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Across the Board

A TOAST
Paul McCracken Celebrates 90th Birthday

The list of friends who sent good wishes to Paul W. McCracken on his 90th birthday reads like a Who's Who of American political, economic and academic leaders.

Presidents Gerald R. Ford and George H. W. Bush, University of Michigan President Mary Sue Coleman, economist Milton Friedman, Cornell University President Emeritus Frank Rhodes, Michigan Governor Jennifer Granholm and Wall Street Journal Managing Editor Paul Steiger and Editorial Page Editor Paul Gigot were among the many friends who sent congratulatory notes. McCracken, the Edmund Ezra Day Distinguished University Professor Emeritus of Business Administration, joined the U-M faculty after receiving his PhD from Harvard in 1948. He twice served on the Council of Economic Advisers, first as a member for four years during the Eisenhower administration and again 10 years later as chairman for three years during Nixon's presidency.

"You and your family should be extremely proud of your many accomplishments and outstanding contributions to our great nation and the University of Michigan, which have been the beneficiaries of your unselfish, dedicated and patriotic service," President Ford wrote. "Writing you brings back many fond memories of our fine association. I am most grateful for your many kindnesses and I treasure your friendship. Betty joins me in sending our very best wishes for many more years of good health, happiness and success."

President Bush wrote: "I often think back to the days when you and I were both laboring away in Washington, D.C. I continue to have only the greatest admiration and respect for you. Some good things do happen to politicians in Washington, and one of the good things that I treasure was getting to know you and, to some degree, watch you in action."

The letters were presented at a November 26 dinner party at the Ross School to celebrate McCracken's December 29 birthday. Among those who attended were President Emeritus Robben W. Fleming, Dean Robert J. Dolan, retired faculty members, former Regents and administrators, family and friends. Dale Sasseen, a lifelong friend who attended were President Emeritus Frank Rhodes, Michigan Governor Jennifer Granholm and Wall Street Journal Managing Editor Paul Steiger and Editorial Page Editor Paul Gigot were among the many friends who sent congratulatory notes. McCracken, the Edmund Ezra Day Distinguished University Professor Emeritus of Business Administration, joined the U-M faculty after receiving his PhD from Harvard in 1948. He twice served on the Council of Economic Advisers, first as a member for four years during the Eisenhower administration and again 10 years later as chairman for three years during Nixon's presidency.

As part of his tribute, Dolan shared a story about a famous University of Chicago professor who recently published an autobiography. In it the professor spoke of his desire that one day his university would be known as the place where he taught. "In the minds of many," Dolan said, "the Ross School of Business is distinctive because that's where Paul McCracken taught."

McCracken's birthday party included a cake and the traditional blowing out of candles, an easy feat for the nonagenarian who prefers walking stairs to riding an elevator.

KUDOS
C. K. Prahalad Receives Lifetime Achievement Award

This past fall, C. K. Prahalad, the Paul and Ruth McCracken Distinguished University Professor of Corporate Strategy, received the Lifetime Achievement Award from the sponsors of Beyond Grey Pinstripes, a biennial survey and ranking of business schools and faculty that lead the way in integrating social and environmental issues into business education.

The survey is conducted by the Aspen Institute and the World Resources Institute. Dean Robert J. Dolan notes that Prahalad "is one of the most innovative people in our business. We are most fortunate to have him at Michigan where his work and insightful inquiry stimulate us all."

He also was named one of Optimizemagazine's "Most Influential Academics on the Evolution of Technology" and earned the third spot on Suntop Media's 2005 "Thinkers 50" list, just behind Harvard strategy specialist Michael Porter and Microsoft founder Bill Gates.

Prahalad is a globally recognized business consultant whose client list includes AT&T, Cargill, Citicorp, Oracle, TRW and Unilever. His research focuses chiefly on next practices, corporate strategy and the role of top management in diversified multinational corporations. His current work addresses a complex emerging market, the world’s poor and the innovative business models that will help end world poverty, described in his highly acclaimed book The Fortune at the Bottom of the Pyramid. Recognition of his career-long achievements appears in the January 23 issue of BusinessWeek in the article "Business Prophet: How C. K. Prahalad Is Changing the Way CEOs Think."

In July 2005, Prahalad was named a Distinguished University Professor, the highest honor the U-M can bestow on a faculty member. He was named Global Indian of the Year in 2004 and twice has won MBA Teaching Excellence Awards at the Ross School.
BLOG
WDI Web Log Focuses on Offshoring

A new William Davidson Institute (WDI) globalization of services blog, www.wdi.umich.edu/Blog/, is attracting 300 to 500 hits a day. Since fall, 10 contributors, including WDI Executive Director Robert Kennedy, have been sharing their perspectives on offshoring and commenting on news and trends in the field.

Ross School alumni are invited to view or contribute to the blog discussions. Blog participants — those who post comments and those who simply visit the site — receive access to resources on the topic, including working papers, news articles and policy and business briefs.

“The group blog provides a place for leading thinkers on globalization of services to interact with each other and to initiate discussions for a global audience,” said Kennedy, professor of business administration at the Ross School. “It also facilitates the sharing of information and insights and encourages community building.”

SPOTLIGHT!
TMI Teams Tackle Tough Manufacturing Issues

Seventeen teams vied for top honors at the Tauber Manufacturing Institute’s (TMI) 11th annual Spotlight! competition. The top three teams earned scholarships totaling $31,500. The competition is the culmination of 14-week multidisciplinary, collaborative team projects during which students tackle manufacturing issues and develop recommendations that potentially can earn or save sponsoring companies millions of dollars.

Teams work at the sponsors’ sites during the summer and present their projects to corporate representatives, students, alumni and faculty at the Spotlight! competition held in mid-September. Manufacturing industry executives serving as judges evaluate each project’s scope, implementation and impact as well as the team’s presentation skills.

First-place award winners last fall were Isaac Jacob, MBA ’06, and TMI engineering students Stephanie Fidler and Kristen Neubauer for their Boeing–Commercial Aviation Services project titled “Lean Process Improvement and Product Alignment Strategy.” The team recommended a facility consolidation plan and product realignment strategy, yielding a total annual savings exceeding $24 million, with cash flow improvements of over $90 million.

Second-place honors went to Swapnil Deshpande, MBA ’06, Suman Mishra, MBA ’06, and TMI engineering student Amit Shah for their work with Steelcase Inc. on a project titled “Optimizing a Global Supply Chain and Establishing Total Cost Paradigm.” Eduardo Zawadzki, MBA ’06, and TMI engineering students Ramit Jain and Robert Rudolf won third place for their work with Dell Inc. on “Auto-ID-enabled B2B Genealogy Trace System.”

Other participating corporate sponsors included A.T. Kearney (two teams), Boeing CAE, BorgWarner, GE Healthcare, General Motors, Guidant, Honeywell, Intel, Lockheed Martin, Pall Corp., Pfizer, Teva Pharmaceuticals and Venchurs Inc.

TMI, a joint endeavor of the College of Engineering and Ross School, offers a manufacturing career-building “overlay” curriculum that complements degrees from both schools. For more information about TMI, visit www.tmi.umich.edu.

The TMI team of Alex Kang, MBA ’06, Rocio Diaz, MBA ’06, and Julie van Helden, MS ’06, worked at the Guidant facility in Ireland to prioritize a list of lean action items to reduce lead time and save $25 million in inventory costs while allowing Guidant to achieve a 99.5+ percent service level.

ALUMNI
Recognizing Service, Professional Achievement

Two Ross School alumni are being honored for outstanding service and professional achievement.

William Hall, MBA ’67 and PhD ’69, received the Bert F. Wertman Alumni Service Award at the school’s annual Scholarship Recognition Dinner on March 23. The award was established in 1989 in honor of Bert F. Wertman, BBA ’28, and recognizes outstanding service to the business school or University.

Hall is co-founder and chairman of Procyon Technologies Inc., a Chicago-based holding company focused on the acquisition and growth of suppliers to the global aerospace and defense industry. Hall previously served as chairman and CEO of Falcon Building Products Inc., president and CEO of Eagle Industries Inc. and as partner at Equity Group Corporate Investments.

During the 1970s, Hall served as a professor of business administration at the Michigan and Harvard business schools and the European Institute of Business Administration. He is currently an adjunct faculty member at Ross and chairs the school’s Visiting Committee.

Robert Shaye, BBA ’60, will receive the David D. Alger Alumni Achievement Award in the fall. Established in 1989, the award recognizes alumni whose professional successes have brought distinction to themselves, credit to the school and benefit to fellow citizens. The award was renamed in honor of David Alger, MBA ’68, president and CEO of Fred Alger Inc., who was killed on September 11, 2001.

In 1967 Shaye founded New Line Cinema, a company that has developed a reputation for working miracles in niche markets and has become a trailblazer in...
the industry because of its unconventional business strategies, many of which have since become industry norms.

Shaye received his JD from Columbia University Law School and is a Fulbright Scholar and member of the New York state bar. He serves on the boards of the Motion Picture Pioneers, the American Film Institute and the Legal Aid Society of New York.

**ENTREPALOOZA**

**Bharat Desai**

**Named Entrepreneur of the Year**

The primary advantage that U.S. entrepreneurs have over foreign competition is their penchant for innovation. Focusing on that advantage as well as the global culture of business will add up to success for today’s entrepreneurs, predicts **Bharat Desai**, MBA ’81, co-founder, chairman and CEO of Syntel Inc.

Desai received the Alumni Entrepreneur of the Year Award in September from the student-led Entrepreneur and Venture Club at Entrepalooza 2005, an event sponsored by the club and the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies.

In his keynote address, Desai focused on the challenges he faced in growing Syntel from a Troy, Michigan-based IT staffing company in 1980 to a successful global IT solutions firm with 5,000 employees around the world.

“After 12 years operating a local staffing services company, I found that we were not successfully expanding due to entrenched competition in the market. We decided to go abroad and set up an offshore opera-

**Changing the World, One Student at a Time**

President Mary Sue Coleman joined friends and family of **Frederick A. Erb**, BBA ’47, and his wife, Barbara M. Erb, at a luncheon honoring the couple last fall at the Townsend Hotel, Birmingham, Michigan. Here, Coleman thanks the Erbs and presents a Tiffany bowl engraved with the Frederick A. and Barbara M. Erb Institute for Global Sustainable Enterprise logo. The Erbs have given $20 million to the Ross School and School of Natural Resources and Environment for interdisciplinary teaching and research in the area of global sustainable enterprise. The Erbs’ vision: To create a new generation of leaders who have the protection of the environment as a primary part of their thinking and planning.

**GLOBALIZATION**

**Prof. Lim: Cheap Credit Keeps the U.S. Economy Afloat**

Along with the pageantry and reminiscing that goes with a Ross School reunion weekend, many alumni take advantage of educational opportunities to brush up on business trends. Globalization remains one of the hottest topics among entrepreneurs and other business professionals, and it was a popular one at the school’s October 7 Annual Business Conference, where **Linda Y. C. Lim**, professor of strategy, spoke on the issue.
In her lecture, she traced the history of trade dating to the ancient Silk Road and spice trade linking Europe with Asia and included predictions for global trade in the coming decades.

“Globalization has become a buzzword for the cross-border flow of goods, capital, knowledge, ideas and people,” said Lim, whose research focuses on the political economy of multinational and local business in Southeast Asia, including the changing international trade and investment environment, and the influence of domestic politics, economic policy and culture on business structure, strategy and operations.

The 1990s were what Lim calls the Golden Age of Globalization. Market-oriented economic reforms emerged throughout the developing world following China’s opening up to the world in 1978 and India’s opening up in 1991. The breakup of the Soviet Union along with Latin America’s embracing of democracy and neo-liberalism in the 1980s also played a role, as did the establishment of unilateral trade and investment liberalization through the World Trade Organization and regional economic integration projects such as the European Union. An explosion of technological advances in transportation, information and communications also contributed.

Lim said that cheap credit is keeping the American economy afloat, and it eventually will have to be repaid, including to the Asian central banks that are funding the U.S. deficits.

At the same time, “Americans are afraid of losing their place at the top of the economic heap. As you know, the U.S. Congress recently passed a resolution to block a Chinese company’s attempt to purchase a U.S. oil company. I believe that is a watershed vote reflecting an unprecedented turn against free trade and investment by U.S. political leaders,” she said.

With growing concerns about national security, intellectual property leakage, terrorism, the spread of disease and declining international competitiveness in some industries, “I think we will see a stronger role for government in the economy,” Lim predicted. She sees the U.S. government responding to calls for healthcare intervention, energy conservation and environmental protection while holding back on further trade and investment liberalization. “We are on the cusp of change. The Golden Era is over,” she said.

To learn more about Reunion 2006 and the upcoming business conference, visit www.bus.umich.edu/reunion2006.

**ACROSS THE BOARD**

Defending Ebonics, Dyson said, “Don’t call bad English Ebonics. You’ve got to have skills to speak it.” The intent of Ebonics, according to advocates, is to help poor Black youth speak standard English while retaining an appreciation for their dialects and native tongues.

Even Cosby used Ebonics in his Fat Albert character, Dyson noted.

**REMEMBERING KING**

**Dyson: Don’t Correlate Economic Status with Moral Standing**

A uthor, minister and hip-hop intellectual Michael Eric Dyson urged an audience of more than 1,100 to follow Martin Luther King’s example of helping the vulnerable and less fortunate when he spoke at the Ross School as part of the University’s 19th annual Martin Luther King Jr. Symposium.

Hale Auditorium and six overflow rooms were full on January 16 when Dyson, a Detroit native and professor of humanities at the University of Pennsylvania, talked about his recent book *Is Bill Cosby Right? Or Has the Black Middle Class Lost Its Mind?* In it Dyson responds to charges that America’s Black poor aren’t taking responsibility for their situation.

In a speech peppered with rap lyrics by Mos Def, Snoop Dogg, Master P. and Tupac, as well as references to English poet Alfred Lord Tennyson and American writer James Baldwin, Dyson’s message was clear: “Don’t correlate social or economic status with moral standing. You can’t deny your brothers and sisters their legitimate access to the tree of life or to economic equality without fearing that one day it will come back on you. King understood that and that’s why he marched for the poor.”

Dyson also talked about the sacrifices King made in standing up for what he believed. “Use Dr. King as one of the great inspirations of our life,” Dyson urged. “Never mistake the price he paid. See him manifest in all sorts of struggles we see now. That’s the genius of his universal application.”

King spoke out against gross materialism and “dissing” the poor, Dyson said. “That’s the King who must remember and embrace. That’s the King who most resem-
ACROSS THE BOARD

bles the marvelous, matchless, perilous example of a soul in constant conversation with his infinite possibility.”

Dyson is the author of several best-selling books, including Why I Love Black Women, Between God and Gangsta Rap and Race Rules: Navigating the Color Line. To view his lecture, visit http://ummedia 05.rs.itd.umich.edu:8080/asxgen/umbs/ umbsvs/events/2006/dyson/mlkjan2006.wmv.asx. You will need a high-speed Internet connection and Windows Media Player version 9 or higher to view the video.

A BETTER VIEW

Pepsi VP Encourages Women to Take the Driver’s Seat

Companies are looking for business-minded women, Pepsi-Cola executive Mitzi Short told women at the 13th annual Women in Leadership Conference.

“I encourage you to step up and take the driver’s seat because the view is better,” she advocated, picking up on the conference theme, “We Can Do It! Driving Change in Business.”

ABOVE Mitzi Short encourages women “to believe in and take responsibility for you.”
BELOW Teresa Ressel learns from each experience.

“In the driver’s seat means taking control of our lives personally and professionally. It’s a mind-set. You have to believe in and take responsibility for you,” said Short, vice president of multicultural marketing and strategic initiatives for Pepsi-Cola North America, in her morning keynote at Hale Auditorium.

She discussed the progress women have made, citing the Fair Pay Act, Pregnancy Act and Family and Medical Leave Act as examples. Approximately 9.1 million businesses are owned by women, and the number of women CEOs is increasing, she reported.

Short discussed her position at Pepsi and shared some changes in consumer behavior the company has observed. A variety of factors — growth in the minority population, health concerns, people working harder, people looking for opportunities to indulge regardless of economic background and the growing popularity of TiVo and computer games — affect the company’s success, Short said.

The need for talent to help firms understand and react to the changing market also provides job security, she added.

Short, who previously worked at Procter & Gamble, has been with Pepsi for 17 years. She has served in a variety of roles, as a general manager and in sales, marketing and operations.

In the afternoon keynote talk, Teresa Ressel, chief operating officer of UBS Investment Bank North America and former assistant secretary for management and CFO of the Department of the Treasury in 2002-2004, said every experience is a learning opportunity. “I’ve never learned something I haven’t found useful. There are very few things you learn that you won’t use to connect the dots later,” said Ressel.

EXEC EDUCATION

Forensic Laboratory Directors, Managers Hone Leadership Skills

More than 230 crime laboratory directors of forensic labs across the country and the FBI Laboratory took a break from crime scene investigations and forensic analysis to gather at the Ross School for the 33rd Annual Crime Labora-

 Karl Weick used a series of fatal accidents with early versions of the F-104 aircraft to illustrate how people under pressure often revert to what they know best and learned first.

Naval aircraft carriers, nuclear power-generating plants, air traffic control systems and hospital emergency rooms are examples of high-reliability organizations, Karl Weick, the Rensis Likert Distinguished University Professor of Organizational Behavior and Psychology, told the forensic managers. In a high-reliability organization, one mistake can have severe repercussions and ruin a career, added Weick, who has served as a consultant to NASA, the National Science Foundation and the U.S. Forest Service.

Weick and Kathleen Sutcliffe, professor of management and organizations, discussed five principles — attentiveness to failure, reluctance to simplify interpretations, sensitivity to operations, cultivation of resilience and organizing around expertise rather than hierarchy — which they said help organizations become more mindful and better able to manage unexpected events.

For more about Executive Education’s custom and certificate programs, visit www.execed.bus.umich.edu.
Human Resources
Playing Bigger, More Strategic Role

BY DAVE ULRICH AND WAYNE BROCKBANK

Human resources personnel are on the threshold of a powerful transformation that will require shifting from delivering internal services to creating bottom-line value for internal and external constituencies. It’s an opportunity they cannot afford to ignore because HR’s traditional administrative and transactional responsibilities—managing payroll, benefit plans, staffing and training—are being centralized, automated, reengineered and outsourced. To survive and thrive in this environment, HR departments must embrace an emerging role in which they directly support core corporate strategies, drive key business objectives and help their companies capture competitive advantages. This change already is underway at leading companies, and its reach will expand in coming years.

The Ross School of Business’ ongoing “Human Resources Competency Study,” the largest global survey of its kind, suggests that HR professionals, for the most part, are operating under old rules and expectations. The survey has found that HR professionals perform best in the “competency categories” of personal credibility and HR delivery, which have only a moderate influence on business performance. They are less effective as strategic contributors in areas that potentially have greater impact on business performance.

To avoid irrelevance, HR must evolve into a full strategic player and contributor within the business by creating sustained value for all stakeholders—investors, customers, line managers and employees. This value proposition represents a pro-

The Right Focus
Survey results show a mismatch between what HR professionals do more effectively and activities that have the greatest influence on business performance.

<table>
<thead>
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<th>Competency Category</th>
<th>HR Effectiveness (1 = low; 5 = high)</th>
<th>Impact on Business Performance</th>
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<td>43%</td>
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<tr>
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</tbody>
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SOURCE: THE UNIVERSITY OF MICHIGAN HUMAN RESOURCES COMPETENCY STUDY
INTELLECTUAL CAPITAL

STAKEHOLDERS: HR is successful when stakeholders perceive it produces value. For investors, value includes intangibles that bode well for future revenues and share price: leadership, innovation, efficiency, talent and speed. For customers, value is derived from a company’s reliability, responsiveness, personal attention and other attributes. Employees receive value from HR activities that enhance their individual abilities and create organizational capabilities that help them execute corporate strategy.

HR professionals need to create practices that increase intangible value, facilitate meaningful connections with customers, enable line managers to reach strategic objectives and prepare employees to be more effective, efficient and productive.

PRACTICES: To establish HR processes that underpin the creation of value, HR professionals should consider the flow of people, performance management, information and work within their organization. Close attention to the ways people move in, through, up and out of the company, for example, ensures that talent is available to execute corporate strategies. Meanwhile, linking employee performance measures, standards, feedback and rewards to stakeholder interests is a primary way for HR to support corporate objectives. Proper attention to how information flows through the organization ensures that people know what is happening, and why, so they can apply themselves to the tasks that create value. Finally, focusing on the flow of work—how and where it is done and who does it—allows a company to provide the processes, setting and accountability that combine individual efforts into meaningful organizational results.

RESOURCES: The HR function needs a strategic planning process that aligns HR investments with business objectives. Most high-performing firms target their HR strategy and resources to advance a clear understanding of their desired corporate culture—such as the Hewlett-Packard Way, the Johnson & Johnson Credo and General Electric’s Speed, Simplicity and Self-Confidence. The Human Resource Competency Study found that the HR agenda with the greatest impact on business performance is a culture-based HR strategy.

PROFESSIONALISM: Emerging roles played by HR personnel include employee advocate, developer of human capital, strategic partner who helps managers at all levels achieve their goals, and functional expert who designs HR practices that develop individual and organizational capabilities. Combining these four roles creates a fifth role: a leader who drives the HR function while effectively collaborating with other units within the company.

Developing HR Professionals to Advance the HR Value Proposition

Here are examples of learning activities for five HR competencies:

1. STRATEGIC CONTRIBUTION
   Identify new ways your managers and employees need to behave in order to achieve their goals and outperform their competitors. Visit customers to elicit direct feedback about company performance.

2. PERSONAL CREDIBILITY
   Elicit feedback from colleagues on a key dimension of your interpersonal skills. Act on the feedback. Don’t be defensive. Translate the feedback into simple and focused action.

3. HR DELIVERY
   Interview five line executives on what characteristics they need from employees and configure a measurement process that will identify and track those characteristics. Identify those employees who create 90 percent of company wealth. Interview representatives of that group to determine what they desire in financial and non-financial rewards. Design customized rewards for those individuals.

4. BUSINESS KNOWLEDGE
   Conduct a value chain analysis. Where in the value chain does your company outperform your competitors and vice versa? Where in the value chain is it most important to outperform the competition? Work with your company’s investment officer to identify the buy, hold or sell criteria of dominant shareholders.

5. HR TECHNOLOGY
   Chart the flow of information in your HR department and identify the points at which technology might be applied more effectively.

Human Resources: A New View

Human resources professionals deliver real value when they address these questions:

- What organizational capabilities does my company need to create products and services that result in customers turning to us instead of our competitors?
- What abilities do our employees need to respond effectively to short- and long-term market demands?
- How do we create a strategy that will enable HR to help our company succeed?
- How do we invest in HR practices and organize HR activities that deliver business results?
- How do we ensure HR professionals know what to do and have the skills to do it?

Learn More About Strategic Human Resource Leadership

Wayne Brockbank and Dave Ulrich co-direct the Ross School Executive Education’s Center for Strategic Human Resource Leadership and two-week programs within the center: the HR Executive Program and the Advanced HR Executive Program.

The Center for Strategic Human Resource Leadership’s areas of focus include valued-added HR agendas and practices, clarity of HR competencies and roles that drive performance, measuring the value added by HR, results-based leadership, identifying and creating economic intangibles through effective leadership and HR practices, and best practices in executive coaching.

To enroll or read about the center’s offerings, including the Advanced Human Resource Executive Program scheduled for October 30–November 10, 2006, visit the Executive Education Web site, www.exed.bus.umich.edu.
Catastrophes, Faulty Communications Linked

Through her research on organizational adaptation, reliability and resilience, Kathleen M. Sutcliffe, professor of management and organizations at the Stephen M. Ross School of Business, enhances our understanding of how an organization’s design contributes to its members’ ability to successfully manage unexpected events, the role culture plays in information handling within complex systems and the value of organizational contexts that promote employees’ abilities to thrive at work.

A medical resident vehemently disagreed with an attending physician’s treatment for an elderly woman with a blood clot—but she said nothing. Afterward, the patient suffered massive internal bleeding. “If I felt like I could actually communicate with the attending physician, I would have tried,” the resident later explained, “but I didn’t feel like it would be useful for me. And it would inflame the relations between me and that attending physician, and the patient still would have ended up getting inappropriate treatment.”

This kind of scenario is a critical management issue, says Sutcliffe, who is fascinated with how processes, relationships and social factors influence an organization’s ability to adapt, perform and manage unexpected events. It is of particular urgency for U.S. hospitals, where up to 98,000 people die each year due to errors, according to the Institute of Medicine. Sutcliffe’s research sheds new light on the role organizational factors play in communication failures that contribute to medical mistakes.

The medical resident’s decision not to voice her concerns about a superior’s actions is recounted in the paper “Communication Failures: An Insidious Contributor to Medical Mishaps,” which Sutcliffe and co-authors from the Ross School and University of Michigan Medical School published in the journal Academic Medicine in February 2004. They found that communication failures contributed to more than 90 percent of the medical mishaps recounted by residents at a 600-bed teaching hospital. Recurring communication problems were more complex than a faulty exchange of information, however. They involved hierarchical dynamics, conflict or ambiguity around roles and responsibilities, work processes requiring multiple hand-offs of patients and information, and a web of relationships involving medical residents, attending physicians, referring physicians, specialists, nurses, technicians and other caregivers.

“In our study,” Sutcliffe and her colleagues wrote, “the hesitancy to communicate information to superiors was evident in situations where a resident did not want to appear incompetent and also in situations where residents thought they may offend those in power. Residents repeatedly commented on their hesitancy to call an attending physician in the middle of the night. There is a tension between wanting to be sure one is taking the correct action and wanting to know enough not to have to contact the attending.” Residents also told the researchers their superiors often did not listen to their viewpoint and commonly provided inadequate information about patients and cases.

Systemic communication breakdowns like these have life-and-death implications in a hospital, but Sutcliffe’s body of work shows they are critical in all types of organizations. She and her co-authors suggest organizations operating in high-risk settings adopt a five-part briefing protocol used by the U.S. Forest Service to guide firefighters:
- Situation—Here’s what I think we are facing.
- Task—Here’s what I think we should do.
- Intent—Here’s why.
- Concern—Here’s what we should watch for.
- Calibrate—Now talk to me. Tell me if you don’t understand, cannot do it or see something I do not.

The Role of Culture

For a paper to be published in The International Public Management Journal, Sutcliffe addressed the role culture plays in information handling within complex systems. This is important because an organization’s culture shapes what people attend to, what they ignore, what they perceive as important and how they interpret information. Ineffective culture, Sutcliffe points out, is one factor that contributed to management failures preceding the 9/11 terrorist attacks. “These failures,” she writes, “included the lack of values and norms that were needed to...
foster broad information sharing and effective handoffs of information across the foreign-domestic divide, and widely differing expectations, assumptions, outlooks, approaches and priorities across governmental units that exacerbated operational problems as well as the inability to pool analyses." Information-handling difficulties and faulty communication, she notes, have contributed to many large-scale catastrophes, including aviation disasters, the explosion of the space shuttle Challenger and the release of methocyanate in Bhopal, India. It’s impossible to completely understand all the factors and complexities associated with disasters like these. And although Sutcliffe is skeptical that any set of cultural and structural reforms — such as unifying and integrating governmental operations — can completely enhance information sharing and improve the management of intelligence to avert future crises, her research suggests that paying attention to group composition may reduce future vulnerability. “Adding individuals with broad backgrounds and experience to groups composed of functional specialists may help groups to exploit their diverse expertise.

**Thriving on the Job**

In a paper prepared for a special issue of *Organization Science* in October 2005, Sutcliffe and Ross School colleagues Professors Gretchen Spreitzer and Jane Dutton, along with several PhD students, explored the value of organizational contexts that promote employees’ ability to thrive at work. When people are thriving, the article says, they feel progress and momentum marked by both a sense of learning and a sense of vitality. This is the flipside of “languishing,” which is characterized as being stuck in a rut and failing to make progress. Thriving helps employees navigate and change the context within which they work in order to promote their own positive development — and that is likely to minimize anxiety and depression, contribute to good health and improve on-the-job productivity and effectiveness.

Sutcliffe and her co-authors say that people are more likely to thrive in a work environment that encourages decision-making discretion, broad information sharing and a climate of trust and respect. In addition, certain work behaviors provide fuel for a thriving individual — notably a focus on the tasks at hand, being attentive and looking out for co-workers and exploring new ways of working that help them stretch and grow in new directions.

The paper concludes by noting the paucity of research on the positive effects of the work environment and makes the case that this is a valid and important subject for further inquiry: “Much is known about the health-corroding aspects of work, but we know little about how work contexts can be health-promoting.”

Contact Sutcliffe at ksutclif@umich.edu.

Dave Wilkins

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**Mutual Funds: The Downside of Introducing B and C Class Shares**

Mutual fund investors who snapped up new classes of shares in the past decade may have jumped prematurely before considering the impact on fund performance, reports Lu Zheng, assistant professor of finance, and two former Ross School colleagues.

In switching to a multiple-class structure by adding B and C shares to existing A shares, load funds offer mutual fund investors more choices but not necessarily better returns, she says. The newer share classes, introduced in the 1990s, offer investors a choice of paying back-end loads (sales charges or commissions paid when an investment is sold) and/or annual fees instead of the hefty front-end loads required for purchases of traditional A shares.

“Introducing the new classes attracts significantly more new money in the first one to two years, controlling for performance and other fund attributes,” Zheng explains. “The downside, however, is that about two years after introducing the new classes, funds experience a significant drop in performance, which is expected to substantially erode the cash-flow growth induced by new classes.”

Lu Zheng
In their study, Zheng, Vikram Nanda, the Richard C. Kraemer Professor of Finance at Arizona State University, and Zhi (Jay) Wang, PhD ‘04, assistant professor of finance at the University of Illinois at Urbana-Champaign, examined how the transition to a multiple-class structure affects fund cash flows, investor clientele, performance and expenses. They analyzed all diversified U.S. equity funds from 1993 to 2002 (by that year, nearly half the funds offered more than one share class, with large and well-performing fund families more likely to make the switch to a multiple-class structure).

The study shows that switching from a single A class to a multiple-class fund increases the overall fund cash inflow initially by an estimated 12 percent, controlling for performance and other factors. Given the average fund size in 2002, this amounts to nearly $16 million in new money— but the new growth slows after the second year.

Switching to the multiple-class structure hurts overall fund performance. Starting from the second year after the transition, multiple-class funds underperform their no-load counterparts by 1.2 percent to 1.7 percent annually on a risk-adjusted basis. The funds’ diminished performance can reduce the inflow of new investment dollars by 2 percent to 3 percent annually.

“The funds attract additional cash flows after the introduction of new share classes, which may in turn hurt fund performance due to increased fund size and higher cash-flow volatility. These changes result in higher liquidity costs and decreasing returns to scale, which have a negative impact on fund performance,” Zheng says.

Investment horizons play an important role in determining the share class that would maximize an investor’s net returns. Typically, investors with long investment horizons prefer the traditional A class. Those with short to intermediate or uncertain horizons generally favor B class, and short-term investors prefer C class. However, Zheng adds, no-load funds generally are better investments than load funds regardless of an investor’s horizon.

Contact Zheng at luzheng@umich.edu.

Do Emotions Belong at the Bargaining Table?

Negotiators who want to achieve favorable outcomes at the bargaining table are well advised to remember the familiar adage: You catch more flies with honey than with vinegar.

According to a new study in the journal Organizational Behavior and Human Decision Processes, negotiators who strategically display positive rather than negative emotions are more likely to preserve valuable business relationships, gain concessions, persuade opposing parties to accept their offers and, thus, more frequently close deals.

“Emotions constitute a deliberate behavioral strategy that can be used by negotiators in support of strategic action,” says Shirli Kopelman, clinical assistant professor of management and organizations at the Ross School. “Managers should consider focusing on their own emotional displays during negotiations because their responses may influence the opposing parties and subsequently shape the nature of the negotiated agreements.”

In many settings, a friendly, cooperative, constructive and empathic emotional strategy will elicit an entirely different response from opponents than an angry, aggressive, insistent and vindictive one or the absence of emotion altogether, Kopelman adds.

To investigate the impact of goal-directed emotional displays on negotiation outcomes, Kopelman and colleagues at Duke University and Northwestern University conducted experiments in which participants were coached to display positive, negative or neutral emotions in dispute situations.

In the first experiment, participants took opposing sides in a simulated face-to-face contract dispute between a condominium developer and a carpentry contractor to determine the impact of strategic emotions on short- and long-term conflict resolution. The results suggest that regardless of the strategic emotional display, negotiators were likely to reach some form of agreement and avoid potentially costly alternatives, such as resorting to bankruptcy or legal battles.

However, negotiators who displayed positive emotions had a greater desire to preserve their business relationships by including future joint endeavors in negotiated contracts. Both positive and negative strategic emotions were perceived by other negotiators, but participants who displayed negativity tended to overestimate the intensity of their emotional display.

In a second experiment, participants responded to a take-it-or-leave-it ultimatum made by a professional actor posing as a catering firm business manager. The actor presented each emotional display through a videotaped offer for her catering services. Participants had the option of accepting or rejecting the firm’s price hike when no future business relationship was at stake and they could hire a different caterer.

Negotiators were less likely to accept the price-hike proposal when the business manager displayed negative, rather than positive, emotions. Likewise, target negotiators who viewed the video clip of the negative manager were inclined to pay substantially less for the catering service.

“Negotiators responding to the positive display of emotion were nearly twice as likely to sign a deal,” Kopelman says. “This indicates that positive emotional display may be more effective in achieving objectives, as well as retaining and embarking on a future business relationship.”

The third experiment allowed participants to engage in the negotiation process by making a counter-offer to the catering firm rather than accepting or rejecting an offer. When target negotiators were given the opportunity to make demands, they made more extreme demands and were less concerned about rejection when they squared off with a business manager displaying negative emotions.

They seemed to punish the caterer by counter-offering a value lower than the original offer, a spiteful response that may set the stage for a conflict spiral, note the researchers. In contrast, a business manager displaying positive emotions was better able to extract concessions from the opposing party and close the deal.

Contact Kopelman at shirli@umich.edu.
If you invest according to principles that elevate customer satisfaction, you will beat the markets and achieve the holy grail of higher returns at lower risk.

Claes Fornell, the Donald C. Cook Professor of Business Administration, professor of marketing and director of the National Quality Research Center, discussing the value of good customer relations and attention to quality service. —The Times (of London), January 11, 2006

Workaholics believe they make rational decisions about the time they put in but may misjudge costs and benefits.

Joel Slemrod, the Paul W. McCracken Collegiate Professor of Business Economics and Public Policy, writing in a paper published by the National Bureau of Economic Research. —The Washington Post, September 21, 2005

The workforces were young, the pension costs were low, the exposure for healthcare wasn’t really there and they didn’t promise a lot to begin with. Each contract added a little more and a little more and a little more. The thinking in top management is that they’ve kicked this ball in front of us and keep kicking it. And when it comes due, we’re not going to have to pay it. It’s like the national debt. We’ll spend it now and let the kids worry about it. Well, here we are in 2005, and the kids are now the management. They’re paying for their fathers’ sins.”

Gerald Meyers, adjunct professor of management and organizations and former chairman of American Motors Corp., commenting on the evolution of healthcare coverage at General Motors. —The New York Times, November 19, 2005

The world is awash in cash looking for profitable investments.”

David J. Brophy, associate professor of finance and director of the Office for the Study of Private Equity Finance, commenting on the availability of private equity money. —Los Angeles Times, January 8, 2006

“individual entrepreneurs have figured out that they can be global competitors now. Many of them are the men and women who created the outsourcing opportunities for the huge corporations. A lot of them are now saying to themselves, ‘Why should I do this for them when I can do this on my own?’”

Robert Kennedy, executive director of the William Davidson Institute and professor of business administration, discussing decisions by small outsourcers to enter the global market. —The Detroit News, December 6, 2005

Village leaders are able to seize the land of villagers and pay them an amount that is keyed to the use of that land for agricultural purposes. Then these leaders flip it around and sell it to state-owned enterprises or to private developers or others for a much higher price—the price of the land for its intended use, making money for the local government and often for themselves in the process.”

Kenneth G. Lieberthal, the William Davidson Professor of International Business and professor of political science, discussing tensions in China from the government’s drive to industrialize and the rural population’s desire to hold on to its land. —All Things Considered, National Public Radio, December 13, 2005

We’re forcing companies to take more work offshore with our more restrictive immigration policies. Rather than hire foreign technology experts with work visas in the United States, the companies just ship it to state-owned enterprises or to private developers or others for a much higher price—what’s the percentage of the land for its intended use, making money for the local government and often for themselves in the process.”

David Ulrich, professor of business administration and co-director of the Human Resource Executive Program, talking about the modern workplace. —The New York Times, December 5, 2005
Thriving on Crises

SUSAN STILLINGS, MBA ’87

She works with large Hong Kong-based companies and multinationals with offices abroad, as well as with Pacific Rim firms looking to list in the United States or to merge with foreign companies.

The career path that took her from California to New York to Asia began in Ann Arbor. Her parents, both University alumni, told her she could attend any university she chose — “as long as it was Michigan!” It wasn’t a hard sell.

After graduating from the College of Literature, Science and the Arts, Stillings put herself through business school, majoring in finance. Analytical by nature and numbers-oriented, she spent the next seven years in investment banking. At the same time, her volunteer work, especially for the Alzheimer’s Association, kindled her interest in writing and communication. “I was looking for a way to expand that skill set and found investor relations,” she says. “It’s a perfect fit.”

On the surface, financial communications work hardly seems contentious: quarterly earnings announcements, press releases and annual reports. But Stillings’ corporate clients also undergo mass layoffs and turnover, class-action lawsuits and other crises.

As an independent marketing communications specialist and then as managing director of a New York-based financial communications firm, Stillings steered dozens of companies through sensitive and stormy issues.

* * *

Hers is the calming voice that says, “This is not a catastrophe. We need to gather the facts, reframe the situation and present a course of action. We need to decide what to tell the client, board members, stockholders, vendors and, most important, the employees.”

* * *

What she finds exhilarating is “that you’re working alongside bankers and lawyers, CEOs and CFOs at the top levels of the company. You’re the communications specialist on the team; that’s what you bring to the table. Optimally, you are seen as a trusted adviser to senior management.”

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* * *

Stillings, who holds a CFA (Chartered Financial Analyst) designation, also ran the corporate communications departments for three technology companies, including Iomega Corp., manufacturer of the Zip Drive. She built Iomega’s in-house investor relations department and managed its global staff in the United States, Japan, Singapore and Europe. Ogilvy Public Relations Worldwide recruited her in spring 2005, citing her international practice and familiarity with mergers and acquisitions, litigation and initial public offerings.

“Investor relations is in its infancy in China,” she observes. “We are involved in an education process, showing our clients how strong investor/public relations initiatives lead to higher visibility and credibility and, ultimately, a higher valuation for the company.”

She is excited to be working abroad, adding a new dimension to what she can offer her colleagues and employers.

“Living here gives you a broader perspective on the world,” she says, noting that her television carries the BBC network, which devotes about three minutes to American news. “And I miss U-M football! ESPN is broadcast in Chinese!”

The most rewarding part of her work, Stillings says, has been building relationships.

“Michigan started the process. It showed me the kinds of choices that are out here. It opened up a new world to me.”

Pat Materka
human resource classes were, perhaps, not the most enthralling ones for Philippe Prufer in business school, but he now regards them as the most important. Nearly two decades after graduation, Prufer still draws on the lessons he learned: The more power you give, the more power you get back. Be clear in your communications. You cannot work alone; Superman does not exist. Seek the opinions, involvement and energy of others. In short, the classes taught him “the distinction between being a manager and being a leader,” he says.

So-called “soft skills” proved indispensable as he rose through the ranks of Eli Lilly and Co., one of the world’s leading pharmaceutical firms. Prufer hired on right after graduation; he’s now president of Eli Lilly Brazil and the Southern Cone—Argentina, Chile, Paraguay and Uruguay. He oversees all operations and 800 employees in five markets, as well as a manufacturing facility in São Paulo, where he lives.

It is gratifying to Prufer to work in a field that strives to cure illness and for a corporation with a history of health-care accomplishments. Eli Lilly was the first company to develop insulin, the first to develop a recombinant DNA product, among the first to bring broad-spectrum antibiotics to market and a pioneer in cancer medication.

* Fortune magazine* has ranked Eli Lilly among the 100 best companies to work for, and *Working Mother magazine* ranked it as one of the best workplaces for women. That recognition, Prufer says, reflects a corporate culture that values talent and nurtures professional development.

“We usually hire people for a career, not a job,” he says. He was told that when he was hired, but “quite frankly, I was not sure that was very serious. Now that I’ve been with the company for 18 years, I can say that it is serious. We take pride in developing talent and promoting from within.”

As an industry that invests heavily in research and development—R&D represents about 20 percent of revenue—the pharmaceutical field depends upon innovation to thrive. One of the biggest challenges facing companies today is the protection of intellectual property, Prufer says. A combination of factors—including uncertain enforcement of patent laws, uneven implementation of agreed-upon patent-law reforms in international treaties and the approval by regulatory bodies of “copy” products—jeopardize the protection of intellectual property in many countries.

“If this is threatened, we are not going to be able to continue to innovate, and all of us as a society will suffer,” Prufer says. As an example, he points to advances in the treatment of ulcers, noting that 20 years ago an ulcer repair required surgery, whereas today an ulcer can be treated with medication. “If we want to increase the benefit of science to our lives, we have to protect intellectual property,” says Prufer. “We offer hope and life to society, and we need to make that story understood.”

Bringing a new drug to market can take 10 to 15 years of research and testing, yet once the drug leaves the confines of clinical trials, unforeseen side effects can show up. And when they do, stories about them land on the front page. In June 2005, Eli Lilly announced a $690 million settlement of some lawsuits claiming that its drug Zyprexa, which treats schizophrenia, causes diabetes. (The company continues to fight other Zyprexa-related lawsuits.) Pharmaceutical companies, Prufer says, need to better communicate the rigorous steps they take to ensure drug safety—before and after market. At Eli Lilly, for example, as soon as a side effect is reported, a group headed by a physician investigates. Even though the public may not be aware of it, Prufer says, “constant monitoring is part of our responsibility.”

Prufer first came to the state of Michigan in 1979 as a high school exchange student in the Detroit suburb of Center Line. “I heard a lot of nice things about the U-M,” he says. After earning a degree in economics from Federal University of Rio de Janeiro, he worked for what is now Ambev, a Brazilian beverage company. An MBA, though, was always a goal. The Ross School appealed to him, he says, because it developed generalists, stressed teamwork and diversity, and boasted a stellar faculty. “All those things attracted me back then and still make me look at Michigan as a great source of talent.” Two alumni work for him in Brazil: Gustavo Arger, MBA ’03, and Rogerio Ferreira, MBA ’99.

With a high-level job and an active family life—he and his wife, Alexandra, have two teenage sons and a 10-year-old daughter—Prufer keeps busy, but still stays in touch with his alma mater. He is a member of the school’s Visiting Committee.
Sam Zell
Portray of the Entrepreneur As a Young Man
S. DIVISION STREET, LONG BEFORE HE EVER LEFT ANN ARBOR.

s a young man, Sam Zell's father, Bernard Zell, was a grain broker in western Poland. He did well. But for many months in the late 1930s, he tried to persuade his relatives that Jews like themselves must flee Poland to escape the threat of a German invasion. The relatives doubted the danger was as grave as Zell predicted. On the last day of August 1939, with only his wife and young daughter, Zell fled to the east. The next day, the Nazis invaded Poland from the west, bombing the rail yards from which the Zells had departed the day before. They crossed the frontier into the Soviet Union, and for the next 18 months, they moved east across Asia by whatever means were at hand. They reached Japan and boarded a ship, and on May 18, 1941, they arrived in Seattle. They went to Los Angeles, then Chicago, the center of the U.S. grain business, where Bernard Zell resumed his successful career.

“My father made a life-and-death decision at age 34, and he was right,” Sam Zell says. “And he was never wrong again. So I come from a very unusual background, to say the least. And almost from the beginning, I felt like I was held to a different standard. I don’t know how many times I had a conversation with my father that went something like: ‘But everybody else is going.’ And the answer was, ‘That’s okay, but you’re different.’ “There’s this Yiddish word, derechertz, and it means respect. My father and mother, particularly my father, brought us up with the premise that respect was non-negotiable. Love was optional. I’m not saying that in a bad way. It was: ‘I want you to love me. But you have to respect me.’

“My dad was very, very strong, and very confident. I had to be very confident and strong to succeed in his shadow.”

**

B orn in 1941, Sam lived for the first years of his life in the Albany Park neighborhood of northwest Chicago, a thriving haven where immigrant Jews predominated. In the early 1950s, when Sam was 12, the Zells moved to suburban Highland Park. There, the institutions of Jewish life were not yet well established, so it was decided that Sam would return to the city for advanced religious studies. Five afternoons a week, he boarded the Chicago North Shore Railroad and the el for the trip back and forth to the yeshiva in the city.

He remembers this ritual as a daily voyage to a broader and richer world than the ones his classmates knew in Highland Park. Many days he would sit and talk with the conductor, who became a friend. And there was a gang of well-to-do Wilmette high school girls, much older than he, who rode the train. They liked Sam and adopted him as a mascot, a development to which he attributes his lifelong comfort with women as colleagues.

“I lived a kind of unique, separate life, because I went to school like everyone else, and then I got on the train,” he recalls now. “I had seen and felt and done stuff that none of my peers had done. I couldn’t talk to anybody about it because nobody had any idea what I was talking about.”

Actually, there was one aspect of his sojourns that his peers did learn about. It was the first clear sign of his entrepre-
neural eye, and of a certain tolerance for risk. As a 12-year-old boy with “at least an average sense of curiosity, if not a huge sense of curiosity,” he discovered newsstands under the el tracks that offered magazines not available to his stay-at-home schoolmates in Highland Park, including Volume 1, Number 1, of Playboy. Sam bought a copy for 50 cents, looked it over on the way home, and pondered the question of mark-up. He settled on $3, a price that found many eager buyers at school. Each month until his Hebrew training ended, he carried a load of new Playboys home on the train. He did well, and he never got caught.

By the eighth grade he had moved to safer ventures—taking and selling photos of couples at school dances—and he wrote a paper that year on inflation, deflation and the economic consequences of each.

“I was just different.”

As a businessman, Zell has proudly worn the nickname “Grave Dancer,” a winking tribute to his vast success at observing a fading or failing proposition, seeing something in it that no one else sees, then buying it and transforming it. This tendency must be fundamental to his nature, because it has been his modus operandi from the beginning.

It was certainly on display in Ann Arbor, where he arrived in the fall of 1959. At his fraternity, Alpha Epsilon Pi, it was customary for pledges to put on a show at the pledge formal. Usually this was a pretty lame and last-minute affair, amounting to a few jokes at the expense of upperclassmen. When Zell was told that the pledges were responsible for a show, he wrote one—a full-fledged Broadway-style show—and “it was a smash.”

Pledge formals also provided the launch pad for a business venture. In those days, it was a tradition in Greek circles for the fraternity man to present his date with a decorated glass goblet commemo rating the event—a knickknack that was stuck on a sorority bookshelf as a dust-collecting souvenir. Who knows how many thousand such goblets had been given and received, attracting notice for a moment and then forgotten, before Sam Zell spotted an opportunity in an innocuous little custom.

“I thought that was pretty dumb,” he remembers. “It just didn’t seem connected to anything. I started thinking about it.”

He found some trade books and catalogs of party favors, tried a couple ideas—pirate-pistol cigarette lighters was one—then hit on his keeper: stuffed animals. He discovered a company that made a 10-foot-long stuffed snake. He had ribbons printed commemorating the dance and the date. He stayed up half one night tying ribbons on stuffed snakes. Then he showed one to a guy, who stared at Zell and said: “My girlfriend would love this.”

“Well,” Zell says, “once you had a hundred couples come to the pledge formal and every girl gets this snake, and she wraps it around her neck and it ends up on her bed and it always says A E Pi—I sold thousands of them.

“An entrepreneur is someone who looks at situations and says, ‘I could do that better,’ and his focus is not on the question but on the solution. Lots of people can ask the question. Very few people can propose the solution, and it’s the solution that differentiates the entrepreneur.”

** **

In his senior year Sam decided to go to law school. He didn’t envision himself as a practicing attorney, but as a business man like a couple of his father’s associates, whose legal training helped them in the making of deals. He applied to the Michigan Law School and was accepted, so he knew he’d be in town for the next few years.

One day he went over to the house of a classmate who lived on South Division near Hoover. The classmate told Sam the owner of his house had bought the house next door and was planning to develop a 15-unit apartment building on the site—915–919 S. Division. Sam proposed a talk with the owner.

“Why don’t we pitch him?” Sam said. “We’re students; we understand what students want. We’ll manage it and rent it for him. In return, we’ll get two free, one-bedroom apartments, so we’ll be able to live for free while we’re going to school.”

The pitch was made, the owner agreed and Sam and his partner began to rent and manage apartments. When the owner built another apartment building around the corner, he asked them to rent and manage that one too. Then another developer asked them to run a building on State, Sam, getting overloaded, remembered that a fraternity brother, Bob Lurie, had told him that if Sam ever needed help, he’d be interested.

Lurie was quiet where Zell was brash, cerebral where Zell was instinctive. Lurie had lost his father in his teens; Sam sensed in him familiar qualities of self-reliance. A partnership and a friendship began. Sam did the deals. Bob handled the details and crunched the numbers.

“He was far more organized than I was,” Zell remembers. “He helped us really put muscle into a business that we were kind of running on the back of our hands. And at the same time, I started buying buildings.”

Sam had saved enough to put $1,500 down on a $19,500 land contract for a three-unit building on Sybil. He repainted the apartments, replaced the old furniture and doubled the rents. Then he bought another place. And he added more units to his management portfolio. A young developer named Don Chisholm, founder of Ann Arbor Associates, recalls Sam approaching him with a proposal to manage half a dozen of Chisholm’s buildings.

I ng. You're two and three and 10 years with Sam about what's coming, it's amazing. "When you have a conversation Walker, a close friend and business associate, "You have transformed the landscape of our country, as well as the landscape of education at the University of Michigan and beyond."

"He said: 'We're closer to the students.' I don't know if I called him Chutzpah Boy, but I said, 'Okay, let's see what you can do.'"

That scene was replayed all over town. By the end of Sam's second year in law school, the business was managing hundreds of apartments in Ann Arbor and Ypsilanti. It was partly a feat of pure youthful energy, but they also had seen untapped potential in their fellow students' preference for well-appointed, modern apartment space over the ramshackle student boarding houses of old.

"Sam has the vision to see beyond what most people see," says Howard Walker, a close friend and business associate. "When you have a conversation with Sam about what's coming, it's amazing. You're two and three and 10 years down the road."

I n the summer before his last year in law school, a deal arose that presented Sam with a choice about the rest of his life. It happened that a law-school friend of his owned a two-family house on Geddes, across the street from Forest Hill Cemetery. A buyer had offered him a certain price for the house, and he asked Sam if the offer was fair. Sam called Don Chisholm and his partner, who offered Sam's friend a higher figure, and the sale was made. Chisholm and Sam then talked about also buying the house next door, with the idea of putting up a bigger building. But then Chisholm had to leave town for an Army Reserve hitch. Sam said: "Let me see what I can do." When Chisholm got back, he learned that Sam had made a deal not only for the house next door but for a total of eight adjacent properties all the way down Geddes to the corner of Linden Street. It was the biggest assemblage of property in the campus area that any developer had ever put together. That was the good news. The bad news was that the partners didn't have enough money to close the deals.

Then Bernard Zell, Sam's father, arrived from Chicago for a visit. Don Chisholm remembers the elder Zell, by then in his 60s, pulling into Ann Arbor in an aging, pockmarked Chevy. He looked over the Geddes properties and listened to Sam.

"He had saved all his money and invested in real estate and the stock market, but always in a passive fashion," Zell says now. "And I was always in an active fashion. There was no surplus of compliments, but he was proud of me, and he was fascinated by what I was doing."

By the end of the day, Mr. Zell had offered to help finance the deals, and Chisholm and his partner had accepted. Sam had an unusual idea for the Geddes site. He wanted to build not just another apartment building, but condominiums, then a new vehicle. But he realized that if he were to commit himself to such a large project, developing properties from the ground up, he also might be committing himself to Ann Arbor for the long haul.

"So I had this very difficult decision to make," he remembers. "What did I want to do? I decided that I had to find out how good I was, and that I'd never be happy if I didn't really understand what I was capable of. I didn't think that I could really test that in Ann Arbor. I didn't see how the level of challenge would satisfy one of my basic premises, which is that all of us have an obligation to test our limits."

So the partners sold the property at a nice profit. (Eventually, the big Albert Terrace apartment building went up on the site Sam had assembled.) Sam finished law school, sold the management business to Lurie and moved back to Chicago.

H e intended to practice law, at least for a while. But he couldn't get a job. On his 44th interview, he learned why.

He was shown into the paneled office of a senior partner in a big firm. The attorney was on the phone. When he hung up, he turned to Sam and said: "So, tell me about your deals."

At this point Sam figured he had nothing to lose by venting his frustration.

"Tell you about my deals?" he steamed. "I'm here because I want a job."

"Oh, we'd never hire you," the lawyer said. "You'd be gone in three months. Look what you've done. Nobody who has done that stuff would ever remain in the practice of law."

When Sam finally accepted the single offer he got, at a small firm, he quickly learned the big shot at the big firm had been right. After a few days, he went to his boss and said he really didn't think that writing a contract between Northern Illinois University and a linen supplier was the best use of his time. So his boss proposed a novel arrangement: Sam should go ahead and make real estate transactions. The firm would provide financing and handle the legal work. For 15 months, that's what happened. Then Sam went on his own. Two years later, Bob Lurie joined him.

Don Chisholm stayed friends with both Zells. From time to time, Bernard Zell would take him aside. "He would say, 'Donald, Sammy's going too fast.' I would say, 'I agree.' But that was just Sam. He was go, go, go. And he never changed."

James Tobin

Student speaker Gina A. Valo and Sam Zell share a humorous moment at Winter Commencement exercises. The University of Michigan presented Zell the honorary degree, Doctor of Laws, in December at Crisler Arena. In the citation honoring Zell, the Regents stated: "You have transformed the landscape of our country, as well as the landscape of education at the University of Michigan and beyond."
Skip the small plans, Samuel Zell tells would-be entrepreneurs. “Only big plans stir men’s minds.” When Zell, AB ’63, JD ’66, and Ann Lurie, widow of his longtime business partner Robert H. Lurie, gave $10 million in 1999 to launch an institute at the Ross School, they had a big plan: Train the next generation of entrepreneurs.

Since then, the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies has been on an upward trajectory. It has become a magnet for would-be entrepreneurs and recruiters seeking to hire graduates who have mastered what the institute describes as the entrepreneurial skill set:

- Identifying emerging opportunities.
- Formulating and assessing business solutions.
- Developing actionable plans with incomplete information.
- Identifying, aligning and acquiring resources.
- Driving accelerated growth.

“The confluence of a healthy financial base, tremendous support from alumni for our students and programs, and being situated at a top business school at a leading research university has helped the institute gain world-class status,” says Zell Lurie Institute Executive Director Thomas C. Kinnear, PhD ’72, the Eugene Applebaum Professor of Entrepreneurial Studies.

The confluence Kinnear refers to is no understatement. There’s Zell’s leadership (he attends every advisory board meeting), coupled with the financial backing of such prestigious businessmen as Eugene Applebaum and alumni Marcel Gani, MBA ’78, and Warren P. “Bud” Williamson III, BSEEE ’52, MBA ’54. Add to that list of successful entrepreneurs the Ross School personnel involved: Dean Robert J. Dolan, Kinnear (who is also a director of the State of Michigan Early Stage Venture Investment Corp.), Timothy Faley, the institute’s managing director, and faculty members David Brophy and Andrew Lawlor.

“Some schools are strong in marketing or finance. At Ross, we teach a spectrum of skills. Although no one graduates in entrepreneurship per se, half of the school’s more than 850 MBA students are involved in one or more entrepreneurship courses or programs,” says Faley, who spent 10 years at Dow Chemical Co. pushing technology breakthroughs from lab to market.

The breadth of the institute’s offerings differentiates it from stand-alone entrepreneurship classes and programs at competitor schools, Faley says. The Ross School’s leadership was recognized in 2005 when U.S. News & World Report ranked the school seventh nationally for entrepreneurial studies.

“Entrepreneurship has become integral to a strong MBA education,” says Dolan. “Thanks to the generosity and foresight of Ann’s and Sam’s leadership, entrepreneurship is a key element of a Ross School education. Through promising partnerships with the College of Engineering and Medical School, the Zell Lurie Institute’s influence will continue to grow as it provides tools to would-be entrepreneurs across campus and beyond.”
Entrepreneurship’s roots at the University of Michigan are deep. In 1927, the University offered the nation’s first family business course. By the 1970s, the business school was offering a number of courses with an entrepreneurial focus; and in 1979 the school launched the Michigan Growth Capital Symposium, the first university-based symposium of its kind.

“David Brophy, LaRue Hosmer and Andrew Lawlor were teaching students the ins and outs of starting new businesses long before entrepreneurship became a buzzword,” comments Kinnear. “And, at Sam Zell’s prompting, we taught a Failure 101 course.”

Today, the school offers a rich portfolio of opportunities, including more than 20 entrepreneurship classes taught by 24 faculty members, many successful entrepreneurs and venture capitalists in their own right who bring years of experience and insight into new-value creation. Faculty members serve as sounding boards and mentors for students eager to launch their own businesses. They also lead a broad range of programs. “We’re the poster child for action-based learning,” says Kinnear, referring to the Ross School’s signature field experiences in which students apply skills and theories to challenging real-world assignments.

**When Action-based Means Entrepreneurial**

The Wolverine Venture Fund (WVF) is an internationally recognized program for students interested in entrepreneurship. It is the first student-governed venture capital fund in the nation and invests $50,000 to $100,000 in promising new startups. The WVF made headlines in 2004 when the first firm in its portfolio went public, infusing the fund with $1 million. “The Wolverine Venture Fund gets them in the door, where they learn about other hands-on opportunities, from business plan competitions and internships to Zell Lurie’s Dare to Dream grants for students starting up businesses,” says Kinnear.

Left, Suresh Seshadri, MBA ’07, Amy Mecozzi, MBA ’07, Zell Lurie Institute Managing Director Timothy Faley and Joe Messing, MBA ’07, chat following a Wolverine Venture Fund Advisory Board meeting. The graduate students are among 18 who serve on the board. The WVF is the first student-governed venture capital fund in the nation.

Left, WVF board member Jason Miller, BBA ’01 and MBA ’06, talks with Zell Lurie Institute Executive Director Thomas Kinnear and WVF team leader David Cho, MBA ’06. Kinnear, who has led the institute since its inception in 1999, says the confluence of a healthy financial base, tremendous support from alumni and being situated at a top business school at a leading research university has helped the institute gain world-class status.

Sam Zell is a popular speaker and role model for aspiring entrepreneurs at the Ross School.

**At a Glance 2005–2006**

Zell Lurie Institute Highlights

- **Scholarship Awards** from Samuel Zell provided 13 first-year and second-year MBA students with up to $10,000 each. Also, awards from Mitchell Mondry, MBA ’86, provided two second-year MBA students with $5,000 each toward tuition.

- **Wolverine Venture Fund**, with over $3 million under management, made two new investments.

- **Marcel Gani Summer Internship Program** placed 29 MBA students at 26 companies, including six venture capital firms.

- **Entrepreneurial MAP** placed 32 first-year MBA students on site at seven startup companies throughout the United States and at incubators in Ireland and Israel.

- **Business Plan Competitions** saw University of Michigan teams take home three national championships in 2005 and collectively win more than $135,000. The institute sponsored and coached 11 student teams at 15 competitions.

- **Dare to Dream** awarded a total of $100,000 to 24 selected student applicants to develop their business concepts while earning their degrees.

- **Entrepalooza and the Michigan Growth Capital Symposium** drew hundreds of attendees from the University and beyond.

For more information about the Zell Lurie Institute, visit www.zli.bus.umich.edu.
Atisa Sioshansi, MBA '04, uses her entrepreneurial skills to support Baxter Healthcare’s marketing in the Asia Pacific Rim and Latin America.

Alum Sharpens Entrepreneurial Skills at Baxter Healthcare

Like serving a two-year practicum in venture capital” is how Atisa Sioshansi, MBA ’04, describes her stint with the $3 million, student-run Wolverine Venture Fund (WVF).

“You’re really involved in the local venture capital community. I saw the big picture of what venture capital is all about and worked with venture capitalists and entrepreneurs,” says Sioshansi, who was selected to join the fund as a first-year MBA student and served as a student leader the next year.

Making investment decisions was empowering, says Sioshansi, now a marketing manager with Baxter Global Bi-Science in Westlake Village, California. In fact, the WVF was a reason she returned to the University of Michigan after earning bachelor’s and master’s degrees in chemical engineering here in 1997 and working for 3M, Procter & Gamble and two startups.

“Ross is a great business school for people interested in entrepreneurship, particularly in technology areas. We have tremendous business, engineering and medical schools, action-based learning programs and the unique opportunities that the Zell Lurie Institute provides,” says Sioshansi, who participated in venture capital investment competitions, was one of the 2003 Mitch Mondry entrepreneurial scholarship recipients and was active in the Entrepreneur and Venture Club, which hosts the annual symposium Entrepalooza. She also squeezed into her schedule as many entrepreneurial studies electives as possible.

Sioshansi, who as an undergraduate worked with U-M researchers to develop biocompatible coatings for cochlear implants, says, “When you look at what people need to be successful in the healthcare industry, you find that many entrepreneurs and venture capitalists have had previous experience in a large company. I chose Baxter Healthcare’s marketing development program because it provides broad exposure to pharmaceuticals and medical devices. Learning what it takes for a firm to grow and gain competitive advantage is a skill set I’ll be able to use in my own startup or venture capital firm.”

In the meantime, Sioshansi is using her entrepreneurial skills at Baxter, where she supports the firm’s marketing in the Asia Pacific Rim and Latin America. Assignments range from developing new-product launch strategies in specific countries to hosting a medical meeting in Argentina. “Just yesterday we were working on a way to make sure we deliver product to a patient in an emergency situation. You know you’re affecting patients’ lives, and this is one reason why I enjoy working in the healthcare industry,” says Sioshansi.

Her language skills — Sioshansi is fluent in Spanish and Farsi and is studying Mandarin Chinese — also are helpful in the global marketplace. Sioshansi credits two months spent in China under the auspices of the Ross School’s Center for International Business Education with expanding her cultural horizons in the same way Zell Lurie has opened doors to entrepreneurship.

“The passion and energy of the Zell Lurie staff and the Ross School faculty, students and alumni are contagious,” Sioshansi says.

Linking Business and Engineering

Alumni help drive innovation at Zell Lurie. One of the institute’s newest programs, the Warren P. Williamson III Collaborative Entrepreneurial Education Initiative, grew from a need that Bud Williamson saw as a successful businessperson.

Williamson, chairman of Sky Management in Loveland, Ohio, says, “I’ve always preferred working in technology-related businesses and on my own. One of the challenges of a small business is you have to be everything in the company.” He and his son, a prolific inventor, also have launched a number of entrepreneurial ventures. “Some have produced heartache and some have produced money,” says Williamson.

“I think that the entrepreneurial world must have leaders who understand engineering, business and how to work with creative people,” he adds. To that end, a new business fundamentals “bridge” course emphasizing entrepreneurial studies will be taught to engineers for the first time in fall 2006. The Williamson initiative also will bring business and engineering students together to work in cross-disciplinary teams on projects that
require business and engineering skills. The goal is to develop and maintain a dynamic education environment in which students deepen their understanding of new technologies and apply leading business practices to maximize the commercial potential of those technologies.

“We believe that by working with the College of Engineering we’ll be able to develop a model that can be expanded to other research-focused schools and colleges within the University,” Dolan explains. “On a broader scale, this program will help develop the innovative businesses and industries that are crucial to maintaining America’s competitiveness in the global marketplace.”

Moving Ideas from Lab Bench to Market

Recently, the Ross School launched a new early-stage commercialization program designed to increase the probability of great ideas becoming business ventures. Students will work with inventors, do the patent searches and help make the case for early funding for these pre-seed enterprises growing out of University research. Executive-in-residence Thomas S. Porter, MBA ’67, founder and general partner of Trillium Ventures, is coordinating the program.

Contributing to companies in their formative stages is one way the business school can teach students about identifying opportunities and assessing their feasibility, says Faley. He envisions a time when entrepreneurship will be interwoven throughout a U-M education—when a faculty member can’t teach engineering without talking about innovative applications, and students will be exposed to entrepreneurship across the curriculum. This is consistent with what Sam Zell’s plan has been all along: To increase the number of University of Michigan graduates who can see and seize opportunities to create value, who can establish corporations and build nonprofits.

“You can outsource jobs, but you can’t outsource an entrepreneurial environment,” says Zell. “That’s what distinguishes us from other countries of the world.”

To learn more about the Zell Lurie Program, visit www.zli.bus.umich.edu.

A $20,000 Dare to Dream grant awarded to high-tech startup Pixel Velocity gave its student founders the boost they needed in 2002. “Dare to Dream provided funding for market research,” says Eric Sieczka, MBA ’01, Pixel Velocity co-founder, president and CEO, “as well as for subsidized lease space for the business and, most important, access to other entrepreneurs.”

Today, Pixel Velocity develops, manufactures and markets miniature supercomputers that process video images that allow users to make decisions in real time. Pixel Velocity image processors, installed primarily by original equipment manufacturers, allow applications to run 100 times faster than with other computers and are transforming the fields of biometrics and homeland security, medical imaging and machine vision. The largest market segment for machine vision is the electronics and semiconductor market. Other potential markets for Pixel Velocity’s advanced technology include multimedia gaming, high-definition television, Web conferencing, traffic surveillance and customer behavior profiling.

Sieczka, who earned a BS degree in electrical engineering from GMI Engineering and Management Institute (now Kettering University) in 1992, designed and developed high-tech commercial products before launching his first start-up, EOTech, in 1996. EOTech manufactures and markets products developed through the Michigan Development Corp. Sieczka served as vice president of operations at EOTech while enrolled in the Ross School’s evening MBA program. He transitioned out of EOTech after it was sold in September 2005.

As a business school student, Sieczka was active in the University’s High-tech Club and in community groups dedicated to new businesses, including the New Enterprise Forum, Product Development Management Association and Ann Arbor IT Zone.

Pixel Velocity’s leadership team includes Erick Trombley, left, Heather Grisham, MBA ’04, and Eric Sieczka. Another Ross School alumnus, Joshua Patterick, MBA ’03, director of product development and head of Pixel Velocity’s Denver office, is not in the photograph.

Participating in business plan competitions was a highlight of his Ross School experience, says Sieczka. “Business competitions seem like an academic exercise, but they expose teams to the types of questions investors ask. Working with Paul Kirsch, Zell Lurie’s program manager, we learned how to focus the business and communicate with the business community.”

Like many alumni, Sieczka maintains ties with the Zell Lurie Institute. Pixel Velocity provides Ross students hands-on experience by sponsoring group projects for classes such as Andrew Lawlor’s business-plan writing course. One recent participant in Lawlor’s class, Erick Trombley, MBA ’03, was hired as director of business development at Pixel Velocity and is working on the firm’s security surveillance business.

Mary Jo Frank

DIVIDEND 23 SPRING 2006
It’s 7:30 a.m. at the University of Michigan’s Art and Architecture Shop, a model-making facility for architectural projects and materials exploration. The top plate of the hot vacuum forming machine inches downward, contacting the thermoforming plastic sheet. The plastic quickly takes on the rectangular shape of the mold below. Seconds later the designers relax: The part meets their specifications.

For these highly competitive students, much rides on the parts they’re fabricating. The components are the backbone of the Nomad, a lightweight, sturdy, titanium-colored carrying case and stand for laptop computers. The Nomad team is one of eight teams or “firms” in the Integrated Product Development (IPD) class, where students take an idea from drawing board to marketplace in 12 weeks. Creating a fully functioning, customer-ready prototype is a differentiating feature of IPD, an integrative multidisciplinary course taught by Professors William S. Lovejoy and Sebastian Fixson. This hands-on course differs from other product design classes in another way: Products are tested in the marketplace, with consumers ultimately deciding the winner.

“The goal is for teams to create something that is functional and beautiful that also provides value in excess of the price charged,” says Lovejoy, the Raymond T. Perring Family Professor of Business and a professor of operations and management science at the Ross School.

“They are competing in a real market with real products. The result is a course that has surprising chemistry, unleashing strong passions, allegiances and great energy among students and faculty alike. It's action-based learning in its truest form.”

Launched almost 15 years ago by Lovejoy and two colleagues from marketing and engineering at Stanford University, the Ross version of IPD has been taught every year since Lovejoy came to Michigan in 1995. The elective is supported by the Ross School, College of Engineering, A. Alfred Taubman College of Architecture and Urban Planning, School of Art and Design and the Tauber Manufacturing Institute (TMI). The course has been featured on CNN and in The New York Times and The Wall Street Journal.

Teams of three to five students — faculty strive for a balance of art, business and engineering students on each team — have created a variety of products over the years. They have built products to enhance the social aspects of meals, reduce clutter in automobiles, hold beverages and help the elderly open pill bottles. The fall 2005 assignment: Create...
physical products that support the use of mobile technology—cell phones, laptops, iPods and other electronic devices—in student life. Representatives from Herman Miller Inc., an office furniture design and manufacturing firm, assisted students by sharing market research data and participating in design reviews.

Based on their own marketing research, the teams’ approaches differed. Among the final products were:
- **Jumpstart**, a compact charger for cell phones and other portable electronic devices, which is powered by a computer’s USB port.
- **USBner**, which combines a carabiner-style key ring with a 256 MB flash memory stick.
- **Carrying cases for laptops**, including the Nomad, LapWrap and Ergo-Desk.
- **Infinity**, a sculptural piece that uses Himalayan salt rock to generate negative ions, houses a six-outlet charging station and serves as a storage area for electronic devices.

The products’ Web sites can be seen at [http://www.tmi.umich.edu/IPD/2005/index.htm](http://www.tmi.umich.edu/IPD/2005/index.htm).

Lovejoy compares the IPD course to sailing a dinghy. “In a large organization, you may learn only a small slice of the business. Here, you do everything. This course is more like a small-business experience,” says Lovejoy.

Teams brainstorm potential product concepts, choose a market segment, determine the features they will offer and price point, and design and build a working prototype. They also must source their materials and document the manufacturing process in detail. Before launch, they estimate the fixed and variable costs of their product—calculations that influence the price they declare prior to competition. This year’s products could cost no more than $40.

In the manufacturing arena, students use state-of-the-art 3D design software and a rapid prototype machine to create product mock-ups. Learning to use machinery and seeing their vision take physical form are vital, says Fixson, an assistant professor of industrial and operations engineering.

In addition to building the working prototypes, teams design a Web page to display their products in an online trade show hosted by TMI. Members of the University community vote; each team’s market share and sales revenue are computed based on the share of votes received.

After the online trade show, students tweak their inventory levels and price before competing in a physical trade show—the equivalent of a final exam—at the Duderstadt Center on North Campus. Members of the campus community test and rank the products. Market results are calculated, and students’ grades are based on their product’s profits.

“Anything can look good on the Web. It’s harder to impress someone in person,” says Lovejoy. “That’s why the physical trade show rounds out the evaluations. The market decides which product is the best.”

Because students are so heavily invested, “No one wants to believe their baby is ugly,” Lovejoy says. The first time the course was offered, designers judged the prototypes. The next year retailing buyers evaluated the products. “The students’ reactions to the decisions of the designers and buyers were terrible. The educational value was getting lost in their anger.”

The instructors realized that with a small number of judges one person can tip the scale. They had to go to larger numbers so they developed the trade show concept. The reasoning is that if 300 people say a team’s product is not very good, the team has to think they might be right.

The course is slightly different each year, based on the product category. For example, with engineering-style products such as can crushers or camera mounts, formal quantitative market survey tech-
When more integrative and emotionally based products such as social meal enhancers were being designed, students learned about anthropological and ethnographic techniques. When the course was first offered, team dynamics were huge. "I'm an engineer by training. I had to learn too. I went to my organizational behavior colleagues for help," Lovejoy recalls.

Even though students today are more comfortable working in groups than they were 10 or 15 years ago, the IPD course is unusual because its teams are multidisciplinary, each team having students from several different schools and colleges. Lovejoy and Fixson talk to students about how teams work and then monitor interpersonal dynamics through surveys, stepping in only if there are clear signals of problems.

To win, teams must perform in all areas of running a small business: design, marketing, engineering, manufacturing, pricing and promotion. Success is a function of the mass appeal of each product. The teams quickly learn to take advantage of their teammates’ expertise. "You have to leverage all the intellectual capital you have in this team environment. You waste intellectual capital, you lose," says Lovejoy.

So far none of the products has gone to market. However, students and employers value the skills developed in Lovejoy and Fixson’s course. "IPD is popular with TMI students and the firms that hire them," says Thomas Stamboulian, MEng ’05. "For students, it’s fun working on a diverse team and interacting with potential customers." Stamboulian, who developed the manufacturing process for the Nomad laptop case, now works at General Motors as a manufacturing engineer.

For Gregory Smelzer, MBA ’06, who also has a bachelor’s degree in mechanical engineering and wants to pursue a career in marketing in a technical industry, the IPD course allowed him to do what he likes best — create new products. "It also provides great anecdotes

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**Profit Rankings**

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<th>Profit</th>
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<tbody>
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<td>Jumpstart</td>
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<td>USBner</td>
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<tr>
<td>Sleeke</td>
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<tr>
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<tr>
<td>Ergo-Desk</td>
<td>$357,372</td>
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<tr>
<td>Infinity</td>
<td>-$663</td>
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**Web Market Share**

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<td>Infinity</td>
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**Trade Show Market Share**

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for job interviews,” says Smelzer, who co-chaired the Ross School’s 2006 FuturTech business and technology conference in February.

Robert Burch, BBA ’79, executive vice president for operations at Simmons Bedding Co. and former vice president for order fulfillment at Steelcase, agrees IPD is as valuable as it is unusual. “The course gives students the opportunity to move up the learning curve, to learn to generate and test ideas, convert ideas to a physical process and develop a solution. It is powerful,” says Burch, who served as president of the TMI advisory board and watched IPD develop under Lovejoy’s leadership.

“Students enter industry having had the experience of going from concept to sellable product in a short period of time. They’ve learned how to make a prototype, and adjust and fine-tune their product. They’ve been through the complete creative process,” Burch says. In fact, the course is so comprehensive that students earn six credit-hours, three from each school.

When Marshall Hyzdu, MBA ’05, took IPD in 2004, his team manufactured a wine holder as a social meal enhancer. “We thought bottles interfered with the interaction at the table so we designed a contraption to hold the wine bottle off the table. It was a cool product, but we didn’t do so well in the competition,” Hyzdu recalls. “We priced our product to sell, and the other teams priced to win. We lost sight of the game aspect of it,” he says. Still, Hyzdu’s thoughts frequently return to the class, and he uses certain aspects — thinking about consumers and working with people with different skill sets and backgrounds to accomplish a goal — on a daily basis in his job as associate brand manager for Kraft Foods Inc.’s natural cheese line.

“With the exception of Multidisciplinary Action Projects, it was hands down the most action-based learning experience I had in business school!”

Was it worth the effort? “Absolutely,” responds Hyzdu, confirming Lovejoy’s assertion: “Students who step up to the challenge will remember this course for the rest of their lives.”

Tauber Manufacturing Institute, a partnership of the Ross School, College of Engineering and industry, was created in 1993 with the support of Joel M. Tauber, BBA ’56, MBA ’63, chairman of Tauber Enterprises, to develop students who would become leaders of major manufacturing enterprises. The program includes the survey course “Topics in Manufacturing,” leadership training, summer team project internships and opportunities for business and engineering students to enroll in courses in both the College of Engineering and the Ross School. To learn more about TMI, visit www.tmi.umich.edu.
This fall alumni, students and visitors will discover a dramatically different Ross School campus, the result of an accelerated fundraising, design and construction process that promises to produce a world-class new building by 2008.

To accommodate the construction, Davidson Hall, Assembly Hall and the Paton Accounting Center building on the western half of the campus will be razed after students leave in late April. The area will be cordoned off as work begins on the foundation, launching a hectic but exciting two years of construction.

Since the September 9, 2004, announcement of a history-making $100 million gift by Stephen M. Ross, BBA '62, for facilities and endowment, the Ross School has been on a fast track to accomplish something extraordinary. Without disrupting normal operations, it will replace the aging half of its physical plant with the best business school facilities in the world within four years of receipt of the gift.

"Really, we've been working on four tracks simultaneously," explains Dean Robert J. Dolan. They are:
- Obtaining the approval of the U-M Board of Regents at various stages of the planning and construction process.
- Fundraising.
- Designing the building.
- Moving faculty, staff and student programs from the buildings scheduled for demolition to other parts of the campus.

The Regents approved the school's $145 million plan for new state-of-the-art facilities and the hiring of Kohn Pedersen Fox Associates (KPF) of New York City as project architect in February 2005. Although University officials have said partial long-term financing of the building is a possibility, the new facility will be funded primarily through private support. Of the Ross gift, $75 million is earmarked for the building. The school had to raise at least $40 million in addition to the Ross gift to break ground and continues to solicit support for the project.

While Dolan and members of the school's development team have been talking to alumni and friends about the school's need for facilities that support its action-based learning curriculum, KPF has been working with members of the business school community on design details of the building.

Last October, the Regents approved the schematic design of the 270,000-square-foot structure, most of which will stand six stories tall, with a lower level at its L-shaped center and a three-story portion around its perimeter along Tappan and Hill streets. Plans include some green roofs to reduce storm water run-off and heat gain, part of the school's overall efforts to build an environmentally sensitive building. The school will pursue certification through the Leadership in Energy and Environmental Design (LEED) Green Building Rating System, a voluntary national standard for developing high-performance sustainable buildings.

**Exterior:** Constructed of terra cotta walls, a sandstone base and glass, most of the building will stand six stories tall, with a lower level at its L-shaped center and a three-story portion around its perimeter along Tappan and Hill streets. Plans include some green roofs to reduce storm water run-off and heat gain, part of the school's overall efforts to build an environmentally sensitive building. The school will pursue certification through the Leadership in Energy and Environmental Design (LEED) Green Building Rating System, a voluntary national standard for developing high-performance sustainable buildings.

**Classrooms:** Several classroom layouts, including the Y-shaped room shown here that seats up to 85, will encourage student-to-student and student-to-faculty interaction and support the school's distinctive action-based learning strategy.

**Group Study Rooms:** Group study rooms wired for computers, flat screens, videoconferencing and white boards will be clustered around classrooms.
Classroom and study areas—all equipped with integrated presentation technology and network access—will support interactive learning, team projects and discussions. U-shaped classrooms with tiered seating, flat-floor classrooms and group-study breakout areas will be clustered together to facilitate many styles of teaching and learning.

New, larger faculty offices will facilitate meetings with students and be clustered into suites to encourage natural mingling among colleagues. Other components include a centrally located community gathering space, a 500-seat auditorium, a colloquium, and a fitness center for students, faculty and staff.

Executive Education and the Executive MBA programs from the Executive Residence and Wyly Hall to 28,000 square feet of leased space two miles south of Central Campus last August—was an act of faith, Dolan acknowledges.

The school employed what architects call a “decant”—a carefully orchestrated shift of personnel from one part of a facility to others while construction is underway. After Executive Education moved late in the summer, what had been the executive dining room became the student cafeteria, and what formerly were meeting spaces were transformed into an airy student lounge. The more than 130 hotel rooms in the Executive Residence that had housed Executive Education participants and Executive MBA students for their on-campus sessions have been converted into temporary offices for faculty.

When MBA students arrived last September, they found themselves in what amounted to a brand-new business school, albeit a temporary one, with classrooms and meeting spaces superior to those in older parts of the campus. The Kresge Library and computing facilities, which will not be affected by the construction, continue to operate as usual.

Students give their temporary quarters high marks. “The move has been phenomenal,” says Dennis Hsu, MBA ’06. “We have access to beautiful new classrooms, a lounge, a cafeteria and a ton of new meeting rooms. The layout of the new classrooms is much more conducive to discussions.”

Beginning this September, some BBA core classes will meet in Central Campus classrooms that have been updated with the latest in teaching technology. Senior-level BBA classes generally will continue to meet at the business school.

In preparation for site work this summer, faculty and the school's administrative team, including Admissions and the Office of Career Development, moved to temporary offices in Wyly Hall and the Executive Residence in waves between November and February. “In most cases, individuals and units packed, moved and unpacked in less than three days,” Dolan notes.

The Ross School’s faith in its alumni and University resources was well placed. “We are grateful for the support we have received from our faculty and staff, the Office of the Associate Vice President for Facilities and Operations, University Architecture and Engineering Operations,

Auditorium: An intimate theater-style auditorium, with a tiered lower level and horseshoe-shaped balcony, will accommodate 500 people.

“Most important, we had faith in our alumni and they came through. They have been as generous in their support as one possibly could hope,” adds Dolan, who in December moved from Davidson Hall to a Wyly Hall office overlooking East University and Hill streets, his view for the next two years.

To read more about the new building, visit http://www.bus.umich.edu/CommunityCreation/.
Talking with the CEO, president or CFO of a company such as Dell, Eli Lilly, General Electric or Procter & Gamble can be heady stuff for those who aspire to hold a similar position someday.

Each year dozens of corporate executives visit Ann Arbor to speak with students in a range of venues, from small fireside chats and dean’s seminars to classes and conferences. For students, the encounters are a valuable part of their Ross School education. They learn first-hand about career paths, successes and failures, and what keeps CEOs awake at night. And some make initial contacts that lead to internships and jobs.

“We want to complement the classroom experience with real-world opportunities by giving students the chance to talk to successful businesspeople, including many of our own alumni,” says Dean Robert J. Dolan.

Heather Rindels, who as part of her duties in the school’s corporate relations office has a hand in organizing many of the visits, says, “I think students really appreciate the opportunity to meet with these leaders. Students are excited to participate. For some, there is the curiosity factor. It is a way to assess what a company is like and how they might fit in.”

Direct contact with future business leaders is a plus for the CEOs too, Rindels says. “Companies are competing for the best talent. Executives know they must get out and make a case for why promising graduates should join their company. Also, students tend to push them with questions that go beyond the usual scripts, which the leaders seem to enjoy.”

Among the executives who visited the school last fall and early winter were leaders in the consumer products, pharmaceutical, retail, banking, financial and information technology industries. Excerpts of their stories follow.

**Procter & Gamble CEO: “Be Who You Are”**

It is probably a safe bet to say that A. G. Lafley is the only CEO from a Fortune 500 company who had a fellowship to study medieval and Renaissance history and studied cinema and theater for a year in “the surfing capital of Europe,” Biarritz, France.

Or, for that matter, eschewed bigger-name universities to study at tiny Hamilton College in upstate New York in hopes that the basketball team could use a 5-foot-11 guard (turns out it could). Or studied modern Hebrew and electronics in the U.S. Navy during the Vietnam War only to be stationed in Japan running golf courses.

Or chose business school instead of law school because he would be done a year sooner. He did, at least, get that right. He earned an MBA from Harvard, the farm system for CEOs.

Listening to Lafley, president, CEO and chairman of the board of Procter & Gamble, talk about his guiding principles in business and life and his colorful career path, it all makes perfect sense. Lafley, who visited the school in January, told the assembled students that above all else they should know themselves, be themselves and “have fun.”

His appearance was part of the Ross School’s Global Citizenship Partnership Initiative, which was created to develop and spread global corporate citizenship in business schools and corporations. Procter & Gamble is one of three corporate partners (together with General Electric and 3M) in the initiative, which is run by Professor Noel Tichy. He served as moderator during Lafley’s talk.

Lafley, who has been with the Cincinnati company since 1977 and CEO since 2000, shared with students his “10 Things I Wish I Knew When I Was Sitting in Your Seat About to Graduate from Business School.”

1. **Know Yourself**

“It may seem like a fairly basic observation but when I was 22–24, I really don’t think I spent a lot of time thinking...
A. G. Lafley

Alumnus David Hickman talks with BBA students.

about who I was, what I wanted to be when I grew up,” Lafley recalled. “You have to be in touch with who you are.”

Are you one who can get up at 5 a.m. and get to work? Or do you prefer your first class at 1 p.m.? Are you a reader or listener, writer or talker, leader or follower?

“Most businesses I’ve been associated with are a team game,” he said. “We’re not a very good place to come if you’re a bratty singles tennis player. It’s a great place to come if you’re a team player.”

2. Be Crystal Clear About Your Values and Value System

“What does integrity mean to you?” Lafley asked. “What are your family values? What are your cultural values? What does trust mean? What does friendship mean?”

“At my company we are purpose and values driven, strategy and principles led,” he said. “It’s about integrity, trust, ownership and leadership. “Think about who you are and what you really deeply care about,” Lafley advised.

3. Change Is Inevitable

“One thing you can count on is change. Despite a lot of hard work, a lot of analysis, a lot of planning, the biggest change is not a change that is anticipated,” he said.

He cited the December 2004 tsunami, Hurricane Katrina and other natural disasters around the world that affected P&G’s operations.

When faced with change, there are some options. You can get in a hole and hope it goes away, you can try to resist it or stop it, or you can go with the flow. None of those is a good solution.

“The choice we try to make is as soon as we spot change, we try to understand it and see if we can turn it to our advantage,” he said.

4. The Ability to See Things As They Are, Not As You’d Like Them to Be

Lafley said he is “reasonably good” at seeing things as they are and dealing with them. “It’s human nature to want to see things in a way that makes them more acceptable, more manageable,” he observed. “One thing you’re going to have to do no matter what career you choose is to deal with reality.”

5. The Notion of Being Customer-centric

The customer is the boss. It simply isn’t a slogan, he said. “To be successful, one must get under the customer’s skin, get in her head and her heart to understand what she’s thinking, what she’s feeling and what she wants.”

“No woman woke up in the morning and said, ‘Gee, my life would be better if I had a Swiffer,’” Lafley said. “That just doesn’t happen.”

6. The Power of Strategy

Strategy in my world is critical because strategy is the set of choices of what we’re going to do and what we’re not going to do,” he said. “Most companies say they have a strategy, but many companies do not have a strategy that they act on.”

Strategic choices P&G has made included growing from its core, moving into health and beauty care, focusing on its strengths and getting better, being more productive and attracting the strongest talent.

7. The Power of Execution

“It’s what really happens, what you really do. “Execution is the only strategy that your consumer, your retailer, your competitor — the only strategy anybody on the outside — ever sees,” Lafley said. “They don’t see the strategy we wrote down, the choice set.”

8. The Power of Leadership

Though Lafley thinks management is important, he said there are a lot of good managers and a lot of well-managed companies. “What makes the difference, what makes an impact is leadership,” he said. “And I’m not just talking about leadership at my level, at the top. I’m talking about leadership at every level.”

9. The Balance between Mastery and Leadership

Leadership is fine, Lafley said. But leadership without knowledge and experience “often doesn’t get it done. Masters bring knowledge, they bring expertise,” he said. “I don’t believe leaders are born. I believe leaders choose to lead at some point in their life because they have a call to action.”

10. Be Yourself

Lafley said this is the most important point. “Be who you are. Be passionate about who you are and what you care about,” he advised. “And have fun.”

Lafley also took a few questions from the audience. He was asked about the toughest decisions he has to make (letting people go, shutting down operations) and what advice he would give a student who is going to start a T-shirt company. Lafley responded by talking about the importance of branding, telling the student, “A brand makes a promise it can keep.”

He then finished by wishing the students happiness and peace. “I hope you have the courage to be yourself and you choose something in life that you want to do,” Lafley said.

Eli Lilly CEO: Healthcare Is an Investment

Healthcare, like technology, should be viewed as an investment rather than a cost. “The more countries invest in healthcare, the wealthier they become,” Sidney Taurel, Eli Lilly and Co. CEO, chairman and president, told business, engineering and liberal arts students at a fireside chat held at the Ross School in September.

Although no longer viewed as a growth industry in the U.S., pharmaceuticals is booming in China and India as those countries spend more of their gross national product on healthcare, said Taurel, who also sees both countries as a source of technology, talent, manufacturing capability and less expensive R&D. The pharmaceutical markets in Brazil and Russia also are developing quite fast, he added.

Taurel said he joined Eli Lilly 34 years ago because, “I liked the people I interviewed with. It was a good decision.”

Despite challenges facing the industry — the escalating cost of drugs, a significant decline in the rate of new drug approvals, patent expirations and fear of price controls — Taurel is optimistic. Thanks to science, the pharmaceutical industry is
It was a good decision.”—Sidney Taurel

“I liked the people I interviewed with. It was a good decision.”—Sidney Taurel

Abby Silverman, MBA ’06, vice president of the Healthcare & Life Science Club at the Ross School and one of the students who met with Taurel, said, “It was a fantastic opportunity for students to have an intimate talk with one of the world’s most influential leaders shaping the healthcare industry.” Silverman worked at the Joslin Diabetes Center in Boston before enrolling in the business school and did a marketing internship at Merck & Co. Inc. last summer.

Hiring good people is his most important task, Taurel told the students. Of Eli Lilly’s 44,000 employees, more than 300 are University of Michigan graduates.

Quicken Loans/Rock Financial Founder: Pay Attention to the Details

Sharing what he believes are the keys to running a successful business, Dan Gilbert, chairman and founder of Quicken Loans Inc., which includes Rock Financial, used whimsical cartoon renderings to underscore his company’s cultural philosophies, or “isms,” at Entrepalooza 2005.

Gilbert, a recent addition to Forbes’ 400 Richest Americans list, delivered a keynote speech filled with humor, business philosophy and tips for success at the September symposium sponsored by the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies and the school’s Entrepreneur and Venture Club.

“We don’t just say these things, we really live them. Once they catch on, they take off like wildfire,” Gilbert said of the cultural empowerment his employees assume. From returning phone calls immediately to ensuring the company’s garbage containers are properly maintained, every employee takes responsibility for the day-to-day workings of the business.

Gilbert started his mortgage company when he was in college with $5,000 earned delivering pizzas. Today, it’s the nation’s largest online home lender and Michigan’s largest mortgage company, and will close more than $17 billion in home loans in 2005.

Calling himself “a fanatic” when it comes to the details of a properly run business, Gilbert has instilled the same zealourishness in his people. “When the light burned out on the Q in our sign, I got 528 phone or e-mail messages from employees,” he said. “By the time I looked into it, our guy had already fixed it.”

“We call them Rock-isms or Q-isms; but whatever you call them, they are a mind-set, a level of awareness. You have to trust your employees enough to make the changes that need to be made. If you don’t trust them, don’t hire them,” he advised. Here are a few examples of “Rock-isms”:

- The inches we need are everywhere around us.
- Respond with a sense of urgency.
- Ignore the noise.
- It’s not about who’s right, it’s about what is right.
- Numbers and money follow; they do not lead.

Alumnus David Hickman Stresses the Importance of Ethics, Philanthropy

“Your co-workers know everything you do. I’ve never done anything dishonest, but I’ve made plenty of mistakes. People need to know you walk the talk,” David Hickman, BBA ’62 and MBA ’63, told 15 BBA students who participated in a dean’s seminar held last September, the first such seminar solely for Ross undergraduates.

Hickman, then chairman and CEO of United Bank and Trust, described his 20-year journey to find the right career. Working in public accounting, manufacturing (his family owned business) and banking, he said he realized that business ethics is the most important thing a company should focus on.

Talking about his days at the business school, he said, “The professors cared about us. That’s what makes this a great place.” Hickman also praised the quality of students at the Ross School, adding a small warning: “You guys must be really smart. I didn’t realize how much a University of Michigan degree means to employers. Appreciate it but don’t get arrogant. That kind of attitude won’t get you far.”

One of the nice things about his cur-
rent role in a community bank is the community involvement, said Hickman, who encouraged students to volunteer.

“You need to step up to the responsibility,” he advised. “Share your time and resources with others.”

During a Q&A session, Hickman, who retired late in 2005, was asked what qualities he looks for in a successor. “People skills, leadership and honesty,” he said.

When asked about the best way to gain professional experience, Hickman advised “trying and making mistakes.” Greg Stamatopoulos, BBA ’07, was inspired by Hickman’s story and love for volunteerism. “I learned a lot. I’m in a family business and was impressed by his involvement in the community,” he said.

Scott A. Moore, director of the BBA program, Arthur F. Thurnau Professor and associate professor of business information technology, said, “Part of a BBA’s education should address the student’s ability to understand the concerns of top management. I’m glad that we were able to provide this opportunity for them to interact more closely with Mr. Hickman.”

Dell CFO Looks for Employees Who Are Assertive, Ask Questions

Dell Inc., as a relatively young company, is not bound by old habits. It is able to move quickly, James Schneider, senior vice president and CFO, told 20 business and engineering students who met him for lunch in October.

Dell’s agility also is linked to the care it takes in hiring. Schneider personally looks for employees who are smart and ask questions, are willing to take on different roles and are assertive. “If you’re passive, you’ll get lost in the shuffle,” he predicted.

The lunch for Dell representatives and students was part of a day-long visit that included meetings with faculty, a tour of the John R. and Georgene M. Tozzi Electronic Business and Finance Center and a presentation by Dell to prospective interns and employees. Because of his work schedule, Schneider usually visits only one college campus each year.

Dell recruits a large number of interns and graduates from the Ross School and the College of Engineering and is a strong supporter of the Tauber Manufacturing Institute. The University also is a big Dell customer; it bought more than $17 million of Dell equipment in FY 2005.

When Schneider hires experienced people, one in four is hired for a different job than the one for which the person interviewed. Schneider said he wants to be able to envision each new hire in a progressively more responsible job.

Although he knows not every new hire will stay with Dell, Schneider said his goal is to provide experiences that help people build their resumes. As CFO, he oversees all controller functions, corporate planning, taxation, treasury operations, investor relations, corporate development, real estate, risk management and development of internal audits.

“Don’t take a job unless you would be willing to buy the company’s stock,” he advised.

Gregg Steinhafel Pitches Target to “Best and Brightest”

Target is a fun, energetic and rewarding place to work, company President Gregg Steinhafel told business school students in October.

At the start of his talk, Steinhafel delighted the audience with PowerPoint slides highlighting similarities between the University and Target:

- Both have mascots (the wolverine and the bull terrier dog were pictured side by side).
- Both believe in teamwork (photographs of the Wolverine football team and Target employees were displayed).
- Both have strong rivals (an Ohio State football player and the Wal-Mart logo were shown).

In the next 10 years, Steinhafel said, Target will become a $150 billion corporation with 2,500 stores — up from 1,400 currently — with one million workers (there are 300,000 now). “We’ll be one of the top 10 businesses in America and in the top 25 globally.”

But Target’s goal is not to become the largest retailer in the world. “It’s not about being the biggest, it’s about being the best,” Steinhafel explained. The company strives to be the best in four key areas: guests, team, shareholders and community.

Most Target shoppers are women with families. “We know who our guest is and it’s our intention to be a store these women can’t live without,” Steinhafel said.

Recruiting top-notch employees also is necessary to remain on top. “That’s why we’re here today — you’re some of the best and brightest,” he said. Steinhafel also stressed Target’s volunteer and charity work in communities where it has stores. “We’re brutally aggressive, but we have a big heart.”

Steinhafel, who said he has never had a dull day in the 25 years he has been with the company, added, “We think and operate and act at Mach 3 speed. We’re a company on the move. We’re very performance driven. We’re committed to our values and to staying relevant.”

Nancy Davis, Mary Jo Frank, Dan Shine and Heather Thorne contributed to this article.
E
cach fall for the last three years, General Electric CEO Jeff Immelt has been a headliner at the Michigan Leadership Development Program.

He talks candidly to incoming MBA students about what he has learned, what he hopes they will learn in business school and about leadership. The orientation session for MBA students is part of the Ross School's Global Citizenship Partnership Initiative, created to develop and spread global corporate citizenship in business schools and corporations.

One of the lessons Immelt said he learned early on: “Don’t ever believe that anything is beneath your dignity. If you’re purposeful, you’re going to do a lot of stuff that sometimes seems menial in terms of building a good career.”

He shared an experience that occurred in 1989, when he was a consumer service leader for GE's appliance business, which was then in the process of repairing 3.3 million compressors.

It took on average 105 minutes to fix each compressor. “It was a $500 million reserve. It was the biggest issue in GE’s history, and I had to learn how to fix compressors.”

Once a month Immelt would go to a consumer’s home to fix a compressor. “My average time was 250 minutes. I was the worst. I cut myself. I actually had 12 stitches in my hand.

But I figured the only way to understand what these guys were doing was to go through the process.”

Other lessons he learned:

- People count. When he was a student, Immelt said he thought organizational behavior courses were a waste of time.

- Leadership, according to a study titled Women Take Care, Men Take Charge: Stereotyping of U.S. Business Leaders Exposed.

The Catalyst study found that men and women hold on to stereotypes, casting women as better at “caretaking” or supporting and rewarding, while classifying men as better at “taking charge.”

“Finally,” Immelt said, “I learned two things. One, it’s going to be fast-paced. It’s going to be competitive, so you have to be great.”

The same tactics don’t work over and over again, he said. “You must have new tactics to compete, and that’s what we’re exploring and evaluating every day.”

Promoting diversity is not only a matter of doing the right thing, according to Ilene H. Lang, president of Catalyst Research. It is a business imperative.

“Diverse teams produce better results,” she said, paraphrasing a study conducted by her firm, a leading research and advisory organization working with businesses to build inclusive environments and expand opportunities for women at work. Lang was a keynote speaker at a Ross School workshop titled “Pathways for Women to Obtain Positions of Organizational Leadership,” held in November.

Statistics show that female-run companies enjoy substantially higher levels of key measurables, Lang said. Close to 85 percent of the purchasing decisions in a household are influenced by women, and women make up 46.4 percent of the labor force.

In the Catalyst study, The Bottom Line, there is a strong correlation between women in top management positions and enhanced company performance. On average, Fortune 500 companies with the highest representation of women on their top management teams financially outperform those companies with the lowest representation of women. So why are there not more women in top corporate spots? “We see that the glass ceiling is still firmly in place,” said Lang. Gender-based stereotyping often influences senior executives’ perceptions of men and women leaders. Such stereotyping also misrepresents the true talents of women leaders, contributing to the gender gap in business leadership.

Today, he said, he spends most of his time working on people issues. “I wish I had listened in some of those classes now.”

- Learn the difference between knowledge and intelligence. “Learn to be an active listener and pick that one good idea. I’m always looking for the next idea that’s going to make the difference.”

- Take personal risk. “Don’t spend two years and all this money and go to a great place like Michigan just to follow the crowd.” Instead, he advised, “Follow your dream.”

As GE’s leader, Immelt said, “My job is to change the horizon. My job is to pick where we’re going next. That takes courage. Leaders also develop other leaders and take time to give back.

“You’re smart enough to do my job,” he told the new students. “This is not the work of genius. It is the work of being pretty good a lot of the time and being constantly willing to dig it up and do it over and over again. You have to be willing to take that journey into yourself.”

Immelt predicted current students will live in the most competitive time that the world has seen. “It’s going to be fast-paced. It’s going to be furious. It’s going to be competitive, so you have to be great.”

The same tactics don’t work over and over again, he said. “You must have new tactics to compete, and that’s what we’re exploring and evaluating every day.”

Diverse Teams Produce Results
Over the last 22 years, Gerald C. Meyers has hosted more than 550 Fortune 500 CEOs in his "Business Leadership in Changing Times" class. The purpose: To dig deeply into what many executives might like to forget—a crisis in his or her organization. By sharing their experiences, these leaders help MBA students develop their own framework for recognizing and dealing with rapid change.

This popular seven-week Ross School elective is offered four times a year. Meyers, a former chairman of American Motors, started teaching the course at Carnegie Mellon in 1984, after engineering the merger of American Motors with the French automotive company Renault. "I've been in crises all my life," says Meyers, who brought his class to the Ross School in 1994, thus ending the weekly commute between his home in southeast Michigan and Pittsburgh.

Twenty-four guests participate each year. Repeat appearances are rare and occur only if the firm has experienced a new crisis or the guest is someone like Robert S. (Steve) Miller, now CEO at Delphi Corp., who has changed firms. Meyers has no difficulty recruiting CEOs, whose classroom visits take on the appearance of an aggressive press conference rather than a prepared lecture.

"You think of any company and I’ll find a crisis. If you drill deeply enough, you’ll find trouble, and there are always more crises in a company than meet the eye," says Meyers, who plays the role of CNBC anchor Tim Russert in class. Well in advance of each CEO’s visit, teaching assistants research the case and its context, compiling a package of articles and other relevant information to be used as source documents for the students’ analysis. Before the visit, students analyze the situation, trying to discover the underlying reasons for the crisis.

Students are assigned roles for each class session. They take turns being the CEO, chairperson of the firm’s board of directors, Wall Street analysts, industry regulators, customers, competitors and journalists. For an hour, the students are the people in the roles they are assigned and must be well-versed on the views of their character and prepared to defend that person’s actions or respond to allegations of misconduct.

“It’s highly interactive and adversarial. Students take turns being the protagonists and antagonists. In the role of Tim Russert, I lubricate things. I give them permission to ask the nasty questions. Each week I ask the CEO to justify the compensation he or she is receiving. I also ask the executive, ‘What qualifies you as a leader?’”

The result is a class like no other, recounts David Hsu, MBA ’06, who played the role of a securities research analyst on January 25, when students focused on Houston-based Waste Management Inc. and the accounting scandals that rocked the firm in the 1990s. “Everyone is on edge. You have to prepare. You never know when you’ll be called on,” says Hsu, who plans to join IBM as a consultant working with healthcare clients.

“Listening to you was like a walk down memory lane,” Waste Management CEO David Steiner told the students. The lawyer and accountant joined the firm in 2000 as general counsel and served as CFO before being promoted to CEO in 2003.

After discussing what led to Waste Management’s crisis—no information system and failures of senior management—Steiner talked about the future of the industry, including why he believes new technology and branding will give his firm, already the largest waste management firm in the country, a competitive advantage.

Steiner noted that the waste hauling industry has changed little in 30 years. “We have lots of stagnant pools at Waste Management. My job is to find a pebble and toss it into a stagnant pool, creating a tidal wave of change. My biggest thrill is when someone who has worked for the company for 30 years says we can do things differently. That keeps an organization dynamic.”

Other executives who visited Meyers’ class in 2005–2006 included: Donald E. Graham, chairman of the board of The Washington Post Co.; Christie Ann Hefner, CEO of Playboy; David Mackay, president and COO of Kellogg Co.; John Surma, chairman and CEO of U.S. Steel; Sidney Taurel, CEO, chairman and president of Eli Lilly and Co.; and William C. Weldon, chairman and CEO of Johnson & Johnson.
Working for yourself: The phrase triggers cozy images of rising late, eating a leisurely breakfast and spending the day in your bathrobe, happily engaged in fulfilling work that you love. No boss making your life miserable, lots of afternoon naps and walks with the dog.

And, indeed, sometimes the self-employed do enjoy such benefits. But just as often they discover that a miserable boss merely has been replaced by a cranky client, that lack of structure easily can lead to sloth or that they had relied on those built-in progress markers—a regular paycheck, annual raises and peer feedback—more than they had realized.

Though several studies in recent years have examined the pros and cons of independent work, none shed light on a topic that had long interested Susan J. Ashford: the daily processes through which the self-employed resolve the inherent tensions of independent work to remain productive. So Ashford, the Michael and Susan Jandernoa Professor of Management and Organization at the Ross School, and Ruth Blatt, a doctoral student in the management and organizations program, talked to independent workers about how they create effective work lives outside formal settings.

Ashford became interested in the topic in the 1980s while living next door to a working artist. She began wondering how artists stay motivated to keep creating with no guarantee that their work will ever attract notice or earn them a living. As she puts it, “How do they get up on a Tuesday morning when nobody yet cares if they do?” Artists, not surprisingly, are well represented among the 41 people Ashford and Blatt interviewed. The group also includes a computer programmer, an independent mathematical modeler, several organizational consultants, various graphic designers, a consultant to musicians, a conflict mediator, a database architect and other creative and knowledge workers.

Because they’ve explicitly chosen to do the work they do in the way they do, self-employed folks “are quite a different breed,” says Ashford. And when reflecting on how their work and life feed each other, they’re at no loss for words. The study’s respondents “spoke at length and appeared to be even somewhat preoccupied with making meaning about their work,” according to Ashford and Blatt, who argue that this meaning-making enables the productive work life of the self-employed.

In their working paper, Ashford and Blatt identify two kinds of meaning-making that help the self-employed go about their work: developing and maintaining an overarching life narrative—a good story about who they are and why they are doing what they do—and “micro-meaning-making,” where they creatively draw upon discrete “units of meaning” to get them “unstuck” when they encounter daily stumbling blocks to productivity. Units of meaning are ideas about how one’s work is meaningful, Blatt explains.

Life narratives that best foster a sense of meaning and maintain a flow of work are both coherent and flexible. A coherent narrative, write Ashford and Blatt, indicates that what a person is today is a continuation of what he or she always has been (“I wanted to be a writer from the time I was in second or third grade,” one respondent says). It’s also steeped in emotion (“I just could not feel that I was really living without writing”) and helps resolve apparent discrepancies in one’s life, such as framing the need to engage in less-satisfying freelance work as a means to supporting more creative writing.

“Coherent narratives help independent workers understand why they are doing what they are doing and why their work life is important,” says Ashford. “They also guide action by providing a clear direction. They involve a commitment to a certain course of action as more appropriate, natural or valued, thereby providing guidelines for decision making.” It doesn’t matter if narratives aren’t strictly true, as long as they’re plausible and can motivate. Some of the subjects, for example, celebrated their freedom to work whenever they wanted to, even though, in fact, they worked longer than tradi-
tional organizational hours. “Although they were not always as free as their narratives suggested,” Ashford says, “what mattered was that their own story energized and motivated them.”

A useful narrative also must be flexible. Ashford and Blatt found that independent workers tend to view themselves as generalists who are willing to change when necessary and who focus on how they do things. “In fact,” Ashford says, “they often found it difficult to give a straightforward answer to the basic question, ‘What do you do?’” Writers teach classes, musicians give lessons and consultants conduct seminars and publish books. Which occupation to name? “This breadth of self-definition is adaptive,” the authors conclude, “because it implies that they will notice and respond to a broader range of opportunities in the environment.”

In counterpoint to the long-term scope of life narratives, micro-meanings help independent workers overcome day-to-day interruptions to the flow of productivity. Ashford and Blatt concentrate not on common interruptions, such as phone calls and family needs, but internal ones—those nagging doubts that creep in when someone detects a gap between “who one wants to be and who one believes one ought to be.” For example, Ashford says, an artist might be torn between stretching creatively, which is intrinsically valuable but has uncertain external rewards, or continuing to churn out the blue pottery that always sells well. Even frittering away part of a morning on e-mail or computer solitaire can, for these intensely self-analytical folks, set off a crisis of authenticity that momentarily shuts down work.

With no employer-provided job description, mission statement or co-workers to turn to, independent workers pluck small units of meaning from their life experiences—conversations with friends or colleagues, books and articles they have read or media images they have seen, as well as their larger life narrative, in order to help them resolve these blocks. These units of meaning “relate to specific aspects of one’s work life rather than the entirety of one’s work life,” Ashford and Blatt write.

Once a consultant reframes computer solitaire as a mental break that refreshes him so he can return to a challenging project, or the artist accepts the fact that income from blue pots is better than income from waiting tables, the independent worker can return to the task at hand. Micro-meaning-making, Ashford says, is an ongoing and key component of sustaining work in an independent setting.

And more and more, that “independent setting” may be found not only in someone’s home office but also inside an organization, which is why although the subjects all worked for themselves, corporations and other employers should take note of Ashford and Blatt’s study. The demand for creative and knowledge workers is on the rise, Ashford says, so it’s in the interest of organizations to understand what makes these individuals tick. Organizations risk losing good people if they’re not open to loosening controls and allowing greater freedom while still demanding accountability.

Ashford began research for this study after a four-year stint as the senior associate dean at the Ross School. She was, she says, in the mood to study something fun. It’s clear she enjoyed her discussions with novelists, children’s authors, musicians and successful consultants. “These are inherently interesting people,” Ashford says. “I still think it’s amazing what artists do. I asked one guy, ‘How do you know if you’ve been successful?’” He said, “It’s really about how my work will be written about in the textbooks my grandchildren read.” That was amazing to me, that someone can work for something that remote. I like to know how things are going every day,” she laughs.

As skillful as the study’s subjects may be in resolving tension, they never eliminate it completely. The reality of independent work, Ashford says, is always living with some tension. “You’re never going to resolve it all.”

Mary Jean Babic
Seeking Freedom, Meaning
Alums at Home in Work Environments They Create

In 1982, fresh out of business school, Marc Jaffe took the obvious next step: He went straight to Los Angeles and started doing stand-up comedy.

So much for that MBA—to this day, humor remains Jaffe's profession. Over the years he's performed in clubs around the country and on television, written for Seinfeld, contributed to magazines and books, authored a book of his own, Sleeping with Your Gynecologist, created a live game show in Cleveland, where he now lives, recorded voice-overs, branched into book publishing and cobbled together a decent living by, as he says, following his funny bone. Except for a summer internship at the Chicago Board of Trade back in college, he's never held a traditional job.

Though business school usually is a precursor to a corporate career, some Ross School alumni have walked away from the world of quarterly reports and regular paychecks—or, as in Jaffe's case, never joined it—to become one of the 8.6 million Americans who, according to 2001 Department of Labor statistics, work for themselves. And like the independent workers studied by Professor Susan J. Ashford and doctoral student Ruth Blatt (see accompanying article), they're familiar with the tensions and tension-resolving strategies that are mainstays of self-employed life. They also can't imagine doing anything else.

"I'm my own boss," Jaffe says. "I'm doing something I love. I look forward to sitting down at my desk every day and writing. At this point I feel like what else could I do? I can't go to a company now and say, 'hey, I got my MBA 20 years ago, I still know some things.' And would I even like it?"

His flexible schedule allows him to spend a good amount of time with his three daughters, now all school-age. That also means that he's usually the one who picks them up and drives them around during the day while his wife is working. An obstetrician/gynecologist, she's the family's steady income-earner, as well as the inspiration for Jaffe's book. "When I

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"I remind myself to do good work and not worry about the rest of it."

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don't have a major project, it's okay," Jaffe says of balancing work and family obligations, "but when I do have something, I find myself up at night and sneaking time here and there." For example, while his daughters are at music lessons, he'll sit in his car, jotting ideas onto a notepad. "A great thing about this job is that it goes on in my mind," he says, "and I always have my head with me." That head also can drop onto the desk for a quick nap, a perk of self-employment forbidden in a traditional workplace. Ditto for a mid-afternoon bike ride. After a 20-minute nap or a bike ride with his tape recorder, he returns to work, refreshed with new ideas.

The lack of steady projects is the biggest drawback. Half his time is spent drumming up the next gig. And as with any creative endeavor, there's always the strong possibility that something he's poured himself into will, in the end, find no taker. When that happens, he says, he takes a deep breath. "And after a week or a month of soul-searching, finally I just go back at it," Jaffe says. "I remind myself to do good work and not worry about the rest of it. As long as I have the idea, that's more important than whether it's going to sell or not." He also reminds himself that, for all the dry spells, he's succeeded for 20 years in a tough field.

After finishing her MBA in 1997, Candace TenBrink entered no less of a demanding profession—investment banking. She loved the pace, the competition, the jostling for professional recognition. Until one day, she didn't. "I just got to the point where I felt like I wasn't learning much any more," says TenBrink. "The only thing that was different was which stock would go up and which would go down."

So in 2003, TenBrink left her Wall Street job and founded Altos Entertainment, a company that produces films featuring strong women's roles and employing women behind the scenes as directors, writers and other contributors. After appearing in two plays in Chicago and a film shown at Sundance, TenBrink decided that acting wasn't her calling. "That's what made me think, how can I combine the business aspect and the creativity of entertainment?" After a market analysis, she landed on the idea behind Altos: empowering women through film.

By fall 2005, Altos had seven films in the pipeline, including a documentary about sexism on Wall Street, which gave TenBrink a new view on her old career. "When I was there, I had absolutely no point where I felt like I wasn't learning anything," says TenBrink. "The only thing that was different was which stock would go up and which would go down."

For TenBrink, who participated in Ashford and Blatt's study on independent workers, finding meaning in work depends upon making a difference in people's lives. "I feel that I am," says TenBrink. "Media is the number-one culture-changer, attention grabber in the world. Everything is filtered through the media. For me to find meaning and get jazzed, it's totally about enabling women to go for their dreams, encouraging them to do whatever they want to do—either working on a film or by the people watching and saying, 'I don't think I've ever seen a
Candace TenBrink

habits well enough to arrange her work accordingly. “The part-time consulting helps me be more intense about my art,” she says. “I do better when I have a little bit too much to do.”

For nearly 20 years, Chittenden Lim worked for major corporations, first in engineering positions and then, after earning her MBA, as a corporate strategist. She rose through positions of greater responsibility, ultimately becoming vice president and general manager of a $500 million division of AlliedSignal Inc. (now Honeywell). In 1998, she formed her own consulting firm, specializing in strategy, change management and marketing effectiveness.

Around that time, she started taking evening art classes, reviving an interest that she’d set aside in college in order to focus on her business career. Hooked, she kept painting and, in 2001, enrolled in the prestigious Pennsylvania Academy of Fine Arts in Philadelphia, where she lives. She completed the program in spring 2004.

The transition from top corporate strategist to first-year art student was a little unnerving. Although talented, Chittenden Lim didn’t have the years of training other students had. “I was used to being good at what I did,” she says, “so it was hard to be the one who was low on the totem pole.” She walked into an art class expecting to learn about brushes; the lesson was about color theory, with an assignment to make a painting using Seurat’s palette. “And I’m thinking, ‘Which brush do I use?’”

But she discovered that the ability to learn quickly and adapt, which had distinguished her in the business world, was just as useful in this new environment. After that initial transition, art school was “mostly plain old wonderful,” she says, and her paintings, often inspired by emotional responses to nature, have found their way into several galleries, publications and private collections.

Though art and corporate strategy are vastly different from each other, Chittenden Lim has found skills that apply to both. “In the business world, I was known as someone who put together creative acquisitions and great presentations, because of the visuals,” she says. Likewise, there’s a business aspect to art with which she feels right at home. “Fifty percent of your job is marketing yourself; it’s just like being in business,” she says.

Though she’s not the most solitary of artists, she says, a certain amount of time alone is an inescapable fact of the painting enterprise. To offset the solitude and restore some of the social structure of art school, Chittenden Lim formed a group of recent graduates who meet once a month to critique work and discuss galleries, grants and other opportunities.

But while appearing in galleries is a marker of success, Chittenden Lim is aware that many excellent artists never exhibit at all. In the end, the most important thing is one’s own internal assessment—and that’s a job that’s ongoing.

Mary Jean Babic
Calling this year’s 39th annual William K. McInally Memorial Lecture featuring Harvard Business School Professor Richard S. Tedlow a “lecture” may have been understating it a bit.

To be sure, there were “lecture-like” moments. Tedlow had a title—“What We Can Learn from the Titans.” He had a PowerPoint presentation. He wrote things on a chalkboard; he talked about business principles such as branding; he even showed a two-by-two matrix.

But there was so much more to his high-energy, highly entertaining interactive presentation. Tedlow’s lecture also could have been billed as a “night at the Improv” as he kept the Hale Auditorium audience in stitches with his jokes about himself and his work.

His November 8 lecture also had a daytime talk-show feel to it as Tedlow did his best Phil Donahue impersonation by walking the steps of the auditorium to coax comments and answers from audience members.

In short, Dean Robert J. Dolan was on the mark when he called Tedlow “simply the most insightful and engaging business speaker I have ever heard.”

The annual lecture series began in 1966 in memory of William K. McInally, who served on the University of Michigan Board of Regents from 1960-64 and enjoyed a career in teaching, law, banking and business.

Tedlow, the Class of 1949 Professor of Business Administration at Harvard and student of business history, based his talk on the Tylenol crises at Johnson & Johnson in 1982 and 1986. In 1982, Tylenol capsules were tampered with, leading to the poisoning deaths of seven people in the Chicago area. In 1986, a few years after reintroducing the capsule in tamper-resistant bottles, one woman in New York was poisoned.

He asked the audience how a company deals with that news. He showed television news clips from that time—including a sound bite from an analyst who said that the Tylenol brand wouldn't survive the scandal—and news conferences with Johnson & Johnson CEO Jim Burke. Tedlow stopped the video often to elicit comments from the audience on what the company should do or what they thought of Burke’s responses at news conferences.

One clip showed a fire engine driving through neighborhoods telling residents not to take Tylenol, causing Tedlow to joke: “When you’re trying to build a brand and a fire engine is driving through your market saying ‘Buy this brand and die,’ that’s bad.”

Tedlow, whose Giants of Enterprise was selected by BusinessWeek as one of the 10 best business books of 2001, asked the audience to rate Burke’s performance. Words such as “responsibility,”
“accountability” and “honesty” were used. Others noted how Burke seemed to become emotional when he mentioned the name of the one victim in the 1986 poisoning.

Clips of his 1986 news conference announcing the company’s decision to stop selling capsules over the counter included a shot of Burke holding up a cell phone-sized prop “caplet” that was its replacement. Tedlow conjectured what it would be like to take that pill, adding, “I wonder if it came with a shoehorn.” Burke was criticized by some for promoting the product at the news conference after moments earlier talking about the poisoning victim.

“Burke didn’t miss a beat when asked about that,” Tedlow said. Burke responded, “I had a business to protect and a business to defend. And there was nothing I said that wasn’t true.”

Then Tedlow played a video of Burke being asked live on TV to respond to the statement by the 1986 poisoning victim’s mother that the company should have pulled the capsules off the market three years earlier.

* * *

“When you’re trying to build a brand and a fire engine is driving through your market saying ‘Buy this brand and die,’ that’s bad.”

* * *

“What’s your response? You’re on live television,” Tedlow said. “Your whole professional life is on the line.”

Burke’s answer: He said if he were the victim’s mother “I would say the same thing; I would feel the same thing. With the benefit of hindsight, I wish we had never gone back into the market with capsules.”

“It’s the simple truth,” Tedlow said of Burke’s short and to-the-point response. “This is a pretty severe test,” Tedlow said of the Tylenol crises. “Most of the people in this room are never going to be tested this way.”

Burke knew what he was doing. While everyone around him was worrying about the next five minutes, Burke was thinking about the long term, Tedlow said.

When company officials met daily to talk about the crises, Burke made sure each person received a fresh copy of Johnson & Johnson’s credo reiterating the company’s responsibility to consumers and medical professionals using its products, employees, the communities where its people work and live, and its stockholders.

Burke knew that the real issue was trust. He said the value of a brand is the capitalized value of the trust between the company and the customer. “That was the beacon that kept him going through this disaster,” said Tedlow.

In closing, Tedlow talked about thinking outside the box when looking for solutions to problems. He said the first locomotives pulled stagecoaches because that is how the people of that era “saw” travel. More recently, the computer was invented with analysis in mind but instead became a powerful communications tool that has created new communities that no one ever envisioned.

“We’re all marching backwards into the future,” Tedlow said. “If you can turn around a little bit and see a little bit further ahead, the world’s your oyster.”

Dan Shine

10 Lessons of History

Businesspeople can learn much from history, says Richard S. Tedlow, who has taught in the Harvard Business School’s business history program since 1978.

Tedlow, who currently is working on a biography of Andy Grove, a founder of Intel, shared the following lessons of history as part of the McInally Lecture:

- You have to stand for something in your business, your industry and in society. The saying is true: “If you don’t stand for something, you’ll fall for anything.”
- Repetition of a simple, coherent, consistent message is vital to communicate what you stand for.
- You need more than imagination and convictions. You need the courage of your convictions. Without that, you defeat yourself. Implementation is critical.
- Technology alone does not a business make.
- A friendship built on business is fine. A business built on friendship can be murder.
- Capital has no heart.
- You have to be comfortable with risk.
- Don’t be encumbered by history. Go out and do something wonderful.
- You can learn from anybody.
- The impossible happens in business every day.

Remembering William K. McInally

The William K. McInally Memorial Lecture, held each fall at the Ross School of Business, is important to the school and to the descendants and friends of former University of Michigan Regent William K. McInally.

His daughter, Mary McInally Grover of Traverse City, one of more than 300 who attended the 39th lecture, says, “This is big for the family. In addition to honoring Dad’s memory, we learn something and get to see each other.”

Grover appreciated Richard S. Tedlow’s focus. “He talked about building ethics and integrity into the organization. Ethics is all about trust building. The message I took away is that you can do the right thing and be a successful corporation.”

She was particularly pleased to hear William McInally’s great-grandchildren Paige and Bradford Qua discussing points Tedlow had made. “They got it,” Grover said.

McInally, who was president and chairman of the National Bank of Jackson and head of the law firm McInally, Rosenfeld and Firestone in Jackson, Michigan, was born in 1905 in Otisville, Michigan. Known to family and friends as Sam, he was raised with a sense of civic responsibility and public service and believed that education was key to the welfare of students and the larger community. He also served as a member of the board of the Jackson Public Schools and as a trustee of the Detroit College of Law and Hillsdale College.
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Make your tax-deductible gift to the Ross School’s Annual Fund today by using the attached envelope, calling 734.763.5775 or giving online at www.bus.umich.edu/annualfund.
Club Leadership Workshop

The Ross School of Business hosted the 2005 club leadership workshop on October 7 as part of reunion weekend. Professor Andrew Lawlor, director of Global MBA Projects, and Jacquelyn A. Levin, MBA ’87, chair of the school’s Alumni Society Board of Governors, addressed club leaders from around the world. Participants shared best practices, discussed effective procedures and interacted with other club leaders. Some attendees also found time to tailgate and cheer on the Wolverines at the October 8 football game against Minnesota. For information about becoming a club leader, contact Katie Fraumann at ross-clubs@umich.edu.

Kansas

Ross School alumni have started an alumni club in Kansas City. Twenty MBA and BBA grads attended the club’s first event held on November 10. The club is planning another formal event in the spring in addition to informal meet and greet sessions to provide networking opportunities. Special thanks to Justin Adelmann, MBA ’02, and Julie Brennan, MBA ’01, for help in organizing the club. Alumni at the meeting included Jeffrey Adelmann, MBA ’98, Laura Pace (formerly Alantas), MBA ’01, Anthony Case, MBA ’98, Steve Hain, MBA ’98, David Lowe, MBA ’93, Daniel Oas, BBA ’79, Nitin Pai, MBA ’99, Raj Shaw, MBA ’05, Anurag Sinha, MBA ’04, Meg Smith, BBA ’79, Robert Taylor, MBA ’70, Alan Toyomura, MBA ’97, and Sam Valenzuela, MBA ’98. For more about the Kansas City club, contact Jeff Adelmann at JAdelman@umich.edu.

London

With more than 150 MBA alumni on its books and led by Otto Driessen, MBA ’00, the London Club plans to pick up the pace after a few quiet years and looks forward to meeting more Ross faculty and staff in the near future! For more information, contact Driessen at otto_driessen@hotmail.com.

Chicago

Chicago Alumni Club members Rob Cannon, MBA ’85, and Rich Austgen, MBA ’92, enjoyed tailgating before joining other University of Michigan students, faculty, alumni and fans at the Northwestern game, where the Michigan Wolverines beat the Wildcats 33-17. Contact Yehuda Cohen, MBA ’83, at yycohen@umich.edu for more information about the Chicago Club.
Minnesota

The Twin Cities Alumni Club hosted its Annual Summer Boat Cruise on Lake Minnetonka on July 29. Eight other alumni business school clubs participated in this festive event, which each summer brings together alumni and student interns. For more about the club, contact Tom Yu, MBA ’04, at tsye@umich.edu.

NEW YORK—Each June members of the New York Alumni Club enjoy their annual hike in picturesque Cold Spring, New York. The half-day hike is great fun and good exercise. Midway along the trail, the Wolverine hikers enjoy lunch while taking in spectacular views of the Hudson River near West Point. Contact Cecil Shepherd, MBA ’00, at cashephe@umich.edu.

Seattle

The Ross Alumni Club of Seattle hosted its second annual Summer Sunset Cruise on August 5. More than 230 alumni, summer interns and guests attended the event co-sponsored by the Harvard Business School, University of Chicago and Carnegie Mellon University. Participants enjoyed a wonderful evening on Union and Washington lakes. Special thanks to Norman Sigler, MBA ’92, and John Madrid, MBA ’96, for their role in planning this successful event. For more information about the Seattle Club, contact William Lewallen, MBA ’04, lewallen@umich.edu.

Southeast Michigan

Dean Robert J. Dolan and Stephen M. Ross, BBA ’62, spoke to more than 200 alumni about local topics and the school at an event hosted by the Ross School of Business Alumni Club of Southeast Michigan on November 17 at the Oakland Hills Country Club. For more information on club activities in southeast Michigan, contact Dave Giles, MBA ’01, at dgiles@umich.edu.

Shanghai

Thirty Ross alumni gathered on October 14 at GM Asia Pacific Headquarters in Shanghai. Troy Clarke, MBA ’82, president of GM Asia Pacific, hosted the reception. Katie Fraumann, assistant director of annual giving and alumni relations at the Ross School, gave an update on the school and discussed international outreach. For more about alumni activities in Shanghai, contact Daniell Chen, MBA ’00, at cgang@umich.edu.

MINNESOTA—Left to right, Kevin Gifford, MBA ’05, Kelly Tubbs, MBA ’04, and Jason Christos, MBA ’05.

MINNESOTA—Left to right, Bev Kline, MBA ’04, Hilary Gelfman, MBA ’04, and Laura Bright, MBA ’04.

MINNESOTA—Left to right, Brandon Diersch, BBA ’04, Ted Kanluen, BBA ’02, MaCC ’04, Doug Smith, MBA ’04, a Ross alumni guest, Jose Pina, MBA ’03, and Norman Sigler, MBA ’92.
Class Notes

Vern Terpstra, BBA ’50, MBA ’51, PhD ’65
professor emeritus of international business at the Ross School of Business,

Edward L. Jenkins, MBA ’58
received the 2005 Special Recognition Award from the American Institute of Certified Public Accountants. Ed served as chairman of the Financial Accounting Standards Board (FASB) from 1997 to 2004. He also was a charter member of the FASB’s emerging issues task force from 1984 to 1991 and served on the FASB advisory council from 1991 to 1995. In 1996 he retired as senior partner with Arthur Andersen and managing partner of the firm’s Professional Standards Group. In 2005, he was admitted to the Accounting Hall of Fame. Ed has served as a trustee for Albion College and chaired its finance and investment committee. He also was a member of the advisory boards of the DePaul University School of Accounting and the University of Southern California School of Accounting.

David Bird, BBA ’61, MBA ’62
vice president of corporate banking for Comerica Bank, was elected to a two-year term, expiring in June 2007, as a director-at-large of the University of Michigan Alumni Association. David resides in West Bloomfield, Michigan.

Frank Legacki, MBA ’64
senior vice president of Rosebud Solutions in Ann Arbor, was elected to a two-year term, expiring in June 2007, as a director-at-large of the University of Michigan Alumni Association. Frank can be reached at flegacki@rosebudsolutions.com.

Peter DeMayo, MBA ’65
After five years of retirement, in February 2005 Peter took on the position of president and CEO of Columbia Lighthouse for the Blind, a nonprofit headquartered in Washington, D.C. Peter lives in Alexandria, Virginia, and can be reached at demayo@comcast.net.

Ronald N. Weiser, BBA ’66
currently serves as the finance chairman for the Michigan Republican Party and as national co-chairman of Senator John McCain’s Political Action Committee—Straight Talk America. In 2001, Ron was appointed Ambassador to the Slovak Republic by President Bush. While in that position, he visited all 138 Slovak cities. In 2004, Slovak President Rudolf Schuster awarded him the White Double Cross, the highest award given to non-Slovaks, for his work in furthering the Slovak economic and political relationship with the U.S. He recently received the Cultural Pluralism Award from the U.S. Commission for the Preservation of America’s Heritage Abroad for his work in the restoration of the Jewish cemetery in Zakopane, Poland, and the medieval Trencin Castle, one of Slovakia’s most cherished historical sites. In April 2005, Ron received the David D. Alger Alumni Achievement Award from the Ross School of Business and gave the commencement address to the Gerald R. Ford School of Public Policy.

Dean Rennell, BBA ’75, MBA ’81
executive vice president of Wells Fargo Bank, was elected to a two-year term, expiring in June 2007, as a member of the executive committee of the University of Michigan Alumni Association. Dean resides in Phoenix and can be reached at renneld@wellsfargo.com.

David Befus, MBA ’79
is president of Latin American Mission (LAM), a nonprofit organization headquartered in Miami with 200 people working in 14 countries throughout Latin America. “I spent five years consulting at Arthur Young and went from there to the United Nations to manage a refugee project, then worked with microcredit programs Opportunity International and World Vision,” says Dave, who has been at LAM for seven years. He has written a new book, *Where There Are No Jobs* (LAM, 2005), which discusses how to use business to help poor people by creating jobs and generating income.

“My book starts with the poor community and investigates ways to generate jobs and money. We’re going from the bottom up,” adds Dave. You can learn more about the organization at www.lam.org and reach Dave at dbefus@lam.org.

Mary L. Campbell, MBA ’79
a senior partner with Ann Arbor-based EDF Ventures, has been reappointed to the state’s Technology Tri-Corridor Steering Committee. The appointment by Gov. Jennifer Granholm, representing members at large, is for a term expiring...
## After 20 Years of Politics, on to New Adventures

His business school education might have suggested a career in the private sector, but for Michigan's State Senate Majority Leader Ken Sikkema, MBA '84 (R-Wyoming), his passion for public service led him to the State Capitol, where he ends his second term in December after 20 years in politics.

Sikkema worked as a marketing manager for the office furniture design and manufacturing firm Herman Miller after earning his MBA. He had considered law school but has no regrets about his decision. "I liked my time at the business school. I use the principles I learned there almost every day," he said. Specifically, he remembers his marketing class, where he learned to develop a situational analysis. "Every day I use that knowledge to sell a product (idea) to my caucus, the governor or the public."

Government, like the business school, "is very goal-oriented and a great place to make a positive impact," said Sikkema, who served in both the House and Senate. Being Senate majority leader can be a lot like "herding butterflies," he noted, but he enjoys every minute of it. His leadership philosophy is based on three principles: knowledge is power, be true to your core values and learn to compromise. The latter has proven to be especially important while working with a Democratic governor in his last term, he added.

Sikkema’s main focus is on repositioning Michigan’s economy for growth. He believes that economic growth and environmental protection can coexist. From 1979 to 1982, he was executive director of the West Michigan Environmental Action Council, and previously served as chairman of the Natural Resources and Environmental Affairs Committee and vice chairman of the Technology and Energy Committee. "Contrary to popular belief, Republicans are sensitive to the environment and try to accomplish environmental stewardship in a way that makes economic sense," he said.

Corporate environmentalism is "the way of the future," said Sikkema, a fan of the University’s Frederick A. and Barbara M. Erb Institute for Global Sustainable Enterprise. "It’s sloppy for businesses to ignore environmental issues. They do it at their own peril," he added.

It’s difficult for legislators and governors to leave a legacy because the successor quickly picks up where the other leaves off. "I’m aware and accept that I’ll go from ‘who’s who’ to ‘who’s he?’" he said. "But I hope some of the things I’ve championed will leave a lasting impression."

"Do what you love and feel passionate about. I feel passionate about public service and that’s what drives me every day," the senator advises Ross students and alumni. He also encourages alumni to pay attention to politics and government and become engaged. Last, but not least, "Spend a little time giving back—don’t forget to be a citizen," he said.

Sikkema plans to work in the private sector after he leaves the Senate. "I’d like to do something different, something entrepreneurial. It’s time for a new adventure," he said.

Sikkema, who graduated cum laude from Harvard in 1974 with a BA in history, and his wife Carla have one son, Zachary.

Heather Thorne
Servant Systems:
A Special Calling

Bruce Franson, MBA '89, is vice president and chief technical officer of Servant Systems. The firm makes software used primarily by franchisees, including Domino’s Pizza, Molly Maid, Mr. Handyman and Two Men and a Truck, to run their businesses more effectively. Servant Systems is a software development and integration firm that focuses on the unique needs of the franchise community, but also helps many different businesses with their information technology needs.

Ted Kennedy, MBA '86, was president of Servant Systems when it began in 1992 and is now chief information officer for Service Brands International, a franchising company that includes Molly Maid and Mr. Handyman.

But the business ventures in which these men are engaged are just a small part of their story. Franson, Kennedy and their housemates are members of Servants of the Word, a men’s religious order founded in Ann Arbor in 1971. Members take vows of poverty, celibacy and obedience to God. Since 1992, they have produced software to support a larger Christian mission.

“We feel a special call to communicate God’s word and to help strengthen the quality of committed Christian life,” says Franson. Many Servants of the Word, who come from a variety of denominations, are engaged in missions to young people, including teaching, summer missions and evangelism among high school and university students.

Franson and Donald DeSmith (president of Servant Systems and a research associate at the Ross School’s Information Systems Research Group from 1977 to 1982) say they want to expand Servant Systems slowly and choose to contract only with companies they believe act ethically. “The companies we prefer to work for don’t have to share our faith,” says Franson. “But we do look for people who share our values.” Franson uses his MBA in managing the software business and in helping lead the 70 or so men who are doing youth work and other Christian development work worldwide—a far more complex operation than software development. “We have three Ross School alumni (Dave Quintana, BBA ’81, is the other one), as well as four men with doctorates in theology and one with a doctorate in business,” adds Franson, pointing out his colleagues’ diverse expertise.

Fred Wessells
CLASS NOTES

Foundation. Marie has substantial experience in development, having worked at the University of Michigan Hospital of Cleveland, the University of Michigan Cancer Center and most recently for Albion College. While in school, she was president of Michigan Business Women. Marie, her husband and two children reside in Ann Arbor. You can reach her at mseddon@umrc.com.

Russell Levine, MBA ’88

is an architect with the Unisys IT Web and Integration Services team. He provides technical leadership for Enterprise Application Integration (EAI) professional services engagements and internal EAI projects. Russell’s article, “EAI Roads to Riches,” appears in the July/August 2005 edition of the Business Integration Journal and provides an interesting analogy to traffic planning as a decision-making process to maximize return on EAI investments. Visit www.bijonline.com/Article.asp?ArticleID=1203 to download a copy of the article. Russell can be reached at Russell.levine@unisys.com.

Roger Marchetti, MBA ’88

joined Amylin Pharmaceuticals in September as senior vice president of human resources and corporate services. Roger joined Amylin from Guidant Corporation, where he was vice president of human resources. Roger is a CPA, a member of the Financial Executives Institute and serves on the corporate advisory board of the Ross School of Business.

Thomas Granzow, MBA ’90

senior program manager in Healthcare Product Development at Herman Miller Inc., assisted students in last fall’s Integrated Product Development course with research and development processes and design reviews. Tom, who also has a BFA in industrial design, traveled to Ann Arbor from Zeeland, Michigan, several times during the semester to critique designs of products that support the use of mobile technology in student life. At Herman Miller, Tom leads a group of engineers focused on developing products for the healthcare

Success Sweet for Socially Responsible Firm

For Sarah Endline, BBA ’94 and cacao-lover extraordinaire, the world was in need of a new kind of chocolate candy. Avoiding the status quo of bars and truffles, she went straight to the source—the cacao bean—and launched sweetriot in fall 2005.

The company, whose “Michigan blue” thumbprint logo pays homage to her alma mater, is the first producer of a consumer line of dark chocolate-covered cacao beans. “In the specialty chocolate world, chefs make great works of art,” says Endline. “I wanted to create something for everyone. I visited different types of candy factories in China and realized they weren’t making the right candy for the world right now. The movement now is all-natural.”

Endline’s Michigan education played a key role in her quest to build a socially responsible company with all-natural products. While attending the business school, she was involved in AIESEC, the world’s largest student organization and platform for the development of young people to have a positive impact on society. She served as president of the U.S. office upon graduating from the U-M and is still involved with the organization through sweetriot.

“[I thought, ‘What are we going to create for the world?’ It was a three-tiered approach focused on product, people and partnership. The product, in its essence, had to be socially responsible as well,” says Endline. Sweetriot’s many social causes celebrate culture and diversity, and consumers can enjoy the work of emerging artists displayed on the products’ packaging.

Endline’s undergraduate experience also provided valuable lessons in entrepreneurship. “I learned at Michigan that it’s important to bring people together to support your mission. The business school fosters a sense of camaraderie and teamwork,” she notes.

Allan Afuah, associate professor of strategy, has supported sweetriot’s success by occasionally advising Endline. “I’ve known Allan since my BBA days. He always focused on the core strategy, and I think he’d agree with what we’re doing now,” she says, referring to the company’s grass-roots marketing approach of setting up product demonstrations at Whole Foods and the Museum of Modern Art in New York.

Both venues, and others including Ann Arbor’s own Zingerman’s, sell the line’s three flavors.

Why the name sweetriot? “The name came from one of my best Michigan undergrad friends. We were walking down the street in New York City and he came up with it,” said Endline. “I love the name because it’s a clash of two words and ‘riot’ is emotional.”

In Endline’s company “rioters” are explorers of the world—entrepreneurial, responsible and believe they can make a difference.

In Sarah Endline’s company sweetriot, “rioters” are explorers of the world—entrepreneurial, responsible and believe they can make a difference. It’s no wonder the U-M found its own special way into the logo.

Endline received her MBA from Harvard in 2001 and worked in product development and marketing for Yahoo!, Microsoft, the National Foundation for Teaching Entrepreneurship and the World Bank Group prior to launching sweetriot. For more information, visit www.sweetriot.com.

Heather Thorne
The

catch up with old friends
renew your school spirit
educate your mind
make new friends
watch Michigan vs. Northwestern
visit your alma mater

weekend.

October 27 – 28, 2006

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50-State Marathoner Combines Passion for Running, Travel

Ififty states, 50 marathons and 50 dreams accomplished. When Robert Toonkel, BBA ’97, completed running 26.2 miles in Hawaii on December 11, he became one of only a few hundred people to have run marathons in every state.

Toonkel started running while a student at the University of Michigan and ran his first race, Run Around the Diag, in April 1996. His passion for running stemmed partly from matching his father’s 1983 accomplishment of finishing the New York City Marathon—a goal the business school grad achieved on November 1, 1998. He now considers it his most significant race.

After the New York City Marathon and a couple of other races, Toonkel was hooked on running. Marathons fit perfectly with his other passion—travelling across the United States. Through racing, he keeps in touch with friends, family and U-M classmates throughout the country, persuading others to take the running plunge.

“After you finish a race, no matter where you place, you spend the rest of your life knowing that you can conquer almost anything. It’s a very freeing feeling,” says Toonkel.

Why all 50 states? The answer is “Just because.” Once Toonkel sets his mind to something, he has to complete it. And it’s not about finishing first; it’s the goal of battling every bone in your body that says “I can’t,” and then crossing the finish line. “The three magic words to running a marathon are start, dream and finish. But the last two require the first one,” Toonkel concludes.

What achievements are ahead? Toonkel would like to take all that he has learned about running marathons and organize an Ann Arbor race with Michigan Stadium as the finishing line. “I can hardly imagine the runner’s high for marathoners coming into the Big House.”

Toonkel is the director of communications and research at the U.S. English Foundation in Washington, D.C. The nonprofit foundation disseminates information on English teaching methods, sponsors educational programs and develops English instructional materials.

Tom Kushner, MBA ’90

is managing director, marketing, AIG Financial Products Corp., in Wilton, Connecticut, and is married to Stephanie Friedman Kushner, MBA ’91. Peter Trager, MBA ’89, is vice president, FX trading, at AIG. Tom and Peter are among a small group of investors who have purchased the Bridgeport Bluefish baseball team, a member of the Atlantic League based at the Harbor Yard in Bridgeport since 1997. When the former owner put the team up for sale, his primary objective was to find local buyers who would work to keep the team in Bridgeport and continue to develop the strong ties between the team and the community. To order season tickets, you can contact Tom at tkush@optonline.net or Peter at purefire@optonline.net.

Terry Phillips, MBA ’90

is the owner of two business enterprises through Astute Advance in Ann Arbor. Astute Advance (www.astuteadvance.com) sells high-end functional products and also provides business consulting services, including business assessment and selection, idea research and validation, and more. Terry was featured in the September 2005 issue of Black Enterprise magazine. You can reach him at astuteproducts@hotmail.com or by phone at 734.332.9228.

Andrew Steinerman, BBA ’90 and Kristen J. Barczyk-Duca, BBA ’96, showed their Michigan Wolverine pride as they participated in Bear Stearns’ Spin-A-Thon for Hurricane Katrina on September 28 in New York City, which raised approximately $75,000 for hurricane relief. Both Andrew and Kristen work at Bear Stearns as part of the Equity Research Technology Group. Andrew, a senior managing director, covers the business and professional services sector. You can reach him at asteinerman@

industry, including nursing stations and storage units for hospital clinical areas. He can be reached at tom_granzow@hermanmiller.com.

Tom Kushner, left, and Peter Trager

Robert Toonkel keeps in touch with friends, family and former classmates through running.
JEFF BLACKMAN, BBA '91, MBA '99 has been hired as CFO of ePrize, the nation's largest and fastest-growing online promotions company. ePrize handles online sweepstakes and loyalty programs for more than 70 of the country’s top 100 advertisers. Jeff began his career at Ernst & Young and most recently was director of finance at Valassis Communications in Livonia, Michigan. Jeff resides in Novi, Michigan, with his wife Betsy and sons Matthew and Mitchell. You can reach him at jeff.blackman@eprize.com.

JAMES M. DANKO, MBA '92 was appointed dean of the College of Commerce and Finance, Villanova University, on August 1, 2005. Jim had been associate dean at the Tuck School of Business at Dartmouth since 2000, prior to which he had been associate dean at the F. W. Olin Graduate School of Business at Babson College in Wellesley, Massachusetts. Before that he was executive director of the MBA Program and lecturer at the University of North Carolina’s Kenan-Flagler School of Business and director of the MBA program at the University of Washington. He also was a lecturer of corporate strategy and director of executive skills and the Multidisciplinary Action Program at the University of Michigan. You can reach him at james.danko@villanova.edu.

MICHIE LEISNERR, BBA '92 has been named CFO of The Care of Trees, a family of companies that provides total tree care for residential, commercial, institutional and municipal properties that has more than 500 employees and serves over 60,000 clients. Michelle started at PricewaterhouseCoopers, and also has worked as director of finance for Pactiv’s North America Protective Packing Division and as vice president of finance for Solo Cup Co. You can reach her at mleissner@thecareoftrees.com

PAUL KITCH, MBA '93 was appointed co-practice group leader of Jenkins & Gilchrist law firm’s Intellectual Property Department on August 1, 2005. The firm’s IP group includes more than 60 attorneys across its eight offices and consistently ranks among the nation’s top firms in trademark and patent surveys. Paul is an IP shareholder in the Chicago office and counsels clients concerning a variety of aspects of intellectual property. Paul also received his BS in electrical engineering and his law degree from the University.

AMITAV MAJUMDAR, MBA '94 is CEO of Prescio Consulting, a small, minority-owned risk measurement and management consulting firm with experience in fundamental and applied R&D, analytical product development in financial and commodity contexts, and customized software development. Prescio’s consulting philosophy is to conceptualize, develop and implement systems of integrated tools and methodologies with a quantitative bias that will generate revenue and reduce costs for its clients. You can learn more about Prescio’s international firm at www.prescio.com.

ELIZABETH WALLACH MARCOTTE, MBA '94 opened Let's Dish! in Ashburn, Virginia, last September. It’s an in-store cooking and social experience that provides customers with the resources—equipment, ingredients, recipes and directions—to make delicious homemade meals that can be frozen until ready to be re-heated at home. “As an active mother, I got to the point where I was too busy to spend hours in the kitchen, yet too health-conscious to feed my family fast food,” says Elizabeth, who previously worked for Merrill Lynch, Chemical Bank Securities, the Pampered Chef and the Nysmith School for the Gifted. She and her husband Bob and their children Nathan and Julia reside in Great Falls, Virginia. You can reach Elizabeth at elizabeth.marcotte@letsdish.com.

JEFF CAMIENER, MBA '96 has been named chief operating officer of Pratt & Miller Engineering in Ann Arbor and New Hudson, Michigan, and Mooresville, North Carolina. Prior to this, Jeff was corporate vice president for Modern Engineering Company and president of Efficient Engineering Company, which was bought out by Modern. Jeff earned his BS and MS degrees in engineering at Michigan and received his MBA in conjunction with the Tauber Manufacturing Institute, on whose board he serves. He lives in nearby Birmingham with his wife Emily and sons Miles and Hugh. He is a frequent guest speaker at business school functions, is a motor sports enthusiast and a competitive squash player. You can reach Jeff at jcamiener@prattmiller.com.

ANTHONY MILLER, MBA '96 recently produced a film, Dear Angry, which is being shown on iLifeTV. iLife notes in its press release: “David Creech directs newcomer Anthony Miller’s drama about Rich Hogan, a hard-charging executive who manages his office like it was a boot camp.” The film has many twists and turns, and you can learn much more about it at www.dearangry.com.

MOHEEB H. MURRAY, BBA '97 has joined Bush Seyferth Kethledge & Paige, a boutique litigation firm in Troy, Michigan. Moheeb focuses on commercial, construction and product liability litigation. Moheeb received his law degree from the University in 2001, and served as a law clerk while a student for Judge George Montgomery of the Macomb County Circuit Court.

CLASS NOTES

MICHELLE LEISNERR, BBA '92 started at PricewaterhouseCoopers, and also has worked as director of finance for Pactiv’s North America Protective Packing Division and as vice president of finance for Solo Cup Co. You can reach her at mleissner@thecareoftrees.com

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DIVIDEND 51 SPRING 2006
More than three dozen U.S. and international alumni clubs are expected to participate in the Ross School’s first Worldwide Club Day on September 27. "Worldwide Club Day is an opportunity for all Ross alumni clubs to welcome new alumni to their communities and to introduce them to their local club through such events as networking receptions, lifelong learning lectures, alumni career panels and seminars, student recruiting, community service and career development workshops,” says Katie Fraumann, assistant director of annual giving and alumni relations. Events are being organized by local club leaders so event details, including time and cost, will be club specific.

To find out what is planned in your area, visit www.bus.umich.edu/AlumniCommunity/AlumniClubs/ or contact Fraumann at rossclubs@umich.edu, 734.615.8850.

Fred Wessells

1st Worldwide Club Day Scheduled September 27

When John Cunningham left Carleton College in Northfield, Minnesota, he went to Madrid to teach English and then to Philadelphia where he became principal of Appleseed Fundraising, a direct mail company importing handmade textiles from Guatemala to use for fundraising by various nonprofits.

"I was a social entrepreneur creating work for people in small villages in Central America and providing a service to people here," says Cunningham, who earned MBA and MS degrees in 2000 through the Frederick A. and Barbara M. Erb Institute for Global Sustainable Enterprise, a partnership between the Ross School and the School of Natural Resources and Environment.

Cunningham, who also worked for the University’s Office for Technology Transfer, formed Innoventures with business partner Andrew Lim in early 2005. Their first project, launched in summer 2005, is Arbor Insulation, an installer of soybean-based spray foam insulation for residential and commercial buildings. “Green building is expected to grow to $10 billion over the next five years,” says Cunningham. “This trend, along with the dramatic increase in heating costs, leads us to believe the market is ready for innovative products that can save money and energy.”

Innoventures’ second project launch is Rapid BioSense, a company that is developing and marketing a technology invented at Michigan State University for quickly, cheaply and precisely detecting bacteria in a liquid sample. “We are excited about this opportunity because it addresses huge needs in both industrial and clinical diagnostic applications. We also believe we can use technology like this to make a difference in environmental testing and global healthcare,” says Cunningham.

The Innoventures model is to work on early-stage technology development opportunities based on university research and to fund operations by launching companies that market existing products or services. "We hope to develop a standardized procedure for product development, business development and company launch while also finding ideas that can make money and have environmental or social value," explains Cunningham. The company seeks to play a founding role in the projects it selects and recruit management and technical talent and raise financing for the opportunities once the business is established.

Cunningham participated in student groups such as Net Impact, held internships with the William Davidson Institute, BP Solar and Charles Schwab, and was a member of the Wolverine Venture Fund, a student-led fund that invests in early-stage technology companies. "Michigan gave me a great foundation to cultivate my interests in both entrepreneurship and social and environmental issues,” he says.

Pursuing Ecological Ventures

John Cunningham on the building site with his new spray foam insulation venture—Arbor Insulation.
OBITUARIES

John M. Mullaney
BBA '46
died on October 6, 2005, in Northbrook, Illinois, at age 80. Born in Columbus, Ohio, his family moved to Illinois in 1930. He served in the Navy's V-12 college training program during WW II and was an ensign when he was discharged. He then came to Michigan to get his bachelor's degree and returned to Illinois after graduation. In 1948, John went to work for R. R. Donnelley in Chicago and remained there for his entire 47-year career. He retired as vice president and chief financial officer. John is survived by his wife Charlotte, to whom he would have been married for 57 years on November 6, sons Michael and John and daughter Kathleen.

Michael Glenwood Dodgson
BBA '59, MBA '60
founder of Dodgson Realty Co., Dodgson Management Co. and Thousand Oaks Golf Course, died on June 15, 2005, in Cascade Township, Michigan, at age 67, after a brief battle with cancer. Michael, a native of Grand Rapids, served on the boards of several local organizations, including Mary Free Bed Hospital and Rehabilitation Center, Kent Country Club and the Peninsular Club. He developed the 37-acre Glenwood Hills Office Park in Cascade Township and rehabilitated the downtown Ledyard Building. “He was a workaholic who enjoyed doing what he was doing,” says his son Steve, who worked with his father for 18 years and will take over the companies. His business ethics earned him the respect of his clients, associates and friends. “He was a man of the utmost integrity,” said longtime friend Bob Becker. And he still took time to attend Michigan football games as a season ticket holder, play golf and take friends and family boating on the Thornapple River. Michael is survived by his wife of 45 years, Alice, son Bill, daughters Joanne and Susan and five grandchildren.

Robert Sidney Walker
BBA '81
passed away on July 28, 2005, in Broomfield, Colorado, at age 46. Rob was a CPA who worked for several corporations after graduation. He is survived by his daughter Sigrid Wilson, parents Robert and Joan Walker, brother Bill and sister Sally.

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Alumni Services

Our alumni network connects you to more than 36,000 Michigan graduates across six continents and 87 countries. To help unite and strengthen this diverse and influential community, we are pleased to offer the following tools to connect, engage and advance our constituency. For more on the resources available to alumni, visit www.bus.umich.edu/AlumniCommunity.

• **My iM pact**
  
  Your nonstop link to the Ross School’s online network. My iM pact is a password-protected intranet serving students, faculty, staff and alumni. Via My iM pact, get access to campus news, career services and faculty lectures.

  To obtain a login for My iM pact, visit www.bus.umich.edu/AlumniCommunity/iM pacthelp.htm.

• **Alumni Directory**
  
  Explore our extensive alumni directory for alumni in your area, old classmates and fellow Michigan graduates working in your industry. Visit www.bus.umich.edu/networking/alumnidirectory.asp to begin your search.

• **Alumni Clubs**
  
  Currently 32 domestic, 36 international and two special-interest clubs provide Ross alumni an opportunity to develop personal and professional networks, alumni events, lifelong learning and career advancement. Visit www.bus.umich.edu/AlumniCommunity/AlumniClubs and get connected.

• **Class Notes**
  
  Tell us what you’re up to! Share your personal and professional news with fellow classmates on your class Web site. Reconnect today at www.bus.umich.edu/ClassSites.

• **Ross Marketplace**
  
  Buy official Ross School of Business merchandise at www.rossmarketplace.com. Clothing, business accessories, gifts and more are available online and on campus. Show your pride in being a member of the Ross School community!

• **Alumni Events Calendar**
  
  Conferences, happy hours, networking receptions and family outings are just a few of the events our alumni are planning across the world. Visit www.bus.umich.edu/AlumniEvents for upcoming events in the fall.

• **Kresge Library**
  
  Obtain company information and career resources online at www.bus.umich.edu/KresgeLibrary. Alumni receive free access to 10 subscription databases, including Factiva, Business Premier Source and Amadeus. Find links to hundreds of business Web sites, the Kresge Library catalog and Ross faculty working papers.

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• **MichiganMail**
  
  Sign up to receive the Ross School’s alumni e-newsletter. MichiganMail is your direct connection to Michigan news, events, research and alumni. Subscribe at alumni@umich.edu.

• **Dividend Alumni Magazine**
  
  The Ross School’s alumni magazine publishes twice a year and is mailed to more than 40,000 alumni and friends of the school. To receive Dividend, send an e-mail to Dividend@bus.umich.edu.
Alumni Network Update

Keep your contact information up to date with the business school alumni community. Fill out the form below and mail it to us with the attached envelope or update your information online at www.bus.umich.edu/Profile.

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Name While at School: ____________________________
Degree(s) & Year(s): ____________________________

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HOME INFORMATION
Address: ____________________________
City, State, Zip: ____________________________
Phone: ____________________________
Fax: ____________________________
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Instant Messenger: ____________________________
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I consent to posting the information I have provided above in the Alumni Directory, on my password-protected class Web site (if one exists) and in Dividend alumni magazine.

☐ E-mail contact information
☐ Business contact information
☐ Home contact information

GET CONNECTED
Whether you’re interested in seeking a leadership position with the Ross School of Business or available for just a few hours a month, we have an opportunity for you to get connected!

~ I am willing to advise the following groups regarding the business school experience and/or career opportunities. Check all that apply. Please note your e-mail, home and business contact information may be released for this purpose.

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Please note your industry/function: ____________________________

~ I am interested in signing up for the following e-mail distribution lists. Check all that apply.

☐ Black Alumni Association ☐ Regional Alumni Club (Specify metro region: ____________________________)

SEND US YOUR CLASS NOTES
We want to include your story in the next issue of Dividend. Send your class notes, personal updates, promotions and pictures to Dividend@bus.umich.edu, or include below and fax to 734.647.2401. We look forward to hearing from you.

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