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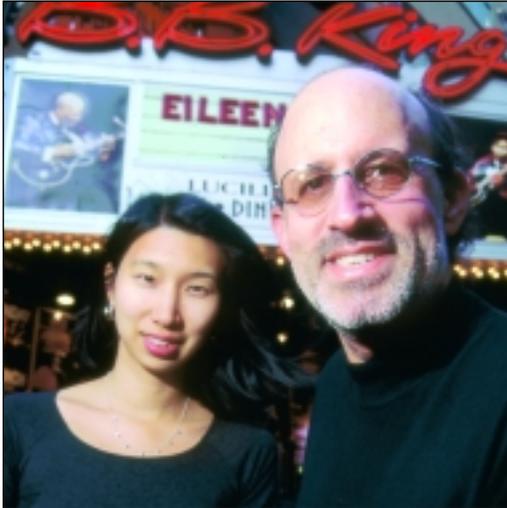
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INside



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Cover illustration
by Cheryl Chalmers

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Partners in Our Future

At the state-of-the-school event in February, I announced a series of accelerated initiatives and longer-range plans to dramatically improve our performance in several areas fundamental to the success and vitality of the Johnson School. Key areas are jobs and career management, alumni relations and networks, marketing the school, and admissions.

It is no coincidence that alumni relations made the short list. Our alumni are among our most important assets.

You help identify and recruit prospective students and mentor current students and recent graduates. You are instrumental in the hiring process as champions of the school within your companies, alerting us to executive education opportunities and recommending our programs to colleagues. You participate in our activities, and your financial contributions are a vital source of support, underwriting many of our initiatives. You help build our reputation in the business community, as individual ambassadors and respondents in key media surveys.

Even more important, you are a potent force in our efforts to enhance our reputation as a premier management school. That we can jointly make these efforts more fruitful by reaching out and re-connecting has been reinforced for me

in recent months as I have met with alumni individually, in small groups, and in larger gatherings.

I have traveled to Boston; Chicago; Miami; Minneapolis; Naples, Florida; New York City; Rochester, New York; and Seattle. In early January I met with alumni in China, Japan, and Korea and observed firsthand the dramatic economic changes taking place there. The opportunities I have as dean to connect with Johnson alumni allow me to learn about your personal and professional accomplishments and explore ways we can reengage you.

But we are going well beyond my personal outreach to increase the breadth and depth of our active alumni base. We have expanded the professional staff to foster relationships with you and to help ensure that alumni relations and networking are integral to our day-to-day operations.

Some of you may already have met Risa Mish, who joined us as director of alumni relations this winter. We also welcomed Marybeth Tarzian as the new director of the Annual Fund. These experienced professionals will play key roles in engaging you and friends of the Johnson School in a mutually rewarding partnership.

We are working in other ways to keep our channels of communication open. *Sage Connection*, the monthly e-mail newsletter delivered to all

alumni for whom we have an active e-mail address. It provides an easy way to get the latest news and items of interest, including Johnson School updates, information about alumni events, and discounts on executive education programs.

We are also increasing support for the regional activities of Johnson School alumni organizations domestically and internationally. To assist alumni in job searches, we have engaged Execu-Planet, a Lee Hecht Harrison company, to provide online career services via our alumni Web site. And we are exploring other ways we can add value to your relationship with your business school.

Those efforts are significant and a strong step forward. We have work to do, and I hope you will join with us to build a stronger, more vibrant, and active alumni community that is a resource for all of us.

It has been said that the Cornell experience is walking up a fifty-degree incline in ten-degree weather to score 30 percent on a midterm. "Climbing the hill" is a vivid metaphor for an experience that rings true for anyone who has lived it. It describes a shared process and the bond formed by Cornellians successfully completing the challenge. It is also a great way to express our aspirations for the Johnson School, as alumni and committed partners. We have much we can accomplish. Let us climb the hill together.

Robert J. Swieringa



DEDE HATCH

We have work to do, and I hope you will join with us to build a stronger, more vibrant, and active alumni community that is a resource for all of us.

Better Living through Free Markets

Weill, Citicorp's CEO, Gives Hatfield Lecture

Addressing a standing-room-only audience in April, Sanford I. Weill, chairman and CEO of Citigroup, presented the Hatfield address: a message of optimism in the free-market economy's potential to better the world, the gradual resolution of worldwide conflict, and the future of corporate governance. Weill is a well-known business leader who has worked in financial services for more than four decades.

Although the cause of some growing pains, globalization will benefit the world's communities overall, Weill said. He enumerated recent events that have led to the improvement of societies around the world. The collapse of the Berlin Wall, the passage of NAFTA, the admission of China into the World Trade Organization, and the creation of the Eurozone have all led to the opening of markets to the benefit of many nations.

"Opening up borders can increase cross-border trade, increase financial and trade flows, and help grow GDP," Weill said. "Critics say that the world is going to hell in a handbasket, but the facts suggest otherwise."

One of Citigroup's mechanisms for helping aspiring entrepreneurs worldwide is to provide very small business loans, a specialty known as microfinance. The average loan amount is \$260, and the repayment rate is about 95 percent.

"Economic growth is the best answer to global poverty," said Weill, adding that globalization held answers to conflicts such as those in the Middle East. After World War II, he pointed out, Japan and Germany were given assistance in rebuilding. As a result, Japan and Germany made major contributions to the global environment. "Contrast that with what happened after World War I, when Germany was punished and saddled with debt. The country became an economic basket case until Hitler mobilized his massive war machine."

The Middle East offers a great opportunity for the United States to reach out and help, said Weill, giving as an example the medical college that Cornell is helping to build in Dohar, Qatar. "We can change the way people feel about each other by focusing on our humanity."

As far as corporate governance is concerned, said Weill, Citigroup is leading the way in establishing standards. After recent corporate scandals, he said, corporations in general, and financial services in particular, are obligated to restore the public's confidence. "We must use our leadership position to set the highest stan-

dards for conduct. It's critical to the success of our business."

Separating analyst research from investment banking, establishing independent boards to whom executives are truly accountable, separating the audit function from the organization, getting back to GAAP and away



ROBERT BARKER / CU

Citigroup chairman and CEO Sanford I. Weill gave the Hatfield lecture in April.

from pro forma and EBITDA, structuring compensation at all levels to ensure integrity and accountability—those measures and more play a role in governance, said Weill.

Citigroup sets an important example for other organizations. According to Institutional Shareholder Services, Citigroup is outperforming more than 97 percent of the S&P 500 and 100 percent of all financial services in terms of governance practices.

Opening the floor to questions from the audience, Weill fielded queries about Citigroup's attitude toward the environment. In answer to a representative from Rainforest Action, he said: "I appreciate how deeply you feel about the environment. It's a major issue." Citigroup, he said, is interested in supporting environmental groups and working together to make the world better.

On his declination to join the board of the New York Stock Exchange, Weill said: "I wanted to help if I could but not create problems for NYSE. It turned out that the best thing was to decline the nomination."

Asked what could be done to increase the nearly nonexistent flows of capital, Weill answered, "Get returns." He explained that the recent technology bubble in the market and the subsequent economic slump came about in part owing to the abandonment of "true venture capital." "We were seeing some unconventional metrics that didn't deal with the bottom line. Profit became measured in Web site hits, which had no relation to what was really there."

Asked for advice to students interested in financial services, Weill said, "Do things a step at a time. Don't swing for the grand-slam home run. Keep going for the singles."

Establishing a broad base of knowledge by reading extensively and keeping one's eyes and ears open is also important, said Weill. "You can recognize opportunities where others don't. And be willing to take risks and make mistakes." ■

Setting the Moral Tone

Draper Speaks on Corporate Responsibility

Having held leadership positions in engineering, business, and environmental organizations, Durland lecturer E. Linn Draper—chairman, president, and CEO of American Electric Power

But that didn't prevent the abuses of the 1980s in junk bonds and insider trading. "It's disappointing to see how little has changed," said Draper.

The recent wrongdoing of a tiny minority of the corporate population has severely damaged the business world, the financial markets, and the confi-



American Electric Power's E. Linn Draper emphasized the importance of a strong, ethical CEO.

(AEP)—was well suited to speak about corporate responsibility.

While the ethical and moral violations committed by Enron, Tyco, and WorldCom have brought corporate responsibility under a microscope, the subject is as old as business itself, said Draper. The Roaring Twenties, for example, were characterized by rampant speculation and wildly over-leveraged assets. The resulting crash spurred a flurry of legislation to protect investors from corporate wrongdoing such as pyramid schemes and insider trading.

dence of consumers and investors. Public trust is so eroded that the actions of Cantor & Fitzgerald, which lost two-thirds of its employees in the terrorist attacks of 2001, were viewed with a jaundiced eye. In fact, the company has given \$90 million to victims' families and pledged to allocate 25 percent of its profits for bonuses and health coverage. "That's leadership committed to doing the right thing," said Draper.

While the leader sets a company's moral tone, recent trends have undermined the efforts of some leaders. The interest in quarterly results has caused

many companies to focus on short-term earnings instead of long-term growth, and the lack of board oversight has let incidences of malfeasance slip through the cracks.

All-day coverage of business news, added Draper, has made instant celebrities of CEOs of companies with rising stock prices. Fame instead of fundamentals begins to push the stock prices to unsustainable levels. CEOs can then start to believe they are infallible and even exempt from the rules that govern others.

A company that would do right, said Draper, must have a strong, ethical CEO—personally humble but ambitious for the organization. That leader must communicate to the employees the need for integrity and an intolerance of illicit or illegal acts. CEOs are obligated to “spread the gospel,” leading by example. Independ-

ent board oversight is also necessary, as are procedures to address actual or perceived wrongdoing and ensure that all employees’ voices are heard.

Answering questions from the audience, Draper spoke briefly on the expanded role of boards in everyday business, how the regulations have affected his company’s communications to the investment community, the separation of board chairperson and CEO, and his decision to downsize his company. “Last year, when energy stocks were down across the board, and we were encouraged to strengthen our balance sheet,” explained Draper, “we had to cut some people. It was painful but necessary.”

Asked about global warming, Draper—who has bachelor’s and master’s degrees in chemical engineering from Rice and a doctorate in nuclear science and engineering from Cor-

nell—explained that efforts to curb global climate change address only part of the problem. The Kyoto Protocol, he said, applies only to developed nations, which have infrastructures for handling carbon dioxide emissions. It does not address the needs of developing countries with immature infrastructures.

Draper said that AEP is involved in reforestation projects in Bolivia, Belize, and Brazil to offset the carbon dioxide production of its U.S. operations, and it encourages the development of more-stringent environmental regulations. In addition to having an environmental responsibility, he said, corporations are obligated to ethical behavior toward their communities, customers, and investors. And corporate leaders have a huge responsibility toward their employees. “Leaders don’t rule over their employees but hold open space for their genius.” ■

Siegel Puts Today’s Atmosphere of Distrust and Regulation into Perspective



ROBERT BARKER / CU

In “The Zone of Transgression” Park speaker Alan Siegel discussed the current atmosphere of strict regulation and focus on ethics ensuing after such spectacular corporate scandals as Enron and WorldCom. A partner at Akin, Gump, Strauss, Hauer, & Feld who has more than thirty years of experience representing public and private companies, Siegel spoke to the Johnson School in February about the current tendency to put corporate behavior under the moral microscope.

The zone of transgression is the area falling between two extremes, said Siegel. On the one hand is the obviously moral and upright, and on the other is the clearly illegal and criminal. Into the large gray area fall behaviors that could be labeled “naughty” or “outrageous.”

To hear Siegel’s entire talk, visit the Johnson School’s Web site, www.johnson.cornell.edu/news/media/videofiles.html.

Johnson Welcomes Two New Directors

Risa Mish, the Johnson School's new director of alumni relations, recently held the analogous position at the Cornell Law School, where she managed the school's comprehensive program, serving 8,800 alumni. Herself an alumna of the Law School, Mish managed a wide range of volunteer-staffed activities; conceptualized, developed, and imple-



DEDE HATCH

Risa Mish, new director of alumni relations

mented a multifaceted marketing campaign; spearheaded planning for local and regional events; and cultivated ongoing alumni relations through multiple communications channels.

Before joining the Law School in early 2001, Mish was a partner for many years at Collazo, Carling, & Mish in New York City. Before that, she was an associate at Simpson, Thacher, & Bartlett, also in New York City.

Marybeth Tarzian joins the Johnson School's Office of Development and Alumni Relations as the director of the Annual Fund.

Tarzian was most recently the director of the Law School Annual Fund, where she managed annual

fund daily activities, oversaw the Dean's Special Leadership Committee, coordinated over 250 fundraising volunteers, directed mail and phonathon programs, and managed publications and recognition programs. She also spearheaded such efforts as streamlining the annual fund's phone and mail program, improving management of volunteers, developing a Web site for giving, chairing a new database effort, and improving reunion fundraising.

Previously Tarzian directed the annual fund at Philadelphia University. Before that, she was a development associate responsible for reviving the Friends of Ithaca College program.

She also worked as marketing coordinator for Hoffman, O'Brien, Look, & Taube, an architectural firm in Ithaca. Tarzian currently volunteers for a number of community organizations, including the Tompkins County Daycare Council, Tompkins County SPCA, and Foodnet. 



DEDE HATCH

Marybeth Tarzian, new director of the Annual Fund

BR Ventures Invests

New Software Makes High-End Teleconferencing Machines Out of Desktop Computers

SightSpeed, a start-up company that had its beginnings in a Cornell laboratory, got another boost from Cornell when BR Ventures, a venture fund run entirely by Johnson School students, decided to invest seed funding in the company.

SightSpeed makes software that turns desktop computers into high-end videoconferencing machines, thanks to new technology developed at Cornell. "While high-quality videoconferencing has been the domain of the boardroom, SightSpeed makes it affordable for everyone," says CEO Brad Treat '02, who predicts the technology will fundamentally change the way people work and live.

"We have much more than a replacement for high-end videoconferencing," Treat said. "It's a tool that will significantly enhance collaboration between people via the Web and make human interaction much more personal."

"We believe SightSpeed has a unique value proposition," said MBA student Amit Nisenbaum, a BR Ventures fund manager and a director of BR Incubator, an organization run by Johnson students that provides business incubation services to fledgling

businesses. While details on the size of the investment were not disclosed, the funding will build SightSpeed's technical staff and bring a corporate version of its product to market this spring.



CHARLES HARRINGTON / CU

SightSpeed software offers on-screen images as good as the kind produced by costly corporate videoconferencing equipment. With the purchase of a basic \$80 computer-mounted camera, a SightSpeed user can see, hear, and talk with anyone who has a standard high-speed Internet connection, another camera, and the software.

"The quality is not compromised," says Treat. The full-motion thirty-frame-per-second video in full color is comparable to systems costing thousands of dollars. In contrast, pre-

vious efforts at low-cost desktop-video technology produced results as jumpy and uneven as an old home movie, at fifteen frames per second or less. "Studies showed it literally gave people headaches."

A video-compression algorithm developed in Cornell's Discover Labo-

Cornell MBA students Adam Fitzner '03, James Edwards '03, and Amit Nisenbaum '03, talk face-to-face via desktop computer with Berkeley-based Brad Treat '02, CEO of SightSpeed. The company, which began at Cornell, makes the first high-quality desktop teleconferencing software. The students are managers of BR Ventures, a student-run venture fund. SightSpeed is the fund's second investment.

ratory by Toby Berger, the Irwin and Joan Jacobs Professor of Engineering, and Aron Rosenberg, BS '02 (now SightSpeed's chief technology officer and vice president for engineering), made the technology possible. The

BR Ventures fund managers James Edwards and Bennett Thomas work as team members to put theory learned in class to work on transactions helping to build real companies. "BRV is a win-win proposition for the portfolio companies, the school, and the students," Thomas says.



NICOLA KOUNTOURIS / CU

two principals, Roger Strauch and Dan Miller, both Cornell alumni, are active in the network.

Investing in SightSpeed allows BR Ventures to begin to diversify its portfolio, says Nisenbaum. The student-run venture fund selected its first investment, GNS (Gene Network Sciences), just last year. The Ithaca-based bioinformatics company creates

team studied how the eye perceives video images and figured out what information could be eliminated without compromising the believability of the image. For example, in the new technology the edge of a person's hand is emphasized, while details such as the life lines in the palm are suppressed.

The approach is analogous to what MP3 does to produce high-quality sound. Less extraneous visual information means the application uses a bandwidth narrow enough for the system to run over a cable modem or digital subscriber line Internet connection.

A select group of people are currently using the software and reporting back to SightSpeed on how they are putting it to use. Once the product goes to market, it will be leased to clients who will receive upgrades and technical support in return for a fee that starts at about \$30 a month. They

may share it with user groups at no additional fee. In addition to corporate conferencing, Treat predicts, "people will eventually use SightSpeed to connect with family and friends, check on their dog at home, and monitor places that are unsafe for people to go."

Treat himself recently used the new software to sit in on a class at the Johnson School on initial public offerings that he had taken in 2001–2. That same year he was introduced to engineering student Rosenberg, who was looking for help in turning the technology into a viable business.

Treat put together a business model and plan, with assistance from BR Incubator. He also found seed money and investors through the Cornell Entrepreneur Network, a national network of Cornell alumni that fosters career success. After assuming the CEO post after graduation, he moved the start-up first to Baltimore and then to Berkeley, California, to join its investing firm, the Roda Group, whose

computer simulations of human cancer cells and bacterial cells and tests out how certain drugs work on specific gene and protein drug targets in their "virtual" cell environment.

The student fund-managers of BR Ventures hope that dollars to invest in future start-ups will eventually come from shares that their fund has in SightSpeed and GNS as well as future investments. Current funding comes from donations made to Cornell. The fund's advisers include Cornell alumnus Rob Ryan '69, former chief executive officer of Ascend Communications and this year's Cornell Entrepreneur of the Year; Rich Marin, chief executive officer of VC Fund B2B-Hive; and David BenDaniel, the Don and Margi Berens Professor of Entrepreneurship at the Johnson School.

For information about BR Ventures, see brv.cornell.edu. For more on SightSpeed, see www.SightSpeed.com. 

Do a Company's Ethics Matter?

A Cornell Study Suggests Students Are Influenced by How a Company Conducts Itself

With the announcement of the timely theme of corporate governance for the November 2002 meeting of Cornell's Center for Advanced Human Resource Studies, a team of CAHRS graduate student researchers—Megan Wherry, Jakub Sovina, Peder Jacobsen, and Sarah Yeung—gave particular thought to the potential impact of ethics and integrity on Cornell students' perceptions of the corporate world. Specifically, they postulated that student employment and recruitment decisions would be influenced by the manner in which a company conducts its affairs and governance.

To test that hypothesis, the researchers created a questionnaire to probe the most salient factors students consider in employment decisions and their general regard for issues of ethics and integrity. They sent the questionnaire to all MBA students at the Johnson School and to all undergraduate and graduate students at Cornell's School of Industrial and Labor Relations.

Students had a week in which to complete the short online survey. At the end of the week, the researchers had a healthy 40 percent response rate to their questionnaire.

Highlights of the findings are as follows: 75 percent of students report that a company's *public image*

influences their perceptions of that company, and 75 percent report that a company's *reputation for integrity* will have at least "quite an influence" on their future employment decisions.

A full 98 percent of students indicate that their view of the *importance of ethics* has changed at least somewhat over the last two years; 52 percent also state that they are more sensitive to the *integrity of company representatives* now

than in the past. In fact, nearly two-thirds of students report that the *ethics of top managers* in a company will have either "quite an influence" or "very much of an influence" on their future employment decision making.

Despite that increasing sensitivity and awareness, most students report no negative personal experiences or interactions with unethical managers or colleagues. Additionally, almost 50 percent of students have never had an encounter with a company that caused them to question its general integrity, and another 36 percent of students report such encounters with fewer than three firms.

While the findings offer some support for the researchers' hypothesis, the relationship was considerably weaker than expected. Students were asked to rank from a list of attributes the most important ones affecting their employment decisions. The factors rated most highly were specific job responsibilities,

geography or office location, opportunity for advancement, and compensation package.

The factor rated least important was company size or number of employees. Although factors related to integrity and ethics were among the attributes listed, they were ranked



considerably below other items. Likewise, despite the additional interest and importance students reported placing on ethics these days, only 36 percent of respondents affirmed that they would directly ask prospective companies about their corporate ethics.

While the reasons for the inconsistency cannot be inferred from the survey, the researchers suspect that the declining economy and uncertainty over the prospective job market played a major role in the ranking. Although students are now more attuned to ethics issues and concerned about them in principle, those factors do not appear, at a practical level, to be principal mediators of their job decisions, given the scarcity of opportunities in the current labor market.

The researchers also analyzed the data according to demographics. Although no overall correlations

were observed, there were some minor group differences of speculative interest (though none was statistically significant).

When analyzing the data according to gender, women had slightly less varied responses and tended toward a higher concern for ethical issues. Similarly, Asian respondents attached slightly higher importance to ethics than other ethnic groups. Having more work experience was

correlated with a greater likelihood of having had an encounter with an unethical company or manager. Finally, Johnson School MBA students were slightly more likely to see ethics as a factor in decision making than ILR students, although that difference was minute.

The results suggest that companies should be aware that their general conduct and handling of ethical issues will not only be noticed by

students—and possibly other prospective employees—but may also be a factor in their employment decisions, if not a primary one in a tight labor market.

For a copy of the survey or for more information, contact Megan Wherry, at MLW1@cornell.edu. For more information related to CAHRS, contact Jo Hagin, at jap7@cornell.edu (Cornell University, 187 Ives Hall, Ithaca, NY 14853-3901). ■

Symposium on the Genomic Revolution



On February 28 research giant Edward M. Scolnick (*above*), former president of Merck Research Laboratories, opened the Healthcare and Biotechnology Club's symposium, "The Genomic Revolution: Changing the Face of the Healthcare Industry." Introduced by Dean Robert Swieringa, the event was timed to coincide with the fiftieth anniversary of the discovery of the double-helix structure of DNA.

Speakers included Colin Hill, CEO of Gene Network Sciences (BR Venture's first investment); Thomas R. Kurz, COO of Advion BioSciences; Charles Larsen, benefits director at Cigna; Bruce Ganem, Cornell professor of chemistry; and George Scangos, president and CEO of Exelixis.



Entrepreneurs Discuss a Range of Topics

At the Entrepreneurship and Venture Capital Club's Entrepreneurship and Private Equity Symposium on February 21, Kevin McGovern (*below, top*), chairman of McGovern Capital, delivered the keynote address, introduced by Prof. David BenDaniel.

A wide range of entrepreneurs discussed such issues as building a big-city business in the country, the payoffs of social entrepreneurship and investing, managing the process from idea to business, today's high-growth ventures, and private equity opportunities in the current economy. The event closed with a talk by John Katzman, founder and CEO of the *Princeton Review*.



Recalling Fallen Heroes

A Reunion Ceremony Commemorates Alumni Lost in Wartime

Richard C. Williams '69 went by the name of "R. C." and is remembered by his classmates as good-natured and gentle. The year he graduated from the Johnson School, Williams was drafted into the U.S. Army for the war in Vietnam. Although he had protested the war while at school, he served when called. Because he refused to carry a weapon, Williams was assigned the job of radioman with his outfit, in the Twenty-fifth Infantry Division. While on patrol on January 4, 1970, Williams stepped on a Viet Cong booby trap and was killed in action.

Albert Gates Jr. '67 was commissioned as a second lieutenant in the U.S. Marine Corps. Sent to Vietnam to serve with the Sixteenth Marine Air Group, Gates was piloting a helicopter in inclement weather to provide protective cover for a VIP helicopter. The craft crashed into the ocean, killing Gates and three other crewmen on March 7, 1970. It was Gates's first day in-country.

There are forty-seven more such stories behind the names engraved on the Korea-Vietnam War Memorial monument, housed in Anabel Taylor Hall. Built in 1993 to commemorate the Cornellians who gave their lives in defense of their country during the

Korean War, the Vietnam War, and the Cold War, the memorial will be rededicated in a tenth-anniversary ceremony during this year's reunion, on June 6.



William W. Huling '74, senior director of corporate programs and a Vietnam veteran, helped coordinate memorial efforts.

That date should resound with U.S. veterans everywhere, as it falls on D day, points out William W. Huling '74, lieutenant colonel, U.S. Army (retired), a Vietnam veteran, and the Johnson School's senior director of corporate programs. The year 2003 also marks fifty years since the end of the Korean War, he adds.

"This is an homage to our fallen friends and comrades," says Huling, Cornell's coordinator for the original

memorial and rededication. Cornell's Army ROTC Excelsior Battalion recognized Huling in December, when he was awarded the R. Bruce Hart Memorial Medal for his service on behalf of Cornell alumni veterans. The medal was commissioned in memory of Bruce Hart '84, one of the forty-nine alumni listed on the memorial.

Chairing the project on the alumni side is Joseph E. Ryan '65, U.S. Navy diver and Vietnam veteran. Ryan came up with the idea of pairing the monument with a "living memorial," Cornell's endowed Korean-Vietnam War Memorial Scholarship, given preferentially to the descendants of Cornellians who served during the Korean and Vietnam Wars.

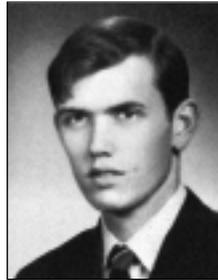
The project began in 1990, when Huling and Barry L. Porsch '91 set out to identify and learn about the Cornell veterans who had died in the three wars. At that time, says Huling, next to nothing was known about Cornell's losses, but with research help from Cornell development and library staff, the Korea-Vietnam War Memorial Committee uncovered the stories of forty-seven Cornell casualties. The memorial was constructed in 1993 and dedicated in June of that year. "Six decades—1927 to 1984—and all the Cornell colleges are represented," Huling adds.

While each story is affecting, one particularly recognizable figure is that

ROBERT BARKER/CU

of Oscar Seltzer '49, immortalized in the book *Summer of '42*, by Herman Raucher. The author dedicated the work to his close friend, who had provided the model for the character "Oscy" in the book and subsequent film. A medic in Korea, Seltzer died from the wounds he received while going to help a wounded soldier.

Huling says the initial method for identifying Cornellian losses in the Vietnam War consisted of comparing the names listed on the national memorial



Richard C. Williams '69 and Albert Gates Jr. '67 were both killed in Vietnam.

against the Cornell alumni database. That method was effective but nearly bypassed the last Cornell casualty.

Patrick A. Deck Jr. '62 was hit by ground fire while piloting a helicopter in 1965, and he went into a coma for the next eleven years, dying in 1977. "We almost missed him," says Huling. "The name on the memorial was identical to the name in our records, but the war had ended in 1975, so it took some deeper research to find that he'd died as a result of his injuries."

Ten years after the memorial was unveiled, the committee has found a great deal more information about those fallen heroes and with the help of alumni has identified two more names. John Lawendowski '52 was killed by Viet Cong rocket fire, and Roger Coye '52 died from burns resulting from a helicopter crash. Their names will be honored at this year's ceremony, along with their fellow servicemen. "The volume of information

we have about our losses has doubled since 1993," says Huling.

The past decade's information explosion was fueled by the ever-growing reach of the Internet. The new facts it has uncovered helped the committee add to the poignancy of the stories already known.

For instance, Huling points out that he found new information about Cornell veteran Geoffrey Green '62 in journalist John Laurence's recently published *The Cat from Hue*. "We previously reported that he'd



been drowned, but we found from the book that he'd asphyxiated," says Huling. After his detachment had

thrown a bomb into a Viet Cong hideout, Green had entered the premises and been asphyxiated by the resulting fumes.

Neither a political statement nor a means to glorify war, the Korean-Vietnam War Memorial is a testament to the sacrifices of heroic individuals and a tribute to the Cornell veterans serving in the wars, says Huling. This year's ceremony, he adds, will be an inspirational event featuring speaker Jay Morley, former senior vice president of Cornell and retired U.S. Marine Corps colonel, and Frank H. T. Rhodes, president emeritus of Cornell, who presided over the 1993 dedication.

"The ceremony is to honor our fallen classmates and to thank all our alumni veterans for their service to our country," says Huling. "It's for the living as well as for those who have left us." ■

In the Media

A Selection of News Coverage about Faculty and Programs

Kiplinger's Personal Finance (November)—The Johnson School got a nice plug in answer to this question: What can investors do with an extra \$1,000 to maximize their portfolios' chances of realizing their long-term goals? One good idea is to invest the money in a continuing-education class on investing—while enjoying the outdoors. Cornell's Adult University offers the perfect place to learn the principles of stock picking from expert Johnson faculty members while enjoying such diversions as swimming, sailing, or horseback riding.

Institutional Investor (November 4)—Speaking at the Securities and Exchange Commission's market-structure hearings, Prof. Maureen O'Hara says that the practice of "payment for order flow" is not conducive to best execution. The practice may enrich one sector of the market (brokerage firms), but it undermines best execution.

USA Today (November 13)—Prof. Roni Michaely gets the last word on Wall Street analyst firm Sanford C. Bernstein. The firm seems more trustworthy than its peers, especially since it does not engage in investment banking and thus does not pressure its analysts to be overly bullish about specific companies. However, its considerable involvement with large initial public offerings indicates that Bernstein isn't completely unbiased either. "Bernstein

is a thousand times more independent than the rest [of Wall Street firms],” Michaely says. “But are they completely pure? No.”

Business Week Online (December)—Alumnus Tangwena Nelson sums up his business school experience in his final column for the publication. He reflects on his return to “the real world” with mixed feelings. While he will be exchanging long hours of study for real financial rewards, he will also be giving up the safety net that the academic environment provides.

Institute of Electrical and Electronic Engineers Spectrum (December)—A workshop cosponsored by the Johnson School and the IEEE-USA Committee on Communications and Information Policy (CCIP) is featured. The workshop, which brought together industry, academia, and government representatives, explored ways of including emerging broadband technologies in future policy debates. The CCIP, chaired by Prof. Alan McAdams, plans to release a formal position statement on broadband deployment.

Risk (December)—Prof. Robert Jarrow joins the Risk Hall of Fame, an exclusive roster of significant contributors to the business of risk management. Jarrow was selected by virtue of his academic accomplishment—three decades of research in market, credit, and liquidity risk—and his work with Kamakura Corporation, where he has been managing director since 1995. This news item also appeared on January 7 in *Yahoo! Business*, *NewsAlert.com*, *iWon Money and Investing*, and *Excite Money and Investing*.

Sunday Telegraph (December 1)—Prof. Robert Frank’s new book, *Visions of Compassion*, is cited at length, called “the most fascinating book to come my way this year.” Delving into the roots of altruism and charity, Frank discusses such issues as why people give good tips to wait staff they expect never to see again. One explanation: People can reap significant benefits from the act of demonstrating commitment. Cultivating a trustworthy persona can be seen as forgoing immediate gratification in favor of longer-term rewards.

The New York Times

New York Times (December 4)—In an op-ed piece, “Pricing the Ballgame,” Professor Frank discusses the economic rationale behind the New York Mets’ new variable ticket pricing. “No strategy will fill more empty seats at Shea than for the team’s new manager to guide the Mets to a winning season.”

CNNMoney (December 10)—If the economy continues its downslide, what tricks can the Federal Reserve pull out of its hat? This article quotes Prof. Warren Bailey on a couple of suggestions. One possibility: Diversify the portfolio by buying corporate bonds to make corporate borrowing cheaper, domestic stocks to boost equity prices, and overseas stocks to have an impact on currency exchange rates. “Anything the central bank buys constitutes an asset and allows it to expand its liability of money supply,” says Bailey.

Market News Publishing (December 18)—Prof. Thomas Dyckman was appointed to the board of directors of Galaxy Nutritional Foods, which produces plant-based dairy alternatives for retail and food service. Dyckman will chair the board’s audit committee.

CFO.com (December 31)—An oft-quoted study on earnings management by Prof. Mark Nelson (with John Elliott of Baruch College and Robin Tarpley of George Washington University) is featured in a retrospective on recent corporate wrongdoings. According to the researchers, improper use of reserves was the most popular type of earnings-management attempt (EMA). Twenty-five percent of the 515 EMAs the professors analyzed involved reserving, followed by EMAs involving revenue recognition (15 percent) and business-combination transactions (14 percent).

Chief Learning Officer (January)—An article focuses on the synergies between the Johnson School’s executive education program and leading lighting company Osram Sylvania. The unique academia-industry partnership is in its sixth year. Osram Sylvania has garnered significant benefits—in terms of promotability and lower turnover of program participants—from participating in the Johnson School’s Manufacturing Management Institute.

Business Week Online (January 2)—Along with several other career professionals from search firms and schools, Karin Ash, director of the Johnson School’s Career Management Center, is interviewed on the job

outlook for 2003. The story also ran in *ClickOnDetroit.com*, *TheKCRA-Channel.com*, and *Channel3000.com*.

FINANCIAL TIMES

Financial Times (January 7)—Professor Michaely is interviewed in an article that reports that if the Bush tax plan is passed, U.S. companies will be unlikely to quickly shift more cash to stockholders in the form of dividends. Although the plan provides an incentive to choose dividends, many companies will continue reinvestment or share buybacks for the immediate future. However, in a year or two, says Michaely, “we will see companies start to change the way they use their cash resources. Instead of buying back shares, they will start paying dividends.”

“News Hour with Jim Lehrer” (January 9)—Professor Frank is interviewed on the subject of airline deregulation and its effect on the economics of the United States. “We’re just going to have to see some consolidation,” Frank says. “We’re going to see some more mergers. We won’t have fifteen carriers by the time the dust settles.” Asked if consolidation could be a positive development, Frank answers, “We would all gain as consumers if there were fewer carriers.”

Financial Times (January 10)—Professor Michaely is quoted in an article about the Bush administration’s plan to eliminate dividend taxes. The goal is to boost investors’ confidence, thereby boosting market returns by

10 percent, but Michaely says that figure is “too optimistic.” Any gains from such a reform have already been priced into the market. Moreover, Michaely points out, there is no evidence that the tax has depressed share prices, and institutional investors, who account for half of all stock ownership, have little to gain from the proposal.

“The Money Gang” (January 16)—Professor Bailey talks about the situation on the Korean peninsula and its implications for investors. Also, asked about the potential for investment in China, Bailey answers, “If I could put my retirement savings into a fund that pays China’s GDP growth, I’d put it all in.” However, Bailey adds that China’s corporate reporting, legal, and governance concerns and organizations’ lack of interest in providing high returns to foreign shareholders continues to dampen outside investors’ enthusiasm for the region.

New York Times (February 2)—A study on expected return and asset pricing by Professor Michaely, with Alon Brav (of Duke University) and Reuven Lehavy (of the University of Michigan), is discussed. The study refutes the long-held belief that value stocks are riskier than growth equities. Michaely and his colleagues looked at analysts’ expectations for stocks versus the equities’ actual performance. It turns out that value stocks, on average, are no riskier than growth stocks. The study is also featured in the Italian newspaper *La Stampa* and the *Atlanta Journal-Constitution*.

Toronto Star (February 10)—Does war mean a boon for the economy? Not

necessarily, Professor Bailey says. “Defense spending simply does not have the same kind of impact on the economy that it used to.”

Financial Times (February 16)—The Johnson School is one of several business schools that participated in Management Leadership for Tomorrow, a New York–based, nonprofit program to help minority applicants at top business schools worldwide. During the program advisers from business schools assess students’ application packages, help them craft essays, perform mock interviews, and provide feedback.

India Times (February 17)—Natalie Grinblatt, director of admissions and financial aid, is interviewed for an article about the years of work experience required of MBA candidates. “The work experience that our students bring to the program has a range from zero to sixteen years,” says Grinblatt. “The average is five years.”

Dow Jones News Service (March 4)—Professor Michaely continues to comment on the Bush administration’s proposal to end dividend taxation. The latest issue: the effect on investors’ share-selling strategies. Many investors sell their shares before the ex-dividend date, or the cutoff day for earning the dividend, so they don’t trigger the higher income tax rate (rather than the lower capital gains rate). Michaely’s take is that trading volume will decrease both before and after the ex-dividend date; income-seeking investors will have less of an incentive to sell. 

Globalization

Participants in the 2003 European Symposium took a good look at global commerce.

A fighting word nowadays, *globalization* has a fairly bland definition in most dictionaries and a surprisingly long and venerable history. All those aspects, including a touch of verbal fisticuffs, emerged during the 2003 European Symposium, which examined global commerce in terms of profit, people, and planet.

Defining globalization as “the movement of ideas, resources, and the like without regard to national borders,” Jan Katz,

the Johnson School’s Suter-Staley Director of Global Business Education, noted that Roman baths in Rome were identical to baths the Romans built in Ziporit, Israel, and in other colonies of the ancient superpower. In addition, “the Arabic *oud* traveled with Islamic conquest and became the European lute.” African masks are evident in the work of Spanish-born, French-based Pablo Picasso, and Japanese woodcuts influenced French-born, Tahiti-based Paul Gauguin.

“The transfer of cultural artifacts is still often seen as a form of conquering,” observed Katz, who wryly noted that public perceptions and reactions differ, depending on the economic primacy of the source. “No one accuses the Belgians of cultural imperialism when Interbrew strongly markets the beer tradition worldwide, and I haven’t seen people bulldozing mountains of Swatch

Promises and Perils

watches in massive outpourings against Swiss cultural imperialism over time.”

Earlier in the symposium Interbrew chairman Pierre Jean Everaert had chronicled the growth of his company, which, in fifteen years, grew from a national brewer with three brands to a major international player with three hundred brands in 112 countries.

“The rhetoric of U.S. cultural imperialism,” Katz observed, “crops up frequently, even from those well trained in management. McDonald’s is somehow more nefarious than L’Oreal. My first, somewhat facetious, conclusion is that the globalization movement will adversely affect your company only if you’re from a large, strong economy, so if you want to avoid that, align yourself with a company from a smaller or weaker economy.”

On the streets the globalization battle is fought with simplistic and emotive slogans. At the symposium, however, corporate leaders, academics, and government officials explored financial, social, and regulatory issues.

Fairness and comprehensiveness were guaranteed by the inclusion of several

critics of globalization. Doctoral student Stijn Oosterlynck represented ATTAC, “a global social movement against neo-liberal globalization,” which is campaigning for the abolition of tax havens, the implementation of the Tobin currency-transfer tax, and the democratization of international institutions. It is against privatizing public services.

The next speaker, Alain Destexhe, was a man with an intensely global past, having served as a doctor with Médecins Sans Frontières in such countries as Honduras, Guinea, and Sudan before becoming the organization’s secretary general. He also monitored elections in several countries in Asia, Central America, and Europe. In 1997 he became secretary of the



PHOTOS BY ROBERT BARKER / CU



On the streets the globalization battle is fought with simplistic and emotive slogans. At the symposium financial, social, and regulatory issues were explored.

Belgian Senate Special Committee of Inquiry into the genocide in Rwanda.

With that background, Destexhe might have been expected to be antiglobalization, but in fact he questioned the very “legitimacy of the



Above, left: Symposium participants John Wirth '97 (center) and Didier Lamarche '02 (right) on a guided tour of the Museum of the Dynasty. *Above, right:* Members of the symposium's organizing committee were Pierre Cattoir '88, Frédéric de Laminne '83 (chair), Didier Lamarche '02, Els Dhaeze '97, François Le Jeune '88, Jacques Thys '89, Paul Delbaere '71, and Lambert Vanthienen (not shown).



antiglobalization movement. Who do they really represent? Do they represent a significant percentage of the population? When they tried to get elected, they failed.”

Destexhe also queried the movement's professed goals: “In agriculture they pretend to help peasants by urging trade barriers, but to really help, the best thing would be for Europeans to abandon the Common Agricultural Policy and for America to dismantle protectionism. It's paradoxical. To really help peasants, the movement should advocate full liberalization.

“Capitalism is neither bad nor good. It has no moral value or dimension. Liberalism, on the other hand, is a philosophical system. It has a strong moral component. Liberalism has

become the real target of the anti-globalization movement.”

A fellow panelist, Roland Moreau, immediately challenged Destexhe. Moreau sharply objected to Destexhe's use of the term *antiglobalization*. “The correct word is *ultra-globalization*, and if you can't be accurate, you should not attend meetings like this.” Destexhe countered by saying, “They don't like people who say that they don't like them.”

Describing himself as “a citizen of planet Earth” and an environmentalist since childhood, Moreau was a commodities trader before managing several companies involved in recycling.

Executive director of Greenpeace in 1997 and now a civil servant, Moreau stressed: “We are not fighting against the market economy, which is a fact. The one law that is never breached is the law of supply and demand.”

In addition to promoting real sustainable development, Moreau wants to “decrease disparities in standards of living. Think of the vast income enjoyed by the two Michaels.” Which Michaels did he have in mind? Michael Eisner and, er, Michael Mouse? Michael Gates? No, that's Bill.

In fact, Moreau was not directing his ire at generously remunerated

Henry Renard '55 and his wife, Sabine, received a special acknowledgment at the European Symposium. In remarks to those gathered at the symposium, Prof. Joe Thomas (right) commented on their longtime support of Cornell and the Johnson School, including gifts in support of

faculty development and contributions to fellowships, alumni programming, and career networking. Henry Renard has also served on the Cornell University Council. The couple's financial support has funded student attendance at the European Symposium and the symposium itself.



CEOs. His target was basketball star Michael Jordan and race-car driver Michael Schumacher, contrasting their vast incomes with those of the masses who view them on television. Moreau believes that environmentalism and corporate profit are aligned, and self-interest should encourage the corporate world to adopt the attitude “We’ve seen the future, and we want to get there before our competition.”

Moreau elicited neither raised passions nor raised voices, and the symposium was essentially civil and sedate. Pierre de Muelenaere provided the perspective of a Belgian small to medium enterprise. He founded speech-recognition software company IRIS in 1987, financed it with venture capital, and bought it back through a management buyout.

“We are not global but are willing to be,” said de Muelenaere, but when he founded his company, he went against received wisdom and stayed local. “My friends were setting up businesses in America and warned me that I would have to go there to succeed. They said that Belgium couldn’t provide enough capital and lacked a spirit of entrepreneurship.” However, his company, which now employs 220 people, did better than some of the ventures his compatriots set up in the United States.

“Better communication is a bonus for high-tech small and medium enterprises,” de Muelenaere observed, “but the downside is increased competition from Asia, east and central Europe, and other areas.” Small and midsized companies face obstacles as well as opportunities, and in some instances, they are one and the same. ■

Strategies for Successful Restructuring

Some corporate holes seem fathomless. Consider a Belgian organization with a debt burden of six billion euros (about the same in dollars) and growing by a billion each year. Its human resources policy is controlled by the labor unions, and it has investments funded by the government.

“I may have taken on the biggest challenge of my executive life,” said the understated and intrepid Karel Vinck ’71, who concluded the 2003 European Symposium with a warm, witty, informative, and inspiring talk. He is the new CEO of NMBS/SNCB—Belgium’s national railway.

Vinck graduated as a master in electrical and mechanical engineering from the Catholic University of Louvain, in Belgium, and received his MBA from Cornell. Managing director of the Belgian company Eternit, he became CEO of the Bekaert Group and then of Umicore, formerly Union Minière. He was chairman of the executive management committee of SRC–Sibelco and serves on the Johnson School’s Advisory Council and the European Alumni Advisory Board.

“Since leaving Ithaca, I managed four restructuring programs in four major international companies, each with a leadership position in the world market,” Vinck explained. “They weren’t sexy companies: building materials, steel wire, non-ferro metals, and sand and clay minerals. My main satisfaction is that all four companies are still there, profitable, growing, and managed by motivated professionals.”

Facing a mountain-sized uphill battle, Vinck admits to being “a big believer in luck. I find that the harder I work, the more I have of it.”



Pressure to deliver results is particularly intense during recessions and bear markets, but for corporate executives such pressure comes with the territory. “Looking back at the scandals on both sides of the Atlantic during the last two years, these sad stories are often due to the failure to hold on to values. The most important are honesty, integrity, and the rule of law.

If you’re smart enough to cheat, you’re stupid. There’s always a high probability you’ll be discovered, and if that happens, you’ll pay a terrible price.”

Ethics, Vinck observed, “is not something you acquire when you’re in trouble. It must be inside

you, rooted in your character. It must also be nurtured by the education process. I’m grateful that as a student I was impregnated with high ethical standards. It surely helped me later in my career.”

In selecting Vinck to get the nation’s trains back on the rails, Belgian government officials faced a major challenge of their own. Vinck insisted that he would need at least three years, a time frame that would bring him into conflict with Belgium’s mandatory retirement age. The solution: the law was changed expressly to accommodate his anticipated tenure.

To change the mindset of his 41,000 employees, Vinck’s fundamental approach is to communicate with his workforce “in a language they understand, expressed in tasks they can catch up with, and tested in periodic customer surveys. I never imply that the old way wasn’t good. There’s no need to destroy memories. People are sensitive about their old loyalties.”

New research looks at some commonly held beliefs

T rue or false: Value stocks are riskier than growth stocks.
True or false: Sell-side equity analysts are an unbiased, credible source of information on stock per-

About Risk and Bias

formance and possible future performance. True or false: Beta is dead, and investors should toss it, along with the widely used model that relates beta risk to expected return.

If you answered “true” to any of those questions, new research from a Johnson School professor and his colleagues is for you. Roni Michaely, professor of finance at the Johnson School, Alon Brav of Duke University, and Reuven Lehavy of the University of Michigan have turned some commonly held beliefs about expected and realized stock returns on their ear while confirming that other widely held concepts continue to hold true.

Is Beta Dead?

Let’s start with the final question above, and perhaps the most profound finding of this study: Beta, a measure of a stock’s covariation with the market, continues to be an excellent measure of market risk. Put simply, stocks with higher betas have higher expected returns. (To brush up on the

definition of *beta* and other finance terms related to this research, see “Return to Finance 101,” on page 21.)

For thirty years finance scholars have been challenging beta as a predictor of risk—not an easy task. The reliability of beta relates to expectations, and researchers can’t measure expectations without polling thousands of investors. Nor can they challenge beta without also challenging the capital asset pricing model (CAPM), a theory of valuing stocks by relating risk and expected return, which uses beta to define risk.

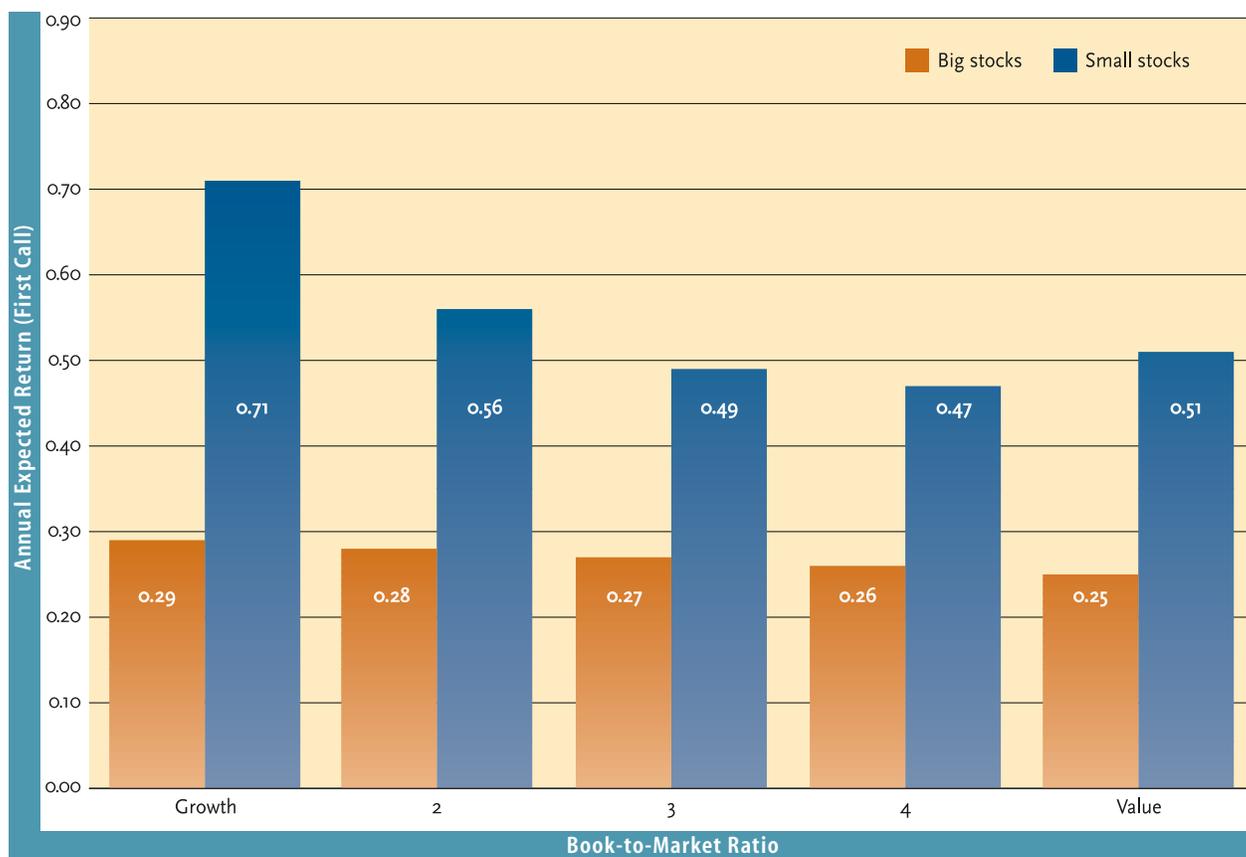
Why should retail investors care about the CAPM and question its predictive validity? The CAPM is more than theory; it’s being taught in every basic finance class in the world. And at this very moment your mutual funds managers may be using it to make decisions about balancing the risk and return of their funds.

One academic survey shows that 80 percent of U.S. managers use the CAPM to calculate the cost of equity capital. Add a Nobel Prize to its accolades, and the CAPM has about as much credibility as a theory can. (A trio of American scholars won the 1990 Nobel Prize in Economic Science for pioneering new tools, primarily the CAPM, in analyzing the risks and rewards of investments.)

The CAPM got a good shaking in 1992 at the hands of Gene Fama of the University of Chicago and Ken French of Dartmouth College. Their

“When investors form expectations, one of the factors that goes into the calculation is beta. We find that stocks that have higher betas also have a higher expected return.”

about expected return and asset pricing.



Mean expected annual return for big and small stocks, by book-to-market ratio, 1997–2001. This chart illustrates two factors, other than beta, that affect expected return: market capitalization and book-to-market ratio. Sell-side analysts expect greater returns from small-cap stocks across book-to-market ratios. Expected returns are lower for large-cap stocks. (Data from First Call.)

research revealed a strong finding that beta matters less in predicting expected returns than does a stock's market capitalization or its book-to-market value. The nettlesome issue with their study was the data source itself: realized average returns, not expected returns.

That distinction is key. Although scholars have used realized returns as a proxy for expected returns, beta should be related to expected returns. "What was done in the past was done out of necessity," Michaely says. "What actually happened was used as a proxy for what investors expected to happen." Results of those studies were

influenced by the "noise" of the market—numerous things that affect the price of a stock but have nothing to do with investors' expectations.

Michaely and his colleagues came up with what they believe is a better proxy for investor expectations: the expectations of two sets of stock analysts. They analyzed the Thomson First Call database, which contains more than 400,000 yearly price forecasts made by analysts at brokerage firms, and the Value Line database, whose analysts do not engage in investment banking. Value Line analysts write price projections for about 2,900 stocks.

The researchers constructed two measures of expected returns and analyzed how those returns relate to several characteristics of the firms whose stocks were included. Among their major findings is that beta is "priced." "When investors form expectations," Michaely says, "one of the factors that goes into the calculation is beta—how a stock varies with the market. We find that on average, stocks that have higher betas also have a higher expected return."

Investment managers who use the CAPM should be breathing a sigh of relief with that information. Yet there

is both good and bad news here. “The good news for the CAPM is that the

Sell-side analysts are typically rewarded for touting the stocks of companies with whom their brokerage houses have an investment-banking relationship.

relationship between beta and risk is there,” Michael says. “The bad news is that the CAPM is saying beta is the only thing that matters, and that is clearly not the case.” Higher expected return is also related to other factors, such as firm market capitalization and unique risk.

Are Sell-Side Analysts Unbiased?

Another related issue is that expectations may arise, in part, from the way sell-side analysts are compensated for their work. That brings us to the second of our true-or-false questions: Are sell-side equity analysts an unbi-

ased, credible source of information on stock performance and possible future performance?

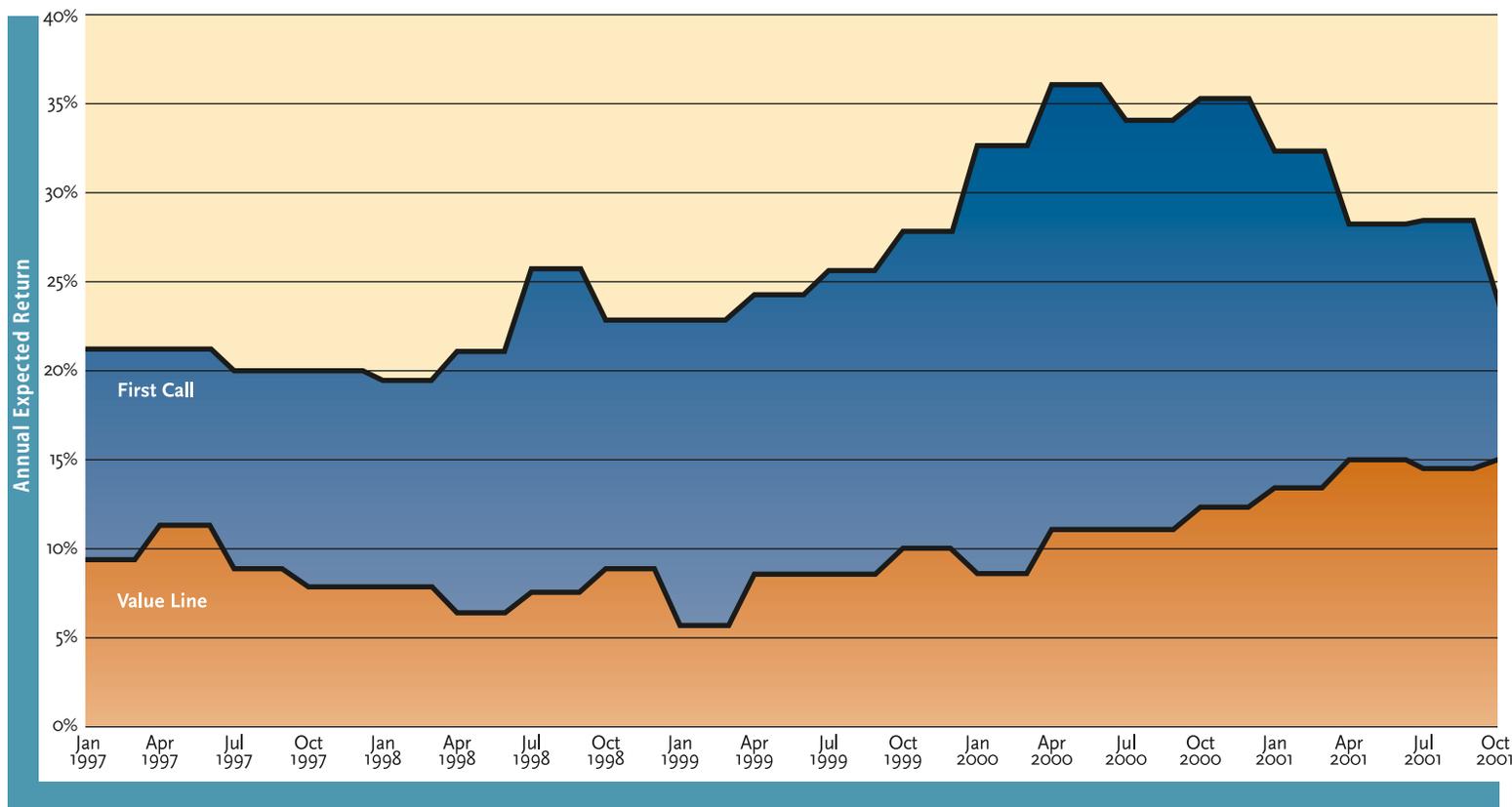
If you consider their expectations of performance, as represented by price forecasts, definitely not, these scholars conclude. “First Call analysts are, in general, much more optimistic than Value Line analysts,” Michael says. “In fact, they are overly optimistic. They expect an annual return of 45 percent. That’s a high number, even when we talk about the late 1990s.”

The researchers largely attribute that overoptimism to sell-side bias, which can partially be accounted for by these analysts’ compensation. They are typically rewarded for touting the stocks of companies with whom their brokerage houses have an investment-banking relationship.

The researchers make the important point, however, that even if differences in price forecasts between the two databases result from sell-side bias, the overly optimistic expectations of First Call analysts may still better represent the market’s expectations. “If you want to beat the market,” Michael says, “you have to know what the market expects.”

Are Value Stocks Riskier?

And finally, the last of the true-or-false questions: Are value stocks riskier than growth stocks? Prior research, such as the study by Fama and French mentioned earlier, indicates that value stocks perform better than growth stocks. But Fama and French, and many other researchers, suggest that value stocks experience higher realized return because they are riskier.



The study by Michaely and his colleagues suggests that this is not the case. If value stocks are indeed riskier, then we should expect them to exhibit higher *expected* return.

But the study does not find that. When using sell-side analysts' expectations, the researchers find that value stocks have lower expected return than growth stocks, their glamorous counterparts. That suggests that value stocks are less risky than growth stocks.

"When we look at expectations," Michaely says, "we find that growth stocks have higher expected return than value stocks." An investor must take greater risks to gain higher returns. Growth stocks, then, are expected to carry greater risk than value stocks, even though their generally rapid earnings growth makes them more attractive to many investors. Neither Value Line nor First Call analysts expected value stocks to outperform growth stocks. So sell-side bias evidently doesn't account for this finding.

What's more, actual returns show that value stocks outperform growth

Estimates of value-weighted quarterly market expected return for Value Line and First Call, 1997–2001. This chart shows the dramatic difference in weighted annual expected return for stocks followed by Value Line and First Call. Even when First Call analysts' projections trend downward in 2001, they are still markedly higher than the forecasts of Value Line analysts. (Data from Value Line and First Call.)

Return to Finance 101

A Very Brief Glossary of Finance Terms

Beta The degree to which a stock price fluctuates in relation to the overall market. Stocks with betas between 0 and 1 are low-volatility investments, such as utilities. Stocks with betas greater than 1 are more volatile than a broad-based index, such as the S&P 500.

Book-to-market ratio A measure derived by dividing a firm's book equity value by its market value. Book-to-market ratios attempt to identify undervalued securities. A ratio greater than 1 suggests a stock is undervalued; a ratio less than 1 suggests it is overvalued.

Capital asset pricing model (CAPM) An economic model for valuing stocks by relating risk and expected return. In the CAPM risk is defined using the concept of beta. It concludes that only the risk that cannot be diversified away by holding a well-balanced portfolio will

affect the market price of the asset. That risk is beta, a measure of market volatility.

Growth stock Equity stock of a company that has a high price-to-earnings value ratio and whose earnings are expected to grow faster than the market average. A growth stock's price reflects the company's earnings potential more than its book value. Technology stocks wore the mantle of growth stocks during the late 1990s.

Price-to-earnings ratio A ratio of a company's current share price compared to its per-share earnings. The ratio is calculated by dividing the current price of the stock by the earnings per share.

Value stock Equity stock of a company with a low price-to-earnings value ratio, which makes its shares relatively cheap. A value stock's book value is close to its stock price.

stocks and have done so for decades. "For us, it's consistent with the notion that investors are not always rational," Michaely says. "When times are good, we all tend to overvalue stocks that have been performing well—in this case the growth stocks. Investors believe that simply because they've been performing well in the past, they'll continue to do so in the future. At the same time, investors may pay less attention to value stocks."

True or False

Now let's review the new answers to our investors' true-false examination. Value stocks are no riskier than growth stocks and may in fact be a bargain that performs decently. Ana-

lysts who work for brokerage houses generally expect returns that are overoptimistic, and investors should discount their projections. Beta continues to be a reliable indicator of market risk, and the CAPM, while not perfect, remains a solid model for estimating risk and expected return.

For more details of this research by Michaely, Brav, and Lehavy, see their working paper "Expected Return and Asset Pricing," available at the Web site of the Social Science Research Network, at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=360680. The paper includes helpful tables and graphs illustrating the results. 

Seeing the World

The Johnson School provides students with a multifaceted international experience.

As part of its expanded emphasis on global business, the Johnson School has been hosting many international speakers. Two prominent Chinese businesspeople spoke in February, on the occasion of the lunar new year, providing two contrasting but complementary views of the burgeoning Chinese market.

Pitfalls and Potentials

Jeffrey Kin-fung Lam is managing director of Hong Kong-based Forward

Kong offers entrepreneurs and investors a familiar business milieu, including a low and consistent tax structure, dependable infrastructure, predictable legal system, and international and English-speaking workforce. And since China and Hong Kong are separate members of the World Trade Organization, Lam added, Hong Kong could provide a useful third-party voice in disputes between Chinese and non-Chinese companies.

Lam also spoke at length about the synergies between high-powered financial center Hong Kong and its neighbor, the Pearl River Delta (PRD), a quickly growing region on the Chinese mainland. Hong Kong, at one time the manufacturing capital of the world, has transformed over the years to provide chiefly value-added services to manufacturing, such as finance, insurance, banking, transportation, and communications.

PRD, which includes Guangzhou and Shenzhen, offers an abundance of

low-cost land and labor, said Lam. Ever since Deng Xiao-ping opened China's doors to the outside world in 1979, he added, Hong Kong and PRD have formed an economic powerhouse that has helped China become one of the world's most important manufacturing centers.

Lam's intimate look at the formidable Chinese market brought to light many issues that anyone considering business in China faces. Even though China is open to trade, foreign businesspeople shouldn't expect to be able to set up shop there without a hitch, Lam cautioned. "You could invest money and equipment into a business," he added, "and find out too late that you were in a bad position, with the wrong partner."

To get a better sense of the area, Lam advised students to visit PRD and Hong Kong and meet with various manufacturers and government officials. "While many people say, 'I don't really have to leave my desk to do business,' there's a Chinese saying: 'Seeing something is better than reading about it a hundred times.' It's important to see the people and experience the atmosphere and culture."

China's R&D is still transitioning from the Soviet model of technology developed for its own sake and cannot respond quickly to market demands.

Winsome Industries, one of the largest toy manufacturers in Asia. Giving students a valuable look at some of the pitfalls and potentials of entrepreneurial ventures in China, Lam spoke about Hong Kong's key position as a value-added conduit into the vast markets of China. Hong Kong, he said,

provides non-Chinese entrepreneurs with an intermediary to negotiate the foreign, bewildering, and often-unfathomable Chinese markets.

Active in the international arena for half a century, metropolitan Hong



Understanding the Market

Xuezheng Ma, executive director, senior vice president, and chief financial officer of Legend Group, was *Fortune's* fifth most-powerful woman in global business in 2002. At the Johnson School Ma talked about opportunities and challenges of doing business in China, based on her experience as financial leader of the \$3 billion Chinese computer company.

Providing insight into a region that boasts one of the world's youngest market economies and one of its oldest civilizations, Ma painted a picture of a thriving, vibrant society that many U.S. businesspeople might find mystifying. Ma's listeners found that many business tenets we take for granted don't translate well in China.

For example, Legend is the proverbial eight-hundred-pound gorilla of Chinese business, with 30 percent market share in the computer market,

50 percent compound annual growth, and more than 60 percent annual profit. Legend also enjoys the number-five slot in national brand recognition. But while considered a high-tech organization in China, Legend invests less than 2 percent of its revenues in research and development. Compare that with multinationals like Intel, which invests 10 to 15 percent of its revenues in research and development.

Why? China's R&D is still transitioning from the Soviet model of technology developed for its own sake, explained Ma, and cannot yet respond quickly to market demands. Chinese companies are still following the leads of high-tech multinationals, preferring to replicate their products at lower cost and maximize margins rather than be first to market. (Legend, in fact, began its life in 1984 as a reseller of other companies' equipment.) "So we have to be careful about the percentage we

Two experienced international businesspeople spoke at the invitation of Prof. Jan Katz, the Suter-Staley Director of Global Business Education. Jeffrey Kin-fung Lam (*left*) is the managing director of Forward Winsome Industries, one of the largest toy manufacturers in Asia. *Fortune* considers Xuezheng Ma the fifth most-powerful woman in global business.

spend on R&D. If we invest too much, the return won't be adequate."

Ma gave other examples of ways her organization had identified local needs to deliver clever but not necessarily high-tech products. Chinese consumers, she explained, have neither the mature Internet infrastructure available to U.S. customers nor much Internet literacy. China doesn't even have a credit card system. So several years ago, teaming with China Telecom, Legend developed its Internet PC, which gives consumers immediate Internet access via a roaming service. That decision nearly doubled Legend's share of the Internet-enabled computer market.

Understanding consumers' needs also led Legend to develop its Dual Mode PC, which allows use of peripherals and ancillary programs—CDs,

In China's frontier environment it's easy for companies to defraud investors, but corporate malfeasance can happen in countries with stricter regulations.

Beyond Business As Usual

Giving back to the community, it would appear, is a common theme motivating business leaders around the world. Jeffrey Kin-fung Lam is deeply involved in, among other things, a national effort to combat hepatitis-B in China.

“There are about 400 million hepatitis-B carriers in the world,” said Lam, secretary general of the Cheng Si Yuen Hepatitis Research Foundation (www.csyfoundation.org/eng), “and about 125 million of them are in China.”

About a tenth of all Chinese are infected with hepatitis-B. “To complicate matters,” said Lam, “there’s no sign of the disease until you’re seriously ill. One of the challenges is to educate people, make them aware of the situation, and get them in to have a simple checkup.”

Visiting affected households in the poorer parts of the country, Lam saw one family ravaged by the disease. “A young man was dying of hepatitis-B, his father had died of it, and his son was a carrier,” said Lam. “It’s sad to see someone dying at the age of forty of a preventable disease. At least his son was vaccinated in time.”

Hearing firsthand about the tremendous burden China faces as its people struggle to eradicate hepatitis-B isn’t normally a part of a typical business school lecture. But receiving such insights helps inform students’ understanding of the world they live in and thus better equips them to operate in our increasingly global community.

Xuezheng Ma, for example, said that she gained most of her problem-solving abilities during one of China’s hardest times: the Cultural Revolution. “My parents had been put in prison,” she explained. “I had been sent to the countryside to do hard labor, and I didn’t go to middle school. That experience helped me develop new abilities, to survive.”

Based on her experiences during the Cultural Revolution, Ma now counsels students not to obsess too much about the knowledge they’re taught in school and to pay more attention to the abilities they’ve gained. “You’re learning throughout your whole life.”

digital cameras, and so forth—with-out invoking Windows. In another example, Legend forged an agreement with its local distributors whereby the distributors sell schools computer hardware bundled with a three-year contract for installation, service, and support. “The schools and schoolmasters aren’t expected to know much about information technology,” said Ma. “So they want the whole package.”

Even when Legend reduced the fee it paid to distributors, the distributors didn’t complain. They were making

money by supplying services. “In a year and a half we went from 5 percent market share of the educational market to 30 percent,” said Ma. “That would never happen in the States.”

Ethics: Spoken Everywhere

Ma’s claim to fame goes far beyond product innovation, however. She is perhaps best known for guiding China’s most fiscally responsible company in terms of corporate governance and accounting transparency. While the Chinese government requires companies to report earnings only twice a year, Legend voluntarily

reports quarterly. That is in stark contrast to most Chinese companies, explained Ma, which have a reputation for being remiss in corporate governance, sometimes bordering on fraud.

Legend’s big push for transparency, said Ma, aims to differentiate the organization by exemplifying fiscal responsibility. It accomplishes that by maximizing shareholder return as well as contributing to society.

The quarterly reports are only part of the picture. Legend also holds regular road shows that allow senior management to report results directly to investors and convenes conference calls after relevant events. “In 1998 several Chinese companies were close to liquidation because of bad debt and bad use of credit lines,” said Ma. “The newspapers came out around 7:00 or 8:00 in the morning. At 10:00 we had a conference call to let investors know what was going on.”

Protecting shareholders’ interests, in fact, helped guide Legend’s restructuring two years ago. The company, which sold its own product in China and distributed other brands outside the country, decided to spin off its distribution arm. “We felt it was a contradiction of our own brands,” explained Ma. “Some institutional investors liked to invest in our brands, while others liked to invest in the distribution company. Having a mixture of the two companies was at cross-purposes.”

Ma also addressed investment problems that the spin-off had caused. The distribution arm spin-off was valued at only \$385 million, while the domestic business was \$3 billion, about eight times as much. Because of the

radical change in the issuing company's market capitalization, some institutional investors could no longer hold their shares. But they didn't want to dump their shares either, causing the market to move unnecessarily.

So Legend's majority shareholder, the Chinese Academy of Science, agreed to buy back institutional investors' shares, which it then sold to other institutional investors. "It was a bona fide guarantee," said Ma. "Everyone was happy."

One of Ma's underlying messages: An organization's culture and ethics determine its every action. In the highly unregulated frontier environment of the Chinese market, she pointed out, it's easy for companies to defraud investors. But as we know too well by now, corporate malfeasance can happen in countries with stricter regulations. "The ethics of the management and the board encompasses everything."

At Legend, that goes beyond having senior managers and board members agree to create an ethical, self-controlled environment and set examples for their employees. At the time of the restructuring, senior management and engineers held about 35 percent of the shares of the holding company, Legend Holdings, and the company instituted an employee stock-option program.

Having strong employee ownership, Ma explained, means stronger buy-in. "All this creates a higher return for everyone," she said. "We want to make a return to our society and staff as well as to our shareholders." ■

Vicarious Globe-Trotting

In addition to six new international classes offered at the Johnson School this year, activities like February's special speakers from China help students learn about international business outside the classroom. Business leaders like Xuezheng Ma can provide students with a multilayered glimpse into issues beyond hard-core business.

"One of our aims is to broaden the students' view of countries—everything from the structure of business to culture, politics, and social systems," says Jan Katz, the Suter-Staley Director of Global Business. "When you're conducting business on an international scale, organizations appreciate your knowing something about their culture."

Katz, who was appointed to the position in August 2002, has significantly ramped up the school's participation in a range of internationally oriented events. The WorldSmarts dinners, for example, cosponsored by the Suter-Staley Endowment and the International Business Association, feature a different country each month.

Approaching international business obliquely, such as by spotlighting a country's cuisine, can help students appreciate the finer points of a culture. Non-Japanese students learned from their Japanese classmates, for example, that *natto*, an extremely fermented soybean product from Japan, is an acquired taste. "One student said it tasted like dirt," points out Katz, "and another said he'd rather eat dirt. These events are fun. They're also a great way to ease people into thinking about the international arena."

Art and Culture, another monthly event, takes students to the Johnson Museum of Art to visit exhibits from different countries. Through looking at specific installations, the students are exposed to the wider cultural issues of a country. "The goal is to develop a deeper appreciation of indigenous art and culture," says Katz. And the Johnson School's annual International Week, which takes place each November, also provides students with cultural "snapshots" from around the globe.

The China event is one of an ongoing series of "focus weeks" that Katz is spearheading. One type of focus highlights an important issue in international business. A recent focus week, for example, featured entrepreneurship, mainly through the International Entrepreneurship and Venture Capital Symposium. High-powered speakers included Christian Shea, founder of Latin Valley, a Latin American high-tech fund formed by partners from Silicon Valley and Latin American countries; European entrepreneur Robb Doub, who helps small businesses in developing nations; and Greek entrepreneur Dimitrios Papaioannou '00.

The other type of focus week features specific countries or regions. During a focus on Cuba, for example, the Johnson School hosted Cuban business expert Kirby Jones. As part of a focus on the Middle East and Islam, musician Simon Shaheen gave a concert and lecture on traditional Middle Eastern music. Prof. Mahmoud El-Gamal, an expert on Islamic economics and finance, was one of the prominent speakers addressing various facets of doing business in the Middle East.



There must be a desk in here

somewhere...

A management consultant takes responsibility for the chaos in her life and finds a way out.

My desk was piled high with papers, empty coffee cups, and unopened mail. Perhaps there was even an outdated check lurking in there somewhere. I couldn't tell. The floor served as my filing cabinet. I didn't put papers into files because I was afraid I wouldn't find them again. I still couldn't find them easily, but at least I thought I knew their general whereabouts.

I was a management consultant at a demanding firm. My clients and colleagues counted on me to deliver excellent, timely work. I did deliver, most of the time, but at great cost—recurring late-night work sessions; anguished preparation time; and frequent, frantic searches for missing information, my hair standing on end because I couldn't find the folder with the *critical* data. Some of the intensity stemmed from the very na-

ture of my work, but much of the pressure came from me.

Even though I tried to focus and to feel balanced and self-confident—I had practiced meditation for years—my life and work grew ever more stressful because I was usually running late. Rushing to the airport for business trips, I'd skid into the jetway, my heart pounding, just before the crew closed the door. Sometimes it was a high; sometimes I hated it.

Running late for meetings, forgetting something yet again, submitting invoices way past deadline, I was creating havoc around me. I valued integrity, but I often broke agreements because I double-booked myself. In addition, I had several years of

MARILYN B. PAUL '78

had practiced meditation for years—my

Though I tried to focus and feel balanced and self-confident—I'd practiced meditation for years—my life and work grew ever more stressful because I was usually running late.

unfiled taxes. I would lie there, sleepless, worrying about the size of the debt (\$1,000? \$50,000?), but I still couldn't get my tax returns in the mail. And despite my MBA, I had no clue what I owed on my credit cards because I couldn't find the last set of bills (or any set of bills, for that matter).

My personal space was also very messy. When I invited people over, I would swoop through my apartment and throw the clutter into a closet or stash extra belongings under the bed or in the tub and hope that people wouldn't peek behind the shower curtain. Things would stay in the closet, only to be buried by the next sweep-through. I rarely hung up my clothes. My sink was piled with dirty dishes. I would often lose phone messages. I longed to live in a peaceful, beautiful space. I wanted a sanctuary, but I created chaos.

Embarrassing? Very. Could I tell anyone what my life was like? No. I wanted to change, but I got little help from the many books on organizing. To organized people, and in most of the organizing books, the obvious answer is: Pull yourself together, create a plan, and “just

do it” or “do it now.” Put the keys in one place. File or throw out the mess on the desk and the clutter on the floor. Get rid of the excess stuff in

the closets. Put everything in its place. Decide to be on time.

That made sense to me too, so I would try to “do it now.” I'd sort the papers on my desk, finally get the dishes done, and then frustratingly I'd be disorganized all over again. What was my problem? How could I fix it? I had accomplished a lot in life. How come I couldn't master the ordinary tasks of every day?

What is challenging is that chronic disorganization—like a chronic weight problem—feels as if it has a life of its own. I truly wanted to be different; I wanted to live without chaos and lateness. I just couldn't seem to do it. I would get completely fed up with the mess, the frenzy, and the panic. I would say: “Okay. This is it. This weekend I'm throwing everything away. I'm clearing off the desk and the floor, hanging up all the clothes, and doing all the dishes. I'm creating some peace in this place. And from now on, I'm arriving on time.”

But that declaration never worked. After many, many wasted weekends of failing to clean up and failing to have any fun or relaxation, I hired a professional organizer. I'll call her Jane. We sat at my desk in my home office, and after several painstaking hours, we had cleared it off. She even gave me a system to stay on top of things. I put everything in a logical place. What a relief! Success! I was organized!

Or was I? By the end of the next day, there was a fine spray of clutter on the desk. By the end of the next week, the desk looked as if we hadn't touched it. With dismay, I called Jane

back. She arrived with a little scowl (such a mess? so soon?), and we cleared the desk again. After another week, not surprisingly, the mess was back again. How did the desk and papers do that? I wondered. Where was the clutter coming from?

I was too mortified to call Jane back once again and realized that I was on my own with a mountain of papers. These papers were not just on my desk, though. They littered my office floor, filled my closets, and spilled across my kitchen counters. I had a chaotic office, a disorganized kitchen, a messy car, an unlivable home. Since I had been meditating for a long time, I had developed a small capacity to observe myself with compassion. As I mulled over this discouraging situation, I came to a key realization: *I was the one creating the mess!*

I began to see that I created my own mess through the choices I made and my unconscious habits. Becoming aware of this was hard for me, but the more I looked, the more I could see that I was taking actions that led to chaos. A simple example was my very messy car. At the end of the day, I could bring everything in or leave things in the car. If I left things in the car, it became an ugly, unpleasant mobile storage unit.

I was the agent of this mess. I was the source of this chaos. I was very effective at creating it. I was taking actions every day that amplified my inner and outer disorder. *It followed that if I created it, I could uncreate it.*

I began to see that I created my own mess through the choices I made and my unconscious habits. The more I looked, the more I could see that I was taking actions that led to chaos.



It was not so easy, though. It took a while to find a way out. Step by step, I discovered a new approach. I decided to apply my extensive experience in change management to this profound challenge and *change myself*. I established my purpose for organizing, created my vision for where I wanted to go, took stock of my current situation, got good support, and put into practice a few simple strategies.

I worked through frightening feelings. Incredibly, I began to experi-

ence changes in myself and my life. The frantic, chaotic, messy life I was living became less frantic, less chaotic, and much more satisfying. I discovered that order was possible and valuable and didn't ruin my creativity. Oddly enough, some order helped me be more creative.

It was clear to me that simply deciding to change doesn't produce change by itself. Deep personal change requires fundamentally shifting how we think about things. It asks us for the courage to face our difficult feelings. It demands a more

profound understanding of what motivates us.

We then must use every tool available to help us shift our typical ways of behaving. Habits are strong, but they can be altered. My method takes the focus off the external chaos and gives us a chance to look at our contribution to it. The principle is that when we change our thinking, process our feelings, and build new habits, our environment will change.

In the end, and you may not believe this now, you may come to see your disorganization as a great gift, because it launched you on a path to deeper personal discovery. This is a very human, practical path. Your healing will be very tangible. You'll not only discover a deeper love for yourself, but you'll also be able to find your keys in the morning.

The nightmare will start receding. The terror of lost checks or lost jobs will decrease. The panic attacks will be less frequent. And why? Because your healing is holistic. Your inner healing will be matched by your outer healing. Your inner fragmentation will lessen, and so will your outer fragmentation. Your greater inner coherence will be matched by your outer coherence. ■

I established my purpose, created my vision for where I wanted to go, took stock of my current situation, got good support, and put into practice a few simple strategies.

From It's Hard to Make a Difference When You Can't Find Your Keys, by Marilyn Paul. © 2003 by Marilyn Paul. Used by arrangement with Viking Penguin, a member of the Penguin Group (USA), Inc.

Marilyn Paul will speak on June 6 at Reunion 2003.

Overcoming Roadblocks to Growth

Managing by equity can maximize opportunities for growth.

In today's tight marketplace, consumers are increasingly cautious with their purchases. Even companies with good products and strong competitive postures are finding it difficult to gain the traction needed to grow.

Tracking traditional metrics—sales, share, and distribution—just doesn't provide the answer. What's wrong? What's being overlooked?

Beacon Associates, a marketing research and insights firm cofounded in 1981 by Johnson alumnus Scott Sainsbury '77, has had extensive success in helping companies develop concepts, products, promotions, packages, and advertising to generate growth. The firm has teamed up with Paul Robinson, former president of the Marketing Corporation of America's research division, to create a unique

new resource for understanding how to manage brands for maximum growth opportunities. They call their technique "managing by equity."

Sainsbury says the biggest anchor holding businesses back is often inconsistency between how the consumer and the company see the brand. Companies that manage their brands according to perceptions different from or insensitive to the consumer's values often fail. The problem, he says, is that most organizations don't understand how to look at their business through their consumers' eyes.

According to Robinson, companies typically study their brands—which they refer to as their brand equity—in terms of generic attributes and characteristics like high quality, good value, ease, and convenience. However, those attributes can apply to all brands and by no means represent proprietary brand equities. For consumers there's much more to brand equity, and that's where the problem lies.

Even companies with good products and strong competitive postures are finding it difficult to gain the traction needed to grow.





“Brands are valuable assets,” says Robinson. “But getting the most value out of them means understanding them in a unique way. The trick is to understand not only how consumers see a brand but also the relationship they have with the brand. That’s a hard concept to understand, because we’re moving out of the realm of the tangible and into that of feelings. Yet without that perspective, it’s impossible to define a brand’s equity and know how to manage it for growth.”

An example, Sainsbury says, was how they helped a major U.S. food manufacturer explore using its name on a new steak sauce. In the process they benchmarked existing sauces. Following the old paradigm for defining brand equities, they conducted blind tastings of the top steak sauces. They wanted to understand what characteristics were

The biggest anchor holding businesses back is often inconsistency between how the consumer and the company see the brand.

desirable and unique and use that information to help their client know how to compete.

What surprised them was that in tasting after tasting, big consumers of the leading steak sauce consistently rated it the worst of the

samples—by far.

To find out how a below-par product could be a market leader, they asked another set of consumers to rate the sauces based only on their brand names—without tasting them.

The leading steak sauce was rated the highest.

The consumers' relationship with that brand clearly superseded the actual product experience. That's brand equity in action, Sainsbury says.

"To understand how strong the brand equity was, we asked a third group to taste the sauces, this time with the brand names known. Once again, the leading steak sauce came out on top. This was a powerful brand equity—one we wanted to keep our client's new product away from. To do so, we needed to understand it, and the traditional definitions of brand equity were not going to help." That's where Robinson's equity dimensionalization process came in.

According to Robinson, a brand needs to be viewed as having mul-

multiple dimensions, including physical traits and characteristics, personality traits, imagery, end benefits that are both physical and emotional, and a sense of experience. "Delving into how consumers view a brand," he adds, "you learn how those dimensions define their relationship with it."

The stronger the relationship, the more the equity. "To manage a brand for maximum value," Robinson says, "you need to understand the emotional connection. That's what drives purchases, loyalty, and receptiveness to other products the company introduces. We accomplish that through 'deep-dive' sessions with consumers to dimensionalize the brand's equity. This penetrating process delivers thoughtful insight into the consumers' relationship with the brand and the value they place on it."

"In the steak sauce example," says Sainsbury, "we found that it wasn't about the taste of the product. It was about showing discrimination." The consumers saw the leading brand as an icon of good taste. By using it, you were elevating the experience. It wasn't about making the meat taste

good; it was about being a connoisseur of distinction in the enjoyment of meat. The leading sauce was a badge of credibility to that claim.

"If the leading steak sauce company had been my client," Sainsbury went on, "I would have discussed managing the equity by verifying culinary discrimination with meats, exploring additional ways—other sauces, seasonings, and grilling products—that the product's name could be used to give consumers that same feeling.

Managing by equity almost always leads to a fundamental change in how a business is looked at, opening the door to substantial growth. Sainsbury and Robinson have used managing by equity to bring significant change to companies in the food, hospitality, quick-service-dining, apparel and accessory, fitness, education, and large-format retail industries.

They've learned that whenever consumers have an opportunity to form a relationship with a business or service, they will—as long as

the relationship is a two-way street. If consumers sense you're not fully participating in the relationship and keeping their best interests at heart, the next competitor in line starts to look a whole lot better to them.

Sainsbury points out

that companies need to understand their brand relationships through their consumers' eyes and manage accordingly.

Managing by equity almost always leads to a fundamental change in how a business is looked at, opening the door to substantial growth.

Whenever consumers have an opportunity to form a relationship with a business, they will—as long as the relationship is a two-way street.

A Background in Brands

Beacon Associates and the Robinson Research Group bring extensive experience in market research and development to the effort.

Before cofounding Beacon Associates in 1981, Scott Sainsbury worked in Frito-Lay's marketing department, developing and managing new and existing



COURTESY OF SCOTT SAINSBURY

Scott Sainsbury '77, Beacon Associates

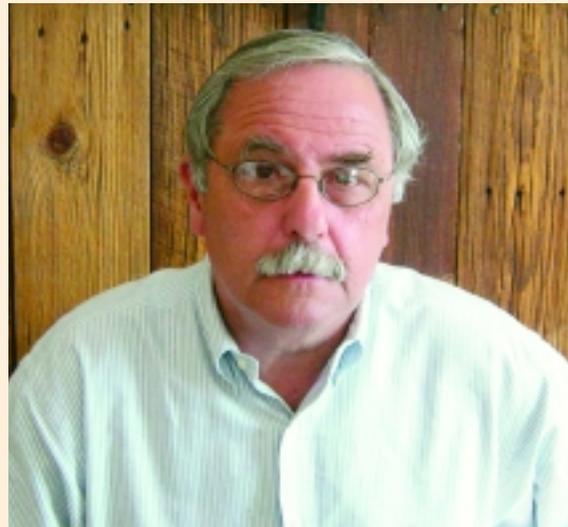
brands. At Beacon he and his team have provided research and development support to many Fortune 500 companies, as well as medium- and small-sized companies in over thirty industries.

Paul Robinson, who worked in marketing research at Ralston Purina, was president of Marketing Corpo-

ration of America's research department. When MCA was sold, he launched the Robinson Research Group, where he pioneered and developed the equity discovery process that has been implemented for over two hundred major trademarks in the United States and overseas.

Recently Robinson and Sainsbury have been working with Cornell and the Johnson School on branding concepts and techniques.

For more information, contact Scott Sainsbury (802 496-9393), Pat Cox (802 496-9393), or Paul Robinson (203 459-2451).



COURTESY OF PAUL ROBINSON

Paul Robinson, Robinson Research Group

Robinson adds: "Executives clearly understand that stock prices are the financial market's reflection of the value of the resources a company has and what it does with them. Similarly, brand equity is a reflection of the meaningfulness that consumers place on everything the company has and does that 'touches' them.

"Stock prices can grant a company—or deprive it of—financial capital to become more successful.

Brand equity provides 'consumer capital' that can be equally valuable. With increased brand equity a company will experience higher sales and market share while spending less than the competition. It can expand its offerings and enter new markets with greater success. And it can take some risks without getting penalized."

It clearly behooves companies to understand, develop, and leverage

their brand equities. Beacon's breakthrough is the development of a system to define brand equity, help clients develop programs to build and leverage it, and track the impact of those programs on the brand's equity. It represents a new archetype for achieving success: managing by equity. ■

Teach for America has helped Johnson Continuing

For many of us, one of the fondest memories of childhood is a teacher who made a difference in our lives.

Whether we think of a science teacher who helped us dream of performing life-saving surgeries or a history teacher who wouldn't rest until he figured out why we were flunking his quizzes, those people, our earliest leaders and mentors, made us love learning.

All children can learn, and all children should have the opportunity to

learn. Those beliefs have fueled the career path of Erin McMahon '03, who is committed to addressing inadequacies in the U.S. educational system, a system that allows some students to type their papers on brand-new laptops while others lack textbooks and classrooms.

Poverty severely handicaps children's ability to learn. As early as fourth grade, points out McMahon, students from low-income families are three grade levels behind their high-income peers. As children grow, so does the gap.

McMahon, a Park Fellow—who this fall begins working for the City Year program (www.cityyear.org), geared

toward improving society through national service—has for some time been determined to better U.S. education. That determination, in fact, was her major reason for coming to the Johnson School to learn management skills.

It all started a few years ago. In 1996 McMahon was a grade school teacher in a low-income section of Washington, D.C. She remembers looking around and seeing smart kids who were willing to learn, devoted and capable teachers, and an organization that was lacking in efficiency and leadership.

The problem? The system isn't managed by managers. "So I decided to go back to business school," McMahon explains, "and learn the skills to fundamentally change the way schools are managed."

Fast Track to the Classroom

McMahon was in that Washington, D.C., grade school by virtue of Teach for America, a twelve-year-old not-for-profit organization that places recent college graduates in teaching positions in underprivileged schools throughout the United States (in both urban and rural sites) and pays their salaries.

While most teaching situations require individuals with teaching certificates, TFA provides a unique

avenue for new graduates with only a bachelor's degree and a burning desire to teach. After an intensive summer of classes, seminars, and on-site student teaching, each TFA corps member is immediately placed in one of the nation's underserved public schools.

"TFA is one of the most visible and branded ways that teaching suddenly becomes an opportunity," says John Hedlund '01, who began teaching for America in 1991, the organization's second year. Hedlund, now a senior manager in American Express's strategic planning group, was placed in a Houston elementary school whose student body was about three-quarters African American and one-quarter Hispanic American. Like many TFA corps members, Hedlund came from an educationally privileged background, which included an undergraduate degree from Cornell (McMahon graduated from Yale).

Inspired by his educational experience, Hedlund wanted to use his skills and energy to help underprivileged students. "I had had great teachers—in particular, two people who really influenced me—and a great educational background," he says. "I wasn't sure I wanted to teach as a career, but I was interested, and the program provided the opportunity."

The U.S. educational system allows some students to type their papers on brand-new laptops while others lack textbooks and classrooms.

School alumni invest in the future.

Education



ROBERT BARKER / CU

Wendy Kopp signed copies of her book “One Day, All Children . . .” and talked with students in the atrium after her Park lecture. One of her main concerns is the gap in socioeconomic status and education in the United States.

From the outset Hedlund had a good idea of the situation he was getting into. Assigned to fifth grade in his first year and second grade in his second year, Hedlund was one of the few men working in the school and the only white man. What he wasn't expecting, however, was how wonderful the kids would be. “You forget what you were like at that age and how much you knew,” he explains. “The kids were innocent and naïve but so creative and

smart in the way they approached problems and thought about things.”

Gaining Perspective

Another member of the same 1991 corps was Eddie Gilmartin '01, now a senior consultant with Deloitte Consulting. Like Hedlund, whom he met during TFA training, Gilmartin was an Ivy League (Dartmouth) grad who felt an obligation to give back to others. But Gilmartin, who was assigned to

teach ninth-grade science in an entirely African American high school in New Orleans, faced a different situation.

“More than 80 percent of the students were on the federal free-lunch program, we had a daily attendance rate of about 60 percent, and the graduation rate was about 20 percent,” says Gilmartin. “About 10 percent of the girls were pregnant or had a child by the end of the ninth grade. For seniors it was about 50 percent, although by

that point many had already dropped out.” Gilmartin knew to expect challenges like those. What he hadn’t anticipated was the magnitude of the problems, such as the students’ 80 percent dropout rate.

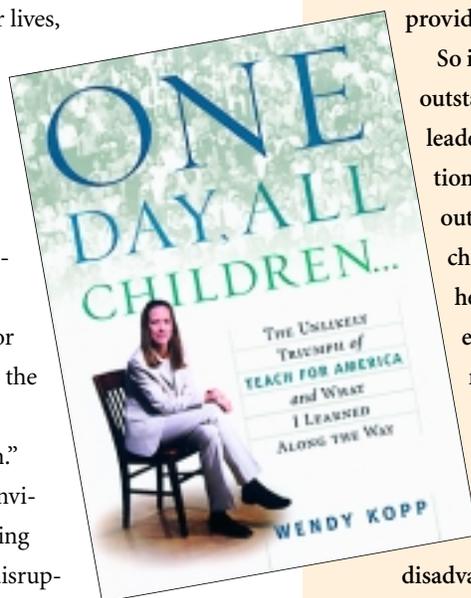
Gilmartin found that his biggest challenge was managing his own expectations. What few high-achieving individuals experience in their lives, he explains, is failure. “The greatest skill I developed from the TFA experience was the ability to isolate the things I could control from those I couldn’t,” he says. “I had to recognize that my job was not to save every child and turn his or her life around, but to offer, to the student who was prepared to learn, the opportunity to learn.”

Creating a sound learning environment sometimes meant laying down the law to disruptive students. When a student named Tim disrupted the first couple of class sessions, Gilmartin kicked him out. “I met with the child’s parents to explain what learning opportunities I was going to make available to the students and to explain that if Tim continued to present himself as an obstacle, he’d continue to be kept out of class,” says Gilmartin. It was an unenforceable threat, but it worked.

At the end of the year, a parole officer visited Gilmartin to ask about Tim’s behavior. Gilmartin answered that the child attended class two or

three times a week, never did his homework but participated intelligently in class, and did not disrupt the class when he attended. The officer was amazed—not by the infrequency of Tim’s attendance but by the great results Gilmartin was getting. For one thing, the child attended Gilmartin’s

As early as fourth grade students from low-income families are three grade levels behind their high-income peers. As children grow, so does the gap.



One Day, All Children...

As TFA corps members can attest, the experience gave them valuable skills—communication, problem solving, quick and effective decision making—that helped them in later endeavors. In addition, TFA involves a lot of concepts that resonate strongly with the Johnson School community: helping others, giving back to the community, and providing leadership.

So it’s not too surprising that TFA turns out lots of outstanding leaders. Training future generations of leaders, in fact, is one of main planks in the organization’s platform. “TFA is looking for people,” points out McMahon, “who will provide a driving force for change in all parts of society, whether that’s in health care, politics, social work, law, journalism, education, or the private sector.” The goal is to raise the general awareness of the importance of education and address systemic disparities to level the playing field.

While it isn’t always recognized as such, education is a pipeline issue. The early educational

disadvantage that underprivileged students face, explains McMahon, magnifies over the years and handicaps their future. “Education is a long-term investment that affects every aspect of our society.”

TFA’s mission of reforming education could help in other ways—a greater recognition of teachers in society, for instance. “The teaching setting doesn’t afford much mobility,” Gilmartin says. “It would be great to get other sectors to appreciate the tools and skills that teachers have and to make it easier for teachers to move from the educational world to another sector.”

class more frequently than any other. For another, Gilmartin was the only teacher who had anything positive to say about Tim.

“That sort of experience changes your perspective more than you can imagine,” says Gilmartin. “You begin to really realize the inequity in education.”

McMahon, a tireless TFA advocate, spearheaded the organization's recruitment efforts at Cornell during her Johnson School years. Working with Cornell seniors Kevin Hall '03 and Enrique Garcia '03, McMahon put much effort into making the TFA campaign both more broad-based (to reach more prospective participants) and more targeted (to recruit more people with math and science backgrounds and more minority members). "In terms of applications, Cornell has always been in the top ten," McMahon says proudly, "and we have a 24 percent acceptance rate versus 14 percent for other schools."

With the Office for Women and Minorities in Business and the Office of Corporate Relations, McMahon is also working to make the Johnson School one of TFA's preferred business school partners. Under such an arrangement, for example, the Johnson School might be listed on TFA's Web site as one of the graduate schools providing deferred admission to TFA corps members.

TFA is undergoing an aggressive growth plan, according to founder Wendy Kopp, who gave a Park Leadership lecture in February to a standing-room-only audience of Johnson School students and Cornell undergrads. Her target is to have 4,000 TFA teachers in twenty-five sites by 2005, compared with today's 1,750 teachers in eighteen sites.

Kopp, who herself seems to personify the TFA ideals, began the enterprise as her undergraduate thesis at Princeton. "Looking at my classmates, I realized how different people were prepared to deal with Princeton," Kopp explained. "Students who'd gone to prep schools described it as a cakewalk, while brilliant students from places like the Bronx were struggling."

Also noticing how aggressively she and her Ivy League classmates were recruited by corporations, Kopp wondered

why there was no teacher corps to recruit for public schools. A national teacher corps, she thought, would help get bright, dedicated teachers into public schools while giving members great experience and useful skills.

While the idea attracted plenty of attention and support from college students eager to make a difference, Kopp faced the usual hurdles of starting up an enterprise, including raising seed capital from skeptical investors. She also had to convince bitter administrators that she wasn't just another liberal "do-gooder" who wanted to run sociology experiments in their schools. Kopp managed to overcome those obstacles and started up with her target of five hundred teachers in five sites in fall 1990.

The current push to expand the size and scope of TFA, says Kopp, is intended to increase the organization's impact on the nation's educational system. "Ten years into this, after nothing but learning curves and near-death experiences," says Kopp, "we looked around and saw that the disparities we were trying to address were just as great as they'd been at the beginning. These disparities don't have to exist. All kids can obtain an excellent education."

At a recent meeting of the World Economic Forum, Kopp noticed that leaders from other countries seemed to hold the United States up as a model of freedom and inspiration. "But the gap in socioeconomic status and education is bigger in this country than anywhere else," says Kopp. "The gap that we allow undermines our potential and aspirations."

The key, says Kopp, is committing as a nation to the goal of closing the achievement gap. Simply providing equal resources to disadvantaged kids won't accomplish that goal, however. "We must commit to equal outcomes. If we do that, the resources will follow."

Making a Difference

"My biggest challenge was going home every night," says McMahon, "knowing what my students were going home to. Some of them weren't fed, weren't supported, weren't treated well by their parents." To boost morale, she frequented the local Goodwill with

one of her colleagues to buy toys and gifts for the kids.

McMahon, who taught English as a second language to Latino students in a primarily African American elementary school, found other ways to help her students. An avid sports enthusiast, she also coached soccer after

school. She noticed a timid fifth-grade girl named Jessica. Sports had been a big part of growing up for McMahon, so she decided to reach out to Jessica.

But besides believing that girls shouldn't play sports, Jessica's family

couldn't afford cleats. So McMahon sat down with the girl's mother to explain how sports could play a part in her daughter's life. McMahon not only bought cleats for Jessica but walked her home after practice every day. "She grew so much over the season," says McMahon. "It was wonderful. The biggest disappointment was finding out later that her parents wouldn't let her play anymore, because I wasn't there."

The connection with students happened as much outside the classroom as inside, says McMahon. However bright, energetic, and eager to learn the students might be, all too often their home lives sabotaged their ability to learn. Even with supportive and caring parents, many kids lacked basic necessities like health care, adequate

food, decent housing, and a safe environment.

"I went into TFA because I really believed in its mission—to give all children the opportunity to learn," says McMahon. "Where you grow up determines your educational prospects, and TFA wants to make those odds more equal."

Life Lessons

Teaching young children, says Hedlund, taught him valuable skills that have helped him in every subsequent job, including several positions in alumni affairs and development at Cornell. "You become more aware of other people," he explains, "and you become better at



ROBERT BARKER / CU

Wendy Kopp, founder of Teach for America

communicating with people so they truly understand. Should I write it down for you, talk to you, construct some sort of game? You put yourself in the other person's shoes and better understand how to interact with people."

The TFA experience helped Gilmartin gain a clearer perspective on some of his values. At the end of his tour of duty in the New Orleans school, Gilmartin's principal and vice principal begged him to stay on. "Your presence is extremely powerful and important for the kids," they told him, "and you're a positive force among the faculty."

While Gilmartin felt his career path led elsewhere, their words stayed with him. "That message has motivated me in everything I've done since then," he says. "They provided a benchmark. When I'm contemplating any job, I ask, 'Could I have turned them down for this?' As a result, I've walked away from several opportunities. I just couldn't face my former students doing a job if my impact was not going to be substantial and if the need was not compelling."

Gilmartin, in fact, has some good news about one of those former stu-

dents, a boy named Carnell. As a former Dartmouth glee club member, Gilmartin knew the words to all the Ivy League alma maters, so whenever Carnell arrived at class before the others, Gilmartin would tease that his name was actually Cornell, regaling him with "Far above Cayuga's Waters" ("both versions," he adds).

Many years later, when Gilmartin came to the Johnson School, he sent his old student a Johnson School windbreaker. As it turned out, Carnell had served in the military, attended junior college, and become employed as a medical assistant. His future plans included earning a bachelor's degree and possibly going to medical school.

For McMahon, one of the greatest things about the TFA experience was the ability to see one of her lifelong mentors in a new light. "My grandmother, the greatest person I ever met, was a teacher for thirty-five years," says McMahon. "She would send me care packages—books, lesson plans, five dollars, anything to help out—and it made all the difference in the world." McMahon would share her packages with her class, who routinely made a project of writing thank-you letters to Grandma.

"Then in the spring of my second year, she traveled on the bus from Whitinsville, Massachusetts, to come into my class," says McMahon. "I was in a reading group, I looked up, and Grandma was there. We worked together that day—this great educator, my role model, and I. It was the best day of my life." 

Even with supportive and caring parents, many kids lacked basic necessities like health care, adequate food, decent housing, and a safe environment.

Comparing Apples and Oranges

While it may be tempting to hire the freshest face with the most glowing interview, the best choice, time and again, is the above-average employee in the organization who has consistently been rated well in the past, according to a new study by a Cornell University researcher and his colleagues. The researchers provide estimates of the strength of the relationship between past and future performance that supervisors can use in the hiring process.

“Past-performance appraisals are much more valid in predicting future

job performance,” says Michael Sturman, an associate professor of organizational management, communications, and law in Cornell’s School of Hotel Administration. In most cases where there is reliable, valid information about an above-average internal candidate, that candidate should be selected over a top external candidate who might have had a stellar interview.

Other recommended selection tools, such as structured interviews, cognitive-activity tests, and job simulations, are much less valid predictors of future performance, Sturman says. That is especially true for professional positions such as managers and supervisors, but it

Promoting a good internal candidate is generally better than choosing an outstanding external candidate, researchers find.

also holds true for jobs such as salesperson, bank teller, and production worker.

Sturman’s report, coauthored with Robin A. Cheramie and Luke H. Cashen, doctoral candidates at the E. J. Ourso College of Business Administration at Louisiana State University, was published in the *Cornell Hotel and Restaurant Administration Quarterly* by the Center for Hospitality Research at Cornell’s hotel school in September. Go to www.hotelschool.cornell.edu/chr/research for the full report.

The quarterly, of which Sturman is an editor, is considered the premier journal of applied research serving the hospitality industry. Cornell’s Center for Hospitality Research conducts and sponsors research studies aimed at improving the hospitality industry’s fundamental operating knowledge.

Even though an employee’s job performance may vary as the worker acquires experience, gains or loses motivation, and has opportunities to succeed or fail, employers can expect an employee who has done well in the past to deliver a solid, positive performance for years to come, the researchers found.

Sturman and his colleagues analyzed twenty human resources studies—published in a range of scholarly journals on management, marketing, and psychology—on individual performance over three or more time periods. Together the studies’ findings comprised hundreds of observations about on-the-job behavior.

The researchers then calculated the correlation between past appraisals and current performance in several job types, including both professional and hourly positions in a range of fields, such as higher education, sales, banking, insurance, manufacturing, and finance. The range of jobs included both those that are evaluated objectively and those that are evaluated subjectively.

The report offers mathematical approaches employers can use to calculate the weight that should be accorded a particular type or age of appraisal. For example, Sturman and his colleagues found that the older the appraisal, the less it should be weighted, but the validity of past employee data, even old data, tends to be much more accurate than selection tests or interviews.

“Hiring decisions should be based on whatever tool provides the most accurate prediction of future performance,” advises Sturman. “Hence the information should be weighted by its validity.”

The researchers also caution employers to use statistical or other hard evidence rather than emotions or “gut feelings” when making hiring decisions. For both internal and external candidates, says Sturman, hiring data should be collected consistently and evenhandedly. ■

Employers can expect an employee who has done well in the past to deliver a solid, positive performance for years to come, the researchers found.

Doing Good

Setting out to help a nonprofit organization, Johnson EMBA students found that

The organization's cornerstone is the Ronald McDonald Houses, which provide convenient, affordable lodging for the families of children being treated in hospitals.

Even before she walked in to the first class session of Jan Katz's International Business Project, a required course for the Executive MBA Program, Gina Ghent '03 knew exactly what she wanted to do. For the strategic analysis required by the project, she had targeted a specific

nonprofit business—a well-run, highly respected organization that helped people around the world. And Katz's international project seemed to provide the perfect opportunity to help the business while completing a key requirement for the EMBA.

About a year later the project has yielded significant benefits for the charity, which used the students' strategic analysis to improve its operations. The students have forged an alliance with the organization to provide MBA consulting help on an ongoing basis (which incidentally helped

fulfill their EMBA requirements for Jan Suwinski's course Strategic Alliances). And the EMBA students have gained valuable experience working with a nonprofit organization while contributing to the community and having a great time doing it.

Moving Target

For some time Ghent had wanted to help the Ronald McDonald House Charities (RMHC), an organization that creates, finds, and supports programs to improve the health of children in almost fifty countries. The organization's cornerstone, and most visible program, is the Ronald McDonald Houses, which provide convenient, affordable lodging for the families of children being treated in hospitals.

"There can be nothing worse than a sick child," says Ghent. "The houses are a home away from home to help children and their families in times of need." The organization was named in *Worth's* top hundred U.S. charities in both 2001 and 2002 for effectively advancing its mission and "doing the best job, dollar for dollar."

Ghent and her teammates—Tony Elyahou '03 and Donna Salvatore '03—decided to use their international project to help the houses. Their first challenge was finding out exactly how. After a lot of detective work and several rounds of phone tag with people throughout the organization, Ghent finally reached Janet Burton, director of international field services for RMHC.

Burton was startled and gratified to hear the students' offer of free consulting services to help the organization analyze and improve its operations. "My first thought was that we'd struck gold," she says. "The students had a strong interest in international development, and we have so much new development going on in different countries."

The next step was scoping out the project, which was supposed to take one of two forms. The students could either help the organization extend into a new country or compare its operations in two different countries.

But as the EMBA students continued to look for specific opportunities with

Tony Elyahou '03 and Gina Ghent '03 helped Ronald McDonald House Charities as part of their EMBA international business project. EMBA students continue to work while pursuing an MBA on weekends.

giving is receiving.

Burton, they weren't sure which category their project would fall into. Burton's first suggestion was to look at some of the new countries into which RMHC was expanding. "We're trying to build capacities within the new chapters in the Middle East, Europe, and Latin America," says Burton. "So we looked at who could best utilize the students' services."

RMHC was interested in opening a house in Turkey and was negotiating for some Istanbul properties recently vacated by the U.S. Consulate. The first suggestion was that the students conduct a feasibility study for a new house. "But there were so many factors involved," says Burton, "and it would be a much larger project than the students' scope could be."

The second proposed location was Chile. But that wasn't a good fit with the students' travel schedule.

Ghent, who is a derivatives lawyer for the investment-banking division of Canadian Imperial Bank of Com-

merce and routinely travels to the Great White North on business, wasn't prepared for Burton's third suggestion. "Canada? How ironic!" was her reaction. "I work for a Canadian company!"

Ghent quickly began to see great potential for the new target. "There was so much ability to leverage off the relationship with CIBC," she explains. The team could use its existing knowledge of Canadian business practices and culture, and its existing relationships, to further RMHC's

cause. Ghent, for example, nominated one of the Canadian houses as a recipient for her employer's Children's Miracle Day, an annual event in which CIBC donates one day's profits to children's charities.

In addition, Ghent is trying to forge a relationship between CIBC and the Canadian houses. "I'm happy to have an opportunity to give back to the country that has employed me for the past eight years."



ROBERT BARKER / CU

McHappy Medium

As the students hammered out the details with Ronald McDonald Children's Charities (RMCC), the project began to come into focus. A major concern of the Canadian operations was maximizing the efficiency of the relation-

ship between the Ronald McDonald Houses across Canada and RMCC.

While visitors to McDonald's are familiar with the collection boxes on the counters for the houses, few are aware that those funds help other children's charities as well. "One of the biggest challenges and opportunities for the charity is the public misconception about how the collection boxes work," says Elyahou. "When you put change in them, you may expect it's going to a house, but the reality is that those funds are helping children in need in many other ways."

"We went through some serious dialogue in Canada between RMHC and RMCC," says Burton. She explains that the organizations were interested in forming a task force to develop a white paper that would optimize the relationships among the houses, the children's charities, and McDonald's and combine their forces to support the shared goal of helping children and families.

The situation seemed to align perfectly with the EMBA team's project needs. The students would analyze the synergies and interactions among the organizations. Their deliverable, a

strategic analysis, would help inform the efforts of the task force. "This was a chance to help get all the parties working together," says Burton.

To fulfill the technical requirements of the project, the students would compare the Canadian operations with the analogous RMHC in Australia, which offered a useful contrast, says Burton. On the one hand, the countries have a similar number of houses (about a dozen). On the other hand, the Australian RMHC operation mainly supports its houses, while Canada's RMCC has expanded to support many other charities as well.

O Canada

When the students departed for Toronto for their on-site research, the project was still a bit amorphous. "We weren't sure what our focus would be," says Elyahou. "But it crystallized when we got up there." Besides allowing the EMBA students to truly understand how the houses operated and the challenges they faced, the visit also gave them an opportunity to see the faces behind the organization.

On their arrival, Ghent and Elyahou (Salvatore was unable to make the trip, owing to work constraints) met with a warm welcome and sincere thank-yous from RMCC executive director Maureen Shaughnessy Kitts. Kitts had arranged the three-day visit to have the students meet with many key people in the three organizations.

"This included interviews with McDonald's of Canada's CEO and executive team, RMCC executive board members, and grant recipient organizations supported by RMCC," says Kitts, "and visits to the Toronto, Lon-

don, and Hamilton Ronald McDonald Houses." It was a great opportunity, adds Ghent, to get acquainted with some consummate professionals in the nonprofit business.

As part of their introduction to the organization, the EMBA students watched public service announcements about the houses, one of which they remember vividly. "We saw a mother who was staying at the Toronto house with her child, a cancer patient," says Ghent, "and the mother had shaved her head as a symbolic and loving gesture."

When the EMBA students went to the Toronto house later that day, they began to realize the full impact of what RMCC and RMHC were doing for the community. As they toured the house, Ghent saw two familiar faces—the mother and son featured in the PSA. For more than a year the mother had been able to stay by her child's side, thanks to the house.

Seeing the houses' beneficiaries in person helped put the team's work in perspective. "It was good to see the houses and how necessary they are," says Elyahou, who points out that the experience provided a night-and-day contrast with his day job in consulting services for investment banks (he is a vice president with Thomson Financial). "Seeing something like that mother who'd shaved her head makes you realize what's important in life."

Power Points

For the strategic analysis that would form the EMBA students' deliverable, RMCC and RMHC had expressed a particular interest in board structure. They wanted to revisit their governance practices and

Seeing the houses' beneficiaries in person helped put the team's work in perspective. "It was good to see the houses and how necessary they are," says Elyahou.

Venturing Abroad

The EMBA international project is similar to the project required of the international marketing class for MBAs, according to Jan Katz, the Suter-Staley Director of Global Business Education. The main difference is that the EMBA students are required to travel to the country they are studying. “It’s a great opportunity,” Katz points out, “to transfer policies, practices, and procedures from one country to another.”

Most students choose to do a project relating to their own industry. Ghent and Elyahou decided to depart radically from their own turf, financial services and banking, because of their previous interest in charities. While this was the first team to focus on a not-for-profit organization, says Katz, it isn’t the first time a team has worked closely with a target organization to define the project. The main difference here is that most corporations don’t need the same type of help that not-for-profits might.

These international projects enable the students to learn a lot about another country’s business practices and the importance of the country to the global economy. For example, one team decided to study the potential expansion of a U.S. label printer into Mexico. “Labels are actually being placed everywhere,” says Katz, “in places you wouldn’t think of, such as in automobile windshields, in films, and so forth.”

And because the Mexican economy is growing, the country is becoming a more important source of components for U.S. manufacturers. “Labels are put in at the source,” Katz explains, “so the students’ project examined whether the company should move into the Mexican market, and they visited component manufacturers in Mexico.”

Another project focused on manufacturers of light-emitting diode (LED) stoplights, which last much longer than their old incandescent counterparts and are rapidly appearing at intersections all over the United States. “The major cost involved with stoplights is changing the lights,” Katz says. It’s a matter not just of labor and parts but of stopping and rerouting traffic. So the students’ project looked at countries where LED stoplight manufacturers should expand their sales. Because of the traffic issues associated with changing the lights, the team’s sales strategies included talking to local transportation authorities.

Sometimes an international project provides real value to the target organization or industry. One team proposed an international expansion project for a small muffin retailer in New Jersey. “I’d never heard of the company,” says Katz. “A few years later as I was walking around in Lima, Peru, I saw one of the shops.”

The RMHC project, Katz adds, was difficult to pin down, as the organization’s target location kept changing throughout the semester. Like Ghent, Katz was a little disappointed at not being able to work with Turkey or Chile. “I had hoped they could work with societies quite different from ours, with their different attitudes toward health care, illness, and family,” she says. In some countries, where members of extended families live together, *visiting time* has an entirely different meaning. “Some hospitals have conference rooms where the doctor meets with twenty relatives.”

But like the EMBA students, Katz saw that the project had a lot of potential in other ways—chiefly, providing free assistance to a worthy organization that could truly use the help. “It was a really nice thing,” says Katz.

benchmark them against other non-profit organizations’ practices.

“More than ever,” says Kitts, “not-for-profits must continue to be current with all aspects of their governance practices and, where possible, exceed industry standards. In today’s highly

competitive not-for-profit environment we need to be more diligent than ever to ensure that our sound business practices are in alignment and, at all times, supporting our mission of making life easier for special-needs children and their families.”

The EMBA students, who were perfectly equipped to get the organizations up to speed on governance, incorporated a large section on the topic into their final presentation. The presentation—more than seventy slides—covered

RMHC's programs, funding, expenses, and grant operations in the global arena, Canada, and Australia. It also compared Canadian and Australian operations.

The team was finally able to share its work with the beneficiaries in fall

2002, when Ghent was invited to a board of directors meeting for RMCC, RMHC, and McDonald's Canada. The main focus of the meeting was the white-paper task force to optimize the relationships among the organizations.

Finding out on the spot that she was on the list of speakers, Ghent quickly put together the team's entire strategic analysis. "Everyone—the president and CEO, the marketing head of McDonald's Canada, the president of RMCC, and other top Canadian executives—was paying close attention to every slide," she says, "and asking question after question."

While the different organizations might have walked in with different agendas, adds Ghent, the EMBA's work helped them see eye to eye. "The students provided a safe, comfortable platform," says Burton, "for people to express their feelings and opinions."

And seeing each other's point of view helped the various parties reconcile their differences. "At the end of the day," says Ghent, "the mission was, and always will be, to help the children."

While the depth and scope of the EMBA's deliverable were extensive,

Seeing each other's point of view helped reconcile differences. "At the end of the day," says Ghent, "the mission was, and always will be, to help the children."

PHOTOS COURTESY OF RONALD MCDONALD HOUSE CHARITIES



Kitts says the most surprising thing about the analysis was the students' compassionate and deep understanding of the organizations' mission. Their strategic analysis balanced the needs of RMCC and RMHC while providing a clear, objective assessment and strong recommendations for future development. "This was not only a valuable business tool for RMCC but one that



The Toronto Ronald McDonald House

we've been able to share with the Canadian houses and RMHC globally."

The EMBA's presentation also included a postscript proposing an ongoing alliance between the McDonald's organizations and future genera-

tions of Johnson School students, whereby MBAs or EMBA's would use their international projects to help the organizations.

The students could help in various ways. One might be helping the white-paper task force analyze the U.S. and Australian RMHC business models versus the Canadian operations, completing a feasibility study for future directions and developing a business plan, according to Joanne MacKenzie, executive director of the Toronto house.

The global operations would welcome their help too. "We've got a lot of development. We're in forty-six countries, and some are just getting off the ground," says Burton. "We'd love to find interested students to match up with different charity chapters."

McWin-Win

For this team of EMBA students, the international project turned out to be both personally and professionally rewarding. "I used so many tools that I'd

learned in my courses,” says Ghent, “financial analysis, negotiations, communications, branding. I was constantly asking, ‘How can we make this organization better?’” J. Edward Russo’s *Winning Decisions*, she adds, was instrumental in helping her understand the viewpoints of the different organizations and constituents sitting at the table.

“It’s gratifying to be involved with charities,” says Elyahou, who, when not working on his EMBA, volunteers with a local charity called New York Cares. “This was a terrific opportunity to do a project that was really helpful to a charity.”

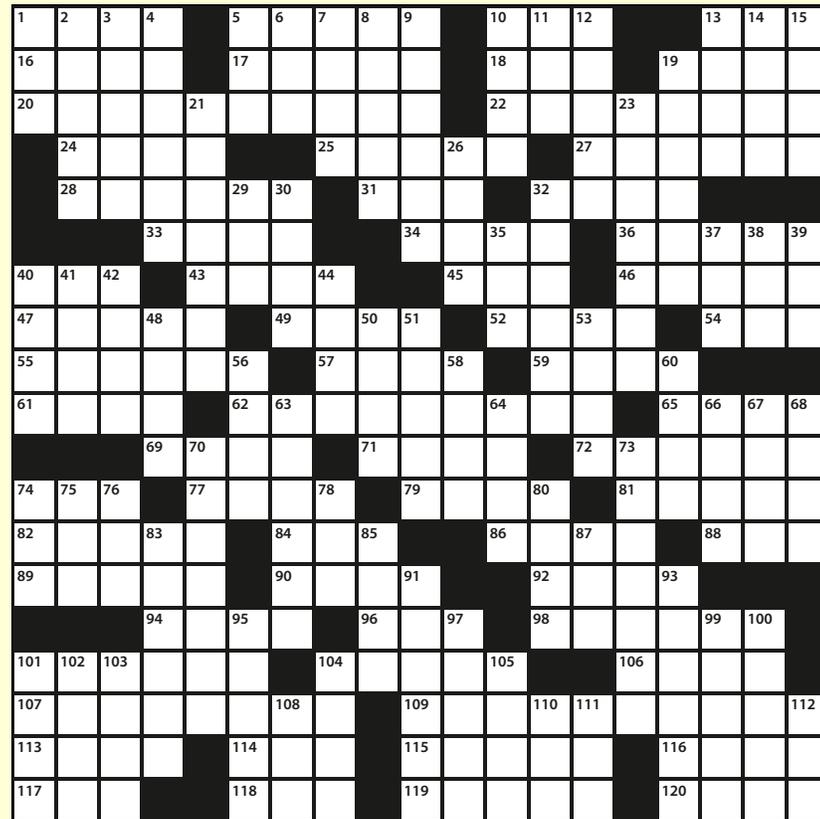
Elyahou calls Ghent, with whom he went on to do the Cornell Management Game, “a genius with heart.” The undisputed team leader, Ghent confesses that she was constantly consumed with passion about the project and concerned with helping the organization in any way possible—so much so that she continually had to remind herself to tend to her other classes and work.

The organizations, for their part, say they can’t thank the students enough. “It was a wonderful experience,” says MacKenzie, “working with mature students who had real-life experiences to share.”

“I could go on and on,” adds Kitts, “about the skills and professionalism of the EMBA team we were fortunate enough to have support our needs. They don’t come any finer.”

Johnson School Crossword

Fred Piscop, BS '70



ACROSS

- 1 Mgr.'s aide
- 5 Flower part
- 10 Exp. facil. that hosts groundbreaking research
- 13 Get firm
- 16 MGM mogul Marcus ___
- 17 Florida citrus city
- 18 "What ___, chopped liver?"
- 19 Top choice, slangily
- 20 Venture fund operated by students
- 22 Nancy ___, longest-term staff member at Johnson
- 24 Prefix with cast or commute
- 25 Potato-filled goodie
- 27 Sheets, tablecloths, etc.
- 28 Smithy items
- 31 Tolkien creature
- 32 Highway hauler
- 33 School on the Thames
- 34 2000 also-ran
- 36 Brings home
- 40 Abbr. for Entrepreneurship and Personal Enterprise
- 43 Parka feature
- 45 Place to surf, these days

DOWN

- 46 ___ Delon of cinema
- 47 ___ Roker of "The Jeffersons"
- 49 Grin from ear to ear
- 52 National summer program that encourages minority high-school seniors to learn about business
- 54 ___ Bierman, longest-term faculty member at Johnson
- 55 Paul ___, first dean of Cornell's business school
- 57 Serb or Croat
- 59 Syngman ___, first president of South Korea
- 61 Quakers, for one
- 62 Robert J. ___, current Johnson dean
- 65 Penta- doubled
- 69 Olympics blade
- 71 Jazz singer ___ Laine
- 72 Joe ___, associate dean for academic affairs and oenophile
- 74 Abbr. for Johnson Alumni Connection
- 77 Writer Sarah ___ Jewett
- 79 Johnson's focal point for diversity efforts
- 81 Walk in a leisurely manner

DOWN

- 82 Early calculators
- 84 Beer source
- 86 First name of '03 class copresident
- 88 Mad ___ hatter
- 89 Two-faced god
- 90 Beehive State Indians
- 92 Added stipulations
- 94 Invitation letters
- 96 Hi-___ graphics
- 98 ___ Hall, Johnson's building before Sage
- 101 Brick order, perhaps
- 104 Cofunder of director of global business education
- 106 New money on the Continent
- 107 Cornell ___, Johnson's student newspaper
- 109 BRV's second investment
- 113 Abbr. for defensive back's snags
- 114 Shelter bed
- 115 Set free
- 116 Devil's doings
- 117 Philosopher Lao-___
- 118 Drops for a ten-ct.
- 119 Zuppa di ___ (Italian seafood dish)
- 120 Flintstones' pet

- 30 Stuck-up sort
- 32 "Breathless" star Jean ___
- 35 Bro. or sis.
- 37 Bleachers cry
- 38 Vardalos of "My Big Fat Greek Wedding"
- 39 Belushi's old show, briefly
- 40 Bow-toting god
- 41 Vault's need
- 42 ___ . Ed. (program to continue business training and education)
- 44 Lucy's love
- 48 "Musta been something ___"
- 50 Actor Baldwin
- 51 Thomas of "That Girl"
- 53 At the drop of ___
- 56 River of Flanders
- 58 Penthouse plus
- 60 Ancient Palestinian land
- 63 Ascended
- 64 Iditarod's terminus
- 66 Fast-track nonresidential program launched in 1999
- 67 Another coll. at Cornell Univ.
- 68 On the briny
- 70 French mathematician Simeon Denis ___
- 73 Cbers' nicknames
- 74 Johnson School's career jet-setting initiative
- 75 Attorneys' org.
- 76 Give the boot to
- 78 Chow down
- 80 *Dracula* writer ___ Stoker
- 83 Samuel ___ Johnson, school's eponym
- 85 Lima's land
- 87 ___ New York minute
- 91 Provides with a blind date
- 93 ___ up (added power to)
- 95 Sweater style
- 97 Left Bank river
- 99 Rome's Fontana di ___
- 100 Wheel alignment adjustment
- 101 Post mortem bio
- 102 Convent dwellers
- 103 Villa d' ___
- 104 Jet-set jets
- 105 Mil. units
- 108 U.S./Canada's ___ Canals
- 110 Tosspot's utterance
- 111 Links prop
- 112 Place for undeliv. mail

Solution on page 60

Theme and Variation

Together, two Johnson School MBAs hit the right pitch.

In spring 2001 Barry Massarsky '81 was facing an enviable problem. The boutique consulting practice he'd started up in 1992 to serve the music industry on questions of copyright had bloomed into a thriving business. He had found a vibrant, rewarding niche market that did nothing but grow. And he had built up a strong, diverse base of clients who appreciated and relied heavily on his expertise, provid-

ing a steady stream of engagements.

The problem was that even though he delegated specific tasks to his network of outside consultants, the demand was outpacing Massarsky's capacity. And demand was increasing.

Why? While the music industry itself isn't growing in terms of sales output, Massarsky explains,

there is an increasing need for protecting intellectual property related to music. Record companies own the rights to sound recordings and how they are distributed, while music publishers own the rights to the songs. The growth of the Internet has given rise to not only technology but culture that facilitates the theft of others' music.

People make unauthorized recordings of copyrighted music every day, selling or disseminating the material at swap meets. Even DJs who make unauthorized copies of music to play at weddings or bar mitzvahs participate in copyright piracy. And Massarsky is there to help firms understand and protect the value of their music.

Prelude

In recent years, Massarsky explains, the music industry has undergone a fundamental change, owing in part to a flattening of growth. Realizing that new releases are not fueling revenue growth, music companies are seeking other ways to increase returns on their investments. Thus the increased drive to protect and optimize existing intellectual-property rights.

At the same time, the owners and users of music are engaged in an ongoing debate about the value of this property. Radio and television stations, which need licenses to publicly perform copyrighted music, try to muscle down copyright fees. Record companies and music publishers try to sustain or grow license fees. And some people—artists as well as users—question the validity of copyrighting music in the first place.

Complicating the picture further is the need for new sampling strategies and associated technologies to

efficiently monitor and apportion royalty payments to artists, record companies, and music publishers.

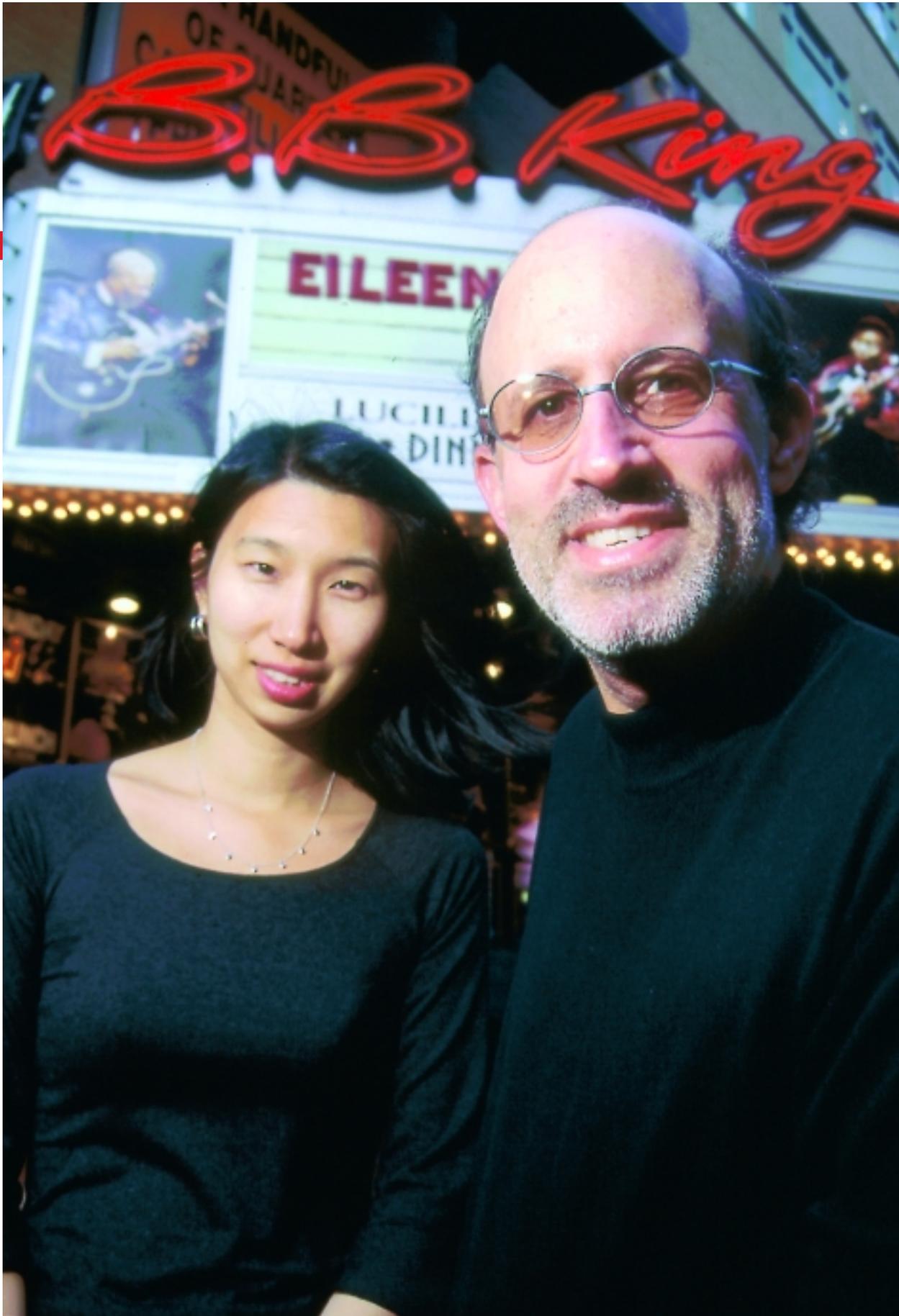
Massarsky had started out in the music industry in 1981 after graduating from the Johnson School, working as an economist for the American Society of Composers, Authors and Publishers. The organization represents some thirty thousand composers and publishers whose livelihood depends on the earnings they receive from the performance of their music on TV and radio.

Soon Massarsky was managing ASCAP's business in the music-performance marketplace, leveraging his training in statistics, operations, economics, and finance. His work was instrumental in determining reasonable licensing fees for broadcast users of ASCAP music and directing hundreds of millions of license-fee dollars into royalty payments for the organization's members.

Promoted to senior economist at ASCAP in 1987, Massarsky was in the right position to address many of the questions ensuing from the changing landscape. Some of those questions: What is the future value of music? How can the copyright owner ensure that he or she is receiving payment for usage of the intellectual property?

When he launched Barry M. Massarsky Consulting in Manhattan a few

While the music industry itself isn't growing in terms of sales output, Massarsky explains, there is an increasing need for protecting intellectual property related to music.



Barry Massarsky '81 found Nari Matsuura '01 at the Johnson School when he needed to hire a partner for his consulting business in the music industry.

Not a musician himself, Massarsky had fallen into the industry by accident. Matsuura, with her musical training, seemed to provide the perfect foil for his capabilities.

years later, Massarsky found that his Johnson School training stood him in good stead. He was a rare find to his clients. “The people making the business decisions,” he says, “didn’t necessarily have the skill set I’d acquired in business school and at ASCAP.”

In addition, Massarsky’s specialization made him stand out from the

crowd. Large multinational consultants could help resolve some issues, but most didn’t specialize in music, and they came with a high price tag. There was no one, it seemed, to directly address the music industry’s particular needs. “No one,” says Massarsky, “had put together an MBA and a focus on the strategies of music rights.” His capabilities, coupled with his

clients’ talent and knowledge, made for a winning combination.

Two-Part Fugue

With increased acceptance of Massarsky’s methods of measurement and greater awareness of the capabilities he brought to the table, Massarsky’s clients brought more work. His reputation spread by word of mouth, engagement engendered repeat engagement, and Massarsky found he had more business than he could handle, from the likes of Britney Spears, Shania Twain, and the estates of George Gershwin and Aaron Copland.

That brings us back to the initial problem. “As I developed the business,” Massarsky explains, “I found there was more business than ever.

Being the sole entity was taxing, and my tool set was aging a bit.”

Massarsky, who had been in touch with the Johnson School since graduation, mostly to offer guidance to Johnson School students interested in the music industry, had let the Career Management Center know that he was looking for a potential partner. One day he got a call from the CMC’s Laurie Sedgwick, who mentioned that she had the perfect person in mind. After hearing a little more, Massarsky was intrigued.

Sedgwick’s candidate, as it turned out, was a Juilliard-trained concert pianist, Nari Matsuura ’01. Before going to the Johnson School, she had given recitals in impressive venues, such as Carnegie Recital Hall and Lincoln Center, recorded and produced a number of albums, and received critical acclaim from the *Boston Globe* and the *Washington Post*.

“Nari was a recent Johnson School graduate who wanted to get more involved with the business side of music,” explains Massarsky. Not a musician himself, he had fallen into the industry more or less by accident. So Matsuura, with her musical training and background, seemed to provide the perfect foil for his capabilities.

“You might be able to teach someone else about the industry, but they wouldn’t have a personal buy-in,” says Massarsky. “Nari wanted to be in this industry. You didn’t have to force the transition on her. She was going to be in music, come hell or high water.”

Matsuura interned with Massarsky in summer 2001. When he offered her the full-time position in the fall, she saw it as a great opportunity, but she had already accepted a position with

Accenture. When the firm deferred her start date because of the weak economy, she immediately called up Massarsky. “I told him I wanted to work for him,” says Matsuura. “It was a smart move.”

Getting in Tune

Beyond allowing her to stay in music, the business of protecting music copyrights affords Matsuura a lot of satisfaction in the projects and skill-set fit. “As a boutique firm,” she explains, “we have a great diversity of projects within a clearly defined scope—copyright economics within the music industry.

“The Johnson School prepared me well for what I was going to do next. For example, we recently worked on an activity-based costing project for the Recording Industry Association of America that had applications straight out of Professor Hilton’s class, except instead of calculating widgets, we calculated cost per artist and song.”

Music itself may not be tangible, adds Matsuura, but it has tangible revenue streams. For music and widgets alike, the same concepts apply when building forecasting models. “We examine such factors as the life cycle of the product, the variability of historical earnings, trends by format, and so forth, when constructing the model.”

The team’s expertise and specialization have provided them with some big-ticket engagements. For example, they calculated the damages in a copyright-infringement litigation case on behalf of plaintiffs Bob Dylan, Billy Joel, and James Taylor against MP3.com (owned by Universal Music). They conducted a similar case for Garth Brooks against the same de-

pendant. And they developed numerous licensing models for Zomba Music Group, which represents such artists as Britney Spears and 'NSync.

Trends such as the widening reach of the Internet and the proliferation of multimedia software technologies are spurring interesting and sometimes complex challenges in protecting music copyrights. As the technologies multiply and the challenges grow, Matsuura takes her mission ever more seriously. "We're on the front lines of protecting copyright on the behalf of the artist," she says. Adds Massarsky: "Nari takes the clients' interests as her own, and she has the intellectual curiosity of three people."

"It's exciting to be involved in creating policy," Matsuura explains, "that establishes new revenue for artists as technology evolves so quickly. We're on the cusp of change and experience new developments directly. We'll read an article in the newspaper and ten minutes later will receive a call from a client asking for help on the same issue."

For example, webcasters and record companies had been deadlocked for a long time in their rate-setting discussions on streaming music—percentage of revenues or per-stream rate? Either outcome would have a considerable impact on the webcasters' operating expenses. "They finally came to an agreement, and I was reading about it in the paper," says Matsuura. "Then the phone rang, and it was RIAA, which was negotiating on behalf of the record companies, asking us to calculate the trade-off between the two types of revenue streams."

In another example, shortly after news broke about Bertelsmann ac-

quiring Zomba for \$2.7 billion, Massarsky and Matsuura were brought in to provide counsel to help the transition take place more smoothly.

Perpetual Motion

Massarsky intends to keep his firm dynamic, personal, and small. "This business is built on the sweat equity of two devoted professionals at different points in their business lives."

With the commonality of the Johnson School training, but personified in two distinctly different individuals separated by two decades, the firm provides the synergy of common and uncommon experiences. "We have intelligent idea sharing and respect for each other's talents," Massarsky says. "In addition, we're both passionate about what we're doing. Music permeates the office, and our enthusiasm infects our clients."

"Barry has a tremendous amount of knowledge and experience in this industry and is generous about explaining its ins and outs," says Matsuura. "He knows a lot of people and is willing to put me on the front lines at all times."

For these alumni, however, the Johnson School connection extends beyond the office. Both are married to Johnson School alumni whom they met on campus.

Massarsky's wife, Cynthia Wilson Massarsky '81, is principal of CWM Marketing Group, which specializes in marketing and new-business development for nonprofit organizations. She was also involved in founding the Johnson School Follies. And Massarsky's son, Ben, will enter Cornell as a freshman this fall (his interests lie in history and politics, not music, but Massarsky

says that Ben's twelve-year-old sister, Jill, has more than enough musicality for both).

Matsuura married a Johnson School classmate in February. "Having met my fiancé at school endears me even more to the Johnson School," she adds. In fact, meeting Benjamin Lewis '01—who now works in financial services for Accenture—was one of the first things she did as a Johnson School student. "We met at Johnson Outdoor Experience during the first week of school. As a musician who constantly had to practice, I never got to cook, so when Ben told me he was a gourmet cook, that really attracted my attention."

Lewis is no garden-variety gourmet cook either. With colleague Rodrigo Velloso and editor Stacy Schulist '01, Lewis coauthored a cookbook called *Eat Dangerously* that features such artery-clogging, live-on-the-edge fare as a twenty-two-pound, whiskey-drenched "turkey from hell" and lamb chops stuffed with gorgonzola. The cookbook's Web site (www.eatdangerously.com), its main marketing vehicle, attracted the notice of *Newsweek* (February 17) when it racked up 750,000 visitors.

Another connection between the two couples: Lewis performed at the Follies while he was at the Johnson School. "It was a PowerPoint presentation," says Matsuura. "That's all I should say about it." ■

Music itself may not be tangible, but it has tangible revenue streams. For music and widgets alike, the same concepts apply when building forecasting models.

Class News



48 Clifford H. Whitcomb is retired and reports that he is doing well. He travels with Cornellians and is on campus often. He and his wife, Doris, live in West Chatham, New Jersey. They have three children.



53 Elliot B. Corman is president of American Bag and Burlap (doing business as Corman Bag Company) in Chelsea, Massachusetts. He and his wife, Devora, live in Marblehead. They have four children.

Robert M. Temkin is trained as a Medicare care counselor. He does most of his work as a volunteer in hospitals and has some fee-based private clients. Robert is a board member of the Jewish Home of Rochester and is in the Tennis Club of Rochester. He and his wife, Sandra, have three children.

selected from any department at the school. It pays tribute to his Cornell experience and to his wife. George was a principal organization consultant at Chevron.



58 Gene A. Camerik is a retired writer. He published a novel, *Silent Explosion*, available at Amazon, Barnes and Nobles, Borders, and Walden Books. His second novel, *Black Night Bright Dawn*, came out in February. Gene and his wife, Anita, live in Plantation, Florida. They have two sons.

Joe D. Henninger retired in mid-1999. He is a member of the Cornell University Council and is vice president of the Edwin Shaw Hospital Foundation Board. He reports that he enjoys golf and traveling. Joe and his wife, Suzanne, live in Akron, Ohio. They have two children. Joe keeps in touch with **Robert E. Armstrong '59**, who is a professor at Africa University, Harare, Zimbabwe.

Edward M. Krech is retired from his position as associate director at Procter & Gamble. He ran the Cincinnati and Columbus, Ohio, Marathons and his fourth Boston Marathon this year. He and his wife, Joan, live in Salem, South Carolina. They have three children.

62 Paul L. Comar is living in Paris. He is president of Simrane.



63 Andrew Byong-Soo Kim retired in 2000 as founder and president of Sit/Kim International Investment in New York City. He is currently the advisory director. Andrew joined the Cornell University Council in 2002, joined Desert Mountain Country Club in Scottsdale, Arizona, and has been an

advisory council member at the Johnson Museum of Art at Cornell. He is a member of the Council on Foreign Relations and advisory director of Rand Corporation's Center for Asia Pacific Policy. He and his wife, Wan Kyun Rha, have two children.

Jon D. Silverman is executive vice president and COO of Grupo Empresarial Bavaria in Colombia. He and his wife, Lynn Marx, live in Harrison, New York. They have two children.

66 Morris Danon is a senior vice president at Signature Bank in New Jersey. Morey has moved to New York City with his wife, Carole.

67 David G. Bliss, who is in his fourth year as head basketball coach at Baylor, and his assistant, Doug Ash, are together for the twenty-eighth straight season at their fourth school. They are the longest-serving coaching duo in college basketball.

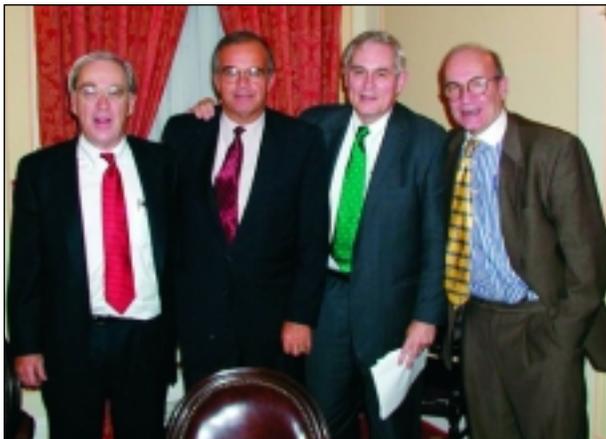
71 Phillip Ratner and his family moved to Dana Point, California, as his new job as president and CEO of Marie Callenders Restaurants has taken him to California.



73 B. Charles Milner is senior vice president of Citigroup Global Investments in Hartford, Connecticut. He and his wife, Toby, founded the Lilydale Literacy Project, a nonprofit corporation that sponsors the training of local teachers to teach English as a second language in South Africa. They say that it is an unbelievably rewarding experience. They live in Simsbury, Connecticut, and have two children.

Richard G. Powers is president of personal products at Playtex Products in Westport, Connecticut. Richard lives

Members of the Johnson School's class of 1968 held a mini-reunion in New York City last fall. They are Woody T. Small, Michael A. Urbanic, Richard T. Miller, and Stephen L. Key.



COURTESY OF WOODY SMALL

57 George D. Landew and his wife, Eleanora, who passed away on July 2, 2002, established the Eleanora and George Landew Professorship at the Johnson School. The professorship names an existing position and may be

The tower symbol indicates classes that will have a reunion in 2003.

ROBERT SULLIVAN '68

Robert Sullivan faces a daunting task: building a business school from the ground up. The dean of the new business school at the University of California, San Diego, Sullivan has a bold value proposition to go with his new campus. In addition to taking advantage of its position at the crux of the Asian and Latin American communities, UCSD's business school will capitalize on neighboring corporations' strengths in biotechnology, medicine, and telecommunications and will leverage UCSD's standing as a leading research institution.

The school will be populated with exceptionally bright students, primarily with science and engineering backgrounds. Its MBA students must speak as easily with scientists and engineers as with businesspeople. The school addresses the longtime demand of San Diego industries for a top-tier business school, says Sullivan. Local companies have already filled the first class of executive MBAs, who will start in fall 2003. The following fall will see the first class of MBAs on campus—for a fast-track one-year MBA program. To ensure they are up to speed, students must take basic classes in subjects like statistics beforehand.

Business schools across the country eagerly await the results of the school's accelerated model, focusing their attention on Sullivan. As business school dean at the University of North Carolina at Chapel Hill, Sullivan initiated a global EMBA program with four international business schools; as director of the IC2 Institute at the University of Texas at Austin, he significantly improved the organization's entrepreneurship and technology efforts; and as dean of Carnegie Mellon's Graduate School of Industrial Administration, he launched initiatives for information technology and international business.

As an entering Johnson School student nearly four decades years ago, Sullivan was not unlike the recruits he seeks today. Already comfortable around numbers (his bachelor's is in mathematics), he took advantage of Cornell's strong industrial engineering school to fuse his interests in technology with his business training. His robust analytical and technical background caught the eye of Du Pont, which wanted him as its assistant to

the treasurer. "Du Pont didn't have a lot of respect for MBAs at the time," he says. "It wanted someone who could use computers and crunch numbers."

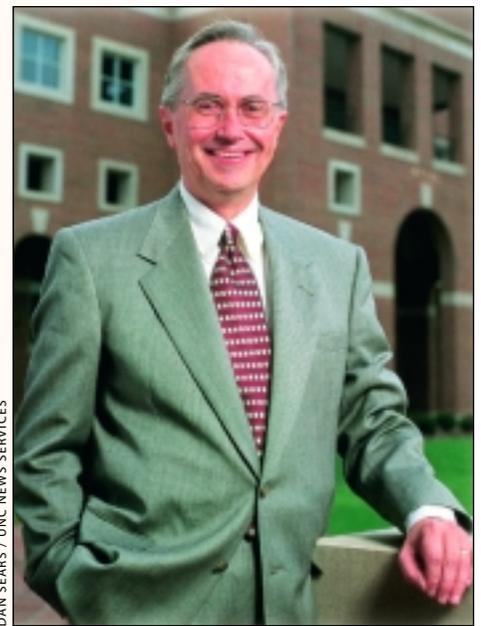
Right before graduating, Sullivan accepted the job. But something happened that changed his immediate career plans—and had repercussions on the rest of his life. He met a Peace Corps recruiter who was looking for volunteers to work in Addis Ababa, Ethiopia. "I had twenty-four hours to make up my mind," he says. It was a gut decision. "My heuristic was that if I was ever to engage in the outrageous, now was the time. I didn't use a decision tree."

Working as a lecturer in the College of Business Administration at Haile Selassie I University (now Addis Ababa University), Sullivan found himself teaching everything from operations and analytics to corporate strategy and finance. His Cornell training had given him a foundation to teach a variety of subjects. "I had to be all things to all folks," he explained. "I was in a leadership position, because there was no one else to do it."

The Peace Corps commitment ended after two years, but Sullivan stayed on for five more—through drought, famine, and a government coup. And he adopted two children, ages three and four. In the years since, his daughter, Almaz, led the first Peace Corps delegation back to Ethiopia and then attended business school at Michigan; his son, Tadesse, is an importer of artifacts from eastern Africa.

Sullivan's appreciation of other cultures grew from his own overseas experience. "It's the exposure you gain from being overseas and living in a different world," he says. "It's putting yourself in their shoes, and not going there as Big Brother."

Leading from Experience



DAN SEARS / UNC NEWS SERVICES

THIERRY MEEÛS '79

If you're ever in Brussels, you're likely to visit Mini-Europe (www.minieurope.com), a theme park that packs the European Union into about six acres. The park features models of 350 buildings, monuments, and landmarks from the member countries of the EU.

Take a magnifying glass to the Arc de Triomphe, and you'll find the names of six hundred generals and 150

battles carved into the stone, just like the original. In addition to the attention to detail, the models feature movement and interactivity. Gondolas float down the canals of Venice, the train *à grande vitesse* whizzes by, and you can push a button to see Vesuvius erupt or watch the Berlin Wall crumble.

Behind Mini-Europe stands Thierry Meeùs, the park's owner and visionary. "Mini-Europe is the number-one attraction in Brussels," he says proudly. "It's unique, fun, and educational."

Expert model building is only one of the park's attractions. Mini-Europe also provides information on the European Union. From the visitor's guide, for example, we learn how many official languages the EU has and that the EU is the world's largest

trading entity and gives more aid to developing nations than the United States and Japan together. Visitors also learn of the EU's shortcomings. Member countries have no unified policy and sometimes have conflicting agendas; differing tax and legal systems create loopholes for white-collar criminals; and the armed forces of member countries lack unification and clout.

Mini-Europe has evolved considerably since its inception in 1989. "At the beginning the EU theme was a concept to limit the scope of the park," says Meeùs. "Over time we've provided more explanation of the EU itself, through the visitor's guide, games, educational programs, and now the new exhibition."

Introduced this spring, "The Spirit of Europe" illustrates the ongoing growth of the EU and addresses some of its citizens' concerns. For example, while the overarching European Council, Commission, and Parliament govern the union, practical decisions are typically still made at the national level. "We want the exhibit to help visitors understand how Europe works," says Meeùs. "Europe is their future, and they can affect its destiny."

Meeùs, who began his career as assistant to the finance and administration manager of Dow Corning Europe, found his calling in the theme park business begun by his father, Eddy Meeùs. "He was a real entrepreneur," says Meeùs, who recently published a book on his legendary father. Eddy Meeùs started up several enterprises; one of them was an amusement park called Walibi.

Thierry Meeùs, like other family members, worked at Walibi. Taking tickets one day, he busted a gate-crasher who claimed that as a friend of the family, he didn't need a ticket. Meeùs retorted that, strangely enough, *he* didn't know the "friend." "His face changed," says Meeùs, "and then I watched him go back to the ticket booth."

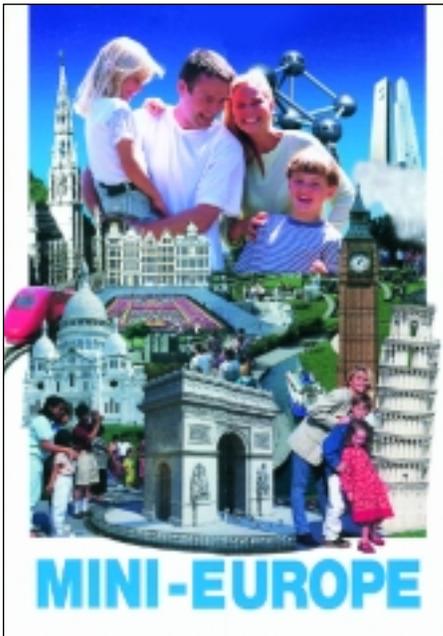
Over the years, through acquisitions and constructions, Walibi became a group of businesses, which included Mini-Europe, Océade water park, and other theme parks. Meeùs soon became managing director and then CEO of Océade and Mini-Europe. In 1998 the Walibi group was sold to Premier Parks, and at the end of 1998, Meeùs bought back Océade and Mini-Europe.

Meeùs learned some valuable lessons by watching a formidable competitor, Euro Disney. The new theme park imported its own business culture and negotiated far lower tax rates than European parks, plus other amenities. The Europeans saw that as arrogance. "Although Euro Disney is now successful," says Meeùs, "the story shows that U.S. and European leisure activities are different. Europe has more culture, more nationalities, more languages."

Certainly Mini-Europe, celebrating the diversity within unity of the growing union, taps in to the complex, conflicted, rich, and pluralistic past, present, and future of the EU—the spirit of Europe.

It's a Small World after All

COURTESY OF THIERRY MEEÛS



in Port Washington, New York, and has four children.

75 Christian E. Von Eberstein-Hart has been with AG Edwards for nearly twenty years as a financial consultant, and despite the economy, he says he still loves it. Chris is vice president of the board of the Second Harvest Food Bank of Central Florida, which last year delivered more than twelve million pounds of food to hungry families.

76 Emmett E. Brown III lives in Gibsonia, Pennsylvania, with his wife, Debra.

Rosita Moreno was recognized by *Hispanic Business* magazine as one of the “top fifty Hispanic women in business.” Rosita is vice president of marketing at Campbell Soup Company in Norwalk, Connecticut, where she manages sales to restaurants for Campbell’s Pepperidge Farms subsidiary.

77 Patrick W. Jeffries has a new home in Pacific Palisades, California.



78 Aims C. Coney is product business manager at Hewlett Packard in Marlborough, Massachusetts. In August 2002 he won the national championship in canoe orienteering for the fifth time. In February he was a member of the U.S. team at the world ski-orienteering championships in Bulgaria. He was the oldest man in the competition. Aims enjoys cross-country skiing, canoeing, hiking, and cycling. He lives in Stow, Massachusetts, and has a daughter, Katherine Ann.

 The tower symbol indicates classes that will have a reunion in 2003.

Ellen Hemmerly, executive director of the University of Maryland Baltimore County’s Research Park Corporation, was named president of the Association of University Research Parks, a non-profit group that supports over two hundred university research parks and technology incubators worldwide. Ellen is also a special assistant to the vice president for administration and finance at UMBC and directs the university’s business incubator, home to thirty start-up and emerging technology firms.

Caren Starr Schwartz is the owner of Time and Cents Consultants in Southport, Connecticut, where she lives with her husband, Bill, and two children, Jonathan and Emily. She is also secretary of the Ahlbin Center Auxiliary, former treasurer of the Entrepreneurial Women’s Network, treasurer of the PTA crafts show, and a member of the Fairfield Chamber of Commerce.

79 Nobuhiko Ito became president and CEO of GE Edison Life Insurance. He and his wife, Yoko, live in Tokyo.

Christopher Joyce was named senior vice president, chief financial officer, and treasurer of Georgetown University.

George Shore received his PhD in American history from Temple University. He wrote his dissertation on the history of the Philadelphia Stock Exchange.

80 In January **Theodore G. Beilman** was named category director of Café at Borders, where he is responsible for procurement of ingredient and packaging requirements for all Borders’ cafés, identification and testing of new-product opportunities, management of the café marketing calendar, and management of the café’s distribution systems. Ted went to Borders Group from

BE ON CAMERA!

Is that you with your Johnson School friends?

Show off your new baby.

Did you really finish the marathon?

In fall 2003 *Enterprise* will begin publishing photos submitted by alumni in the class news section. To be selected, photos must be well lit, be properly focused, and feature Johnson alumni and their immediate family members. Be sure to identify everyone in the photo.

We’d prefer color slides or prints. We may be able to use digital files if the resolution is sufficient for print purposes (we recommend the equivalent of at least 300 dpi at 4" x 6").

Send a **slide or print** to Mary Guthrie, Editor, *Cornell Enterprise*, 229 Sage Hall, Ithaca, NY 14853-6201. E-mail a **digital photo** to jspubs@cornell.edu.

Kim and Scott’s Gourmet Pretzels, where he was vice president of business development.

81 Henry L. Hirvela was appointed to the board of Three-Five Systems, a worldwide supplier of display system solutions and engineering and manufacturing services to original equipment manufacturers. Henry is president of Phoenix Management Partners, a Phoenix-based consulting and investment firm. From 1996 to 2000 he was vice president and chief financial officer of Allied Waste Industries.

William G. Reynolds has a new home in Washington, D.C. He is associate vice president of the annual fund at Georgetown University.



83 Stephen M. Flynn is a partner in a consulting firm in New York City. He and his wife, Ivelisse, live in Pleasantville, New York, and have two children, Leslie and David.

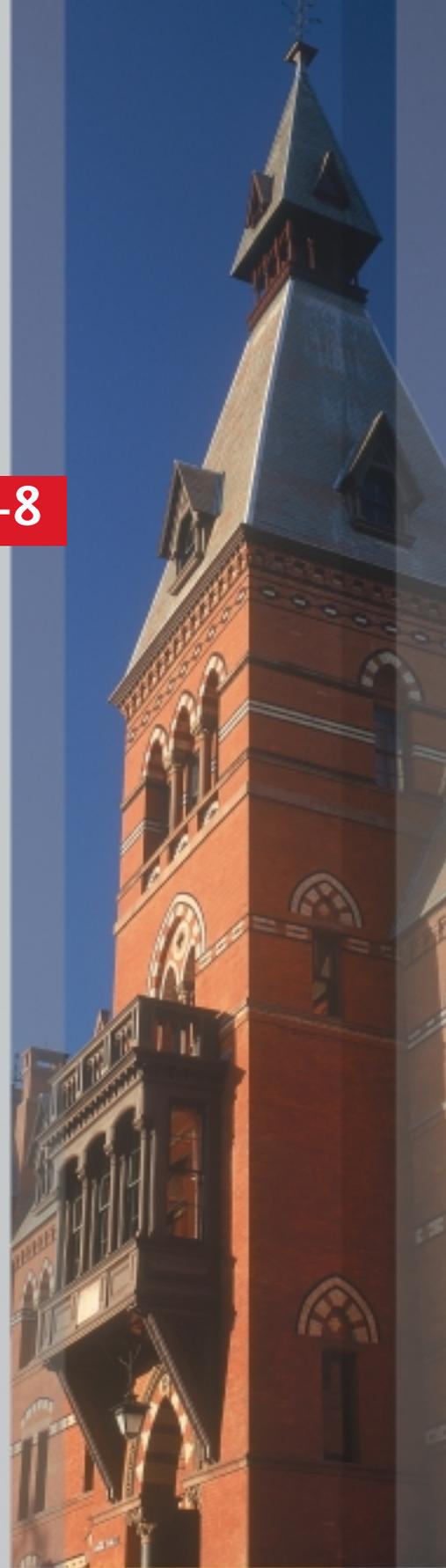
A Gathering of Leaders

Reunion 2003, June 5-8

- **New!** Welcome reception: home of Dean Robert Swieringa
- Golf tournament: Robert Trent Jones '30 Golf Course
- **New!** Film screening: *Two Family House*, produced by Alan Klingenstein '82, winner of the Audience Award at the Sundance Film Festival
- **New!** Alumni presentation: "Getting Organized to Lead Effectively," by Marilyn Paul '78, management consultant and author of *It's Hard to Make a Difference When You Can't Find Your Keys: The Seven-Step Path to Becoming Truly Organized*
- **New!** Interactive workshop on leadership development: led by Michael Hostetler, associate dean for executive education
- Barbecue, Faculty Follies, and family fun: entertainment and games for children; class photos
- Alumni panel presentation: "Leading in a Challenging Business Environment," with panelists Andrew Kim '63, Neal Shear '78, and Delfina Bisha '98
- Wine tasting: "Best Budget Bets," with Dean Joe Thomas

Those are just a few of the Reunion 2003 events. Visit www.johnson.cornell.edu/alumni to register and see the whole program, or look for your reunion brochure in the mail.

Questions? E-mail jgsmalum@cornell.edu or call Ginny, at 800 847-2082, extension 2.



BRUCE M. ROTHENBERG '84

In 1996 Bruce Rothenberg and his wife, Judy, started a mail-order business providing medical supplies to diabetic patients throughout the United States. To publicize the business, called NetGroup, they bought a scrolling ad on the weather channel in Peoria, Illinois.

It played in Peoria and was soon playing elsewhere. "Nine months later we had three employees and a ton of boxes in our living room," says Rothenberg. Static television ads in local markets and then full-fledged commercials on national satellite channels replaced scrolling weather channel crawlers. The enterprise soon moved out of the house; it's now located in an old post office building the Rothenbergs purchased.

NetGroup addresses the complex, red-tape-bound world of health-care insurance on behalf of patients. "We send supplies to Mrs. Smith and bill her insurance company," Rothenberg explains. When Mrs. Smith calls NetGroup, a friendly voice greets her. "There's no automated 'press this.'"

While the organization is primarily telephone-based, it does have an Internet-sounding name. It was the name that the Rothenbergs had used for their boutique consulting firm for small and medium enterprises back in 1994, to capitalize on the growing 'Net trend. Shortly thereafter, a client called them in to help with a start-up that provided medical supplies to diabetic patients. The Rothenbergs offered to buy the company, but the client refused to show them the books. As there had been no nondisclosure agreement, the Rothenbergs started up their own business along similar lines and found they had brand equity built in to the NetGroup name.

Rothenberg says most of his knowledge comes from his ten-year association with a prominent businessman and philanthropist for whom he began working as a first-year Johnson School intern. On the first day of the internship, Rothenberg's new boss greeted him and told him to sit at the end of the conference table in his office. "I was to listen to his conversations and read his correspondence," says Rothenberg. "There I was, learning from this great entrepreneur with business ventures all over the world."

After graduating, Rothenberg continued to work with the same businessman, turning down a plum position with a premier investment bank. He worked on various business ventures, mostly start-ups, liquidations, and turnarounds, learning the ins and outs of operating small businesses. He put that knowledge to work to realize his personal vision. "Our own business is up and running and growing, and my wife and best friend is my partner," he says. "We always knew we could do it."

In addition, twenty years after graduating from the Johnson School, Rothenberg will have the pleasure of watching his son, Michael, do the same. Active supporters of the Johnson School and Cornell, the Rothenbergs are zealously campaigning for the class of 1984 and expect to break all records for participation and contributions for the class's twentieth reunion.

The family landed in Florida when Rothenberg was brought in by a group of venture capitalists to fix one of its investments. Having lived in twenty-eight different places in the past thirty years, the Rothenbergs decided to settle down. They've now been in Florida for ten years. However, they still like to travel, especially to Ithaca. In addition to visiting their son, daughter-in-law, and grandchild, they come to see the many friends they've made over the years. "I love the Johnson School," says Rothenberg, "and Cornell is one of the world's great institutions."

One thing they don't miss is the central New York weather. "When we rolled into town with a U-Haul holding everything we had on August 20, 1982, it was thirty-two degrees," says Rothenberg. They left Ithaca on June 5, 1984, amidst snow flurries. "Because I'd interned the year before, we'd seen nothing of the summer," he says. "The joke was that it had stayed winter for two whole years."

Mail-Order Medical Supplier



COURTESY OF BRUCE AND JUDY ROTHENBERG

Steven M. Goldstein is vice president of DeSimone Consulting Engineers in Coral Gables, Florida. He managed the structural design of the Westin Diplomat Resort and Spa in Hollywood, Florida, which was named project of the year for the state of Florida by the American Society of Civil Engineers. He is secretary of the Miami-Dade branch of the American Society of Civil Engineers, past president of the South Florida chapter of the American Concrete Institute, and a member of the Florida Engineering Society. He lives in Miami.

Takuya Honjo became president and CEO of Mizaho Corporate Bank (USA). He lives in New York City.

In January **Thomas A. Mutryn** was named senior vice president and chief financial officer of GTSI, an information technology solutions company focusing on federal, state, and local government customers worldwide. Tom was previously senior vice president for finance and CFO at U.S. Airways.

Barbara G. Schmitz is assistant to the bishop at Evangelical Lutheran Church in America, in Saginaw, Michigan. In January Barb published a book, *Preaching to Myself*.

Michael A. Staun is manager at Procter & Gamble in Mason, Ohio. He and his wife, Pam, live in Loveland, Ohio. They have three children: Katie, Jeanna, and Michael Jr.

84 Kazuyoshi Tachibana moved to Princeton, New Jersey, with his wife, Chizuko. He is president of Kyowa Pharmaceutical.



The tower symbol indicates classes that will have a reunion in 2003.

85 Mehmood S. Nathani has a third son, Keven, born in May 2001.

In November 2001, having passed the CFP examinations, Mehmood launched his own financial planning and investment advisory firm, Altius Financial Advisors, headquartered in Chevy Chase, Maryland.

86 E. Katarina Soderstrom married Matthew Quinn, a jazz pianist, in a Newport, Rhode Island, ceremony on October 26, 2002. The couple splits their time between Newport and New York City, where Kia is a vice president with MTV Networks.

87 Dirk R. Lupberger had a chance encounter in January with Prof. Vithala Rao when they were both touring the Torres del Paine National Park in Chile. Dirk is managing partner at PolyTechnos Venture-Partners GmbH in Munich, Germany.



88 Joseph B. Buonanno, a partner on the global capital markets and securitization teams in the law firm of Hunton and Williams, transferred to the firm's Charlotte, North Carolina, office.

Susanne DeGraba is chief financial officer for Montgomery County Public Schools in Rockville, Maryland. Sue and her husband, Patrick, live in Gaithersburg, Maryland, and have three children; Marissa, Marta, and Katie.

Albert P. Dickinson is director of business development for IBM in Somers, New York. He lives in Newburgh, New York.

Douglas E. Irons has a new home in Kennesaw, Georgia.

89 Cheryl Zaug Casey became a real estate agent with Coldwell

Banker, the Real Estate Group, in Appleton, Wisconsin. She's also co-owner and

vice president of the Country House Resort in Sister Bay, Wisconsin.

James H. Latimer graduated from seminary in May 2002 and has now become pastor of his own church in Toledo, Ohio.

James H. Murphy moved to a new home in Cullowhee, North Carolina.

90 William C. Koo is living in Portland, Oregon. He is CEO of Asset Exchange.

Margaret Sung and her husband, Mike Schmidtberger, have a second daughter, Mollie, born on May 13, 2002.

91 Gligor A. Tashkovich was selected by the European Office for Democratic Institutions and Human Rights to be part of the twenty-one-member U.S. delegation that monitored Armenia's February presidential election.

Keisuke Uehara is a senior manager at Mitsubishi Securities. He lives in Tokyo with his wife, Chikayo.



93 Keith M. Berman is senior marketing manager at Coca-Cola in Atlanta.

Holly A. Fullam is vice president at Schroder Investment Management in New York City. She has been a member of the New York Society of Security Analysts since 1998 and a chartered financial analyst since 2001.

Scott C. Geary is vice president of Goldman Sachs in San Francisco. He and his wife, Lisa, live in Orinda, California, and have three children: Madison, Taylor, and Jack.

94 Sharon C. Freed is vice president for Latin America and the Caribbean at the American Express Company in Miami.

CAROLYN M. CAMPORA '89

Carolyn Campora leads the sort of life most of us only dream about. A sixth-degree black belt in kung fu, she is the master and owner of a martial arts school in Manhattan's Chelsea neighborhood. She is a master of tai chi, kung fu, and the traditional Eastern healing technique of reiki and teaches businesspeople, professors, architects, artists, writers, and media professionals. A fine artist and former portfolio manager, Campora discovered martial arts three decades ago. The story reads like an illustration of the Yogi Berra maxim, "If you come to a fork in the road, take it."

"I've lived my life with the idea of travel," says Campora. One day she found herself in Izmir, on the coast of Turkey, where she saw a poster for the interior. She dreamed of traversing the country alone on a horse. But rumors of the white slave trade put the kibosh on that.

If she could defend herself with martial arts, Campora reasoned, she could ride across Turkey. In summer 1973 she started studying martial arts just so she could travel more freely. "But I didn't travel again for ten years, because I was going to class every day." She studied at Nabi Su Martial Arts and Healing Center under Master Pai, a Korean-born "martial-arts genius" whose support meant everything in the nearly all-male school. "He was gender-blind," says Campora, who encountered resentment and even punishment from a few students. But she persevered. After only five years Master Pai made her head teacher.

For Campora the challenges of martial arts paled in comparison to the challenges of business school. While struggling to survive as a painter, Campora had recognized that only the most successful artists made as much as even mediocre bankers. So she applied to the Johnson School and waited. In high school she had dreamed of going to Cornell and had been wait-listed. But a disagreement with her English teacher dropped her GPA and shattered that dream. "So when I got into the Johnson School," she says, "there was joy in River City."

Getting in was the easy part. "I was forty," says Campora. "The median age of my class was twenty-five." Classmates would ask her about the Vietnam War, saying they had read about it in their history books. Cam-

pora faced other challenges as well. "I trotted in with my new laptop and didn't know how to open it. I felt like Rip Van Winkle. In New York City I was an opera-going intellectual, an artist and astrologer, an interesting person. At Cornell I was a weirdo." When her economics professor razzed her for practicing astrology, she shot back, "What percentage of the time are you guys right?" He laughed and salaamed.

Countless snappy comebacks later, Campora graduated. She had mainly focused inward up to that point but found that the Johnson School had given her outward focus. "I could meet the world," she says. "I had a Cornell MBA."

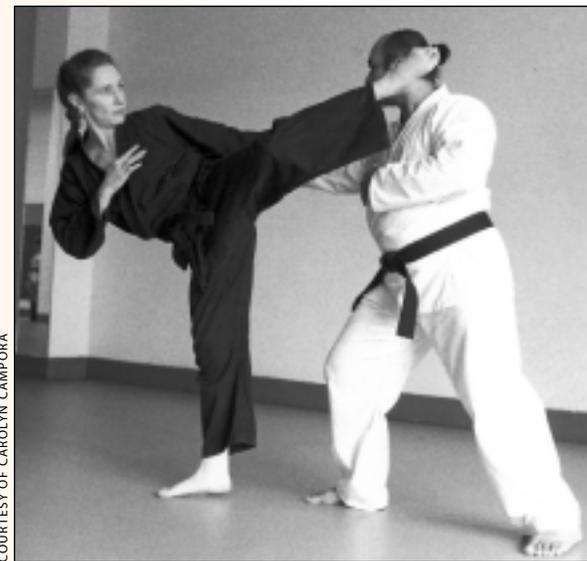
In 1989 Campora joined Bank Austria as assistant to the high-yield portfolio manager. Soon she became manager. "Junk bonds were like the Wild West," she says. "I loved it." With the "illness and death" of junk, however, the department was dissolved, and Campora was

out of work. At the same time Master Pai announced that he was leaving the city. Nabi Su needed a new master, and in 1992 Campora came to own the school that she loved. In addition to kung fu, tai chi, Zen meditation, and reiki, Campora also practices Holographic Repatterning (HR), which she describes as "psychotherapy via energy work."

Campora helped edit *The Encyclopedia of Technical Market Indicators*, second edition, written by her husband, Robert Colby, and helped design his investment research Web site (www.robertwcolby.com). She is currently editing an HR book by Eileen Martin and has begun cowriting, with Martin, a book on the astrological archetypes. And she has traveled to exotic places.

What's next? "A spiritual retreat center on vast acreage," says Campora, "location yet to be determined."

Taking the Fork in the Road



COURTESY OF CAROLYN CAMPORA

DANIEL J. HALE '91

Zeke Armstrong has lived in seven countries, speaks several languages, plays many sports like a pro, drives like a stunt driver, and solves murder mysteries. He's also thirteen. The hero of a children's mystery novel, Zeke is the product of an uncle-nephew collaboration. A couple of years ago Daniel Hale and his nephew, Matthew LaBrot,

were playing with the computer and talking about LaBrot's soccer experiences. Just for fun, they wrote the first few lines of a mystery novel. About a

year later they sold their manuscript to Top Publications, and soon they saw *Red Card: A Zeke Armstrong Mystery* score goals with children around the country.

Building on the success of *Red Card*, the duo has written the second Zeke Armstrong mystery, *Green Streak*, which should hit bookstores sometime next year. And in

February *Red Card* was nominated for a prestigious Agatha Award (www.malicedomestic.org/agatha.htm).

Red Card wasn't Hale's first attempt at authorship. "I'd been writing for a while," he says, "taking it seriously: up every day at five, taking classes, apprenticing. Then this came along—the one thing I wasn't taking seriously." (While LaBrot still provides creative input, Hale does most of the actual writing.)

Although separated by a generation, Hale and LaBrot have much in common. For one thing, they've both read just about all the Hardy Boys mysteries. But their real inspiration, says Hale, is the "Jonny Quest" animated television series from the 1960s. Certainly Zeke's adventures have more in common with the fast-paced, technology-enabled adventures of Jonny than with the varsity-sweatered, elbow-patched world of Frank and Joe Hardy. "They say you should write the book you want to read," Hale explains, "and that's exactly what we did." A lot of other people apparently wanted to read it too.

The story opens with Zeke's soccer coach found shot (but not dead) at the beginning of a soccer tournament. Zeke finds clues overlooked by the police, scores goals, questions his teammates, and shadows suspicious adults. Zeke finally prevails (after a near-fatal showdown) and collars the bad guy. Like a teenaged Jessica Fletcher, he persists in his hunches even when the authorities dismiss his theories.

Hale was surprised by the book's many female fans. He and LaBrot didn't think about gender while populating *Red Card* almost exclusively with male characters. But when Hale embarked on the book-signing circuit, he noticed a lot of girls waiting in line for his autograph. "It's a double standard," he says. "Girls don't mind reading books with all boy characters, but boys won't read books with all girl characters." He promises that a prominent girl character will appear in Zeke's third mystery.

As one might expect from a Johnson School graduate, Hale has turned Zeke Armstrong into an efficient business venture (www.zekearmstrong.com), rolling out *Red Card* as the first item in a new product line. He has carefully protected his brainchild, reserving all the merchandising rights. Having interested several large publishers in the rest of the series, Hale is holding out for the best possible deal.

Hale is also a tireless marketer, packing in as many as fifteen book signings in nine days to meet the needs of Zeke's enthusiastic fans. One of his earliest signing experiences was also the most intimidating. Signing prepublication copies of *Red Card* in May 2002 at Book Expo America, one of the largest publishing conferences in the United States, the then-unknown author found he had been assigned a table next to the best-selling queen of suspense, Mary Higgins Clark. "Her line was three hundred people deep," says Hale. "Mine had seven people in it."

But Hale got his own back a few months later, at *Red Card's* official launch. "There were 250 people there," he says. "It was huge. That kind of reversed the whole Mary Higgins Clark thing."

Mysterious Family Collaboration



COURTESY OF DANIEL HALE

New Club Reaching out to Alumni

JOHNSON VETERANS

Johnson Veterans has numerous events planned. The kickoff event this year was a “support the troops” drive. There are many troops deployed throughout the world, and the club wanted to show them Johnson School support. Many Johnson veterans remember receiving care packages and letters of support while deployed

to combat regions; they raised spirits and reminded soldiers why they served.

One of our primary goals over the next twelve months is to connect with all Cornell MBAs that have served in the armed forces. If you have served, please e-mail Michael Fishkin (mdf27@cornell.edu) or Charles Bowser (cjb58@cornell.edu).

95 J. Srikant S. Sharma and his wife, Hetal, announce the arrival of their daughter, Annika, on November 26, 2001. Annika now has her own Web site, www.anikasharma.com, and invites her father’s classmates and other Johnson School friends to view her most recent photographs.

96 Donald B. Sheluga and his wife, Maryann, have a daughter, Elizabeth, born on November 26. Don is a director at American Airlines. The family lives in Bedford, Texas.

97 Bharat Kumar works at ABP Investments in New York City, where she is comanaging a \$400 million U.S. fixed-income portfolio in addition to devising investment strategy for the company’s U.S. Fixed Income Fund, which now has \$18 billion under investment.



98 Juan A. Cabanas is vice president at Citigroup in Peru. He married Diana Segami in September 2002. Juan reports that he enjoys mountain bike trekking and hiking.

 The tower symbol indicates classes that will have a reunion in 2003.

Michael Doohar is vice president at Fleet Securities in Boston. He and his wife, Jennifer, have two children, Elizabeth and Anne Marie.

Jun Jackie He is assistant vice president of Mizuho Corporation Bank in New York City. Fuji Bank merged with two other Japanese Banks to become Mizuho Corporation Bank. Jackie obtained the chartered financial analyst designation in 2001, and she is a member of the New York Society of Security Analysts and the Association for Investment Management and Research. She lives in Union City, New Jersey.

Scott E. Jaffe is vice president for equity trading at JPMorgan in New York City, where he lives with his wife, **Susan Menkhaus '99**. They were married in March 2001.

Kaushik Roy has a new home in Cambridge, Massachusetts. He is an equity analyst with First Albany Corporation in Boston.

Kelly J. Ward is squadron executive officer in the U.S. Army. He and his wife, Karen Kay, live in Fort Polk, Louisiana, with their three children: Katherine, Kendall, and Kyle. He is preparing for deployment to central Asia. He was se-

lected as a permanent academy professor at West Point and has started his PhD program.

99 Keno Chan is manager of U.S. corporate tax for KPMG. He lives in Toronto with his wife, Jayne Lee.

John A. Colella was promoted to director at UBS Warburg, where he focuses on the energy and power sector.

Henry E. Heilesen is a product manager with Eastman Kodak’s consumer imaging division in Atlanta.

Martin Mehalchin and his wife, Lissa, announce the birth of a daughter, Emily, on October 25, 2002.

Eva N. Mukunya is an investment information analyst and project manager at the Multilateral Investment Guarantee Agency of the World Bank in Washington, D.C.

Pennie E. Neveu is director of customer satisfaction for Harrah’s Entertainment in Council Bluffs, Iowa, and is in charge of Harrah’s Council Bluffs and Bluffs Run Casinos. She lives in Omaha, Nebraska.



COURTESY OF FIRSTNAME LASTNAME

A. Warren Mobley '00 married **John Fagan** on June 15, 2002, in Kennebunkport, Maine. *Front row:* Alex T. Chen '00, Denise Kampf Chen '00, Sally A. Massey, MMH '00, Heather Tannen '00, David E. Purcell '00, and Jared Hobson '00. *Back row:* Michael Lukianoff, MMH '00, John and Warren, Nathanael P. Roe '00, and Jeffrey A. Labovitz '00.

Drew M. Schulke and his wife, Sarah, announce the birth of their second child, Gretchen, on December 30.

Paul T. Snyder left his position as program manager at Marriott International in Washington, D.C., and is now working in Atlanta with the performance strategy group at Six Continents Hotels.

Shannon Monigal Wadsworth and her husband, John, are the parents of a son, John, born on November 25.

00 Edward J. Batchelor's daughter, Evelyn, was born on February 20.

George S. Bazarko is living in Minnetonka, Minnesota, and is director of operations for United Healthgroup-Ingenuix in Eden Prairie.

Patrick "Perry" Chiu is the general manager of Far East operations for Ehealthinsurance.com, a Klein Perkins company. Perry is being relocated to Asia for two years and will spend most of his time in Xiamen, China, where he will partner with Xiamen University to provide the software outsourcing for Ehealthinsurance.com.

Mattison C. Crowe moved to Cambridge, Massachusetts. He is a marketing manager with GE Capital in Enfield, Connecticut.

Donald F. Douglas announces the birth of his first child, Blake, on January 20.

Joseph V. Hupcey is product marketing manager at Verisity (www.verisity.com) in Mountain View, California.

Alexander Ivanov's son, Justin, was born on January 22. Alex works in the global communications group at Salomon Smith Barney.

Michael Jamin announces the arrival of his second child, Justin, on January 22.

Christian A. Rockwell welcomed his daughter, Chapin, on October 30, 2002. Christian, who was promoted to director of the CRM strategy group of Siebel Systems, reports that Chapin "has brown hair and blue eyes and is already discounting cash flows."

Fareed Zahid has a new job as a manager at Symantec in Waltham, Massachusetts. He and his wife, Asiya Pasha, live in Westboro, Massachusetts.

02 Reid Genauer, who by day works in marketing at Snapple Beverages, is gaining attention for his labor of love as lead singer with the quintet Strangefolk. The band has just released its debut CD, *The Assembly of Dust*, which a reviewer in the *Burlington Free Press* called "an impressive effort featuring Genauer's soulful vocals and solid compositions that are deftly enhanced by the band's instrumental and vocal prowess." The CD can be purchased at www.reidgenauer.com.

Miles A. Stump and his wife, Nadya, and daughter, Nika, moved to Seattle in August 2002. Miles is executive director of Wild Salmon River Expeditions (wildsalmonrivers.org), which does fly-fishing tours for steelhead and rainbow trout to Kamchatka in the Russian Far East.

IN MEMORIAM

- Henry S. Chin '51
- Robert M. Tanenbaum '55
- Clement L. Speiden '56
- John E. Shantz '57
- Christopher G. Dummer '66
- Mary E. Musham '86

Solution to puzzle on page 45

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- to expose young women to the world of business
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Camp \$tart-up is a DollarDiva program from Independent Means, a leading firm in business education for young women. The camp is organized and run by Johnson School students.

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- Send a camper! If you have a family member or friend that would be a good candidate, enroll her in Camp \$tart-up.
- Sponsor a participant! Donate tuition fees to sponsor a talented young woman who cannot afford to attend.
- Become a mentor! Come to Camp \$tart-up as a coach, panel member, or visiting faculty member.

For more information

Phone: 607 255-1437

E-mail: campstartup@cornell.edu

Web: www.Johnson.cornell.edu/owmb/campstartup

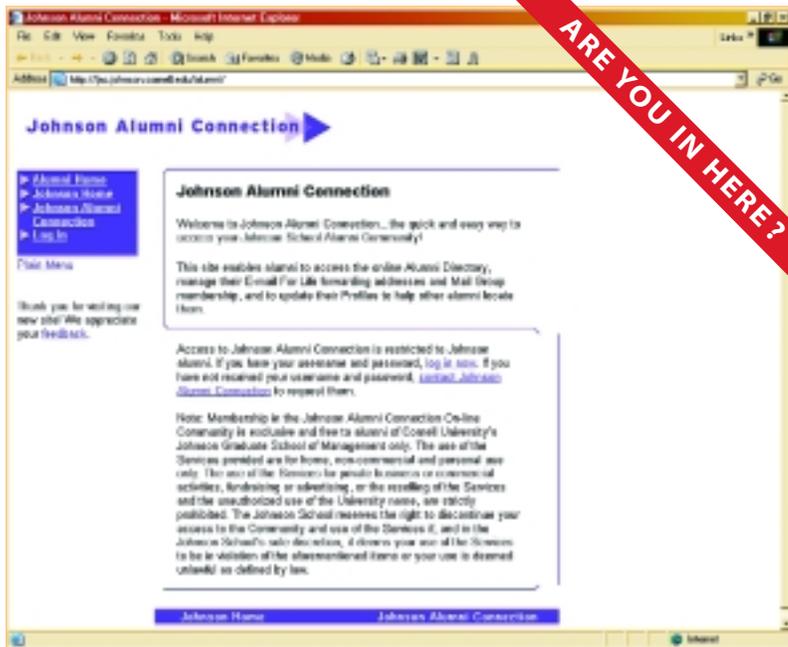
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HOMECOMING

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