Force.

- 1 **What keeps you up at night?** National security. Someone once said every day is like the Super Bowl when you are working counterterrorism, and it’s true. Bad guys can afford to make mistakes; we cannot.
- 2 **What’s a recent book you’ve read?** Textbooks and supporting material for our classes.
- 3 **First album you bought?** Styx and REO Speedwagon.
- 4 **What’s on your iPod?** A little bit of everything, but country music is on the top of the playlist.
- 5 **What’s the most thrilling/adventurous thing you’ve ever done?** Probably the most satisfying was serving my country overseas.
- 6 **First job?** Working on the family farm.
- 7 **Guilty pleasure?** Playing golf as much as my schedule will permit.
- 8 **Best business decision?** Pursuing a career with the FBI, followed by pursuing an MBA at Ross.
- 9 **Personal hero (and why)?** My dad. He didn’t have the opportunity to pursue higher education but made a good living for his family by working hard. He taught me to value education and the importance of work ethic, family, and integrity.
- 10 **What’s the one thing you’ve learned in business school that you’ll never forget?** Soft skills matter.
- 11 **Most important room in your home?** My home office for long study sessions.
- 12 **First website you access in the morning?** foxnews.com and espn.com.
- 13 **Favorite sport to watch?** College football, especially Michigan.
- 14 **Favorite comfort food?** Peanut butter cookies.
- 15 **Favorite line from a movie?** “Go ahead, make my day.” —Clint Eastwood as Harry Callahan in *Sudden Impact*.
- 16 **What gets you out of bed in the morning?** Knowing the good Lord has given me another day to make a difference and a positive contribution to society.
- 17 **Three people, living or dead, you’d have over to dinner?** General David Petraeus, Greg Mattison (U-M football’s defensive coordinator), and Bo Schembechler.
- 18 **Best trophy/award you ever won?** Top recruit for my academy class.
- 19 **If you could read anyone’s mind, whose would it be?** My kids’.
- 20 **What did you want to be when you were a kid?** A police officer.

## Alison Davis-Blake Named New Dean of Ross

**Alison Davis-Blake** will be the new Edward J. Frey Dean of the Ross School, effective Aug. 22. Davis-Blake is the current dean of the Carlson School of Management at the University of Minnesota. She succeeds **Robert J. Dolan**, whose second five-year term as Ross School dean ends June 30.

“The generosity of Steve Ross and the leadership of Bob Dolan have positioned the school – with its spectacular new facility – for a very bright future,” Davis-Blake says. “I look forward to building on that success through collaboration and inclusion inside the school and within the University with faculty, students, and staff, and with the business community and hiring companies.”

U-M President **Mary Sue Coleman** describes Davis-Blake as an exceptional choice to lead the school in the future.

“She is a known leader with strong ties to business communities,” Coleman says. “I am particularly impressed with her commitment to international experiences for students. Her strengths align perfectly with the Ross School’s mission to train leaders in thought and action.”

During her tenure as Carlson School dean, Davis-Blake revamped the MBA curriculum, implemented a new BBA curriculum, and initiated a requirement that all undergraduates complete an international experience. Some of her early priorities at Ross include enhancing the school’s global footprint and exploring ways to integrate entrepreneurship into the curriculum. She will continue to innovate around action-based learning and the multidisciplinary experience.

“Business creates jobs. It creates wealth. But business can be, and is in today’s society, so much more than an economic engine,” Davis-Blake says. “The great social problems of our day – whether they are related to the environment, transportation, education, or poverty – are being solved across the globe through collaborative relationships spanning three sectors: business, government, and civil society. Business has to be an integral player in solving the world’s problems if indeed they are going to be solved.”

Since 2006 Davis-Blake has served as dean at Carlson, where she is the Investors in Leadership Distinguished Chair in Organizational Behavior. From 1990 to 2006, she rose through the professorial ranks at the McCombs School of Business at the University of Texas to become the Eddy C. Scurlock Centennial Professor of Management and senior associate dean for academic affairs. She also was an Eleanor T. Mosle Fellow, and served as chair of the Department of Management and



Alison Davis-Blake was introduced to the Ross community at a reception Feb. 15.

co-director of the Executive Master’s Degree in Human Resource Development Leadership.

After earning a bachelor’s degree in economics from Brigham Young University in 1979, Davis-Blake worked as an auditor in the New York City office of Touche Ross and Co. She earned her master’s degree in organizational behavior from Brigham Young in 1982 and a doctorate in organizational behavior from Stanford University in 1986. She then joined Carnegie Mellon University as an assistant professor of industrial administration before going to Texas in 1990.

Davis-Blake’s research interests include the effects of outsourcing on organizations and employees, organizational promotion systems, and determinants and consequences of contingent worker use and organizational wage structures. Her teaching areas include organization theory, organizational behavior, strategic human resource management, and managing human capital. Her professional service includes editorial positions with the *Journal of Management*, the *Academy of Management Review*, and *Administrative Science Quarterly*.

“She impressed the committee with her grasp of the broad competitive landscape of business education, its future trends, and the factors that distinguish Ross from other top schools,” says **Jerry Davis**, Wilbur K. Pierpont Collegiate Professor of Management, professor of management and organizations, and head of the dean search advisory committee.

In her spare time – “what little bit I have,” she jokes – Davis-Blake enjoys musical theater, global travel, and spending time with her husband and two sons, one a freshman at Stanford and the other a sophomore in high school. ✦ —Bernie DeGroat

## Gary Hamel, PhD '90: Five Ways to Evolve Management



Renowned author and management guru **Gary Hamel, PhD '90**, delivered a crash course on “Inventing the Future of Management” during the Ross School’s annual Reunion Lecture in October. Hamel, recently ranked the world’s most influential business leader by *The Wall Street Journal*, shared observations popularized in his landmark bestsellers *Leading the Revolution*, *Competing for the Future*, and *The Future of Management*. Below are five ways Hamel suggests to reinvent management.

### 1 Don't be married to precedent.

Hamel cited W.L. Gore & Associates Inc., a global manufacturer of fluoropolymer technology (Goretex) that never has operated at a loss in its 50-year history. “No one has titles,” he said. “I asked how people get to be in leadership roles and was told, ‘You get to be a leader if your team asks you to lead them.’” The concept caused Hamel to ponder, “Is the legacy of management God-given law or just our inability to wrestle free from the arms of tradition?”

### 2 Be dissatisfied with best practices.

“One thing I learned from [late Ross strategy professor] **C.K. Prahalad** is that life is too short to work on inconsequential problems,” Hamel said. He challenged the audience to consider the following questions: What are the fundamental innovation challenges of management? How do we increase trust and do away with traditional levels of hierarchy? How do we build companies that feel like communities and not bureaucracies?

### 3 Deconstruct dogma.

“If you concentrate the authority for setting strategy and direction at the top of the organization in the hands of a few people,” Hamel said, “you give those few people the ability to hold hostage that organization’s capacity to change. Every hierarchy should be built bottom-up, and every leader should be someone others are truly willing to follow.”

### 4 Remove the handcuffs.

“Are freedom and discipline mutually exclusive?” Hamel asked. “There’s a sense that the moment you ‘take the handcuffs off’ of people in an organization, rebellion will break out. But the way we control people undermines creativity and adaptability.”

### 5 Look to the periphery.

“All Fortune 500 companies use the same management model,” said Hamel. “That’s why a CEO from one Fortune 500 company can move to another one in a completely different industry and still succeed.” True change happens on the fringe, he noted. Take the Web: “It’s all periphery and very little center, whereas Fortune 500 companies are all center and no periphery.” The Web is the most adaptable, innovative, and engaging tool humans have ever created, Hamel said. “And the most sobering thing is that it’s almost antithetical to the way most companies think about management.” ✖

—Leah Sipher-Mann



## From Reset to Renewal

Economic growth is shifting from the developed to the developing world, as nations with robust economic histories stare down potentially crippling debt. That reality is impacting business, innovation, and the underlying makeup of today’s successful executive, according to General Electric Chairman/CEO **Jeff Immelt**.

“Driving growth in a sea of volatility will be your biggest challenge,” Immelt told members of the Ross community as part of the “GE Live” series in November.

Successful leaders must know how to pick winning technologies and be comfortable with globalization, since most growth will continue to occur in emerging markets like India, China, Brazil, and nations in the Middle East and Africa. “Reverse innovation,” Immelt noted, is one way to develop new business models and products while redefining strategy and growing profits.

For example, GE has simplified an EKG machine for use in rural hospitals in India. It utilizes the latest technology but costs just \$500. The unit meets the basic needs of doctors and physician assistants and could benefit patients and rural clinics across the globe, while also benefitting GE’s bottom line.

Said Immelt: “Cost is an incredible creativity motivator.” ✖

—Terry Kosdrosky





CBS News' Byron Pitts talks with Dean Robert Dolan before the MLK Memorial Lecture in January.

## CBS' Byron Pitts: "Indifference Can Be Deadly"

Veteran CBS News reporter **Byron Pitts** faced his share of challenges growing up: He was functionally illiterate until middle school, fought a stutter well into college, and faced academic probation once he got there.

It's hard to reconcile the image with that of the smooth, confident journalist who appears on "60 Minutes" on Sundays or the field reporter dodging bullets in Baghdad for the "CBS Evening News." He credits the transformation to a mentor who "stepped out on nothing" to not only change his life, but save it.

Pitts chronicles his journey in the book *Step Out on Nothing: How Faith and Family Helped Me Conquer Life's Challenges*. During the annual MLK Memorial Lecture at Ross in January, Pitts noted how Martin Luther King Jr. risked everything to ensure that the people who came after him lived in a better world.

"Every year when we honor Dr. King, we listen to the speeches," Pitts said. "I would encourage each of us to do more than that — to step out on nothing for someone else. You will be the leaders of not just this nation, but the world. That's a big job that requires more than just having a degree from this prestigious university.

"I've come to believe over the years that indifference can be a deadly weapon," he continued. "I'm encouraging each of you not to be indifferent about your lives, but to know that you have the opportunity, and even the responsibility, to make a difference." ✦ —Terry Kosdrosky

## Ross Students Seek to Revitalize, Redefine Detroit

"There's nothing going on in Silicon Valley or anywhere else that's as advanced as what's going on right here." That was the message Ford Motor Co. Chairman **Bill Ford Jr.** shared during January's Revitalization and Business Conference: Focus Detroit, hosted at Ross by the student-run Real Estate Club.

The revolution in engine technology, electric cars and their batteries, in-vehicle entertainment, and communication systems is developing quickly, and Detroit is poised to take the industry lead, Ford said. "The best and brightest and the smart money are all going to be descending on Michigan. It's time to stop losing our best and brightest to Wall Street."

The Revitalization and Business Conference grew out of a cross-University effort by students to illuminate the vast opportunities for business growth and innovation in the region. The conference included tours and meetings in downtown Detroit, as well as panels with entrepreneurs, developers, and venture capitalists. Presenters included DTE Energy Co. Chairman **Anthony Earley** and entrepreneur **Josh Linkner**, founder of ePrize LLC.

"If you're a bright, young person who wants to make a difference, you have the opportunity to do that in Detroit," said Earley, a longtime booster of the region. "In another town, you have to pay dues for years and years. If you're willing to work and if you're committed, you can make a difference very quickly here. That's a unique opportunity we need to sell." ✦ —Terry Kosdrosky



## ROSS BBAs MAKE IMPACT IN D.C.

**Norm Bishara**, assistant professor of business law and business ethics (far left) accompanied the Impact Consulting Group team of Ross BBA students to Washington, D.C., for the Georgetown Business Strategy Challenge earlier this year. "Before we even made it out of the airport, we had to pause to provide advice to **Sen. Carl Levin** on some important regulatory reforms," he says. Pictured with Bishara and Levin from left are Class of 2012 BBA students **Darrin Nagengast**, **Ifat Ribon**, **Erin Archambault**, and **Ahmad Soliman**. The Georgetown Business Strategy Challenge is a case competition that exclusively focuses on nonprofit organizations. This was the first time Ross sent a BBA team; among the 20 schools competing, Ross placed third. ✦



## Net Impact Conference Looks to 2020

Setting an agenda for widespread sustainability in business was the goal last October when Ross hosted more than 2,500 attendees at the national Net Impact Conference. About 40 percent of the student population at Ross belongs to Net Impact, and the school has been named Chapter of the Year by the national organization three times in recent years.

The comprehensive program, titled “2020: Vision for a Sustainable Decade,” featured more than 120 panels and some 370 speakers. A host of innovative business solutions arose during the three-day event. But one key takeaway was clear: Businesses must be more engaged with all stakeholders and less inward-focused if they are to survive in the future.

Engagement drives everything, from finding the best way to reach consumers at the base of the economic pyramid to making sure suppliers act responsibly. **Gary Hirshberg**, president and “CE-Yo” of organic yogurt producer Stonyfield Farm, said true success for a business comes when all stakeholders win, not just shareholders.

“I really don’t think there can be a primacy of the shareholder when the other stakeholders are losing,” he said, wondering how a company can be considered successful while beating up its suppliers or mistreating employees to the point of constant turnover. Stonyfield has enjoyed a 23-percent compound annual growth rate over the last 20 years.

Companies also are engaging more with their suppliers on the issue of social responsibility, which gets increasingly challenging as supply chains grow longer. Contracts with top-level suppliers and occasional audits aren’t enough to prevent problems, said **Monique Oxender**, global manager of supply chain sustainability for Ford Motor Co. The risks are seven steps down the supply chain, and the public and shareholders hold the company liable no matter where problems occur.

This is where engagement comes in, said **Bama Athreya**, executive director of the International Labor Rights Forum. Companies must send representatives to markets where they’re sourcing — too often headquarters is the last to learn about local abuses and ethical lapses.

Engagement, though, is just the start. **Kim Jeffery**, president and CEO of Nestle Waters North America Inc., spends a lot of time thinking about the environmental impact of the company’s water bottles. Though consumer demand for bottled water remains high, the political will to create a comprehensive recycling infrastructure remains low. The bottom line? It’s up to companies like Nestle to help drive recycling systems, he said. ✖ —*Terry Kosdrosky*

**>>> New Look Online** Visitors to the Ross website will note a new look and feel, which will be in place for approximately 18 months. The site is undergoing complete reconstruction at this time. Our interim “facelift” is a temporary bridge to the final outcome. [www.bus.umich.edu](http://www.bus.umich.edu)

## ADVICE TO ENTREPRENEURS: “GET A LIFE”

Economic booms come and bubbles go, but entrepreneurs venture on, turning brainstorming into businesses.

Their journey isn’t easy. Helping provide a road map is the annual Entrepalooza symposium, presented by the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies, the Center for Venture Capital and Private Equity Finance, and the Michigan Entrepreneur and Venture Club.

Entrepalooza 2010: The Impact of Entrepreneurship was hosted at Ross in September and delivered a robust mix of inspiration, practical advice, strategy, and shared experience from industry veterans.

Keynote presenter **Vishen Lakhiani, BSE EECS ’99**, is co-founder of MindValley LC, a company that takes content from personal development authors and distributes it across new media. His message to entrepreneurs was less about finance and more about “flow,” which he defines as visualizing future goals but not basing present happiness on whether or not one reaches them.

“Many entrepreneurs get wrapped up in building a career, and many times they forget to build a life,” Lakhiani said. He held himself up as an example of breaking the “success equals hard work” rule. Too many entrepreneurs have poor health, failed marriages, and other personal issues, Lakhiani said. “I tell my employees, ‘If you work more than 40 hours a week, then you’re probably too stupid to work for me.’ You need to have balance in your life.” ✖ —*Terry Kosdrosky*



# Executive Education Expands Portfolio

NEW PROGRAMS SHOWCASE MANAGEMENT ESSENTIALS, LEADERSHIP SKILLS

Ross Executive Education will offer two new programs in 2011. “Management Essentials” and “Leading Teams: Creating a Culture of High Performance” are both designed for mid-level managers.

“Management Essentials,” offered Sept. 26-30, targets high-potential managers with more than three years of experience. Content delivers the business tools necessary for successful decision-making: financial management and accounting, strategic marketing planning, and operations management. The goal is to prepare managers for roles that require knowledge across functions. Daily simulations and team-based exercises help convert theory to action. Participants will create

a manager’s agenda and emerge with the skills to negotiate, influence, and compete for the resources to manage and develop projects, allocate resources, and adapt to change. **George Siedel**, Williamson Family Professor of Business Administration and Thurnau Professor of Business Law, is the faculty director. Instructors include professors **John Branch** (marketing), **Izak Duenyas** (operations), **M.P. Narayanan** (finance), and **Catherine Shakespeare** (accounting).

“Leading Teams,” offered Oct. 31 – Nov. 2, is designed for managers who lead multiple teams simultaneously, including diverse, global, and virtual teams. Throughout the three-day

program, participants will engage in self-assessments, team diagnostics, and simulations that illuminate best and worst team leadership practices. The course focuses extensively on managing remote teams. Participants will develop a customized action plan for implementation on return to their respective organizations. Ross faculty offer personalized coaching to assess and accelerate progress once the program concludes.

**Paula Caproni**, director of the Full-time MBA Program and lecturer of management and organizations, is the faculty director and instructor.

Visit [www.execed.bus.umich.edu](http://www.execed.bus.umich.edu) for more details. ✖

## Ross Professor Joins Students, Alumni at United Nations Climate Conference

Professor **Andrew Hoffman**, a student from the Erb Institute for Global Sustainable Enterprise, and Erb graduates were part of a group of 30 U-M students, alumni, and faculty who attended the United Nations Climate Change Conference in Cancun, Mexico, late last year.

The annual conference is the one place and time where all the world’s players on the issue — including policymakers, scientists, and business leaders — convene en masse.

Hoffman, the Holcim (U.S.) Professor of Sustainable Enterprise and associate director of the Erb Institute, attended to shore up his knowledge on the policy side. “We can talk about global negotiations in the abstract, the classroom, and our papers, but it helps so much to be there and see it,” he says.

The conference was the third for **Gabriel Thoumi**, MBA/MS ’08, manager at Forest Carbon Offsets LLC. “You have the ability to interact with delegates, rule-makers, and NGOs,” Thoumi says. “There are a lot of bilateral agreements and other standards in regions of the world, and even in specific U.S. states. If your eye is only on cap and trade, you’re missing a lot of the other activity.” ✖ —*Laura Williams*

## Tauber Students Deliver Plan to Save GM \$6.1 Million Annually per Vehicle Model



A fresh approach is what companies often need to stem the tide of a business downturn. **Benjamin Pascoe**, BSE ’10/MSE ’11, and **Alejandro Pelaez**, MSCM ’10, definitely came to their 2010 Tauber Team Project at General Motors Corp. without

preconceived notions. What these students did bring was a valuable combination of mechanical engineering and supply chain expertise. And with that, they won the 2010 *Spotlight!* competition sponsored by the Tauber Institute for Global Operations.

The GM Global Manufacturing — Paint and Polymer Center (GPPC) enlisted Pascoe and Pelaez to evaluate the engineering feasibility of using aluminum alloys instead of steel for mold tooling. The team’s efforts showcased an opportunity to use aluminum tools for approximately 30 percent of the plastic parts found on a typical vehicle. Immediate implementation of this aluminum tooling will yield a 16-percent tool lead time reduction and a 28-percent production cycle time reduction, leading to \$6.1 million in annual savings per vehicle model.

Project sponsor **Ron Daul**, technical director of the GPPC, described the team’s results as “an elegant solution.” ✖

Pictured from left: Tauber Institute founder Joel Tauber, BBA ’56/JD ’59/MBA ’63; Ross professors Damian Beil and Roman Kapuscinski; Ben Pascoe, BSE ’10/MSE ’11; GPPC’s Ron Daul; the Tauber Institute’s Larry Seiford; Alejandro Pelaez, MSCM ’10; and the Tauber Institute’s Al Woodliff, BSEAS ’70/MSE ’74/PhD ’78/MBA ’87.

## Conversation and Perspective with Professor Paul McCracken



He has roamed the halls of both the White House and the Ross School. He's advised several U.S. presidents and generations of future business leaders. He's even been animated for a *Doonesbury* cartoon.

**Paul McCracken** arrived on campus in 1948, and in December he celebrated his 95th birthday. He is a regular presence at Ross and is pictured here with **Gayatri Prahalad**, the wife of the late **C.K. Prahalad**, who most recently held the title Paul and Ruth McCracken Distinguished University Professor of Corporate Strategy.

McCracken is one of the school's most treasured resources. He is the Edmund

Ezra Day Distinguished University Professor Emeritus of Business Administration, Economics, and Public Policy. Engage him in conversation and you may hear accounts of his time with Presidents Dwight Eisenhower, Richard Nixon, John Kennedy, Lyndon Johnson, and Gerald Ford. Prior to his arrival at the University more than six decades ago, McCracken worked for the Federal Reserve Bank of Minneapolis and the U.S. Department of Commerce.

**DIVIDEND:** You're out there in the Winter Garden talking to professors and students quite often. What do they want to talk about?

**McCRACKEN:** In general, people are very concerned about employment and jobs. Students, particularly if they're at the tail end of their education, would like to know what they're going to face when they get out of here.

**DIVIDEND:** One of your jobs was chairman of the Council of Economic Advisers under President Richard Nixon. You and the president had a disagreement over price controls. Despite his own reservations and your recommendation, he enacted them. How did that dynamic work?

**McCRACKEN:** I thought price controls were a bad idea for a very simple reason: You couldn't look back into history and point to a success story. At the time, the president and Congress were involved in a battle in the political domain. Political battles often are more important to them than hard, solid data. The president understood the problem with price controls. But there was the difficulty that Congress was

Democrat-controlled. That doesn't mean Democrats are evil and Republicans solid. It merely means that if the president belongs to one party and Congress another, there are going to be arguments; there is going to be playing for a stroke. That's politics.

**DIVIDEND:** If you had the current president's ear, what kind of advice would you give?

**McCRACKEN:** I've never met the president, but it's pretty clear he has limitations in the field of economic policy. And if he were sitting here he'd probably say, "I agree with you." Name a president who didn't have problems of that sort. He has to make decisions within a political milieu that complicates things even further. I dropped in once to see former President Eisenhower after he left the White House. He was talking about how difficult it is to figure out what to do when one smart group says you ought to go this way and another smart group says you ought to go the opposite way. The remarkable thing is that governments work at all. Managing a complicated thing like a modern economy is not easy. ✦ —*Terry Kosdrosky*

## ACCOLADES & AWARDS

**D. Scott DeRue**, Bank One Corporation Assistant Professor of Management and Organizations, recently was named among *Poets & Quants'* 40 top business professors under the age of 40. *Poets & Quants* is an online social network designed to offer advice and counsel to MBA applicants.

**Andrew Hoffman**, Holcim (U.S.) Professor of Sustainable Enterprise and associate director of the Erb Institute for Global Sustainable Enterprise, was selected as one of 20 Leopold Leadership Fellows for 2011. The program is funded by the David and Lucile Packard Foundation and is based at Stanford University's Woods Institute for the Environment.

**Tom Porter**, executive-in-residence at the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies, received a Lifetime Achievement Award in February from the Ann Arbor-based New Enterprise Forum, an organization founded to provide mentoring, guidance, and networking to budding entrepreneurs.

Ross marketing faculty and PhD students virtually swept the awards ceremony at February's Society for Consumer Psychology Conference in Atlanta. PhD candidate **Grant Packard** and **David Wooten**, Alfred L. Edwards Associate Professor of Marketing, won the Best Competitive Paper Award.

**Norbert Schwarz**, professor of marketing and Charles Horton Cooley Collegiate Professor of Psychology, and **Hyejeung Cho, PhD '06**, won the Park Award for best paper in the *Journal of Consumer Psychology*. And PhD candidate **Jim Mourey** won the Society for Consumer Psychology Best Dissertation Proposal Award.

# Thought in Action } *quote/unquote*

**“Google’s data suggest that not much has changed in terms of what makes for an effective leader.”**



D. SCOTT DERUE, Bank One Corporation Assistant Professor of Management and Organizations, on Google’s quest to “build a better boss.”

—*The New York Times*, March 12, 2011

**“When you open a new store, you expect to be friendly with your employees and customers. If they want to be your friends online, you really have no choice. You cannot maintain that boundary. They’ll wonder why you’re willing to talk about your family in the store, but not with them on Facebook.”**

PUNEET MANCHANDA, Isadore and Leon Winkelman Professor of Marketing and chair of marketing, on the new meaning of “friend” in the Facebook era.  
—*thetstreet.com*, Jan. 21, 2011

**“It’s a big embarrassment, and it is going to be expensive.”**



ERIK GORDON, clinical assistant professor of entrepreneurial studies, on a federal proposal requiring independent oversight at three Johnson & Johnson plants facing recalls of Children’s Tylenol and other medicines.

—*The New York Times*, March 10, 2011

**“The U.S. and China are well-matched in bringing together the supply and demand for cleantech innovation.”**

TOM LYON, director of the Erb Institute for Global Sustainable Enterprise and Dow Professor of Sustainable Science, Technology, and Commerce, on future market winners in the clean energy space.  
—*reuters.com*, Feb. 14, 2011

**“One has to take into account that there’s going to be revenue lost as businesses shift to the lower-taxed form of organization.”**

JOEL SLEMRD, Paul W. McCracken Collegiate Professor of Business Economics and Public Policy and professor of economics, on the possibility that business owners who file taxes as individuals might change to a corporate structure to take advantage of a proposed tax code overhaul.  
—*Bloomberg Businessweek*, Jan. 27, 2011

**“The applications of co-creation can be extended to farmers who have the proper knowledge, information, and training to come up with ideas on how to make best use of land and increase production.”**

VENKAT RAMASWAMY, professor of marketing, on e-Choupal, an initiative of Kolkata’s ITC Ltd. where the firm links with farmers through the Internet to procure agricultural products.  
—*The (Kolkata) Telegraph*, Feb. 24, 2011

**“Companies should do well; citizens should do good. I think it’s good to separate profit and not-for-profit organizations. Having a middle ground opens up questions of governance. Who is going to have the final say: the investor, the manager, or the donor?”**

ANEEL KARNANI, associate professor of strategy, on defining the role of social entrepreneurship and corporate social responsibility.  
—*BBC World News*, Jan. 18, 2011

**“The places with the worst price outlooks have been the bad-boy states where things got out of control.”**

DENNIS CAPOZZA, Dykema Professor of Business Administration and professor of finance and real estate, on an uptick in home sales amid the third decline in U.S. home prices in three years.  
—*bloomberg.com*, March 8, 2011

**“Did he get precisely what he deserves? Maybe not. But is it in the ballpark? Certainly.”**

NEJAT SEYHUN, The Jerome B. & Eilene M. York Professor of Business Administration and professor of finance, commenting on Ford CEO Allan Mulally’s record-breaking compensation package.  
—*Detroit Free Press*, March 10, 2011

**“I absolutely think it is not just a local phenomenon. The ad is a way to keep the conversation going about positive developments in the city, suburbs, and beyond.”**

CHRISTIE NORDHIELM, clinical associate professor of marketing, on the potential impact of Chrysler’s pro-Detroit Super Bowl ad. —*Detroit Free Press*, Feb. 8, 2011



BOTTOM: COURTESY OF CHRYSLER



# Building a Fortune with the Base of the Pyramid

A Q&A with professors Stuart Hart and Ted London

A decade ago, the late Ross professor **C.K. Prahalad** and colleague **Stuart Hart** crystallized a new idea that reframed business' relationship with the world's poorest citizens: Companies could tap new markets while solving some social problems and empowering the estimated four billion people living on less than \$2 per day. Their groundbreaking article, "The Fortune at the Bottom of the Pyramid," inspired a flurry of debate and activity.

Today, interest in the base of the economic pyramid (BoP) is higher than ever. Growth in mature markets is slow at best, and companies desperately need new sources of expansion and innovation. Many nonprofits and development-sector investors are seeking more market-based solutions to

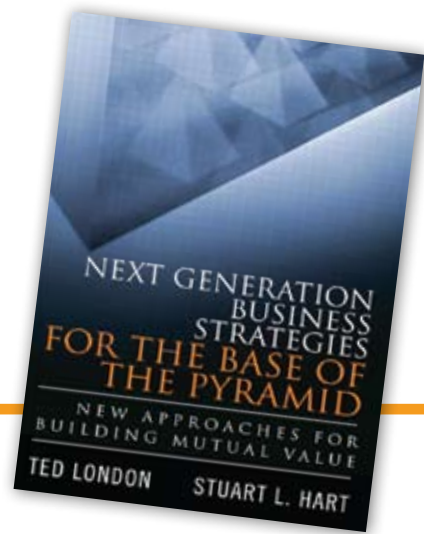
alleviate poverty. But the past 10 years have produced few home runs. Learning has been gradual and piecemeal.

Hart is a distinguished scholar at the University of Michigan's William Davidson Institute (WDI) and a professor at Cornell University. He and co-author **Ted London**, a professor of business administration and a senior research fellow at WDI, compiled a decade's worth of learning into the detailed playbook, *Next Generation Business Strategies for*

*the Base of the Pyramid: New Approaches for Building Mutual Value* (FT Press, 2010). Their goal is to ensure that business leaders are asking the right questions, truly co-creating value with customers, and learning new ways to accelerate progress at the base of the pyramid.

“Instead of asking, ‘How can you find a fortune at the base of the pyramid?’ we should be asking, ‘How can you create a fortune *with* the base of the pyramid?’ Now you get much more interesting questions and debates.”

—Ted London



**DIVIDEND:** You say there’s a need to evolve and reframe the questions we’re asking about BoP ventures. What have we been asking, and what *should* we be asking?

**LONDON:** Ideas need to evolve, develop, and improve over time. The case Stu and C.K. originally developed presented the idea of the fortune at the base of the pyramid. It became simplified to “there’s a fortune at the base of the pyramid, and all we have to do is figure out how to capture it.” That started debates about exactly how big the fortune is, how much people spend, and how we take what [a business] already is doing and extend it to the BoP marketplace. To some degree, there was pushback about whether these ventures were good or bad for the poor. Those initially were good questions, but we need to be much more nuanced in our assessment and understanding of BoP venture development.

Instead of asking, “How can you find a fortune at the base of the pyramid?” we should be asking, “How can you create a fortune *with* the base of the pyramid?” Now you get much more interesting questions and debates. The right question isn’t whether these ventures are good or bad. Business ventures serving the poor are here to stay. The more interesting question is how you make them better. If you go with that, you ask a whole different set of questions because you’re not relying on selective anecdotes to defend one approach or criticize another. Instead, you are trying to understand the entire value proposition and explore ways to enhance it. How do we engage across sectors to create more value for everyone?

**HART:** The book tries to build on the experience over the last several years and address new problems. We have companies and development agencies saying enterprise-based opportunities do exist. But those create new challenges and problems that need to be resolved. One is how you actually go about this value creation. How do you collaborate and co-create rather than impose? And if we’re successful in creating a lot of new economic opportunity with the base of the pyramid, how do we ensure we don’t melt the planet at the same time?

**DIVIDEND:** In terms of execution, what has been lacking in the existing ventures?

**HART:** There’s a big difference between market creation and market entry. Most of the early attempts have worn the market-entry hat. Market creation involves a different approach and set of skills. It’s more about co-creation and less about taking a product from the outside and trying to push it into a community. That is what has limited the success of a lot of corporate ventures so far. It is a different story with some local ventures and nonprofits, but for multinationals, that’s often been the case.

**LONDON:** In the developed world, you’d never run a business without a regular conversation with those you seek to serve. Yet for ventures serving the poor, the response you often hear is, “It’s too costly. We can’t afford to understand the impacts we’re having on the customers.” To me, you can’t afford *not* to.

If you truly understand what's happening on the ground and invest in continued improvements in your business model and associated ecosystem, you can tell the nonprofit and development communities that you can help them achieve their poverty alleviation goals *and* you can prove it. But companies don't always have the resources to do their own market and ecosystem creation on a scalable basis. The purpose of the book is to lay out the steps that enterprises and their partners need to think about in their execution.

**DIVIDEND: What are the characteristics of the successes?**

**LONDON:** In the first chapter of the book, I present a road map for BoP venture development. What do you need to think about when you're in the early design stage? How do you create pilots that can maximize the learning you're going to get? What are the competitive advantages and capabilities you need to scale? Within each of these stages, there are key principles that BoP venture leaders can use to enhance success. Companies have not, for example, really thought hard enough about the sources of competitive advantage that will allow them to sustain themselves in this market. They also must think more about capabilities they need to develop so they can go to new markets with a different business model. They have to think about scaling in three dimensions: scaling up, scaling wide, and scaling deep.

**HART:** The width of the value proposition is important. There's a tendency for top-of-the-pyramid capitalists to look narrowly at products and think all the value is embedded in this thing they are selling. One of the lessons learned from a decade studying the base of the pyramid is that the successful businesses typically have come from the base of the pyramid and not from Western capitalists. They also have much wider value propositions — they're not just product businesses. There's a community service aspect to it that really is important. Grameen Bank is one of the most iconic examples in the microfinance space. But it's about much more than the loan. It really is a community intervention. There are all these other spin-offs that include access to better agricultural inputs, renewable energy, phone connectivity, and Internet connectivity. It's a much bigger, wider value proposition than what the typical Western company offers.

**DIVIDEND: Are we starting to emerge from the trial-and-error period in BoP ventures, or are we still in it?**

**LONDON:** We think it's time for the next generation. Overall, it seems inevitable that the private sector will



› Stuart Hart is the Samuel C. Johnson Professor of Sustainable Global Enterprise at Cornell's Johnson School of Management. He's also a distinguished scholar at the William Davidson Institute.



› Ted London is a senior research fellow and director of the Base of the Pyramid Initiative at the William Davidson Institute. He's also an adjunct assistant professor of business administration at Ross.

need to explore this market to a greater extent and the development community will need to accept a greater role for business in its approaches. We've learned enough now, however, that there's no need to repeat the mistakes. There's enough accumulated wisdom and experience to increase the likelihood of success. But of course there is no guarantee for success. Any time you enter a new space, some companies will do well and some will not. Some development initiatives will have a substantial impact, others will not. Is this the end? No. I think the learning continues, and that's how we close the book. We've begun to set the path forward for the future, but there's much more to be done. ✨ —*Terry Kosdrosky*





# The Aging Consumer

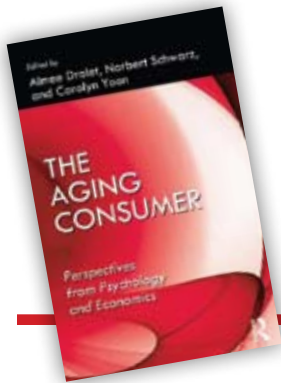
A Q&A with marketing professors Norbert Schwarz and Carolyn Yoon

**B**y the year 2020, one out of every six Americans will be age 65 or older. As the population evolves, so will its preferences and habits. Yet how and why preferences change is a poorly understood phenomenon. Marketing professors **Norbert Schwarz** and **Carolyn Yoon**, looking to inject more rigor into this area of consumer behavior, have compiled the latest and best research into their new book, *The Aging Consumer: Perspectives from Psychology and Economics* (Routledge, 2010). Schwarz and Yoon edited the book with **Aimee Drolet**, a marketing professor at UCLA Anderson School of Management.

In the following Q&A, Yoon and Schwarz delve into the practical and theoretical findings that lie at the intersection of human behavior and consumer research.

**DIVIDEND:** The book points out the surprising dearth of research on the subject of aging consumers. It seems like a missed opportunity, in light of such an obvious market trend.

**YOON:** I think everyone recognizes the need for a broader perspective. There are a few case studies that are more qualitative, but there is a lack of systematic, theory-driven research. We just don't have a critical mass of academic researchers who focus on aging consumers.



“The consumer environment, in which there is an ever-increasing volume of information competing for our attention, is a particularly difficult environment for people as they age.”

—Carolyn Yoon

**SCHWARZ:** You certainly would expect more research on how consumer behavior changes with age, but we didn't find it. If you look at the literature on aging, it's fair to say it's interestingly scattered. If preferences change, and the way people do product selection changes, not thinking ahead could become a real issue for marketers.

**DIVIDEND:** The research you compiled in this book indicates those things do change as we age.

**YOON:** Yes, but it's hard to separate the influence of aging from cohort effects. To what extent are observed differences between age groups due only to aging, as opposed to other factors happening at the same time?

**SCHWARZ:** For example, if you observe that the behavior of 60-year-old consumers differs from 20-year-old consumers, some of the difference may be due to age, per se, and some due to historical experience. We need more longitudinal studies that follow groups of people over time. I cannot tell if an aging consumer acts a certain way because of changes in memory and cognitive function or because that consumer's age group was different from other groups all the way through life. Which differences are due to historical experience and which are due to aging? To determine that, we need what we have in other domains: longitudinal studies. Many of those are publicly funded. It's not something private industry would fund because there's no payoff in the short run and no company wants to fund something for 30 years to learn how people change.

**DIVIDEND:** Even given those limitations, there are some revelations in the book. For instance, spending patterns are more nuanced than previously thought. What are some other takeaways from this research that marketers and companies can act upon?

**SCHWARZ:** One is the psychological research into cognitive functioning. That's actionable at the level of how you would present products, what product information should look like, and what your advertising should look like. For instance, you wouldn't want an advertisement where the guy talks really fast. You want information that is understood and read easily. If you look at the advertisements for medicines geared toward older people, you will find things so full of fine print that the customers who most need to read it might not be able to. A lot of products are not designed in an appropriate way for the age groups being targeted.

**YOON:** I think there is more sensitivity to those issues now than in the past with boomers turning 60.

**SCHWARZ:** Another important aspect from a company's perspective is that older consumers are enormously satisfied. It's slightly mysterious why that is. It's a very robust finding that we see across most product and service domains, but we don't have a good explanation for it. In a sense, it's an incentive for companies not to invest much money in learning about older consumers. For the most part, if you have an older customer, he or she will like what you do.

**DIVIDEND:** Could it be because older consumers are less likely to try an unproven product?

**SCHWARZ:** It could be. They're not disappointed with a new product because they won't try it, and they're not disappointed with the old one because they never tried the new one. It cuts both ways. Once you stick with what you have, you're likely to be satisfied because you're not getting comparisons. The phenomenon probably has many causes. The dominant image of older consumers is that they're cranky or nostalgic and think everything used to be better. But actually, they're very satisfied.

**DIVIDEND:** Your book highlights this intersection between neuroscience psychology and marketing. Is bringing them together a new area of study?

**YOON:** It's relatively new. People have been studying the cognitive neuroscience of aging longer, but looking at the social contexts is something that just emerged in the last five years. I think it is a nice way to consider the aging process: It is a combination of biological changes and what is happening in the environment that affects an individual. Some of the headlines tell us the aging brain is associated with greater plasticity than previously thought, and that older adults are able to regulate their emotions better than younger adults by differentially attending to positive information (termed a positivity bias). Another important finding is that with aging, people have greater difficulty inhibiting irrelevant or distracting information. The ability to suppress or inhibit irrelevant information is central to the efficient functioning of attention and memory processes. The consumer environment, in which there is an ever-increasing volume of information competing for our attention, is a particularly difficult environment for people as they age.

**DIVIDEND:** The last chapter talks about creating products for older consumers, right down to testing and design. Are companies actually doing this?

**SCHWARZ:** It's hard to tell how widespread it is. Some companies clearly have product lines for older consumers that are designed with these factors in mind. I think the majority of companies aren't there yet. Most products are not designed for older consumers, even though we're usually talking about features young people would appreciate as well. Of course there are exceptions, such as cell phones, which young people prefer smaller than older people.

**YOON:** Marketers believe that brands associated with older consumers (e.g., Oldsmobile) suffer from a dilution in perceived value. What companies like Samsung have done is create a separate line such as the Jitterbug phone, with features that clearly are meant for older consumers. But a lot of older consumers explicitly don't want products that are associated with the elderly. We see a great deal of denial about aging among older consumers. Hence some researchers and marketers have called for simple and universal designs that appeal to everyone.

**DIVIDEND:** How do you predict this generation will impact marketing and product design going forward?



› Norbert Schwarz is a professor of marketing and the Charles Horton Cooley Professor of Psychology. He also is a research professor at U-M's Institute for Social Research.



› Carolyn Yoon is an associate professor of marketing.

**YOON:** The baby boomers are quite different. They haven't quite reconciled the fact that they're getting older, and they're not like the older consumers who came before them. A chapter in the book talks about brands like Botox that cater to age branding and are more like self-improvement products. Those tend to do well among this group.

**SCHWARZ:** When you ask people how old they feel, they usually say 20 years younger than they are. At the very least, they don't feel old enough to want a product for older people. So you'll have to manage a product that has sleek, modern design but is easy to handle for older hands and poorer eyes. It will be interesting to see what happens. ✕

—Terry Kosdrosky

# CORPORATE SOCIAL RESPONSIBILITY BOON OR BOONDOGGLE?

**TOM** ★ ★ ★ ★ ★ **ANEEL**  
**LYON** vs. **KARNANI**

DIRECT FROM ROSS: THE MAIN EVENT

12 ROUNDS OF CHAMPIONSHIP DEBATE



**W**hat is corporate social responsibility (CSR), and who calls the shots? Ask strategy professor **Aneel Karnani**, and you get one perspective. Ask **Tom Lyon**, Dow Professor of Sustainable Science, Technology, and Commerce, and director of the Erb Institute for Global Sustainable Enterprise, and you get another.

Ross Net Impact and U-M's International Policy Center brought them together last fall for a lively debate. Karnani's position: The idea that companies have a responsibility to act in the public interest — and will profit from doing so — is fundamentally flawed. Firms only can be expected to embrace CSR when the market naturally marries profits to social interests, or when government regulation forces such a union.

Lyon refutes the idea that markets and governments alone can shape responsible corporate behavior. He makes the case that companies can do well by doing good when they pursue voluntary corporate actions that go beyond compliance with the law.

**KARNANI:** In my view, CSR is either irrelevant or ineffective as well as dangerous. What's wrong with it? First, we have to take two different types of situations. If the interests of the company and society are aligned, a company can increase its profits and its social welfare simultaneously. The system, by the invisible hand, works.

The more interesting situation is a market failure. When the interests of the company and society diverge, it's not realistic to expect companies — who have a fiduciary responsibility to their shareholders — to sacrifice profits for the sake of social welfare. Here, we

need some external force to make the company behave in a responsible manner to achieve the social objectives. What is this external force going to be? Either government or some sort of social activism. I think government is the ultimate binding constraint.

The counterargument often is that government doesn't work. Well, that clearly is true. Government often doesn't work. But that's not a reason to get away from government. That's a reason to make government work better.

Why is CSR dangerous? When there is a conflict between business and social interests, CSR serves the purpose

of greenwashing. Companies say they do things, but they don't actually do very much. This is CSR being hijacked by companies to hide the fact that they're not socially responsible and not achieving social objectives.

**LYON:** Professor Karnani has artfully failed to define the thing he's attacked. I generally define CSR as voluntary corporate actions that go beyond compliance with the law. I'm not sure what Aneel's definition is.

So let's just ask, can companies do well by doing good? It's absolutely clear they can. Many large multinationals establish what's called a global common standard. They use the same technology in every country around the world, which often serves two functions. Take Dow Chemical moving into China or Brazil. They're using top-quality, American technology that's probably better than what most domestic firms are using in those countries. It serves to elevate the technology expectations in those countries. It may create a strategic advantage for Dow as it moves into Brazil because it forces the other guys to raise their costs and meet its requirements. There

are lots of examples of companies that have reduced their greenhouse gas emissions substantially and made money in the process.

Aneel's argument in this situation is, "Ah, that's easy. We don't need to worry about that because free markets are efficient, and if you're making money and doing good, then it doesn't count." I think that is just too simple because the frontier of what's profitable constantly is shifting. And it's not easy to identify where you can do well by doing good. What we try to teach students is how to anticipate where those frontiers are going to be five to 10 years down the road so your company can be on the cutting edge.

Can companies do harm by doing CSR? Absolutely. I totally agree with Aneel that greenwash is a serious concern and quite a lot of CSR initiatives are shallow, cosmetic dressing. So we want to push hard on companies to make sure they're doing something substantial.

Do we need CSR? Obviously, Aneel thinks we don't. And in a simple world where markets are efficient and government does what it's supposed to do, of course we don't need CSR. But we don't live in that world. We have market failures; we have plenty of government failures as well. The thing that really bugs me is that many companies cynically undermine the effectiveness of government regulation while proceeding to profit from that lack of regulation. So to me, we ought to be refocusing the demand for CSR into the political arena and demanding that corporations behave responsibly in their political behavior, so that what they say and what they do are consistent.

**KARNANI:** I would go a step further. I think companies should not be able to play a political role, period. Companies are given a wonderful privilege in society, which is limited liability. Society should tell companies the quid pro

quo for limited liability is that you will not play a political role at all. But the least we can do — and I agree totally with Tom — is have much more pressure on companies to make their lobbying transparent.

**LYON:** I think that's right at the heart of things. This issue of the corporate role in politics is central. I do think the issue of government failure is central, and in a lot of ways I agree with Aneel. Government regulation often is what we require in order to make companies do anything that is costly and difficult because otherwise they'll just stall. But because government doesn't always take action, we get into looking at the network of civil society and how it influences companies.

**KARNANI:** But saying NGOs should put pressure — we shouldn't call that CSR. I think one of the central tenets of CSR is voluntary action and not action under duress.

**LYON:** I understand, but this fundamentally breaks down into the dichotomy between free will and determinism, and that's a paradox like so many things.

**KARNANI:** I don't think it's that philosophical. Do companies do things without external intervention? Greenpeace forced Shell to change how it got rid of the oil rig. That was Greenpeace putting duress on Shell, not Shell's CSR.

**LYON:** Okay, but we've got pressure against the use of sticks, and then we've got carrots to induce movement forward. If you are looking for situations in which there are absolutely no sticks or carrots, I defy you to find one.

**KARNANI:** That's when a company claims they are doing good and doing well. That's totally voluntary.

**LYON:** There's typically a carrot hanging out there.

**KARNANI:** But it's a market carrot, not a carrot from an external agent like an NGO or a government.

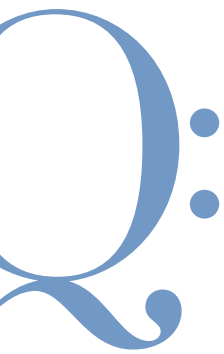
**LYON:** And why is that a relevant distinction?

**KARNANI:** It's critical because we have two alternative mechanisms for resource allocation: markets and politics. Companies are designed to respond to markets through capitalism. But when markets fail, we need some other intervention — social activism, government, and so on. But that's external, interfering with the market.

**LYON:** My view is that the distinctions between these things are not nearly as sharp as you're portraying, and that they're eroding even as we speak. The boundaries between politics and markets are very hard to find.

**KARNANI:** If you look at the rhetoric of CSR, it uses words like voluntary, partnerships, public/private partnerships, and so on. Whereas my rhetoric is that the role of government is to be a watchdog, social activism's role is to be a watchdog, to insist on transparency, and to change the carrot and stick to make companies behave in a responsible manner. I think there is a new sort of movement these days about corporate social *accountability* rather than corporate social responsibility. The challenge in practice, and in fact that is the challenge in much of our discussion here, is how to separate CSR actions from CSR rhetoric.

**LYON:** That is the central issue: When is it real, and when is it fake? It's not just CSR that befuddles people; it's all kinds of actions that none of us are monitoring adequately. ✨ —Terry Kosdrotsky



# What are you thinking about?

## A: IRRATIONAL BIASES

Pens, gazelle, chocolates, and children. Not the usual subjects in business school research. But how people value them can reveal a lot about human biases and help companies refine their strategy. **Katherine Burson**, assistant professor of marketing, has shifted her focus from studying optimism and pessimism to how people value things based on how they are presented. Do consumers make irrational choices strictly based on presentation? If so, why?

### WHAT ARE YOU THINKING ABOUT?

When is it helpful to call something a unit? When does it hurt? You can represent 12 chocolates as 12 individual chocolates or a single box of chocolates.

Strangely, people see a lot more value in a box of chocolates. I saw the same thing in work I did with charities. People value 200 gazelle described as a herd more than 200 gazelle described as just living together. Something about units seems to be important to people.

In the valuation situation, if somebody owns something that can be described as a unit — a box of 10 pens — people will tend not to want to give that up even if they could trade for something they like better. So they show some irrationality in that they are overvaluing it. But if you just call it 10 pens, they're happy to give it up and act rationally in an economic sense. In that case, units can be a bad thing. With charitable donations, units are pro-social sometimes. Calling six children siblings makes people want to give more money to help them. It's a bias in both cases.

### WHY IS THIS INTERESTING TO YOU?

I come from a tradition of looking for heuristics and biases, as well as cognition, in human behavior. The next wave of that research was finding out how to fix those biases to help people become

better thinkers. Recently, I've been asking myself whether it's good to make people more rational. There must be situations where behaving in an economically irrational way is the right thing to do. That's what led me from overvaluation of products (where I'm trying to get people to behave more rationally) to the charitable donations situation, where I'm trying to get people to behave more irrationally — driven more by emotions and less by economics. I think it's a logical path. First, I wanted to see what people did wrong, then I wanted to see how to fix it, then I wondered if it really was right to fix those problems in every situation.

### WHAT ARE THE PRACTICAL IMPLICATIONS FOR INDUSTRY?

We have to be more thoughtful about how we represent stimuli and target items to consumers. They're more influenced by numbers than we think. In other research, I've played with variables like describing something on a scale of zero to 100 versus zero to 10. It's just like the movie *This Is Spinal Tap* — you add a number to the dial, but it doesn't make anything louder. Consumers overweight attributes that are described on big scales. For years, people were doing market research and didn't take that into consideration.

I don't want this research to be used for evil. We don't want to push people into buying things they don't want or need or giving more money to charity than they can afford. I'd rather people use this research to help others make better decisions. We want people to end up with products that are best for them — products they would select in a head-to-head choice — rather than irrationally hoarding things they don't actually like. ✪



## A: WHAT TO DO WHEN THE MARKET SWINGS

The financial crisis of 2008 raised a number of provocative questions. Perhaps most practical: Should I sell or buy? Unfortunately, the financial community didn't provide many solid answers. Reading the op-eds during that time motivated **Tyler Shumway**, professor and chair of finance, to find an optimal way to navigate big market swings. Turns out some of the conventional wisdom on how to rebalance a portfolio during a crash isn't correct. Shumway is finding it's a much more complex, fluid situation than originally thought.

**WHAT ARE YOU THINKING ABOUT?** Rebalancing and general equilibrium. During the 2008 financial crisis, investors were reasonably asking what to do with their portfolios. If the stock market drops by 30 percent or more, should I buy more stocks or sell some? There's an old notion that you should rebalance. That means if you want a certain mix of stocks and bonds in your portfolio, you should trade to try to get back to that mix. If you have a 60/40 mix of stocks and bonds and the stock market drops by a large amount, you no longer have that mix. With classic rebalancing, you would want to buy more stocks to get back to what you were before. The obvious problem with that is everybody can't buy at once. Somebody has to sell. General equilibrium means you must have as many buyers as sellers. So we're looking at what people should really do when the stock market drops a lot — and we're finding it's a complicated question.

Three different things can affect how you're going to trade when the stock market drops. One is a pretty simple leverage effect: People who hold a lot of stocks have a levered position in the economy. A stock is a levered position in a company, so if you own mostly stocks, you have a levered position in the economy because the economy as a whole has some leverage. If you're mostly in stocks and the market crashes, you actually want to sell some of these stocks. That's more of a true rebalancing since you are rebalancing compared to the economy as a whole. The second consideration is that large stock market movements can affect expected returns. Some investors take on more risk than others. If the market goes way up, the risk-tolerant investors hold

a larger percentage of the market, and in the next period, they pile their earnings into the stock market again. That causes returns to be lower in the future because it bids the prices up. The third influencer is a hedging motive that's relatively small, but you want to hedge what the expected return is going to be beyond the next period.

**WHY IS THIS INTERESTING TO YOU?** For the past 10 years I've been interested in investor behavior, and this is a theoretical piece in the early stages on how investors should behave. Other work I'm doing falls in the realm of behavioral finance, and in a lot of that work we look at individual investor data. I like to look at what people do: the biases they have, the mistakes they make, and what the smart investors are doing.

**WHAT ARE THE PRACTICAL IMPLICATIONS FOR INDUSTRY?** One of our goals is to be able to give people good advice on the optimal action in a given situation. I'm doing this with three people in the economics department, and we all were kind of surprised that when the markets crashed in 2008, the finance profession did not seem to have a great answer about what people should do. We thought, "Wow, we've been doing theoretical finance for a long time now. We should know these things." ❧



# Next Practices: Introducing the C.K. Prahalad Initiative

How can innovation shape the relationship between profits and social value?

{ By Terry Kosdrosky // Illustration by Brad Holland }





**THE LATE C.K. PRAHALAD (1941-2010) WAS NOT A FAN OF BENCHMARKING. “IT DOES NOT TAKE MUCH EFFORT,” HE ONCE WROTE, “TO COME TO THE CONCLUSION THAT IF FIRMS ONLY BENCHMARKED EACH OTHER, THEY WOULD ALL LOOK, THINK, AND ACT ALIKE.”**

**P**rahalad, a Ross professor and one of the world’s most influential business thinkers, excelled at defining what he called “next practices,” innovations in strategy and management that would allow organizations to develop competitive advantages that ran deeper than executing more effective “best practices.”

Over his career, Prahalad devoted himself to a range of questions. He examined the tension multinational corporations experience between the need for global integration and local responsiveness. He developed concepts of core competence and strategic intent, and explored the landscape of customers co-creating value with producers. He pioneered the idea that the base of the global socioeconomic pyramid could provide profit opportunities for businesses. And he investigated the nature of innovation in an era shaped by increasingly global resources and consumers’ growing demand for customization. Most importantly, he asked how businesses could innovate to do more with less for more people.

Though his mind ranged widely and boldly, there are some constants in the way Prahalad approached the task of thinking about business and management. Much of his work began with a point of view driven by three questions.

1. What is the prevailing thinking preventing us from seeing and asking?
2. How can the benefits of growth and value creation be made more inclusive?
3. What are the innovations and next practices that might transform an organization or an industry?

Inspired by this worldview, the Ross School is honoring Prahalad by launching the C.K. Prahalad Initiative. The initiative’s mission brings together the school’s resources to pursue fundamental questions about the role of business in global society and how innovation can shape the relationship between profit generation and social value creation.

Through the initiative, the school will provide field learning opportunities for students and faculty, generate intellectual capital, and disseminate that intellectual capital to a broad audience of researchers, educators, and practitioners.

After Prahalad’s death in April 2010, Dean **Robert J. Dolan** appointed a task force to recommend options to honor Prahalad’s legacy. The group was chaired by professor **M.S. Krishnan**, who was joined by professors **Gautam Ahuja**, **Sue Ashford**, and **Venkat Ramaswamy**, as well as Ross alumni **Gopal Srinivasan, MBA ’83**, of India’s TVS Capital Funds, and **Raghu Mendu, MBA ’81**, of Ventureast in California. The team consulted with the Prahalad family and with many who knew him as a teacher, colleague, and management consultant.

“As our conversations progressed,” says Krishnan, “a consensus emerged that any initiative honoring C.K. Prahalad should address knowledge creation, student experience, and real-world impact. We also agreed that the initiative should focus on the role of innovation at the intersection of business and society.”

“C.K. had a gift for reframing questions in a way that forced people to rethink existing frameworks,” says Dolan. “In all our discussion about how to honor him, the issue of business and society arose repeatedly. Some

people spoke of social enterprise. Others spoke of corporate social responsibility. Still others focused on social innovation. Each of those terms describes a rich field of educational and research activity, as well as a distinct realm of practice. But C.K. really lived at the junction point in his thinking. He had a passion for conceptual integration. So we think that’s what the initiative should do. And we want to do it in a way that leverages our school’s expertise in action-based learning and generates new knowledge that will impact both research and practice. And, in keeping with C.K.’s passion, it should provide a transformational educational experience for our students.”

McKinsey & Co.’s **Jeffrey Sinclair, BSECE ’79/MBA ’81**, thinks the effort is the best way to remember and continue the work of one of the greatest business thinkers of his lifetime.

“It’s the right direction for the school and for the broader Ross community,” he says. “C.K. was proud to be at this University. He was a true ‘Michigan man.’ This is a good thing to do for his family, his legacy, and the school. I am sure C.K. would be pleased with the initiative.”

By late 2010, a plan began to take shape. **Paul Gediman**, the former director of marketing communications at Ross, signed on as executive director of the C.K. Prahalad Initiative.

One of Gediman’s first tasks was to strengthen partnerships with organizations that would be able to provide field-based learning opportunities for students and research opportunities for faculty.

“C.K. had an uncanny ability to sniff out organizations that were truly pioneering next practices,” says Gediman. “We need to do the same thing. And in order for us to be successful, we need organizational partners in many locations and industries. We’re looking for organizations that can work with us to identify places where exciting innovation is happening.”

To that end, Dolan signed a memorandum of understanding on April 1 in Delhi with

the Confederation of Indian Industry (CII), India's largest business association. Prahalad had a strong bond with CII. Indeed, he was the catalyst for CII's India@75 initiative, which set a goal for the nation to become an "economically strong, technologically vital, and morally sound global leader."

"This is an important relationship for our school and the initiative," Dolan says. "We can co-create action-based learning projects with CII member companies that have a social value component and an innovative flavor. It also widens our field of opportunity to connect faculty and students with innovators."

Gediman adds that while the first partnership announcement is in India, the Prahalad Initiative will have partners and projects throughout the world.

"C.K. started in India, and we're happy to start there, too," he says. "It's a vibrant economy rife with innovative business practices and huge opportunities on the social impact front. But we recognize that C.K. was a global figure, and the initiative will be global in scope. We are interested in all kinds of organizations, whether large multinationals or stand-alone social enterprises. Anything named after C.K. Prahalad really needs to have an expansive view of where genuine next practices might be found and developed."

Gediman is reaching out to companies in the U.S. and abroad, looking for organizations whose strategy and culture align with the initiative's mission.

One such company is India's TVS Capital Funds. Srinivasan, chairman and managing director, was fortunate to have Prahalad as a professor. He later came to know Prahalad as a business collaborator, a board member at his company, and a friend.

Srinivasan sees the initiative as a way to motivate students to continue research on innovation and creation of new products and business models for consumers at the base of the economic pyramid. And he sees companies and people in emerging markets ultimately benefitting. Supporting the initiative is a prime way to do something for the school as well as the professor and partner

who had such an impact on his life, he says.

"I feel strongly that I should give back to an institution that helped me be so successful. Honoring C.K.'s memory in a manner that keeps his ideas alive, in practice, and growing is the best way to do that."

Speaking for the family, daughter **Deepa Prahalad** says, "We feel that the life and work of C.K. Prahalad were about innovation and building bridges between theory and practice. Despite the tremendous loss, we are gratified to see that the challenges he addressed and his approach to scholarship continue to inspire students, business leaders, and the social sector. We hope this initiative will continue his legacy by bringing the best minds from a variety of disciplines together to innovate around global solutions. Just as important, the findings will be shared widely to benefit the largest possible audience — another key component of his work.

"When people ask us how they might honor my father, we are encouraging them to do so by supporting the C.K. Prahalad Initiative at the Ross School."

There's at least one other figure who sees great promise in the C.K. Prahalad Initiative: **Alison Davis-Blake**, who will succeed Dolan as Ross School dean in August.

"I think the Prahalad Initiative will provide a platform for accomplishing at least three key strategic goals for the school," Davis-Blake says. "It will help Ross remain a pacesetter in action-based learning; it will reinforce our leadership position in integrating education and research with issues of social responsibility; and it will be part of a growing global agenda for the school."

In addition, adds Dolan, there could be opportunities for inventive collaboration across the University.

"The world's most interesting business problems are no longer 'business school' problems," he says. "We have the ability as a university and as a business school to say we're going to assemble multidisciplinary teams to look at these big issues with very different lenses. The Prahalad Initiative can take that concept to a whole new level." ✖

## Support the Initiative

While programmatic specifics of the C.K. Prahalad Initiative will evolve over the next year, the plans include the following elements:

**C.K. Prahalad Fellows** // Ross will offer partial scholarships to students in the Full-time MBA Program. Fellows will work on action-based learning projects with faculty and staff to generate such intellectual capital as case studies and white papers.

**C.K. Prahalad Visiting Professorship** // The school seeks to endow a visiting professorship to ensure fresh thinking about the intersection of profit and social value.

**C.K. Prahalad Executive-in-Residence** // The school will host a C.K. Prahalad Executive-in-Residence to ensure Ross students and faculty are exposed to executives with significant leadership experience.

**Action-Based Learning Projects** // Projects will be designed to:

1. help sponsoring organizations address practical business issues;
2. have a positive social impact on the communities and markets in which sponsoring organizations operate;
3. identify next practices that allow organizations to manage both profit generation and social value creation.

**Generation of Intellectual Capital and Thought Leadership** // The initiative will promote the pursuit of questions that shaped Prahalad's thinking about the intersection of business practice and social value creation.

**Dissemination of Intellectual Capital and Thought Leadership** // In an effort to generate global conversation, the school will disseminate intellectual capital to a broad audience of researchers, educators, and practitioners.

[www.bus.umich.edu/prahalad](http://www.bus.umich.edu/prahalad)

# IF YOU DON'T RUN YOU RUST:

## A DECADE WITH DEAN DOLAN

|| BY DEBORAH HOLDSHIP ||



n the second floor of the Ross School building is a whimsical metal sculpture that might seem out of place in a serious institution of higher learning.



It's a techno robot morphed with a kachina-like superhero. Constructed entirely of "found objects," it's colorful and shiny, made of nuts and bolts and cranks and springs. Skis fan out from its back like wings. It appears perched on metal toes, ready for takeoff.

It's "Reluctant Hero" by Michigan artist **John Schwarz**, and it's a favorite of Dean **Robert J. Dolan**, who closes his 10-year term at Ross June 30. "In many ways, it reminds me of our MBA students," he says. "They are taking on a whole new adventure when we accept them. At the same time, they have to step away from jobs and careers that are already pretty great. Coming to Ross requires a deliberate act, an expression of faith in themselves — and in us — that we're going to do something heroic together, despite a natural reluctance they must first overcome."

In many ways, Dolan could be describing his own experience as the Edward J. Frey Dean and Stephen M. Ross Professor of Business. He stepped away from a successful and secure career at Harvard Business School (HBS) as a chaired professor of marketing, and overcame his own initial hesitation to take on a major career challenge in July 2001.

**JUMPIN' OFF THE TRUCK IN HIGH GEAR ||** When Dolan arrived at the University of Michigan Business School (as it was known at the time), he stepped into a woefully out-of-date physical plant. The school, though highly ranked and much revered for quality and excellence, lacked the kind of distinguishing, marketable features he'd taken for granted during previous stints at Harvard and the University of Chicago.

"The first year was really hard," he says. "You're coming from the outside, and it really takes time to fully understand the organization's strengths and weaknesses. The faculty are understandably impatient, and they're going, 'Come on new guy, let's rock and roll.'"

Dolan ultimately honed in on the Multidisciplinary Action Projects (MAP) course, launched in 1992, and his marketing instincts kicked in: No other school had developed such a sophisticated field-study initiative that so closely mirrored the ambiguity and uncertainty of the real world. He saw untapped potential to establish industry best practices around experiential business education.

He laid his bets on "action-based learning" as the school's differentiator and aligned his preliminary efforts around that central,

high-stakes play. Buy-in was tenuous at first, but today the majority of admitted MBA applicants report action-based learning and MAP as the driving factors that influenced their decision to attend Ross.

“When I think back on what’s the most important thing we did, it was establishing our identity as the leader in action-based learning,” Dolan says. “And today we have the infrastructure and corporate relationships to establish ‘next practices’ — to really explore what it means to innovate around action-based learning.”

To that end, Dolan announced the C.K. Prahalad Initiative earlier this year. (See story, page 22.)

**ALL THE ROAD RUNNING** || Launching a major initiative to honor the legacy of **C.K. Prahalad**, one of the world’s most revered scholars, is noteworthy in itself. That Dolan spearheaded the mission in his closing months as Ross School dean captures the essence of his entire tenure. With just months to go in his final term, he has traveled to India twice to engage with donors, corporate partners, and government officials around the Prahalad Initiative.



## DOLAN'S DECADE



“So many people laid the foundation decades ago to give us the chance to be where we are today,” says Dolan.



Cultivating culture was key for the Dolans (with poet Maya Angelou). Kathleen Splaine Dolan curated some 200 works in the Ross art collection.



“I believe we have 3,000 teachers around this place,” Dolan says of the Ross student body.



“Building relationships takes your experience as dean to a whole new level,” Dolan says.



“I’m not a put-it-in-neutral kind of guy,” he says. “I’ve always been something of a risk-taker, and I get bored easily if I’m not doing something new and exciting.”

Perhaps that’s why Dolan connected so quickly with **Stephen M. Ross, BBA ’62**, who in 2004 presented the school with an historic \$100 million gift to construct the 270,000-square-foot structure that today is home to the Ross School of Business.

“It was very clear from the beginning that Steve and I wanted to do something significant together,” Dolan says. “And what I learned from him is that if you embark on something bold, with a little danger involved, you’re more likely to get the right people on the bus.”

It’s a lesson he learned well. Though Dolan came to the school lacking any real fundraising experience, his legacy at the Ross School will be marked by other major giving milestones: \$10 million from **Thomas C. Jones, BBA ’68/MBA ’71**, to establish the Jones Center for BBA Education, and \$10 million from **Frederick A. (BBA ’47) and Barbara M. Erb** to endow the Erb Institute for Global Sustainable Enterprise, among many others.

Under Dolan’s leadership, the Ross MBA was twice ranked the No. 1 program in the country by *The Wall Street Journal*. Throughout his tenure, the school has maintained a top-10 ranking in all six of *Bloomberg Businessweek*’s biennial rankings of business school programs: full-time MBA, part-time MBA, executive MBA, BBA, and open-enrollment and custom executive education programs.

## KEEP ON ROCKIN’ IN THE FREE WORLD

Dolan always has set high standards for himself. He grew up the son of a Latin teacher who forfeited his own career to run the family’s leather factory in Peabody, Mass. Not content with factory work, Dolan went straight from undergrad at Boston College to pursue his PhD at the University of Rochester, where most of the faculty were University of Chicago graduates. Once he learned that no Rochester PhD had ever been offered a job at Chicago, Dolan set his sights on Hyde Park.

“Chicago is a rough place,” he says of his early days in the seminar room with Nobel Prize-winning economists like **Milton Friedman** and **George Stigler**. “It’s very intellectually demanding, but you really learn what it means to be a scholar. I soon came to realize, ‘This is good. This is fun. This really suits me.’”

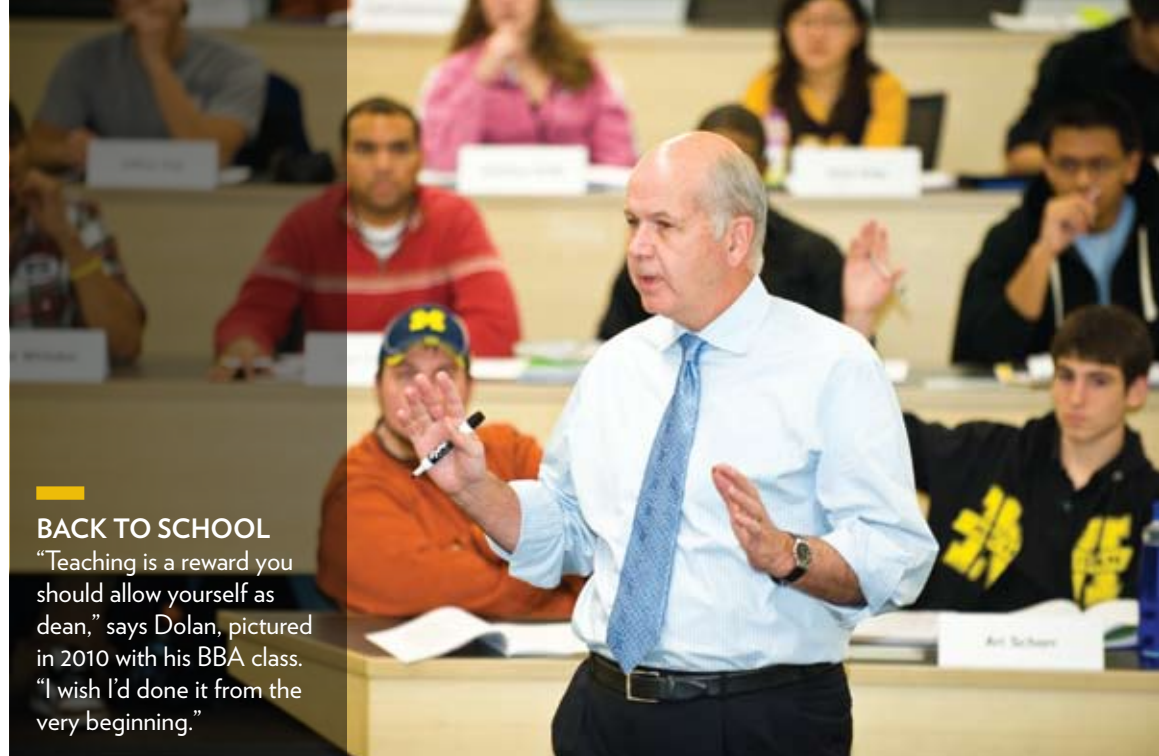
By his late 20s, Dolan decided, “I was probably a little too dedicated to teaching for Chicago’s taste,” and he exited the university for a post at Harvard. There he was mentored by marketing icon **Ted Levitt** and

**DO THE RIGHT THING** “The school is so different because of what Steve did,” says Dolan of Stephen M. Ross, BBA ’62 (right), at the 2009 ribbon-cutting with U-M President Mary Sue Coleman.



legendary teacher **Ben Shapiro** (himself, a product of Michigan). Dolan soon discovered a passion for teaching and writing via the case method and spent 21 years as “the question guy, not the answer man.”

When the University of Michigan tapped him as its top choice for business school dean in 2001, Dolan weighed his options. “I was just about to become a senior associate dean running the research operation at HBS,” he recalls. “But I realized I had to follow my own advice. I could be the No. 2 guy there, or the No. 1 guy at Michigan. I was always telling my students to take risks, to go for it. So that’s what I had to do myself.”



#### BACK TO SCHOOL

“Teaching is a reward you should allow yourself as dean,” says Dolan, pictured in 2010 with his BBA class. “I wish I’d done it from the very beginning.”

“You need people who are giving above and beyond any kind of reasonable expectations, and I’ve found that time and again in this community. It’s something about Michigan. There’s an emotion at this place I can’t explain.” —Dean Robert Dolan

**IT’S NOT BIG IT’S LARGE** || Under Dolan’s leadership, the school revamped the MBA Program; took the BBA Program from a two-year to a three-year program; and launched the Executive MBA, Weekend MBA, and Master of Supply Chain Management programs. In January 2010 Dolan returned to the classroom for the first time in nine years, co-creating and teaching the first BBA course at Ross to rely on the case method. He also ushered in the first comprehensive action-based learning initiative for undergraduates in summer 2010.

For all his programmatic and fundraising success, though, Dolan says his own reward has been reaping the returns on human capital at Ross during his tenure.

“It certainly has been one of the great parts of this job to work with faculty and alumni who are larger than life and extremely successful, and yet, there’s a selflessness about them,” he says. “It just knocks

me out. You look at someone like **Bill Davidson (BBA ’47)**: When we told him we were going to knock down Davidson Tower to make way for the new building, he simply said, ‘Hey, I just want it to be a great school.’”

Then there was the late professor **Al Edwards**. “He was a real mentor to me,” Dolan says, “always posing the most provocative questions and challenging me. And he was a father figure to so many of our minority students at a time when there were very few African-American students in the school. He had a mission, and he executed it beautifully with very little fanfare.”

Dolan perhaps is most touched by the students who endured the disruption of the construction years without enjoying the final benefits of the new building. “It was tense at times, and there were skeptics,” he says. “But it was like, ‘Okay, we understand. We need to go through this. It’s the right thing for the school.’”

The Ross building itself may be 270,000 square feet of bricks and mortar that always will mark Dolan’s time in Ann Arbor, but for him it really represents the outcome of a process that required putting together a team of talented people who achieved some “extraordinary things.”

“You need people who are giving above and beyond any kind of reasonable expectations, and I’ve found that time and again in this community,” Dolan says. “It’s something about Michigan. There’s an emotion at this place I can’t explain. It starts here, and it just continues.”

“When we designed the new building, I felt very strongly about committing a huge amount of square footage to the Davidson Winter Garden. It’s about our students sharing with each other and the faculty. It’s amazing today to see that vision realized. You can come here any time of day or night, and the beehive is just humming. I’ve always felt it was critical for the future of business education to make a major investment in that kind of communal gathering space.”

And though the actual returns may be unquantifiable, notes this reluctant hero: “I have no doubt they are very real.” ✦

# Lessons *from* Lehman

## AN INSIDER'S VIEW OF THE FINANCIAL MELTDOWN

BY TERRY KOSDROSKY // PHOTO BY STEVE BUSCH



On Sunday nights during football season, **Bryan Marsal, BBA '73/MBA '75**, locks himself in his den to watch the game. For the co-CEO of high-profile turnaround advisory firm Alvarez & Marsal, “Sunday Night Football” brings welcome respite from the week’s frenzy.

But on Sunday, Sept. 14, 2008, Marsal’s phone just kept ringing. The game would have to wait. History, it turns out, was on the other end of the line.

The board of Lehman Brothers, one of Wall Street’s most storied institutions, had tapped Marsal to oversee the bankruptcy and likely liquidation of the firm.

The financial expert launched into professional mode:

“How much planning has gone into this decision to file for bankruptcy?”

“This phone call is the extent of our planning to date.”

“All right. How much cash and liquidity do you have?”

“None.”

“How much time do we have?”

“We’re going to file in two hours, before Europe opens.”

And that’s how Marsal became CEO of Lehman Holdings.





### GIVE ME A GOOD FIGHT

Despite the mess he knew lay ahead, Marsal didn't shy away from the job. Three decades in the turnaround business should count for something. He worked with Arthur Andersen after the Enron scandal and on the turnaround at HealthSouth Corp., to name a few.

"Give me a good fight," he says. "I love the fight. Give me a good problem to solve. I want to solve it."

In February Marsal shared his "Lessons from Lehman" to a packed crowd in Blau Auditorium. That first week after filing for bankruptcy was a roller coaster, he told the audience. The consequences of allowing Lehman to slide into an uncontrolled Chapter 11 — instead of backstopping a soft landing as in the case of Bear Stearns — were worse than anticipated. Panic was growing fast, along with the fear that other big banks would suffer Lehman's fate.

"The situation was deteriorating rapidly," Marsal says. "It became clear to everyone that a severe miscalculation had occurred in allowing Lehman to go into a free-fall bankruptcy."

But that was offset by what Marsal calls a courageous decision by then-Secretary of the Treasury **Henry Paulson** and Federal Reserve Chairman **Ben Bernanke** to do whatever was necessary, including pushing the boundaries of the law, to stabilize the other banks.

Lehman sank under the weight of too much debt, poor liquidity management, too much concentration in real estate, and management that didn't understand what its traders were doing. And if management couldn't understand what was happening, says Marsal, "the regulators had no chance."



### SOME LOOMING PROBLEMS

Fast forward to the present, and things look a bit better. The Dow Jones Industrial Average is up, and the corporate bond default rate is low.

So why don't people feel more secure? Marsal points out some obvious answers. Unemployment still hovers at 9.5-10 percent, with "apparently no solution to the problem." Corporations have taken necessary measures in the past two years, cutting debt and building cash reserves. But that means hiring has been anemic at best.

The spending cuts proposed by some members of Congress, particularly those affiliated with the Tea Party movement, may be necessary in the long term to rein in federal spending and improve the credit rating of the United States, Marsal says. But they can cause short-term pain with unemployment.

Meanwhile, the bank profits posted in the past year are unsustainable, since they're built on cheap money lent to them by the government under the Troubled Asset Relief Program (TARP). Banks are making few new loans, and once the cheap money runs out, so will the profits, he notes. Banks also face the prospect of rising interest rates.

"The optimism felt in the financial community might be short-lived," Marsal warns.

He also predicts the next crisis might be right around the corner — in the form of municipal bonds. States and cities are having a hard time covering their retiree obligations and providing public services. This is pressuring their bonds, and unlike corporations, states cannot file for bankruptcy.

"It's a freight train coming down the track," Marsal says.

The federal government also hasn't shown the discipline of cutting debt and conserving cash that consumers and corporate America did during the financial crisis. Marsal doesn't think the Federal Reserve should engage in more quantitative easing, and he does think interest rates should rise to an appropriate level — with more discipline in Washington and responsible spending at the state and local levels.



### REFORM OR REPEAT?

What's most disheartening since 2008 is the response to the crisis, Marsal says. Reforms enacted to date are ineffective, and signs of uncontrolled greed are reappearing in the market.

"There's no reason why Lehman won't happen again in the future," he says. "First, you have to address the regulators. The oversight function is in complete dysfunction right now. All the advice we've given to Washington has gone on deaf ears. They need to reform, coordinate, establish one leader, speak in one voice. They need to be consistent in implementation."

But Marsal worries about the agencies tasked with regulating the industry. The Federal Reserve is dominated by economists, the Securities and Exchange Commission is dominated by lawyers, the Federal Deposit Insurance Corporation is dominated by civil servants, and the Treasury department is led by business people "who come in with noble ideas but get disgusted by what they see and leave soon after."

That creates turf battles and confusion over who does what, and Marsal doesn't see how anything has changed since the financial meltdown. A more fundamental problem is that civil servants who are paid an average salary simply cannot keep up with the financial innovation of fund managers making millions.

"The regulators are simply outgunned."



### WRAPPING UP

That said, the Lehman job may soon be winding down for Alvarez & Marsal. Marsal hopes to file a reorganization plan and detailed disclosure statement later this spring. If all goes well, the plan will be voted on and confirmed by the court by the fourth quarter of 2011.

So what is the management lesson here? "Compromise," Marsal says. "No one is happy with anything. And that's the best description of a compromise. We've looked at the facts, we've done our homework, and we're sensitive to people's positions. We've done a lot of listening. We've looked at the legal arguments and concluded there's merit in the parent company creditors, and there's merit in the subsidiary company creditors. We came out with a plan and told the judge that while both have merit, a compromise needs to be put forth."

**"There's no reason why Lehman won't happen again ... The oversight function is in complete dysfunction right now."**



Nobody's happy with that plan because it doesn't side with any credit constituency. It represents a sacrifice on everybody's part. I would hope people recognize it's fair. There's no agenda on our part. I think the creditors appreciate that we are trying to find a fair middle ground."

Looking back, Marsal still seems surprised that Lehman didn't enjoy the same treatment as Bear Stearns. Not that Lehman didn't deserve to fail. But capitalism works because of greed and fear: Greed supports risk-taking, and innovation and fear temper that risk.

"Everyone should be allowed to fail," he says. "And Lehman probably deserved to die. But it deserved a better death." ❖





**“Tumor-killing today is a gang-tackling effort,” Czirr says. “It’s like using grenade launchers, air power, and infantry in a war. You need all of them to win. We’re really onto something here. I’ve seen too much evidence that this drug keeps people from suffering. So many people stop their treatment because they just can’t take it anymore.”**

Czirr, executive chairman of Pro-Pharmaceuticals Inc. in Newton, Mass., also knows the value of teamwork. To that end, some former teammates and others in the U-M community came through to keep the company going when he needed them the most.

“I’m tremendously grateful for the teammates I’ve had who have gotten behind me,” Czirr says. “Some got involved when it was really risky.”

The prize in this case isn’t a trophy, ring, or bragging rights. It’s a treatment that could increase survival rates and make life worth living for those suffering from the treatments for solid-tumor cancers. DAVANAT® is a nontoxic carbohydrate drug designed to block Galectin receptors — proteins that enable a tumor to grow, invade, metastasize, and defend itself against the immune system. It is about ready for Phase III clinical trials, one of the last steps toward FDA approval. The company also has a drug in pre-human studies that is based on the same chemistry and designed to help repair liver fibrosis damage.

Earlier tests have shown DAVANAT® increases the effectiveness of other chemotherapy treatments as well as newer cancer vaccines. Just as important, so far it has drastically reduced the horrific side effects, such as mucositis, that can both be fatal themselves and destroy a patient’s will to live.

“Tumor-killing today is a gang-tackling effort,” Czirr says. “It’s like using grenade launchers, air power, and infantry in a war. You need all of them to win. We’re really onto something here. I’ve seen too much evidence that this drug keeps people from suffering. So many people stop their treatment because they just can’t take it anymore.”

Czirr, who had been involved in a number of entrepreneurial ventures, helped organize Pro-Pharmaceuticals in 2000. The science on using carbohydrates to block Galectin receptors was new, but Czirr saw it made a lot of sense. Weakening the tumor and cutting off its supply lines should make it easier to kill. That

DAVANAT® appears to be nontoxic means patients can tolerate higher doses of chemotherapy with fewer side effects.

Phase II clinical trials showed significant increases in median survival rates and reductions in severe adverse effects compared with the best standard of care, Czirr says.

Phase III clinical trials represent the longest and most expensive trial stage as well as the most critical proving ground. Plenty of drugs have passed Phase II only to fizzle during the more comprehensive Phase III, but Czirr is optimistic.

“You never rule out anything in science,” he says. “But our safety profile is so great, I really believe we’re going to get this thing approved.”

### >>> Writing the Playbook

Before Czirr could get Pro-Pharmaceuticals this far down the field, he had to orchestrate a comeback of sorts. And he couldn’t do it alone.

Czirr left Pro-Pharmaceuticals in 2003 after a disagreement with the other top executive. He still was a major shareholder in the company and kept an interested watch, even though he moved on to another job.

But Pro-Pharmaceuticals’ share price plunged from around \$6 to well below 10 cents, and Czirr didn’t like the way the company was dealing with its debt. He also says the financial woes threatened progress on the trials and bringing the drug to patients.

He wanted to reclaim control of the company with a major investment and rejoin the board along with some allies. But it was 2008, and the financial crisis was starting to brew. It wasn’t the ideal time to ask people to make a bet on a pharmaceutical company with a checkered past and a promising, yet unproven, drug chemistry.

Ultimately, a combination of the science and Czirr’s business acumen sold the right people.

**Peter Traber, BS ChE ’77**, a former Michigan tight end, is well known in the medical and pharmaceutical industries. He was chief



Jim Czirr, BBA '76 (left), and Peter Traber, BS ChE '77, are teammates once again at Pro-Pharmaceuticals. Traber, who is the company's president, CEO, and chief medical officer, played with Czirr on the football team and now is helping get Pro-Pharmaceuticals' cancer drug past clinical trials.

medical officer of drug giant GlaxoSmithKline PLC, CEO of the University of Pennsylvania Health System, and president and CEO of the Baylor College of Medicine. A former teammate suggested Czirr give Traber a call, and the doctor ended up investing in Czirr's fund, accepted a seat on the board, and now is president and CEO as well as chief medical officer.

Traber liked what he saw in pre-clinical studies and human trials, and the fact that few companies were that far along on developing Galectin-targeting drugs. He believed the company had a good product and thought Czirr's plan to invest and take back control was the right course of action.

"It's always a bit precarious to put your name behind something that's had a little bit of a checkered past," Traber says. "But I believe enough in the science, in Jim, and in what could come out of this that I was willing to do it, as well as put some money into it. You can say you're committed, but unless you put your money where your mouth is, it doesn't mean much."

**Dennis Franks, BS '74**, is another former teammate who invested with Czirr. Franks was ahead of Czirr on the depth chart at center for a couple of years, and the two pushed each other. Franks, now executive vice president of Market America Inc., admits it was a bad time to cash in stocks to help Czirr. But his father-in-law in the pharmaceutical industry looked at the company's work and said it was worth a shot.

"Jim was straight with me. He said he needed somebody to believe in this," Franks says. "If you're going to take a shot, you take it with somebody you have a good feeling about. That sounds corny, but you go through a lot of stuff together when you play ball with

someone. And if I'm going to take a shot like this, I'm going to take one that will impact somebody. The more I hear people talk about it, the more I think this is something that's desperately needed. We figured out what we could afford to lose — we know the risks — and gave him that amount. It was less than he asked for, but I called up some other folks who also could invest."

Czirr was able to raise enough money that the Pro-Pharmaceuticals shareholders agreed in February 2009 to his terms: His fund would invest a certain amount in return for board seats and the ouster of management.

"Back in 2008 I needed some huge credibility, and these guys, along with some other world-renowned scientists, gave me that," Czirr says.

### >>> Back on the Field

Today, Pro-Pharmaceuticals is back on track and recently reached agreement with the FDA on the design of its controlled, Phase III clinical trial for patients suffering from metastatic colon cancer.

Czirr and Traber think DAVANAT® has a better shot at approval than many other cancer drugs. Traber says half of all cancer drugs fail Phase III trials due to toxicity, but that's not an apparent risk with DAVANAT®. Also, the drug has two avenues of approval — effectiveness in treating cancer and/or reducing side effects. So even if the drug doesn't show an improvement over current treatments for tumors, they're confident it will demonstrate that it curbs the painful side effects.

"It's been a real challenge for the past 10 years, but hopefully we're coming to a revenue point soon," Czirr says. "You go into this line of work, you see cancer patients suffering with horrible side effects from treatments, you see the difference you can make, and it really gets to you. There are a lot of people counting on us, so we remind ourselves of Coach **Bo Schembechler's** daily challenge that you either get better or worse. It is impossible to stay the same. We choose to get better and will keep plugging away." ❧



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## Exceptional Alumni are Recognized by Ross and the University

Last fall alumni were honored for contributions to both the Ross School and the University of Michigan. Dean **Robert J. Dolan** presented the David D. Alger Alumni Achievement Award to **Ira Harris, BBA '59**, at the Wall Street Forum. The award annually recognizes a graduate whose professional accomplishments have brought distinction to the alum, credit to the school, and benefit to fellow citizens. The awards committee felt Harris' life story is an example to students and alumni — from humble beginnings as a door-to-door salesman to the founding of his own company, J.I. Harris and Associates. "Ira has been an extraordinary philanthropist at Ross, supporting everything from scholarships and lectures to art and the new facility," says Dolan.

**Elizabeth (Lisa) Black, MBA '87**, received the Bert F. Wertman Alumni Service Award for outstanding support of the school. Black is a managing director and head of fixed income trading at TIAA-CREF, and a member of the school's Visiting Committee and Women's Leadership Council. She regularly serves as a speaker for alumni and student conferences, has hosted events for prospective students, and is an advisory board member for the Ross Alumni Club of New York. "I was touched by the recognition for doing what seems so natural, namely supporting a school, alumni base, and student population that have given me so much over the years," Black says.

Two Ross alumni, **Bruce Zenkel, BBA '52**, and **Sanford (Sandy) Robertson, BBA '53/MBA '54**, won David B. Hermelin Awards for Fundraising Volunteer Leadership, presented by U-M President **Mary Sue Coleman** at



Kathleen Splaine Dolan, Dean Robert Dolan, Ira Harris, BBA '59, and Nicki Harris at the Wall Street Forum.

the annual Presidential Societies Weekend. Zenkel, a partner in New York investment firm Zenkel Schoenfeld LLC, volunteered in three national fundraising campaigns for the University. He also has served on the Ross School's Growth Fund Board, the Visiting Committee, and the Development Advisory Board. "Bruce's vision has helped Michigan connect with current and future benefactors in the New York area," says Coleman.

Robertson began volunteering on behalf of U-M as class president. He co-chaired the historic Michigan Difference fundraising campaign and has been involved in many other University-wide initiatives and advisory boards. Robertson has served on the Ross School's Visiting Committee and Technology Advisory Board, was national chair of the Annual Fund, and co-chaired Ross' Campaign Committee. He is founding partner of private equity firm Francisco Partners. "With a deep affection for the University and an unparalleled network, Sandy routinely opens doors," says Coleman.

"I feel like I won a letter in fundraising," Robertson says. ✦ —Amy Spooner

### >>> Join the Ross Alumni-Student Mentor Network

Do you have an interest in mentoring Ross students? Join the Ross School of Business Alumni Group on LinkedIn and sign up for the subgroup titled "Alumni-Student Mentor Network." Enhance your own network as you share career advice, job search strategies, and other tips.

>>> **Ross Partners with MBA Focus to Connect Grads to Top Employers**

Market yourself to thousands of leading global employers through a partnership between Ross and the online recruiting tool MBA Focus. Using the Ross alumni resume database and job board, MBA grads can display a resume and streamlined profile to more than 2,500 top recruiters at Google, Johnson & Johnson, Goldman Sachs, Amazon, Dell, and Eli Lilly, as well as hundreds of other firms that acquire Ross online resume books through MBA Focus. It's quick, easy, and free. [www.bus.umich.edu/alumnicommunity/alumniareerservices](http://www.bus.umich.edu/alumnicommunity/alumniareerservices)

## Bay Area, India, and Seattle Net Top Alumni Club Honors for 2010

WINNERS PROVE EXCELLENCE GOES BEYOND GREAT EVENTS

"This year's winners have progressive attitudes toward the impact of alumni clubs in their areas, and provide resources and opportunities for alumni and prospective students," says **Adam Nielsen, MBA '05**, who chairs the Alumni Board of Governors' Alumni Clubs Committee. "They are an extension of the school in their communities."

The Ross Bay Area Alumni Club won the Club of the Year Award. The club was cited for its outreach — especially using Alumni Magnet, an online club management tool. The club also strengthened its social media presence. Furthermore, "they are great at inviting prospective and admitted students to all events, and they are able to attract alumni of all ages to their activities," says **Michelle Davis**, assistant director of alumni relations. One such event was the inaugural Winter Conference, which focused on entrepreneurship in the Bay Area and hosted some 65 attendees.

The U-M India Alumni Association captured its second-straight International Alumni Club of the Year Award. Davis says the key to the club's success over such a large area is a strong, centralized board and enthusiastic satellite leaders in cities across India. The club drew more than 120 alumni from across the country to its Worldwide Club Day event in Delhi.

The Ross Alumni Club of Seattle received the Wolverine Spirit Award, demonstrating



Seattle alumni recently entertained newly admitted students and current Ross MBAs traveling for the Multidisciplinary Action Projects (MAP) course.

superior effort in revitalizing a Ross presence in its community. The club's new leadership launched an Alumni Magnet website and stepped up collaboration with other business schools' alumni clubs in Seattle. The club also hosted a well-received event bringing together alumni, prospective students, and current students participating in area assignments for the Multidisciplinary Action Projects (MAP) course.

Despite the busy lives Ross alumni lead, Nielsen says the award winners demonstrate the value of connecting with clubs. "The ability to reach into a large universe of diverse professionals and find individuals linked by a common thread of core business values is a networking resource unparalleled by other available social or professional networks." ✦

—Amy Spooner

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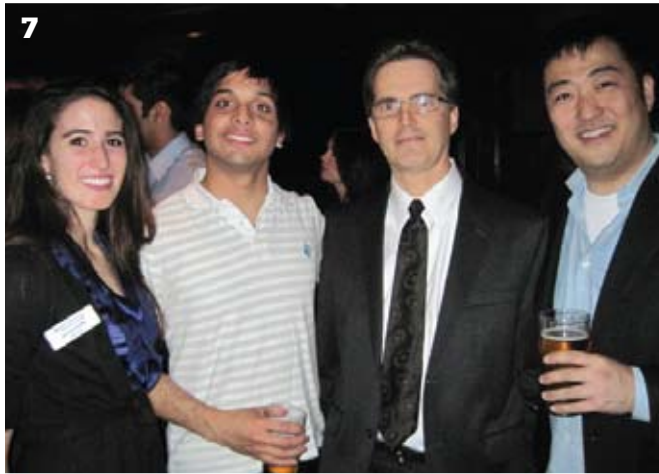
### ★ Ann Arbor

Alumni from the Class of 2000 celebrated the annual Reunion Weekend in style last October. New York Alumni Club President **Cecil Shepherd, MBA '00**, submitted the following photos of classmates and friends who returned to campus for their 10-year reunion.

- 1 **Trish Mizushima Garrett, MBA '00, Al Robertson, MBA '00, and Chris Workman, MBA '00**, prepare to trek to the Big House for Football Saturday.
- 2 **Amy Cannon, MBA '00, Sarah O'Neil Hannibal, MBA '00, Craig Hannibal, Stefano Lindt, MBA '00, and Andre Begosso, MBA '00**, show a little Wolverine how tailgating is done.
- 3 **Cecil Shepherd, MBA '00, John Clem, MBA '00, Liza Laibe, MBA '00, Chris Cooke, Brian Carey, MBA '00, Laura Cooke, MBA '00, Maya Clem, BBA '99, and Michael Myszkowski, BBA '95/MBA '00**, clean up nicely for the class dinner.
- 4 **Cathy Chan, BBA '00, and Calvin Chan, BBA '00**, enjoy the view from the Ross School's sixth-floor Colloquium.

### ★ Chicago

- 5 **Jocelyn Butcher, MBA '09, Eric Lane, MBA/JD '08, and J.V. Magant, MBA '07**, toast the season at the annual holiday dinner in Lincoln Square.
- 6 **Jeff Gordon, MBA '83, and Yehuda Cohen, MBA '83**, enjoy a special presentation on behalf of Ross volunteers for the Tap Root Foundation.



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★ **Los Angeles**

7 David Aloisi, BBA '81, and Eric Yang, MBA '03 (second from right and far right, respectively), share trade secrets with Entertainment & Media Club members Janine Roffle, BBA '12, and Vishal Chandawarkar, BBA '13, at January's L.A. Forum.

★ **New York**

8 Jill Mar, BBA '05, and Gigi (Chen) Leporati, MBA '05, at the Wall Street Forum, featuring Dean Robert J. Dolan.

★ **São Paulo**

9 Otávio Dantas, MBA '10, Alfeu Pinto, MBA '09, Andre Santos, MBA '09, and Leonardo Takada, MBA '09, kicked the new year off right at a Jan. 2 gathering.

10 Raul Aguirre, MBA '92, Paula Pagano, MBA '00, Thiago Marchi, MBA '10, and Arthur Strommer, MBA '07, gathered with other club members to support Worldwide Club Day.

★ **Singapore**

11 Professor Emeritus Gunter Dufey, Carmen Cobbett, and Mathew Cobbett, MBA '02, at the annual reunion dinner.

12 Arnaud Despierre, MBA '03, and Yi Wang, MBA '03.

13 The Go Blue! spirit could be felt as far as Singapore when alumni gathered for the Michigan/Ohio State game.



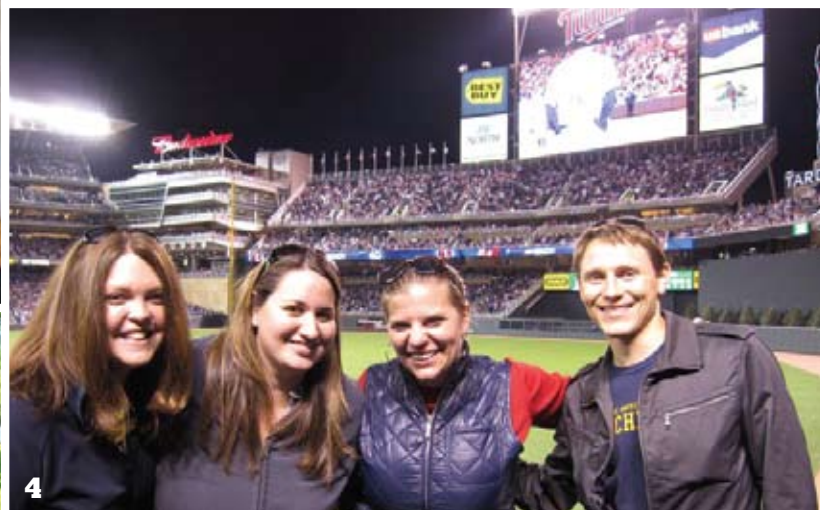
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★ **Taipei**

1 Andy Chang, MBA '95, Hilda Ku, MBA '08, Carly Lee, MBA '09, Jen-Che Pan, MBA '06, and Aaron Kuo, MBA '08, celebrate Worldwide Club Day.

2 Steven Chen, MBA '81 (far right), and Wen-Hung Kao, MBA '89, (second from right), entertain prospective students at the Worldwide Club Day gathering.

★ **Tokyo**

3 In December Ross alumni in Japan hosted a dinner with Ross strategy professor **Aneel Karnani** (center, in red).

★ **Twin Cities**

4 In September **Meryl Dillon, MBA '09, Geraldine Perez, MBA '09, Ginny Lee, MBA '09, and Thomas Evans, ENG '09,** enjoyed a Minnesota Twins game.

5 **Bill Shadid, MBA '96,** managed the grill at a Ross-flavored picnic on Lake Harriet last July.



**M**



“So many people leave this campus and do great things. By helping to change one person’s life, you may be changing many people’s lives.”

—Anne Kubek // AB '88/MBA '04

Executive VP and General Manager, INscribe Digital

# 3 Reasons to Give

## 1 Change Someone’s Future

As an undergrad, I searched for funding to attend the University, and I know how good it feels to receive that support.

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**William Handorf, AB '66/MBA '67**, was elected vice chairman of the board of directors of Federal Home Loan Bank of Atlanta. He was appointed to the board in 2007. During his board tenure, William has served as chair of the audit and finance committees, and on the credit and member services and executive committees. He is a professor of finance and real estate at The George Washington University School of Business in Washington, D.C.

**Peter Hoekstra, MBA '77**, joined the public policy office of Dickstein Shapiro LLP in Washington, D.C., as a senior adviser. Pete is concentrating on legislative and regulatory issues, with an emphasis on intelligence, national security, defense, foreign relations, and international business matters. He also is a visiting distinguished fellow at the Heritage Foundation, where he focuses on education reform. Pete previously was a U.S. representative from Michigan's second district. Prior to leaving Congress, he was the ranking Republican (and, before that, chairman) of the House Permanent Select Committee on Intelligence.

**Rick Snyder, BGS '77/MBA '79/JD '82**, was elected Michigan's 48th governor in November and sworn in Jan. 1. A businessman who never held public office, Rick was a political unknown who ran in a Republican field crowded with familiar names. But his "one tough nerd" campaign ads and matter-of-fact approach to problem-solving struck a chord with voters. The former president and CEO of Gateway Inc., Rick launched Ann Arbor-based venture capital fund Ardesta and helped create and lead Ann Arbor SPARK, a public-private economic development organization. "Innovators and entrepreneurs were the leaders in the two major eras in Michigan's history. This is our moment of opportunity to realize we have a bright future instead of a declining future," Rick says. "We all want to live in a state of high expectations and high results.



**Ron Heller, AB '76/MBA '79/JD '80**, has been appointed to the Land Use Commission of the State of Hawaii by Governor Linda Lingle. Ron continues to practice law with the *Torkildson Katz* firm in Honolulu, concentrating in tax and business litigation. He also recently completed his first Tinman Triathlon.

We can only achieve extraordinary things if we aspire beyond traditional thinking. The old unbelievable needs to become the new achievable."

**Deborah Gage, AB '79/MBA '86**, is president and CEO of MEDecision Inc., a leading provider of collaborative health management solutions based in Wayne, Pa. Deborah has a diverse and successful career as a senior executive, having led healthcare technology businesses that serve the managed care, insurance, hospital, and government sectors. Most recently, she was president and CEO of GTESS Corp. in Dallas.

**E. Jeffrey Lyons, BBA '80**, has been named president and member of the board of directors of BigTime Software Inc., a global provider of software and SaaS productivity tools for growing professional services firms. He has a 20-year history of creating and executing business growth strategies, successfully raising growth equity capital, and building business information services and technology companies. Previously, Jeff was an operating director of City Capital Advisors LLC, a Chicago-based investment and merchant banking firm.

**Tim Sloan, AB '82/MBA '84**, became CFO of Wells Fargo & Co. in February. Previously, Tim was chief administrative officer, responsible for corporate communications, corporate social responsibility, enterprise marketing, government relations, and human resources. Tim joined Wells Fargo in 1987 after three years at Continental

Bank in Chicago. He serves on the Board of Overseers of the Huntington Library in San Marino, Calif., and on the board of the Jardin de la Infancia charter school. Tim also is an associate trustee of the San Marino Schools Foundation. He lives in San Marino with his wife and three children.

**Elizabeth Williams Walker, BMUS '82/MBA '84**, was inducted into the Brighton (Mich.) Area Women's History Roll of Honor for her commitment to making a difference in the lives of young people in her hometown. Beth volunteers in numerous ways with Brighton Area Schools and the Brighton Rotary Club. She originated and directed the Livingston County *Celebration of Music*, a joint recital and music competition, from 1999-2009. She also coaches the high school Quiz Bowl team, served as director of computing services for the U-M Business School (as Ross was known at the time) from 1990-95, and has owned and operated a private piano studio for more than 30 years.

**Mark Kennedy, MBA '83**, is senior strategic adviser at the Minneapolis-based law firm Parker Rosen LLC, where he assists clients with global public affairs strategy and international conflict resolution. Mark also is CEO of Chartwell Strategic Advisors LLC. An active speaker, Mark has founded or co-founded three lecture series: the Minnesota Rough Riders, the Frontiers of Freedom Lecture Series at St. John's University, and the Economic Club of Minnesota. He and his wife, Debbie, live in Watertown, Minn.

# Banking on Healthcare

Chekesha Kidd, MBA/MHSA '01, Brings Wall Street Savvy to Aetna Student Health



Chekesha Kidd, MBA/MHSA '01, is making the grade as president of Aetna Student Health.

55 percent of the company's 2010 revenue.

The job required her to draft a governance structure for the segment, manage senior staff, and oversee day-to-day operations. The business development work kept her connected to her Wall Street roots, working with the segment's M&A group on opportunities related to the LEC business. "It was the perfect hybrid role," Kidd says.

The position also provided direct access to upper management. For her first major project, Kidd was handed what became one of Aetna's largest initiatives in 2010 — reorganizing the segment's broker commission structure. She also helped spearhead the company's new low-cost model, driving the distribution efficiency arm of the project. Again, Kidd's prior experience served her well.

"Investment banking teaches you to

work with senior-level executives to close deals. So collaborating with the team on these initiatives was very comfortable."

And management was comfortable with Kidd, promoting her after nine months to her current role. At first she worried she would miss the deal process and debated the move.

"I've always considered myself a banker and didn't know if it would be a good fit," she says. "But I realized I enjoyed working on the P&L side of the business. Plus I could leverage the skills I developed in banking in my new role."

Kidd also leverages the leadership skills she learned during one of the most volatile periods in Wall Street history. "I saw good and bad approaches to crisis management," she says. "I tell my team I love good news, but I must know bad news early so we can correct it. I'm responsible for keeping calm and making sure the team knows we're on good footing — with a vision and a strategy for executing it."

With small crises come small victories, and Kidd says those are as satisfying as closing the next big deal.

"It's the day-to-day excitement of running a business and working with great people that's such a rush. Knowing I'm responsible for the success of this business and the career development of my team makes it so exciting." ✦ —Amy Spooner

**W**all Street circa 2007 was not an easy place for **Chekesha Kidd, MBA/MHSA '01**, to be. But the former investment banker says she's glad she was there.

"I like experiencing change because change will always exist," she says of her tumultuous days in the financial district. "I learned how to lead a team through crisis."

Seven years in healthcare-centered roles at Bank of America and UBS gave Kidd a unique perspective to her current position as president of Aetna's student health business, which holds top market share in a highly competitive field.

"The business I run represents a significant profit center for Aetna," she says. "And the responsibility is not lost on me."

Aetna Student Health counts some half a million members at institutions across the U.S. Kidd is creating and driving a strategy to make the business a growth platform. She describes the work as "seven simultaneous b-school case studies."

Since landing at the insurance giant in December 2008, Kidd has been promoted twice. She came to Aetna with a plan to spend a few years honing her buy-side M&A skills and gaining additional venture capital experience. But after one year, she rose to chief of staff and head of business development for Aetna's local employers and consumers (LEC) segment, which comprised approximately

**Steven Hilfinger, BBA '84**, has been tapped by Michigan Governor **Rick Snyder, BGS '77/ MBA '79/JD '82**, to head the Michigan Department of Energy, Labor, and Economic Growth, one of the largest departments within state government. Steve most recently was managing partner of the Detroit office of Foley & Lardner LLP, with legal expertise in corporate acquisitions, restructurings, and regulatory affairs spanning a 23-year career. He says the department will be part of the administration's overall effort "to create a more business-friendly and job-friendly regulatory environment."

**Dominic Cianciolo, BBA '91/JD '94**, cinematic director for NetherRealm Studios in Chicago, recently finished production on in-game cinematics for the highly anticipated reboot of video game legend *Mortal Kombat*. This is Dominic's second *Mortal Kombat* title, including the 2008 bestseller *Mortal Kombat vs. DC Universe*. Dominic is responsible for all creative aspects of in-game cinematic production, including character performance, cinematography, editing, visual effects, sound design, and scoring. He also co-wrote the script for the upcoming game's cinematics, his first major video game screenwriting credit.

**Alden "Chip" Purrington III, MBA '93**, has joined Communications Equity Associates as managing director based in the New York office. He focuses on M&A and corporate finance transactions involving the biotechnology, medical device, media, entertainment, information technology, telecommunications, and services industries, as well as serving as interim CFO as needed. Chip previously worked in product management, strategy, finance, and business development for Mattel Inc., the Walt Disney Co., Quaker Oats Co., and the Stroh Brewery Co. He also built a media and e-commerce company, Magnitude Network, which sold to CMGi for \$25 million.

**Dan Salinas, BSEE '93/MBA '04**, is VP, business development, for Lakeside Software Inc., based in Bloomfield Hills, Mich. Previously, Dan spent 17 years at IBM Corp. in various technical, sales, and management positions, most recently as a national practice executive. Lakeside Software is a leader in design, planning, and management tools for desktop virtualization. The company provides the industry's most robust tool set (SysTrack®) for virtual desktop assessment, design, and planning.

**Sean Whelan, BBA/MAcc '94**, is the new CFO at Flint, Mich.-based Diplomat Specialty Pharmacy, the nation's largest privately owned specialty pharmacy, where he is responsible for all accounting and financial governance. Prior to joining Diplomat, Sean was CFO of InfuSystem Holdings Inc., the nation's leading supplier of infusion pumps to the oncology sector. Sean is a CPA, a certified internal auditor, and is certified as a Six Sigma black belt. He resides in Canton, Mich., with his wife, Kerie, and their three children.

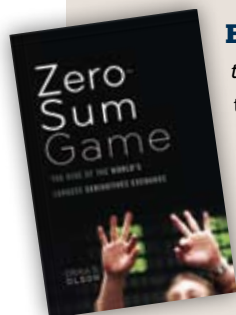
**Edward Hightower, MBA '95**, recently founded and is managing director of Motoring Ventures LLC, an independent private equity investment and advisory firm focused on acquiring and increasing the value of middle-market companies in the automobile and powersports industries. Previously, Ed was a director at AlixPartners LLP. Ed chairs the Ross Alumni Board of Governors' Membership Committee and is involved in a number of civic organizations. He also is a third-degree black belt and

sensei (instructor) in Isshinryu karate. Ed and his family live in Southfield, Mich.

**F. Gordon Pollock Jr., MBA '95**, is executive managing director at Avondale Partners, a national investment banking firm headquartered in Nashville, Tenn. He focuses on the areas of business services and education. Before joining Avondale Partners, Gordon was a managing director at Morgan Joseph from 2006-10, where he headed the business services and education industry groups. From 1997-2006, he was an investment banker with SunTrust Robinson Humphrey and its predecessor companies.

**Len Barlik, MBA '96**, has been appointed executive VP, product management and development, for Cox Communications, based in Atlanta. He is responsible for providing overall leadership and accountability for product strategy, development, and delivery of Cox's advanced digital video, Internet, telephone, and wireless services. Len joins Cox with more than 20 years of experience in product development, strategy, and technology roles, most recently at Sprint Nextel Corp.

**Kerry Hester, MBA '96**, has been named senior VP, operations planning and support, at US Airways Group Inc. Since joining US Airways in 2007 from Northwest Airlines, Kerry has driven business initiatives to improve efficiency, productivity, and core operating metrics as well as increase ancillary revenue. Prior to Northwest, Kerry was a consultant at Andersen Consulting (now Accenture PLC) and started her career at Aeroquip.



**Erika Olson, BBA '96**, recently published *Zero-Sum Game: The Rise of the World's Largest Derivatives Exchange* (Wiley, 2010). The book chronicles the 2007 multibillion-dollar bidding war for the Chicago Board of Trade (CBOT) between the Chicago Mercantile Exchange (CME) and Atlanta's IntercontinentalExchange Inc. It takes readers behind the scenes of this battle to tell the gripping — and often comical — story of how the historic merger between CME and CBOT almost didn't happen. Erika gained an insider's perspective as a managing director at CBOT during the bidding war.

# Head of the Class

Lisa Turchan, BBA '81, Builds for the Future as CFO at L.A. School



Buckley School CFO Lisa Turchan, BBA '81, has grown the institution's reserve fund to \$10 million since 2004.

Most of us read about celebrities in the tabloids. We don't see them running late to algebra class or ducking into parent-teacher conferences.

As chief financial officer at the prestigious Buckley School in suburban Los Angeles, **Lisa Turchan, BBA '81**, has seen her share of star students and alumni. But as she breaks ground on new facilities, she's more impressed with concrete and drywall.

Turchan is overseeing a \$35 million project budget for the school. With construction ramping up as soon as classes end for the summer, she is consumed with permits and plans as well as financing, bidding, and ensuring school operations are not impacted during the project.

"There are a lot of moving parts and a lot of things that need to line up all at once," Turchan says.

Having launched her career in accounting at Deloitte & Touche, Turchan is well-versed in making numbers align. Accounting and finance were areas where she always excelled, but after several years in the firm's Chicago office, the lure of life outside the Midwest brought her to Los Angeles. There Turchan embarked on a 17-year stint at Fox Entertainment Group, ultimately rising to senior VP of finance for the licensing and merchandising

division. She drove financial efforts behind such Fox powerhouses as *Home Alone*, "The Simpsons," "Family Guy," and "Buffy the Vampire Slayer." And while the role was "a great deal of fun," Turchan felt something was missing.

"When I started looking at what I wanted to do for the rest of my life, I thought about the great experience I had at Michigan and the professors who helped me. I wanted to give back."

At The Buckley School, Turchan is able to apply the knowledge she gained in the business world to bring benefit to education. "Buckley is a great school," she says. "But like most nonprofits, they needed a little more structure and business acumen, and somebody with strong skills to get them to the next level. Historically, the focus in the education world is very short term — school year to school year."

Expanding that short-term thinking was one of Turchan's first hurdles when she assumed her role in 2004. Right away, she pushed Buckley's administration to budget for an annual surplus, as opposed to an annual break-even. She also initiated a multiyear master plan — which increased student enrollment

and revenue — and sought ways to drive down expenses through competitive bidding and other opportunities to increase purchasing power. As a result of her efforts, the school's reserve fund has grown from \$100,000 when Turchan arrived to more than \$10 million today.

Getting buy-in from colleagues who didn't share her background in finance wasn't always easy, but Turchan knew she had a good angle.

"Educators are really big on where people went to school. So knowing I went to a top school like Michigan gave them more confidence in my abilities," she says.

Meanwhile, she had her own learning curve to overcome.

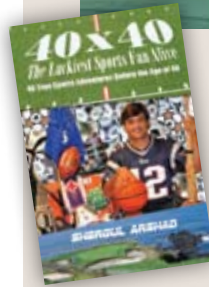
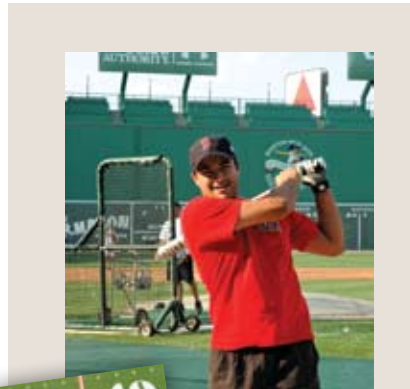
"To transition from an environment where you're constantly thinking about the bottom line and how to beat the competition into one where you're collaborating with your competitors to create a better educational experience was a shift for me," she says. "At the same time, I had to show my constituents that I could run the school like a business, without sacrificing the end product. In the end, it is all about the students and their educations. Being able to take my business knowledge and apply it to such an environment is the ultimate prize." ✦ —Amy Spooner

**Amir Dan Rubin, MBA/MHSA '96**, is president and CEO of Stanford Hospital & Clinics in Palo Alto, Calif. He previously was COO at the UCLA Health System in Los Angeles, which he joined in 2005 after serving in the same role at Stony Brook (N.Y.) University Hospital. In his role at the 832-bed UCLA system, Amir was responsible for the operations of four hospitals and an array of outpatient centers, overseeing an operating budget of \$1.6 billion and more than 8,000 employees. In his new role, he will lead the development of a new \$2 billion Stanford Hospital.

**Jeffrey Williams, BBA '98**, has been named VP of Monroe Capital LLC, a Chicago-based investment firm providing senior and junior debt to middle-market companies in the U.S. and Canada. Previously, Jeff was a consultant with L.E.K. Consulting in Chicago, where he performed due diligence to support private equity transactions for middle-market clients. Prior to that, he held positions at Lehman Brothers, NYSE Euronext Inc., and JPMorgan Chase & Co.

**Lee Shainis, BBA '99**, has written *Practical Information for the Real World*, a handbook providing complete life-skills training for young adults in such areas as health, careers, finances, housing, education, insurance, and social values. It is billed as a way to equip parents with a tool to initiate factual and productive discussions with their kids. Lee seeks partnerships with school districts to sell the piece at fundraisers, with the schools keeping a portion of the proceeds. To learn more about the guide and view sample sections, visit [www.lifeskillsguide.com](http://www.lifeskillsguide.com).

**Manuel Valencia, MBA '99**, is partner/principal at CMO Accelerator, based in Baton Rouge, La. CMO Accelerator provides interim CMO/business development programs for early-stage technology and mid-size companies through their CMOx



**Shergul Arshad, MBA '01**, recently published his first book, *40 x 40: The Luckiest*

*Sports Fan Alive*. It chronicles Shergul's first 40 years of life across 40 sports adventures, including six Super Bowls, five soccer World Cups, four World Series, three NBA Finals, an NCAA men's basketball Final Four, the Masters, and the Kentucky Derby. It's a book about sports, family, friends, and adventure, but mainly a memoir that also mentions many of his U-M classmates. To learn more or buy the book, go to [www.40x40sports.com](http://www.40x40sports.com) or [www.amazon.com](http://www.amazon.com). You also can find Shergul on Facebook. While not chronicling his sports exploits, Shergul has been in e-commerce for the past nine years. Most recently, he sold personal shopping engine StyleFeeder (where he was the second employee) to Time Warner Cable Inc., and he currently is with Time Inc., part of Time Warner. Shergul, his wife, Alison, and their two sons live in Lexington, Mass.

service. CMOx has propelled such companies as Cellcontrol (the world's leading technology to stop distracted driving) and Petro TV (a regional, interactive, digital display network) to rapid growth and public relations success.

**Jennifer Zesztu, MBA '99**, spoke in Washington, D.C., in January at the kickoff for a new White House initiative promoting entrepreneurship called "Startup America." Jennifer is the founder of the social media company Scout Labs, which she sold in 2010 to Lithium for \$22.5 million. Scout Labs analyzes social media in real time to help companies understand what customers love and hate about their products. In December Jennifer won the Technology Innovators Award from Astia, a Silicon Valley-based group founded to propel women in high-growth entrepreneurship and fuel innovation and economic expansion. Jennifer, her husband, Sam, and their three children live in Santa Cruz, Calif.

**Marcelo Passos, MBA '01**, recently was named VP, sales and business development, for Geami Ltd., a leading supplier of paper packaging machines and materials based in Morrisville, N.C. In his new role, Marcelo is charged with developing and implementing strategic initiatives to increase revenue and market share throughout the Americas and Europe. He has more than 12 years of experience in the packaging materials industry, most recently as general manager, Plastipak Italia, for Plastipak Packaging Inc., based in Milan, Italy.

**Stephanie (Bloom) Rosenbaum, BBA '02**, is director of business development for BDO Detroit. She is responsible for promoting BDO and generating new opportunities across all lines of business. Prior to BDO, Rosenbaum was a recruiting manager at Robert Half International, based in Troy, Mich.

# Life in the Fast Lane

Dan Griffis, MBA '01, Revs Up His Career in Big-Time Racing



**D**an Griffis, MBA '01, was a financial consultant in his previous life, parachuting into companies and trying to fix what went wrong before he got there. Needless to say, few were ever happy to see him walk through the door.

Today, it's a different story. As vice president of Chip Ganassi Racing Teams Inc., Griffis is a welcome sight on weekends, entertaining guests and sponsors at the big NASCAR, IndyCar, and Sports Car races.

It's not all fun and games, though. There's real pressure to sign new sponsors and keep current ones happy. Unlike stick-and-ball sports, about 95 percent of a racing team's revenue comes from sponsors. If Griffis doesn't do his job well, the performance on the track suffers.

Still, it's the good kind of pressure compared with his former career.

"People love coming to these events, meeting the drivers, being in the pits, and really being part of the action," says Griffis. "Providing that experience to people is refreshing and something they don't ever forget. I find real value in being able to offer a positive diversion from their daily grind."

Griffis originally came to business school seeking a switch from the consultant scene. After graduation, he landed a marketing role at a Texas utility, but the job didn't meet his personal or professional expectations.

Then he got a call from classmate **Tom Garfinkel, MBA '01**, a former roommate when they both interned at Dell Inc.

Dan Griffis, MBA '01, goes for the checkered flag as VP of Chip Ganassi Racing.

Garfinkel, now president and chief operating officer of the San Diego Padres, was then running business operations for Ganassi Racing. He wanted to differentiate Ganassi from other racing teams, and when it came time to hire members for his group, Garfinkel thought of Griffis.

"It was an out-of-the-box hire for the racing world," Garfinkel says. "At the time, there weren't a lot of MBAs in racing. But I saw the need for a level of sophistication in the role. I needed someone who could speak the language of these sponsor executives and someone with more in-depth business acumen. Dan certainly fit the criteria."

The unconventional move paid off, as Griffis scored early success at Ganassi. He led the development of a new, 180,000-square-foot team headquarters in Charlotte, N.C., tapping

into expertise at longtime sponsor Target Corp. The tactic saved the team about \$6 million.

When Garfinkel exited Ganassi for Major League Baseball, Griffis picked up where his onetime roommate left off. The team is doing well on the track and in the boardroom. In 2010 Ganassi earned a record 19 wins and two Motorsports Championships, and also became the first team in racing history to win the "Triple Crown" — the Daytona 500, the Indianapolis 500, and the Brickyard 400 in the same season. On the business side of the team, Griffis brought on McDonald's Corp., Kellogg Co., Nikon Corp., Unilever, and Kimberly-Clark Corp. as major sponsors at a time when companies aren't exactly throwing money around.

For Griffis, it's all proof that the team's philosophy of differentiating yourself through building mutually beneficial business relationships with partners — versus putting a sponsor's name on the hood and hoping they get a return — is paying off.

"To be able to go from a couple of years ago, when ESPN was writing that our team was in disarray, to winning those big races in the same season doesn't make us the best racing team in the world. But it shows the strategy we have in place is working," Griffis says. "I am proud of the direction we are headed and the effort it took to make it a reality." ✦ —Terry Kosdroosky



**Jonathan Alloy, MBA '03**, recently was named by the San Francisco Board of Supervisors to the Citizens General Obligation Bond Oversight Committee, a nonpartisan position that oversees the city's \$1.4 billion in outstanding bonds. Jonathan is a VP and product manager at Wells Fargo & Co. in San Francisco, and a certified financial marketing professional. He serves on the board of directors of the Noe Valley Farmers Market and is a member of Leadership San Francisco. Jonathan and his wife, Sarah, welcomed their first child, Samuel William Alloy, on April 3.

**Laurence Saul, MBA '03**, was appointed to a new role at Dawn Foods Inc., providing leadership for a combination of Global Commercial and Dawn Foods International (DFI). He previously was president of Global Commercial. In this role, Laurence provides leadership for the company's global marketing efforts, global accounts, and global selling systems. He also manages Dawn's NPD and regulatory functions. As the leader of DFI, Laurence leads Dawn's businesses in Europe and Latin America, as well as export and emerging markets.

**Chris Ostrander, MBA '04**, has been appointed president, North America Tire Operations, and VP for Cooper Tire & Rubber Co. Cooper's North American operations account for more than \$2.5 billion in sales and produce passenger car and light truck tires, primarily for sale in the U.S. replacement market. The operation's footprint also includes wholly owned subsidiary Mickey Thompson, a developer and distributor of specialty and off-road tires. Chris joins Cooper from Eaton Corp., where he most recently was VP and general manager of the torque control products division.

**Colleen Newvine Tebeau, MBA '05**, has launched a marketing communications firm, Newvine Growing, which focuses on the needs of farmers and farmers markets. Services include help setting up social media accounts, media training, and custom marketing plans. Colleen is a member of the Farmers Market Coalition, the North American Farmers' Direct Marketing Association, and Slow Food USA. For more information, visit [www.newvinegrowing.com](http://www.newvinegrowing.com) or find Newvine Growing on Facebook and Twitter. Colleen lives in Brooklyn, N.Y., with her husband, **John Tebeau, AB '86**, a self-employed artist and graphic designer ([www.etsy.com/shop/jctebeau](http://www.etsy.com/shop/jctebeau)).

**Mike Wolfe, MBA '05**, is director of business development at g-NET, a creative marketing agency and entertainment production company located in Los Angeles. Mike uses his brand management experience to help g-NET's clients — which span all the major gaming publishers — develop strategies, positioning, and marketing content campaign plans. Mike started his post-MBA career at The Clorox Co. as an associate marketing manager, and transitioned into the video game industry after two years. Most recently, he was with Rockstar Games in New York, where he spearheaded the launch of *Red Dead Redemption* as global brand lead.

**Brian Duncan, MBA '08**, is the Ohio venture partner for Arboretum Ventures, an Ann Arbor venture capital firm that invests in healthcare companies. He also is VP, business development, at BioEnterprise and is specializing in medical devices. The firm is a Cleveland-based business formation, recruitment, and acceleration initiative designed to grow healthcare companies and commercialize bioscience technologies. Previously, Brian was medical director for emerging businesses at Cleveland Clinic.

**Tedros Mengiste, MBA '08**, is head of Galpin Auto Sports (GAS), a division of Galpin Motors. The suburban L.A.-based Galpin has been the top-selling Ford dealership by volume in the world for the past 21 years. GAS is the customization shop for the enterprise, which gained notoriety through MTV's "Pimp My Ride." GAS sells an extensive array of customized cars and also helps celebrity clients as well as car lovers from all walks of life put a unique stamp on their vehicles. Ted leads all business functions at GAS, including financial and marketing strategy. "I work in the world's best car toy shop," he says.

**Ben Rye, BBA '08**, is a managing partner at Greenfield Partners LLC, where he is responsible for overseeing the firm's investment portfolio and performing prospective client due diligence. He currently holds an active management position and board seat with both Greenfield Commercial Credit LLC and Senex Services Corp. Greenfield Partners is a private investment capital firm that seeks the acquisition and/or financing of manufacturing, consumer, industrial, service, and financial companies. It specializes in turnarounds and startups. The company recently relocated to Ann Arbor from Bloomfield Hills, Mich., to tap into the potential of student entrepreneurs at U-M. The firm sponsored a tech contest through TechArb, a student-led business incubator, by offering a \$10,000 grant to the winner.



**Howard Chu, MBA '09**, is branch manager of the Minneapolis office of ACE USA, the U.S.-based retail operating division of the ACE Group. He works closely with insurance brokers and clients in Minnesota, Iowa, North Dakota, South Dakota, and Wisconsin to cultivate relationships and expand ACE USA's presence in the region. He also manages distribution, product sales and marketing, producer relationships, and general operations. Howard previously served as risk manager, corporate risk management, at General Motors Corp.

**Michael Godwin, MBA '10**, and **Jason Townsend, BSE '01/MBA '10**, recently launched the Ann Arbor-based venture capital firm Resonant Venture Partners LLC. Resonant burst onto the capital markets scene in August with the announcement of its investment in Duo Security. Resonant is positioned to become a premier venture capital brand in the high-tech, early-stage investment space in Michigan. The firm has since invested in its second portfolio company, Accio Energy. Michael and Jason have subsequent funds planned for 2014 and 2017.

## OBITUARIES

**Douglas Hayes, MBA '40/PhD '50**, emeritus professor of finance, passed away Feb. 28 in Naples, Fla. He joined the business school faculty in 1950 and remained for 37 years. Doug authored four books on banking and finance, including the popular text *Investments: Analysis and Management*. Known as an expert in commercial banking, he created and ran an annual summer program in Ann Arbor for commercial banking officers, the attendance at which was considered an important career enhancer. Doug also served as the faculty chairman of U-M's Board in Control of Intercollegiate Athletics. From this position,

he played a key role in the hiring of Don Canham as athletic director and Bo Schembechler as head football coach. In addition, he was elected chairman of the board of Security Bank in Southfield, Mich., in 1978. Doug was an accomplished golfer and tennis player. As a college athlete in track, he was a member of U-M's mile relay team that set a Big Ten record in 1938, which stood for 15 years.

**Jack Carter, BBA '49**, died Feb. 12. Jack had a long and decorated career as a captain in the U.S. Navy, with a Bronze Star awarded in 1972. At the close of World War II, he was sent to Japan as part of the occupational forces. He spent two and a half years as a diver disarming unexploded mines and bombs in the waters along the Japanese coast. Jack's naval career included two tours in the Pentagon, one in London as the U.S. liaison to European NATO Forces and another as a member of the commissioning crew for the USS Saratoga. His last tour of duty was as commanding officer of the two linked military bases in Kitsap County, Wash.: Keyport Naval Torpedo Station and Naval Submarine Base Bangor.

**Jason "Jack" Eugene Colbath, BBA '50**, died in June 2010. Born in Adrian, Mich., Jack was retired from a marketing career and the U.S. Postal Service. He was an Army Air Force veteran of World War II and was awarded the Purple Heart and Bronze Star. Jack was a member of the American Legion, the DAV, and the Holiday Isles VFW Post #4526 in Madeira Beach, Fla.

**Raymond Dhue, MBA '70**, passed away Jan. 23 due to complications from chemotherapy. Throughout his career, Raymond was known as a change-agent capable of solving stubborn problems. In his early career at Michigan Bell, he turned an inner-city

Detroit telephone operator office from the company's lowest-performing unit into one of the highest in the AT&T network. From there, he moved into accounting, and transferred to AT&T in New York in 1980 to become assistant controller and division manager of CFO reengineering. After 30 years with AT&T, Raymond retired and accepted a finance reengineering position at Prudential. In 2003 Raymond retired from Prudential and moved to Lakeland, Fla., where he followed his dream to become a certified motorcycle technician. He brought his business acumen to the Antique Motorcycle Club of America, where he served in various board positions. Because of his kindness, courtesy, and even temper, Raymond became known among his peers as "Gentleman Ray."

**Harold Arnett**, emeritus professor of accounting, passed away Feb. 6 after a long illness. A veteran of the U.S. Navy, Harold joined the business school faculty in 1962 and taught at the undergraduate, graduate, and doctoral levels. He authored or co-authored seven books, including the *McGraw-Hill 36-Hour Accounting Course*. Jovial and outgoing, Harold was a natural in the classroom, says Carleton Griffin, assistant director of the Paton Accounting Center, and emeritus professor of accounting. "He really was a student's teacher," he says. Harold earned his PhD from the University of Illinois and joined the business school faculty upon completing a two-year fellowship as a research associate at the American Institute of Certified Public Accountants in New York. Having studied the work of William Paton, he set his sights on the University of Michigan when he chose to pursue a career in academia. He and his wife, Betty, became close friends of the Patons, and the Arnett family has asked that memorial contributions in Harold's honor be made to the Paton Accounting Scholarship Fund. ✪

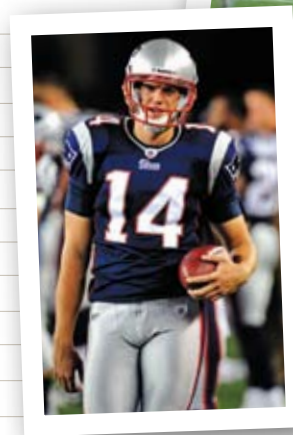
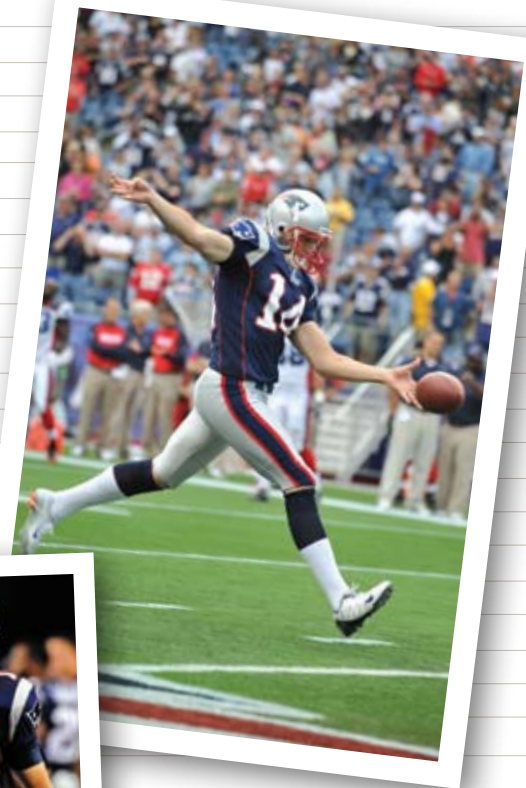


Do you have news to share with Ross classmates? We'd love to hear from you. Send your class notes to [rossdividend@umich.edu](mailto:rossdividend@umich.edu).

## Kickin' Back in the NFL

**W**hile preparing for my rookie NFL season with the New England Patriots, I thought I had a pretty good idea of what to expect when things got rolling last August.

It turns out I had no idea the number of hours I would have to devote to the job or the amount of stress it would cause me — before I adjusted to the demands and challenges of professional sports. It took me a full three months to get familiar with the commitment it takes to succeed at this level. Ultimately, I learned it had more to do with developing the mentality of an employee at a successful organization than a deficiency in my athletic abilities.



Believe it or not, my weekdays consisted of getting to the “office” at 6:30 a.m. and leaving around 6 p.m. Yes, I can read your mind already: “What on earth could a professional football player be doing for 12 hours a day?!” Several meetings, a three-hour practice, some rehab, three meals, and a good lifting session later: It definitely adds up. I forgot to mention, this is my commitment as a punter. Players who fill the other positions go home around the same time but watch another three to four hours of film on the opponent. Now we’re actually flirting with the hours put in by an investment banker. And I won’t even go into the time it takes fellow U-M alumnus **Tom Brady, BGS ’99**, to prep for a game.

Once I joined the NFL, the word “weekend” lost total meaning for me. Sundays (or Mondays) were not the time to relax anymore. They were the time to

prove to the owner, my coaches, and my teammates that I still deserved to play another week. Yes, I signed a four-year contract with the Patriots. However, the NFL is the only professional revenue-sports league where contracts are not guaranteed. One or two bad games, and I’d be on the fence — and on the lookout for the “reaper.” The reaper is the scout who waits for a cut player when he enters the training facility, asks for his playbook, hands him a black trash bag for his belongings, and escorts him out of the building. It was crazy for me to witness 60 percent of the team turn over in as little as two months.

I apologize for making my job seem like a total nightmare. It does have its benefits, and the reason I stayed (Yes, I already was planning the layout of my cubicle in some city’s financial district!)

was because the pros outweighed the cons. I adapted, my skin grew thicker, and I learned some valuable lessons that will serve me well in my next career.

I must give credit to Ross, since the school’s rigorous environment most definitely got my toes wet for life as a rookie in the NFL.

All in all, I kept a positive attitude, laughed a lot (when I could), and made it through to my second year.

Only one challenge to date seemed tougher to me than this one: OMS group cases. ✖

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Zoltan Mesko was signed by the New England Patriots in the fifth round of the 2010 NFL Draft. During his U-M career, he was an Academic All-American. He holds the career and single-season records for punts and punting yards at Michigan.



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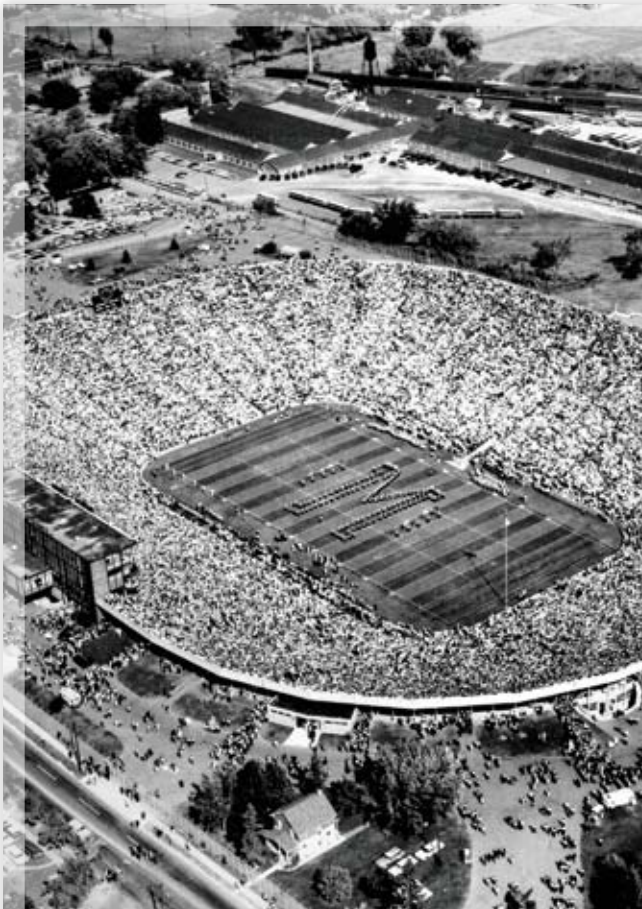


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