

Spring 2001

Dividend

Destination **Brazil**

Students Explore New
Business Opportunities for
Dow Chemical Company

Big News: Harvard's Robert Dolan Named
New Business School Dean



The Leaders Behind the Annual Fund



Professor Ken Lieberthal



Chekesha Kidd MBA '01



Isadore King BBA '71, MBA '74



David Alger MBA '68



Michele Takei MBA '74

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University
of Michigan
Business
School

Dividend

Spring 2001

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Guest Editor: *Claudia Capos*; Class Notes and Copy Editor: *Fred P. Wessells*
Editorial Assistants: *Michelle Molter, Terri Horner, Mary Joslyn*
Designer: *Blue Pencil Creative Group, Ltd.*
Chief Photographer: *Michael J. Schimpf*; Photographer: *Bill Wood*

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Strengthen ties with the University of Michigan Business School: Complete and return your update form today!

Cover photo by
Michael J. Schimpf

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Passing the Baton

Robert Dolan Named Business School Dean

Robert J. Dolan, the Edward W. Carter Professor of Business Administration at Harvard University's Graduate School of Business Administration, has been recommended as the new dean of the University of Michigan Business School.

His appointment will be effective July 1, 2001, pending approval by the University's Board of Regents. Dolan also will be appointed as professor of marketing, with tenure, and as the Gilbert and Ruth Whitaker Professor of Business Administration.



Robert Dolan

"It is an honor to be selected as dean and appointed as a chaired professor at the Business School," Dolan says, expressing his appreciation to the leadership of the University, President Lee C. Bollinger and Provost Nancy E. Cantor, for the opportunity.

"I am attracted to the University," he continues, "because the Business School faculty is a world-class group committed to researching the most important managerial problems, communicating their findings to academics and managers, and using that knowledge to design and deliver great educational programs."

Dolan says this is an exciting time for business schools, since new communication technologies offer unprecedented opportunity for innovations in teaching and re-

search, and the important research problems of the world are global in scope and require the collaboration of scholars from a number of domains.

"Being situated within a great research University, where research and educational programs spanning schools are the norm rather than an elusive goal, is a great asset for the Business School," he says. "I look forward to working with my faculty and the deans of the other Michigan schools to capitalize on this ability to address problems of great scope and importance."

Dolan, who has taught at Harvard since 1980, was recently named senior associate dean and director of Harvard Business School's Division of Research, which would have been effective this summer. He previously served as chair of the school's marketing area (1986-1994), taught marketing to senior executives in Harvard's Advanced Management Program (1990-1995) and was the MBA program faculty chair (1996-1997). Currently, Dolan is completing a six-

month appointment as a visiting professor at IESE in Barcelona, Spain.

His research interests include new product development, product policy, pricing policy and, more recently, the societal impact of marketing. In particular, Dolan has conducted extensive research on the marketing practices of tobacco companies and their impact on consumers. His research in the pricing area has focused on high technology and electronic commerce. He has written or co-written eight books, including *Power Pricing: How Managing Price Transforms the Bottom Line*, *Managing the New Product Development Process*, and the forthcoming *The Practice of Marketing*.

In addition to his tenure at Harvard, Dolan also has served on the review boards of the *Journal of Marketing* (1978-1984 and 1990-1998) and *Marketing Science* (1982-1994). Prior to joining Harvard, he taught at the University of Chicago Graduate School of Business Administration (1976-1980) and received his doctorate in business administration from the University of Rochester in 1977.

Dolan is married, and he and his wife, Kathleen, have two children, Nick and Hilary.

Extending a Welcome

"As the Business School continues to lead the way in generating valuable new ideas, it will require guidance from a strong and creative thinker, a visionary like Robert Dolan. I am extremely pleased that he will be an integral part of the Michigan family and look forward to working with him."

University of Michigan President Lee C. Bollinger

"His high standards will enrich and expand the dynamic intellectual and educational activities already underway at our world-class Business School."

University Provost Nancy E. Cantor

"He will provide us excellent leadership and take the School to the next level of achievement."

Outgoing Business School Dean B. Joseph White

"Bob Dolan is a man of great integrity and outstanding accomplishment. I am thrilled that he will be joining us as our next dean."

Joel B. Slemrod, the Paul W. McCracken Professor of Business Economics and Public Policy and chair of the Search Advisory Committee

"Bob's terrific record as a scholar, researcher, writer and teacher will provide a firm foundation for his leadership of the Business School."

Michael Hallman, BBA '66, MBA '67, president of the Hallman Group, Visiting Committee member, and Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies board member

"Prof. Dolan spoke with great interest and enthusiasm about the opportunity to become dean. He asked all the right questions."

John Morley, MBA '58, president of Evergreen Ventures Ltd., and chair of the Visiting Committee

ACROSS THE BOARD

Distinguished Scholar

Former Secretary of State Albright Joins William Davidson Institute

Former U.S. Secretary of State Madeleine K. Albright, the highest-ranking woman in the history of the United States government, will join the William Davidson Institute (WDI) as its first distinguished scholar on September 1.



Madeleine Albright

As part of her official duties, Albright will chair an annual policy conference of senior public and private policymakers and international academic experts, who will discuss vital emerging market issues, including the forces and effects of globalization. The conference will be held in Washington, D.C.

Albright plans to spend several weeks each year on the Ann Arbor campus, where she will have an opportunity to interact with students and scholars from the Davidson Institute, the Business School and the University community. She also will interface with WDI's global network of scholars, government officials, and business and community leaders.

Albright's extensive background in national and international policy, her accomplishments as a research professor and her in-depth studies of Soviet and Eastern European affairs will create new synergies within the Davidson Institute, which supports ongoing work in Central and Eastern

Europe, Russia, China, Vietnam, Latin America and sub-Saharan Africa.

Albright said her WDI appointment "represents a remarkable convergence of my own interests in developing economically viable democracies...with the Institute's extensive knowledge and expertise in assisting governments, policymakers and firms in developing economies as they transition to market-driven economies."

Business School Dean B. Joseph White hailed Albright as "a scholar and policymaker of the first order," one whose expertise in fostering democratization and institution building is "the perfect complement to the Institute's expertise."

Albright served as U.S. Secretary of State from 1997 to 2001. From 1993 to 1997, she was the United States' permanent representative to the United Nations and a member of President Clinton's cabinet and National Security Council. Previously, she held positions with a variety of national and international think tanks. From 1982 to 1992, Albright was a research professor of international affairs at Georgetown University's School of Foreign Service.

Kudos

Prahalad Honored with Award for Excellence

Last fall the Shri Lalbahadur Shastri National Award for Excellence in Public Administration and Management Sciences was presented to C. K. Prahalad, the Harvey C. Fruehauf Professor of Corporate Strategy at the Business School and the founder and chairman of PRAJA Inc., a San Diego-based high-tech company.

The presentation was made during a ceremony on September 30 in the presidential palace in Delhi, India. The award honors an individual, residing in India or abroad, who is an outstanding public administrator, management practitioner, educator or institution builder. Prahalad, who is on sabbatical, is the first person ever to receive this honor.

Taxing discussion: President Bush's proposed tax cut took center stage during an April 4th panel discussion, "America's Tax Cut—Is It Yours, Too?" sponsored by the Office of Tax Policy Research (OTPR) and funded by the Lois and Bruce Zenkel Faculty Research and Development Fund at the Business School. Beneath the immense visage of FOMC Chairman Alan Greenspan, OTPR Director Joel Slemrod (right), OTPR Research Director James R. Hines (left), and Doron Levin (center) of the Detroit Free Press discussed how the Bush/House tax-cut plan will impact the nation and each individual. For further information on OTPR, see their Web site: www.otpr.org



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ACROSS THE BOARD

Zell-Lurie Institute

EVC Symposium 2000: Sam Zell, B2B, Napster and More

Prominent business leaders from across the country joined Business School students, alumni, faculty and staff last fall for a comprehensive look at entrepreneurial issues and start-up opportunities during the EVC Symposium 2000: Entrepreneurship in the New Economy.

This first annual symposium, held on September 22 at the Business School, was co-hosted by the Entrepreneurship and Venture Capital Club and the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies.

More than 500 participants attended the daylong event, which featured keynote speakers Sam Zell, chairman of Equity Group Investments, and Hank Barry, interim CEO of Napster. Five concurrent panel discussions focused on topics of interest to aspiring entrepreneurs, such as how to transform ideas into a business, how to secure venture capital and how to avoid pitfalls in the early development of a solid, successful company.

The purpose of the symposium, which may be expanded to two days in coming

years, is to generate excitement and to create "community" among faculty, alumni, students and national business leaders, according to Tom Kinnear, executive director of the Zell-Lurie Institute. In addition, he says, the symposium serves as an excellent platform for the free exchange of new venture ideas, as well as for the discussion and debate of key issues involved in entrepreneurship. The event also offers students valuable access to new venture opportunities, successful entrepreneurs and leading venture capitalists.

"This is a great opportunity for us to leverage our involvement with Business School alumni and to create visibility for student start-ups," says Kinnear.

In opening keynote remarks, Sam Zell, a self-made billionaire, described entrepreneurs as people who must be high-energy, driven, self-motivated, self-confident, courageous, optimistic and extraordinarily observant. In addition, he said, they must be able to balance risk and reward, determine the right timing for a venture and follow through with successful execution. "Being an entrepreneur is not for everyone," he cautioned.

Zell predicted the country would pay a price for the current excessive allocation of capital to start-ups. In the long term, however, he indicated he was optimistic the venture-capital investment process would regain its equilibrium.

During one panel discussion, several leading entrepreneurs offered their personal



Sam Zell (left)
Hank Barry, interim CEO
of Napster (above)

Photos by Michael J. Schimpf

assessments of how B2B commerce has impacted Old Economy companies.

Innovative technologies are not enough to guarantee a venture will succeed, said **Keith Alessi, MBA '79**, the CEO of Telespectrum Worldwide. That success still depends upon underlying processes and methodologies. Other factors, such as human behavior and buyer-and-seller dynamics, are equally important. "The technology is very low on the totem pole in terms of your success factor," said Alessi.

In closing remarks, Napster's Hank Barry focused on the debate over whether individuals have the right to copy digitally encoded music for free over the Internet. To date, according to Barry, more than 30 million people have used Napster to exchange music files—without paying fees to the recording artists or record companies that hold copyrights.

"There is no way to put that genie back in the bottle," said Barry. "Even if you did find a way to encrypt future CDs, consider the irony: As long as you can hear music, you'll easily be able to convert it cheaply back into digital form with inexpensive analog or digital equipment." Barry said an absolute ban would require the installation of invasive rights-management software on every computer.

Months later, Napster lost its battle against a court decision ordering it to curb its music-exchange service, and holding it liable for copyright infringement.

In Print

New Book Showcases 50-Year Career

Over the years, Paul McCracken, the Edmund Ezra Day Distinguished University Professor Emeritus of Business Administration, has become a familiar face at the Business School and a faculty favorite for countless students and alumni. Now, the magic of McCracken has been captured in print for future generations in *Public & Private Economic Adviser Paul W. McCracken* by Sidney L. Jones, currently Visiting Professor at the University of North Carolina at Chapel Hill.

This comprehensive narrative—a must-have for McCracken aficionados—details



Paul McCracken

Michael J. Schimpf

the many contributions McCracken made during his distinguished 50-year career as a public/private economic adviser and policy maker and highly respected academic. As the author of more than 200 books, monographs and articles, McCracken is recognized for his ability to combine economic theories, statistical analysis and historical perspectives in studying business cycles.

Sidney L. Jones. *Public & Private Economic Adviser Paul W. McCracken*. Lanham, Maryland: University Press of America Inc., 2000.

ACSI

Customer Satisfaction: Down, Again

For the second consecutive quarter, American consumers expressed dissatisfaction with the quality of customer service provided by businesses in selected industries, according to the University of Michigan Business School's most recent American Customer Satisfaction Index (ACSI). The downward trend may be driven by uncertain economic times, rising energy prices and company cost cutting. The ACSI, a national index first published each quarter in *The Wall Street Journal*, fell to 72.2 (out of 100) in the first quarter of this year from 72.6 in the previous quarter.

Quarterly surveys of consumer satisfaction are conducted by the Business School's National Quality Research Center in partnership with the Milwaukee-based American Society for Quality and the CFI Group, a management consulting firm. Each quarter focuses on a specific sector of the economy.

Utility companies registered the largest decline among industries rated this past quarter—an 8 percent drop to a score of 69. Utility customers reacted negatively to recent energy supply and pricing problems. Pacific Gas & Electric saw its rating plunge by 33 percent to 49, an all-time record decline for any company since ACSI's inception in 1994, and the lowest score ever, with the sole exception of the IRS. "There is no mystery to explaining scores for a utility," says Claes Fornell, the Center's director and the Donald C. Cook Professor of Business Administration and professor of marketing at the Business School. "Reliable supply and delivery, good customer service and reasonable prices lead to high customer satisfaction."

Other industries also showed declines in customer satisfaction, including parcel delivery/express mail (down 4 percent); postal service, airlines, telecommunications and TV broadcasting (down 3 percent); hotels and hospitals (down 1 percent). Only the motion picture industry posted a gain, increasing 4 percent over last year.

This was the second low-scoring report card in a row for Corporate America. In the fourth quarter of 2000, dot-coms received a customer-satisfaction score of 73.2. Customer unhappiness stems partly from logistical problems that prevent products and

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services from reaching consumers on time, or even at all. A lack of solid merchandising skills and experience also has hobbled online companies.

To improve their scores, according to Fornell, e-businesses must learn to measure

customer satisfaction and then to manage it. "E-commerce is here to stay," says Fornell, "but it is just another channel through which buyers can purchase goods and services. The most successful companies will offer a variety of buying channels, including the Internet."

For more information, including Fornell's commentary and analysis of the findings, visit www.bus.umich.edu/ACSI.



Frank Stella—Monstrous Pictures of Whales Printed and published by Tyler Graphics Ltd., 1993. © Frank Stella/Tyler Graphics Ltd./Artists Rights Society (ARS), New York

Art Community

Alumni Fund New Acquisitions

Business School students soon may become as familiar with Robert Rauschenberg and Red Grooms as they are with Alan Greenspan and Ronald Coase. Etchings and aquatints may attract as much attention as supply-and-demand curves and balance sheets.

That, at least, is the motivation behind two major donations to the Business School's new Art Fund, which were contributed by **Tom Porter, MBA '67**, and Judy and **J. D. Williamson II, BBA '67, MBA '68**, over the past year.

The gifts have enabled the Business School to purchase 22 works of art thus far, including etchings, aquatints, woodcuts and a three-dimensional lithograph created by such luminaries as Robert Rauschenberg, Anni Albers, Frank Stella, Red Grooms, David Shapiro and John Buck. The artwork is displayed on the walls of the Ford Conference Center and Sam Wyly Hall.

Porter, a partner in an Ann Arbor-based venture-capital firm, and an art collector

since high school, began donating pieces of art to the Business School in 1995. He established the Art Fund in the fall of 1999 as his 75th anniversary gift to the School.

"I felt it was important for students to be exposed to art before they go out into the corporate world and make business calls to offices with art collections," says Porter, a member of the Business School's Corporate Advisory Board.

J. D. Williamson II and his wife, Judy, are both lifelong art aficionados and avid art collectors. For them, it seemed natural to share their passion for art and, at the same time, do something tangible to beautify the Business School campus and enhance its cultural atmosphere.

"We hope students will develop an interest in art," says J. D. Williamson II, who retired from the broadcasting industry and currently serves on the School's Alumni Society Board of Governors. "If you are going to be a well-rounded person, you need to focus on more than business studies."

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Healthcare

Rx is Hard to Swallow, Says Stanford's Alain Enthoven

Americans today are saddled with an insurer-led, employer-centered healthcare system that fails to offer responsible choices to consumers, ensure quality care and delivery and contain rapidly escalating costs, a leading healthcare economist told Business School students and faculty last fall.

"Many healthcare plans do things to please the employer, who wants to cut costs and save money," says Stanford Professor Alain Enthoven. "What they should be doing is trying to please the subscriber who wants a balance between quality customer service and economy."

Reforming a \$1.4 trillion healthcare system that has been running amuck for decades is not easy, Enthoven acknowledges. National healthcare expenditures, now rising annually at 13.5 percent of gross domestic product, are straining public finances, depressing growth in real wages and pricing insurance out of the reach of 44 million people. He focuses on creating a "real market model" that would link price to consumer choices, foster healthy competition among network providers and promote cost containment.

Enthoven is the Mariner S. Eccles Professor of Public and Private Management at the Stanford Graduate School of Business and Professor of Health Research and Policy, by courtesy, at the Stanford School of Medicine. Recognized as a leading strategist in the national dialogue about the American healthcare system and its financing, he has long argued that perverse economic incentives currently work to the detriment of the healthcare system and must be replaced.

Enthoven's lecture was co-sponsored by the Business School and its Center for Healthcare Economics along with the University of Michigan Health System.

The American healthcare system began its downward spiral in the mid-20th century when organized medicine adopted a "guild-free choice" model, says Enthoven. Patients had a free choice of providers and prescriptions, and fees for services were ne-

gotiated directly between patients and sole practitioners. The upshot was that insurers had no bargaining power over providers, and there was no quality or utilization management. More important, patients were insulated from concerns about the cost of their medical decisions.

Public policy exacerbated this problem, according to Enthoven. The advent of widespread health insurance, tax breaks for employer-paid insurance, government subsidized over-expansion of hospitals and medical schools, and Medicare and Medicaid provider-friendly benefits all contributed to a healthcare system that lacked accountability for cost or quality.

In the 1970s, growing concern over healthcare prompted price controls, professional-standards review organizations and certificate-of-need laws, all of which failed. Only prepaid group practices and individual practice associations proved to contain costs without sacrificing quality care.

Since then, Reagan-era deregulation, single-plan replacement and insurer-led rather than physician-led managed care have given rise to all-inclusive carrier HMOs, which have perpetuated cost and quality problems. Low co-payments for increasingly more demanding consumers have made the public virtually unaware of costs and the need for greater economy.

Fixing today's healthcare system, according to Enthoven, requires reforming the tax code to eliminate tax breaks for employer-paid insurance, setting up health-plan purchasing cooperatives and creating pools for small employers. He also advocates a defined-contribution system, where consumers would receive a fixed-dollar subsidy that could be applied to the healthcare plan of their choosing.

"We need a critical mass of multiple, responsible choices in each market," says Enthoven. "If we had that, then we'd get competition that would maximize the value of (subscribers') money. It also would maximize satisfaction, because people would get what they want."



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Big wheels: Top officials from Ford Motor Company were on hand last fall for the dedication of the Ford Conference Center, formerly the Assembly Hall, at the Business School. During the September 7 ceremony, Dean White (above left) presented John Rintamaki, BBA '57, (above right) executive vice president and chief of staff at Ford, with a plaque, thanking Ford for its ongoing support and partnership over the years. Rintamaki, who earned his law degree at Michigan, is a member of the Visiting Committee and serves as Ford's designated executive to the University. Meanwhile, students sneaked a peek at several shiny new Ford models, which were parked outside on display.

ACROSS THE BOARD

Women's Initiative

New Leadership Council to Serve As Communications Forum, Advisory Board

A new Women's Leadership Council, launched last fall at the Business School, will leverage the enthusiasm and expertise of alumni and senior women executives to help Michigan achieve its goal of becoming the school of choice for women in business.

The council is an outgrowth of the Business School's Women in Business Initiative, a broad-based effort to create a more supportive environment for women who are considering enrollment in a BBA or MBA program or are currently pursuing a business career track at the University.

tion, it will create opportunities for alumni involvement in the Women in Business Initiative and provide financial support for the Business School.

The Women's Leadership Council is composed of approximately 25 alumni or friends of the Business School, mostly members of the Dean's advisory boards. Standing ex-officio members include students, staff and faculty on the Women in Business Steering Committee, an internal support group.

Roslyn Payne, BBA '68, president of San Francisco-based Jackson Street Partners and a member of the Visiting Committee, has agreed to chair the Council and spearhead its launch. Council members already have identified three specific areas of focus and will work with Business School staff on implementation in coming months. These projects include recruiting women for the Business School's MBA program, mentoring current students on work/life balance strategies and developing fundraising ideas to help support women.

Women in Business

Kay Koplovitz Receives Leadership Award

Kay Koplovitz, the CEO of Working Woman Network, shared the mantra of her meteoric success when she was presented with the Business School's 2001 Women in Leadership Award, in recognition of leadership and achievements that promote the success of women in business, on February 16. "Ideas move markets," she told her audience in Hale Auditorium.

Koplovitz indeed has moved markets with her ideas throughout a brilliant career as a pioneer in cable television, an innovator in the communications industry and a champion of opportunities for other women.

Reflecting on her days as a graduate student at Michigan State University in the late 1960s, Koplovitz described how she was captivated by author Arthur C. Clarke's notion that satellites would trans-

form technology. "He motivated me with the power of his idea, and it changed the course of my life," she said. She decided to seek a career in satellite communications, unperturbed by the fact no one believed satellites could be used to beam television signals around the world or wanted to back such a venture.



Michael J. Schimpf

Kay Koplovitz

Against all odds, she founded cable television's USA Network in the 1970s, becoming the first female network president in television history, and then launched the nation's first sports network, Madison Square Gardens Sports.

Under the Working Woman Network umbrella, Koplovitz has energized the Women and Minority Business Exchange, an online marketplace facilitating sales to corporate and governmental procurement agents; the Business Women's Network, the largest directory of businesswomen's associations, publications and events; and WorkingWoman.com, an online business center for entrepreneurial women.

Under her leadership as chair of the National Women's Business Council, Springboard 2000, a venture capital forum for women entrepreneurs, was created and is targeted this year to raise \$1 billion in investments.

Despite these strides, statistics show women still are "largely invisible" and trail well behind men in terms of business opportunity and financial rewards. Women constitute 46 percent of the nation's workforce, own 40 percent of the nation's 9.1 million businesses, generate \$3.6 trillion in annual revenue and employ 27 million workers. Yet, in 1997 only 1.5 percent of the \$20 billion invested by venture capitalists went to women entrepreneurs.



Roslyn Payne, BBA '68

"We created this organization in response to the enthusiasm and support we were seeing from the current women members of the Dean's four existing advisory boards," says Jeanne Wilt, assistant dean for admissions and career development, who is an ex-officio member of the council. "This was a way to get women business leaders together to focus on how the Business School can do a better job of supporting women in business." According to Wilt, Michigan is the first top-ranked business school in the country to create an all-women advisory board of this kind.

The Women's Leadership Council will serve as a forum for communication between the School and alumni, students and executives, who are addressing key women's issues, and developing and implementing plans, programs and research related to women in business. The council also will advise faculty and administrators on ways of anticipating and responding to the changing needs of women in business. In addi-

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Expansion

EE Launches Programs in Brazil

The Business School expanded its presence in the fast-growing Brazilian market last November when the Executive Education Center began offering five of its most popular programs in São Paulo, Brazil.

A series of nine three- and five-day programs focus on specific executive-development areas, such as marketing, planning, finance and strategic planning, which are targeted at top-level executives of Brazilian companies and U.S. multinational corporations.

The newly introduced Executive Education programs complement the established Global MBA program, which in 1998 became the first full MBA degree program offered in Brazil by a leading American business school. The inaugural class of Global MBA students completed their coursework in December and attended a graduation ceremony in São Paulo in February. With Executive Education's entrance into the market, high-ranking executives now can benefit from Michigan's management expertise as well.

"Brazil is the major emerging market in Latin America, and the Business School

should be fully represented there," says Associate Dean of Executive Education Brian Talbot. "With the privatization of so many Brazilian companies, the management skills Executive Education can deliver are now in great demand."

The Executive Education Center is the largest provider of executive education worldwide. Currently, it offers 30 programs in Hong Kong and Singapore, as well as additional programs in Europe, India and the United Arab Emirates.

A kick-off event on October 27, 2000, at the Club Transatlantico in São Paulo prior to the Brazilian program launch featured presentations by Ron Bendersky, director of programs for Executive Education, and Graham Mercer, director of the Global Learning Center. Noel M. Tichy, director of Global Leadership and professor of organizational behavior and human resource management, spoke about leadership for the 21st century to more than 160 human-resources and senior-level managers who attended the event.

"Executive Education will provide managers in Brazil with the same experience and faculty they would receive on the Ann Arbor campus, but without the expensive long-distance travel and the time required away from their full-time positions," explains Bill Curtis, marketing director for

Executive Education. In addition, all program lectures will be translated simultaneously into Portuguese, as part of an effort to reach a wider audience.

The Global MBA program already has established a successful track record in the region. Core-curriculum courses are taught in Brazil via interactive video conferencing and by University faculty members who travel there to provide on-site instruction. Bringing the Michigan MBA to Brazil enables students, many of whom are high-potential employees sponsored by their companies, to continue living and working in their own country while earning their degree from the Business School.

The three-year, 60-credit-hour Global MBA degree program includes a two-month residency on the Ann Arbor campus. Each fall, Brazilian students have the opportunity to take courses in their area of interest or job specialization not offered in Brazil. They also have the chance to meet other Business School students and faculty, form friendships with Americans, participate in team projects and sample the lively campus scene. The Brazilian students, in turn, contribute to diversity in the classroom.

"The combined presence of the Global MBA and now Executive Education gives us a very high profile within this important, emerging economy," says Associate Dean Talbot. "Both programs build the Michigan brand, fostering the reputation of our premier business school."

For more information, visit www.execed.bus.umich.edu.



Stephen W. Sanger,
MBA '70



Charles C. Conaway, MBA '84

High Praise

Sanger and Conaway Make *Business Week's* Top Managers List

Two Business School alumni—**Stephen W. Sanger, MBA '70**, chairman and CEO of General Mills Inc., and **Charles C. Conaway, MBA '84**, chairman and CEO of Kmart Corp.—were among 25 top-ranking corporate executives selected by *Business Week* for its "Managers To Watch in 2001" list.

Sanger joined General Mills in 1974, following three years in marketing and sales with Procter & Gamble. He was elected to General Mills' board of directors in 1992 and named company president in October 1993. He became chairman and CEO in May 1995.

Chuck Conaway was named to the top post at Kmart Corp. in May 2000. Previously he held a series of executive positions at three different drug retailers, including Rite Aid, Reliable Drug Stores and CVS Corp.

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William Davidson Institute

Bush Administration Faces Challenges in Asia, Says Lieberthal

Globalization in Asia and China's entry into the World Trade Organization (WTO) have set in motion significant economic, social and political changes that will present major challenges for President George W. Bush's new administration, according to Kenneth Lieberthal. "I think the Bush administration will do well if it recognizes and works with these various trends," he told a gathering of students and faculty at the Business School. "And that will not be easy."

Lieberthal, who served as a senior director for Asian affairs at the National Security Council and as President Bill Clinton's special assistant on Asia, delivered a lecture, "Challenges in Asia for the New Administration," hosted by the William Davidson Institute on February 2. The event marked Lieberthal's return to the Business School; he is the William Davidson Professor of Business Administration and a professor of political science.

In his remarks, he predicted that profound public ignorance of the Asian region, American egocentrism and a likely groundswell of protectionism on Capitol Hill could hamper the new administration's efforts to develop sound policies that anticipate and deal with new developments. Lieberthal advised President Bush to continue stressing the need for structural, economic reforms in Asia, and to work to ensure that regional economic institutions maintain their sense of obligation and responsibility to the rest of the world.

One of the biggest challenges of globalization in Asia today, according to Lieberthal, is creating governing institutions that enable each country and its citizens to benefit from this rapid-fire transformation.

Second, Lieberthal identified extending the benefits of globalization to all sectors of society and to less-developed countries. "It seems to me the new administration should stress overcoming the digital divide," he said, cautioning that the world will not be



Michael J. Schimpf

Kenneth Lieberthal

very stable if a small elite group controls computer technology and denies access to the masses.

Third, is recognizing and responding to new security challenges, particularly those involving anti-state activity, which have arisen from globalization. He urged a strengthening of United Nations peace-keeping and peace-enforcement efforts, as well as counter-terrorism, counter-narcotics, anti-crime cooperation and search-and-rescue operations.

Lieberthal voiced a cautious note on China, whose daunting social, economic and environmental problems have been compounded by a battle over succession and the wide-ranging changes required for its entry into the WTO.

"Those changes are going to be massively upsetting," he conceded. "Over the long run, they are absolutely crucial to China's prosperity and success. But over the short term, they are going to be both discombobulating and extremely controversial politically." Any resulting breakdown in leadership could lead to a violent eruption of underlying tensions, similar to the student riots on Tiananmen Square in 1989. "I think if it happens again, 1989 will look quite small by comparison," Lieberthal predicted.



Michael J. Schimpf

With a handshake, Ambassador Theodore Kattouf (left) welcomes Prof. Claude Martin (right), as Leading Concepts CEO Aman Merchant (second from left) and Executive Education Programs Director Ron Bendersky look on.

Executive Education

United Arab Emirates Welcomes Michigan

In September, the Business School's Executive Education Center extended its global reach by presenting its first-ever executive-education program in the Middle East. The three-day program, "Managing Services for Competitive Advantage," was held in Dubai in partnership with Leading Concepts, one of the foremost providers of executive education in the Middle East.

Claude Martin, a professor of retail marketing, led the event, which attracted participants from countries throughout the Middle East region. Attendees included executives from multinational corporations, such as Hertz and NCR, as well as top-level managers from local and regional companies. The U.S. ambassador to the U.A.E., Theodore H. Kattouf, personally welcomed the University of Michigan Business School to the Middle East and presented certificates to the program participants.

Over the next two years, the Executive Education Center and Leading Concepts plan to offer a portfolio of nearly a dozen executive-education programs in Dubai.

ACROSS THE BOARD

Black History

Washington Post's Juan Williams Highlights MLK Day Events

The challenges facing America in the 21st century are as formidable as those that confronted Dr. Martin Luther King Jr. in the 1960s, Juan Williams of *The Washington Post* told students and faculty at the Business School during the annual Martin Luther King Jr. Day lecture. Among today's most critical issues, he says, are declining public schools, children living in poverty and a high level of what he termed "resegregation."

Finding ways to meet these modern-day challenges, according to Williams, requires the same kind of responsiveness to change and to each other across racial lines, gender lines and ethnicity that Dr. King championed

before his death 33 years ago. Williams, an internationally celebrated journalist, author and broadcast commentator, delivered his address in Hale Auditorium on January 15.

"There's always a reason for someone to say to you, don't worry, it's not your argument," concedes Williams.

Throughout his professional career, Williams has tackled complex issues of politics, civil rights and race relations, with little room for the "politically correct." He is the host of National Public Radio's *Talk of the Nation*, and a regular on Fox News Sunday. His book, *Eyes on the Prize*, examines the Civil Rights struggle in America from 1954 to 1965.

The 18-year *Washington Post* veteran told students that as leaders in corporate America they will define the role diversity plays in their companies. Williams asked students to set aside their personal concerns for high yields, titles and prestige. "Put yourselves out there for some larger, grander cause, for some vision of the just society, as we once saw it defined by Dr. King's life and sacrifice," he urges.



Bill Martin, MBA '65

McInally Lecture

College Sports: "Not a Pretty Industry," Says Bill Martin

This is one of the most challenging times for college sports, said University of Michigan Director of Intercollegiate Athletics **Bill Martin, MBA '65**, who delivered the 34th annual William K. McInally Memorial lecture on March 7. University athletic programs, he told listeners, face many serious obstacles, including escalating costs, lagging revenues, low graduation rates among athletes and pressures for increasing commercialism.

"For intercollegiate athletics at large, the challenge is not how we radically overhaul college sports, but how successful we are at reconnecting and refocusing athletics with the core educational mission of the academy," said Martin, who is the founder and president of First Martin Corporation, a real-estate development company. "We are in the education business not the entertainment business."

Anticipating the start of his second year in what many have described as the "hot seat," Martin vowed to adhere to the same

four goals he outlined last year when he accepted the job.

"I said then and I say now," he stated, "I simply want us to be the best academically, ethically, athletically and financially, and in that order." Still, Martin conceded, maintaining the Athletic Department as a totally self-sufficient entity, providing full funding for all 25 varsity sports, hiring coaches who win, and keeping fans in the stands and student athletes in the classroom make the athletic director's position extremely demanding and highly visible in the University.

"I like to say that the Michigan Athletic Department is 1 percent of our budget and 99 percent of our public image," he said.

Great gains have been made over the past 150 years since Harvard and Yale squared off for a rowing event in what went down in the history books as the first commercial intercollegiate contest. The tremendous growth in opportunities for women is clearly the major advancement, Martin noted.

Michigan currently leads the Big Ten in gender equity, with a greater percentage of female varsity athletes (50.4 percent) than average (44 percent). Michigan also leads the Big Ten in grants-in-aid, and draws 70 percent of its athletes from out of state.

Despite the prominent role of college sports, it is "not a pretty industry," according to Martin. At the University, costs over the past five years have risen 52 percent and revenues only 19 percent, resulting in a \$5 million deficit.

Martin indicated he would eliminate that deficit over the next two years through a combination of cuts in administrative staffing, transportation and publications, coupled with increases in football ticket prices and the addition of 294 higher-revenue seats in Yost Ice Arena. Limited advertising in Michigan stadium is under consideration as well.

Development efforts, spearheaded by Mike Hilliard, formerly with the Business School, will be ramped up with an emphasis on "friend-raising first, fundraising later." Martin also reported he is "very happy" about the new seven-year partnership the University has forged with Nike. The contract, he explained, will provide revenue equivalent to the cost of funding seven varsity sports, plus the cheerleading team.

Martin predicted the trend toward commercialism in collegiate sports is likely to continue, however. "If costs continue to rise, further commercialism will be hard to prevent to pay the bills unless there is an angel up there to give us a handout," he said.



Juan Williams

ACROSS THE BOARD

Leadership

Critical Skills Necessary for Success, Says American Express CEO Harvey Golub

Strong principles, drawn from a statement of mission strategy and values, constitute the building blocks of leadership in a business organization, American Express Company Chairman and CEO Harvey Golub told a gathering of students and faculty during the first address in the Dean's Speaker Series on October 3.



Michael J. Schimpf

Golub discusses leadership skills with students.

To be effective, however, a company leader must take steps to ensure those principles are properly applied and carried out.

"If you create criteria for action as a consequence of those principles, and then you communicate both the principles and the criteria to individuals throughout the company, you can unleash intellectual power that is extraordinary," said Golub, who joined

American Express as president in 1984. "Never explain the 'what' without a 'why.'"

Persuasion, according to Golub, is another critical skill that successful business leaders need to cultivate.

"Consultants and CEOs are probably in the same position—we have very little power," he said. "To get people in an organization to do what you want them to do, you've got to persuade them."

In order to stimulate ideas that will nurture organization growth and promote responsiveness to rapidly changing market conditions, a company leader also must create an environment of openness in which people will make suggestions.

Golub's personal leadership abilities were greatly challenged after he was elected American Express chairman and CEO in 1993.

The success of Golub's remedial measures to stem losses in the credit-card business, reduce costs by \$1 million, and create an integrated brand strategy earned him recognition in 1997 as one of *Business Week's* top 25 managers of the year.

Over the past three years, his leadership efforts have focused on launching a broad Internet strategy, improving the recruitment and retention of talented employees, and grooming his successor. In October 2000, *Fortune* magazine named American Express No. 1 in the "securities and diversified financials" category in its ranking of the world's most admired companies.

"Almost anything you want to do in an organization has to be done by leaders modeling the behavior," said Golub.

(Editor's Note: Mr. Golub retired at the end of April. He was succeeded as chairman by Kenneth I. Chenault, 49, who has served as chief executive of American Express since January 1, 2001, and as company president since 1997.)



Michael J. Schimpf

Weill (right) receives award from Brandon Schmidt, student government president.

Business Leadership

Students Salute Citigroup CEO

Given America's great strength in the financial industry and technology, many new opportunities will be created in these two high-growth areas as U.S. companies extend their reach globally, predicted Sanford I. Weill, chairman and CEO of Citigroup Inc.

However, people's personal attitudes toward change, and the type of corporate environment in which they work, will help determine whether they benefit from these high-potential opportunities in the business sector, he added.

Weill delivered his remarks before an audience of students and faculty at the Business School on February 7 when he was presented with the annual Business Leadership Award. As the head of a financial-services company with more than 100 million customers in 100 countries, he was able to bring a personal perspective to the issue of change management. "We live in an incredible time of change and an incredible time of opportunity," Weill told listeners. "You all have (great) opportunity...if you are not afraid of change and you embrace it."

An equally important part of the equation, he was quick to add, is working in a corporate environment where decision-making and entrepreneurship are encouraged, and where employees are not penalized for making mistakes. Management also must encourage key people in a company to work together, particularly in merger situations, and foster the kind of camaraderie that makes it "fun to get up in the morning and look forward to going to work."

The Alumni Society Board of Governors welcomes its new members:

David Barfield, MBA '95

vice president, The Bartech Group, Livonia, Michigan

Vivian Carpenter, MBA '75/PhD '85

president, Atwater Entertainment Associates, Detroit, Michigan

Jacquelyn Levin, MBA '87

president, Innova, A Griffith Laboratories Co., Oakbrook, Illinois

Sverre Lorentzen, MBA '79

general manager, Oivind Lorentzen Shipping, Norway

Name:

Stephanie Malachowski
Marketing and Creative Development
Specialist, Mercedes-Benz Credit

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“It looks pretty bad out there. What we see is a shrinking of budgets, and the first thing to go (at companies) are things associated with customer service.”

Claes Fornell, Donald C. Cook Professor of Business Administration, professor of marketing and director of the National Quality Research Center, discussing the latest American Customer Satisfaction Index survey results. *The Wall Street Journal*, May 21, 2001.

“A great faculty attracts a great student body. It’s an unbelievable challenge to be an excellent, high-performance faculty member at a top business school. You must be a very strong scholar, understand the world of practice, be able to speak to multiple audiences, and have mastery in the classroom.”

B. Joseph White, dean of the University of Michigan Business School. *Business Week*, October 9, 2000.

“Clearly, the most important thing to consider is a school’s academic program and whether it will help you reach your career goals. The most important things a woman applicant is looking for are the same as any other applicant. There really shouldn’t be any gender difference.”

Jeanne Wilt, assistant dean of admissions and career development, in a discussion regarding women entering MBA programs. *The Wall Street Journal Online*, March 28, 2001.

“Having women at the top of a company that is about to go public can improve the bottom line. Higher numbers of top women managers at such companies improve stock prices and earnings-per-share after the IPO. Women employees tend to interact more with women managers than with men. The men managers were missing a key component of input and information from company employees that could have helped to improve company performance. Perhaps more important is the mix of women and men. When you have diversity in top management, you have people looking at data differently, and that brings better decision-making overall.”

Theresa Welbourne, associate professor of organizational behavior and human resource management. *Business Week*, February 5, 2001.

“Companies are going to move faster than they did in the past to restructure in response to the slowing economy. You’ll see downsizing in big numbers this year.”

Noel Tichy, director, Global Leadership Program and professor of organizational behavior and human resource management. *The Washington Post*, January 30, 2001.

“Observers blame Chrysler’s steep decline on poor product discipline, top management departures and lame launches. Let’s be clear. Chrysler is not in the grave—not yet. But the prognosis is poor because quite apart from its earlier miscalculations and losses, the real threat to DaimlerChrysler’s survival boils down to just one word: competition.”

Gerald Meyers, visiting professor of organizational behavior and human resources management, discussing the state of the auto industry. *Detroit Free Press*, March 26, 2001.

“One principal demographic trend is the growth of the senior population, which is particularly marked in China, Japan, the Asian countries, Europe and the United States. Governments face a tremendous challenge in meeting the pension, social security and health needs of this generally non-tax-paying population. Meanwhile, from the viewpoint of companies, this opens up a large and growing market segment with different product needs and desires. Their whole marketing program may need to be adapted to this large and growing segment.”

Vern Terpstra, professor emeritus of international business, in a discussion regarding the economics of a globally aging population. *Emerald Now*, a journal published by MCB University Press Ltd. in the United Kingdom, January 18, 2001.

“While some high-ranking programs only offer courses in e-business, we have devoted an entire track of the Business School to e-commerce. Giving students the option to take an e-commerce class is quite costless. The best way to train students is to give them a lot of options and different courses. The students themselves will figure out which courses train them better for what they intend to do.”

Joshua Coval, assistant professor of finance, discussing student training. *E-Commerce Times*, August 9, 2000.

“Web-based learning also makes use of technologies that can be used on campus and in the world of work. Therefore, to remain competitive and prepare students for new economy jobs, a top school has to be a full-spectrum operation, not a boutique.”

Graham Mercer, director, Global Learning Center. *Upside* magazine, December 2000.

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Making a Case for Desired Results

Bringing a results orientation to the forefront can improve the performance of both leaders and their companies

By Dave Ulrich, Professor of Business Administration, co-director of the Human Resource Executive Program and the Advanced Human Resource Executive Program at the University of Michigan Business School's Executive Education Center and recipient of the 2000 George Petipas Memorial Award from the World Federation of Personnel Management for Lifetime Contributions to the Human Resource Profession.

Leadership matters. We all know it. When you ask people what makes an effective leader, they generally list all the behaviors, knowledge, skills and abilities associated with good leadership on a personal level. Good leaders have character, integrity and trust; are candid, open and honest; and relish change. Poor leaders don't seem to have these attributes.

However, a leader's personal attributes are only half of the equation for effective leadership. Leadership also depends upon the results a leader delivers.

We define successful leadership as "behaviors x results." This multiplier effect becomes critical in a business organization. If you get good leadership behaviors nine times out of 10, but no results, you are going to have wonderful people who don't deliver. On the other hand, if you get results but not good leadership behaviors, you won't sustain those results.

Effective leadership requires both behaviors and results. It is necessary to bridge these two "chasms" in order to get what we call "results-based leadership." Results-based leaders know what results he or she want to accomplish *and* the right way to get those results so they are sustainable.

The concept of "desired results" starts with a basic premise: If you don't know where you are going, no path will get you there. As a manager, if you don't know what results you are trying to accomplish, you will never be able to focus your energy and attention on the right things. Identifying desired results, in effect, defines what

deliverables you wish to achieve as a leader in an organization.

We believe every organization is perfectly designed for the performance it achieves. If the design is poor (i.e., the desired results are not clearly articulated and/or good leadership behaviors are lacking), the performance will be disappointing. If, on the other hand, the design is excellent (i.e., the desired results are clearly laid out and good leadership behaviors are in place), the performance will be outstanding.

Balanced Scorecard

Effective, well-balanced leadership delivers desired results in four areas: the employee, customer, investor and organization. Essentially, this involves recreating the "balanced scorecard."

The employee

What is it you want in your employees, and how do you begin to measure it? As a leader, you want to find ways to build both the competence and commitment of your employees. Research indicates you don't want people just to be happy; you want them to be committed, which shows up in retention of good talent and better productivity.

The customer

Research indicates leaders want customer share rather than market share. How do you get customer share? You begin by asking, "Who are the target customers?" Then you start building a relationship, or intimacy, with those target customers, so you capture customer share over their lifetime. For example, Amazon identifies avid

book buyers, and then builds customer share, enabling the online bookseller to capture a higher percent of money spent on books over the lifetime of those buyers. Northwest Airlines targets frequent flyers, and constantly seeks new ways to encourage the most frequent flyers to fly a higher percentage of their time on Northwest. In effect, every leader wants to know who the target customers are and how to lock in the greatest possible share of their business.



Michael J. Schimpf

Dave Ulrich

The investor

How do we serve investors over time? First, there are traditional activities, such as managing margins and earnings, and meeting financial targets. Leaders try to find ways to grow revenue while reducing costs. Second are the intangibles. How do the stockholders define the value of a firm beyond simply the earnings? Firms have a reputation, an identity and an image. Leaders want to create a positive image so investors give the firm a premium for the money they earn.

The organization

How do you create a set of capabilities imbedded within the firm that are not tied to any one person? How do you give it a life of its own, outside the hegemony of a particular leader? Firms seem to have personalities, what you might call a culture. The leader must ask, "What is the right culture, given this company's business goals, that will allow it to succeed without the leader actually being present all the time?"

Result Puzzle

Some leaders are particularly gifted at one piece of the "result puzzle" and not

other pieces. For example, some leaders are superb at managing the people side. They engage the hearts, minds, energy and passion of their employees. But they may not be servicing their investors very well, because they are not making the profits they need.

Other leaders focus on investor results. Meeting your financials or your shareholder value is what people most commonly mean when they talk about results. The dilemma is that in the short term, shareholder value is often duplicitous. It doesn't take much to figure out how to cut costs. You can do so through short-term measures, such as cutting programs, cutting investments and cutting R&D. You will save money that way, but you will not build long-term results.

Thus, effective leadership requires desired results in all four areas. Often you do have lead and lag effects among the four result areas. Some research suggests the lead indicator is really the employee. That's a very positive insight for a leader who is trying to build sustainable results. Getting employees who are personally committed and dedicated on their own accord will lead to improved customer results, because the customers will sense that and feel the passion. Over time, those customers will continue to buy and that will lead to profitability.

That type of value chain has been demonstrated in business organizations. At Sears, for example, we found that a 5-percent increase on employee results eventually led to a 1.3-percent increase in customer results (revenue per customer) and a 0.5-percent increase in profitability. There was, in effect, a value proposition that led from A to B to C. To some extent, things do co-vary, i.e., they change at the same time. For instance, if you help investors, you will help employees.

Leaders have a tendency to focus on things they can control, which often are employee practices within the firm. But frequently employees are forgotten. One mistake in the early 1990s downsizing at many firms was to destroy the employee contract, or commitment, and not to replace it with anything. Consequently, a lot of firms faced a vicious cycle. They downsized badly and eroded employee commitment. The customers felt that weaker employee commitment and they bought less, so the firm made less money. So, to save money, the company downsized again, starting the cycle over.

Companies then had to break this cycle. The only way to do that was to raise the employee commitment again. What these

Forbes magazine says Dave Ulrich is one of the nation's best executive coaches. To learn more from the author of **Results-Based Leadership** and the recently released **HR Scorecard: Linking People, Strategy and Performance** (both Harvard Business School Press), enroll in one of his upcoming courses:

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company leaders learned is that if you reinvest in your people, your people will take care of you.

The “So That” Test

There are two levels of application for attaining desired results. One is at a personal level and the other is at an organizational level. The key test on either level is to pose the query, “so that,” before taking action.

At a personal level, a leader constantly must ask, “What am I trying to accomplish by my behavior?” For example, he or she may say, “I’m going to work today to do such-and-such, e.g., to write an article, teach a class or attend meetings.” This statement of purpose should be followed by the query: so that? What is the intended outcome of the action? What is the decision to be made? What is to be accomplished? In other words, what is the desired result?

This discipline prompts leaders to be more judicious and more careful with their time. In one company, leaders were able to reduce meeting time 25 percent to 30 percent just by getting leaders, at a personal level, to focus on the “so that” question.

At a company level, organizations must do the same thing. Most firms have their list of competencies, but then they have to link those to the results by focusing on the “so that” part of the equation. It is important to ensure the connection is clear.

Sometimes companies make investments as leaders that are not tied to results. For example, firms fund training programs, compensation schemes and technology projects, and think the results of those programs are clear. Those initiatives are big investments of time and money, but often the desired results are not as explicit as they could be. Companies, like individuals, must ask constantly: What is the outcome? What is the result we are trying to accomplish in

each of those four areas—the employee, customer, investor and organization?

Long Term vs. Short Term

Some leaders focus on short-term results. Others believe it is more important to focus on long-term results. The dilemma is to do both. If you always invest in the long term, but don't take care of the short term, you will never get where you want to go.

That's what makes it tricky. For example, do you provide flexibility to an employee who wants to get a variance to the vacation policy? That's a short-term decision you face today. Or do you build policies that will encourage employees to be committed? That's a long-term strategy that may pay off later. You have to begin to manage both factors with some degree of judgment.

Long term, it is important to think about how your behavior today as a leader will affect the company six or nine or 12 months out. Say you want to build a compensation program. It's going to take 90 days to get it up. It's going to take another 90 days to pilot it and another six months to make it work. So it will be a year before the compensation program has an effect.

Or, on the financial side, say you want to invest in R&D, which often does not have a short-term payback. Nor does technology. So it is not just a case of “people are long term, money is short term.” Both of those are long term and short term, and you want to pay attention to both.

It's easy to say that American leaders are short-term oriented and, therefore, not operating their businesses successfully. My sense is they have to be short-term oriented. Results do matter. The answer is not simply to go for long-term results, because if that's all you go for, you'll never get there through the short term. It's managing both of those that matters.

E-Commerce Must Build Trust to Thrive

Business leaders can create working environments where trustworthy behavior is practiced, reinforced and rewarded, says Business Professor Tim Fort

Trust is an important buzzword in e-commerce circles, but finding ways to build trust in an online environment is a major challenge for Internet businesses, according to Timothy L. Fort, Bank One Corporation Assistant Professor of Business Administration.

"Now that the Internet has become a widely accepted means for conducting business on a global scale, companies are seeking ways to encourage people to trust e-commerce," says Fort, whose research and teaching focus on business ethics. "IBM, for example, reassures customers their personal information will not be misused."

Governments also are concerned about building trust online, according to Fort. Instilling confidence in Internet transactions is a central goal of the European Union's e-commerce policy. The same goal has been adopted by the World Trade Organization and is being considered by the U.S. Congress.

Yet recurring concerns, such as the invasion of privacy, the theft of intellectual property and confidential records, and the incidence of fraud in auction sales, indicate something is not quite right with the current e-commerce scenario. "The underlying problem," says Fort, "is that we do not have adequate infrastructure in place to ensure businesses and consumers they can trust the Internet."

Building Trust on the Internet

Paradoxically, most brick-and-mortar businesses have known for years that building trust is crucial for attracting and retaining a loyal customer base. Internet companies have an even greater reason to build trust, because they lack the person-to-person contact that validates their non-cyberspace competitors, according to Fort.

Without trust, Internet customers may be reluctant to divulge personal information or use credit cards for purchases. Without trust, corporations may be hesitant to transmit sensitive legal contracts and confidential records or to participate in online bidding. Without trust, musicians, authors and artists may be unwilling to create and share new works.

Internet companies can benefit greatly, however, if they work to build trust. "E-commerce will thrive if users have a stable, reliable, secure means of transacting business over the Internet, and are protected from fraud and exploitation," says Fort. "Without those valuable assurances, e-commerce will struggle to make any gains at all."

Why is building trust an issue now? First, says Fort, the Internet is so new that many businesses have been concerned primarily with figuring out how it works, what it can do and where they fit in. Mind-boggling technological challenges have tended to overshadow traditional business models and best practices.

Second, a number of cyber-savvy online companies have made the most of the situation by attempting to turn a fast buck and get out. As established companies have been asked to invest heavily in e-commerce ventures, and have launched e-commerce operations themselves, the issue of sustainable business practices has become more important.

Third, corporations, consumers and governments have realized they cannot relegate questions of trust and justice in e-commerce or the global business environment to the established legal system and existing ethical customs simply because there is no preordained judge or jury in worldwide commerce and cyberspace. In fact, different countries have conflicting laws. Right now, according to Fort, one of the biggest legal issues facing e-commerce entrepreneurs is the possibility they may be sued in another

country for business activities that are legal in the United States.

Businesses Can Play a Leading Role

Is it possible to fix e-commerce? Yes, says Fort. The main question is what kind of system will be set up to provide an Internet infrastructure that protects individual, property and contract rights, and who will do it.



Michael J. Schimpf

Tim Fort

"The fix-it operation will be led by a combination of national and local government leaders," says Fort. "But business leaders will have to be heavily involved as well, not just out of their own self-interest, but for the common good." The United States and the European Union will spearhead efforts to establish this protective infrastructure. Before that great global dialog begins, however, there are some practical things that businesses can do now to set the stage for this later development.

"Basically, business leaders must build three different kinds of trust: hard trust, real trust and good trust," says Fort. Hard trust means ensuring e-commerce users are dealing with the people they want to deal with. Real trust means ensuring the people e-commerce users are dealing with are reliable. Good trust means instilling confidence that the people e-commerce users are dealing with have the users' best interests in mind, as well as their own.

Building Hard Trust

Hard trust can be established by setting borders, enabling e-commerce users to know who they are dealing with and to

protect their assets. "In the old days, ranchers set borders by stringing barbed wire around their grazing lands and branding their cattle," says Fort. "The modern-day equivalent is installing public key encryption (PKE) technology."

PKE provides each user with a private key, essentially a software program that encrypts information transmitted over the Internet. The user can authorize a specified person to access and decode the transmitted information. Verisign and other online

security providers have developed this technology for commercial use.

Fort believes PKE is promising, but limited in some ways. First, it is relatively new and has not been perfected or put *continued on page 20*

Through their ongoing research, University of Michigan Business School faculty members continue to bring new knowledge and new thinking to the classroom and to the business community at large.

Below are brief synopses of recent research in three different areas, accompanied by pertinent publication and contact information.

Short-sellers and the Investment Market

Patricia Dechow, Amy Hutton, Lisa Meulbroek and Richard Sloan investigated the impact of short-sellers on today's inexact, somewhat unpredictable investment market, and examined some of the investment strategies used by these traders. A short-seller sells a security he doesn't own in the expectation that the price of that security will fall and he can replace the higher-priced borrowed shares with shares purchased at a lower price. The researchers found that short-sellers are sophisticated investors, who take on fairly large transaction costs as they try to short-sell and then re-buy securities that are temporarily overpriced. They also found that short-sellers appear to use fundamental analysis, selling securities that have high prices relative to fundamentals such as book value or earnings.

There is a debate about the source of predictable stock returns associated with fundamental-to-price ratios, and the authors showed that short-sellers actively exploit the predictable returns associated with these ratios. Their findings help to explain how short-sellers behave and also suggest that unidentified risk factors and research design flaws are unlikely explanations for the predictable returns.

The article is scheduled for publication in the *Journal of Financial Economics* shortly. Read their working paper at <http://webuser.bus.umich.edu/dechow/workingpapers.html> or contact Richard Sloan at sloanr@umich.edu.

Balancing the Workload

Keeping operations running to capacity—not too much, not too little—is a major challenge for manufacturing operations managers, who must evaluate a number of different uses of production capacities. András Farkas, Tamás Koltai and Kathryn Stecke introduced an aggregate capacity analysis approach to operations management. It is based on the concept of using an "operation type" (such as milling, tapping, boring, drilling or turning) to develop a workload balancing procedure that can be applied to mixed-type manufacturing systems with both single- and multi-purpose CNC machines. They developed an algorithm that reschedules the set of orders assigned to successive periods by a rough-cut production schedule. By this method, they found a way to improve workload balancing and capacity utilization, and demonstrated their results on a sample manufacturing system.

The researchers conclude that this concept and computational tool will help with the short-term workload allocation problem of manufacturing systems. The balancing algorithm they developed can be considered an alternative approach beyond the traditional loading strategies. Their appendices provide figures and supporting data.

For more information, consult their working paper at <http://eres.bus.umich.edu/docs/workpap/wp99002.pdf> or contact Kathryn Stecke at kstecke@umich.edu.

Diversity in Management Teams

Management teams often are a mix of people who represent different functions in an organization and have different specialties. Past studies have shown that these "functionally diverse" teams can have both positive and negative effects. J. Stuart Bunderson and Kathleen M. Sutcliffe identified various types of functional diversity, then determined that research to date has overlooked the extent to which individuals in the team are narrow functional specialists or broad generalists with experience in a range of functional areas.

The researchers determined that teams of specialists from different functional areas might not be able to exploit their diverse expertise because of cross-functional communication and coordination problems. They theorized that teams of people with a breadth of functional experiences (i.e., intra-personal functional diversity) might be better at overcoming communication barriers while still benefiting from diverse functional experiences.

They tested this theory in a Fortune 100 consumer products company and found that team members with intra-personal functional diversity were better at information sharing and more motivated to do so, as well as less likely to be susceptible to stereotypes and biases that restricted sharing. Further, they discovered that information sharing mediates the relationship between intra-personal functional diversity and unit performance, and this positive relationship is generally explained by improved information sharing.

This article will be featured soon in the *Academy of Management Journal*. Read their working paper at <http://eres.bus.umich.edu/docs/workpap/wp01-004.pdf> or contact Kathleen Sutcliffe at ksutclif@umich.edu.



Richard Sloan



Kathryn Stecke



Kathleen Sutcliffe

A Quiet Man Makes a Transformational Gift

Raised on a farm in Michigan's Upper Peninsula, Michael A. Sakkinen, BBA '58, MBA '59, often referred to himself as just "this Finnish kid from the U.P."

At the University of Michigan Business School, where he studied under the preeminent American educator, accounting theorist and author William A. Paton, Sakkinen was known as a quiet, thoughtful student who made good grades. During his career as an auditor, first with Price Waterhouse in California and later with other corporations in what is now Silicon Valley, he was characterized by friends and family as a modest, reserved man of few words.

Upon his death in 1998, Sakkinen bequeathed his entire personal estate—\$2.9 million—to the Business School's Department of Accounting. It is by far the largest individual gift ever received by the department.

"I think this is a fabulous gift, something that has been a great source of pride for all of us," says Gene Imhoff, accounting area chair and Ernst & Young Professor of Accounting. "It is an incredibly powerful testimony to the allegiance Mr. Sakkinen must have felt for the University of Michigan Business School and its accounting program."

Michael Sakkinen's gift, which also honors his late wife Joan, supports the Business School's mission of maintaining its historical excellence in accounting education and provides the resources for attracting and retaining talented faculty and outstanding students.

The gift establishes one endowment fund for accounting student scholarships and another for the Paton Accounting Center, a program designed to foster Michigan's ongoing excellence in accounting education and research.

"The University of Michigan accounting program is perennially among the top ones

in America," remarks Paton Center's director Carl Griffin, professor emeritus of accounting. "It competes for faculty with several private, heavily endowed institutions, such as Harvard, Wharton, Northwestern, Stanford and the University of Chicago. As a public university, Michigan needs an extra source of funds in order to remain competitive, and the Paton Accounting Center has been established to provide that source."

The Michael and Joan Sakkinen Accounting Scholarship Fund will offer schol-

arships in amounts up to \$5,000 for accounting students who are seeking a BBA, MBA or MAcc degree. Reflecting Sakkinen's northern Michigan upbringing and the modest scholarship support he received as a University student, preference is to be given first to residents of the Upper Peninsula, and second to residents of the State of Michigan. Thus far, five students have received scholarships, including three in 2000–2001.

The second endowment, the Michael and Joan Sakkinen Fund for the Paton Accounting Center, stipulates one or more accounting faculty will be named annually as Michael and Joan Sakkinen Accounting Scholars. The yearlong title is bestowed upon persons who have made outstanding contributions to educational excellence in accounting, and carries with it a financial award. Two accounting faculty have been selected as the first Sakkinen Scholars for the academic year 2001–2002. They are Richard G. Sloan, the Victor L. Bernard-PricewaterhouseCoopers Collegiate Professor of Accounting, and Patricia M. Dechow, professor of accounting.

Other earnings generated by the Sakkinen Paton Center Fund will be used to recruit, develop, maintain and retain accounting faculty who, in turn, will receive support for their teaching, research and publications.



Davis Freeman

Toni and Ronald Perry (center) with scholarship recipients (left to right): Danielle Stewart, Matthew Grimes and Jason Olekszyk

Although Michael Sakkinen was born in Detroit, he always considered the Upper Peninsula his home. After graduation, he moved to California and began his career working at Price Waterhouse. "Mike was very quiet and very intelligent," recalls his stepdaughter, Toni Perry, 54, who lives in San Jose, California, with her husband Ron and their two children. "He felt he had received a good education at Michigan. He was grateful and wanted to give back to the University and help some of the students."

The gift establishes one endowment fund for accounting student scholarships and another for the Paton Accounting Center, a program designed to foster Michigan's ongoing excellence in accounting education and research.

The tutelage and mentoring Sakkinen received from Professor Paton during his student days and the ensuing 20-year correspondence between the two men undoubtedly strengthened Sakkinen's feelings of indebtedness to his alma mater. Paton, who received three degrees from the University of Michigan (BA '15, MA '16, PhD '17), distinguished himself in the early and mid-20th century as a pioneer accounting theorist, an advocate of the use of current values in financial statements and the author of the seminal text *The Accountant's Handbook*. Paton Accounting Center is named in his honor, as is the Paton Accounting Center Building, which was dedicated in June 1976.

In 1997, Carl Griffin met with Sakkinen in his San Jose home to discuss his wish to bequeath money to the Business School's Department of Accounting. During that encounter, Griffin gleaned some insight into the nature of the earnest accountant with an unassuming demeanor.

"First, Mike felt the University did a tremendous thing by opening up life for 'this Finnish kid from the U.P.,'" recalls Griffin. "Second, he, like many others, was very devoted to Professor Paton and reminisced about what a wonderful teacher Paton was and the personal counseling he received as a student. These two things were the driving factors behind his gift."

Sakkinen desired that his wife Joan, who died in 1996, be honored as well. She hailed from west Texas, according to her

daughter Toni, and met Sakkinen, then an auditor for Price Waterhouse, in the 1960s while she was married and working at the Davis Canning Company in Atwater, California. Joan married Mike after her first husband died; the newlyweds settled in San Jose.

Though Joan had no interest in accounting, she did share Sakkinen's passion for sports. "Mike loved sports, especially football," recalls Toni. "He didn't miss a radio or

television broadcast of a Michigan football game until the day he died." The couple also golfed together and enjoyed traveling, making several trips to the Orient. Family get-togethers were frequent, and Toni, Ron and their children often celebrated the holidays with her mother and stepfather.

"After Mike passed away, I wanted him to receive the recognition he deserved," Toni adds. "He was very devoted to the University of Michigan."

E-Commerce Must Build Trust to Thrive

continued from page 18

into widespread use. Although encryption itself has been used for decades, PKE initially faced strong opposition, primarily for national security reasons, and was authorized for release only recently by the Clinton administration.

Second, in order for PKE to work, a trusted third party, or certification authority, is needed to issue both private and public keys for users who want to conduct secure Internet transactions. This process can be slow and cumbersome in an Internet age when speed is paramount. Finally, once PKE is in place, there are no assurances it will successfully repel hacker attacks. "Ultimately, clear legislation and refined technology are needed to enhance the legal status of PKE," says Fort, "and business has a role to play in influencing both of these."

Building Real Trust

Real trust can be gained only if an online product or service provider is able to prove its reliability. "If an Internet business wants to ensure repeated use of its Web site," explains Fort, "it must deliver products on a timely basis, provide accurate information and respect the privacy of customers, who will be more inclined to bestow upon it their trust and future business."

By necessity, the Internet infrastructure must include warranties that guarantee quality, consumer-protection laws that punish offenders, and consensus in the business community that infractions will not be tolerated. Fort is convinced, however, that real trust will never be achieved unless business leaders collectively demand ethical, as well as legal, behavior. By setting a good example in their own company cultures, corporate heads can demonstrate there is a better way of doing business and turn the public spotlight on those who act unethically or illegally. "E-commerce and globalization make trustworthy business

affairs a combination of economic savvy, obedience to the law and ethically responsible behavior," says Fort.

Building Good Trust

Good trust hinges on whether Internet businesses understand their self-interest is enhanced by the well-being of their customers. "Philosophically, the self is composed of more than just economic desires," explains Fort. "The real paradox of good trust is that it has the greatest economic value when the reason for the trust does not depend upon economics. Otherwise, the sincerity of the trustworthiness is undermined."

Internet companies have an even greater reason to build trust, because they lack the person-to-person contact that validates their non-cyberspace competitors.

Individuals do not learn how to be trustworthy on their own, however. They learn trustworthy behavior from the people with whom they live and work. Therefore, says Fort, if business leaders want their sales and purchasing agents, managers and technical staff to deal with customers truthfully and honestly, then those employees must work in an environment where such virtues are practiced, reinforced and rewarded every day.

Fort acknowledges building trust in e-commerce will not be an easy job and will not happen overnight. "Fostering trustworthy behavior on the Internet requires not only encryption technology and laws that reinforce economic goodwill and reputation, but also workplaces where all managers and employees understand that practicing integrity and upholding virtues are the way to do business," says Fort.



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Jane Okun was born in New York City, but before long her family moved to Norristown, Pennsylvania, and then to the Detroit area. That led Okun to choose the University of Michigan for her bachelor of general studies degree. "After graduation I worked for Price Waterhouse in Detroit for three years, and had taken enough accounting and economics courses to sit for my CPA exam, after backpacking in Europe for three months," says Okun. "I got my CPA, did general auditing and litigation support work but wanted something better, so I quit two months before the MBA program was going to start and went back to Europe."

Okun now is vice president, investor relations and corporate communications at Veicom, a facilities-based provider of integrated communications services to businesses and residential customers.

Okun chose Michigan for her MBA and, what else? She spent one semester at the Stockholm School of Economics with 75 classmates, half from Sweden and half from the rest of the world. "We still keep in regular contact," she says. After graduation, she started at American Airlines in Dallas as a financial analyst, then went to Northwest Airlines from 1992 to 1998. There she started in financial planning and analysis, was involved in the financial restructuring of the company, renegotiated labor contracts and served as head of investor relations.

Okun left the airline industry after that and became executive director of investor relations for MediaOne Group, an integrated services provider. Thanks to her



Michael J. Schimpf

Backpacking to Telecommunications

Jane Okun, MBA '89

work at MediaOne, they were acquired by AT&T in a very favorable deal. "I left there in July 2000 and planned to take about two years off to just ski, bike and vacation, but then I heard about Veicom, and they had so many interesting things going on," she explains.

Okun now is vice president, investor relations and corporate communications at Veicom, a facilities-based provider of integrated communications services

to businesses and residential customers. The company operates in major Latin American markets with services including voice telephony, high-speed and dial-up Internet access and data transmission. "We're not a phone company, but a telecommunications company," says Okun. "We're headquartered in Denver and own several companies in South America, the largest in Brazil with smaller companies in Argentina and Uruguay."

There has been skepticism about the Veicom technology. "It's wireless technology, but we use it in a fixed manner," explains Okun. "A unit in your house talks to an antenna, and pretty soon we'll be able to have wireless Internet access. We have not deployed this on a wide scale in Brazil yet since we're focusing on voice services, but later this year we will roll this out," she adds. "There is a huge unmet demand in Brazil for phone lines and Internet access. In terms of tele-density, phones lines per 100 people, in the U.S. it's about 70 percent, but in Brazil it's only about 11 percent." In addition to the excitement of her relatively new position, it's helping to satisfy her urge to be on the road again. Though she lives in Denver, she spends a great deal of time in São Paulo, where she is based, and travels to other locations in South America.

I'm very fond of Michigan and want to see it continue to grow and excel and stay at the top.

Okun also is a member of the University of Michigan Business School Alumni Board of Governors. "An old colleague from American Airlines had been a board member and was leaving and thought I would enjoy it and could contribute. I'm very fond of Michigan and want to see it continue to grow and excel and stay at the top. This is what I enjoy doing. Of course, getting back for the occasional football game is good too," she says with a chuckle. The extensive travel, increasingly responsible positions and a global view of life and technology—along with a tremendous sense of not taking life too seriously—are the valued assets Okun brings to her Alumni Board position.

**ALUMNI
AT LARGE**

ALUMNI AT LARGE

Ralph Johnson was born and raised in Grand Rapids, Michigan, “the best place in the world to grow up,” he says proudly. Johnson developed an interest in engineering in high school, and after graduation enrolled in what was then General Motors Institute in Flint. “When I finished GMI with a BSIE, I started full-time as an engineer at General Motors,” says Johnson, “but I soon realized engineering was not as interesting as management. It was a good path, however, so I remained an engineer for one year, then became a supervisor for the next four years. Before long, I realized I’d never done anything else and didn’t even have a résumé. I ended up getting a BS in business administration at Aquinas College while working full-time.”

Johnson’s sister was at the University of Michigan then, and both he and his wife Lisa decided this was the right time for him to get his MBA and her to finish her bachelor’s degree.

His professional life really started during his second year of business school, when he was president of the student government and also parliamentarian of the Black Business Students Association. “The guy sitting next to me at a luncheon said, ‘I’m Chuck Farr, senior partner at McKinsey and Company.’ He convinced me to interview at this prestigious international consulting firm, so I did and got the job.” Johnson stayed at McKinsey from 1992 to 1997.

When new Ohio welfare legislation put a three-year time limit on welfare benefits for 28,000 people. Cuyahoga County asked if McKinsey could help them.

“The partner who took the call asked me to help get a study going. We met the next day with county commissioners. At the first meeting, one commissioner said, ‘It makes complete sense, but we don’t know anyone, we need a leader.’ We



Michael J. Schimpf

From Grand Rapids to Grand Change Engineering Welfare Reform in Cuyahoga County

Ralph E. Johnson, MBA '92

started doing the work, and after about eight weeks I asked them to mention I might be interested, and it was done.” Johnson started on January 5, 1998, and for the next six weeks was the entire organization.

“When I left that position, there were 750 employees, 11 neighborhood facilities and 30,000 families moved from welfare to work. No matter how long I live or what professional success I have, I will always look back at Cuyahoga County as the pinnacle of my career. We had a huge challenge and met it. People said

you couldn’t do this in a public structure, but we did. I believe if it’s done well, welfare reform has the potential to be the biggest structural change in the country,” emphasizes Johnson.

When Ralph Johnson was getting ready to leave his position, he walked up to a staff person and client at one neighborhood center and the staffer gave him a big hug and said, “Ms. Smith has been a client for eight years, but two years ago she got a job. She’s had three different better jobs since and now is not getting welfare, has health care, doesn’t get

food stamps and earns enough that she doesn’t need our help with daycare.” Johnson adds, “The case worker turned to Ms. Smith and said Mr. Johnson has been the director of our agency, and this lady stood up and hugged me. It doesn’t get any more rewarding than that.”

Johnson came back to the University for the spring 2000 board meeting, which included a senior partner from McKinsey. “Jeff St. Clair wanted me to come back as director of professional development and administration in the North American operational effectiveness practice.

“I interviewed for the job, and a week later they said tell us when you can start. I started this past January 8 so I would have time to let the county know I was moving on, clean things up and complete the first phase of welfare reform,” Johnson says.

“There are about 75 consultants dedicated to this practice at McKinsey and about 30 support people,” explains Johnson. “Basically, I’m sort of a COO for human resources, recruiting, finance, practice management functions, budgets and the like. Professional development is my thing. We’re committed to operational development work. We are helping new consultants think about their careers and new assignments and how they can become a partner.”

Today, Johnson is chair of the alumni board of governors. “It’s one of four boards, and we act as an advisory board to the dean and administration of the School. We help them think about issues important to alumni,” explains Johnson, “including helping to form and maintain alumni clubs, encourage alumni giving and help with student recruitment.”

He also is a new dad “We just adopted two children, Janae, 4, and Cameron, 2 ½.”

By Fred Wessells

Community Salutes

ERB ENVIRONMENTAL MANAGEMENT INSTITUTE BENEFACTORS, CORPORATE DONORS

*The University of Michigan paid tribute last fall to **Frederick A. and Barbara M. Erb** for their generous gifts, now totaling \$10 million, which in 1996 endowed the creation of the Erb Environmental Management Institute and have continued to support its research, educational and public-outreach missions.*

MORE THAN 200 WELL-WISHERS, including top University of Michigan administrators, faculty and students from the Business School and the School of Natural Resources and Environment, corporate and civic leaders, and friends and family, attended the Erb Institute recognition dinner last October. The event also honored two major corporate donors, Dow Chemical Co. and Holnam Inc., for their respective \$2.5 million gifts, which have endowed two new joint professorships in the field of sustainability at the University. The \$5 million in corporate monies was targeted as part of a matching-grant challenge from the Erbs, who contributed an equal sum.

The Erb Environmental Management Institute links the Business School and the School of Natural Resources and Environment in the interdisciplinary pursuit of innovative ideas and solutions to environmental problems. Through the Institute's Corporate Environmental Management Program (CEMP), a three-year joint master's degree program, future leaders are equipped with the knowledge and skills to create ecologically, socially and economically sustainable organizations.

"These two new professorships, in combination with existing ones, will provide Michigan with a real critical mass to be the premier source of knowledge regarding transformation toward sustainable human development and enterprise," explains Thomas N. Gladwin, director of the Erb Institute and the faculty director of CEMP.



In acknowledging the tribute, Barbara Erb turned to her grandchildren and said, "I want these children to grow up breathing pure air, drinking clear, lovely water, and swimming in a fresh, lovely lake like I did."

Enlightened leaders of the world's most powerful companies already have recognized the planet's serious environmental challenges and the need to bring their company operations into harmony with healthy natural and social systems.

"We have found that business executives who can combine environmental science with business strategy are now in great demand," says Gladwin, the Max McGraw Professor of



Photos by Michael J. Schimpf



President Lee C. Bollinger (opposite page) greets Mr. and Mrs. Erb. This page (clockwise from left): Frederick and Barbara Erb; Dean B. Joseph White and Professor Tom Gladwin; SNRE Dean Barry Rabe presents plaque to Dow VP Lawrence Washington Jr.; and Paul Youse of Holnam Inc.

Sustainable Enterprise. “We have no problem placing our CEMP graduates.”

The Dow gift will establish the Dow Professorship of Sustainable Science, Technology and Commerce, and provide funds to build a sustainability research center in the renovated top floor of the Dana Building. In his dinner remarks, Dow Vice President Lawrence J. Washington Jr. stated that companies must fully embrace sustainable development if they are to be successful in the 21st century.

“We need the very best in the management of technology to ensure sustainable development over the long term,” he said, adding that the University, with the Erb Institute and its Corporate Environmental Management Program, “will provide the key talent we need to lead us in this journey.”

The endowment from Holnam Inc. (Holderbank North America), the nation’s largest cement manufacturer and supplier, will fund a Professorship of Sustainable Industrial Ecology. Holnam President and CEO **Paul A. Yhouse, BBA ’71**, told listeners his company is judged today not only by traditional measures, such as product quality and profit and loss, but also by its environmental impact and how it fulfills its social responsibility to the community.

“We’d like to work to strengthen the things that are pluses and to change the things that are negatives about our impact,” said Yhouse. “We have those solutions...and we hope that with the continued good work here through the Erb Institute and through the partnership we look forward to continuing to build, we will have some more opportunities to do that.”

By Claudia Capos

A photograph of two men, Antulio Borneo Jr. and Roger McCarty, standing in front of a large window. They are both wearing white button-down shirts. The man on the left is wearing a watch and has his hands clasped. The man on the right is wearing a dark belt. The background is a bright blue sky seen through the window.

De

Dow Executives Send Students into the Field

Dow executives Antulio Borneo Jr. (left) and Roger McCarty (right) provided the William Davidson Institute student project team with strategic and analytical assistance.

stination

“It was a good bet,” says Antulio Borneo Jr., the senior new business development leader for Dow Chemical Company. “We’ve already gotten our money’s worth.”

Borneo, who works at the chemical giant’s Growth Center, commissioned a five-person team (four MBA students and a faculty advisor) from the William Davidson Institute to identify new business opportunities in Brazil and Argentina that leverage existing Dow strengths and capabilities.



Photos by Michael J. Schimpf

Brazil



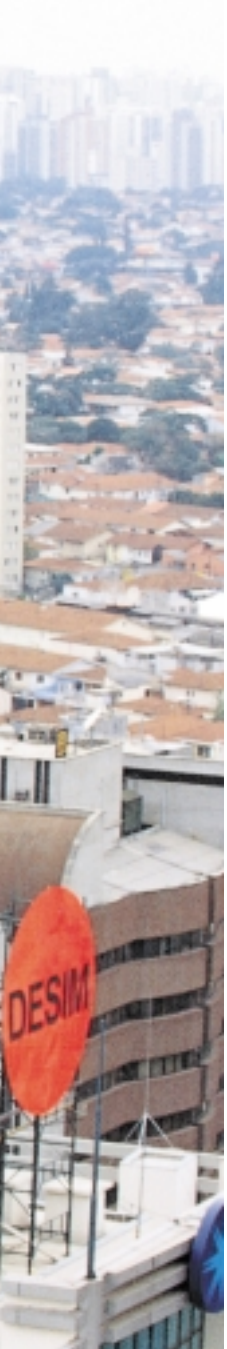
Like the MBA Multidisciplinary Action Project teams, who have a reputation for providing McKinsey-like consulting services to clients as part of their action-learning curriculum, William Davidson Institute fellows are building a similar stellar reputation for business assistance in an international arena.

Last summer, the nonprofit independent institute, which was founded in 1992 by Guardian Glass Corp. and named in honor of its chairman, president and CEO, **William Davidson, BBA '47**, sent its first business assistance teams into South America. The David-

son Institute, headquartered at the Business School, is an international, educational institute working to understand, support and promote the transformation of transition and emerging market economies into well-developed market economies through research, education and outreach activities. Davidson Institute faculty and students have been working in Central and Eastern Europe, Russia, China, Vietnam, Mexico and sub-Saharan Africa for the past decade. Their entry into South America, specifically Brazil and Argentina, represents an extension of expertise to the governments and in-

dustries in these countries and the global and multinational corporations doing business there.

Dow's Growth Center has its own transformational agenda: to broaden the corporation's competitive advantage as a global science and technology company. "As a learning organization, we must keep challenging Dow people to face new ideas and projects, especially when the projects are in new spaces," Borneo says. By commissioning Davidson Institute fellows, he was betting the team could jumpstart the process in the two most promising emerging markets in South America,



At left, São Paulo's urban sprawl stretches for miles. Above, Dow team members (from left) Juan Ibarra, Ron Perry and Meghan Chapple plan their strategy and, below, await a meeting with Dow executives.



countries where Dow already had a considerable presence.

The Assignment

Dow charged the team with analyzing the general political, economic, social and technological trends and discontinuities in the two countries, identifying new business opportunities and recommending action plans for the opportunities. Dow defined a business opportunity as one capable of generating at least \$250 million in annual U.S. revenues at maturity and a positive impact on profits, having a focus in science and technology, and having the

potential to serve as a dynamic extension of existing Dow strengths. “The approach to discover new opportunities was market-driven,” the students wrote in their final report. “For example, we were to identify attractive markets rather than find a ‘home’ for an existing technology.”

The Team

When a corporate client approaches the Davidson Institute with a possible assignment, faculty and staff consult with them to define the project in terms of deliverables to the client and educational opportunity for the MBA students. Once a project is accepted, the Institute selects internship fellows, as the students are called, and a faculty advisor, based on the expertise each can bring to bear on the assignment. Dow Chemical, for example, wanted an environmentalist on the team.

Dow got their environmentalist as well as an engineer, a financier and an

attorney. This diversity of expertise enabled the team to explore broadly and deeply in the two countries. Meghan Chapple, a U.S. citizen, is in the corporate environmental management program (CEMP, a joint degree program between the Business School and the School of Natural Resources and Environment) and has a background in public relations, environmental education and community development. Juan Manuel Ibarra, a Peruvian citizen, is a mechanical engineer and has worked in various sales and marketing positions in the oil and plastics industries in his homeland. His fluency in Spanish was an additional asset. Marcelo Kramer, a Brazilian, is an attorney with experience in anti-trust and business law at his country’s two largest law firms. Ron Perry, also a U.S. citizen, brought expertise in biology and finance to the team, having worked in marketing and business development projects in the United States, Mexico and Israel. The

faculty advisor was Jay Anand, a professor of corporate strategy and international business.

“We were not restricted in any way regarding the business ideas or opportunities we could come up with,” Perry explains. “That creative freedom was very exciting—and challenging at the same time.”

On-the-Ground Investigating

With only 12 weeks to accomplish their assignment, the team was under intense pressure to identify new ideas,

Below and at right, stock traders on the Brazilian Bovespa are caught up in the market’s frenzied trading. Opposite page, the Dow student team gathers for a weekly conference call (from left) Meghan Chapple, Juan Ibarra, Marcello Kramer and Ron Perry.



evaluate their merits and draft written action plans for the most promising business opportunities. Borneo provided the foursome with names and contact information for 38 key people internal to Dow operations in the two countries. The students' primary objective, however, was to interview as many people outside the organization as possible. Through Davidson Institute contacts and strategic networking, they conducted nearly 100 interviews in all with public interest groups, banking executives, representatives of research labs, venture capitalists, manufacturers, multinationals and Internet



company owners. To get the conversations off to the appropriate, high-level start, the students asked, over and over again, "What would you do if you had a million dollars to invest in Brazil... in Argentina?"

Borneo, a Brazilian who has worked in several different countries for Dow, knows from personal experience it is often the outsider who sees things anew. "We wanted their clear minds, their enthusiasm and their expertise as Michigan MBAs," he says. "It was not the 'what' we were after. It was the 'how'—how the ideas were envisioned and assessed. That is the novelty, the new thinking."

The team developed a laundry list of ventures, quickly narrowing it to 26 possibilities ranging from environmental health and safety consulting to wine production and specialty packaging. With strategic and analytical assistance from Professor Jay Anand and Roger McCarty, Dow's staffing and development director for new business development, sophisticated filtering criteria were developed to assess the long-term market size, profitability and sustainability.

"After the review, we had four main ideas in four sectors: water, recycling, automotive and financial services," Chapple says. Several of the possibilities converged during the review process. "We believe this convergence provided additional validation that the sectors ultimately deemed as most attractive were, in fact, the richest opportunities," she says.

The Value Proposition

Weekly conference calls with Borneo, McCarty and other Dow executives with expertise in the project areas shaped the fellows' thinking without hampering their vision. "I had to force



myself not to say, 'Don't go this way because we've already done that several times,'" Borneo admits. "I was able to hold myself back, and as a result they were able to prove to me there were things I should go and see." The students identified four new business ventures: water treatment, financial services for small and medium-size businesses, vehicle armor, and recycling. Their final report defined the specific need in one or both countries and the specific opportunity solution for Dow. In some instances, partnering plans were proposed with existing

Brazilian or Argentine businesses and, for one idea, a joint venture was recommended with a U.S.-based OEM.

Specifics of the findings are confidential, of course, but elaboration on one idea gives a glimpse of the creative thinking employed by the students. They learned, for example, there is an abundant supply of plastics in the waste stream in these two countries and a projected 200 percent increase in the prefabricated low-end home market. Their recycling action plan, which takes into consideration Dow's expertise in plastics, suggests transforming



the post-consumer waste into composite wood for low-end prefabricated homes, siding for mid-sector homes, livestock fencing and other construction-related uses. “The hypothesis and validation the students made regarding one idea has already repaid the investment Dow made in this endeavor,” Borneo says. “In my opinion, we have broken even already.”

The students presented to the management group in Brazil and at the company’s world headquarters in Midland, Michigan. In both arenas, they exceeded expectations. Executives at Dow Brazil

assumed responsibility for analyzing the opportunities from their vantage point, while their Growth Center colleagues in Midland began investigations there.

“For me, the experience was fascinating,” Ron Perry adds. “The William Davidson Institute’s business assistance program is one of the distinguishing features of Michigan’s MBA program. I couldn’t pass up the opportunity to put the skills I’d learned in the classroom to use in an ambiguous emerging market environment.”

By Cynthia Shaw

Opposite page, skyscrapers multiply with lightening speed in downtown São Paulo. This page, the Dow student team takes a break from their 24/7 work schedule to explore the city and take a few snapshots.



Vaclav Havel: A Profile



On September 5, 2000, University of Michigan President Lee C. Bollinger presented an honorary doctor of laws degree to Vaclav Havel, President of the Czech Republic. The ceremony celebrated a man whose heroic, lifelong devotion to the promotion and practice of democratic principles has shaped a nation and influenced the world.

The day was an important one for the University of Michigan Business School and the William Davidson Institute, which is headquartered there. It was to the Davidson Institute and its Czech-born executive director, Jan Svejnar, that Havel turned for economic assistance in 1994 following his election as president of the newly formed Czech Republic. For six years, Svejnar and the Davidson Institute have assisted the fledgling democracy transition from a communist to a capitalist economy.

Following the honorary degree ceremony, Havel, University President Lee C. Bollinger, Svejnar and Drama Professor Glenda Dickerson participated in a panel discussion on “Globalization’s Intellectual Challenge.” Reprinted on the following pages are Vaclav Havel’s and Jan Svejnar’s remarks.

Photo: (From left to right) University President Lee Bollinger, Havel, Interpreter Alexandra Brabcov, Jan Svejnar, Glenda Dickerson.

in Courage

To Remain Faithful to Truth in the Information Age

By Vaclav Havel, President of the Czech Republic



Michael J. Schimpf

Mr. President, distinguished guests, your University was founded in the same year in which my country discovered the alleged medieval manuscripts of patriotic epics, which purported to attest to the ancient roots of our nation's culture, the wealth of its history and the greatness of its myth-making creativity. Their appearance gave a boost to our self-awareness and self-confidence as a nation at a time when we were deprived of freedom, and they were designed to contribute toward our emancipation.

Professor Masaryk, before becoming the first Czechoslovak president, collected evidence proving these manuscripts, although superbly written and obviously inspired by good intention, were fakes. There ensued a so-called "Battle for the Manuscripts." The minority who insisted the papers had been forged were decried by majority opinion as traitors to the nation. By questioning the most precious relics of the Czech people, they were accused of undermining the nation's self-confidence and thus jeopardizing the entire self-liberation effort.

Masaryk would not yield and did not succumb to the temptation to appear complacent to the crowds. Undeterred by the risk of losing prestige, reputation and popularity, he stood by his conviction. To him, the only valid and viable cornerstone for his nation's new existence was truth.

Post-Communism Offers Insights

After 10 years' experience with post-communist conditions, historically a new phenomenon, I find this very interesting experience certainly worth studying, just as communism is worth studying, because the experience can say something to all inhabitants of this planet. First, post-communism generates astonishment and sometimes mistrust among those of you living in democratic societies. But these same feelings also occur among those of us living in post-communist countries.

When the world was politically divided along a bipolar line, many problems affecting today's civilization were not as visible as they are now. Various regulations operating at the time outside the economic field, in politics, values, ideas or prestige, helped to conceal the speed and direction of various movements in our civilization. Now when the world is looking with some difficulty for a new multi-polar arrangement, we appear to see in full light these movements in our civilization that were not seen previously. Globalization itself is morally neutral. What matters is the content or substance of what is being spread globally. Is it information? Solidarity? Respect for human rights? Or does globalization mean, for example, the spreading of stupid advertisements?

In our country, everything had been nationalized, and a huge transformation process was necessary in our economy. A major privatization took place, and now we can see a certain danger of loss of human values and human measures in coexistence. Thousands of small stores emerged in our streets with diverse signs and assortments. Our streets became more colorful, and they again developed into crossroads of life and human contact. That was the first stage. A few years later, however, we began to see many of these smaller stores disappear again because huge supermarkets were being built on the outskirts of the cities.

This is just one example. It certainly seems to me, however, that the dangerous aspects of globalization must be discussed; this brings me to the actual topic of this discussion—the role of intellectuals. I believe intellectual reflection is tremendously important, and indeed such reflection should precede a re-birth of a sense of global responsibility for this world, a sense of responsibility toward eternity and toward the infinite.

This is possible only if there is an advance of a new spirituality. Intellectuals should play an irreplaceable role in this process, in this kind of reflection, which also would extend into the realm of politics and should cover the behavior of politicians.

What Is Truth?

Yes, to President Masaryk, truth was the cornerstone for his nation's new existence. But today, do we live in the age of an information revolution when hundreds of thousands or millions of pieces of information crisscross the globe every second at a frantic speed, spanning our planet with an all-embracing coat of communication? This is a marvelous achievement to which I have no objection whatsoever. However, it seems to me that it is of paramount importance to understand the fine difference between information and truth.

To put it briefly and simply, I believe truth is also information. But, at the same time, it is something greater. Truth, like any other information, has been clearly proved, affirmed or verified within a certain system of coordinates or paradigms, or is simply convincing. But it is more than that. It is information avouched by a human being with his or her whole existence, reputation, name and honor. I do not know

how many of the millions of information details which float around our planet meet this criterion.

It was certainly true of the information that our famous national manuscripts were forgeries—information which was not only proved scientifically, but also vouched for by a great man who stood by that information with his entire being, did not hesitate to fight for it and risked almost everything in the process. The same man later emerged as one of the most eminent personages among the creators of our modern history. His emphasis on truth was embraced as one of the underlying ideals of our modern state.

But none of these were a certainty. As far as my contemporaries are concerned, I suspect the majority do not care in the least whether these epics were authentic or forged; most of them may not even know of their existence. Nevertheless, Masaryk's attitude demonstrates that genuine commitment to truth means standing firm no matter whether it yields returns or not, whether it meets with universal recognition or universal condemnation, whether a fight for the truth leads to success or to absolute scorn and obscurity. President Kennedy dwelt upon this subject in *Profiles in Courage*, a work portraying the fate of people who were not afraid to stand up alone against all and to risk political defeat because they were certain of the truth and obeyed their conscience.

Why am I speaking about this here and now? Graduates of your University soon will become leading figures in various spheres of American public life. I would wish for them, as well as for myself, that they manage to remain faithful to truth in this information age and that they work in this spirit, in the hope, perhaps a foolish hope, they will make the world a better place.

Masaryk's hope may have appeared foolish as well. But was it really? Is it foolish to let ourselves be guided by conscience to insist on the truth even when it is out of favor and, thus, to affirm that truth is genuine truth in the deepest sense? What is foolish actually?

Mr. President, ladies and gentlemen, I thank you with all my heart for the honor you have awarded me today. I hope I will not disappoint your trust.

To Spread the Rewards of the New World Order

By Jan Svejnar, the Executive Director of the William Davidson Institute and the Everett E. Berg Professor of Business Administration at the University of Michigan Business School



Michael J. Schimpf

I view globalization as a new world order. In this order, states and borders are becoming less important, while non-government institutions, including universities, firms and individuals are able to exert more influence.

I would like to stress that globalization has tremendous potential for making the world better off. It combines major technical advances with a free access to a much larger playing field by virtually all who want and know how to play on this worldwide field. It stimulates entrepreneurial activities and attracts top talent from all over the world.

Now, there are two major problems associated with globalization. First, many people around the world do not understand it and fear it in an instinctive, almost primal way. Second, benefits of globalization so far have been very unequally distributed across countries.

Allow me in the short time I have to address these two problems, particularly the task of giving people around the world access to the rewards of the new economy and global activities.

This is a fundamental challenge for institutions such as the University of Michigan and, in the context of the Czech Republic, for the Czech government and Czech intellectuals. This is what brings us together at a forum such as this one. It also relates to President Havel's discussion of the need for post-communist societies to become integrated into the western world.

To understand the challenge, note that leading American universities provide the type of education and intellectual environment that makes people understand, and makes them able to enter, the highly rewarding sectors of the global economy.

There are two important elements of the American higher education system that are absent in most other countries. The first is the wide public access to college education. The second is the intense competition among universities in research and dissemination of new knowledge to students, faculty and society at large.

This system ensures that new intellectual developments are rapidly incorporated into the process of higher education and that benefits are passed on to the society at large.

In most other countries, including the Czech Republic, the universities are not subject to intense competition and they do not provide wide access to education. The system does not generate quality education and research, and it does not pass the benefits to the society at large.

A major challenge is hence how to enlarge the access for people around the world to the type of education and skills that enable them to understand globalization and make them able to launch or be part of the highly productive global activities.

What Should Be Done?

Let me start with countries such as the Czech Republic. There, the governments and intellectuals have to face the fact that they need to increase the quality and impact of their universities and other institutions that allow them to reap the benefits of globalization, by this I mean the institutions of a civil society.

In terms of universities, the measures that are needed include (1) improving quality by tying funding to performance, and (2) enabling more students to enroll by allocating significant resources to education. Globalization accentuates differences. Unless countries such as the Czech Republic make these types of adjustments, they will not reap the benefits of globalization. They will be left out.

In line with President Havel's emphasis on the need to integrate the post-communist countries into western institutions, the universities in these countries also need to enter into productive cooperation with leading universities in the world.

The challenge for the University of Michigan and other leading American universities is to become truly global in the delivery of education, in part through alliances with local institutions in post-communistic and developing countries. We have brought many students from other countries to our campuses. These students have done well in their home countries and in the increasingly global economy. But their numbers are miniscule in comparison to the gigantic challenge of providing quality education on a large scale globally.

We have clearly made important strides in the direction of globalization. The vision and financial support of people like Bill Davidson have enabled us to involve much larger numbers of students, faculty, managers, government officials, and journalists from other countries in our educational programs. To give an example, over the last decade the William Davidson Institute and the University of Michigan Business School have sent thousands of students to work with hundreds of companies all over the world. The benefits to the students, faculty and companies have been enormous.

We also are making rapid progress in the use of our distance learning facilities in the global arena—an avenue that appears to be particularly promising for the future. And President Bollinger, Provost Cantor and Vice Provost Kennedy have been exploring various options for globalizing what is already one of the most internationally-oriented universities in the United States. These are clearly much needed steps in the right direction.

In conclusion, let me suggest that the university that will be the first to meet this challenge and start delivering quality education worldwide (truly on a global scale) will contribute enormously to the welfare of the world and, at the same time, reap great intellectual benefits.

Moreover, its leaders will be recognized as having pioneered a new direction for higher education in the twenty-first century. This direction will be followed by others. The University of Michigan has distinguished itself in the United States as the leader of a public mission in support of diversity. Extending this mission to the rest of the world would be an appealing next step.



Michael J. Schimpf

After receiving his honorary degree, Havel (center) is applauded by Regent Rebecca McGowan (left) and University President Lee Bollinger (right).

Reunion 2000



Last fall University of Michigan Business School alumni ushered in the 21st century at Reunion 2000, surpassing all previous attendance records for the annual event.

The three-day gathering, October 12–15, offered participants an opportunity to catch up with classmates and to network with other graduates from different facets of the business community.

Business School faculty members were on hand to lead professional development classes and discussion groups. In addition, the reunion conference brought special focus to bear on “Navigating the New Economy.”

For a look at the Reunion 2000 photo scrapbook, visit www.bus.umich.edu/reunion2000. The Web site also contains details about Reunion 2001, scheduled for October 12–14.



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DOWN	TO GO	BALL ON	QTR. 4
282	RUSHING	78	
280	PASSING	179	
562	TOTAL		257



Photos by Michael J. Schimpf

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Vice President, Human Resources
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ALUMNI ACTIVITIES



CHICAGO

Pictured clockwise from right: **Norman Sigler, MBA '92**, club president, **Krege Keese, MBA '92**, **Shannon Keese, Brett Rose, MBA '92**, **Jennifer Forsyth Pinto, BBA '92**, **Tim Hettinger, MBA '92**, **Ron Schultz, BBA '91**, **Stephen Maenhout, MBA '92**, and shown in the center, **Dean B. Joseph White, PhD '75** and **Cindy Johnson Schultz, MBA '92** joined more than 125 Chicago-area alumni, UMBS Club of Chicago members, and friends for a fall reception in the Windy City. Dean B. Joseph White and members of the Corporate Advisory Board were on hand for the event, held at the Fairmont Hotel on November 2.

BOSTON

The Business Society of the University of Michigan Club of Greater Boston hosted a fall brunch and panel discussion at the Radisson Hotel on Sunday, October 29. More than 50 UM and UMBS alumni and guests attended the event, organized by **Greg Lipper, MBA '97**. The keynote speaker was Massimo Russo, global e-strategy leader for General Electric Aircraft Engines. Panelists included **Jeff Mott, MBA '95**, vice president for eAssist Global Solutions, **Sky Lance, BBA '83**, founder of Windjammer Capital, and **Tim Petersen, MBA '98**, manager of the Wolverine Venture Fund at the Business School.



JAPAN

The UMBS Club of Japan, led by president **Takeo Suzuki, MBA '76**, and his assistant, Mr. Shizuo Mochizuki, hosted several UMBS faculty members during the past months. Allan Afuah, assistant professor of corporate strategy and international business, visited Tokyo in August and presented a lecture on the "Internet Bubble" to 20 club members. In November, the club welcomed **Walter Kell, MBA '47**, professor emeritus of accounting, with a traditional Japanese dinner. Alumni and guests gathered in February to hear Gunter Dufey, professor of corporate strategy, international business and finance, pictured here with club members, at the Forum in Tokyo.

ARGENTINA

In November, the Foreign Universities Alumni Club sponsored a cocktail reception for alumni in Buenos Aires. **Rogelio Nores, MBA '89**, and **Raquel Arevalo, MBA '88**, helped organize the Michigan contingent, which included **Diego Regueiro, MBA '99**, **Christian Sieling, MBA '96**, **Horacio Corregge, MBA '98**, and **Fernando Alvarez, MBA '96**.



INDONESIA

Linda Lim, professor of corporate strategy and international business, met with alumni in Jakarta, Indonesia, last summer. Pictured are **Herianto Pribadi, MBA '99**, Professor Lim, **Eddy Tamboto, MBA '99**, and **David Yaory, MBA '00**.

ALUMNI ACTIVITIES



LOS ANGELES

The gridiron face-off last fall between Michigan and UCLA at the Rose Bowl in Pasadena revved up Wolverine fans on the West Coast. More than 250 alumni and guests from the California area joined the UMBS Club of Los Angeles for the event on September 16, which included an alumni tailgate party, hosted by the UM Alumni Association. Posing for the camera are members of the UMBS Club of Los Angeles, along with Ann LaCivita and Kathie East from UMBS Alumni Relations.



SAN FRANCISCO

The UMBS San Francisco Bay Area Club celebrated its fifth anniversary with a brunch to mark the election of new officers for 2001. Pictured, left to right, are **Bob Feller, MBA '96**, outgoing president, **Chuck Hornbrook, MBA '98**, incoming president, **Jodi Klein, MBA '93**, past president, **Eva Chang, MBA '93**, founder and past president, and **Andy Wong, MBA '97**, past president.

DETROIT

A distinguished panel of academics and industry experts focused on new developments in automotive telematics, an emerging business service model, during the second annual Auto Industry Panel. The yearly event, sponsored by the UMBS Club of Detroit, was held last fall on October 29 at the Business School in Ann Arbor. Nearly 150 alumni, students, automotive executives, and area business leaders heard commentaries by noted panelists, including David J. Brophy, associate professor of finance and director of the Office for the Study of Private Equity Finance, Dave Gelvin, president and CEO of Sensoria Corporation, Tom Godward, director of PRTM, John Correia of Core Wireless Technologies Multimedia and Telematics at Visteon Corporation, and **Anthony Musci, MBA '98**, associate director of IDB Forum.

For a calendar of upcoming alumni events, visit www.bus.umich.edu/alumni/a-events.html

WASHINGTON, DC

The UMBS Society of Washington, DC, has seen a flurry of activity in recent months. In January, President **Judy Spector, MBA '79**, hosted a meeting of the society's board of governors at her home. Pictured here are **Ruth Raubitschek, MBA '77** (seated on couch), **John Lipinski, MBA '97**, **Dwight Fontilla, MBA '96**, **Dan Rudolph, LSA '92**, president of the UM Club of Washington, DC, and **Amy Friedland, MBA '90**.

Last year, the society organized a series of real-time "chat rooms," featuring presentations by prominent local alumni. Among them were **L. William Seidman, MBA '49**, former chairman of the FDIC and now chief commentator on CNBC-TV's *Business News*, pictured here with **Judy Spector, MBA '79**, and **Jim Whittaker, MBA '66 and PhD '75**, a retired Naval rear admiral, pictured with **Ruth Raubitschek, MBA '77**. Whittaker, who has authored books on strategic planning in the government and now serves as a financial advisor to several high-tech start-ups, spoke on "Entrepreneurial Decision-making in the 21st Century: How Are Dot Com Start-ups and Government Agencies Similar?"





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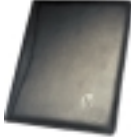
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LP100A \$49.99



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WS100A Adult sizes M, L, XL \$59.00
XXL \$64.00



T-SHIRTS
Fruit of the Loom, white with color logo.
TSA100A Adult sizes M, L, XL \$9.99
XXL \$12.49
TSY200A Youth sizes 2-4, 6-8, 10-12, 14-16 \$6.99



PEN
Solid brass cap and barrel, silver finish with goldtone accents. Laser engraved. Black ink.
PN100A \$19.99



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This one-piece romper with collar and placket from Gerber features a 100% white cotton pique material with a 2-button placket fashion collar and snap crotch for comfort.
BR100A \$19.99
Infant sizes: 12 to 18 months

FUTURE GRAD T-SHIRT
This 100% Fruit of the Loom Lofteez t-shirt features the "future grad" screened imprint on the front and the logo on the back.
TSY 400A \$17.99; Youth sizes: 2-4, 6-8, 10-12, 14-16 ▼



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CLASS NOTES

1944



Molly (Winokur) Foreman, BBA '44

is VP of marketing for Corporate Services in Boca Raton, Fla. "Attending school and graduating during WW II provided opportunities that otherwise would have been unavailable, but my business school education has served me well in a career that has spanned more than 50 years and in which I am still active, though at a more modest pace," says Molly, who has done just about everything in advertising there is to do. "Recently my daughter and I have expanded our base of resources to include travel and debit cards and now serve national firms with motivational programs. I attribute all my successes to my education at the University of Michigan. Thank you for having helped to make my life so stimulating and exciting." You can contact this truly amazing woman at mfcorserv@aol.com.

1946

Rev. Rowland L. Westervelt, BBA '46

"Somehow I went astray, or on track, and entered the seminary after UM, graduated in 1949 and was ordained a minister in the Presbyterian Church," writes the Reverend. "I was in Shawneetown, Ill. (1949-57), Newburgh, Ind. (1958-71), and Londonderry, N.H. (1971-86), after which I retired to Maine. I then helped a new church development get started in Kennebunkport, Maine. Now we travel a lot and do vegetable gardening. I'm extremely grateful for my schooling at Michigan, which helped me set up good accounting procedures for my churches so they all ran in the black."

1950

George E. Gerbstadt, MBA '50

served as a 1st Lt. in the Korean War, went to Gar Wood Industries and then Ford Motor Company, where he worked in engine design and development and program planning until 1984. He is active in real estate development and property management. George and wife, Grace, have three children: Terry graduated from MSU and is a TV meteorologist in Colorado Springs; Gary graduated from UM and is an IRS auditor in Atlanta;



Glenda graduated from UM and is a CPA and real estate broker in Ann Arbor.

1951

Curtis C. Verschoor, BBA '51, MBA '52

is a professor at DePaul University and has just written a new book, *Audit Committee Briefing: Understanding the 21st Century Audit Committee and Its Governance Roles*, which is available through the Institute of Internal Auditors at www.theiia.org or by calling 877.867.4957.

1952

Wilfred Earl Calmas, MBA '52

is president of Calmas Associates, a consulting/executive coaching company. "I work with companies to help manage their business potential," says Wilfred. "My PhD in psychology and my Michigan MBA give me a very unique perspective." You can contact him at wcalmas@aol.com.

1957

George B. Wolf, MBA '57

is a professor of operations management, currently teaching supply chain management courses at DeVry University in Long Beach, Calif.

1958

H. Thomas Platt, BBA '58, MBA '59

is president of F and T Resources in Manlius, N.Y. "I returned last fall from an extended trip to Singapore, Beijing, Xian, Seoul and Hong Kong. Wore my Michigan cap on the Great Wall and through it met a couple from the University of Washington. In the Forbidden City met a Polish executive who was touring the world and had been in Ann Arbor just recently and then met two expats at the Beijing Riviera Country Club who were Business School alums working for Boeing in China," says Tom. "Always wear your colors. Michigan is truly known worldwide, and you really meet some interesting people that way." You can help Tom plan his next trip at tompfandt@traknet.com.

1960

David Hilderley, MBA '60

"With our retirements (David from GE), Laura and I have enjoyed more recreational

travel, including Australia, New Zealand and Africa," says David. "I've been able to fit this in between volunteer activities with the Presbyterian church, Providence (R.I.) Public Library and several other local activities." You can catch him, maybe, at dhilderley@aol.com.

Lawrence T. Patterson, MBA '60

is president of Swiss Financial Services Inc. in Cincinnati. "I have been active for the past 30 years in offshore asset management for private investors with emphasis on Swiss banking privacy and British mutual funds, and also publish a monthly political and investment magazine," reports Lawrence.

1963

Tom and Joan Conroy Cleveland MBA '63 (both)

"We will celebrate our 40th anniversary in 2001. Joan is a real estate broker and an owner of Village Associates in Orinda, Calif. Tom is the CEO of Management & Capital Group, a diversified information technology company. Our daughter Linda is a CPA and systems manager for Roundtable Pizza. Our son, Dave, is a senior VP for Qsent.com. Both have two children, who get our attention," report Tom and Joan. You can reach them at stzcpa@ix.netcom.com.

1966

Douglas P. Foxx, MBA '66

retired in 1999 as executive VP, Fifth Third Bank, where he was involved with trust and investment activities and managing/integrating two broker-dealers. He is currently occupied as a private investor. You can reach him at foxxden123@yahoo.com.

Richard C. Wells, BBA '66

has been appointed VP of sales and marketing for Formation Inc., a solutions engineering company specializing in communications and multi-media, based in Moorestown, N.J.

1968



Alexander A. Krezel, BBA '68

has been promoted to vice president, corporate secretary and assistant general counsel at Global Marine Inc. in Houston, one of the largest offshore drilling contractors. He has

primary responsibility for corporate governance issues, and serves as legal counsel for the company's employment, compensation and employee benefit functions. You may contact him at alex.krezel@glm.com.

1970

Ronald L. Sladky, MBA '70

is president and COO of Master Chemical Corp. in Perrysburg, Ohio. "I am traveling extensively throughout Asia as our company globalizes into that area. I would be happy to talk with anyone in the Toledo area," says Ron. Contact him at rsladky@masterchemical.com.

1973

Gary J. Sanders, MBA '73

has been named CFO and chief administrative officer at Enviz Inc. in Redwood City, Calif., the technology leader in digital presence management—the process of measuring, optimizing and continually improving the Web customer experience. He can be reached at gary.sanders@enviz.com.

1975

Allen Heinmiller, MBA '75

retired in 1989 and is now living in a retirement community in Waverly, Ohio. You may reach him at ajmiller@zoomnet.net.

Douglas Jean, MBA '75

is controller of Xerox Corp. in Houston. He can be reached at djean@flash.net.

Bryan Marsal, MBA '75

is managing director of Alvarez & Marsal Inc. in Manhattan. He sums life up very succinctly: "I have a wonderful family (wife and two children), found a great business partner, love what I do and though I tend to eat too much, my health and that of my family has been excellent."

Brian Rutt, BBA '75

is director of Tecolote Research in Manhattan Beach, Calif. "I retired in 1997 after a 22-year U.S. Air Force career and spent three years as a consultant with the Dept. of Defense before going to Tecolote," says Brian. "Kathleen Pritchard and I were married in April 1988. We are active in the Lutheran Church and I'm an avid snow skier." You can reach Brian at brutt@LA.tecolote.com.

Burt Shurly, MBA '75

is senior vice president of Comerica Bank-California in Costa Mesa and has been with Comerica since 1977. "I retired from the Navy Reserve where I was commanding officer of Atlantic Intelligence Command 1673 reserve unit," adds Burt, who also mentions he married Mary Ann Lutomski in 1999 and last year his son was accepted to Michigan's LS&A College. You can reach him at burtshurly@msn.com.

Carol Taras, BBA '75

is sales training manager for Siebel Systems in San Mateo, Calif. "I continue my love of travel in the current position and have trained customers in Europe and South America," says Carol, who also fondly remembers Ross Wilhelm as her favorite professor. You can reach her at caroltaras@cs.com.

Robert S. Wilson, MBA '75

Bob Wilson & Associates Inc., started in 1986, was given the Growth 100 award, which recognized Bob's company as one of the fastest-growing companies in Indiana. Bob and his wife reside in Carmel, Ind., and sent their oldest son off to college last fall. The other two sons are still at home. Send your congratulations to bwilson@bobwilsonconsulting.com.

1980

Mark Bondy, BBA '80

"I entered the travel industry in 1980, beginning in hotel management in Aspen. In 1984 I returned to Michigan and became regional sales manager for a large tour operator. I then moved to Chicago in 1987 to enter the incentive travel industry and finally returned to Traverse City, Mich., to become a partner in Weyand, Burak & Bondy, a division of Viking Weyand Travel Service Inc., where I am president," says the much-traveled Mark. He also reports marrying Dawn Troesch in 1997, and they have two wonderful children, Ryan and Alexandra. If you need to make travel plans, contact Mark at mbondy@vwts.com.

Joseph Harris, MBA '80

is auditor general for the city of Detroit, a position he received in December 1995. You can reach him at auditorgnl@msn.com.



Leonard D. Kichler, BBA '80

has been named executive VP of Metropolitan Bank & Trust in Mayfield, Ohio, where he will oversee the retail banking, trust and financial services, marketing and consumer lending areas of the bank.

Howard Prager, MBA '80

is director of corporate education for the Lake Forest Graduate School of Management, an executive MBA program in Chicago. He also has been elected as a national advisor to chapters of the American Society on Training & Development. His son's and daughter's bar/bat mitzvah were last summer. Howard

also serves as scoutmaster of his son's Boy Scout troop. You can reach him at hprager@lfgsm.edu.

John Reedy, MBA '80

is president of CLI Financial in Phoenix, the financial division of an educational software firm. John also is a religious education teacher, father of a boy and girl, big brother to a fatherless boy and a volunteer with the homeless. "My best memories of UM are the strong sense of community, the great concern for each other and the leading-edge business/real life training," says John, who also admits to missing Ann Arbor and football. To keep him updated this autumn, e-mail jreedy@compasslearning.com.

Katy Reynolds, MBA '80

"I'm 'just' home raising twin sons who are now 11. Clare, our oldest, is getting married this summer. I'm pursuing a degree in ornamental horticulture, just for the sheer pleasure," says Katy.

Michael Stark, MBA '80

"The investment management business I started inside Robertson, Stephens was acquired by a group of the current partners of Crosslink Capital. Today, we are an independent, employee-owned venture capital/investment management firm based in San Francisco with a focus on high-tech investing," reports Michael. "We manage about \$1 billion. Tom Bliska, MBA '90, joined our partnership last year," he adds. You can reach him at mstark@crosslinkcapital.com.

Michael E. Wilens, MBA '80

is now president of West Group, the foremost provider of information and solutions to the U.S. legal marketplace, formed by the merger of West Publishing and Thomson Legal Publishing. You may contact him at Michael.Wilens@westgroup.com.

1981



Eric W. Leininger, MBA '81

was just appointed senior vice president, marketing services, for Kraft Foods North America. He will be responsible for media, advertising, packaging and creative services, consumer insight and strategy, Kraft Kitchens and consumer scale, strategy and communications group. Eric also will lead the Kraft Nabisco marketing services integration initiatives.

1983

Jonathan Brateman, MBA '83

was elected to a four-year term on the Southfield, Mich., city council in November 1999. He has worked toward more development in the American Center, updated boards and commissions in the city, has a cable access program, is developing an office building in Novi and continues to broker office space and sell vacant land in Novi. If you're looking for land, contact him at JBrateman@aol.com.

1984

Charles C. Conaway, MBA '84

recently left his position as president and COO of CVS Corp. to become the chairman and CEO of Kmart Corp. (See page 8.)

Roger C. Greene, MBA '84

is president of Ipswitch Inc., an Internet software company, based in Lexington, Mass., that he founded in 1991. You can reach him at roger@ipswitch.com.

1985

Lisa (Budyk) Zimmer, BBA '85

was elected partner at the Detroit law firm of Honigman Miller Schwartz & Cohn, where she concentrates in employee benefits law. She has extensive experience in the design, drafting, implementation and administration of qualified retirement and welfare plans.

1986



William Nisser, MBA '86

is a business/IT consultant with Telia Promotor AB in Uppsala, Sweden. "Our company is the market leader in Scandinavia in contact center technology. We are strong in Web bank applications and have started to develop wireless Web applications," says William. "My wife, Katarina, daughters, Helena, 10, and Carolina, 7, and I live in a beautiful old house in the heart of Uppsala, which we have carefully renovated to preserve the original charm. Katarina is working with osteoporosis research at the University Hospital. Come and see us if you plan to visit Sweden." William adds a final note, "Hurrah for the yellow and blue—the colors of both Michigan

and Sweden." If you plan to visit in the area, contact him at william.w.nisser@telia.se.

Michael J. Perullo, BBA '86

is a self-employed entrepreneur in Atlanta. "My favorite recent activity was riding my Ducati motorcycle from my ranch in Colorado to Yellowstone National Park in June 2000—after climbing Humboldt Peak (14,064 feet)," says the very adventurous Mike, who can be reached at mjpatlusa@cs.com.

1987



Lynne Boehringer, BBA '87, MAcc '87

has joined the management consulting firm of Egon Zehnder International, Chicago office, one of the premier executive search firms globally, with other practices in management appraisal and board governance matters. Lynne focuses on senior level executive search for clients in the pharmaceutical, biotech and medical products sectors. She also works with corporate clients across industries on senior level attorney appointments. Lynne may be reached at lynne.boehringer@ezi.net.



Steven R. Brant, MBA '87

has been named manager of marketing for Kohler Asia at Kohler Co. He joined the company in 1987 and has served in several positions of increasing responsibility, most recently as manager of international marketing services. Steve also is a licensed architect.

Roland J. Bydlon, MBA '87

is VP of marketing for Integrity Pharmaceutical Corp. in Fishers, Ind. "I'm having fun helping to run a start-up pharmaceutical company in Eli Lilly's backyard," says Roland, who can be reached at rbydlon@integritypharma.com.

Thomas R. Jacob, MBA '87

joined American Express Tax & Business Services' Executive Search Practice in January 2000 after being a principal and director in two other retained search firms. As a retained-only search practice, Thomas focuses on mid-to upper-level positions in all functions and most industries. "I was married on March 30, 2000, to Jeannie and we are living in the heart of Chicago. I am never too busy and would enjoy hearing from other Michigan grads at 312.499.1639 or by e-mail to ThomJake@aol.com," says Tom.

Charles Reaves, MBA '87

has been elected to the board of directors of the National Black MBA Association. He will serve a three-year term as their mid-east regional representative and also on their strategic planning and global initiatives committees. Charles is principal and owner of Treasury Services Group, a Pittsburgh management consulting practice that provides corporate finance advisory and strategy advisory services for small and mid-size businesses. He also is a member of the board of directors of Junior Achievement of Southwest Pennsylvania. You can reach him at TSReaves@aol.com.

1988



Julie Haggerty, MBA '88

recently joined the business development team of BRIVAR Construction Company in nearby Brighton, where she will assist the company in acquiring new customers for its design/build, construction management and general contracting services. You can reach her at julie.haggerty@brivar.com.

Stacey (Blumberg) Paradise, BBA '88

graduated from New York University's School of Law in 1991 and has been an attorney with Willkie Farr & Gallagher, specializing in commercial litigation. "In November 1994, I married Steven Paradise (BBA '87), who is also an attorney. You can contact her at sparadise@willkie.com.

David Treece, MBA '88

is a partner with Hurwitz Kroll & Partners in Miami. Recently he became president of the Miami-Dade & South Beach Business Guild, a new chamber of commerce serving the large and increasingly important gay and lesbian



community. An annual Halloween fundraiser last year drew some 2,500 people. In November, David received a major community award from the Dade Human Rights Foundation. You can reach him at dvdtreece@aol.com.

1989

Allan S. Katz, BBA '89

recently moved to Dallas and became an associate with the law firm of Winstead Sechrest & Minick, PC, practicing in the area of commercial real estate.



Susan B. Meyer, BBA '89, MAcc '89

was recently promoted to partner with Ernst & Young LLP. Susan joined EY in 1989 and is a project leader in the firm's mergers and acquisitions due diligence advisory services practice. She has just transferred to the San Francisco office from Chicago.

Sanjay G. Reddy, MBA '89

is a director with GVK Industries Ltd. in India, where he works with the power sector. "We already have an operational power project and several others forthcoming. Our group also is into hospitality, particle boards, petrochemicals, construction and other areas," reports Sanjay. You can reach him at sanjayreddy@gvk.com.

1990

Joyce Barthwick, MBA '90, and Steven Daub, MBA '90

Joyce is manager of consumer insights for General Mills in Minneapolis. "In November 2000, Steve Daub and I celebrated 10 years of wedded bliss," she says, adding, "We have two children, Brian, 9, and Stephanie, 3." You can reach her at joyce.barthwick@genmills.com. Adds Steve,

"I left my career in marketing research in the packaged goods area to start my own consulting practice, SDI Research, in Plymouth, Minn. We specialize in consulting and qualitative research, and so far so good."

Michael Clark, MBA '90

recently became VP, marketing, for Encorp Inc. in Windsor, Colo. You can reach him at mjclark1@aol.com.

Jennifer (Cohen) DeLaney, MBA '90

is working in marketing and product management of consumer goods for Playtex Products Inc. in Westport, Conn. She will celebrate her 10th wedding anniversary this summer and her son's, Jack Douglas DeLaney, third birthday.

Douglas Gross, MBA '90

"I started my own financial services practice in 1996 and now manage over \$60 million of investments," says Doug, who is the owner of Raymond James Financial Services. To give him your money, contact dgross@rjfs.com.

Thomas Kushner, MBA '90

is executive director of UBS Warburg in Stamford, Conn. He married **Stephanie Friedman, MBA '91**, and they have three children: Emilie, Daniel and Katie. You can reach him at tom.kushner@ubsw.com.

Christopher Lawrence, MBA '90

is manager, global planning, for International Paper in Jacksonville, Fla. "Grace and I proudly announced the birth of our son, Zachary, on November 8, 1999," says Chris. You can reach him at cglawrence@alltel.net.

William Mott, BBA '90

"After spending five years with General Motors in Zurich, I've just moved to Lisbon as branch manager for Opel," says William. If you're in the area, contact him at william.mott@pt.opel.com.

Jayaram Reddy, MBA '90

is CEO of Mindflow Technologies Inc., a software company he founded in Plano, Texas. You can find out all about the company and place your order at jay.reddy@mindflow.com.

Pradip Sadarangani, MBA '90

"I am completing my doctorate at the Indian Institute of Technology in Bombay," says Pradip. "During the last year and a half I have made significant progress toward finishing my dissertation." Pradip does add that he is not yet married.

Carlos Gabriel Santiago, MBA '90

is president of COFECC, the Corporation for the Economic Development of San Juan, which has shown unbelievable growth in all areas since he took over in May 1998. After graduation, Carlos worked in several prestigious international banks, including Citibank, Banco Santander and Scotiabank. He is a CPA and last year received his JD from the University of Puerto Rico Law School. Carlos adds, "I want to thank the University of



Michigan Business School for playing a very important part in my life, professional as well as career development." To discuss the state of economic development in Puerto Rico, or just to say hello, contact Carlos at cgabriel@coqui.net.

Marina Shoemaker, MBA '90

is manager of retail strategy and trends for General Motors in Detroit. She just adopted her second daughter, Sidne.

Ronald Wernette, MBA '90

is a partner with Bowman and Brooke LLP in Detroit. His clients include General Motors, Ford and Volkswagen, among others. Contact Ron at rwernett@bowman-brooke.com.

1991

Marcia (Moreno) Alvarado, BBA '91

has moved with husband Mark and family to Irapuato, Mexico, for a three-year assignment. "Mark was promoted to purchasing manager of the American Axle & Manufacturing Guanajuato Gear & Axle plant in Silao, Mexico. Our children are Jessica, 7, Emily, 4, and Jacob, 1. We are all getting accustomed to our new way of life here, especially the great weather year-round," says Marcie. To plan a visit, especially in winter, contact mamoreno2@juno.com.

Marcus K. Jones, MBA '91

has been appointed director of trans-regional sales for Whirlpool Corp. Currently, he is based in São Paulo, Brazil, where he is director of international sales and product development for Whirlpool Brazil, and now will combine the two positions. Marcus will lead a global team focusing on leveraging the company's worldwide manufacturing capability to grow sales between operations in North America, Latin America, Europe, Asia-Pacific and India. You can reach him at Marcus_K_Jones@multibras.com.br.

Ann (Goldberg) Loeb, MBA '91

is happy to announce that she married longtime friend Bruce Loeb on September 9, 2000. Although they had been friends since 1982, they only began dating in January 1999. Ann and Bruce reside in New York City, where she is currently a managing director of Bear Stearns and he is an independent marketing consultant. You can send congratulations to aloeb@bear.com.

Mark Weintraub, BBA '91

was incorrectly reported in the last issue of *Dividend* as working for Republic Bancorp Inc. In fact, Mark has been a senior manager with KPMG LLP in their Detroit office since July 1999. We apologize for any confusion caused by this error.

1993

Rajeev Agarwal, MBA '93

has joined forces with **Darin Quest, MBA '93**, to start an Internet software and service company called marketingQ, headquartered in Seattle with a software development center in Mumbai, India. marketingQ helps companies save 15 percent to 30 percent on the procurement of marketing materials and services for multi-million-dollar marketing campaigns, trade shows and product launches. It offers marketing departments a private Web site that provides a customized list of vendors, reverse auctions and branding guidelines. Visit them at www.marketingQ.com.

Shelley Woods, MBA '93

is pleased to announce her engagement to W. Bernard Whiting Jr. Shelley is the North America e-marketing and communications manager for FMC Corp.'s Agricultural Products Group in Philadelphia. Bernard is employed by Computer Sciences Corp. An August 2001 wedding is planned. She welcomes correspondence from friends at sramona@hotmail.com.

Masaaki Yasukawa, MBA '93

has been promoted to general manager of the MC Business Operation Department of Seiko Epson Corp., Japan, which handles Web-based solution platform businesses for shops, restaurants, parks and sports stadiums. He may be reached at yasukawa.masaaki@exc.epson.co.jp.

1994

Nathan Cook, BBA '94

left Price Waterhouse in 1998 and received his MBA from UCLA's Anderson School of Business last year. He is now an associate with Diamond Technology Partners, working in Las Vegas. You can contact Nathan at nathan_cook@yahoo.com.

Allison Elder, MBA '94

married Tom Reinsel on April 29, 2001, in Laguna Beach, Calif. Allison currently is working at RAND in Santa Monica in human resources.

1995

Michael Beaton, BBA '95

is CEO of Evisen.com, an Ann Arbor-based Internet communications system that enables individuals to communicate naturally over the Web for free. The company recently took second place in the Get Launched!! Business

Plan competition sponsored by Oracle, Cisco Systems and EMC. You can learn more about Evisen at www.evisen.com and send congratulations to michael@evisen.com.

Mary Becker, MBA '95

is controller of Catherines Stores Corp. in Memphis. "In addition to having my Black Lab Allie, I have a Yellow Lab Gretchan," says Mary, who obviously has superb tastes! "I'm also a member of the board of directors, Memphis Chapter, Michigan Alumni Association, and co-events coordinator, as well as a member of Sweet Adelines International." You can contact our favorite dog lover at mjppuppy@aol.com.

Jason Behnke, BBA '95

worked at PricewaterhouseCoopers as an associate and senior associate, receiving his CPA, in Chicago for four years and now has returned to the MBA program. You can reach him at jcbehnke@umich.edu.

Marilena Beuses, MBA '95

is human resources director for technology, Latin America, for Citigroup, responsible for 23 countries, and is based in Fort Lauderdale. To find out where she spends her spring vacation, contact her at marilena.beuses@citicorp.com.

Mark R. Brodson, MBA '95

is manager of consulting projects for NuEdge Systems in Waukesha, Wis. More important, "We had a baby boy, Daniel Noah Brodson, on December 27, 2000," says Mark. Send your congrats to him at mbrodson@juno.com.

David Brown, MBA '95

"I left Bain in 1998 to work for a start-up wireless company owned by Capital One. In June 2000, I left that unit to work for the parent company as director of marketing," reports Dave, who also notes he was married in April 1997. You can contact him at david.brown@capitalone.com.

John Carlson, MBA '95

has transferred back to Detroit with PricewaterhouseCoopers and is currently working with Guardian Industries and Borders Group, among others. You can reach him at j.d.carlson@us.pwcglobal.com.

Sandra (Rice) Freund, MBA '95

started at A.T. Kearney in Cleveland and then went to Cabot Corp. in Boston, which she left last year. "I am now working as a self-employed construction general contractor," says Sandy. She was married in October 1999 to Rob Freund and had their first child, Andrew, on November 18, 2000. "He keeps me awfully busy," says Sandy, "but I'm starting to get more sleep finally." Congratulations can be sent to Sandy_Freund@hotmail.com.

Beat M Geissler, MBA '95

was recently elected partner by the global partnership Egon Zehnder International, one of the world's leading executive search man-

agement consulting firms. The firm employs 300 consultants, of whom 133 are partners, in 55 offices in 36 countries. "I'm based in Zurich but acting in a regional role as core member of the technology practice group," says Beat.

Elsie (Karchmer) Goldstein, MBA '95

continues to work for American Airlines. She reports she married Glen Goldstein in November 1996 and had a daughter, Allison, in May 1998.

Nagawa Kakumba, MBA '95

is associate director, global franchise, for Pharmacia in Skokie, Ill. She is married to Dr. Anthony McKitty and can be reached at nagawa10@hotmail.com.

Sarah Kneisel, MBA '95

is vice president of Wind Point Partners in Southfield, Mich. "I am on my fifth employer in as many years, but believe I've finally found a great fit," says Sarah. "My deals have taken me to eight countries on three continents, and I've flown over 500,000 miles since graduating. My favorite will always be Italy. We have stayed in Ann Arbor, just celebrated our 9th wedding anniversary and love to spoil our Weimaraner, Scout." You can reach her at sak@wppartners.com.

Cherie (Levin) McDermott, MBA '95

has relocated to Los Angeles. Also moving is Cherie's year-old company, Craving Home Inc.—an Internet-based retail exporter of foods, general merchandise and health and beauty care items delivered to American expatriates and other English-speaking people around the world. You can check out their Web site and contact Cherie at www.cravinghome.com.

Peggy (Cook) Munnagle, MBA '95

works in strategic marketing at Best Buy Corp. in Minneapolis. You can reach her at peggy.munnagle@bestbuy.com.

Nora Rockey, BBA '95

is senior associate with PricewaterhouseCoopers in Detroit. She can be reached at nora@umich.edu.

Mary (Cotman) Ross, BBA '95

worked at Deloitte & Touche LLP in Detroit until late 1999, passed the CPA exam and now is enrolled in law school at Wayne State University. You can contact her at jazjohnmar@aol.com.

James R. Schaefer, MBA '95

is vice president at Lehman Brothers in New York City. "I have picked up things since my wife passed away and am doing well," says Jim. "Have been ski racing again and still can ski with the best. I hope to win the masters nationals at Sun Valley in March. If any of you are in or near western Massachusetts, please stop by my folks' place, Berkshire East, for some skiing." To find out if he won the nationals, contact Jim at jschaefer@lehman.com.



alumni opportunities

Get involved in the University of Michigan Business School's Global Blue alumni community! For more information about alumni activities in your area, call or email your regional contact or club leader, or contact Alumni Relations at 734.763.5775 or alumni@umich.edu.

UMBS Alumni Clubs & Regional Contacts

EAST

***Boston** - Greg Lipper, MBA '97
508.357.5768, Greg.Lipper@fmr.com
Hartford - Laurie Leonard, MBA '97
860.582.2832, lauriel50@hotmail.com
New Jersey - Jeff Norman, BBA '89
212.221.9700, jcnorman@alumni.umich.edu
***New York** - Cecil Shepherd, MBA '00
212.526.6510, cashphe@umich.edu
***Philadelphia** - Michael Ferrante, MBA '98
215.652.1728, Michael_Ferrante@merck.com
***Washington, DC** - Judy Spector, MBA '79
301.309.2529, globusinc@msn.com

MIDWEST

***Chicago** - Norman Sigler, MBA '92
312.266.2215, nsigler@hotmail.com
Cincinnati - Silvia Cheskes, MBA '99
513.983.1262, s_cheskes@yahoo.com
***Detroit** - Steven Renaldi, MBA '95
734.737.9515, srenaldi@300capital.com
Indianapolis - Mike Shingler, MBA '90
317.276.7139, shingler_michael@lilly.com
Kansas City - John Jenks, BBA '53
913.381.9651, jenks69@earthlink.net
***Minneapolis/St. Paul** - Joel Schlachtenhaufen, MBA '97
612.207.5149, Schlachty@aol.com

SOUTH

Atlanta - Ben Roden, MBA '97
678.419.6462, ben.roden@us.pwcglobal.com
Austin - Christine Parlamis McAllister, MBA '99, 512.401.8028,
parlamis@hotmail.com
Dallas/Fort Worth - Tom Dolan, MBA '94
817.967.9209, Thomas_Dolan@amrcorp.com
Houston - Don Konipol, MBA '75
832.577.8838, donhkonipol@yahoo.com
Louisville, KY - Dan Skeeters, MBA '98
502.394.2502, des@harrykmoore.com
North Carolina - Karen Mishra, MBA '88
336.794.0806, mishrake@wfu.edu
San Juan, PR - Manuel Calderon, MBA '95
787.772.7035, manuel.calderon@ey.com

***South Florida** - David Treece, MBA '88
305.751.8855, dvdtreece@aol.com
Tampa/St. Petersburg - David Everett, BBA '93, 813.301.6805,
dexplore97@hotmail.com

WEST (North and South)

***Los Angeles** - Harry McElroy, MBA '78
213.743.4036, hmcelroy@performigence.com
***San Francisco Bay Area** - Chuck Hornbrook, MBA '98, 415.221.5414,
clhornbrook@earthlink.net
***Seattle** - Melissa Kirmayer, MBA '00
206.284.0803, kirm@umich.edu

EUROPE

Central and Eastern Europe - Gregor Strazar, MBA '98, 386.41.816.539,
gregor.strazar@sava-re.si
England - Per Hong, MBA '97
44.171.289.3680, Per_Hong@atkearney.com
France - Syou-Yun (Sue) Hung, MBA '97
suehung@yahoo.com
Germany - Andreas Kirschkamp, 49.171.3659892, andreask@umich.edu
Greece - Sylvia Salibi, MBA '84
301.8015403, sylvias@mac.com
Italy - Riccardo Cesarei, MBA '98
rcesarei@alumni.umich.edu
Norway - Sverre Lorentzen, MBA '79
47.2.283.2622, lorentzen@absnet.no
***Switzerland** - Beat Geissler, MBA '95
41.1.267.6969, beat.geissler@ezi.net
Turkey - Andy Hove, MBA '98
90.312.484.0077, andy_hove@udlp.com

AMERICAS (EXCEPT U.S.)

***Argentina** - Rogelio Nores, MBA '89
54.114.393.7762, rnore@sinctis.com.ar
***Brazil** - Eduardo Pamplona, MBA '97
Eduardo.Pamplona@gecapital.com
Mexico - Gerardo Ruiz, MBA '99
52.5.514.4443, Gerardo_Ruiz@hines.com
Peru - Beatriz Meiggs, MBA '99
58.212.285.5211, bmeiggs@yahoo.com
Venezuela - Pedro Blanco, MBA '99
58.212.201.0725, pedro.blanco@enron.com

AFRICA and MIDDLE EAST

Israel - Murray Grant, BBA '49
972.9.885.1136, murray@netvision.net.il
West Africa (Ivory Coast) - Bernard Kouassi, Ph.D. '83, 225.374.035,
sadaoc.se@fasonet.bf

ASIA

Beijing - Fan Zhang, MBA '93
86.10.64634261, fanzhang@public3.bta.net.cn
***Hong Kong** - Richard Chow, MBA '97
richchow@hotmail.com
***Japan** - Takeo Suzuki, MBA '76
81.54.202.2222, tacsuzu@chabashira.co.jp
Mumbai (Bombay) - Ashish Khemka, BBA '99, khemka_ashish@hotmail.com
New Delhi - Atul Bahadur, MBA '87
91.11.462.7505, Avcotpl@giasdl01.vsnl.net.in
Singapore - Chris Koh, Ph.D. '95
65.556.0135, c_koh123@yahoo.com
***South Korea** - Sang-Wook Ahn, MBA '94
swahn67@korea.com
Taiwan - Chin-Feng Sun, MBA '95
886.939.263181, cfsun@ms13.hinet.net
Thailand - Vichien Kulvaraporn, MBA '97
vichien@ssup.co.th
Vietnam - Myhao Nguyen, MBA '97
84.8.856.9197, Myhao_Nguyen@cargill.com

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Help plan your next Reunion. Reunion '01 will be celebrated on Oct. 12-14, 2001. All alumni are welcome, and special celebrations are planned for the anniversary Classes of '61, '76, '81, '91, '96 and '00. To join your anniversary class planning committee, contact Julie Antis at alumni@umich.edu.

Host a student for a day at your company. Participate in the Day-in-the-Life program for first-year BBAs and MBAs. For more information, contact Kathie East at alumni@umich.edu.

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Alumni Relations
Phone: 734.763.5775
Fax: 734.615.6103
Email: alumni@umich.edu

Ann LaCivita, Director
ADL@umich.edu

Kathie East, Asst. Director
& Alumni Clubs Manager
eastk@umich.edu

Robbin Smith,
Reunion Manager
robbinls@umich.edu

Julie Antis,
Program Coordinator
antisj@umich.edu

Melanie Rossiter-McIntyre,
Program Coordinator
melrm@umich.edu

Diana Munoz,
AR Assistant
dmunoz@umich.edu

Sylvia Copeland,
Database Manager
slyco@umich.edu

Danny Steinmetz,
Database Clerk
danstein@umich.edu

UMBS Marketplace

Alumni Relations is pleased to present the UMBS Marketplace, a source for distinctive gifts, clothing and business items from the University of Michigan Business School. Shop online at www.bus.umich.edu/alumni/UMBSmarket/.



University
of Michigan
Business
School



Gautam Singh, MBA '95

was with A.T. Kearney's London office for five years and recently left to join Corven Partners, a start-up corporate ventures company. "I am now married and have an 8-month-old daughter," says Gautam proudly. To find out more about what's happening, contact gautam.singh@corven.co.uk.

James Sohigian, MBA '95

is a consultant with Deloitte Consulting in Chicago. He also reports that he has run in eight marathons in the past three years—Chicago, Honolulu, Boston (twice), Cape Cod, Washington D.C., Maui and Portland, Oregon. If you can catch him, especially in Honolulu and Maui, write him at jsohigian@dtus.com.

Jeong-hak Son, MBA '95

recently established a venture capital company named ACI Korea with a seed capital of about \$10 million (Korean). "We focus on the biotech industry and also actively invest in U.S. biotech companies," says Jeong-hak. You can reach him at jhson@acikorea.com.

David Stievater, MBA '95

is global account manager for Monitor Company in Cambridge, Mass. "I'm now running several Internet and sales strategy engagements for Monitor's largest global client, and have recently been elected a group leader for the Monitor Group, the new entity being formed as the holding group for Monitor's consulting, electronic commerce and merchant banking subsidiaries," says Dave. "My wife, Kathy, and I recently celebrated our 7th wedding anniversary. We now have two sons, Colin and Grant, and have become homeowners in Belmont, Mass." To contact Dave and hear the very long list of things he misses about Ann Arbor and UM, e-mail david_stievater@monitor.com.

Hunter Tully, MBA '95

is director of finance for Ryder Systems in Miami, and reports he was married on September 4, 1999. You can reach him at hunter_tully@ryder.com.

Aparna Viswanathan, MBA '95

is corporate human resources Six Sigma for GE Capital in Stamford, Conn., and has been awarded the Pinnacle twice in 1998 and 2000—GE Capital's award given to the top one percent of population for outstanding performance. He may be reached at aparna.viswanathan@gecapital.com.

Michael Walling, BBA '95

is currently an MBA student at Indiana University, expecting to graduate in spring 2002. You can send encouragement to him at mewalling@yahoo.com.

1996

Bernard McShea, MBA '96

is senior vice president, business development, for the Pittsburgh Regional Alliance, a

position he took in June 2000, in what just happens to be his home town. "If your travels are going to bring you to the Pittsburgh area, please give me a call. Better yet, if your company is looking to site a new facility, please send them my way. Pittsburgh has done a wonderful job transforming itself from a heavy manufacturing center to a hub of high-tech industry, especially in information technology, bio-med and advanced materials," boasts Bernard. You can reach him at 412.392.4555, ext. 2032, or by e-mail at bmshea@regionalalliance.org.

Erika Olson, BBA '96

has been accepted into Harvard's MBA program and will begin there this fall. For the past five years, she has been working with Internet strategy consulting firms, and last year conducted Internet-related consumer research across North and South America, Europe, Asia and Australia. She can be reached at erikao@yahoo.com.

1997

Ellen Berger, BBA '97

left PricewaterhouseCoopers, where she was a management consultant in the strategic change group for three years, and is a first-year MBA student at the Wharton School. You can contact her at bergerel@wharton.upenn.edu.

Krista L. (Turnquist) Nunemaker, BBA '97

Krista and Brad Nunemaker, BBA '97, were married on August 19, 2000, and now live in Chicago. Brad works as a senior associate for PricewaterhouseCoopers. Krista is an attorney with the law firm of Kirkland & Ellis. You can send congratulations to Krista at krista_nunemaker@chicago.kirkland.com.

Chris Saleski, MBA '97

is controller of the Cellular Communications Division of Intel. "We are chartered with providing solutions for third-generation cellular—a high bandwidth subscriber service

that will offer voice plus data, enabling rich content and multimedia applications on the go," says Chris. "Decent snowfall in the Sierras has me skiing on weekends. Look me up if you're in the Sacramento area." To contact Chris for a ski-lift pass, e-mail chris.saleski@intel.com.

Joanna (Prokosch) Zucker, MBA '97

is pleased to announce she married Arnie Zucker on November 11, 2000. She has been promoted to brand manager global surface care for Procter & Gamble, an international assignment located in Brussels. To send congratulations, e-mail prokosch.j@pg.com

1999

Deshawn Clayton, MBA '99

is now a project manager—compensation for the Pepsi Bottling Group. Pepsi drinkers can reach Deshawn at deshawn.clayton@pepsi.com.

Andrew Frumovitz, MBA '99

"After practicing intellectual property and corporate law at Gibson Dunn and Crutcher in the Internet practice group, I have opened both a law firm for technology start-ups, Evolution Law, and a business consulting partnership, Proficio Consulting, for new economy companies," says Andrew. You can learn more about either organization and what's happening with him by contacting afrumovitz@evolutionlaw.com.

Dominic Howard, MBA '99

is brand assistant for Philip Morris USA in Manhattan, working in marketing and product management of consumer goods. He reports his daughter, Henrietta Sophie, was born on April 29, 2000. You can reach him at dominic.j.c.howard@pmusa.com.

Matjaz Korosec, MBA '99

is treasurer of Northern Technologies International in Lino Lakes, Minn. Son Galen Konstantin was born on July 6, 2000. You can reach Taz at tazkorosec@ntic.com.

Share Your News...
And Send a Photo!

Your classmates want to hear from you and see you in the next issue of *Dividend*.

There are many ways to submit a Class Note:

- 1) Fill out the Alumni Network Update on the last page of this issue and send it—along with a picture, if possible—in the postage-paid, self-addressed envelope inserted in the magazine.
- 2) E-mail your submission to cshaw@umich.edu.
- 3) Fax your submission to 734.647.2401.
- 4) Mail your news to *Dividend*, University of Michigan Business School, 701 Tappan Street, Suite D-2201, Ann Arbor, MI 48109-1234.

Thank You!

**Leland J. "Pete"
Kalmbach
BS '23**

died on July 5, 2000, at the age of 99 at his home in Greenwich, Conn. Mr. Kalmbach, along with his son, Dohn, was the first major donor to the Business School. They funded the Kalmbach Management Center, the first "home" of executive education, with the purchase of a former sorority house on Washtenaw Avenue. When the School's Executive Education Center was completed in the early 1980s, the first floor lobby was named the Kalmbach Lounge in their honor. Kalmbach, former chairman and CEO of Massachusetts Mutual Life Insurance Co., was a native of Chelsea, Mich., and received his degree in actuarial mathematics. He first went to Lincoln National Life Insurance Co., making it one of the foremost reinsurance companies in the industry. In 1948, he joined Massachusetts Mutual, and in 1950 was elected president, becoming the youngest person to head a major life insurance company. Before retiring in 1966, he improved the company's ranking from 26th to 10th. Mr. Kalmbach received the Business School's Business Leadership Award in 1962 and was a founding member of the University's Presidents Club, a group of University donors who have donated \$15,000 or more over a lifetime. He is survived by his son, Dohn, and two grandsons, Scott and Peter.

**Richard A. Metzler
BBA '48, MBA '49**

of Dearborn, passed away on October 6, 2000, at age 80. He was a process engineer for Ford Motor Company for 30 years, but also was co-founder and past president of Ford's Seahorse Skin and Scuba Diving Club, the Michigan Skin Diving Council and the Great Lakes Skin Diving Council. He was a member of the University's Alumni Association, the Dearborn Recreation Photography Club, and the Lost Lake Hunting Club, and participated in Ford's baseball, golf and bowling leagues. His wife, Doris Cuthbert Metzler, also is a graduate of the University of Michigan with a BA in 1942 and an MA in 1944, after which she worked as a speech pathologist for the Dearborn Public Schools for 35 years. He is survived by his brother, Paul, and his wife Dorothy, his brother-in-law, Ivan Cuthbert

and his wife, Florence, his brother-in-law, Rev. William Cuthbert and his wife, Crystal, and his sister-in-law, Ellen Cuthbert Webb.



**Robert A. Philips
BBA '48, MBA '49**

died on August 3, 2000, at age 81. A native of Kansas City, Mo., he served as a captain in the Army Air Force during WW II in India, China and the South Pacific, and was awarded the bronze star. After the war he finished both his business degrees at Michigan and then returned to Kansas City and was employed by Arthur Andersen and Company for many years. He then became financial VP of Chickasha Manufacturing Co. and retired from Stinson, Mag. Fizzell law firm in 1985. He was extremely active in the Presbyterian Church. Bob was married to Bette Tandy, who died in 1986, and then to Miriam McKemy. In addition to his wife, he is survived by two sons, Steven and David, and many other family members.

**Paul R. Carlsen
BBA '59**

passed away on April 6, 2000, in Sacramento. Born and raised in the Detroit area, Paul attended Redford High School, went directly to the University of Michigan and immediately upon graduation accepted a position with an accounting firm in San Francisco. Before too long, Paul started his own CPA firm in Concord, Calif., then

moved to nearby Cameron Park. Besides his family, his other love was flying, and he owned his own plane. He is survived by his wife, two sons and the grandchildren he cared so much about.

**Howard Fashbaugh
MBA '60**

passed away on February 26, 1999.



**Jill H. Tomko
BBA '94**

passed away on September 19, 2000, at age 28. Born and raised in Strongsville, Ohio, she came to Ann Arbor in 1990. Immediately after graduation, she went to work for Andersen Consulting in Detroit and then transferred to San Francisco. In 1996, she joined Cambridge Technology Partners and in 1997 started her own e-commerce consulting company. She acquired a Victorian home in San Francisco and Rosie, her golden retriever. Her first consulting client was Charles Schwab, where she went in 1998 as a senior product development manager. In December 1999, Jill was diagnosed with a rare form of brain cancer, and lost her battle with it nine months later. Jill is survived by her parents, George and LeeAnn, and her brother, Craig. She is remembered not only by her family but also her classmates, colleagues and the many friends she made along her joyful road in life.

The University of Michigan Regents: David Brandon, Laurence B. Deitch, Daniel D. Horning, Olivia P. Maynard, Rebecca McGowan, Andrea Fischer Newman, S. Martin Taylor, Katherine White, Ex-Officio Member, Lee C. Bollinger, President, University of Michigan.

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alumni network update



Connect with your classmates and ensure you receive all Business School correspondence, including our e-newsletter *MichiganMail*. Keep your contact information up-to-date with Alumni Relations.

Alumni Relations
University of Michigan Business School
701 Tappan St., Ann Arbor, MI 48109-1234
Phone: (734) 763-5775 Fax: (734) 615-6103
Email: alumni@umich.edu

Please Print Legibly

Name: _____

Name while at School: _____

Degree(s) & Year(s): _____

BUSINESS INFORMATION

Title: _____

Company: _____

Address: _____

City, State, Zip _____

Phone: _____

Fax: _____

HOME INFORMATION

Address: _____

City, State, Zip _____

Phone: _____

Fax: _____

Preferred Email: _____

I consent to posting the following information in the Alumni Directory and on my class website, if one exists (both are located in M-Track, the password-protected portion of the Business School website).

- _____ Email
- _____ Business contact information
- _____ Home contact information

Now you can easily update your contact information online!
Go to the Alumni home page in M-Track at <http://mtrack.bus.umich.edu/alumni>
and click on "Update Your Personal Information."
 You will need your login name and password to access the site—
 if you need a login name and password, please contact the Alumni Relations office at alumni@umich.edu.

NETWORKING CODES

To get connected with alumni and students, you must identify your networking codes. Select one function and one industry code.

FUNCTION

- ___ Accounting
- ___ Buying/Purchasing
- ___ Computer/Management Info. Systems
- ___ Consulting-General
- ___ Consulting-Info. Technology/System
- ___ Consulting-Internal
- ___ Consulting-Operations/Process
- ___ Consulting-Strategy
- ___ E-Commerce
- ___ Engineering Management
- ___ Entrepreneur
- ___ Finance-Commercial Banking
- ___ Finance-Corporate
- ___ Finance-General
- ___ Finance-Investment Banking
- ___ Finance-Investment Mgmt.
- ___ Finance-Sales/Trading
- ___ Finance-Venture Capital
- ___ General Management
- ___ Human Resource Mgmt.
- ___ International Business

- ___ Marketing-Advertising
- ___ Marketing-General
- ___ Marketing-Product Mgmt.
- ___ Marketing-Research
- ___ Marketing-Sales/Retail
- ___ Marketing-Services
- ___ Marketing-Technical
- ___ Operations Management
- ___ Other
- ___ Real Estate
- ___ Strategic Planning

INDUSTRY

- Manufacturing**
- ___ Aerospace
 - ___ Agribusiness
 - ___ Auto./Trans. Equipment
 - ___ Chemicals
 - ___ Computer/Electronics
 - ___ Construction
 - ___ Consumer Goods
 - ___ Diversified Manufacturing

- ___ Engineering Design
- ___ Energy/Petroleum/Minerals
- ___ Healthcare Products
- ___ Machinery & Equipment
- ___ Metals/Metal Products
- ___ Paper/Wood/Glass
- ___ Pharmaceutical/Biotechnology
- ___ Rubber/Plastics
- ___ Textiles

Services

- ___ Advertising
- ___ Business Services
- ___ Computer/Internet & Software
- ___ Services
- ___ Consulting/Research
- ___ Education
- ___ Entertainment/Leisure
- ___ Environmental
- ___ Finance-Commercial Banking
- ___ Finance-Insurance
- ___ Finance-Investments

- ___ Finance-Services
- ___ Finance-Venture Capital
- ___ Government-Federal
- ___ Government-International
- ___ Government-State/Local
- ___ Healthcare
- ___ Hotel & Restaurant Mgmt.
- ___ Import/Export
- ___ Law
- ___ Non-Profit
- ___ Other
- ___ Printing/Publishing
- ___ Public Accounting
- ___ Real Estate
- ___ Retail
- ___ Search Firms
- ___ Self-Employed
- ___ Telecommunications
- ___ Transportation
- ___ Utilities
- ___ Wholesale/Distribution

Please take a moment to respond to the information on the following page.

alumni network update

Name: _____

Get Involved!

- I would like to help plan my next reunion.
- I am interested in finding out more about alumni activities in my area.
- My company may be willing to sponsor a reception/event for alumni or prospective students.
- I am willing to counsel the following groups regarding the Business School experience and/or career opportunities (please check all that apply). I understand that my email, home, and business contact information may be released for this purpose.
 - Prospective students
 - Current students
 - Alumni
- I have enclosed my Annual Fund gift.

Join the Entrepreneurship/E-Commerce Networks:

Add me to the online networking group in M-Track.

Entrepreneurship E-Commerce

Add me to the email/mailling list regarding these activities at the Business School.

Entrepreneurship E-Commerce

I am willing to act as an advisor for students or alumni involved in projects and seeking career advice. I understand I will be listed as an advisor in M-Track and that my email, home, and business contact information may be released for this purpose.

Entrepreneurship E-Commerce

Class Notes

Share your news. . . and send a photo!

Your classmates want to hear from you and see you in the next issue of *Dividend*.



By providing my information, I consent to publication of my Class Notes, photos and email address in *Dividend* magazine and on my password-protected class website, if one exists.

Name:

Dr. Frederick McCuiston
Development Systems Manager,
General Motors, Powertrain Division

Programs Attended:

Management Development Program, October 2000
Finance for the Non-Financial Manager, August 1999
Management of Managers, February 1999

Reasons for Attending:

"To acquire new ideas, perspectives and creative tools from world-class professors that would help me become a better manager and leader."

Key Benefits Received:

"I was able to apply what I learned immediately. The programs provided the knowledge and tools to lead change, preserve quality, meet goals, and manage projects."



Executive Education Center

Discover why Michigan is ranked as one of the top two providers of executive education in the world.

Programs: Partial Listing

Basic Management
September 12-14, 2001
October 8-10, 2001
November 7-9, 2001

Management II:
A Leadership Development Program
August 6-10, 2001
September 10-14, 2001
October 15-19, 2001

Management of Managers
September 10-14, 2001
October 8-12, 2001
November 5-9, 2001

Leading Change
September 24-28, 2001
March 25-29, 2002

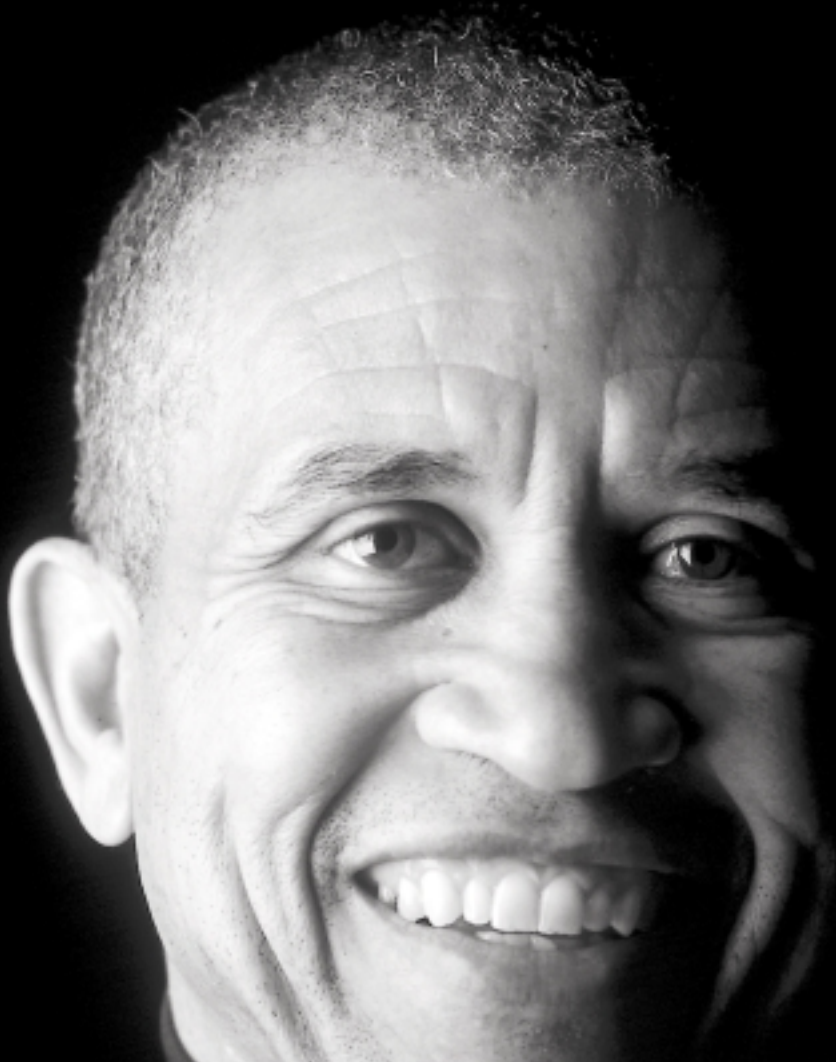
Results-Based Leadership
August 13-15, 2001
December 11-13, 2001

Management Development Program
October 28-November 9, 2001
May 19-31, 2002

For a free program catalog:

Call: 734.763.1000

Email: um.exec.ed@umich.edu





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A team of William Davidson Institute fellows jumpstarted Dow Chemical Company's search for new business opportunities in Brazil. See the story of their success, beginning on page 26.



Photos by Michael J. Schimpf