

# OWEN@Vanderbilt

VOLUME 23/ISSUE 1  
WINTER 2003

M A G A Z I N E

**OWEN'S**  
LEADERSHIP  
TOOLKIT

**NYSE FUNDS**  
DIRECTORS'  
PROGRAMS

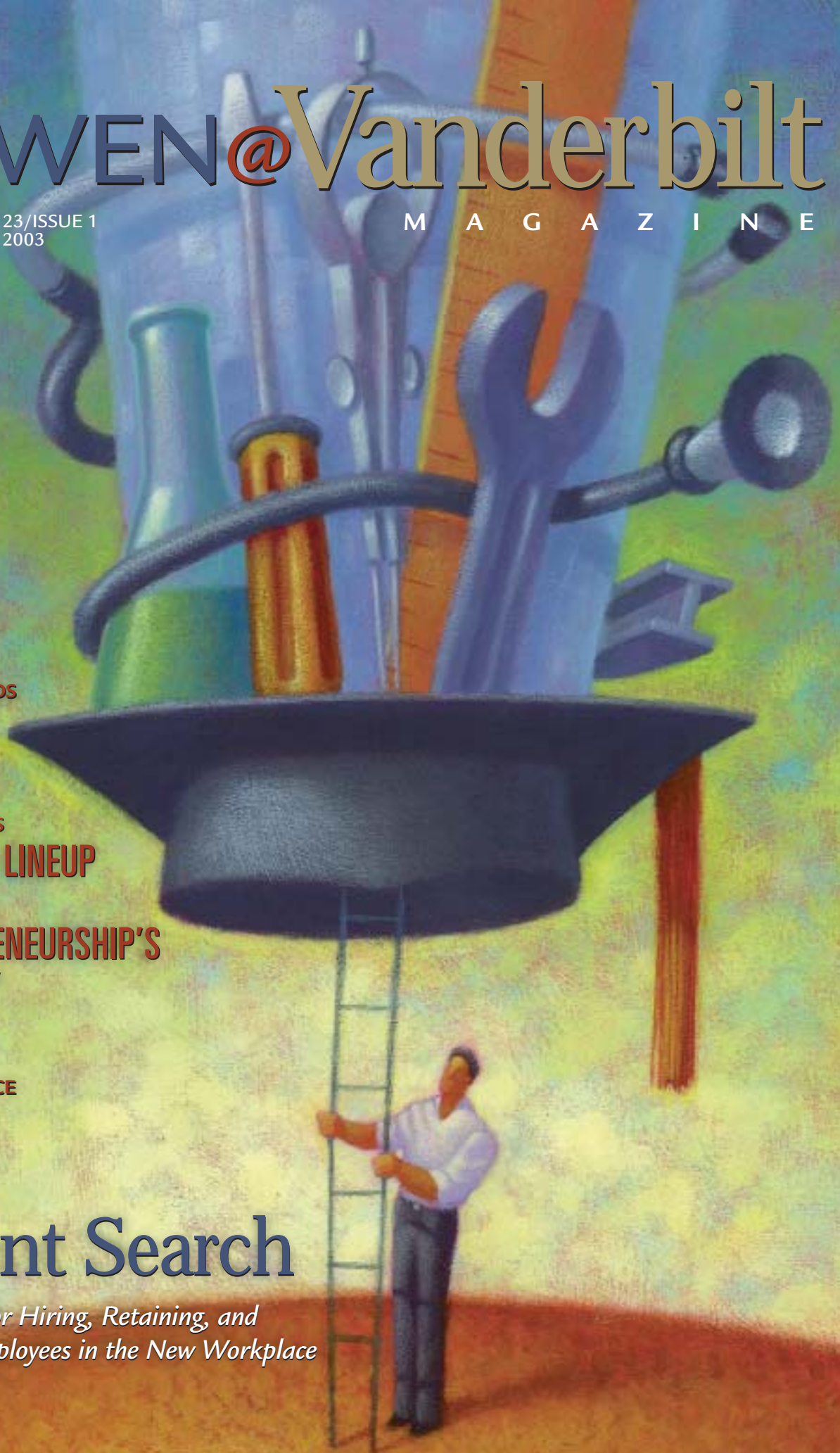
**GAYLORD**  
AND OWEN'S  
WINNING LINEUP

**ENTREPRENEURSHIP'S**  
ROAD SHOW

**CEO JOINS**  
DEANS OFFICE

## Talent Search

*Strategies for Hiring, Retaining, and  
Leading Employees in the New Workplace*



## Talent Search

*Strategies for Hiring, Retaining, and Leading Employees in the New Workplace*

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### DISTINGUISHED SPEAKERS

Owen hosted back-to-back heavy-hitter speakers Paul O'Neill, former U.S. Secretary of the Treasury, and Dick Grasso, chairman and CEO, New York Stock Exchange, on September 24 and 25, as well as Brad Martin, E'80, chairman and CEO, Saks Incorporated, on October 21. Excerpts from their speeches are on pages 7-8.

PHOTOS BY DANIEL DUBOIS



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MAGAZINE

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## FROM BOARDROOM TO CLASSROOM: Former CEO Now Strategizes for Owen



Bradford

Sometimes good things just walk in the door. Such was the case with Jim Bradford, CEO of United Glass, who shortly after 9/11 left the business world to follow his heart's desire: teaching.

He cold called on Dean Bill Christie, who hired him as an adjunct professor of strategy. He soon transitioned into a full-time clinical professor of strategy, and in December moved into the Dean's office as associate dean of corporate relations, while retaining his teaching duties.

In this new role, Bradford will be responsible for building corporate relations, assisting students in their search for internships and full-time employment, and working within the larger University community to solicit corporate donations that will support Owen's many initiatives.

"Our relationships with our corporate customers are critical to our suc-

cess," Christie says. "Jim brings to this role knowledge of our academic mission and firsthand experience in industry. He already has begun building bridges to industry and external constituents that are vital to a vibrant and strategically focused business school. I am confident this appointment will have a tremendous impact on our exposure in corporate America and our relationships with current and future employers."

The 1973 Vanderbilt law graduate, also former CEO of AFG Industries, is no stranger to teaching, having previously taught part time at Emory and Henry College in Virginia and East

Tennessee State University. (And CEOs are teachers, whether they like it or not, Bradford adds. "CEOs teach employees everyday by example how to behave and operate within a company.")

He now teaches core Strategy and Strategy Applications and Competitive Analysis, a capstone course for the strategy concentration that takes the skillset students acquire in marketing, operations, finance, and micro and macro economics courses and applies it to a simulated computer game. "I teach courses and concepts from a holistic view: We analyze a company and make choices of what to do to create a competitive strategy—to sustain, grow, and prosper."

As a teacher, he spends a considerable amount of time meeting and counseling with students, working with them on assignments, and discussing job opportunities. "The students are challenging and interactive. I have to be at

the top of my game everyday to make sure they are challenged."

This interaction is invaluable as he begins helping Owen ramp up its own competitive advantages and promoting its product—students and alumni.

His calendar soon will be filled with trips to visit executives and recruiters, but his first focus is to "bring those familiar with Owen to campus and show them something new; as well as bring individuals and companies who have never been to Vanderbilt and acquaint them with our uniquely positioned business school." He also will work with the alumni relations office to ensure alumni understand how best they can support Owen, not only through financial gifts, but in such ways as helping students find jobs and participating in the life of the University.

"Owen has many wonderful assets such as the Executive MBA program and a large international population. Vanderbilt is also one of few universities that have nationally ranked business, law, medical, engineering, divinity, and undergraduate schools residing on a single campus."

Bradford again plans to take a holistic view in leveraging these resources to corporations.

"We want to underscore that Owen has a great entrepreneurial program and a great financial analysis program, for example, but that Vanderbilt also has engineering or medical research that may be relevant to a company's mission and an undergraduate hiring opportunity, as well. We have multiple resources to sell, and it can't be done in a silo, but in a way that brings the various entities of the University together. We are fortunate to have a dean and a chancellor who are already carrying this work forward, and I am thrilled to be a part of it."

## GAYLORD ENTERTAINMENT ENDOWS SCHOLARSHIPS

Scholarship needs are great at Owen, and Gaylord Entertainment Corporation recently helped fill that need by endowing two scholarships that will enhance the School's ability to attract the best and brightest students.

The scholarships, worth \$20,000 each, are awarded to a member of the first- and second-year classes, and can be renewed for the second year. To be considered for the scholarship, a student must be domestic to the U.S., a Hispanic or African American, maintain a 3.0 G.P.A., and demonstrate proficiency in academics, business principles, and breadth of study.

Shannon Neely, second-year, and Monica Powers, first year, are the inaugural recipients. Neely, a Notre Dame Scholar, received a civil engineering degree from that university in 1998. In college, he played intramural football and basketball and volunteered to tutor children. Previously a project engineer at Earth Tech, his concentration at Owen is in strategy with an emphasis in environmental management.

Powers graduated with a psychology degree in 1992 from Belhaven College in Jackson, Mississippi. Achieving the best academic performance of her graduating class, she also served as honorary editor for a national Spanish-language magazine. Prior to Owen, she worked as international sales manager at C.R. Gibson.

"Given that we are building a partnership with Owen and are gratified for what the School has done for us [students have helped Gaylord with its strategic planning process and other projects through Owen's Entrepreneurship Program], we wanted to give back to the School in a way that makes a real difference," says David Kloeppel, '96, executive vice president and chief financial officer.



Neely



Powers

## NYSE FUNDS DIRECTORS' PROGRAMS

The New York Stock Exchange has awarded a \$150,000 seed grant to the Law and Business Program to develop programs on corporate governance responsibilities for directors of companies listed on the NYSE. The first of these programs, NYSE Directors' College, is scheduled for June 9-10.

"I am thrilled the New York Stock Exchange has selected Vanderbilt to help educate its directors," Dean Bill Christie says.

Keynote speakers for the inaugural event include Dean William Powers, author of the *Enron Powers Report*, and Vice Chancellor Leo Strine of the Delaware Chancery Court. Tentative topics are executive compensation, finance and accounting, the role of lawyers and the board under new SEC ethics rules, and the structure of the board after the Sarbanes-Oxley Act.

"This event extends the innovative Law and Business program into a critical and timely area," says Martin Rapisarda, associate dean of executive education. "This is an area where Vanderbilt can make a critical difference in business practice, corporate governance, and executive education."

The announcement of the grant came during Dick Grasso's talk as a Distinguished Speaker at Owen on September 25. (See Grasso's remarks on page 7.)

## CHRISTIE SERVES ON GMAC BOARD

Dean Bill Christie is one of three new members of the board of directors of the Graduate Management Admission Council (GMAC), sponsors of the Graduate Management Admission Test (GMAT).

The GMAC is a not-for-profit organization of leading graduate business schools worldwide. The board provides leadership and direction in leveraging the council's core competencies and in service to GMAC constituents.

## NEW CHAIRS HONOR ASSOCIATE PROFESSORS

### Luke Froeb: An Entrepreneur's Economist

Luke Froeb, the newly appointed William C. and Margaret W. Oehmig Associate Professor of Entrepreneurship and Free Enterprise, can pin his turning point as an economist on one word—plastic. Not the credit card variety, but oriented polystyrene, the hard clear plastic used to make food containers. In 1985, the Wisconsin Ph.D. left Tulane University to become an economist at the antitrust division of the U.S. Department of Justice, where his first merger case involved the two biggest manufacturers of oriented polystyrene.

“When the Justice Department attorney asked me whether I thought the merger was anticompetitive, I told him ‘it depends,’ and started explaining how the answer could go one way or another. It never occurred to me he wanted a ‘yea’ or ‘nay’ to this \$50 million dollar merger.” The experience

changed Froeb’s view of economics from an abstract academic discipline to a science that informs real decisions, and set in motion what he calls his “demand-driven research agenda.”

A long string of merger, price-fixing, and bid-rigging cases and a fellowship at the University of Chicago Law School deepened Froeb’s interest in antitrust analysis and led to a series of articles critical of government’s policy, and to the development of an alternative computational approach based on John Nash’s work in game theory. Eight years later, after accomplishing what he had intended at DOJ, Froeb was ready to return to the classroom, this time at Owen.

He again began teaching microeconomics as he had learned it, using formal models and public policy applications. “The approach went over with the students like a lead balloon. Dean Marty Geisel took me out to the woodshed and threatened to fire me unless customer satisfaction increased.” The

next year, he abandoned the public policy applications and began teaching students how to exploit inefficiency as a money-making opportunity. Now his class is among the most popular.

During the same time, Froeb was receiving acclaim for the DOJ merger model that has largely replaced the old rules of thumb that dominated antitrust merger analysis.

With Vanderbilt math faculty members Philip Crooke and Steven Tschantz, Froeb transformed the model into software, which is used by the Justice Department, Federal Trade Commission, FCC, and the Swedish and Italian antitrust authorities to evaluate mergers. “An economist testifying whether a merger is anticompetitive, can now back up the answer with a hard-edged quantitative analysis, rather than the soft, fuzzy, opinion-based analyses we were limited to in the past.”

Froeb also has received acclaim at Owen, where he was awarded the Outstanding Professor in the International Executive MBA Program in 1998, the Dean’s Award for Teaching Excellence in 2000, and the Owen Award for Research Impact last year. His greatest honor, perhaps, is receiving the Oehmig Chair (endowed by Billy Oehmig, ’73, and his wife Margaret, of Houston) in recognition of his ability to make economics relevant to business people.

“The bottom line is that consumers, customers, suppliers, and employees all respond to incentives, so economics has a crucial role to play in designing all organizations—from the small start-up to a Fortune 500 company.”

— Beth Matter



Froeb



Barry

### Bruce Barry: Navigating Power and Conflict in Organizations

Bruce Barry is not shy in his criticism of conventional management practice.

“There is a terrific level of conformity in western management practice, in that organizations essentially extract value from employees with efficiency often as the guiding principle, which makes conformity highly valuable. Business schools also are increasingly criticized as places that cultivate certain cultural narrowness. I try to get my students to think more broadly.”

The newly appointed Brownlee O. Currey Associate Professor of Management, and associate professor of sociology—usually seen wearing his trademark hooded sweatshirt—teaches and researches in the organization studies area, with his interests running the gamut: organization behavior, conflict resolution and negotiation, power and influence in organizations, business ethics, workplace rights, group and social process, and political behavior.

His favorite course to teach is Power and Influence in Organizations, an intellectual exploration of what power means in and around organizations. “We study material fairly critical of conventional management practice, and look at the intersection between business, government, and society, and if business has too much influence over the political process. We also look at issues of power within organizations such as race, gender, sexual orientation, and worker rights.”

Barry, who received his Ph.D. from the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill and joined Owen in 1991, is probably best known in the area of negotiation. He and Ray Friedman, associate professor, have conducted research on characteristics of negotiators, which has received much media attention. “‘Nice guys finish last,’ pretty much sums up our findings,” he says.

They also teach the popular Negotiation elective, in which students perform a series of simulated complex negotiations. “It is not a course in 101 tips on how to be a better negotiator,

but on how to be more effective in analyzing problems. A lot of success in negotiation comes from being prepared and better able to analyze the psychology of the problem.”

Outside of Owen, Barry is involved in a myriad of activities ranging from being president of the International Association for Conflict Management (a professional academic society) to coauthor of new editions of three widely used negotiation books to president of the ACLU of Tennessee to a contributing writer on social and political issues for a Nashville newspaper.

He is also director of Owen’s Ph.D. program and a two-time winner of the Dean’s Award for Teaching Excellence. “To be named a chaired professor is a signature honor in academia and a wonderful vote of confidence from the dean and senior faculty,” he says.

In teaching, Barry tries to convey that an understanding of human behavior and organizations is not only critical to getting ahead in your career but to having a fulfilled professional life. “Students often don’t realize the importance of the behavioral aspects of business until they have been in the working world for a while. No matter how polished your technical skills, if you are not effective behaviorally and don’t have leadership talent and finesse, you are not going to advance far in complex organizations.”

— Beth Matter

## APPOINTMENTS

**Admissions:** **Katie Lamb** is associate director of MBA admissions and marketing, responsible for the campus visit program and recruiting activities in the Southeast. Prior to coming to Owen, she was a human resources consultant with Aspect Communications.

**Career Management Center:** **Todd Treible, '93**, returns to Owen as associate director of career management after serving as assistant vice president of change management at The Willis Group.

**eLab Research Center:** **Sean Rhea**, technical director, previously worked as Webmaster and e-marketing manager for the State of Tennessee Department of Economic and Community Development.

**Executive Education:** **Maureen Writesman**, new administrative assistant for the Executive MBA program, has worked at Owen for 14 years in a variety of positions including faculty support and as administrator of the Owen Ph.D. program and coordinator of the "Working Paper and Faculty Publication."

**Information Systems:** **Jason Reusch**, returning to Owen as a computer systems analyst, most recently was a principal in Philadelphia-based Theodos Corporation, producer of transaction software for the videogame industry. **Erin Chaney**, computer systems analyst, is a Microsoft Certified Engineer with three years of experience developing customized Web to database applications.

**Ph.D. Program:** **Janet Sisco**, who has worked on special projects since 2001, has taken on the additional responsibility of handling administration for the doctoral program.

**Walker Library:** **Flo Wilson**, deputy University librarian, is currently serving as acting director of Walker Library. **Matt Gibson**, information services librarian, comes to Owen from the University of Illinois at Urbana-Champaign, where he worked at the commerce library and was a consultant to the office for Strategic Business Initiatives. **Laura Norris**, document delivery specialist with the Business Information Service, previously worked for the Jackson State (Tennessee) Community College library. **Shirl Kennedy**, electronic resources librarian, is the library Webmaster and manager of electronic resources. She earlier served as Web guide manager for Time Inc.'s web magazine *Business 2.0*. **Marie Swearingen**, circulation manager, joined Owen from Syracuse University, where she was the library's coordinator of campus delivery services and headed the reserve unit and interlibrary loan express service.

## OWEN READIES FOR HEART EMERGENCIES



Owen is now equipped with a defibrillator and has personnel ready to help anyone who goes into sudden cardiac arrest. Numerous people, including Dean Bill Christie and Sybil L'Heureux, facilities manager, are trained on the equipment. A defibrillator corrects an erratic heart rhythm by applying electrical shocks to the body. The \$3,000 machine that Owen purchased talks the operator through each step of the process (apply the pads, send the shock, step away) and prints the instructions on a screen.

## INFORMS HONORS WEINGARTNER

Marty Weingartner, the Brownlee O. Curry Professor of Management, Emeritus, recently was honored by INFORMS, the Institute for Operations Management and the Management Sciences, as one of the inaugural winners of its lifetime achievement award.

INFORMS established the award to honor their most distinguished and illustrious members. Weingartner received the honor at the INFORMS



Weingartner

conference luncheon on November 18 in San Jose, California.

Weingartner has written extensively on the uses of mathematical models in financial decision making and approaches to capital budgeting, and has consulted for major financial institutions and other organizations. A past president of The Institute of Management Sciences, and associate editor of *Management Science*, he has authored *Mathematical Programming and the Analysis of Capital Budgeting Problems* and numerous articles.

## Upcoming Conferences

Baseball Economics Conference, February 21. Log on to <http://mba.vanderbilt.edu/conferences/baseball02.cfm> for conference program and registration form.

European Union Studies Association Biennial International Conference, March 27-29. For more information, email [esa@pitt.edu](mailto:esa@pitt.edu) or visit the Website: <http://www.eustudies.org>.

Law and Business Conference, March 28. Check [http://mba.vanderbilt.edu/conferences/law\\_bus.cfm](http://mba.vanderbilt.edu/conferences/law_bus.cfm) for more information.

Financial Markets Research Center Conference, April 10-11. Visit the Website <http://mba.vanderbilt.edu/fmrc/> for more information.

## SPEAKERS DISCUSS VALUES, INTEGRITY, ECONOMIC RECOVERY, AND THE AMERICAN SPIRIT

### Paul O'Neill

Former U.S. Secretary of the Treasury  
Distinguished Speaker—September 24

"The last few years have been challenging for the economy with the bursting of the dot-com bubble...over-expansion of telecommunications and computers and semiconductors... 9/11...and unbelievable cases of corporate fraud.

Despite this, there is good news. There is virtually no inflation, interest rates are at a 40-year low, and the unemployment rate is down some. Millions are employed today because of the tax reduction and the job creation act. We now have the task of trade promotion—we believe the world would be a better place if there were no trade or tariff barriers anywhere."

O'Neill encouraged students to challenge economic conventions when appropriate in this challenging time. "If the ideas don't fit anymore, then it is time to change the ideas," he said,

citing his relative lack of concern over the U.S. account deficit as an example. "I'd rather have a stronger relative level

of economic activity in the United States....

A central issue today is leadership," he continued. "I think the worst of the corporate scandals are behind us. As I travel around the world, I am convinced that people everywhere can obtain what we have and enjoy in the

U.S. The realization of this potential is linked to a simple idea: with leadership, everything is possible; without leadership, nothing is possible."

### Dick Grasso

Chairman and CEO, New York Stock Exchange  
Distinguished Speaker—September 25

"Few people talk about 9/11 as the single most successful rescue in the history of our nation. Many firefighters and police officers gave their lives that day so that almost 26,000 people could get out of the two towers alive. The debris—

1,800,000 tons—was

removed from the site at one-tenth of the estimated cost and a year and a half ahead of schedule.

My business experienced the longest interruption in trading—five and a half days—since the Great Depression. Connectivity producing 70 percent of the daily activity on Nasdaq and NYSE was lost. Most would have thought that it would take weeks or months before trading could resume. But the connectivity that took almost a quarter



O'Neill



Chris Saponari, second-year, presents Dick Grasso, NYSE chairman and CEO, the Owen Finance Club Outstanding Financial Executive of the Year Award for his leadership of the exchange during dramatic changes in financial markets. Grasso spoke as a Distinguished Speaker on September 25.

of a century to create was rebuilt in five and a half days, in one of the best examples of a public/private partnership.

This partnership is again going to be called upon to heal a different kind of attack, not one that has taken lives, but that has ruined lives—lives of investors, employees, companies. In the last half of the 20th century, the investor population in the U.S. grew from less than 4 million to almost 25 million. A large part of that growth was stimulated by the public's belief, not in a guaranteed profit, but in a guaranteed accountability to produce credible financial statements.

We need to take tough, remedial, and long-lasting actions of reform. We also need to realize that no regulation, no legislation, no code of conduct, will bind a dishonest person to honesty. We must weed those who are dishonest out of the system and never let them participate again. I have a simple remedy to deal with companies that have stolen: pursue, prosecute, and incarcerate."

### Brad Martin, EMBA 1980

Chairman and CEO, Saks Incorporated  
Distinguished Speaker—October 21

"I led a group of investors to buy the four-store Proffitt's department store business in 1984 merely as a transaction. In 1989, we bought five more department stores, and I joined the management of Proffitt's Inc. as CEO. In 1990-91, we aggressively began building and buying; buying and building. By the end of 1997, we had a \$4 billion company, and in 1998 decided to buy Saks. Today the corporation is a \$6 and a half billion business and the fourth largest department store business in the U.S., with more than 350 stores in 39 states.

There is much focus today on corporate governance. The hardest part of

my job as chairman and CEO is not governance; it is buying and selling merchandise, running stores, and making a profit doing it. Our department store businesses are positioned to be the best place to shop in your hometown; our Saks Fifth Avenue businesses to be the most inviting luxury shopping experience....



Martin

Why are we different from Enron? There are many reasons. I personally know what is going on in this company, and the team understands my values and our values [quality, integrity, service, teamwork, and winning]. We have an independent board of directors that meets independently. And we don't mind saying we don't have all of the answers or that we made a mistake. If you can't defend what you are doing if it should appear on the front page of the *New York Times*, stop doing it. If you can defend it, do the right thing and damn the consequences....

If I had to do it again, I would be more aggressive faster in changing the company culture in acquired businesses. Speed matters. If you don't think you have the right people in the right positions, get out ahead of the curve. Don't merely hope and wish that it will get better."

## Bart Victor

*Cal Turner Professor of Moral Leadership Orientation Talk—August 21*

"Your choice to come here to invest in yourself is an act of sheer blind optimism. Optimism in the possibilities of business, possibilities of your chosen career field, but mostly optimism in yourself. Could that all go wrong? Could you find yourself on CSPAN under congressional review? Or being



Victor

escorted out of your office in handcuffs? Or without a job, with your hopes and dreams crushed, confused, and disoriented?

Why did the corporate scandals happen? We hear explanations about the culture of business, the evil or genius of capitalism, explanations about the market and the failures of western society.

I don't think these explain what happened. The scandals occurred because people chose to lie, commit fraud, steal, and use their power to influence and induce others to also make such choices.

What does this mean for you as a business professional? Will you put your energy and resources and vision and intellect into achieving your potential, or will you choose something else? You will have many opportunities to exercise that choice. Some opportunities will be large; some will be subtle. It is the subtle opportunities you need to pay attention to. Choices don't come neatly wrapped saying here is one path, there is another. Choices often come quickly, quietly, and disguised.

Over the next two years, you can grow, develop, and learn to be an extraordinary business person or not. I remain optimistic you will make the right choices."

## Joanne Ciulla

*Professor of Philosophy  
Jepson School of Leadership Studies,  
University of Richmond  
Cal Turner Program in Moral Leadership  
Speaker—September 26*

"We don't investigate why companies do well. Highly successful leaders often get less scrutiny than other people. And because they are successful, they get addicted to the success, and sometimes start slipping. Enron started out all right, but started slipping. In most business cases, it is not unsuccessful people who are crooks, but successful ones. This brings up questions about how we run organizations. We don't like to question success; we question failure."

## Other Speakers

*(Audiotape for many of the speakers is available on Owen's Website, keyword: speakers.)*

**J. Gus Coppola**, CEO, TruSeal Technologies, "R&D and New Product Launch Issues," November 21

**Richard Wallman**, senior vice president and CFO, Honeywell International, Inc., "Managing a Company in Uncertain Times," Distinguished Speaker, November 18

**Jim Harper**, vice president, Eli Lilly and Company, "Building the Blockbuster Drug for the Next Millennium," November 6

**Larry Kloess**, president and CEO, Centennial Medical Center, "The Hospital as a Business—the Importance of Access to Capital and For-Profit vs. Non-Profit Hospitals," October 30

**Mike Janes**, '84, vice president, Worldwide Apple Store, "Electronic Commerce: So Is This a Great Job or What?" September 23

**Farooq Kathwari**, chairman and CEO, Ethan Allen, "Reinvention of Ethan Allen," September 17

**Richard Ford**, executive vice president and COO, Porsche Cars North America, Distinguished Speaker, January 17, 2002

## THE CLASS OF '04—OWEN'S BEST EVER

Recruitment efforts for the Class of 2004 produced Owen's best and brightest class ever.

The current first-year class has the highest cumulative undergraduate grade point average (3.29) and highest GMAT average (648) of any class in the School's history, says Todd Reale, director of admissions and marketing.

### '04 quick facts:

- Average work experience of class members is 4.7 years, with 93 percent having worked at least two years after earning an undergraduate degree. Only four percent have no prior full-time work experience, and all but one of these individuals are dual degree students or have earned another graduate or professional degree.
- Percentage of women remains the same (24 percent), but percentage of U.S. minorities and international students declined. Despite making a larger percentage of offers to women and minorities, it was a competitive year for recruitment, Reale says, and these numbers reinforce the need to improve efforts in the areas of female and minority recruitment.

Owen's budgeted enrollment was 220 to 225 students. A last minute withdrawal and three no-shows at orientation made the final count 219.

- The number of prospective students participating in the Campus Visit Program was 392, an 84 percent increase over last year. Total number of campus visitors and weekend event participants was 553, a 50 percent increase over last year. A change in Owen's interview policy, increased promotion of the importance of campus visits, and the addition of Community Weekend helped boost these numbers.
- Overall yield for participants in a campus visit or weekend event was 57 percent, compared to 32 percent for those who did not participate, underscoring the importance of getting applicants to campus. Community Weekend (for prospective students) and Welcome Weekend (for admitted applicants) had an enrollment yield of 79 percent.
- Total number of applications declined by one percent. Domestic applications rose 19 percent and international applications declined

19 percent. Since Owen has focused its efforts on increasing the size of the domestic pool, Reale is pleased with the results.

- While the media reported that many graduate and professional schools saw their applications increase because of the economic downturn, several of Owen's peer institutions, including UNC and Washington University, also reported their applications were flat compared to last year.
- In its first year, the new strategy concentration attracted interest among 32 percent of incoming students—almost a third of the class. Incoming students also named finance (53 percent), general management (37 percent), marketing/brand management (33 percent) and entrepreneurship (31 percent) among their top three areas of interest.

—Lew Harris

## '02 Employment Picture

For the latest Owen employment report, log onto the Website: <http://mba.vanderbilt.edu/cmc/pdf/01emprpt.pdf>

## Owen Hosts National Black MBA Association Conference

Melinda Allen, second from left, director of the Career Management Center, welcomes recruiters from the Russell Corporation to the National Black MBA Association Conference and Exhibition, which brought more than 10,000 MBAs and 340 businesses and graduate business schools to Nashville last fall for networking and recruiting opportunities. Held at the Gaylord Opryland Resort, the conference, titled "Bridging the Gap to the Untapped Frontier," featured management and executive informational sessions, a career fair, a case competition, social events, and a number of headline speakers, including Michael Dell.

Owen sponsored the exhibitor briefing and corporate partner appreciation reception; a reception for current Owen students, prospective students, alumni, and corporate friends; an Owen informational booth during the career fair; and a student team in the case competition. "We were excited to be able to help facilitate activities at such an important conference and to have another venue for acquainting recruiters with our own students," Allen says.





DAVID CRENSHAW

Catherine Rowbotham, Pablo Navarro, Julieta Tapia, and Paola Casey last year helped fix dinner at the Ronald McDonald House during Connect for Kids week.

## “CONNECT FOR KIDS” SEEKS ALUMNI, CORPORATE SPONSORSHIP

A new Owen community service project, Connect for Kids, raised \$2,200 last spring for United Way Children’s Fund of Middle Tennessee through a weeklong series of activities that included a charity auction, golf and basketball tournaments, and a social event. In addition, students donated their time at a local school, the Ronald McDonald House, and Second Harvest Food Bank.

This year, the project hopes to expand its reach to involve alumni and corporate sponsors in an attempt to raise \$10,000 for the Boys’ and Girls’ Club of Middle Tennessee. The event will be held the first week of April.

To learn more about how to donate auction items or to become a sponsor, contact Neal Moses at [neal.moses@owen.vanderbilt.edu](mailto:neal.moses@owen.vanderbilt.edu) or visit the Website at <http://mba.vanderbilt.edu/connectkids/connect.htm>.

## VISITING BRAZILIAN EMBA’s

Owen in November hosted students and faculty from the Universidade de São Paulo Executive MBA program, recently rated #1 in Brazil. The week-long program focused on international marketing, with most sessions led by Owen faculty, and included a tour of the Dell facility in Nashville and Federal Express in Memphis. A cocktail party at the end of the week brought the visitors together with Owen Brazilian students and Vanderbilt faculty. From left are James Wright, USP professor of strategy and Executive MBA director; Mariza de Carvalho Soares, professor of history at the Federal University of Rio de Janeiro, currently in residence at Vanderbilt; Robert House, Vanderbilt Orrin Henry Ingram Distinguished Professor of Engineering Management, emeritus, and Marshall Eakin, Vanderbilt associate professor of Latin American history and specialist in Brazil. House, during his career, has worked on various projects aimed at improving the management of science and technology in Brazil.



DANIEL DUBOIS

## TVA EMERGING LEADERS: IN A CLASS OF THEIR OWN

Emerging leaders from across the Tennessee Valley Authority began a nine-month customized business program last fall designed to prepare them for greater leadership responsibilities within the corporation.

TVA selected 25 middle- and senior-level leaders for the program. Participants are from various TVA business units including procurement, customer services and marketing, communications and government relations, plant operations, finance, and power trading operations.

“We worked with TVA to customize a program that would meet the strategic goals and competencies they want to instill in their emerging leaders,” says Martin Rapisarda, associate dean for executive education. “The program emphasizes strategy, finance, and leadership, and combines management skills and functional area competencies.”

Owen faculty teach the classes, with participation by TVA executives, who provide the TVA perspective to the content being delivered. The program uses project-based learning, in which students apply what they learn to challenges they face on the job.

Classes are held Thursday through Saturday once a month at Owen. Outside of class, students can consult the online community blackboard for information on readings and assignments and to interact with other participants.

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[www.dore2dore.net](http://www.dore2dore.net)

## eSTRATEGY CONTEST FEB. 15 FOCUSES ON ROCHE DIAGNOSTICS, e-HEALTH

How Roche Diagnostics—the world’s leading provider of diagnostic systems and decision-oriented health information—can achieve even greater growth in the competitive healthcare industry is the subject of the fourth annual Owen eStrategy contest, which held final rounds February 15. Six student teams from Duke, Harvard, MIT, Wharton, Maryland and Rutgers advanced to the finals, out of a first round field of 45 teams from 29 schools (including three international schools), to compete for \$30,000 in prize money.

One way Roche can achieve its goal is to become an actionable health information provider and expand its traditional offerings (diagnostic tests, systems, and associated chemical reagents) to services and solutions centering on information from such sources as genetic research, genomics, and proteomics. Such information can lead to significant improvement in researchers’/clinicians’ ability to manage human disease.

The case: Roche’s Global e-Business Group is to present to senior executives an e-health growth strategy that will make the company the leading provider of actionable health information. Student teams were to devise recommendations for the group in these areas: e-Health segments for Roche to enter, details on product or service offerings, targeted market segments, and key channel strategies, as well as best entry methodology (e.g. alliance/acquisition candidates) with high-level strategic and financial justification.

Judges for the finals included Gregory Heath, EVP/business development, licensing, and CTO, Roche;



DAVID CRENSHAW

Some of the judges for last year’s contest were, from top clockwise: Peter Wagner, ’86, senior manager at KPMG Consulting in Chicago; Chris Wimmer, interactive TV strategist for Microsoft; Karen Spacek, senior vice president, Gaylord Entertainment Corporation; and Scott Ryan, ’95, entrepreneur in residence at the Advanced Technology Development Center at Georgia Tech University. The case last year involved analyzing the U.S. interactive television market and developing strategic recommendations and a detailed business model for execution of the plan. A team from Indiana University captured the winning prize of \$25,000.

Frank Cheng, ’94, VP/global e-business development, Roche; Jack Bovender, chairman and CEO, HCA; Dr. William Stead, associate vice chancellor for health affairs, Vanderbilt University Medical Center; Dr. David Steele, director of Integrated Consumer Experience, Humana, Inc.; and Tom Apkers, president and CEO, WebMD Envoy.

Roche presented the winning team with \$25,000 and the runners-up with \$5,000. Other sponsors are WebMD, HCA, and Gaylord Entertainment Corporation.

“Roche has an innovation culture, so current MBA students are a good source for us,” says Cheng. “They can help us to think broadly and deeply about e-health care innovations. The contest topic is also a good fit because Roche is a healthcare company and Vanderbilt is located in Nashville, the nation’s center of for-profit healthcare enterprises.”

For updated information on the winners, visit <http://www.estrategycontest.com>.

## HAVING A NET IMPACT: Students Attend Social Responsibility Conference

Ten Owen students attended the 10th annual Net Impact Conference in Washington, D.C., last fall, joining more than 900 students from 82 universities and 40 countries to hear inspirational speakers including Ben Cohen, co-founder of Ben & Jerry’s, discuss their philosophy regarding business and social responsibility. Events included chapter building sessions, a business expo, career panels, alumni events, and breakout sessions that focused on business and public policy, environmental initiatives, international perspectives, social entrepreneurship, and corporate social responsibility.

“The biggest benefit to attending the conference was seeing there are people and corporations who care about building a better world through business,” says Ed Briscoe, second-year student and president of Owen’s Net Impact Club. “It is a movement that seems to be growing.”

## OWEN-GROWN PROJECT BECOMES HEALTH CARE CONSULTANCY

More and more Owen students want to start their own companies. And some, like Carlina Rollins and Virginia Carter, '02 graduates, realize that goal even before receiving their diplomas.

Both entered Owen with prior business and consulting experience: Rollins served as CFO for a management consulting firm and as engagement manager in the healthcare sector with a Big Five accounting firm. Carter served as a systems consultant focusing on process improvement, implementation, and project management in the surgical services arena.

Two class papers—one by Rollins on delivering healthcare systems for a service marketing class, and another jointly written on immunization records for a telemedicine/digital health class—brought them together and jumpstarted their new endeavor.

The original business concept for CarterRollins GROUP (CRG), founded December 2001, was to provide a technical solution for process improvement in childhood immunization registries. “There is vast data on childhood immunization that is not being shared effi-

ciently,” Carter says. “Data currently is collected at multiple levels (i.e. pediatrician offices, parental files, schools, and state registries) and no system exists to integrate it.”

While process improvement in how registries are maintained is a long-term goal, CRG developed a different short-term strategy after meeting with the Centers for Disease Control and Prevention in Atlanta. “We realized then that large software corporations have tried integration with no success, because of the number of players and immense data.” Their current focus is to pursue subcontracting opportunities in healthcare consulting, particularly in the field of data collection, interpretation, and strategic management in the hope of building expertise that will allow CRG to address larger integration issues.

The pair received support from Owen, both physical (housing their company in one of the study rooms until last summer) and strategic (receiving encouragement and direction from their entrepreneurship advisor, Germain Böer and other faculty). Carter also gained valuable experience through working on projects at Gaylord Enter-



During Owen's Entrepreneurship Poster Session last spring, Virginia Carter explained the CarterRollins GROUP business concept to Bruce Lynskey, assistant clinical professor of entrepreneurship. The poster session provided a forum where students considering starting their own businesses could showcase ideas and get feedback.

tainment Corporation as part of Owen's Entrepreneurship Program.

They found the Nashville community to be helpful and supportive as well. “You quickly learn that the Nashville network of entrepreneurs is thriving and everyone wants you to succeed,” Rollins says.

Part of the appeal of owning their own company is the ability to structure an enhanced culture based on shared values. For Rollins and Carter, that means working remotely: Rollins operates out of Austin and Carter remains in Nashville. Family concerns are also important: Rollins has two children, and Carter had her first child in November, so they designed the company to reflect their commitment to balancing family life with their professional contributions to numerous communities through CRG's efforts. Carter and Rollins agree, “you can't get any better than a double bottom line—the opportunity to positively affect both the community and the bottom line.”

For more information, contact CRG at [contactus@carterrollins.com](mailto:contactus@carterrollins.com). To learn more about the activities of the Owen Entrepreneurship Center, visit [mba.vanderbilt.edu/oec/](http://mba.vanderbilt.edu/oec/). —Beth Matter



Carlina Rollins, left, discusses entrepreneurial issues during the Entrepreneurship Poster Session with Linda Garceau-Luis, E'02, owner of LGL Consulting.

## ENTREPRENEURSHIP CENTER TAKES EXPERTISE ON ROAD

Owen's Entrepreneurship Center (OEC) has extended its outreach to entrepreneurs in Huntsville, Alabama, through an alliance with Biz Tech technology incubator and its first collaborative project, an entrepreneurial workshop series.

The Olin B. King Entrepreneurial Workshop series brought Owen faculty to Huntsville last summer to teach nine half-day workshops on topics pertaining to successful start-up ventures.

### Faculty and topics included

- “Structuring and Managing the Small Business”; “Sales and Marketing Tactics for Start-Up Companies”; and “Driving Company Valuations”, Bruce Lynskey, assistant clinical professor of entrepreneurship;
- “Identifying Targets for Innovation,” David Owens, assistant clinical professor of entrepreneurship;
- “Organizational Architecture,” Luke Froeb, the William C. and Margaret W. Oehmig Associate Professor of Entrepreneurship and Free Enterprise;
- “Fundamentals of Financial Systems for New Ventures” and “Valuing a Company, Dealing with Investors, and Other Financial Issues,” Professor Germain Böer.

“This effort helps us to realize our goal of bringing business to technology, helping people turn ideas into products that are valued in the marketplace, and ultimately creating wealth,” says Böer, OEC director. “Huntsville is home to a tremendous amount of technology because of the Marshall Space Flight Center and Redstone Arsenal, and other entities, and home to many people who want to start businesses, so this is a natural step for us.”

Biz Tech helps small companies de-

velop emerging technologies for the global marketplace. In its five years, the incubator has graduated seven companies and currently mentors, trains, and offers support services to nine others.

The lecture series was named for Olin King, one of Huntsville's most successful entrepreneurs, who started SCI systems in his basement 41 years ago and grew it into a multi-billion dollar company employing 34,000 people in 51 facilities in 19 countries, before merging with Sanmina last year.

### Learning from the King

King opened the lecture series July 9, pulling from his own experience to give encouragement to the entrepreneurs and would-be entrepreneurs.

“SCI was successful because we were competitive, responsive, and believed in quality,” he said. His advice comprises a short list: work hard, be honest, hire the best professional support people (not consultants) you can. Find a good commercial banker to be part of your key team. Be flexible. Don't abandon a business plan but evolve it.”

King recalled how SCI figuratively went out of business many times, the first time less than 60 days after the company was founded. “But we just kept evolving it into something else.”

He formed the company in 1961 to build satellites, but the beginning of the Apollo space program caused its demise 60 days later. SCI then became an Apollo electronic subcontractor, but the end of the Apollo program in 1970 again put SCI out of business. In subsequent years, the company manufactured for both the military and commercial arenas.

“We wanted to be a specialty manufacturer and approached companies offering to build their products faster and better than they could do it themselves,” King said. SCI's coup came when they landed the contract to build IBM PCs, “a product no one else wanted to tackle at the time. It became the most successful product in history—it went from \$0 to \$10 billion in three years, giving us credibility.” SCI's secret: applying space technology to consumer computer reliability. “In those days, the

retail outlets for PCs were mom and pop shops, and the last thing they wanted was a product that didn't work or didn't work very long.”

Sanmina-SCI Corporation today is an electronics contract manufacturer that provides end-to-end manufacturing solutions in the communications, defense and aerospace, industrial and medical, computer, and multimedia markets.

Log onto [mba.vanderbilt.edu/oec/](http://mba.vanderbilt.edu/oec/) to find out the latest activities and news of Owen's Entrepreneurship Center.



King



Doug Smith of Evergreen Investments, former adjunct faculty member, and Dave Swenson, '82, from Coleman Swenson Booth, Inc., led students in a discussion on venture capital, and were just two of the speakers sponsored this year by the Owen Entrepreneurship Center.



## FMRC CONFERENCE HIGHLIGHTED INNOVATION IN FINANCE

Photos by David Crenshaw

Innovation in investing and trading was the topic of the 15th annual Financial Markets Research Center conference held April 11-12. Members of the FMRC, academics, and practitioners participated in sessions looking at how technology, changing investor needs, regulations, and other forces create change and constant need for innovation in financial markets.

The first day of the conference, held at Caterpillar Financial Services, focused on hedge funds and related investment vehicles. Topics included the history of the hedge fund industry, types of investing strategies the funds employ, investment performance, and manager compensation.

The Friday sessions, held at Owen, examined trading markets, market quality, and trading strategy. Discussion centered on the future of innovative trading systems and traditional exchanges, measurement of market quality, how regulation has affected the quality and functioning of equities markets, and effect of the new regulatory framework on futures trading.



Dewey Daane, Frank K. Houston Professor of Finance, emeritus, and senior advisor FMRC, and Philip McBride Johnson, Skadden, Arps, Slate, Meagher & Flom



Richard Lindsey, senior managing director, Bear Stearns and Company; Steven Lonsdorf, CEO, Van Hedge Fund Advisors; and Vikas Agarwal, Georgia State University

### Views from the Trenches:

**Steve Lonsdorf**, CEO, Van Hedge Fund Advisors: "Fifty percent of hedge funds are domiciled abroad. The **structure** of most hedge funds is a limited partnership with a limited number of accredited investors and an investment manager who is generally paid a base fee plus an incentive fee of 20 percent of profits."

**Bill Spitz**, Vanderbilt University treasurer: "Twenty-five percent of the University's endowment is in hedge funds. Of this amount, about half is in actively managed low beta hedge funds and half is in a variety of absolute return hedge funds that follow a market neutral strategy. While **transparency** of hedge funds has improved, risks remain, including high leverage, high concentration, and illiquidity of hedge fund portfolios."

**Philip McBride Johnson**, of Skadden Arps, Slate, Meagher and Flom, and former chairman of the Commodity Futures Trading Commission: "**Deregulation** (under the Commodity Futures Modernization Act of 2000) has gone too far when major institutional investors, central to the functioning of financial markets, are exempt from regulation."

**Martin Gruber**, professor, New York University: "Managers earning **incentive fees** have better stock selection ability and lower expense ratios than do other managers; however, they have beta coefficients that are less than their benchmark's coefficient. Consequently, they underperform their benchmark. Because incentive fees have a floor and a cap, managers become more conservative after a period of good performance and increase risk after a period of poor performance."



John Rea, Investment Company Institute; and Hans Stoll, Anne Marie and Thomas B. Walker Professor of Finance and FMRC director



Scott Nieboer; Thomas Peterffy, chairman, Interactive Brokers Group; and Paul Bennett, chief economist, NYSE

**Paul Bennett**, chief economist, New York Stock Exchange: Regarding **SEC Rule 11 Ac1-5**, "the rule covers only 31 percent of NYSE volume, measures of the effective spreads fail to distinguish trades greater than the quoted depth from trades less than the quoted depth, and different processors report different summary measures of execution quality given the same underlying data."

**Ian Domowitz**, managing director, ITG Inc.: "Automation is likely to lead to **disintermediation** of trading in retail orders, which can be handled in an electronic book market. On the other hand, institutional trades will require re-intermediation by electronic intermediaries that can effectively manage the more complex trading needs of institutional clients."

**Kevin Cronin**, senior vice president of AIM Capital Management: "Modification of NYSE rules that limit **direct contact** between an institution and a floor broker would enable institutions to have greater control of the trading process."

## 2003 FMRC Conference to Look at Corporate Behavior and Financial Markets

The 2003 FMRC conference to be held April 10-11 will look at how investors can assess the true value of companies and explore factors that went into the overvaluation of the technology sector during 1998-2000.

Sessions will address such questions as, was the overvaluation due to accounting misdeeds, failure of analysts to do their jobs, or irrational exuberance? Can financial markets provide more effective discipline of managers? Do institutional investors play a sufficiently aggressive role in monitoring companies and their management? Does bad accounting lead to stock market mis-valuation? Do executive compensation arrangements provide perverse incentives? Can financial markets discipline corporations or must more responsibility be put on the board of directors?

For more information on the conference, visit the website: <http://mba.vanderbilt.edu/fmrc/>.

## VCEMS HOSTS RISK SUMMIT, IDENTIFIES TN ENVIRONMENTAL ISSUES

Advances in information technology and recent terrorist events have raised questions about what constitutes environmental risk communication and how best to communicate such risk.

The Vanderbilt Center for Environmental Management Studies (VCEMS) hosted an environmental risk communication summit last year, bringing together a variety of risk stakeholders including representatives of local, state, and federal governments, industry, non-profit environmental groups, emergency responders, media, and academics and scientists to discuss the issues.

Keynote speaker was Greer Tidwell, environmental regulator, academic,

## eLab Launches Online Experiments



Click on [elab.vanderbilt.edu](http://elab.vanderbilt.edu) and have Paige, the verbot, tell you about the eLab Research Center. Or go to [elab.vanderbilt.edu/panel](http://elab.vanderbilt.edu/panel) to participate in online experiments and surveys and get a chance to win cash prizes. To see if you have a lookalike in the eLab photo archives, log onto [elab.vanderbilt.edu/amiu](http://elab.vanderbilt.edu/amiu).

It's all part of the fun to draw consumers to eLab's Website and entice them to join the online panel and help further eLab's research for a digital world.

eLab, the nation's first academic research center dedicated to the study of e-business, in 2001 also became the first to build an entire infrastructure to study actual online consumer behavior. eLab consists of virtual experiments and surveys, live destination Websites, and an online consumer panel providing an extensive subject pool for projects fielded in the virtual lab.

Last year, the center launched four projects in the online retailing space to test its theories. eLab faculty are looking at how consumers evaluate virtual 3D representations of products; the effectiveness of online product reviews in influencing consumer purchase decisions; and the distinctions between experiential browsers and rational buyers to better design Websites to meet the needs of both kinds of consumers.

"In 2003, we will take a deeper look at online customer experience, creating loyalty on the Web, and multi-channel retailing," says Donna Hoffman, professor and co-director.

eLab plans to work with corporate partners interested in these areas and to host an agenda-setting conference on the most important research issues facing Internet retailers. To find out how to become a corporate sponsor or partner, log onto [elab.vanderbilt.edu](http://elab.vanderbilt.edu) or contact Hoffman at [donna.hoffman@owen.vanderbilt.edu](mailto:donna.hoffman@owen.vanderbilt.edu).



and consultant, who spoke on environmental risk communication from a multi-stakeholder perspective. A white paper on the summit proceedings has been published and is available on the VCEMS Website.

Prior to the Tennessee gubernatorial election last fall, VCEMS also published a series of white papers identifying key environmental and natural resources issues facing Tennessee in the coming decade.

The three environmental issues identified are nonpoint source water pollution, ozone pollution, and public lands conservation.

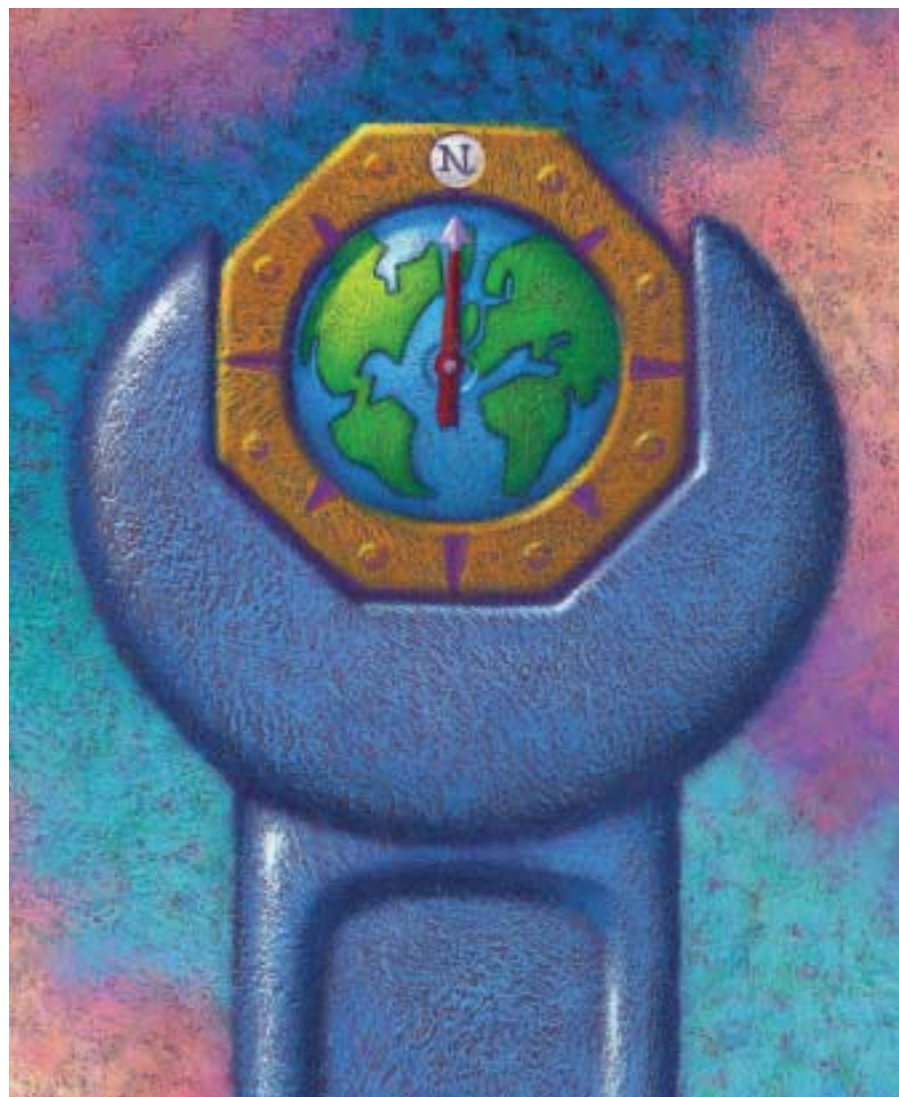
"At a time when Tennessee is facing a budget crisis, and issues of taxes ver-

sus spending are frequently in the headlines, concern for the environment and natural resources can easily get sidelined," says Mark Cohen, professor and VCEMS director. "Yet there is clear evidence that the public places a high priority on preserving a clean and healthy environment. As a result, one of the biggest challenges facing the state's leaders is providing the leadership and vision necessary to focus the state's attention on these important issues that might easily take a back seat to more high-profile concerns."

To read more about the summit or to download any of the white papers, visit the Website:

[www.vanderbilt.edu/vcems](http://www.vanderbilt.edu/vcems).

# Owen's Leadership Toolkit



## As Corporate America Returns to Basics, Owen Grads Prove They Have the Right Stuff

BY NED SOLOMON

**W**hen Bill Christie became dean of Owen in 2000, he discovered first-hand the challenges involved in leading and managing people. A professor since 1989 and then associate dean in 1999, Christie's responsibilities in human resources increased enormously in his new position. "During most of my working life no one reported to me," says Christie, "and suddenly I became dean, to whom everyone ultimately reports. That transition brought home to me the real value of human resources courses."

Christie is a vocal proponent of instilling leadership and people management skills in all Owen students, regardless of their concentration. He is convinced that basic human resources skills are a foundation for almost every position and that they bolster students in event their first career choices are not available. This scenario played out dramatically this past year, when an economic downturn and massive layoffs prevented consulting and investment banking firms from recruiting at

Owen and other business schools.

Owen students interested in these fields were forced to take different approaches. Instead of landing their dream jobs immediately, they took jobs that would ultimately lead to IB and consulting positions, opted to wait it out until those positions became available again, turned to other industries, or returned to the industries they worked in prior to entering school.

But even without a slowing economy, Christie believes it is vital for students to get a firm foundation in the so-called "soft" courses, which emphasize, in Christie's words, "group work and few numbers. We want to prepare students not just for technical aspects of their first job but to train them to progress through a career. If they're successful in those first few jobs, they in fact will become managers. And effective managers have to know how to lead people."

### It's All About Teamwork

One of the strengths of Owen is that students are required from the start to work in teams. Students collaborate on case studies, projects, and homework. At the end of each module, students rank themselves and their team members. Students quickly discover who pulls their weight and who is not up to par.

"In other professional schools such as law and medicine," says Dick Daft, associate dean of Academic Programs, "it's still basically an individual pursuit. You can't even get through the first course at Owen unless you can work with other people on a team. All of this 'give and take' helps to rub off the rough edges and encourages people to collaborate. Students get a lot of exposure to interpersonal dynamics just by being at Owen."

Owen's diverse population allows students to experience interaction

with different cultures and attitudes. "They'll be working with people who don't share the same world view," Christie says. "There is at least one international student in each group with a very different perspective. Hopefully the skills they are developing as students will help them work together with peers and subordinates."

Owen's Human and Organizational Performance concentration brings a strategic focus to human resources, and integrates human resources knowledge with organizational design, leadership, and change.

### Areas of Concentration

In the mid '90s, alumni and recruiters recognized that MBA students needed enhanced leadership and teamwork skills. In response, Owen created the core course, Leading Teams and Organizations. A few years later, another shift occurred when two concentrations—HR (Human Resources) and OM (Organization Management) merged to form HOP (Human and Organizational Performance). This new concentration brings a more strategic focus to HR and integrates HR knowledge with organizational design, leadership, and change.

"A small and stable group of students are interested in HR," says Ray Friedman, associate professor of Organization Studies, "and a growing number are interested in HOP, which focuses on managing change, leadership, and organizational change. HOP is a good complement to strategy, another concentration at Owen. For those in consulting, strategy is critical because it provides the analytics to determine a company's direction. But strategy students also help companies implement those changes." More Owen students now study organizational design, managing change, lead-

ership, and strategic human resource management than just finance, marketing, or operations, he says.

Owen courses focus on three areas: HR management, leadership and individual relationships, and organization design and change. HR management courses teach students how to hire, train, and, according to Daft, "moti-

vate an organization's human capital" to function within an organization.

Individual relationship courses address negotiation, ethics, and leadership. "This is where people acquire knowledge of self," says Daft, "knowledge of others, and how to relate to people."

Organization design and change courses instruct students in managing and organizing large numbers of people—how to build teams and coordinate large projects across an organization, how to implement change, or change a mindset to embrace a new strategy. Students learn how to focus people on new efforts, get them to rally around initiatives, how to structure an organization, and what leadership skills are required to focus a company's energies.

### Challenges in the New Workplace

The ability to be flexible and creative may be a graduate's most critical personal resource in navigating challenges of the new workplace. "The new workplace is characterized by change," says Daft. "Things are not stable, and where there's change, there is a requirement for coordination and collab-

oration.” Daft believes advances in information technology have transformed the way people work, but not always in positive ways. “We have incredibly efficient ways to communicate with one another that accelerate change even more,” he says. “This provides mechanisms for coordination and communication, but also separates and isolates people. You may be in touch with everyone, but never see them personally.”

**A positive employment relationship is critical for organizations that want employees to “go the extra mile”—to generate innovative ideas and be fully committed to the organization.**

A primary issue, says Neta Noye, assistant professor of Organization Studies, is competition for talent, and how to recruit talent and create environments that encourage people to stay. “Besides increased use of stock options—which are broad based and eligible to most if not all employees—one popular new incentive is called Total Rewards,” she says. “The idea is that it’s not just monetary rewards that make a place attractive, but also benefits and quality of work life.”

Noye studies the relationship between employers and employees. “The term psychological contract, tossed around in recent years, is a fancy word for employees’ perceptions of the nature of the employment relationship. Research shows that a positive employment relationship is critical for organizations that want employees to ‘go the extra mile’—to generate innovative ideas and be fully committed to the organization.”

Rewards and incentives are effective at getting short-term compliance, but sustained commitment comes only when employees view their contracts as more rela-

tional, where the relationship is mutually beneficial, she adds. “The employer is looking out for them, while they are looking out for the employer—there is a willingness to invest in each other’s future.”

Companies are also making more of an effort to value the input and experience, and to respect the decision-making abilities of employees at all levels. “They are giving employees a set of skills and techniques that allow them

to assess what’s going right or wrong in the moment, and giving them the incentive, motivation, and compensation to do well,” Friedman says. “This trend is penetrating maybe half of all companies.”

This attitude is not only prevalent in product-oriented companies but in the service industry as well. “In hotels, for instance, where there is direct customer contact, employee satisfaction and happiness is directly related to profits, because they are the ones who manage client relations.”

### What Sets Owen Apart

Recruiting top talent, keeping employees committed and feeling valued, dealing with a fast paced and evolving workplace, and leading and managing people in ways that promote company growth and the bottom line. Are Owen students sufficiently prepared to handle these challenges?

The Owen curriculum is designed to produce well-rounded individuals—consultants with HR skills and HR managers whose organizational change and design background make them more marketable. “Owen does a great job of teaching would-be managers both the strategic importance of HR and the tools to be effective managers of people,” says Noye. “We have perhaps the broadest set of electives in organization and management of the top 25 schools. We are also one of the few to offer a concentration in this area.

“Recruiters from large consulting firms in particular tell me that one thing that sets Owen students apart is their appreciation for the importance and role of people and people practices to organization success.”

Daft believes Owen graduates are distinctive for another reason. “Students who are drawn to Owen tend to

be nice people, not the most aggressive. We admit people who seem to have an awareness of the human component. It’s a pleasure to teach them and have them in class. And from what I hear, Owen students in the market usually come across as hard workers with good people skills.”

### A Newer New Workplace?

People skills may be especially important in an era of increased corporate liability and responsibility. Dominating the news have been accounts of CEOs and accounting firms who appear to have no qualms about “cooking the books” to boost a company’s profitability and its attractiveness to investors. It is a time when CEOs are being required to vouch in writing for their company’s financial reports, while the most blatant offenders are being incarcerated. In spite of this environment, Daft is convinced that corporate criminals are a minority, and

**Human relationships may be “in” again. Something seems to be emerging that gives value to humanness and a larger vision and purpose.**

that we might find ourselves on the other end of this confidence crisis with more openness and integrity.

“There has been trauma from this greed-driven, individualistic, corporate mindset and the destruction it’s caused,” Daft says. “It gives validity to simple humanness as a vital resource in organizations, as opposed to egocentrism and self-interest. Human relationships may be “in” again. Something seems to be emerging that gives value to humanness and a larger vision and purpose.”

### Alumni Tackle HR Challenges

Many Owen graduates are in the human resources field, putting classroom lessons into practice. But even the best education cannot fully prepare for some situations, as David Bishop, ’97, found out.

Bishop, fixed income market strategist at Merrill Lynch, was working next door to the North Tower of the World Trade Center when the planes hit. In the ensuing days and weeks, he witnessed the importance of strong management and leadership in crisis situations. “Senior managers literally were going from floor to floor evacuating the building and ensuring individuals’ safety,” he recalls. “The decisiveness of our management team during that tragedy that displaced our entire headquarters not only reaffirmed confidence of our workforce and shareholders in Merrill Lynch, but made clear the value of managers who stand firm in the middle of chaos.” (A few months later, Bishop himself became part of the management team as vice president for global recruiting and diversity/Global Markets and Investments.)

Some of the most difficult leadership and management issues surfaced in the weeks following the tragedy when managers had to motivate workers in a time of great emotional turmoil. “There was much noise to filter through,” he says. “There was noise from all of the chaos, speculation in the world, and the markets. And we had deadlines. It was a delicate balancing act, to push but not push too hard. We were nervous and having nightmares, and worried about coming back to work a block away from Ground Zero. We could smell the fires. We needed people to focus and be productive and get back up and running. But it wasn’t business as usual.”

### Keeping the Best and Brightest

Kimberly Windrow, E’99, is senior vice president, human resources, at The MONY Group in New York City, with responsibility for employee relations, compensation, benefits, training and development, recruiting and payroll, and risk management. Windrow believes one of the biggest challenges in the new workplace is retaining top employees. “Some companies have a false sense of security and think they don’t have to put the same effort into retaining top talent because of the economy. But talented people always have options, and those with a reputation for integrity and ethics will have even more options going forward. Companies need to focus on how to keep such people when rewards may be less because of economic conditions.”

Michael Grabowski, ’88, director of human resources for ARAMARK, in Schaumburg, Illinois, is responsible for approximately 4,000 employees in nine states. He agrees that retaining top employees is a problem and says the solution lies in good management and leadership. “People will stay with your company and follow you if you are a leader and a mentor. I’ve often heard that people don’t quit companies, they quit managers. Likewise, people aren’t loyal to companies, they are loyal to people.”

Grabowski points out that high tech business solutions have created more efficiency and more challenges. “The velocity of work coming at employees is astounding. As I sit here typing an email, my phone is ringing, my cell phone has already rung, I am getting email messages, there is a FAX waiting for me, and someone just knocked on my door! My point being we look for people who can handle this pace and not lose sight of what’s driving the business—our customers. It is easy to get distracted in today’s workplace, so we look for maturity, ability to focus, and stamina.”

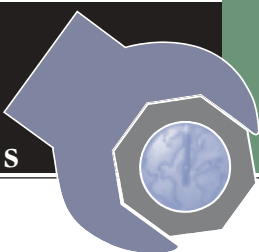
### Importance of Education

For Windrow, her Owen education is valuable because it gives her a set of skills that go beyond HR basics. “HR professionals today have to be business people and be able to speak the language with CEOs, CFOs, and business unit leaders. I had been in HR for many years, but my business degree helped me to be successful at the most senior HR level.”

Grabowski’s MBA experience taught him to think about issues and situations from a larger perspective. “Many colleagues have HR degrees and are lacking this perspective,” he says. “I consider myself a businessperson first and an HR executive second, so it was a wise move to get an MBA.”

—Ned Andrew Solomon





## NEW MANAGEMENT COMPETENCIES

BY DICK DAFT

Not all managers' jobs are the same. Managers rely on varied skills and perform different activities, depending on hierarchical level and job responsibilities. For all managers, however, human skills are becoming increasingly important. In a survey of managers on how the Internet has affected management, for example, the majority considered communicating effectively, retaining talented employees, and motivating workers to be essential management skills for the Internet world. These abilities have always been important, but they take on added significance today, particularly when employees are dispersed and working in a virtual environment.

Today's best managers give up their command-and-control mindset to embrace ambiguity and create organizations that are fast, flexible, adaptable, and relationship-oriented. Leadership is dispersed throughout the organization, and managers empower others to gain the benefit of their ideas and creativity. The model of managers controlling workers no longer applies in a workplace where employee brainpower is more important than physical assets. Moreover, managers often supervise employees scattered in various locations, requiring a new approach to leadership that focuses more on mentoring and providing direction and support than on giving orders and ensuring they are followed.

Rather than a single-minded focus on profits, today's managers must recognize the importance of staying connected to employees and customers. The Internet gives increased knowledge and power to customers, so organizations must remain



DANIEL DUROIS

Dick Daft is associate dean for academic programs and the Brownlee O. Currey Jr. Professor of Management. This article is an edited excerpt from the seventh edition of his textbook, *Organization Theory and Design* (South-Western, 2001).

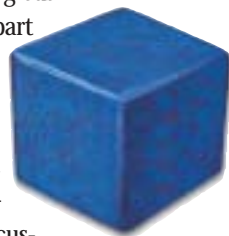
flexible and adaptable to respond quickly to changing demands or competition. Managers in some e-commerce organizations have almost totally ignored profits in favor of building customer relationships. Although all organizations have to be concerned with profits sooner or later, as managers of numerous failed dot-coms learned, the emphasis these companies put on developing customers and relationships is part of a trend affecting all organizations.

Team-building skills are crucial for today's managers. Teams of front-line employees who work directly with customers have become the basic building block of organizations. Instead of managing a department of employees, many managers act as team leaders of ever-shifting, temporary projects.

Success in the new workplace depends on the strength and quality of collaborative relationships. Partnerships, both within the organization and with outside customers, suppliers, and even

competitors, are recognized as key to a winning organization. New ways of working emphasize collaboration across functions and hierarchical levels as well as with other companies. E-business models that digitally link customers, suppliers, partners, and other stakeholders require managers to assess and manage relationships far beyond the confines of the traditional organization.

An important challenge in the new workplace is to build a learning organization by creating a climate that values experimentation and risk taking, applies current technology, embraces ambiguity, tolerates mistakes and failure, and rewards nontraditional thinking and the sharing of knowledge. Everyone in the organization participates in identifying and solving problems, enabling the organization to continuously experiment, improve, and increase its capability. The role of managers is not to make decisions, but to create learning capability, where everyone is free to experiment and learn what works best.



### Managing Crises and Unexpected Events

Many managers may dream of working in an organization and a world where life seems relatively calm, orderly, and

For all managers, human skills are becoming increasingly important. Success in the new workplace depends on the strength and quality of collaborative relationships.

predictable. Today's world, though, is marked by increasing turbulence and disorder.

Consider a few of the major events that have affected U.S. companies within the last few years: an energy crisis in California that led to a virtual state takeover of the energy market; the massacre at Columbine High School, which prompted schools all over the country to form crisis teams to deal with school violence; the grounding of Concorde jets for 14 months after the fiery crash of an Air France Concorde in Paris. And then the U.S. was hit with the most devastating and far-reaching event of the 21st century to date: the September 11, 2001, terrorist attacks in New York, Washington, and Pennsylvania that destroyed the World Trade Center, seriously damaged the Pentagon, killed thousands of people, and interrupted business around the world. The subsequent bombings in Afghanistan, continuing uncertainty over terrorist activities, and a deepening recession continue to affect companies worldwide. Anthrax scares altered companies' advertising and marketing plans as they weighed the public's perceptions of the U.S. mail. Organizations scrambled to implement videoconferencing as airport security checks stretched travel time beyond the point where business flights made economic sense.

Dealing with the unexpected has always been part of the manager's job, but our world has become so fast, intercon-

nected, and complex that unexpected events happen more frequently and often with greater and more painful consequences. Crisis management is an emerging need that places further

demands on today's managers. As California Governor Gray Davis put it, "Extraordinary times...require extraordinary leadership." Some of the most recent thinking on crisis management suggests the importance of five leadership skills.

**1. Stay Calm.** A leader's emotions are contagious, so leaders have to stay calm, focused, and optimistic about the future. Perhaps the most important part of a manager's job in a crisis situation is to absorb people's fears and uncertainties. Leaders have to suppress their own fears, doubts, and pain to comfort others. Although they acknowledge the danger and difficulties, they remain rock-steady and hopeful, which gives comfort, inspiration, and hope to others.

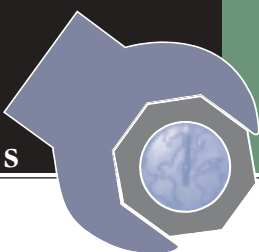
**2. Be Visible.** When people's worlds have become ambiguous and uncertain, they need to feel that someone is in control. George W. Bush got off to a shaky start as a crisis leader following the September 11 terrorist attacks because people didn't know where he was. As soon as he became visible, practically the entire country rallied behind him.

**3. Put People Before Business.** The companies that weather a crisis best, whether the crisis is large or small, are those in which managers make people and human feel-

ings their top priority. Top managers at Thomson Financial, which had about 200 employees in the World Trade Center and 1,800 elsewhere in downtown Manhattan, spent basically no time at all on business issues for the first few days after September 11, concentrating instead on the physical and emotional needs of employees and helping the families of the 11 Thomson workers lost in the attacks.

**4. Tell the Truth.** Managers should get as much information from as many diverse sources as they can, do their best to determine the facts, and then be open and straightforward about what's going on. Following the crash of American Airlines Flight 587 in New York, which came only two months after the September 11 attacks, American's CEO Donald Carty and U.S. transportation officials were presenting the facts to the families and the public as they emerged, acknowledging the uncertainty but refusing to speculate about possible terrorist involvement without clear information.

**5. Know When to Get Back to Business.** Although managers should first deal with the physical and emotional needs of people, they also need to get back to business as soon as possible. The company has to keep going, and most people want to be part of the rebuilding process, to feel that they have a home with the company and something to look forward to. The rejuvenation of the business is a sign of hope and an inspiration to employees. Moments of crisis also present excellent opportunities for looking forward and using the emotional energy that has emerged to build a better company. ○



## Today's Change Management

BY BART VICTOR

In many companies, the concept of change management has taken a slightly ironic tone. So much is changing, and change is coming from so many directions, that managing it seems like a luxury of the past. In fact, the traditional idea of change management is an artifact of the not-so-distant past. Though much of what we learned about change management continues to be relevant—the critical role of senior leadership, the need for clear and measurable goals, the requirement for careful analysis, and that leaders attend to the ubiquitous and critical human element—many companies now are faced not with the need to stimulate change but to limit, direct, and manage change to maximize value.

In the large industry heyday, powerful structures of rules, procedures, technology, and bureaucracy insulated the “operating core” from the turbulence of change. Buffer stocks, lead times, long product life cycles, and other mechanisms were used to allow the productive work of the enterprise to act as if business were unchanging. But slowly, competitive and environmental forces overwhelmed capacities of firms. Change became a problem, then a mandate, and finally a continuous way of working. Throughout this era, management developed an understanding of the process of change management. Bureaucracies were reformed, trimmed, downsized, and retrained. Systems were re-engineered, automated, and outsourced. Technology swept across the enterprise as cycles of products and processes shortened from months to days to hours. The result was an “operating core” exposed to customers, com-



DANIEL DUROIS

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petition, and the environment. There is no dearth of change in today's firms, but stability and predictability can be pretty hard to find.

As these trends become the reality of business, expectations of managers change as well. Is there still need to create a sense of urgency? In today's project driven organizations, are silos still the problem? Is there still a frozen middle management resisting change? In some companies, the answer remains, yes. For these companies, the accumulated wisdom of change management has relevance. But what about

companies that have chosen or been driven to a new reality in which every product design or service request may be the last and certainly may be the last of that particular kind? What about firms where customers' needs are so great as to seemingly overwhelm the practical considerations of doing business? What about firms where there is not only no frozen middle, but no middle at all? What does change management mean for them? And what prescriptions might we give the average leader/manager/worker/engineer/strategist/team member?

Change management is different in different companies. Most change management prescriptions begin by calling on leaders to create a felt need for change. But if this is like throwing oil on fire, what do you do instead? In such cases, the first step may be to build a sense of control rather than urgency. Leaders can turn areas of particular intensive change into projects focusing on problem definition. Assuming the need for change allows these projects to move toward definition of the problem in the midst of all the solutions, rather than the other way around.

Common wisdom on change management indicates the second step is crafting a shared vision highlighting a gap between today and the desired

Many companies now are faced not with the need to stimulate change, but to limit, direct, and manage change to maximize value.

future. But what if the future remains too clouded for a reasonable vision? Perhaps the focus turns instead to creating a shared sense today. Jack Welch, for one, proposed strategic conversations about current competitive conditions to replace traditional strategic forecasting. Vision remains critical, but building a shared vision of today may be more important than building a shared vision of tomorrow.

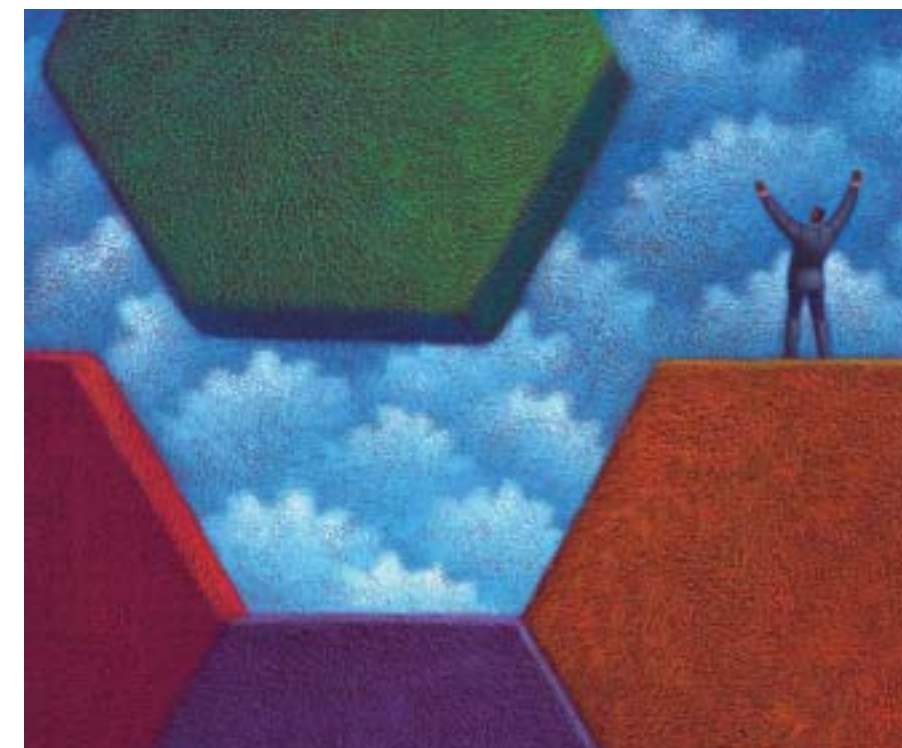
Traditional change management then requires leaders to translate vision into plan and action. This involves defining objectives, developing measures, and assigning responsibilities. If this detail is impossible to specify (or if the rate of change would make the detail irrelevant by time of production), today's change managers might try defining simple rules that can

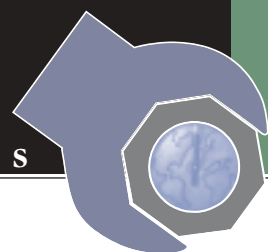
guide change when surprise and discovery are the only predictable factors. Such rules are harder to create than detailed plans. They have to be based on knowledge of what is needed and what could occur, but have to leave open the “how” to each person's judgment and skill in the moment the challenge presents itself.

Resistance to change is a major theme in traditional change management. The premise is that most of us prefer to do what we know and do it efficiently, and therefore try to conserve the tried and trusted ways of working. But what if change is so common that no one is tied to any particular way? What if there is no tested tradition, just the latest new thing since the new thing before that? In many organizations today, resistance comes not from wanting things to stay the same but from not knowing what place or role one is playing in the chaos of modern business. In such cases, the challenge is to build a sense of place and identity for everyone. This means

building real teams, giving and receiving real feedback, and rewarding people for working and learning. This kind of leadership helps each person build a place and identity sure and firm enough to enable them to stay aware and keep working and learning.

The last step in traditional change management is stabilization, reinstalling the sense of permanence and security that change disrupted. This usually requires new reward and measurement systems, rebuilding the structure of the organization, and re-cementing rules and procedures. But what does a change manager do when seemingly every change is just followed by the next one? Here the two approaches really diverge. In today's constantly changing organization, there isn't a last step, just a continuous repetition of the process described above: initiate the project, create awareness, craft simple rules, build a shared identity, and compete, create, and celebrate along the way. ○





## Essential Corporate Communications BY FRED TALBOTT

The latest phase of the “new economy” has brought almost surreal challenges to the workplace.

A grizzly bear economy, hesitant markets, corporate scandals, huge payments and payoffs for even the most inept senior executives, absent or plodding government oversight, routine layoffs, and more have turned the business landscape upside down.

The result is a corporate environment of distrust, hesitance, fear, and stress prompting worker confusion and anxiety. Lethargy, animosity, and disloyalty are but a few of the attitudinal byproducts.

One telecom manager recently told me, “All the energy is gone. It’s like our workers are just showing up and waiting for the next batch of bad news.”

What’s a company to do? Some managers are taking a “business as usual” approach to the workplace, ignoring warning signs and hoping everything turns out alright. The best managers, those likely to survive this scenario, are embracing current challenges and using them as opportunities for change.

The first order of business is to restore—or introduce—trust, both inside and outside the organization. This will be no quick fix. Management instead must commit to ongoing awareness and a never-ending series of activities and behaviors that prove the organization and those who guide it are trustworthy.

During our 1998-99 work with the



Fred Talbott is clinical professor of management communications.

Management must commit to ongoing awareness and a never-ending series of activities and behaviors that prove the organization and those who guide it are trustworthy.

nation’s banks to turn the Y2K challenge into a customer and public relations success, Professor Bob Blanning and I learned a lot about trust. We

learned that trust requires two ingredients: competence and duty.

First, the individual or entity must be and be perceived to be competent. Second, the individual or entity must always be and be perceived to be dutiful. Simply defined, that means they will do what is in the best interest of all involved.

Notice how I emphasize perception. Perception is indeed reality in this

context. That’s why communication excellence is essential. Remember, trust is fragile. Do all you can to establish and project competence and duty. But if either is misperceived, trust may fail. Do your best to:

- ▶ Lead by example. Instill and demand an open, honest culture of shared communication. This should feature a visible, sincere change effort.
- ▶ Be audience focused, paying attention to your messages and how they are shared and perceived.
- ▶ Instill courage and prompt action.
- ▶ Be actively receptive and appreciative. Invite feedback, including comments, problems, suggestions, and complaints. As Secretary of State Colin Powell observed (reported by Oren Harari in “Lessons from Colin Powell on How to Be a Successful Leader,” *The Bottom Line Personal*, Aug. 15, 2002), “The people in the field are closest to the problem, closest to the situation. Therefore, that is where real wisdom is.” Powell adds, “The day soldiers stop bringing you their problems is the day you have stopped leading them.”
- ▶ Have fun and enjoy the day’s challenges. Fun stimulates individuals and the workplace, and prompts the excitement of adventure. It also helps us to not take our work—or our pitiful economy—too seriously.
- ▶ Lastly, add one other element to our original trust formula: honor. Honor trust. Honor your coworkers. Honor your mission. Honor your customers. And honor the public. Sharing active honor will ignite the passion and wonder of progress, and in doing so honor and celebrate the future. ○



Paul Frankenberg, a current Executive MBA student is president of Nashville-based Kraft Search Associates. The following articles appeared in the February 8 and July 12 issues of the Nashville Business Journal and are reprinted with permission.

## Should You Reconsider Your Company’s Hiring Process?

BY PAUL FRANKENBERG

During a recent lunch, a client was trying to determine his family’s vacation plans for the summer. I found it interesting that he took the planning process so seriously. He labored over the details. Did he want to relax on the beach, hike the mountains, or live it up in the city?

After deciding on the beach, he began analyzing the type of culture and environment that would fit best with his picture-perfect vacation. Something relaxing where phones would not ring, traffic was minimal, crowds were non-existent, and he and his family could relax. As of lunch, he had narrowed it down to three places.

Since lunch, he has been tearing apart the Internet, talking to all of his family and friends, and speaking with travel agents to pull together the details. I asked if he uses the same amount of detail in planning every trip. He said yes. He does not spend too much time planning daily events of the trip but believes that time spent planning makes the entire experience more enjoyable.

If someone is going to thoroughly plan for a great vacation, doesn’t it

make sense to use this type of planning when hiring your management and executive team? Successful organizations put an equal amount of resources into the process of hiring as my client does planning his vacation, because hiring your management team and executive staff is critical to the success of the business.

First, you must determine what you need. Do you want someone like you had before, or have business and market changes affected the skills necessary to succeed?

Second, what are the necessary personality characteristics that will blend into your organization’s culture? What are the personalities of others on the team? What is the office environment? What personalities work well with your clients?

Third, what professional background is ideal for your business strategy? Do you want someone who has done what you are trying to do? Do you want an industry professional? Or do you need a fresh opinion?

Finally, what is your method to recruit and hire the ideal individual?

Successful organizations consistently create and implement a well-defined hiring plan. But most companies do not operate this way. I hear company leaders say they do not have time to get detailed in hiring because they are “too busy.”

How and where are you going to find this individual? Why is this person going to leave a stable position to join your company? What are the most attractive aspects of your business and industry? Similar to the vacation example, this detailed thought process will provide enjoyable results.

Successful organizations consistently create and implement a well-defined hiring plan. But most companies do not operate this way. I hear company leaders say they do not have time to get detailed in hiring because they are “too busy.”

Others hire out of desperation, while yet others are so afraid of the hiring process they put it off as long as possible. Some managers work for companies with policies and procedures so complex it makes the hiring process almost impossible. Here are some typical mistakes made in the hiring process:

**Mistake one:** “Guess what I am looking for.” A company leader wants to put the task of hiring on someone else’s shoulders without significant discussion. This is done without thinking through the real business issues, employee cultural issues, and necessary competencies. Resumes arrive, and within a few minutes, a three-dimensional person is judged based upon a one-dimensional

object. You must spend quantity time early in the process sharing important information.

**Mistake two:** "Plan-less Hiring."

Too many companies do not ask how a position will fit into the organization's strategic plan. If you are hiring for a vacant position, have you re-evaluated the position and its function within the organization? If you are hiring for a new position, look at the effects of this hire on the company and determine how it will benefit the organization.

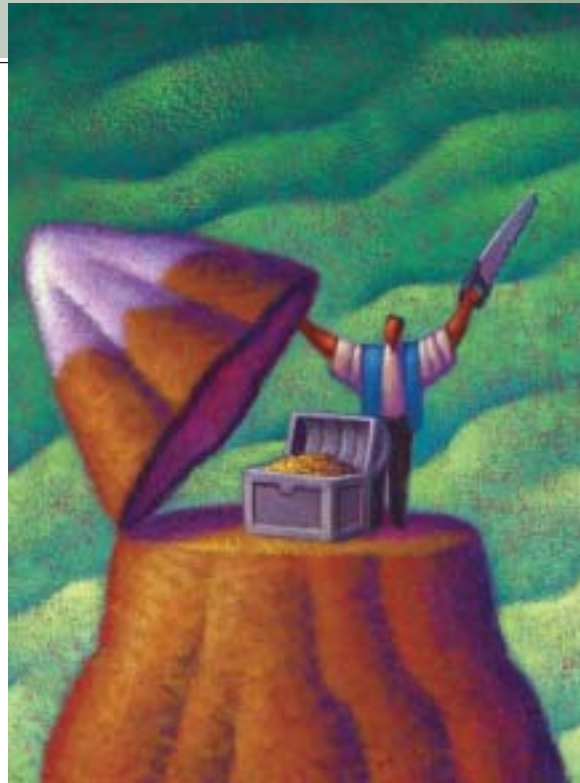
**Mistake three:** "Not recognizing the bottom line." Businesses use all sorts of metrics to measure their progress, revenue, cost, and ability to compete. However, those same businesses all too often do not look at the quantitative data relative to hiring. There are high costs associated with making a poor hire, and there are revenues created by planning, hiring, and retaining the best candidate. The solution is to ask yourself if you are willing to accept an employee who is available, versus recruiting a professional that you need.

### Recruiting Should Just Begin When the Candidate is Hired

The recruiting process, strategy, and speed to completion are critical components of an executive search; however, equally important is what happens after the hire is made.

You and your team dedicated many hours of time and energy in your attempt to recruit the most qualified candidate. Now you must take ongoing steps to ensure your investment is properly protected.

It is important that you stay focused on the individual's successful adjustment to the position, company culture, and new community, and not lose sight of the challenges the employee's family may face.



Starting a new position is stressful for the candidate as well as the hiring manager. Since you and your new employee will share more time together than you spend awake at home, this new relationship requires commitment and dedication from both sides to survive.

Investing the necessary time and energy at the beginning of the relationship will establish a pattern for the future and help to ensure the long-term success of your new employee.

I often see a hiring manager act relieved once the hiring decision and negotiations are complete. All too often, the hiring manager feels too busy to worry about bonding with the employee, too busy to worry about barriers the new employee may be encountering, and definitely too busy to worry about how the family is adjusting.

Unfortunately we are all too busy and all too human. We want to just dump the duties onto the new person, get on with other business, and not look back. Allowing yourself to fall into this mindset and routine will create an environment of failure.

Consider the most recent manager or executive that you hired. The indi-

vidual joined the company for specific reasons, and it is your responsibility to ensure that the employee is given the necessary tools and support to succeed.

I recommend developing a 12-month plan to make sure the transition for the employee and family is smooth.

During the first few months, you should meet with your new employee once a week. These meetings can be brief workplace meetings or casual conversations over a meal.

The point of the meetings is to show that you are dedicated to helping the individual suc-

ceed. After a few months, you can gradually decrease the meetings to once a month. You should avoid only discussing "work" with your new employee—this behavior causes you to appear unapproachable and hinders future communication.

It is also important from a retention and productivity standpoint to ask how the employee's family is handling the stress of the new job and how the family is integrating into the community.

If your team member's spouse is not happy in the town or does not understand the new position, your employee's knees will be knocked out from under him or her. It will only be a matter of time until your employee slips in performance or possibly seeks other employment options—an expensive proposition that can be avoided.

Keep in mind that hiring the perfect candidate is only one piece of the recruitment process. Staying focused on the successful adjustment of the individual and the family is just as important. It is up to you to protect your investment and solidify the relationship. ○

## Minority Employee Network Groups

BY RAY FRIEDMAN

For more than 30 years, U.S. companies have been concerned with retention of minority employees, first to better comply with affirmative action requirements and later to increase diversity. Retention of minority employees is affected by the same factors influencing retention in general including job satisfaction, organizational commitment, and perceived availability of job alternatives.

Some companies, however, take extra steps such as supporting minority employee network groups to reduce turnover. These groups, usually initiated by employees, help minority employees connect with each other and gain greater access to information, social support, and mentoring.

Research shows that employees often remain in jobs because of social attachments to people at work (embedded-

Minority employee network groups help minority employees connect with each other and gain greater access to information, social support, and mentoring—reducing the likelihood minorities will leave the company.



Ray Friedman is associate professor of organization studies. This article is based on his paper "The Effects of Network Groups on Minority Employee Turnover Intentions" written with Brooks Holtom, assistant professor of management at Marquette University, and former visiting professor at Owen. The paper was published in the December issue of Human Resource Management.

ness) rather than just because of attachments to an organization or job. Availability of mentors at work is especially helpful in reducing turnover.

Does being a minority within a predominantly white company affect the odds of building these types of social attachments? Yes. People tend to interact more comfortably with those similar to themselves. For minority employees, there are fewer people similar to them-

Network groups help address these problems by fostering embeddedness. The groups enable minorities to meet and interact comfortably with one another, leading in many cases to deeper, personal relationships and a broader network of casual connections at work. These contacts in turn provide information about the company and how to adapt to it and opportunities for mentoring and support. Most important, the social attachments reduce the likelihood minorities will leave the company.

Groups are particularly beneficial for managerial employees, whose jobs require networking, coalition building, and subtle influence tactics. And groups that include top-level executives are particularly beneficial. Top-level executives provide enhanced opportunities to sponsor protégés and provide them with favorable exposure, challenging assignments, and career advice and coaching. The end result, our study found, is enhanced career development through community building and, ultimately, reduced voluntary turnover. ○