



Riding Out the Turbulence

Doug Parker, MBA'86, looks for the silver lining at US Airways

ORGANIC CHEMISTRY

Executive MBA team aims to improve organ transplants

A TOWN TRANSFORMED

Project Pyramid follows Tupelo's example

PHOTO ESSAY

Couples who found fulfilling marriages through the Owen School

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also: Professor Dewey Daane to be honored at 2009 Owen Circle Celebration Dinner
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Fall 2008

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PHOTO ESSAY

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Couples who found fulfilling marriages through the Owen School

Deep Roots, Thick Skin

*A bottle of JAX Vineyards cabernet
sauvignon speaks for itself.*

By SETH ROBERTSON

EVERY BOTTLE OF WINE HAS A STORY TO TELL.

It's a story written as much by Mother Nature—through the soil, climate and grapes themselves—as it is by the human hand that crafts the finished product. Kimberly Jackson, MBA'01, has learned this firsthand as President of JAX Vineyards, a boutique California winery she runs with her brother, Trent.

“When people decide to buy a bottle of wine, of course they want quality, but they also want to know how the wine is made. They want names and labels that they can identify with, and it's a very personal thing,” she says.

Bringing the JAX story to a broader audience is Jackson's mission at the moment. So far she's succeeded in landing distribution deals for her wine across the nation. JAX also has gotten a boost from fortuitous product placement on HBO's hit show *Entourage*, as well as a recent appearance on *Wine Spectator* magazine's “Ten Wineries to Watch” list.

Ask Jackson the secret to JAX's success and she's quick to point to the land where the cabernet grapes are grown. The property in Calistoga is home to 40-year-old vines—some of the oldest in Napa Valley. Although the vines don't yield nearly as many grapes as younger ones do, their deep roots allow them to grow without irrigation. The resulting fruit is dense, thick-skinned and rich in flavor. “Our grapes work a little harder to survive,” as Jackson puts it.

Jackson herself knows a thing or two about working hard to survive. Starting a business from scratch has required her to wear many different hats—from marketing to forecasting to invoicing and operations—but she credits Owen with giving her the framework and confidence to succeed.

And that's all the more reason to root for JAX Vineyards. It's an underdog story that many can identify with. A story just waiting to be uncorked.

SEANUS PHOTOGRAPHY



Kimberly Jackson was inspired to enter the wine business after helping found Owen's wine appreciation club, Cork and Barrel.

The following is excerpted from the *Academic Year 2007-08 Annual Report*. Visit www.owen.vanderbilt.edu/annualreport/ to view the report in its entirety.

In the midst of a world financial crisis, the fundamentals of success are in place. We have solid programs, superb faculty and staff, and an incoming student body that is one of the strongest—if not *the* strongest—in the history of the school. Lest I repeat myself, I feel confident that we are poised to grow to our full potential. And, achieving that full potential is all about continuing our push for *quality*—quality faculty and programs, quality students and quality facilities. From health care reform to the increased financial markets regulatory scheme that is certain to follow, there will be a need for talented, well-educated Owen graduates who can change and mold the future. We are in for a difficult economic period, but in the long run, the investment in a great education will continue to pay outstanding returns.

Quality Faculty and Programs

We are in the knowledge business; our faculty provides both the “product” and the experience that is the foundation on which our reputation is built. To maintain and grow our stature as a Tier 1 research institution, a partner to business, and an innovator in the business of management education, we will continue to invest in individuals who bring fresh insights, knowledge, skills and experience to the academic and business communities.



We have significantly strengthened both our research and clinical faculty during the past four years. While we've only increased

the overall size of our faculty by three individuals, a full third of our faculty members—17 of 48—have been purposefully recruited and added to faculty during this period. And, we are not yet done. This coming year, we will likely add two or three new marketing faculty, as well as one more faculty member each to our finance and operations departments.

Quality Students

As the number of MBA programs grow and capacity among established schools increases, competition for the caliber of students we seek continues to intensify. As a result, our cost of scholarships—the *dues* we must pay to attract desirable students who hold multiple offers—is increasing.

While we take in almost \$21 million in tuition and fees, almost 25 percent of that amount goes back to students—predominantly MBA students—in the form of scholarships. Like other B-schools, current scholarships are almost exclusively merit-based. There is a great opportunity to channel some of these funds into needs-based scholarships that will attract individuals who

have the academic and the personal qualities we seek, but who are unable to afford the higher costs of a private institution such as Vanderbilt.

Quality Facilities

Management Hall is an architecturally innovative facility, but the building itself hasn't kept pace with our needs. A facility originally built to house 300 students plus a weekend Executive MBA program no longer accommodates the classroom, congregation or study space needs of the 500 students who grace our halls on a daily basis.

An all-stakeholder task force concluded that Owen needs 155,000 square feet of space—double our existing footprint of 76,000 square feet. With the needs assessment done, our next step is to determine the options and costs for a new or dramatically enhanced building and ascertain the feasibility of raising or borrowing the funds needed to move forward.

Thank You

Thank you for your support no matter what form—your time, your talents, your financial gifts. Most of all, thank you for all you've done and will continue to do for this school that we are all so proud of. I am humbled and grateful.

James W. Bradford
Dean and Ralph Owen Professor for the Practice of Management

DEAN DIXON

TPOPOVA, ISTOCKPHOTO

FALL 2008

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Vanderbilt Business magazine is published twice a year by the Owen Graduate School of Management at Vanderbilt University, 401 21st Avenue South, Nashville, TN 37203-9932, in cooperation with the Vanderbilt Office of Development and Alumni Relations Communications. © 2008 Vanderbilt University. “Vanderbilt” and the Vanderbilt logo are registered trademarks and service marks of Vanderbilt University.

Shall I Compare Thee to a Summer's Pay?

Love comes easy to Owen couples.

By SETH ROBERTSON

GLANCE THROUGH THE LATEST ANNUAL REPORT FOR OWEN, and you'll find facts and figures that tell you pretty much everything you need to know about the school. Average GMAT score of the entering MBA class? Got it. Average years of experience? Check. Average starting salary of last year's class? Yep, that too.

However, there's one stat you won't find in there, and it's perhaps as telling as any other: the number of Owen students who find their soul mates inside the walls of Management Hall. When we decided to do a photo essay in this issue about couples who attended the school, I was surprised to learn that there are more than 200 of them. That's almost *five* per year since the school first opened its doors! Even when you account for the couples who may have known each other beforehand, or those who may not have met until after graduation, it's a remarkable number for a school of Owen's size. In fact, when I mentioned this to a single colleague of mine at Vanderbilt, she joked that maybe she should think about applying to Owen to find a mate.

But this begs a question: Why so many? Could it be that business-minded people are better at finding love than others? If you were to ask me that question 15 years ago when I was majoring in English and cutting my teeth on the sonnets of Shakespeare, I would have scoffed at the sugges-



tion. If anyone understands love, I would have said, it's the poets, artists and dreamers of the world.

That, of course, was before I came to understand that there are plenty of dreamers in business, too. It was also before I figured out that a successful marriage is every bit about being practical and level-headed as it is about being daring and romantic. If

you think about it, finding the right partner in life is not too unlike finding the right partner in business. Ideally you come across someone who not only complements your strengths but who is also willing to take risks on your behalf. Who better than a couple of MBAs to recognize these traits in one another?

That partly explains it, I suppose, but I think the uniqueness of Owen also plays a part. If I've learned one thing since taking over the helm of this magazine, it's that Owen is inherently an intimate place. The students who graduate from the school value long-term relationships and pride themselves on being a tight-knit community. This notion started, perhaps by accident, with the small class sizes and cramped quarters during the early days of the school, but it still holds true today.

In the end, your guess is as good as mine as to why so many couples pass through the doors of Owen. Maybe it's nothing more than a coincidence. But now that the word is out, don't blame me if Admissions sees a spike in applicants who are single.

VB

I N S I D E O W E N

Award Owen Named Winner of TeamMBA Award | Faculty Professor Joins Environmental Think Tank | Curriculum

New Master of Management in Health Care | Research Rethinking Reg FD | Board of Visitors Six New Members Chosen

AWARD

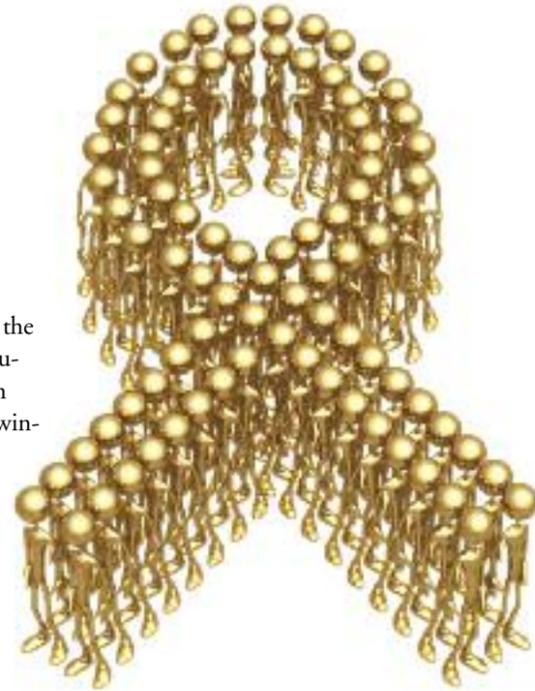
Owen Recognized for Community Service

IN RECOGNITION OF ITS LEGACY and the commitment of Vanderbilt MBA students to volunteer service, the Owen School has been named one of two winners of the 2008 TeamMBA Award for Outstanding Community Service. This prestigious annual honor from the Graduate Management Admission Council (GMAC) pays tribute to schools that exemplify the highest ideals of “giving back” and a commitment to community service and cause-related activities.

GMAC President and CEO Dave Wilson presented the award to Owen representatives—along with fellow recipient Rotterdam School of Management at Erasmus University—at the organization’s Annual Industry Conference in Chicago on June 20.

“Owen has long championed volunteerism, charitable donations and social entrepreneurship as a fundamental and critical element of business education,” says Dean Jim Bradford. “We are honored to be recognized with this important award and proud of our students, faculty and staff for their continued dedication to giving back to the community.”

Owen was recognized for several initiatives:



- More than 20 community service and cause-related activities, involving nearly all of Owen’s 433 students (along with faculty and staff) through the volunteer organization 100% Owen;
- More than 10,000 volunteer hours and \$15,000 in funds raised to benefit organizations such as Habitat for Humanity, Hands On Nashville, Toys for Tots, Pencil Partners, Boys and Girls Club of America, Second Harvest Food Bank, Mental Health Association of Middle Tennessee, and the American Cancer Society;
- Participation by every incoming first-year student in building a house for Habitat for Humanity during orientation;
- Hosting the 2007 Net Impact Confer-

ence, which brought more than 1,800 graduate business students and professionals to the Vanderbilt campus and involved 266 volunteers and 6,600 volunteer hours;

- Courses and activities focused on poverty alleviation as part of the student-founded Project Pyramid, which included consulting activities and student trips to Bangladesh and Tupelo, Miss.

This year’s pool of applicants for the award comprised 26 schools, including fellow finalists Fisher College of Business at The Ohio State University and Babcock Graduate School of Management at Wake Forest University. Entries were evaluated by a committee of business school professionals based on such criteria as participation level, effort, reach and impact. The TeamMBA initiative was started by GMAC in 2005 to celebrate and promote business schools’ outstanding community-focused work, and the TeamMBA Award was first given last year to Georgetown University.

LUMAKARTZD, STOCKXPERT

FACULTY

Professor Joins Environmental Think Tank

MARK COHEN, VANDERBILT’S JUSTIN POTTER Professor of American Competitive Enterprise and Professor of Law, is taking on a new role for Resources for the Future (RFF) as Vice President of

Research. RFF is an independent, non-partisan research organization dedicated to improving environmental, energy and natural-resource policymaking worldwide through social-science research of the highest caliber. Cohen has been granted a sabbatical from the Owen School to lead a team of 40 researchers in Washington, D.C.

Cohen is a leading expert on enforcing environmental regulations and on corporate crime and punishment. He has published more than 85 articles and books on such diverse topics as the effect of community “right to know” laws on firm behavior; why firms reduce toxic chemical emissions; cost-benefit analysis of oil-spill regulation and enforcement; how the financial markets value corporate environmental policies and performance; and government enforcement policy and judicial sentencing of individuals and firms convicted of environmental crimes.

Cohen is Co-Director of the Vanderbilt Center for Environmental Management Studies and currently part of a team of researchers investigating green-

house gasses and individual behavior through Vanderbilt’s Climate Change Research Network.

“It’s crucial that the brightest minds in academia and the business community take the lead on creating ways to protect and improve the environment. Owen is strongly committed to teaching our students the value of integrating environmental innovation and sustainability into business,” says Owen Dean Jim Bradford. “We applaud Mark’s selection into this prestigious organization.”

Cohen is a member of the Stakeholder Council of the Global Reporting Initiative, which is affiliated with the United Nations Environment Programme, dedicated to developing and disseminating globally applicable sustainability reporting guidelines. He has recently served as a member of the U.S. EPA Science Advisory Board’s Illegal Competitive Advantage Economic Benefit Advisory Panel; the General Accounting Office’s Expert Panel on Disclosure of Environmental Information in SEC filings; and Tennessee’s Environmental Justice Steering Committee. Prior to joining the Owen fac-



BACKGROUND, MCT, MICHAEL HOGUE; PHOTO: DEAN DIXON

ulty in 1986, Cohen served as an economist at the U.S. Environmental Protection Agency.

CURRICULUM

New Master of Management in Health Care

THERE’S MORE TO GREAT HEALTH CARE THAN medicine. While physicians, nurses and hospital administrators are experts at patient care, they often lack the business skills needed to be effective managers. The new Vanderbilt Master of Management in Health Care is a one-year degree program designed to arm physicians and other clinical professionals with the business fundamentals and decision-making skills needed to manage people, programs and processes successfully.

Unlike other management programs, the Vanderbilt MM Health Care provides a business education specifically tailored to the medical field. The Owen School collaborated with top health care experts and an extensive health care management faculty to ensure an educational experience that offers immediate, tangible benefits to both students and their employers. The program marries business and management fundamentals with the complexities of the health care industry. Students attend classes one night a week and one weekend a month over the course of a year.

“The cost, quality and access problems facing the U.S. health care system are monumental. The clinician who understands the science of medicine and the science of business is in a position to create more value for our health care system,” says Larry Van Horn, Director of the Health Care MBA program.

Medical organizations will gain value from this one-of-a-kind program by sponsoring clinicians, physicians and nurse managers who have management responsibility but need additional business skills to be more effective. Health care organizations can also get help with existing issues through a team capstone project in which students apply business concepts to a real problem, initiative or opportunity identified by their sponsoring employer.

“This program is designed to empower clinicians to make business decisions and effectively lead health care delivery organizations,” says Van Horn.

Along with the MM Health Care, Owen offers a Health Care MBA and several open-enrollment health care programs in the Executive Development Institute. Additionally Owen has developed several custom executive programs for health care companies.

RESEARCH

Rethinking the Effectiveness of Reg FD

AS DEBATE CONTINUES OVER RECENT AND potential financial market reforms in the United States, compelling new research from the Owen School casts doubt on the effectiveness of Regulation Fair Disclosure (Reg FD), one of the key reforms of the past decade. According to the analysis, Reg FD has failed to create a “level playing field of information” for investors and has resulted in market makers demanding higher premiums due to the risk associated with “information asymmetry,” or trading against better-informed individuals.

Implemented in October 2000 by the Securities and Exchange Commission (SEC), Reg FD prohibits the disclosure of material nonpublic information to select individuals or groups such as financial analysts or institutional investors. The SEC’s intent, in part, was to level the playing field for all investors by ensuring that such disclosures, if they occur, be made simultaneously and with identical content to all market participants.

“In such a scenario, it is anticipated that the information will be immediately incorporated into the trading price with little or no profit for select market participants,” says Richard Willis, Associate Professor of Accounting and co-author of the study. “However, our research indicated this outcome has not been the case. Reg FD has not turned out to be a rule that levels the playing field for all investors.”

In fact the research identified a dramatic increase in the portion of the bid-ask spread associated with adverse selection—which jumped about 36 percent. The adverse selection premium is demanded by market makers to cover potential losses associated with trading against individuals who might possess superior knowledge about a security’s value.

The Vanderbilt researchers reached this conclusion by analyzing the cost components of market maker bid-ask spreads—the difference between the offering and purchase price of a security at any given time—from the Nasdaq Market for all time-stamped stock trades during a five-month period before and after the adoption of Reg FD. To verify their findings, the researchers tested and eliminated the possibility that other factors may have affected the market maker’s

NEW MEMBERS NAMED TO OWEN’S BOARD OF VISITORS

THE OWEN SCHOOL HAS ANNOUNCED THAT six prominent business leaders from an array of industries have been named to its prestigious Board of Visitors, an advisory group established in 2006 to strengthen the school’s connection with and relevance to the national and international business communities.

The new members—representing the health care, financial services, consulting, executive recruiting, technology and beverage industries—are **George S. Barrett**, Vice Chairman of Cardinal Health and CEO of its Healthcare Supply Chain Services sector; **Carin M. Barth, MBA ’86**, President of LB Capital, Inc. and Commissioner of the Texas Department of Public Safety; **Bruce L. Crockett**, Chairman of Funds Board,

AIM Mutual Funds and Chairman of Crockett Technology Associates (CTA); **Robert H. McNabb**, Executive Vice President, Korn/Ferry International and CEO of Futurestep; **Mark A. Tillinger, BA ’81, MBA ’82**, Partner at Accenture; and **J. Smoke Wallin, MBA ’93**, CEO of Taliera Holdings and Founder, Chairman and CEO of eSkye Solutions. Three of these new members—Carin Marcy Barth, Mark Tillinger and Smoke Wallin—are also graduates of the Owen School.

“These accomplished individuals, who join our existing 27 members of the Board of Visitors, bring extraordinary wisdom and experience to our school and its students, faculty and programs,” says Jim Bradford, Dean of the Owen School. “They will play an important role as we continue to shape

the next generation of business leaders.”

Representing diverse industries, geographic locations and management expertise, the Owen Board of Visitors was established by Dean Bradford to function as a strategic partner to the school, providing insights on curricular issues in relation to the needs of business, participating as guest speakers, and opening new doors and career opportunities for students. The board is guided by David Ingram, Chairman and CEO of Ingram Entertainment, with each member serving a three-year term.

The Owen School has several other advisory bodies to support its world-class educational programs, including the Owen Alumni Board and Alumni Council; a Health Care Advisory Board comprised of leading health care industry executives; and the Master of Accountancy (MAcc) Advisory Board.

spread. “For example, we found that the timing of quarterly earnings announcements, changes in analyst coverage or seasonal effects in information flow had little to no impact,” says Willis.

Why has Reg FD achieved the opposite of what was intended? Study co-author Robert E. Whaley, Valere Blair Potter Professor of Management, believes the answer is clear. While Reg FD requires universal and simultaneous disclosure if a company elects to release material nonpublic information, it leaves it up to the company to decide if and when it will make such a disclosure.

“In reality, there has been a curtailment in the amount of information released to the public,” says Whaley. “This reduction has heightened percep-

tions that insider information can surface later. Market makers view this extended timeframe for insider information as an added risk that they seek to hedge by raising their premiums.”

According to Whaley, the ideal situation would be one in which firms immediately disclose any information that a reasonable person would expect to have a material effect on the value of a firm’s share price. Such so-called “continuous disclosure” has been in effect in countries like Australia for more than a decade.

The researchers anticipate that continuous disclosure may become a requirement for U.S. exchange-listed companies, especially in light of ongoing global convergence of accounting rules.

“The SEC appears to be moving

toward allowing U.S.-domiciled companies to prepare their financial statements with International Financial Reporting Standards (IFRS), which begs the question of whether convergence in listing standards worldwide might follow,” Whaley says. “If that’s where we are headed, then the ‘continuous disclosure’ listing rule could become a requirement for U.S. companies.”

The study—“Regulation Fair Disclosure and the Cost of Adverse Selection”—was published in the June 2008 edition of the *Journal of Accounting Research*. In addition to Professors Willis and Whaley, co-authors include Professor Baljit Sidhu of the University of New South Wales and Professor Tom Smith of the Australian National University. **VB**



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Paying It Forward

Class of 2008 gift points to the future.

By MATTHEW GARRETT, MBA'08, AND
ERIN HOFMANN, MBA'08

HIS PAST FEBRUARY WE WERE APPROACHED by Jim Bradford, Dean of the Owen School, and asked to serve as the Co-Chairs of the Class of 2008 Class Gift. We were both initially surprised by the e-mail but quickly realized what an honor it was to be asked to serve our class in this capacity. Without even speaking to each other, we knew that we would have to work as a team to organize and motivate the class to ensure that we left a positive and lasting mark on Owen, just as we'd done during our two years as MBA candidates.

The first item on our to-do list was to meet with Dean Bradford, Associate Dean of Development and Alumni Relations Tricia Carswell, Alumni Program Coordinator Melinda Phillips, and Director of Alumni Relations Marshall Turnbull. Jim began the meeting by heaping praise upon the Class of 2008, telling us that he believed we were truly a special Owen class. He said that our accomplishments and student-led initiatives arguably surpassed those of any class that preceded us. Now you may think that this is the speech that he gives to class representatives every year, but we sensed that he genuinely meant it.

Tricia followed Jim's praise for our class with more of the same but added a little fundraising theory to the mix. The underlying idea of the class gift is

MATTHEW GARRETT AND ERIN HOFMANN graduated from the Owen School in May.



Class Co-Chairs Erin Hofmann and Matthew Garrett helped establish the Student Initiative Fund at Owen.

to form in our alumni the habit of giving back to Owen. When a person donates time or money to a cause or institution, that person has a stake in that cause. In the case of Owen, the greater the stake there is in the school's success, the more involvement our alumni base will seek. High levels of alumni involvement, both financial and otherwise, are hallmarks of top B-schools across the country. Involved alumni enrich the experiences of faculty, staff, MBA candidates, prospective students, and the Owen community as a whole.

After Tricia's remarks we began to discuss the gift itself. Rumblings about much-needed updates to Owen's physical environment had not fallen on deaf ears, but Jim wanted to steer us in a different direction. We knew we would have to come up with a concept that truly represented our class's accomplishments.

Our thoughts immediately turned to the impending building expansion. As most classes express, Owen creates a family environment that lasts. How could we contribute? Gathering space? Work areas? A lounge?

Millions of dollars must be raised over the next few years for a new building and updates to the old building through a capital campaign. Anything added or improved in our current building would be temporary at best. We also wanted our gift to take hold immediately.

While we began to brainstorm about our big gift, we formulated our strategy and built our team. We chose a diverse group of our classmates who represented leadership in all areas and were well-respected within the Owen commu-

nity. We now had our committee, but we still lacked our Great Idea.

We couldn't help but remember the praise offered by Jim, Tricia, Marshall, and Melinda. Our class, through both the seeds planted by classes before us and our own innovations, had accomplished quite a bit. Owen Bloggers, the Leadership Development Program, Project Pyramid, Leadership in Action, and the Human Capital Case Competition all came into their own during our time at Owen, and several projects, such as 100% Owen, blossomed under Class of 2008 leadership. Not too shabby.

Our class gift started to develop: Our opportunities came from those before us through mentoring, ideas and finally, alumni and capital campaign donors. We wanted that tradition to continue. Physical gifts represent stagnancy and the past; we needed a dynamic gift that points to the future.

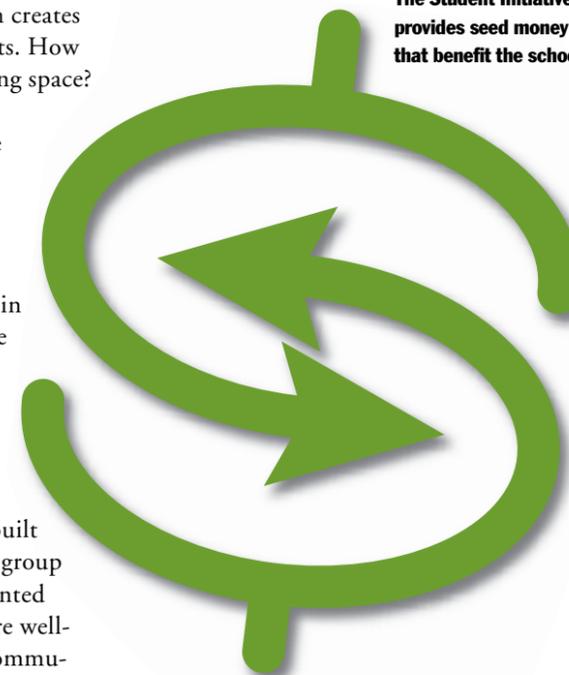
The Student Initiative Fund provides seed money for projects that benefit the school.

Recent class gifts included a student travel fund and the online community OwenConnect—both concepts that allow for future opportunities. We wanted to ensure future classes would have the same opportunities we were fortunate enough to have, and so, with some deliberation, we established the Student Initiative Fund. With Associate Dean of Students Jon Lehman as guardian, the fund would provide seed money to any group wishing to start a project that would benefit the student body or the school as a whole. These initiatives could take the form of guest lectures, student-run projects or anything future classes deem worthwhile. The gift would also give us the chance to come back to Owen to help out in other capacities by offering our advice, our guidance and our time to these projects.

Our Class Gift Committee stepped up more than we ever could have imagined, putting forth both their confidence in Owen and their financial backing, despite the fact that some were still job searching.

Through diligent pestering, nostalgic storytelling and more than a few Starbucks cards, we discovered that most of our classmates felt the way we did: They wanted to pay it forward to the classes to come.

All in all, the Class of 2008 raised \$200,001 (don't think we didn't count every dollar!), and the inaugural MAcc class showed up with 100 percent participation. As new graduates we feel our experience at Owen was greater than we could have imagined, and we hope, as you think back on your own time at Owen, that you will remember the future classes who will answer the door when opportunity knocks. Thank you for your support! **VB**



Faculty Appointments and Accolades

New Faculty Appointments

Sen. William H. Frist, M.D.
University Distinguished Professor

Professor Frist joins the faculty of the Owen School as part of a joint appointment with the Vanderbilt University Medical School (VUMC). Drawing upon his vast knowledge of and storied career in both medicine and politics, Frist will teach a new course that brings together Vanderbilt Health Care MBA students and fourth-year medical students to examine the financing, delivery and quality of health care in the United States and around the globe.



Frist

Board certified in both general and cardiothoracic surgery, Frist has performed over 150 heart and lung transplants, including the first lung transplant and first pediatric heart transplant in Tennessee and the first successful combined heart-lung transplant in the South. In 1986 Frist became Director of VUMC's Heart and Lung Transplantation Program and later founded the Southeast's first multi-organ, multidisciplinary transplant center at Vanderbilt, which quickly became recognized as one of the premier transplant facilities in the nation. He is the author of over 100 peer-reviewed medical articles, over 400 newspaper articles and five books on topics such as bioterrorism and transplantation.

In 1994 Frist embarked on a career in public office and won election to the U.S. Senate for the state of Tennessee, becoming the first practicing physician to be elected to that body since 1928. In 2006 his colleagues unanimously chose him to serve as the 16th Majority Leader of the U.S. Senate. Prior to his retirement from the Senate in 2007 after his pledged two terms of service, he was a member of the Foreign Relations Committee, where he served as the Congressional Representative to the United Nations General Assembly in the 107th Congress.

Frist also currently serves as Partner and Chairman of the Executive Board of Cressey & Company LP, and was the 2007-2008 Frederick H. Schultz Professor of International Economic Policy at Princeton University's Woodrow Wilson School of Public and International Affairs.

In addition to leading annual medical mission trips to Africa as part of World Medical Mission, Frist serves as Co-Chair of the ONE Campaign's presidential initiative (ONE Vote '08) and Save the Children's "Survive to Five" Campaign, and as Chair of Hope through Healing Hands, which promotes improved quality of life for communities around the world. His other current board service includes Africare, the U.S. Holocaust Museum's Committee on Conscience, the Smithsonian Museum of Natural History, the Center for Strategic and International Studies, the Millennium Challenge Corporation, Harvard Medical School Board of Fellows, and the Mountain Gorilla Veterinary Project.



Owens

David Owens
*Clinical Professor of Management
(Leadership and Innovation)
Assistant to the Provost for Strategic Process
Innovation*

David Owens returns to the Owen faculty—where he previously served for more than a decade—after his tenure as Chief Executive Officer of Nashville-based Griffin Technology, the largest developer of accessories for iPods, iPhones and portable MP3 players. Beyond teaching in the MBA program and serving as a Faculty Director for the Executive Development Institute at Vanderbilt, Owens will serve as Assistant to the Provost for Strategy and Innovation at Vanderbilt University, where he works to develop a holistic and innovative approach to the university's strategic planning.

Among Owens' areas of expertise are business strategy, product development and strategic innovation. He delivers executive education programs and consulting services on these topics to a wide range of clients around the world, and his research has been published in several leading academic journals and featured in *The New York Times*, *The Wall Street Journal*, *The Guardian* (U.K.), *The San Jose Mercury News* and *Marketplace Radio*, among other media outlets. He is also the recipient of numerous teaching awards and consistently high ratings from students in his courses, programs and executive seminars.

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OPERATIONS

A Place for Everything

BY SETH ROBERTSON



Hyer was selected by the Executive MBA Class of 2008 to receive the Excellence in Teaching Award.

TO SAY THAT NANCY LEA HYER IS ORGANIZED is an understatement. The Associate Professor of Management is well-known in Owen circles for her methodical approach to teaching, and that, not surprisingly, has led to some good-natured ribbing from her students.

She recalls the time when a group of them put on a skit that portrayed her using a flip chart to plan her family's weekend activities. It would have been clever had it not been so

close to the truth. "They thought they were doing this absolutely hysterical piece, but we really do that," she says with a grin.

While this may seem extreme to some, it's fair to say that she comes by it honestly. After all, she's an expert in cellular manufacturing and project management. She figures if manufacturing can be made more efficient by improving processes, why can't it work at home, too?

"Teaching process design and improvement has probably made me more organized than is good for a sane person, but at least I know what goes where. There's a place for everything, and everything is in its place."

Visit www.owen.vanderbilt.edu/annualreport/ for more news about Owen faculty.

His recent education and consulting work in the area of business strategy, innovation process and product development have included engagements with such organizations as NASA, LEGO, Gibson Guitar, Bristol-Meyers Squibb, Bridgestone Firestone, Sygen International, OrangeUK, Alcatel, Tetra Pak, and the Tennessee Valley Authority, among others. He has also performed product design consulting work for a variety of firms including Daimler Benz, Apple Computer, Coleman Camping, Corning World Kitchen, Steelcase and IDEO.

Owens was a Co-Founder of Nova Bionics, a medical device start-up now part of Micro International, and he served as Global Director of Product Development for SeriousPlay, a LEGO Group company, during its start-up phase. He also worked as a Product Design Engineer at IDEO, a leading product development consulting company in Palo Alto, Calif. In a prior career, Owens became registered as a Professional Electrical Engineer while designing power distribution systems at the San Francisco International Airport.

Rangaraj "Ranga" Ramanujam
Associate Professor of Management
(Organizational Studies)

Ranga Ramanujam is a leading researcher and consultant on the organizational causes and consequences of errors in high-risk work settings. His research



Ramanujam

has been published in leading journals such as the *Academy of Management Journal*, *Organization Science*, *Medical Care*, *Journal of Patient Safety* and *Journal of Organizational Behavior*. Among his current research interests are leadership, organizational change and design in the context of patient safety in hospitals and operational risk in financial institutions.

Prior to joining Owen, Ramanujam served as Assistant Professor of Management at Purdue University's Krannert School of Management, where he received several teaching awards and served as a research fellow at the Regenstrief Center for Healthcare Engineering. He has also served as a Research Scientist at the Center of Excellence for Implementation of Evidence-Based Practice at the Roudebush VA Medical Center in Indianapolis and Area Marketing Manager for Standard Chartered Bank in India.

He has consulted for a wide range of organizations, such as the Pittsburgh Regional Healthcare Initiative, Clarian Health Partners, the Indiana State Patient Safety Center, International Association of Holiday Inns and Sennheiser Corporation. In addition his work has been presented at meetings of the Academy of Management, Society of Industrial and Organizational Psychology and the Production and Operations Management Society.

Ramanujam is currently an editorial board member of the *Journal of Organizational Behaviors* and the Stanford University Press book series on high reliability organizations. He also served as Chair of the Academy of Management's Board of Governors' taskforce that reviewed the Institute of Medicine

Report on Performance Measurement in Healthcare.

James L. Schorr
Clinical Professor of Management
(Ethics, Social Responsibility and Entrepreneurship)

Jim Schorr has 15 years of experience working at the intersection of business and society, and is among the nation's leading experts on issues of social enterprise and entrepreneurship.



Schorr

In 1993 he co-founded Net Impact, a global network which has since enabled more than 25,000 graduate business students and professionals on five continents to integrate social and environmental priorities into their educations and careers.

From 2000 to 2007 Schorr was CEO of Juma Ventures, one of the most well-known and admired social enterprises in the world. During his tenure Juma Ventures was profiled in *Harvard Business Review* as a model organization in this field. His career has also included leadership and consulting positions with major corporations, start-up companies and government agencies, giving Schorr insights into the role of business in society from a variety of perspectives.

Other organizations in which he has served include: Cobra Golf, Windermere Associates, Ecom Brands and Florida Leisure Corp. Prior to joining Owen,

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STRATEGY

Fun and Game Theory

BY SETH ROBERTSON

YOU PROBABLY SHOULD THINK TWICE before watching a movie with Mike Shor, Assistant Professor of Management. That is, unless you don't mind getting nudged every time an example of game theory pops up. Game theory is a method of using mathematical analysis to choose the best available strategy.

"I can't watch a movie without thinking through the incentives that somebody is creating for others. It drives my wife crazy," laughs Shor.

Take, for instance, *The Princess Bride*. Shor points to the scene in which the hero Westley and kidnapper Vizzini

match wits over a poisoned glass of wine: "It's so much more profound than people realize. People think it's a cute little bit, when it's really the most excellent example of what Robert Aumann won the Nobel Prize for, which was clarifying this notion of common knowledge."

The grumblings of his wife aside, Shor's ability to discern game theoretic themes in the unlikelyst of places is a boon for others interested in the field. He's amassed an impressive collection of pop culture references and other educational resources at his Web site www.gametheory.net.

"I see game theory in way too many places, but I try to bring a lot of that to the classroom so that students can appreciate it as well."

Shor was selected by the MBA Class of 2008 to receive the James A. Webb Excellence in Teaching Award.

JERRY MANDEVILLE
DEAN DIXON

Money Talks

Lobbying has its place in politics, but so does transparency.

By HUI CHEN AND DAVID PARSLEY

THE ROLE OF CORPORATE LOBBYING in politics is a hotly debated topic these days. Perhaps nothing frames the difference in opinions better than the recent presidential campaigns of Hillary Clinton and Barack Obama. During the Democratic primaries, the two presented sharply contrasting views on lobbyists.

At the 2007 Yearly Kos convention in Chicago, Clinton said, “A lot of those lobbyists, whether you like it or not, represent real Americans. They actually do. They represent nurses. They represent social workers. They represent—yes, they represent corporations that employ a lot of people.”

Obama, however, offered a different argument. “I disagree with the notion that lobbyists don’t have disproportionate influence,” he said. “Look, the insurance and the drug companies spent \$1 billion in lobbying over the last 10 years. ... They are not spending that just because they are contributing to the public interest. They have an agenda.”

Interestingly their views seem to correspond to the two academic theories of lobbying. On the one hand Gene Grossman, an Economist at Princeton University, and Elhanan Helpman, an Economist at Harvard University, emphasize the “information” role of lobbying. In their well-cited book *Special Interest Politics*, they

consider lobbying as primarily a mechanism to transfer information and knowledge from certain interest groups to policymakers. Grossman and Helpman argue that this improves the efficiency of society, in a sense.

Nobel Laureate and University of Chicago Economist George Stigler, however, suggests industries are often able to acquire regulations that protect them rather than harm them. Their need for such regulations and the regulators’ willingness to provide them create the demand and supply of a “market for politics.” Firms contact politicians and government agencies

through various channels and try to convince them of the necessity to pass “friendly” policies or deter “hostile” ones. In return for the favor granted by the regulators, firms compensate them with votes and resources such as political contributions.

The popular press seems to give more support to the latter view. *The Washington Post* recently quoted one top lobbyist as saying: “People in industry better have good lobbyists or they’re going to get rolled over.” Even companies that try to resist political involvement for various reasons usually end up joining the game. For

example, Google was reluctant to lobby until it was under severe pressure for issues related to user privacy and operations in China. It then decided to hire high-profile Washington lobbyists and invest heavily in lobbying, as reported in *The New York Times*. Google’s story was hardly new; Microsoft went through the same process in 1996 when it was entangled in antitrust problems.

Firms lobby not only reactively to defend themselves from potentially harmful policies but also actively to profit from tax advantages, regulation loopholes and government budget appropriations. The benefits of lobbying are seemingly huge: *The Washington Post* reported a \$100 return on \$1 of investment in lobbying for corporations. Similarly *BusinessWeek* conserva-

tioned a database of corporate lobbying activities made possible by the Lobbying Disclosure Act of 1995. Prior to the Act there was no public data available on how much firms spent on federal lobbying, as lobbying organizations and professional lobbyists were not required to register or disclose their lobbying activities.

In brief, we found that spending on lobbying pays off handsomely. We looked at financial performance as reported in firms’ financial statements, as well as stock market returns. To gauge stock market performance, we constructed portfolios of companies based on their lobbying intensities (that is, by how much they lobby relative to their size). Based on these rankings, we discovered that firms in the top portfolio generated annual returns

At the end of the day, the need for petitioning government and influencing public policy will never go away, and eliminating official channels of lobbying will only result in a secretive and corrupt system.

tively estimated that firms received an average of \$28 in awarded federal earmark spending per dollar spent on lobbying. The benefits of these efforts can come through various channels. The defense industry lobbies for more government contracts; the hi-tech industry lobbies for issues related to patent; and of course, everybody lobbies for lower taxes.

To check whether these claims withstand statistical scrutiny, we com-

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Firms lobby not only to defend themselves from harmful policies but also to profit from tax advantages, regulation loopholes and government budget appropriations.

Lobbying Client	Total*
US Chamber of Commerce	\$384,414,680
American Medical Assn	\$184,252,500
General Electric	\$167,270,000
American Hospital Assn	\$148,777,280
AARP	\$134,012,064
Pharmaceutical Rsrch & Mfrs of America	\$130,643,400
Edison Electric Institute	\$120,195,999
Northrop Grumman	\$109,875,253
Business Roundtable	\$109,070,000
National Assn of Realtors	\$104,220,380
Blue Cross/Blue Shield	\$99,066,172
Freddie Mac	\$94,854,048
Boeing Co	\$92,578,310
General Motors	\$89,190,483
Lockheed Martin	\$87,310,775
Exxon Mobil	\$85,086,942
Southern Co	\$83,510,694
Verizon Communications	\$82,858,610
SBC Communications	\$79,851,656
Microsoft Corp	\$78,075,000

*Obtained from the Center for Responsive Politics. (Figure 1)

the 1997-1998 election cycle, corporations, their trade associations, and other business-related interest groups accounted for roughly 90 percent of the total lobbying spending, dominating that of any ideological or single-issue organizations. (See Figure 1 for the list of top lobbying spenders from 1998 to 2008, as reported by the Center for Responsive Politics.)

So was Hillary Clinton wrong in saying that lobbying represents the interests of everyday Americans? Not necessarily. Corporations lobby to

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INSIDE BUSINESS

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ECONOMICS

Consumer Price Index: Unreliable Measure of Inflation

BY JOHN TAMNY, MBA'98

WHEN INFLATION IS CONSIDERED, THOSE WHO possess a more sanguine outlook relating to pricing pressures have pointed to the Consumer Price Index (CPI) to bolster their view that inflation is not a problem.

The problem with the CPI is that consumer prices themselves transmit all sorts of information unrelated to currency strength. So while rising prices can be a symptom of inflation, they can also result from all manner of things that have nothing to do with the value of the currency.

If hotel rooms in New York City become very expensive, some would consider this an inflationary event despite simple logic showing otherwise. Put simply, if New York hotel rooms suddenly cost \$200 per night more than they once did, the broad impact on the price level would be zero owing to the fact that consumers would have \$200 less to spend on previously attainable goods.

Furthermore, to the extent that there is a monetary devaluation, it shouldn't be assumed that a weaker unit of account

will immediately be reflected in all consumer prices. This is because there's a way to increase the cost of a good without increasing the nominal price of that same good. As a recent *USA Today* story showed, ice cream makers, suffering under rising dairy costs, have in many cases reduced the size of standard ice-cream containers to 1.5 quarts from 1.75 quarts. Frito Lay and Dial have done much the same with bags of potato chips and bars of soap.

Ultimately it has to be recognized that the only true measure of inflation does not involve prices, but instead is transmitted through the value of the dollar itself.

And when we consider the dollar, the most reliable benchmark is not the greenback's value versus the euro, yen or pound, but the dollar's value in terms of gold. When the price of gold moves, this is not a signal that gold's price has changed, but instead tells us that the dollar's value is rising or falling.

Gold has risen 255 percent against the dollar since June 2001. Whereas a dollar used to buy 1/253 of an ounce of gold, as of this writing it buys 1/900 of an ounce. For those wondering why all manner of commodities, from gasoline to corn to meat have become so expensive of late, look no further than the dollar's debasement.

And to the extent that some have great faith in CPI-like measures, they need only look at countries outside the United States to see that our version of CPI is

greatly understating true inflation. Despite the fact that the euro and pound have crushed the dollar in recent years, government inflation statistics in both show it at 16- and 18-year highs respectively.

So while inflation problems around the world confirm that our government measures of inflation are faulty, the bigger story is what a rising dollar price of gold means for the average American. When gold rises, paychecks are emasculated; investment in innovative, job-creating enterprises subsides; and money flows to the relative safety of the "real."

Rather than clinging to the CPI as false evidence of light inflation, and worse, targeting consumer prices, monetary authorities should instead target a stable gold price with an eye on bringing it down substantially.

JOHN TAMNY is Editor of RealClearMarkets, a Senior Economist with H.C. Wainwright Economics, and a Senior Economic Advisor to Toreador Research and Trading. He can be reached at jtamny@realclearmarkets.com.

RECRUITING

Headhunter's Advice: Manage What You Measure

BY PAUL FRANKENBERG, EMBA'03

IN HIS BOOK *Topgrading: How Leading Companies Win by Hiring, Coaching and Keeping the Best People*, author Bradford



D. Smart concludes, "With an average base salary of \$114,000, the average total cost associated with a 'typical' mis-hire is \$2,709,000—greater than 24 times the person's base compensation."

To rationalize these amounts, think about the opportunity costs that can result from substandard service, inade-

quate research, missed deadlines, failed marketing campaigns, missed sales targets, flawed accounting or investment strategies and more. Additionally you may directly absorb considerable recruiting expense, invest in orientation and training, or put up with mediocre performance and results for some period of

time. And, adding insult to injury, you may have to pay a severance to get the employee to leave. Finally you may also incur hard executive recruiting costs for the replacement employee and absorb various additional costs to train that person.

CEOs agree that hiring and retaining high-quality executive leadership is crucial to achieving strategic business goals. However, very few CEOs have accurate data to openly discuss the true cost of a bad hiring decision. Yet when it does happen, it's too personal and too painful to study under a financial microscope. But it's not a question of guilt or blame. The real question is: How could it have been avoided and how can you reduce making mis-hires in the future?

You're Thinking These Costs Are Overstated?

With more than 12 years in the executive search industry, I believe these numbers are close to the mark. But go ahead and cut these costs in half. Change 24 times salary to 12 times salary. Or if you're really a skeptic, go ahead and cut them in half again. Even at a mere 25 percent of the researched amount, you're still looking at a \$684,000 cost for a bad hiring decision involving a \$114,000-per-year employee. For a \$200,000 executive, you're looking at a \$1,200,000 cost for a bad hiring decision. The numbers are too large to ignore.

Over the years I've had the opportunity to work with VC- and PE-backed health care companies to Fortune 25 organizations. I've found that many corporations avoid the calculation by simply not agreeing on an appropriate formula,

despite the fact imperfect information exists in all decision-making processes. It's too easily dismissed as just another "cost of doing business." Across industries it's reported that internal corporate executives consistently recruit and retain the "right" manager or executive for 12 months or longer less than 55 percent of the time. This seems low.

I'm convinced long-term candidate retention can be improved and that mis-hire costs can be materially reduced.

Three Ways to Improve Your Executive Recruiting Outcomes:

1. Recruiting firms are not always the right solution to hiring key leaders. Retained search firms are excellent resources at the right time. However, internal candidates, board members and industry colleagues can be valuable resources. These individuals may be candidates individually; they may be able to open their rolodex; they may provide comments about desired candidate characteristics; and they may recommend retained executive recruiting firms for you to talk with. If you use a retained executive recruiting firm, do appropriate diligence on more than one search firm.
2. Plan a thoughtful and well-prepared interview process. Each interviewer in your company's process must have a clear understanding of his or her role in the assessment process. The absence of interview structure will be recognized by the candidate and may lead you directly down the path to a costly mis-hire.
3. Ensuring that the new executive is successful requires communication between the hiring executive, the successful candidate and specific, internal colleagues. Managing the individual's integration into your company for the first 90 days will provide a foundation

for long-term retention. Following the first 90 days, ongoing communication develops relationships, provides clear strategic direction and reinforces cross-functional interaction and discussion.

At an average cost of \$2,709,000 per mis-hire, I encourage all business leaders to take a closer look at their executive recruiting processes, determine where and how these processes lead to false economies and then take steps to better manage these processes. A bad hiring decision can be a significant drain on the bottom line.

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 PAUL FRANKENBERG is CEO, President and Co-Founder of Kraft Search Associates. In both 2006 and 2007, Modern Healthcare magazine ranked Kraft Search Associates one of the nation's Top 25 Healthcare Retained Executive Search Firms. Frankenberg can be reached directly through www.kraftsearch.com.

LOGISTICS

Untangling the Knot: Logistics in China

BY OSCAR ATKINSON, MBA '08

CHINA IS UNDERGOING AN INFRASTRUCTURE building campaign unrivaled in recent history. When the country first opened its doors to the outside world in fits and starts in the '80s and '90s, large transportation providers, like DHL, UPS, FedEx and Exel, began vying for a toehold on the mainland through joint ventures with the various government transportation groups, like Sinotrans, and newly-privatized enterprises. It was as if China had re-awakened when Deng Xiaoping, the late leader of the Communist Party of China, proclaimed, "To get



A view of the famous Bund district in Shanghai

rich is glorious!" during his famed Southern Tour in 1992.

Today the east coast highway and port system has reached or surpassed international standards around the centers of commerce in Beijing, Shanghai and the Pearl River Delta in Guangdong Province, and the government has slowly allowed international firms to operate independently of their joint venture partners. With China's entry into the World Trade Organization in 2004, restrictions on foreign direct investment were officially loosened, but multinationals were still functionally required to navigate the bureaucracy of multiple layers of government.

According to Datamonitor, the Chinese logistics market is projected to grow in the low teens through 2010 after posting a remarkable 22.6 percent compounded annual growth rate from 2001 to 2005. Today China has 16 major ports and a shipping capacity of 50 million tons per year. It also has a network of over 30,000 kilometers of highways, second only to the United States in total kilometers. Despite this phenomenal growth, logistics costs remain high—representing 20 percent of GDP in China versus 11 percent in Japan—when compared to overall production.

OSCAR ATKINSON

Market Remains Fractured

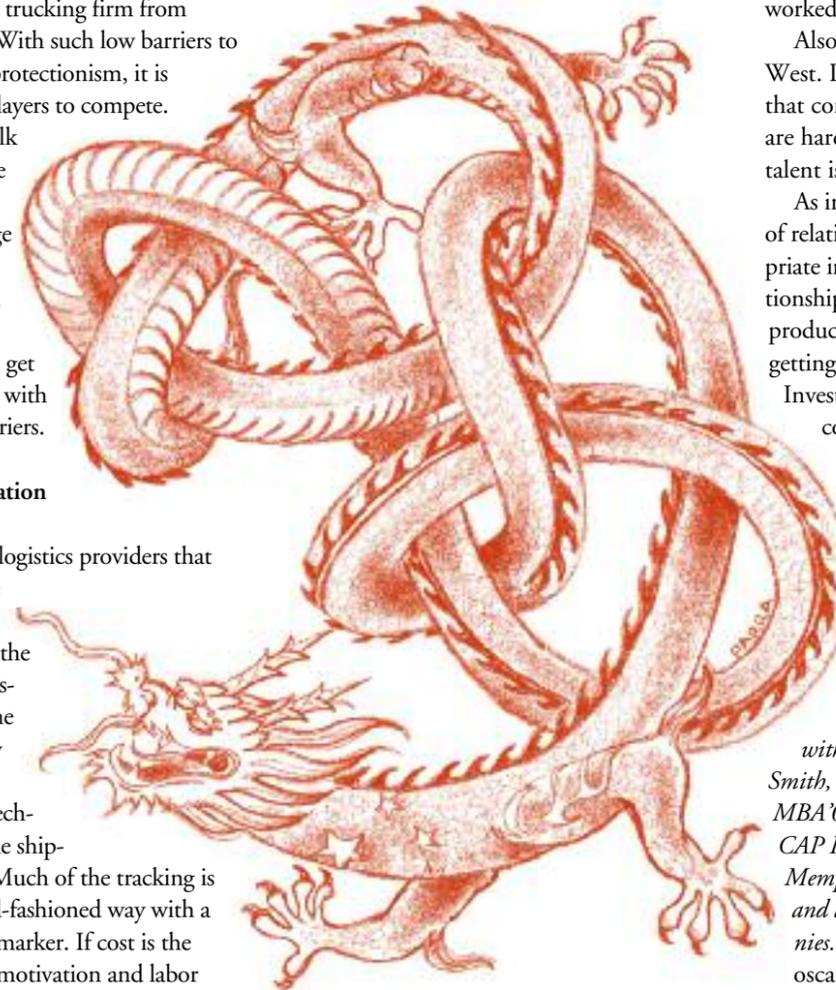
One would expect rapid consolidation among logistics providers seeking to capitalize on China's growth. Yet in the trucking world, a single provider has yet to emerge with a comprehensive network. There are over 5 million trucking companies, with each owning an average of 1.8 trucks. The top 100 logistics providers only comprise 5 percent of the total logistics market.

These smaller trucking firms are often the lowest cost provider with low overhead and expertise within a single area. Their expertise includes relationships with toll collectors and inspectors that give them an advantage over a trucking firm from another region. With such low barriers to entry and local protectionism, it is hard for larger players to compete. In the case of bulk commodities like cotton, factories will often manage the supply chain between the mill and the port because they can get the lowest prices with their existing carriers.

Level of Automation Remains Low

Although many logistics providers that move high-value merchandise have invested in the latest tracking systems, many of the bulk commodity shippers are not using available technology to provide shipment visibility. Much of the tracking is still done the old-fashioned way with a clipboard and a marker. If cost is the primary buying motivation and labor

PARRA, MCT



costs are low, there is not a short-term payoff for investing in automation. Why would you buy a forklift if you can hire a team to stuff a container by hand for a fraction of the cost?

Overloading Persists

In China it is common practice for truckers to overload their trucks by two to three times the legal limit to maximize their asset usage and eke out a profit in a fiercely competitive market. The central government has issued tougher laws to ensure the safety of drivers and reduce damage to roads, but they are lax in the enforcement of these regula-

tions because they know many small truckers would go under if they adhered to the weight limits. Meanwhile the local government has an incentive to allow overloading to continue as tolls are collected on the total weight of the load and they are not responsible for road repairs. This practice reminds one of the Chinese saying, "The hills are high and Beijing is far away."

What to Do?

There is no "one size fits all" solution. Instead of a China logistics strategy, have a unique strategy or partner for each region. Find logistics providers who have worked with firms that you trust.

Also keep in mind this is not the West. Proceed with caution and realize that corruption is widespread, contracts are hard to enforce, and management talent is scarce.

As in any business, logistics is a game of relationships. This is even more appropriate in China where a long-term relationship may mean the difference in your product being held up in port rather than getting delivered to a factory on time.

Invest in a long-term relationship with a company that is willing to establish a mutually beneficial partnership.

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 OSCAR ATKINSON traveled with 19 classmates to China as part of Professor Ray Friedman's *Doing Business in China* course. The highlight of the week-long trip was a visit to international logistics firm Mallory Alexander with Michael O'Brien, MBA '08, Jen Smith, MBA '08, and Scott Hall, MBA '08. Atkinson now works for SEACAP Financial, an investment bank in Memphis, Tenn. specializing in the sale and acquisition of family-owned companies. Atkinson can be reached at oscar.atkinson@seacapfinancial.com.

25 Years of Perspective

What I've learned since graduating
from Owen

By NEIL RAMSEY, BE '82, MBA '83

This piece is adapted from a speech that Neil Ramsey delivered during Owen's Alumni Weekend in April.

LOOKING BACK AT MY GRADUATION 25 years ago from Owen, I'm amazed at how much my perspective has changed. Perhaps I could have learned most of what I'm going to describe here by reading, but there's no way that knowledge would mean anything to me today without the experiences to back it up.

So what have I learned since graduating from Owen?

I've learned that most of the lessons my parents taught me were the keys to a happy life. When my dad used to tell me that I would grow up to be exactly the kind of person that I was as a boy, he was right. Ralph Waldo Emerson said, "The only person you are destined to be is the person you decide to be."

I've learned that how I handle my problems is a lot more important than avoiding the inevitable problems that pop up. Unfortunately I haven't fully learned what Teddy Roosevelt said best: "Nine-tenths of wisdom is being wise in time."

I've learned that it is okay to say what you think, but it is better to do it tactfully. I did not understand this when I was younger. I felt that if what I was saying was true and I meant no harm, it was okay to say it. It took many hurt feelings to learn this one, and I'm still working to be more considerate in my delivery.

I've also learned, as a friend of mine said 20 years ago, that "there are no throw-away comments." The irony of this



Ramsey

quote is that when I recently reminded him of the comment a couple of weeks ago, he was surprised I had remembered it. Everything you say and do can touch people in a positive or negative way, and you may never even know it.

I've learned to go as far as I can to show people I love what they mean to me. If you find yourself wanting to record your feelings in words, do it.

I've learned that substance may be all that matters, but you may not be listened to if you do not pay attention to form. Substance without form serves little purpose.

I've learned that having ambitions is much more important than being ambitious. I'm one-tenth as ambitious today as I was 10 years ago, but my ambitions are 10 times greater.

I've learned that you can change the way the world treats you simply by opening your heart, looking for good, and showing more kindness and patience. I haven't mastered this, but I am better than I used to be, and the world treats me better because of it.

I've learned that I would rather be respected than liked. I would prefer both, but given the choice, I'd pick respect.

I've learned that the need for my parents' approval never goes away.

I've learned that I could not be successful in my own business until I decided I was just another employee with specific responsibilities.

I've learned that my favorite people are very smart, have a good sense of humor, and don't take themselves too seriously.

I've learned to demand much less of most people but demand much more from the people who can handle it.

I've learned that my greatest comfort comes from watching my kids find their own way. Nothing makes me prouder than when someone I really respect says something nice about one of my kids.

I've learned that nothing makes me

happier than having a special moment with one of my children when it is completely obvious they love and appreciate me.

I've learned that I should have no faith in objects, little faith in institutions, faith in people I care about, a lot of faith in myself, and complete faith in God.

I've learned that one of my biggest sources of frustration and angst is the guilt associated with unreturned phone calls.

I've learned that having money is much more important for mental freedom than I ever imagined. I live scared. That is my motivation.

I've learned that intelligence can't be measured accurately. I think maybe intelligence is like what Supreme Court Justice Potter Stewart said about pornography: "I don't know how to define it, but I sure know it when I see it."

I've learned that intellect and talent sometimes don't translate from one field or endeavor to another. As an undergraduate, I had very good grades, but the two courses I did poorly in were economics and an engineering science "calculator" module. At Owen I had a difficult time in Professor Blanton's computer course and Professor Blackburn's stats course.

Now here I am running a statistics-based, research-oriented quantitative hedge fund utilizing econometric models. In my business we always have to say "past performance may not be indicative of future performance." I guess there's a reason for that.

I've learned not to compete head-to-

head with people smarter than me. I try to compete where my strengths are unique.

My wife has been trying to teach me for 25 years that when people seem odd or mean, they are probably just going through something tough. I am beginning to get this one.

Along these lines, I've learned not to laugh at old men with no hair on their ankles. I am now one of those old men. This is a pretty minor issue but shows that we should be more understanding and compassionate.

I've learned that perseverance is the key to success. Accumulated knowledge and experiences are our most valuable assets.

I've learned that the world would be a much safer place if we all lived below our means.

I've learned that inexperienced geniuses are dangerous.

I've learned that "value" is very difficult to surmise.

I've learned that the stock market is a tricky place to make money.

I've learned that most people and almost all politicians take the benefits of economic activity for granted. They forget that this is the core of morality and self-worth and opportunity for society.

I've learned that most arguments between people could have been avoided with some initial definitions and that all of the Ten Commandments make sense.

I've learned that making things as simple as they should be is very difficult. As Einstein said, "Make everything as simple as possible, but not simpler."

I've learned that perseverance is the key to success. Accumulated knowledge and experiences are our most valuable assets. One of my favorite quotes is from Winston Churchill. He said, "When you are going through hell, keep going." Conversely I've learned that if what I'm doing is not working, I better do something else. Separating hindsight from new insight gained from a setback is the key to perseverance.

I've learned that answers and new opportunities wondrously appear when I seem to need them.

I've learned that I should be striving more for goodness than greatness.

I've learned that when something hurts me or angers me, it's not a good idea to get philosophical and accept it too quickly. And more importantly, it's even worse to lose control of my emotions and do damage.

I've learned that we have no idea what tomorrow will bring.

While I have no idea what I will learn in the next 25 years, I'm guessing that I will not learn some of the simplest and most basic lessons well enough:

Take care of my family.

Connect to other people.

Treat people kindly.

Be thankful for what I have.

Recognize that my current situation is just a snapshot.

NEIL RAMSEY is the President and CEO of Ramsey Quantitative Systems in Louisville, Ky.

VB

Honours Courses

*Honours Golf makes playing the links
an experience to remember.*

By SETH ROBERTSON

WHEN THE SCOTTISH FIRST PIONEERED THE GAME of golf all those centuries ago, it's safe to say that they had no idea what a world-wide phenomenon it would become. Of course the sport has changed considerably since then; some of the modern rules and conventions would be unrecognizable to those ancient Scots. Yet for all the changes, golf today remains rooted in sportsmanship and camaraderie, and it's these ideals that help to explain its enduring popularity.

Certainly Rob Shults, MBA'96, can attest to this. As the President of Honours Golf, the leading golf course management company in the Southeastern United States, he's built a business around the idea that the game is as much about instilling core values and forging friendships as it is about competition. This is reflected not just in the company's name, which harkens back to the origins of the sport with its British spelling. It's an inherent part of everything that Honours Golf does to create memorable experiences for its members and guests. From course conditioning to customer service, Shults and his team go the extra mile to uphold the long and noble tradition of the game.

Practice Swings

Though Shults didn't realize it at the time, the philosophy behind Honours Golf took shape when he was just a school kid growing up in Little Rock, Ark. His father taught him how to play



Robert Barrett, left, and Rob Shults founded Honours Golf in 1998.

golf at an early age, but it wasn't only the rules that he learned. The game brought Shults happiness on so many different levels that he came to view it as a life pursuit rather than a simple diversion.

"Golf was a game that I had talent in, and I just fell in love with being outdoors, spending time with good friends and working on a skill over and over," he says.

Shults' talent for golf led him to play competitively in high school and at the U.S. Military Academy at West Point, where he earned a B.S. in Management and Systems Engineering. After serving as an Officer in the U.S. Army for four years, he began looking for a way to

transition from the military to the business world. The Owen School offered him just such an opportunity. While earning his MBA, he picked up basic business tools that continue to serve him well to this day.

"Owen gets you ready to handle a lot of different tasks simultaneously. It's good preparation for getting out there in the real world and trying to figure out what direction you're headed in life and how successful you're going to be," he says.

The Drive

Shults' direction in life didn't become entirely clear to him until a couple of years after Owen. While working for

Wachovia Bank in Atlanta, he started to get the itch to do something that he'd always wanted to do—start his own company before he turned 30. The problem was, he didn't know what that company would be. At the time, golf wasn't on his radar screen, except as a hobby. "Frankly, I had never thought about making money or going to work in the golf business," he admits. But a chance meeting with one of the sport's premier developers changed all that.

That developer was Robert Barrett, a native of Augusta, Ga. who had been working in the golf industry since the '70s. Barrett had made a name for himself planning and managing golf operations for a number of well-regarded clubs across the country, including La Quinta Country Club in California, the site of several Skins games during the '90s.

Despite their different backgrounds, Shults and Barrett hit it off immediately. They found they shared not only similar personalities but also a similar appreciation for the game.

"He was a golf operations guy through and through, and I brought a financial perspective to the table. But we had the same vision for what we wanted to do," says Shults.

That vision—creating courses that provide something more than just an ordinary round of golf—took root when they decided to form Honours Golf together in 1998. From the very beginning Shults and Barrett found that their partnership was all the more effective because of their different, yet complementary, skill sets. Their roles within the company point to this. As CEO, Barrett handles golf course development and operations out of the Birmingham, Ala. office. Shults, meanwhile, heads up strategic direction and business development in Atlanta.

The Approach

Shults and Barrett's first business deal was with Highland Park Golf Course in Alabama—the oldest course in that state. Since then, the two have steadily added to their portfolio, which now includes a total of 12 courses located throughout Alabama, Florida, Georgia and Mississippi. Some of these properties were signed through golf course management contracts, as in the case of Highland Park, while others came about through development deals, in which Honours Golf assisted with the design and construction. Shults and Barrett have purchased several golf courses as well.

Whether through management, development or whole ownership, Honours Golf always takes the same disciplined approach. "Every one of our projects, by its nature, has its own unique brand," says Shults. "That takes a whole host of disciplines. It takes leadership, of course, and it takes putting a good team in place, whether it's the right team to build the golf course or the right team to run the golf course. And then it takes putting a culture of success in place with good systems and good training."

Minding the Hazards

Good teams and good systems are especially needed in today's business climate. The recent downturn in the economy poses a challenge to golf course owners since the sport is a discretionary expense for consumers. There's also the added pressure of rising fuel costs, which affect everything from the transportation of fertilizer products to the price of food served in their clubs. And to make matters even worse, the industry is already dealing with growing pains brought about by overexpansion during the late '90s and early '00s. Today fewer golf courses are being built, and many are being closed.

And yet Honours Golf has reason to be

optimistic. As Shults points out, there are an estimated 25 million people in the United States who play the game. Of those, 8.5 million are considered to be core golfers. They spend about 80 percent of the money in the sport and are not likely to give it up, even during times of recession or inflation.

Shults also sees an opportunity for his company in golf's consolidating market. "Owners and financiers are realizing that golf course management companies are part of the necessary solution to get the golf industry back to health from a supply and demand standpoint, as well as from an operating standpoint. Existing golf courses that are undermanaged are our biggest opportunity," he explains.

The Bottom of the Cup

Perhaps most importantly, though, Shults knows that the golf industry as a whole is in good hands. There's a reason, he says, why you never hear of people being forced into his line of work by their fathers: It just doesn't happen. "People are in the business because they want to be in it," he says. "So everybody is passionate. It's an industry that is competitive, but for the most part everyone takes the attitude of 'Let's grow this game together.'"

Serving as President of Honours Golf may be a job, but to hear Shults talk, you might just think otherwise. Every day at the office brings challenges, for sure, but there are plenty of rewards, too. Shults has found great satisfaction in sharing his goals and principles with like-minded people, such as Rob Barrett and others on his team, and in the process, he's made friendships and memories that will last a lifetime.

As Shults puts it, "At the end of the day, pursue something you love. Because if you're doing something you love, you'll never feel like you had to work a day in your life."

VB



RIDING OUT THE TURBULENCE

Doug Parker looks for the silver lining at US Airways.

By JENNIFER JOHNSTON

Photography By ROGER HAWKINS

Grounded. In airplane parlance, it's an ironic way to describe someone who oversees the fifth largest airline in the country, but that's exactly how friends and colleagues of US Airways Chairman and CEO Doug Parker, MBA'86, view him. While he's adept at managing the 30,000-foot view, they say he remains one of the most down-to-earth people they know — even as his embattled industry confronts soaring costs and plummeting customer satisfaction.

Parker, who steered America West Airlines from bankruptcy to profitability in the '90s and then engineered a successful merger with US Airways in 2005, launched his career in the airline industry with American Airlines. The Dallas-based company offered him his first post-MBA job during a recruiting visit to the Owen School.

"The fact of the matter is, I don't think I would have been in this business if it weren't for Vanderbilt," he says from his company headquarters in Phoenix. "American Airlines recruited only MBAs, and they did so only at a very select group of schools. Because of the Vanderbilt connection, I was able to get hired."

In recent years Parker's strong views about the value of mergers and consolidations in restoring the industry to profitability have earned headlines. A bid for Delta Air Lines, initiated in late 2006, was rebuffed (a Delta-Northwest merger was announced earlier this year), and talks with United Airlines stalled. But Parker remains characteristically optimistic, despite cost-cutting imperatives driven by rising oil prices.

Team Building

Parker saw the merger of America West and US Airways as a mechanism for building on the best of both worlds. The two airlines had similar cost structures and together created a larger customer base and more business markets. "We didn't raise prices; it was about making us both more efficient," Parker explains.

The merger, though profitable, wasn't without snags, including the headaches of integrating two information systems. There have also been new challenges, such as skyrocketing oil prices and growing problems with customer satisfaction, which US Airways has

tackled with spectacular success, going from last place to first in on-time arrivals during the first six months of 2008.

Even after 20 years in the business, Parker maintains a relish for grappling with complex problems that his classmates remember from his days at Owen. "We'll figure out a way to make this industry profitable again, even if the oil prices remain high, but it will be a different industry," he says.

No doubt he will lead the company toward making necessary innovations a reality with a focus on team building, his signature management style.

Parker's team-centered leadership style harkens back to his days playing high school and college football, says Elise Eberwein, Senior Vice President for People and Communications at US Airways, who has worked with Parker for five years.

"He is completely 'relatable' to employees of all levels and backgrounds. By relatable, I mean he laughs at the same jokes, is so incredibly down-to-earth, and cares about things that matter to our people as opposed to just the 30,000-foot view. Don't get me wrong—he cares about that, too—but he is very connected to the emotional things that matter to people day in and day out at their jobs," says Eberwein, who estimates

Parker spends 50 percent of his time getting to know employees at all levels.

She says he truly wants divergent views at the table and has created a culture where differences in opinion are handled respectfully. "I've worked for several CEOs and been around a lot of high-level executives. Doug is by far the best team builder and 'head coach' I've seen," she says.

Parker made news after the US Airways-America West merger when he refused a bonus based on America West's performance the previous year because he felt it was unfair to US Airways employees whose salaries had been cut. More recently, he made a large personal investment in company stock.

A Reflection of His Character

It did not surprise any of Parker's Owen friends to see him step up and make a large investment during a dark time for the industry, according to David Hornsby, MBA '86, Owner of Executive Travel and Parking in Nashville.

"Doug has always had this 'never say die' optimistic bent. ... That's just the way he's always been," says Hornsby, who has remained close to Parker since their days at Owen. Hornsby and others describe Parker as a fun-loving guy and a generous friend who is always punctual, neat and full of ideas.

"Doug has always been extremely analytical. He was always coming up with a 'system' for everything. We put a lot of faith in Doug's systems, and I'm sure he is a master of systems at US Airways," Hornsby says.

Dothan, Ala. "I was visiting him in Dallas and, for the first time I had ever seen, he was particularly interested in attending a specific party. Doug was always a go-with-the-flow kind of guy. When we arrived, I noted Doug had a bit of uneasiness I had never witnessed before. On more than one occasion that evening, Doug would say, 'Hey Jimbo, come on, let's go over here.' It was always within 10 feet of Gwen. She

Owen School Dean Jim Bradford says Parker's focus on finding systems that work rather than copying existing operations was a huge factor in the success of the US Airways-America West merger. "It's a reflection of his character, organization and strategic initiative that when he rebuilt America West, he didn't just copy a successful airline like Southwest; he made strategic changes that saved costs but with an ultimate focus on customer service," Bradford says.

Parker and Hornsby are part of a tight-knit group from the MBA Class of 1986, and Parker says the strong friendships he made at Owen were the most important part of his graduate school experience.

Bradford recalls how well Parker's friends from Owen have helped keep him grounded, particularly right before the airline executive was slated to speak at a class reunion gathering: "Here's a successful guy speaking at a 'no-risk' conference. One of the things his classmates did the night before he was speaking to the entire group was pepper him with really nasty questions they were pretending to prepare for the next day. Of course, they love him to death. It was funny to watch him get a little nervous."

Parker met his wife, Gwen, a former flight attendant, through mutual friends while living in Dallas. It was a courtship witnessed by Owen classmate Jim Loftin Jr., MBA '86, who also worked for American Airlines after graduation.

"I knew when Doug had found his bride," says Loftin, now President of JDL Management and Consulting in

at Northwest included Vice President and Assistant Treasurer, as well as Vice President of Financial Planning and Analysis.

"Northwest was going through an LBO (leveraged buyout) and looking

Six months ago we were spending a lot of time working on how to fix the congestion issue. The fact of the matter is, oil fixed that. We were forced to take 10 percent of capacity out right away. It will come back one day, but the impact of oil overwhelms everything else. —Doug Parker

paid him no attention that evening, but it was only a matter of time before those two would tie the knot."

The Parkers are the parents of three children—Jackson, 13; Luke, 10; and Eliza, 8—and live in Paradise Valley, Ariz.

"Doug's a great dad and husband," says Andy McCain, MBA '86. "He's managed to balance that pretty well with being CEO in an industry that's had more difficulty than any other that size." McCain, who is Vice President and Chief Financial Officer of Hensley & Co., is another member of that tight-knit group from the Class of 1986. He lives in Phoenix and is one of Parker's closest friends.

One Crisis After Another

Parker spent five years at American in Dallas, holding a variety of financial management positions, before joining Northwest Airlines in 1991. His titles

to hire new management to improve their team," Parker recalls. "I loved my time at American, but I was ready to do something where I could make even more of a difference by building some things really from scratch."

After four years with Northwest, he was recruited in 1995 at age 33 to become Senior Vice President and Chief Financial Officer at America West, based in Tempe, Ariz. "It was a smaller airline going through similar things Northwest had gone through a few years before. The new management was trying to build a new team. It was a great opportunity for me that I couldn't pass up. I've been here ever since," Parker says.

He was named CEO of America West on Sept. 1, 2001. "It was a good 10 days," he says wryly.

The industry, already troubled before the Sept. 11 disaster, lurched into crisis mode after those events. Parker led his company through a loan guarantee process that helped turn it



US Airways operates approximately 3,200 flights per day and serves more than 200 communities around the globe.

U-S AIRWAYS

around by 2005, the same year America West initiated a merger with US Airways, then in bankruptcy and in danger of shuttering its operations. By 2007 the combined airline, with Parker in the leadership role, earned \$427 million in profits.

Unfortunately those profits are now being eaten away by huge increases in oil prices. The company is predicting that spending on fuel alone could increase by \$1.8 billion dollars in 2008 over the previous year. Fuel prices now represent a staggering 40 percent of the operating budget, Parker says.

Although the current obstacles are daunting, Parker recalls that in 2001, many pundits similarly believed America West “was done.”

“Survival’s a great motivator,” he says. After Sept. 11 the airline was forced to better understand customers’ needs, making changes accordingly, and to redefine the airline with a low-cost structure.

But America West executives knew the operational turnaround might be tenuous. “So as we looked at America West, we were very concerned about our viability because we had an airline that never had the same revenue generating capacity” as other airlines, he says. “We made up for it with lower cost structure, but we had cause for concern.”

The merger with US Airways was an opportunity to expand into more business markets and afforded a larger customer base.

“I recall vividly when we were putting this merger together that there was concern about oil prices, which

were then \$50 a barrel,” he says. Company managers were confident that they could succeed despite the high costs of fuel. “But when oil prices jump from \$90 to \$145 in a matter of months, that has a profound impact on our business. There’s a lot of financial turmoil in the business that we’re not immune to.”

Tackling Problems Head-On

Parker, always one to see the silver lining, says soaring oil prices have similarly forced the industry to address airport capacity issues. “Six months ago we were spending a lot of time working on how to fix the congestion issue,” he says. “It was much of what everyone was talking about. The fact of the matter is, oil fixed that. We were forced to take 10 percent of capacity out right away. It will come back one day, but the impact of oil overwhelms everything else.”

The new US Airways is aggressively addressing the issues it can, as evidenced by the dramatic turnaround in on-time arrivals in 2008. Parker credits this accomplishment in part to several key hires, including Robert

Isom, recruited from GMAC Financial Services less than a year ago as the airline’s Chief Operating Officer. Parker and Isom worked together both at Northwest and America West before Isom left the industry for GMAC. Suzanne Boda, another key hire, joined US Airways in January as Senior Vice President for the East Coast, where airline congestion has been a particular challenge. Boda is also a Northwest Airlines veteran.

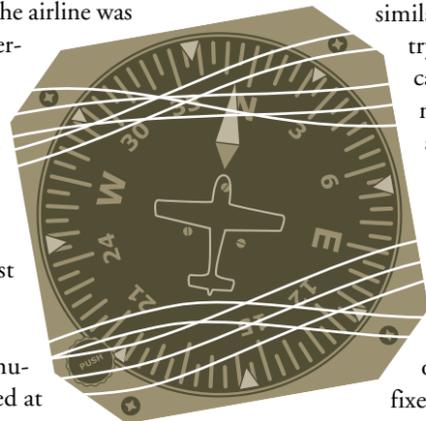
A mark of Parker’s style is that he stayed in the background as the turnaround was announced and let his executives take the lead. In July, an article in *The Wall Street Journal* trumpeting the airline’s new data never mentioned the CEO’s name, quoting Isom and Boda instead.

“If someone suggested we’d go from 10th to first in a year, I would have thought it was too much, but we’ve done it and it is a credit to all our people,” Parker says.

The company accomplished the performance turnaround in part by focusing on getting planes out of the gate on time, rewarding employees for better service, and investing millions in capital improvements.

A major challenge was integrating the communications systems more effectively, something that took time and led to frustrations for travelers after the merger.

“In our case, through that operational integration, we’d gotten ourselves into running a much worse operation than we wanted to run,” Parker says. “We knew the problem would get fixed when integration took hold, but we also knew we needed to take additional action because of what those problems meant from a customer perception standpoint. We had to win customers back. We put a tremendous amount of focus on it,



SPRO: ISTOCKPHOTO

DEAN DIXON

In a Tailspin?

Professor Michael Lapré discusses the challenges facing the airline industry.

By JENNIFER JOHNSTON

Michael Lapré, an Owen faculty member who studies operations and performance in the airline industry, sees many challenges ahead for the major airlines. Maintaining customer satisfaction will continue to be a problem, he predicts, as fuel costs continue to soar and the industry works to keep costs down.

“Right now the biggest issue is cost,” says Lapré, the E. Bronson Ingram Associate Professor in Operations Management. “They need to figure out an appropriate cost structure that makes it at least appealing to compete with an airline like Southwest. That’s not easy. You want to pay your employees appropriately. But that’s tough because other airlines, the discount airlines, have much cheaper labor. Then there are fuel costs, and figuring out how many different types of planes you can profitably have in the fleet. So there are cost-structure issues, fleet issues, labor issues. It’s not easy.”

Indeed, the airline industry today is facing a triple threat from rising costs, customer dissatisfaction, and an aging air-traffic control system, spurring some industry analysts to compare the current environment to the post-9/11 era of bankruptcy filings and extreme belt-tightening.

While US Airways CEO Doug Parker and others see mergers and acquisitions as an inevitable mechanism for airlines to consolidate costs, it is well known that mergers create problems, at least for the short term, and can create customer dissatisfaction.

“There are going to be more mergers,” Lapré says. “I do know that mergers and acquisitions can be troublesome. For example, the two airlines’ information systems can have

trouble communicating. It takes a long time to integrate the information systems. It’s actually much easier to start from scratch than patch different types of systems together.”

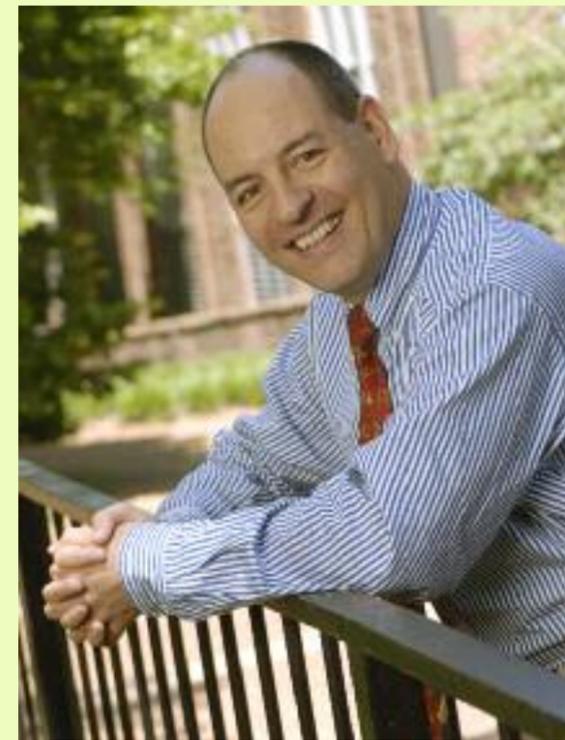
Within the next few years, the number of major carriers in the United States will be reduced from the current six—US Airways, Delta, American, Northwest, United and Continental—to four and perhaps fewer, he predicts.

Lapré, the author of an award-winning paper on performance improvement paths in the U.S. airline industry, focuses his current research on longitudinal data from the industry—data he says is easier to procure than in some other areas of business because the airline industry is so tightly regulated.

“I am focusing on the lessons learned about what worked well,” he explains. “I have found that you really must start with quality first. If you start cutting costs and don’t pay attention to quality, it’s going to be detrimental in the long run.”

Lapré says it’s hard to predict when flying may become more pleasurable and profitable again.

“Security issues are going to make flying a bit of a hassle. And now airlines are playing with charging for baggage. The so-called legacy airlines—those formed before the current era of discount carriers—began their operations in an era when oil was much cheaper and costs were less of an issue. Discount carriers, on the other hand, started from a cost-control position, so they can



Lapré

afford not to trim such services.

“Discount carriers are at an advantage because they turn the plane around so quickly on the ground,” he says.

But even discount carriers experience delays due to the antiquated air-traffic control system. “I think the industry is waiting for some technological advances that will make it easier for more planes to be in the air. Right now it’s almost full in the air. It’s too congested.”

Lapré repeatedly returns to the linchpin that will make or break an airline: quality.

“No airline can forget about quality. And that just means doing the basic things right and making sure customers are happy. Satisfied customers can become loyal customers, who will keep coming back.”

Continued on page 60

Headlines from Around the World

Throwing Caution to the Wind, Clinical Trial and Error, On the Margins

THROWING CAUTION TO THE WIND

Yesterday's stock market tumble is the direct result of the deregulation of the financial system during the '70s, experts say. "It was another example of an asset bubble that appears periodically. An economy will disregard risk, and when people see another investor making money by investing in an asset, others will throw caution to the wind," explains **Nicolas Bollen**, a finance professor at Vanderbilt University's Owen School.

McClatchy News Service, Sept. 16

TRADE OFF

International trade remains an evergreen fissure running through U.S. politics. While John McCain has been firm in his defense of the North American Free Trade Agreement (NAFTA), the Democrats have promised, albeit without specifics, to renegotiate treaties to protect U.S. workers. **Luke Froeb**, a free enterprise expert at Vanderbilt University, identifies this as a key ideological gap. He argues: "Renegotiating NAFTA would make our economy a lot less flexible. It would reduce income and make us all worse off."

The Guardian (U.K.), Aug. 31

Clinical Trial and Error

Many institutional review boards do an exemplary job, keeping scientists on the ethical up-and-up, but "hyperprotectionism," according to the *Journal of the American Medical Association*, "can have a stifling effect on research productivity." One measure of that might be the number of new compounds approved by the Food and Drug Administration. It averaged an abysmal 19 last year—the fewest since the early 1980s. Or you can measure it by how long it takes a clinical trial for cancer to get off the ground: 171 days of red tape, finds **David Dilts** of the Owen School.

Newsweek, Aug. 11

Striking Gold

Olympic advertisers will spend more than \$1 billion for U.S. airtime alone, although some say they will not get their money's worth. In a time when it's harder to win by simply offering a better product, the goal of a lot of advertising is to arouse positive feelings that forge lasting bonds with consumers, says **Jennifer Escalas**, a Vanderbilt professor. This year's Olympic ads fit squarely with that goal. McDonald's, for example, isn't trying to sell a specific burger but to "build a relationship," Escalas says. "If you feel good about the Olympics, that good feeling should spill over to the brand."

MSN.com, Aug. 7

Full Disclosure?

Researchers have found that the Security Exchange Commission's Regulation Fair Disclosure rule (Reg FD) has curtailed the amount of information that companies disclose to the public. Baljit Sidhu from the Australian School of Business, Tom Smith from Australian National University, and **Robert Whaley** and **Richard Willis** from the Owen School studied the effect of Reg FD by comparing cost components of the bid-ask spreads of Nasdaq-listed stocks in the months before and after Reg FD went into effect. "While Reg FD gave everyone the same info at the same time, what it's done is it has made firms release less information, and it's driven up the cost of trading," says Whaley.

CFO.com, Aug. 1

On the Margins

The collapse of SemGroup LP, which filed for bankruptcy after losing \$2.4 billion on energy contracts, has focused attention on margin requirements. Financial-market experts point out that while trading firms may struggle with margin requirements, increased margin doesn't become an issue unless the trade is a loser to start with. "It's a standard argument" when traders "get into trouble," says **Hans Stoll**, a finance professor at Vanderbilt.

The Wall Street Journal, July 29

RIC THORNTON, MCT



Podcast and Videos About the Owen School

INSIDE QUOTES

MUST SEE TV WAS OUR BRAND FOR A LONG TIME, and we got to charge premium rates for it because it was not just smart. It was upscale. ... But we got greedy and we started using it for things that weren't so "must see." More *musty* than "must see." And that's when you lose it—when you misuse it.

—Vince Manze, President of NBC Creative Services, on the importance of having a network brand. Manze spoke to students on Sept. 22.

FEATURED RESEARCH

Campaign Contributions Boost ROI (audio recording)

New research by Alexei Ovtchinnikov, Assistant Professor of Management, provides hard evidence of a "positive and significant" relationship between campaign contributions and stock returns.

Managing the Brand: You (audio recording)

Kimberly Pace, Clinical Assistant Professor of Management, discusses the importance of reputation, attitude and identity for individual managers and executives in today's corporate culture.

Navigating Global Antitrust Regulations (audio recording)

Luke Froeb, the William C. and Margaret W. Oehmig Associate Professor in Entrepreneurship and Free Enterprise, offers his perspective on the state of international antitrust laws.

Visit iTunesU (www.vanderbilt.edu/itunesu/) for more podcasts and videos about Vanderbilt University and the Owen School.

The podcasts and videos listed below are among the many available on the Owen Web site. To access these and others, please visit www.owen.vanderbilt.edu and click on Podcasts & Video under the About Owen section.

The Financial Crisis of 2008 (video)

Professors Jacob Sagi, Hans Stoll and Craig Lewis offer insight into the reasons for the recent financial crisis.

Alumni Weekend 2008

Thank You (video)

Alumni share their thoughts about the Owen School.

Owen Update – Winter 2008 (video)

Dean Jim Bradford talks about the recruiting and employment status of the Owen programs, the Vanderbilt Board of Trust visit, and the rumors about a new building.

DISTINGUISHED SPEAKERS SERIES

George Barrett, CEO of Cardinal Health (audio recording)

Barrett discusses the current state of the pharmaceutical industry and the role of generic drugs.

Vince Manze, President of NBC Creative Services (video)

Manze talks about his experiences in the entertainment industry and the future of global media.

Rob Matteucci, MBA'77, CEO of Evenflo (audio recording)

Matteucci talks about life within a private-equity firm.

OWEN MERGERS

*Couples who found fulfilling marriages
through the Owen School*

By JAMIE REEVES Photography By DANIEL DUBOIS & KERRY DAHLEN



If we're to believe Sigmund Freud, then all that matters is love and work. Certainly everyone endeavors to succeed in both, but far too often one gets in the way of the other. That is, unless you're like the couples profiled in the pages that follow. Although decades apart, they all have something in common: They have struck a happy balance between their married lives and their careers, and they owe much of that happiness to the place that put them on the path to both—the Owen School.



DANIEL DUBOIS

SHANNON KEEGAN, ISTOCKPHOTO



MINH-TRIỆT LETHI TUCKER, MMgt'72, and GREG TUCKER, BA '68, MMgt'71

Little did Greg Tucker know that an admissions brochure he designed would attract an honors student from Vietnam who would later become his wife. Greg was a member of the founding Vanderbilt GSM class, which met in the University Club basement. He remembers the day Minh-Triet's application arrived at the admissions office, where he worked. "I opened the letter and thought, 'I have to meet this young lady.'"

Greg was in Dean Igor Ansoff's office, which overlooked West End Avenue, the day Minh-Triet arrived on

campus. "I looked out the window, and coming down the sidewalk was this beautiful creature," he says. Their initial introduction, however, didn't go as well as he'd planned. Minh-Triet explains that she had a difficult time understanding Greg's Southern accent.

After graduation Minh-Triet joined the MITRE Corp. in Washington, D.C., as a consultant. Greg continued at the school as its first Director of Admissions and Placement. In 1976 Greg enrolled in law school in Washington, and in 1977 they married in Constitution Gardens. During the Reagan administration, Minh-Triet

was on the White House staff as Senior Policy Analyst for Science and Technology, while Greg practiced law with the Covington & Burling firm.

The couple dreamed of retiring to a farm, and it just so happened that one neighboring Greg's aunt's property outside Nashville became available at the same time his client HCA asked him to return to Middle Tennessee. It seemed "divinely planned," says Minh-Triet. Today they are proud parents of a daughter and son, Brigitte and Burney, who are 2006 and 2008 Vanderbilt graduates, respectively.



MARIA RENZ, MBA'96, and TOM BARR, MBA'98

As a Project Manager at Hallmark, Maria Renz was puzzled by a seemingly overconfident Owen summer intern. "I was a bit taken aback ... the other two interns contacted me when they came to town. They'd say, 'Oh yeah, Tom Barr is here,' and I'd think, 'Who the heck is Tom Barr?'"

Renz tracked Barr down, and they soon became friends. After graduation Tom joined GlaxoSmithKline in Pittsburgh. Renz was then with Kraft Foods in New York City, where GlaxoSmithKline's ad agency is located. They began dating, even after Renz moved to Seattle to work for Amazon. Tom began taking Friday night flights from Pittsburgh to Seattle and then red-eyes home on Sunday. "After a year we thought, 'This is crazy. We have to figure out

how to make this work,'" Renz says.

Before they even began exploring opportunities, a headhunter contacted Tom about coming to work for Starbucks Coffee Co. Tom is now the Vice President of North American Marketing for the coffee retailer, while Renz is a Vice President with Endless.com, Amazon's shoe and handbag Web site.

"Whenever I need business advice or want to talk to my best friend, I turn to Tom. We have a great network of friends through Owen," she says.

Tom serves on the Owen Alumni Board, and the couple participated in last winter's Marketing Camp. They also have two children—prospective students for the Owen classes of 2031 and 2032, no doubt.

KERRY DAHLEN

DANIEL DUBOIS



DONNA ZAVADA WILKINSON, MBA'93, and JEFF WILKINSON, MBA'92

Donna Wilkinson knew it was true love when Jeff agreed to help her cater an engagement party for Owen's Director of Corporate Relations, Peter Veruki. The commitment meant that Jeff, a diehard Duke fan, would miss the NCAA regional finals basketball game between the Blue Devils and Kentucky—a game that many pundits consider the best ever played among the college ranks. Donna, at the time, worked with Veruki in the Owen placement office.

"I used to go into the placement office

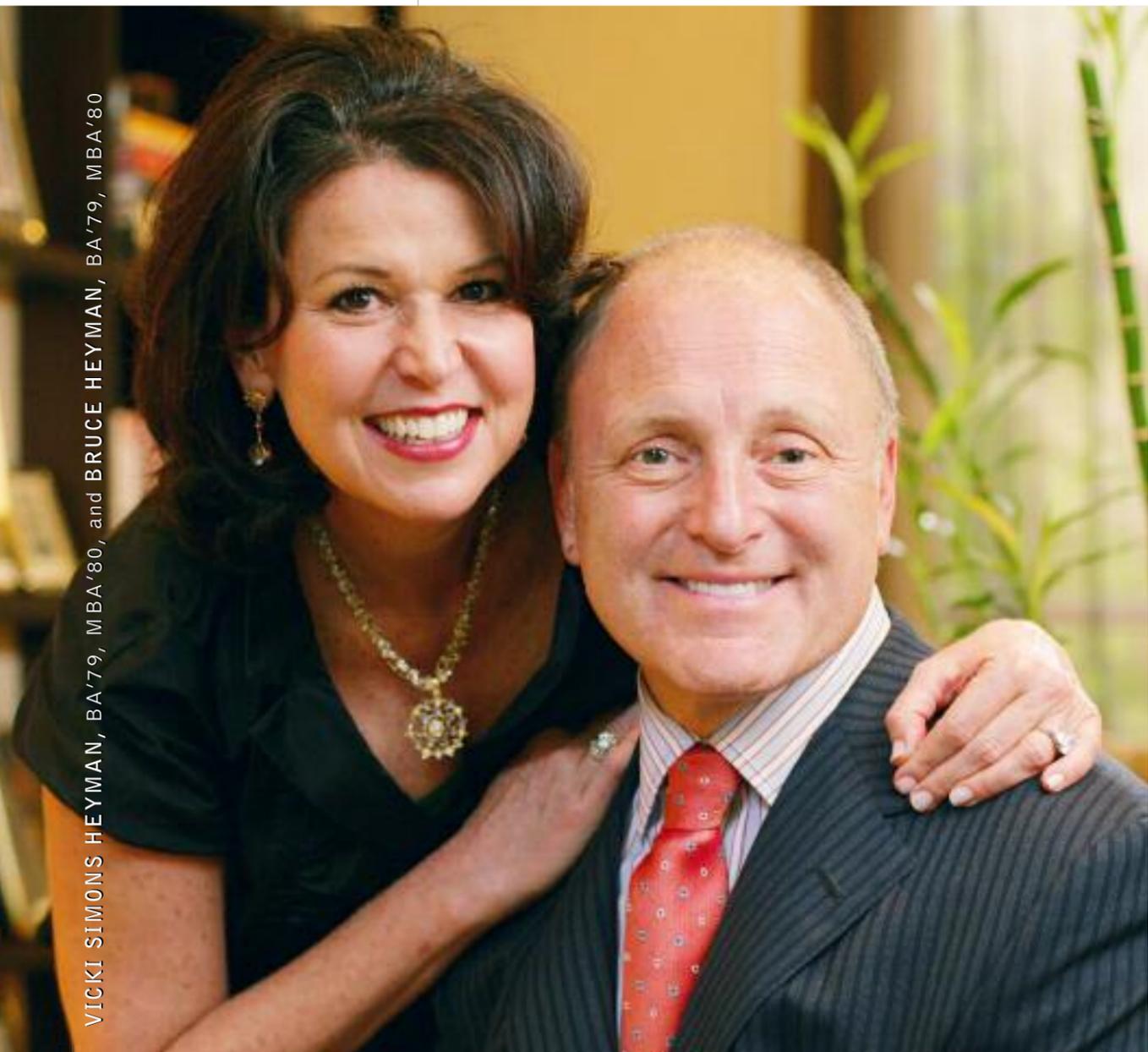
every day ostensibly to find a job," laughs Jeff. The two first met during an ethics breakout session Jeff helped facilitate during first-year orientation. He remarked about the prevalence of Duke graduates in the group, and Donna, a Duke alum herself, introduced herself afterwards.

Jeff moved to Atlanta to work for Accenture after graduation, while Donna began her career with Sara Lee in Memphis, Tenn. The couple timed their December 2005 wedding to coincide with the completion of her management training at

Sara Lee and a transfer for both of them to Dallas.

The Wilkinsons both serve on the Owen Alumni Advisory Board and live in Indianapolis with their two young daughters. Donna is the Vice President of Human Resources with Pacers Sports & Entertainment, while Jeff is a Partner with Accenture. Says Donna, "We have a special place in our hearts for Owen. I loved my time there, and it was a bonus that I met my husband there."

VICKI SIMONS HEYMAN, BA'79, MBA'80, and BRUCE HEYMAN, BA'79, MBA'80



When Vicki and Bruce Heyman paired up during a New Venture Creation course, they had no idea how it would change their lives. Taught by longtime Owen Professor Ed Bartee, the course not only introduced them to some of their closest friends but also sparked a romance that would last a lifetime.

"Our first date was Lamar Alexander's governor's ball," says Bruce, a Managing Director for Goldman

Sachs, who is the firm's recruiting captain for Vanderbilt. The Heymans have remained very involved with the university, serving as co-chairs of their 25-year reunion in 2005. Vicki also has served on the Vanderbilt Alumni Board and on the Hillel Board for the Schulman Center for Jewish Life.

"Our participation has been exciting for us because we've been part of the upward trajectory of Owen. It's also come at a very exciting time

because our kids have been going through the college process," she says.

Their youngest daughter, Caroline, is a high school senior, and middle daughter, Liza, is a Vanderbilt junior. Their oldest child, David, is 23 and an analyst in the foreign currency sales and derivatives department at JPMorgan, which, coincidentally, is the position Vicki held for four years after working in recruiting at Bankers Trust.

DANIEL DUBOIS

DANIEL DUBOIS



ELAINE WU, MBA'04, and JON WEINDRUCH, BA'98, MBA'04

Elaine Wu and Jon Weindruch's first date, an informal meet-up at a coffee shop, never happened. "Elaine stood me up," jokes Jon. In reality, Elaine was a newly transplanted international student stuck outside of downtown Nashville during a thunderstorm without a car or Jon's cell phone number.

The two first met during a retreat about ethics sponsored by Cal Turner, which brought together students from Owen, as well as the Divinity School, Vanderbilt Law School, and the School of Medicine. They started dating during their second year, and Jon, who founded the Web-site strategy consulting company Websults while at Owen, followed Elaine to North Carolina, where she

worked for Hanes after graduation.

In May 2005, during a return visit to Nashville, Jon proposed to Elaine at Percy Warner Park. They were married six months later in Taipei, Taiwan, by a pastor who had pursued his Ph.D. at Vanderbilt Divinity School. Some of their Owen friends also traveled to the wedding.

Elaine is currently Director of Internet Marketing for Victoria's Secret, which operates the biggest retail apparel-accessory Web site in the United States. The couple lives in Columbus, Ohio, and Jon travels regularly to Nashville to consult with several clients, including the Owen School, which he has been assisting with Internet marketing.

He Said, She Said

Owen couples reflect on love and marriage.

In a recent survey we asked the more than 200 married couples who share degrees from Owen about their relationships. The answers we received were funny, touching and altogether heartfelt. Below are some of our favorites. (Please note that answers have been edited for length.)

What do you remember most about your first date with your spouse?

I remember coming around the corner and thinking, "Wow." It really wasn't a planned date, but it became one after I saw her.

Alex Bailey, MBA'92

He had a machete in his belt and was driving a HUGE Buick Park Avenue. Oh yeah, it was some sort of costume party. We ended up going dancing afterwards.

Beth Ann Siemanski Bailey, MBA'92

12th and Porter. Great food, plenty of drinks, and many laughs.

Russell Fleischer, MBA'91

The first date is debated in this household. Edgar believes it was at Sbarro at Green Hills Mall. I believe it was a candlelit dinner at some nearby restaurant.

Cara Yamamoto Heilmann, MBA'94

I think our first date was a game of squash at the Rec Center and then dinner at Cafe Coco. She thinks our first "official" date was bowling at Melrose Bowling Lanes and then Zanies Comedy Club. Either way, I remember trying to beat her at both bowling and squash.

Will Hughes, MBA'02

He cleaned his car for me—misleading me into thinking he was a neat person!

Kate Reid Laing, MBA'01

I remember thinking he had to come from a good family because his mom had sent him back to school with a cooler full of frozen homegrown field peas and cream-style corn. I found that very attractive.

Ashley McDonnell Lane, MBA'03

We met on the first day of class while approaching the school. She asked me for directions even though a large sign saying "Welcome Owen Students" was clearly visible.

After a keg reception for new students, I invited her to Rotier's for a hamburger. We didn't date again for six months.

Michael P. Peck, JD'81, MBA'81

I cooked dinner for him, and it turned out all wrong. He was a much better cook (still is!) and was very gracious during that first date. He helped me figure out how to fix the dinner, and that began the relationship we have today!

Carolyn Bowman Pugh, MBA'85

Everything. Sam Shepard's *Fool for Love*. Dinner at a Chinese restaurant. That there would be a second date.

Bobby Rouse Jr., MBA'86

Eating dinner while sitting on the floor. It was my first time at a traditional Thai restaurant, and although the food was amazing, getting up and down from my seat wasn't the most graceful thing I've done.

Ashley Wright Scharpf, MBA'97

We went to the Italian Street Fair in Nashville, and the thing I remember is riding these swings that we now refer to as the "kick booty ride." The idea was that you'd push the people in front of you with your legs so that they'd fly faster and higher. We went on that ride several times, and we've been kicking each other's booty ever since.

Donna Zavada Wilkinson, MBA'93

Talking about how excited we were to start business school and feeling like we had so much in common right away.

Kimberly Achziger Yoo, MBA'99

What do you admire most about your spouse?

Her dad said it best at our rehearsal dinner: "When she's around, everything is more fun."

Mike Dorr, BS'99, MBA'05

His intelligence.

Kathy Dillard Dorr, MBA'05

His perseverance, humor and kindness.

Leslie Talmadge Ellwood, MBA'98

Her attention to detail (which incidentally is also my biggest pet peeve about her).

Brent Guinn, MBA'01

Her absolute devotion to those she loves and to the interests she pursues.

Chris Jones, MBA'87

He is loving, intelligent, funny, and a great father to our children.

Pamela Dokecki Landes, BS'89, MBA'90

I admire David's sense of humor even during times of tremendous stress. I also admire what a loving and affectionate father he is to our two boys, Jameson and Payton.

Mindy Sauers McGrath, MBA'97

Helen has maintained independence and achieved success without making some of the sacrifices that many career women have to make. She does it with enormous energy and a tremendous heart.

Keith Hampton Parsons, BS'79, MBA'85

His ability to listen and provide sound, encouraging advice.

Helen McCormick Parsons, MBA'84

Stephanie's ability to connect with all sorts of people.

Steve Pendray, MBA'04

Steve's utter confidence in me: letting me do my own thing and have an individual personality and life, as well as our life together.

Stephanie Warren Pendray, MBA'03

Besides her beauty, I would say communication skills. Elaine speaks English better than most Americans even though she has only been in the United States since 2002. Elaine is a native Chinese speaker.

Jonathan Weindruch, BA'98, MBA'04

What's your biggest pet peeve about your spouse?

She drapes things on door knobs. Who knew they could be used as hangers for clothes and purses?!

James Wade Brunstad, MMgt'75

His frustrations with his golf game.

Margaret Hayes Brunstad, MMgt'75

She doesn't always wear matching socks.

Krunch Kloberdanz, BS'97, MBA'03

His nightly habit of leaving jugs of Pace picante sauce and bags of chips opened around the house!

Courtney Brakebill Kloberdanz, BS'98, MBA'03

Who needs Wikipedia? He knows everything.

Marian Eichelman Matthis, EMBA'92

Unrealistic standards of cleanliness.

Thomas McDaniel, MBA'02

Inability to keep the house neat.

Kristen Ruggles McDaniel, MBA'02

She keeps bothering me about getting a pet.

Robert J. Misy Jr., JD'87, MBA'87

My only pet peeve is that we don't have a pet!

Monica Vaeth Misy, MBA'88

Is this a *Cosmo* survey?

Neil Stevens Rankin, MBA'00

He has an MBA yet doesn't know how to make a five-year-old's lunch.

Lauren Girard Rankin, MBA'00

He hardly ever closes doors after opening them—closet doors, cabinet doors, etc. A friend suggested that the next time he drops me off to park the car that I just get out and walk away without closing the car door. I have yet to do that. I just can't.

Clara Proctor Sohan, MBA'00

Who has better business sense, you or your spouse?

She does, but she would never admit to it.

Phil Day, MBA'92

He thinks he does, but I believe that I do, at least with big decisions. He is great at making everyday decisions, and I am better at making the once-in-a-while big decisions in life.

Paulee Coughlin Day, BA'90, MBA'92

It's not a matter of being better. It's a matter of being different. He's an EVP of Finance for Sovereign Bank, so he's very concerned with the bottom line. I'm in market research and am much more concerned about evaluating and predicting marketplace behavior.

Patty Silvester Dew, MBA'84

I am a better salesperson, but Kevin is much stronger at looking at the bigger picture.

Christina Kennedy Hause, MBA'93

Bruce is a great strategic and long-term thinker and delegator. I'm hands-on and very thorough and organized. We are both good motivators of people.

Vicki Simons Heyman, BA'79, MBA'80

We both are good, but he is the only one who reads the small print.

Elena Karoulina de Leon, MBA'99

I am the bigger risk taker, and I have a better gut feel for business opportunities. That said, she has more sense.

Wade Lee, MBA'84

I do about most things except people. She can read people better than I can.

Jack Long, MBA'83

Definitely him because I've forgotten too much! As a homemaker and volunteer, I'm probably more organized, but he's the true business genius.

Carolyn Adams Long, MBA'83

This will sound WAY too politically correct, but I think we are each strong in different areas. We capitalize on this diversity and frequently bounce ideas off of one another.

Rick Marsh, EMBA'06

This one is tough. We have such different strengths. I love being able to come home from work and ask his advice since he has a different perspective and great business sense.

Heather Vaughn Marsh, MBA'05

Me, but it hasn't been tested for a while unless you count negotiating with teenagers.

Jacki Voyles Tengi, BA'88, MBA'90

If your spouse had to choose another line of work, what would he/she be best suited for?

Graphic design. He loves to tinker on the computer and has a creative side.

Lesley Harper Bartley, MBA'05

Although Steve has had a very successful career in commercial real estate, he would be a great high school football coach.

Cara Lilly Belcher, BE'83, MBA'86

Interestingly he gravitates toward medical topics. I think that he would have made a great doctor.

Cindy McCallen Cassidy, BA'90, MBA'94

Matt is a great philosopher and has a gift for sales. Not sure what that qualifies him to do in his next career. Perhaps tourist vacations with the Dalai Lama? Seriously, he loves investing. Maybe a money manager?

Karla Newburger Diehl, MBA'87

Music teacher.

Quentin Hicks, MBA'04

Quen's dream is to open a restaurant one day. He is a grilling and cooking aficionado. I bet he could beat Bobby Flay at a barbecue cook-off any day of the year.

Shanon Gutierrez Hicks, MBA'04

Motivational speaker or career coach.

T.A. Iadevaia, MBA'91

Building houses for Habitat for Humanity.

Kim Weaver Iadevaia, MBA'92

I am firmly convinced that my wife could be the best teacher in the world. I watch her with our children, and I am amazed.

Craig Montgomery, MBA'00

I think he would be a terrific mentor of some sort. Over the years I have consistently been amazed at the number of colleagues, employees and friends who have sought out Craig's guidance on career and other business decisions.

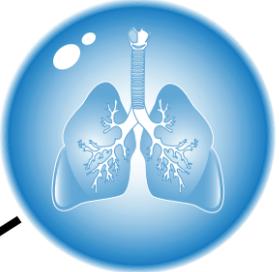
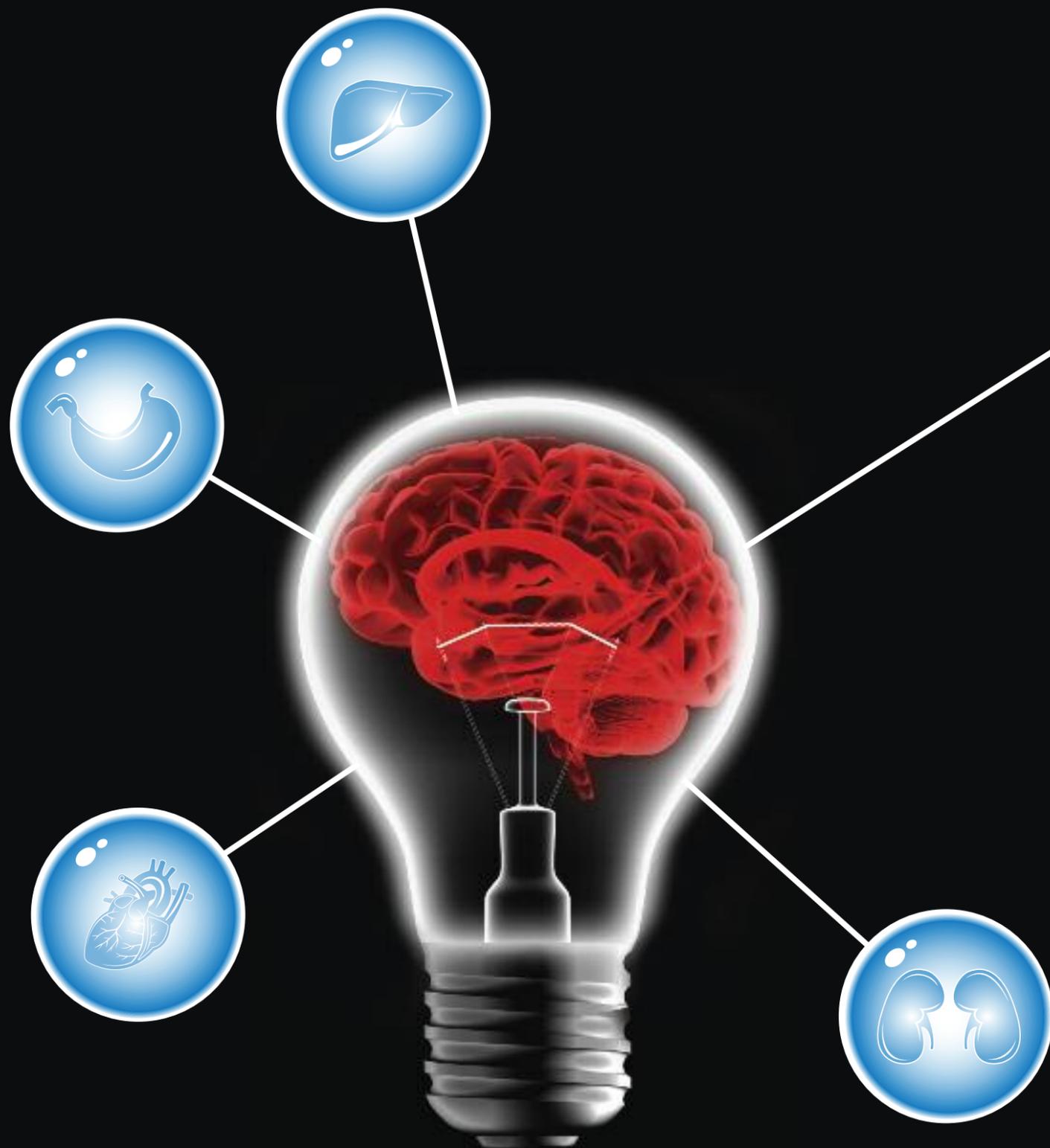
Whitney Malocha Montgomery, MBA'00

Hostage negotiations working for the SWAT team. She would drive any hostage-taker to tears of frustration with her relentless persistence and Vulcan-like logic. The hostage-taker would clearly see the futility of the situation and surrender without violence.

Stein Soelberg, MBA'97

Probably sales or account management. The sales team at every company he's worked for adores him and he's been told by a lot of people that he'd be good at it.

Emily Lyons Soelberg, MBA'98



Organic CHEMISTRY

How an eclectic team of Executive
MBA grads are improving the
organ transplant field

By ROB SIMBECK

They are among the nation's most compelling potential customers—the nearly 100,000 men, women and children who are in line for the fewer than 30,000 organ transplants that will be performed this year. That staggering gap is caused both by a scarcity of donors and by the fact that only 70 to 80 percent of the organs actually harvested can be utilized because of problems with quality or preservation.



From left, Dr. Ravi Chari, Ted Klee, Drew Bordas and Fernando Sanchez are the team behind Organ Transplant Technology.

The work of four members of the Vanderbilt Executive MBA Class of 2008 may help change the latter half of that equation. Their start-up proposal, developed for an Owen classroom and aimed at bringing to market a system that would better preserve donated organs, has earned the top prize in a prestigious business competition and has begun moving them toward the marketplace.

We realized this was more than just a classroom project or a competition. This is something that can really save people's lives. —Fernando Sanchez

Classroom Origins

The company, Organ Transplant Technology (OTT), began attracting real-world interest while it was still a project in Bruce Lynskey's entrepreneurial course, *Creating and Launching the Venture*, during Owen's fall 2007 semester.

"In seven years of teaching at Owen," says Professor Lynskey, himself a successful entrepreneur, "I can count on one hand the

number of classroom projects I've seen with this much potential upside."

Three panels of judges agreed with him. The OTT proposal wowed a group of venture capitalists brought in by Lynskey to rate student projects, reached the semifinals of the Wharton Business Plan Competition, then took top prize in the MBA Jungle Business Plan Competition in New York. For the team that developed and pitched the idea—Dr. Ravi Chari, Ted Klee, Drew Bordas and Fernando Sanchez—those milestones served as validation of both the quality of their teamwork and the importance of the concept itself.

"We realized this was more than just a classroom project or a competition," says Sanchez, who is Vice President of Finance and Treasurer of Gibson Guitar Corp. "This is something that can really save people's lives."

The project is the culmination of two years of teamwork for Sanchez; Klee, who is Vice President of Square D/Schneider Electric Co.; Bordas, Director of Warehouse Management Systems for Ingram Book; and

Chari, Professor of Surgery and Cancer Biology and Division Chief of Hepatobiliary Surgery and Liver Transplantation at Vanderbilt University Medical Center. The four were assigned to the team by Associate Dean of Executive Programs Tami Fassinger, who cites their disparate backgrounds as a source of strength.

"The goal of the study groups is to approximate all the skills you'd have in the executive suite," she says, "and with this group you've got people representing four areas of functional experience as well as four different industries. Fernando Sanchez comes from the world of musical instruments and played the role of finance guy. You've got Ted Klee, who is the quintessential engineer and who understands manufacturing and operations. You have Drew Bordas, who understands distribution from a service industry point of view and has got the consumer piece. And then Ravi is the doctor at a leading medical center, bringing the scientific piece and contacts in the health industry."

The quartet clicked at the week-in-residence at New Harmony, Ind., a getaway that kicks off the Vanderbilt Executive MBA experience, developing a style that was part think tank, part frat house.

"They're big practical jokers and very sarcastic," says Fassinger, "but they genuinely enjoy each other's company and have become very good friends. It was just that typical guy thing—making fun of each other, but out of respect. It was about all four of them getting the idea right."

A Better Solution

They used first-year projects to hone their group approach, then weighed ideas for Lynskey's class during the summer between academic years. The one they chose grew out of Dr. Chari's work as head of Vanderbilt Medical Center's liver transplant surgery team.

"Currently," says Dr. Chari, "of the 40,000 to 50,000 potential donors, more than half are excluded because of concerns

with organ preservation and quality. Of those that are harvested, 20 to 30 percent are not actually used, again because of concerns about preservation and quality. It is critical that organs are optimally recovered and stored." That led him to the work of a European friend who was "having trouble commercializing a project that from a scientific standpoint had a lot of merit."

The project took aim at improving the decidedly low-tech means now in use for transporting donated organs, which are placed in a solution in a zipped plastic bag and carried on ice in a portable cooler. That technique risks damage to the organ through freezing or temperature variation, and greatly limits the sustained viability of a donated organ. At present the limits are six hours for a heart, 12 for a lung or liver, and



Clayton Knox, a medical student at Vanderbilt, helped Dr. Chari develop the technology for OTT.

24 to 30 for a kidney. Work done in part by Dr. Thomas Van Gulik of the University of Amsterdam brings two improvements to the process. The first is a system driven by compressed air that circulates the solution through the organ, constantly supplying it with oxygen and nutrients designed to prolong its useful life. The second is an improvement in the perfusion solution itself. Both can be used in an easily portable container that keeps the organ at a stable

low temperature.

In addition, one of Dr. Chari's colleagues at Vanderbilt, medical student Clayton Knox, had developed and patented with Dr. Chari a compound designed to improve the performance of the perfusion solution even further.

The others embraced Dr. Chari's proposal enthusiastically.

"Ravi's idea surfaced pretty quickly because it was real," says Bordas. "It was no contest, really."

Bordas, Klee and Sanchez all acknowledge the centrality of Dr. Chari's role and the importance of his technical knowledge and contacts, but Dr. Chari himself is quick to return credit.

"From a logistics standpoint," he says, "Drew is outstanding. Ted is all over the strategy and the operations side, and Fernando is great with the financial side, so each brought different areas and

perspectives. A good thing about them is that they aren't in the medical field, and they brought a real business perspective and asked demanding questions: 'The science is good, but how can we monetize the idea so that it's something people would actually buy?' They pressed those issues further than a roomful of my colleagues would, and so we were able to turn a great idea into a marketable business plan people would be interested in."

The strength of the team and its presentation was clear by late November, when Lynskey had his students present a working draft of the proposal, weeks before their final presentation.

"Ravi's team submitted its draft, and I brought it home and read it again and again, looking for something I could say was wrong with it," says Lynskey, "and my only comment back to them was, 'You need a nice

presentation cover for this.' I'd never seen anything like it."

By the time of the in-class, end-of-semester presentation to a six-member panel of venture capitalists, the team's message had been finely honed. Each panelist had \$5 million dollars in imaginary money to distribute among 10 team proposals, and OTT garnered about two-thirds of the \$30 million available.

"As they started talking about our proposal," says Sanchez, "I turned to Ravi and said, 'You'd better give them your business card. This thing has legs.'"

From Competition to Market

The team had already entered the Wharton Business Plan Competition, which requires that one member of the team be pursuing a Wharton MBA. That was exactly what Knox, who was still working toward his M.D. at Vanderbilt, was doing, following in the footsteps of his mentor, Dr. Chari.

"I realized," Knox says, "that in academia, there are all these great minds and great ideas, but not a lot of people know how to get them out of the lab. Scientists are much better at thinking up new ideas than commercializing them."

Professor Lynskey's course had guided them toward doing just that.

"We never would have gotten this far had we not been in a program that forced us to think the project through and commit it to paper," says Klee. "And I don't think any of the guys in the group ever would think about doing something like this on his own, but put us together as a group, each with our own sets of talent and experience, with the university training us around these aspects important to developing a business plan, and it's not that long of a putt."

Their success continued as they were named semifinalists in the Wharton competition.

"When that announcement came out," says Bordas, "*The Wall Street Journal* piece cited five ideas and ours was one of the five. Some of the judges said it was the best

paper they'd seen in five years, and we said, 'We should think about this more seriously.'"

They had entered the Jungle competition at the urging of Professor Lynskey. Their win capped an incredible run for what had begun as a classroom project and convinced them to pursue the company's future, beginning with a return visit to Lynskey.

"The great thing about Bruce," says Bordas, "is that he's been there and done that. When you have a guy teaching you about starting companies who has started them and been very successful at it, that just gives the whole course a ton of credibility. And when we went back to him and said, 'This looks real. What should we really do next?,' he was able to have that dialogue with us. That's one of the things you get by going to a university like Vanderbilt."

The team has never lost sight of the underlying importance of the endeavor.

"More and more often, less-than-ideal organs are used, which is an unfortunate but necessary practice to manage the long waiting list," they write in their business plan. "Ultimately, OTT's goal is to improve the size and quality of the organ pool available for transplantation in order to increase the number of transplants performed each year and reduce the organ waitlist."

"It's pretty clear," adds Dr. Chari, "that we're excited about moving ahead with this work and with ironing out the agreements we need to get under way." To that end, they are working to effect an agreement with the Amsterdam-based developer of the solution and the air-drive system, while awaiting approval of both in the United States and the chance to deliver the concept to a waiting marketplace.

"Some of the significant liver transport units around the country are eager to get it and put it into trials," says Klee.

A Rewarding Experience

The value of the team's Owen experience has become more apparent, with Dr. Chari seeing his MBA as a key to better positioning in a changing medical climate.

"Looking at the landscape of health care right now," he says, "a premium is being placed on improved processes and improved function in the medical field. Traditional medical education gears you toward science and clinical applications for patients, but cost efficiency, process efficiency and other business principles constitute an important language to be able to speak."

His Owen experience, he says, "changed not only how I think but how I analyze a situation—not just what information to use, but what questions to ask and where to look for that information."

For Knox, who is part of OTT's management team, the project's success is "extremely rewarding and extremely validating in terms of the need for people who can understand both worlds, who can understand medicine and the business side of it—something Vanderbilt is especially good at fostering."

As noble as the medical aims of OTT are, its principals are equally thrilled with the personal rewards of their Owen experience.

"We had a great class," says Bordas. "Meeting those 40 or 50 people, I think, is going to pay dividends down the road. And within our group, I'm very grateful to have that core set of people you can bounce things off of. I consider them very good friends as well as mentors."

Those friendships are likewise a prime reward for Sanchez.

"First and foremost," he says, "I now have three or four people who I consider great friends for life. They are just good people from varying backgrounds, and I wouldn't have met them any other way."

"The experience," he says, "is a great one from a personal standpoint." **VB**

They submitted their draft, and I brought it home and read it again and again, looking for something I could say was wrong with it. My only comment back to them was, "You need a nice presentation cover for this." I'd never seen anything like it. —Professor Bruce Lynskey

Tupelo's economic turnaround sets example for Project Pyramid.

a town Transformed

By RANDY HORICK



S harran Srivatsaa, MBA'08, remembers arriving in Tupelo, Miss., well after dark and encountering what most people would expect to see on a small-town Thursday night: very little. "There wasn't much going on."

In the morning he saw the place, physically and figuratively, in an entirely different light, as through an arrival-in-Oz transformation when suddenly the picture turns from black and white into spectacular color. "When we woke up, suddenly it was a hub of activity—an amazing difference. We were told that, on weekdays, Tupelo swells from about 40,000 to more than 100,000. It really pulls workers in from the neighboring counties."



JOHN RUSSELL; PHOTO ILLUSTRATION, MIKE SMELTZER

Put another way, more people come into Tupelo each day to work than come in an entire year to see the city's most famous attraction, the two-room house where Elvis Presley was born.

Well before Toyota chose Tupelo over many rival suitors as the site of a huge new manufacturing plant (set to open in 2010), the town would have been an economic wonder in any place, by any standard. But especially given this town's location, visitors could be forgiven for saying, "I don't think we're in Northeast Mississippi anymore."

A Fateful Phone Call

Before his graduation in May, Srivatsaa was one of the leaders of Project Pyramid—a two-year-old, student-driven initiative aimed at alleviating global poverty. The interdisciplinary project includes students from Owen, Vanderbilt Law School, Divinity School, Peabody College, School of Medicine, the Graduate Program in Economic Development (GPED), and College of Arts and Science. As part of their work, participants have traveled to such distant locales as India and Bangladesh, where they met with Nobel Peace Prize winner and GPED alumnus Muhammad Yunus, PhD'71. But it was only through a chance conversation that they managed to visit the economic miracle barely four hours away from Nashville.

Actually, says Srivatsaa, the group had wanted to put together a trip to a spot within manageable driving distance from Vanderbilt. "We had international trips, and we had a lot of international students who had seen poverty in other countries. We had a lot of domestic students who wanted to do something

closer to home."

So he approached Bart Victor, the Cal Turner Professor of Moral Leadership and faculty adviser to Project Pyramid. Knowing the town had a history of remarkable economic development, Victor recommended Tupelo.

There the process halted. "I didn't know anyone in Tupelo who could help us put a trip together," says Srivatsaa, who now works in private wealth management for the Atlanta office of Goldman Sachs. Then, by chance, as he was making thank-you calls on Owen's behalf to a list of donors, he saw the name of Scott Reed, BA'80, and a Tupelo address beside it.

Reed is part of what is surely the family with the deepest Vanderbilt ties in Tupelo, maybe even in all Mississippi. His father, Jack Reed Sr., BA'47, and two uncles graduated from Vanderbilt after World War II. Scott's brother, Jack Jr., BA'73, and sister, Camille, BA'75, were there in the '70s. Jack Jr. met his wife, Lisa, BA'74, at Vanderbilt. Lisa's parents had met there, too. Enough Reed nephews and cousins have matriculated to Nashville that Scott has to think before naming a number.

Scott never actually attended Owen. Just after he was accepted in 1985, he

says, he jumped at a chance to start the first full-service brokerage firm in northern Mississippi. But he contributes financially. "One of the things I like about Vanderbilt," he says, "is that, when they call about giving, they have students call. You can keep up with what's going on at the school."

During their conversation Srivatsaa made a point of bringing up Project Pyramid and its goal of eradicating global poverty ("You'd think they'd get a bigger goal," Scott chuckles) and asking whether Scott could facilitate a contact for them. And, as it happened, Scott knew just the person: his brother Jack, who was chairman of Tupelo's renowned Community Development Foundation. (Lesson: There is always a Vanderbilt connection.)

In April Professor Victor and eight Project Pyramid students—three from Owen, three from GPED, and two from the Divinity School—rented a large van and drove to Mississippi to learn "the Tupelo Story" firsthand. During their visit the group first met with representatives of the Community Development Foundation. They toured the plant of a Tier 1 automotive supplier and visited two of the nine industrial parks that the city had farsightedly developed on land

it had purchased. Over lunch with the local Vanderbilt Liaison Group—the Reed brothers; their father, Jack Sr.; local businessman Henry Dodge; and city attorney Guy Mitchell—they talked about what they had learned.

"This one-day trip," wrote GPED student Sait Mboob "was arguably the best lesson I've had in six years of studying economic development."

It was such a good lesson, in fact, that later in the spring, all 60 students in Vanderbilt's GPED program went to Tupelo. Another Project Pyramid team will return next year. And the students are busily analyzing how to apply the lessons of Tupelo to other settings in the United States and around the world.

Rethinking Stereotypes

To learn the Tupelo Story, you must be prepared to unlearn what you thought you knew about Mississippi: all the stereotypes; all the "lasts" in education and health; the intractable poverty; the antebellum attitudes that led William Faulkner to write that, here, "the past isn't over; it isn't even past."

In Tupelo everything has long been about building for the future. From practically nothing they built the capacity for bringing new businesses to the area, in ways that created both jobs and sustainable revenues for further public investments. The result is a diverse local economy that has remained remarkably stable.

Through planning and cooperation they established one of the best public school systems anywhere. Half the elementary schools have earned national blue-ribbon status. Twice, Tupelo High has received the U.S. Department of Education's Excellence in Education Award. Public investment—highest, per pupil, in the state—has given Tupelo schools a student-teacher ratio of 13 to 1. Graduation rates not only are among the highest in Mississippi; they're 18 percentage points better than the national average. There is

virtually no "white flight"; 98 percent of the town's school-aged children attend public schools.

North Mississippi Medical Center, which serves a 22-county area and ranks as the largest nonmetropolitan hospital in the nation, won the prestigious Baldrige Award for quality this year. (Many of its 430 doctors are Vanderbilt-trained, brags Jack Reed Jr.)

For years the town has drawn workers from across northern Mississippi and industries from around the country. And that was before Toyota announced that it had chosen Tupelo over a number of rival suitors for a huge new North American manufacturing plant.

The joke, told not so jokingly by locals, is that if Presley were growing up in Tupelo today, he wouldn't leave. Indeed, one striking fact about Tupelo is the number of its sons and daughters who go away to college, like the Reeds and their children, and return to continue building the community.

A Resurgence Rooted in Tragedy

Things weren't always so rosy. "In the 1930s," says Scott Reed, "we were one of the poorest counties in the poorest state

The residents of Tupelo have a lot to teach us: Take a long-term view, and lay a foundation for our children and their children so the community can develop and grow. They had projects lined up 30 or 40 years out. Yet a vision is not enough. Selflessness is what guided that community.

—Sharran Srivatsaa

in the Union. I think Project Pyramid's interest was in how we overcame that legacy. It's like the way my dad was teasing an old friend of his: 'Junior, are you ever going to amount to anything?' And he replied, 'Well, if you saw where I came from, you'd be more impressed.'"

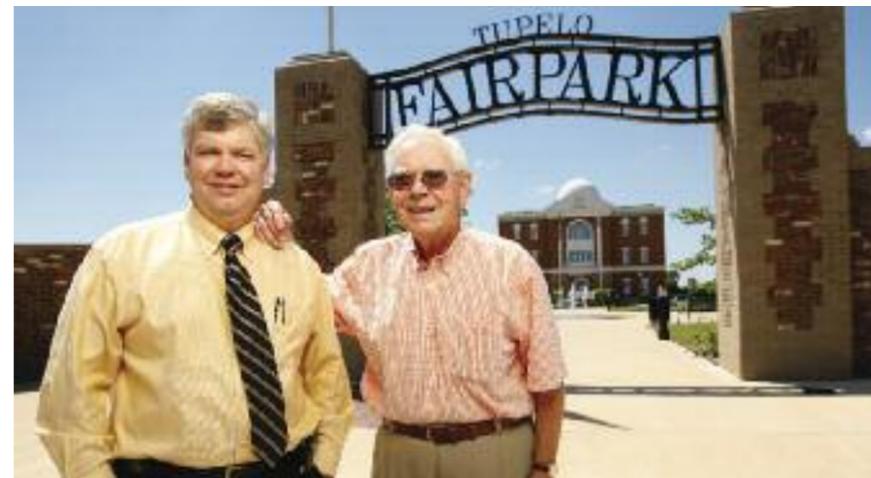
The Reed brothers will tell you that Tupelo's resurgence was rooted in tragedy. In 1936 a monster tornado



Toyota's manufacturing plant is scheduled to open in Tupelo in 2010.

killed more than 200 people and left the place in ruins. But the tornado also marked a turning point of sorts. "We had to start over and work together to make things happen," Scott says. "It was the beginning of what we came to call the Tupelo Spirit."

Jack Reed Jr. also points to the fortuitous presence of "some enlightened business leadership"—particularly a newspaper editor named George McLean. Starting the Community Development Foundation was his idea, and he won the support of other leaders in the business community, including the Reeds' father, Jack Sr.



Scott Reed, left, and Jack Reed Sr. at the entrance to Tupelo's historic Fairpark district

proved crucial in Toyota's decision—was a strong system of public education. The leaders pledged to send their children to public schools. And they formed one of the nation's first private foundations to raise money for those schools—one of many public-private partnerships.

Community leaders were just as deliberate about laying the groundwork for success in other areas, too. Years ago, for example, they put together a "thorough-

fare committee" to ensure that Tupelo would have the transportation corridors it needed. As a reflection of the town's egalitarianism, Scott says, it wasn't unusual to see millworkers and the chair of the CDF on committees together.

In the 1960s the Community Development Foundation bought up big tracts of land outside the town limits that would eventually serve as industrial parks. Now the city leases the properties to companies

Partnering for the Future

The business lessons from Tupelo have not been lost on the newer generation of Vanderbilt students intent on changing not just their corner of the world but the whole global village. "Tupelo can be a story of inspiration," says Sharran. "They have an amazing interaction between public and private enterprise. The CDF straddles that line. Private organizations just cannot do it all.

"They have a lot to teach us: Take a long-term view, and lay a foundation for our children and their children so the community can develop and grow. They had projects lined up 30 or 40 years out. Yet a vision is not enough. Selflessness is what guided that community."

Says Scott Reed: "I think the students' biggest takeaway is that there's nothing we're doing that others can't

do. If you figure out how to replicate this model, you can make strides for eliminating poverty."

One day was more than enough to energize the group into thinking about opportunities Tupelo might offer. One possibility, suggests Srivatsaa, is a cross-disciplinary academic case study of Tupelo's development. "Project Pyramid is perfect for that because no other organization encompasses so many disciplines across the university. Peabody students could study the educational system. Medical students could study the health care system. There's a strong tie between every area of Tupelo and every area within our group.

"We have something spectacular in our own backyard with a strong Vanderbilt connection that needs to be nurtured."

"I'm really excited about creating a more formal partnership with Vanderbilt so we can have the input of these really bright young people coming in



Tupelo's North Mississippi Medical Center is the largest non-metropolitan hospital in the country.

that relocate to Tupelo, then plows the proceeds back into the community.

What seemed to impress the Vanderbilt visitors most was the all-for-one spirit for which the Reeds themselves served as exemplars. The family, notes Victor, owns a century-old clothing business, the largest in town. But they actively solicited big-box competitors like Wal-Mart to enter the local market—a strategy that runs counter to what students traditionally learn in business school.

"I was surprised by how intrigued the students seemed to be with that," says Scott Reed. "It didn't seem like rocket science. There was an understanding that, if the community thrives, we're going to thrive with it."

If the strategy hindered the Reeds' business, it doesn't show. Along with two locations in Tupelo, the family also operates stores in Starkville and Columbus, Miss. "We're a ring, not a chain," laughs Jack Jr.

here every year," says Jack Reed Jr. "It certainly is a win/win."

Meanwhile, Tupelo is becoming more integral to the work of Project Pyramid. Vanderbilt Professor of Economics James Foster—who, says MBA student Ryan Igleheart, "knows more about Tupelo than anyone at Vanderbilt"—has discussed teaching a Project Pyramid-related course at Owen in the future. For the first time, there will be short courses about Project Pyramid at the Divinity and Law schools. Igleheart, who serves as President of Project Pyramid, will lead a second group from Vanderbilt to observe and learn in Tupelo. "Our next step," he says, "is to adapt their model to other places."

Those places may include Bangladesh, where, building on previous Project Pyramid efforts, Vanderbilt students will return in December and again next spring to work on a model village concept. They also could include Mozambique, where Project Pyramid participants may explore economic development strategies with Vanderbilt's Institute for Global Health, which operates 10 AIDS clinics in the country.

The lessons of Tupelo also may reach to other business schools. Last fall Owen hosted a first-of-its-kind case competition on poverty alleviation. Teams from 35 schools, including Wharton, Chicago and Yale, participated. It's part of an effort to plant seeds that could grow into Project Pyramid groups elsewhere. "The teams really started to embrace the excitement and energy of this project," says Igleheart. Every week he receives e-



Igleheart

DOING JUSTICE TO THE PAST

By SETH ROBERTSON

Project Pyramid's efforts to eradicate poverty are part of a larger tradition of social justice at Vanderbilt. The roots of this tradition can be traced all the way back to 1914, the year in which Chancellor James Kirkland and the Board of Trust severed ties with the Methodist Church. Free from sectarian restrictions, the Biblical Department assumed a new name—the School of Religion (which was later renamed the Divinity School in 1956)—and a new identity as one of the leading voices of social reform in the South.

In the '20s and '30s, Professor Alva Taylor and other faculty members at the school were among the sharpest critics of the social and racial inequalities faced by poor laborers in the region. One of their students—Don West, DV'32—took that message to heart and helped found the Highlander Folk School in Monteagle, Tenn. Highlander is best known for providing training and education for labor organizations during the Great Depression and for the Civil Rights Movement during the '50s and '60s.

While Project Pyramid echoes the

work of these earlier generations, there is something decidedly new and exciting about its vision. James Hudnut-Beumler, Dean of the Divinity School, believes that the interdisciplinary collaboration has led to more well-rounded students at all of the schools involved. He says that the Divinity School and the Owen School have formed a particularly fruitful partnership in spite of their seemingly opposite interests. This partnership began in earnest when Cal Turner Jr., BA'62, endowed the trans-institutional Cal Turner Program for Moral Leadership in 1994, and it has only blossomed since then with Project Pyramid's work.

"Project Pyramid brings together students and faculty who can imagine a better world with those who know how to make it happen using market tools and human capital," says Dean Hudnut-Beumler. "Out of that exchange, we're getting more humane and visionary business grads and more practical divinity students. If we graduate a whole bunch of Muhammad Yunuses, each in their own way, then the university will be well-served, and the world will be well-served by the university."

mail messages from people around the world interested in getting involved. Which reminds him: Among growing numbers of tasks on Project Pyramid's to-do list is a white paper on how to help others get started.

It's the ripple effect, says Igleheart, that Project Pyramid has always intended to create. Ask students who have been part of it, and they'll tell you those ripples have become strong currents in their own lives. Even after graduation Srivatsaa remains involved in

building an advisory board of community leaders.

Igleheart, who is pursuing a Health Care MBA, says, "A big part of me wants to make this the focal point of my business career." It's a commonly heard sentiment—a reflection, perhaps, of a generational change and, perhaps also, of how Tupelo is a generation ahead of the curve. "There's a point at which we're all connected," says Igleheart. "As a global community we have to succeed together. The world is waking up to that." **VB**

WHAT'S IN A NAME?

By RANDY HORICK

Project Pyramid draws its name from a book by C.K. Prahlad, *The Fortune at the Bottom of the Pyramid*, and its central idea that businesses can operate profitably in impoverished areas of the world while contributing to the development and well-being of those who live there.

In Owen's characteristically make-it-happen fashion, students drove the development of the project: an interdisciplinary, collaborative effort that would draw participants from Vanderbilt's professional schools and undergraduate community. It would involve both education and sustained action to help alleviate global poverty. Dean Jim Bradford not only approved the project but empowered the students to take a shaping role, even in designing a course on the subject. Victor remembers that Bradford sat in on the initial class and sent him a text message even before the session was over: "These kids are different."

It's true, Victor says. "They're not just contemplative. They want to change the world. In my experience, I've never seen this degree of commitment from students on these issues."

INFORMED OPINION

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inform policymakers of the impact of regulation and legislation; individuals are impacted in their roles as consumers, as employees and as shareholders. The presence of corporations in the list of top spenders on lobbying is just an example of a collective action problem. Only those groups or firms with the most to gain or lose have an incentive to participate.

One solution to this problem is to ensure a clean and transparent process.

The Lobbying Disclosure Act of 1995 intends to at least partially serve that purpose. All lobbyists and organizations that lobby must register and file with the government, and report semi-annually how much they spend on lobbying, for what purpose, etc. At the end of the day, the need for petitioning government and influencing public policy will never go away, and eliminating official channels of lobbying will only result in a secretive and corrupt system. The principle of transparency is arguably one of the key advantages of the American political system and must be viewed

as an important contributor to its current and future economic health. What is needed is more disclosure, not less lobbying.

.....
 HUI CHEN is an Assistant Professor at the University of Colorado's Leeds School of Business. DAVID PARSLEY is a Professor of Management at the Owen School. Their paper "Corporate Lobbying and Financial Performance" was co-written with Ya-Wen Yang of the University of Miami. **VB**

RIDING OUT THE TURBULENCE

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including bringing in new people who knew what to do."

Meanwhile, the airline is finding other ways to adapt to rising costs. Among those in the news are such changes as per-item charges for baggage and other efforts to "de-bundle the product," such as charging for drinks. US Airways also announced it would stop giving bonus miles to frequent fliers and begin charging between \$25 and \$50 for booking award tickets, calling the cost-saving measures "necessary realities." Other airlines announced similar cost-saving measures.

"We want to concentrate on providing great service on our core product, which is getting our customers from point A to point B on time," Isom explains.

Isom says while people in the industry have been talking for months about how to confront the cost issue, he enjoys the culture at US Airways, which is focused on tackling problems head-on. "None of us are people who are going to wait around without charging ahead," he says. "The worst thing you can do is sit back. It's time for bold measures."

Isom worked indirectly for Parker during his first post-graduate job. "I can

credit Doug with getting me into the business and pulling me back in after I got out," Isom says. "Not only is he a really good friend, but he's a charismatic guy whom you want to work with."

In His Element

"Every organization has its own culture and feel," agrees Bradford. "When you're around Doug, you recognize the quality of this human being. He genuinely wants what's best for the company, and he treats the school the same way.

"What really comes across with Doug is that here's a very accomplished business guy who values integrity above all things and is a real family man," Bradford says. "His success hasn't gone to his head. He's firmly grounded in his value system, and his leadership comes from that value system."

While Parker strongly believes that the industry won't be able to avoid looking at the efficiencies of combining airlines in the coming years, he predicts the current environment of skyrocketing oil prices will freeze any movement in that direction during the coming year, and maybe longer, except for the recently approved Delta-Northwest merger.

"The airline industry is very frag-

mented," he says, citing the fact that American Airlines, for example, has less than 20 percent market share. "It's hard to find businesses like that outside the airline industry. The fact that we're highly fragmented is a lot of the reason we go through this turmoil. It's just so hyper-competitive."

Parker predicts that the Delta-Northwest merger will be fraught with hazards similar to those faced by US Airways and America West. "There will be hiccups. There is so much to integrate from an operational standpoint. You can't turn it on overnight and not have consequences to deal with."

Although he knows the industry is in for a bumpy ride, he wouldn't change the course of his career. "I love it. It's a great business. It's extremely dynamic. If you're looking for a business that runs itself in a steady state, that's not what this is. But I like that part," he says.

"It's not for the faint of heart," he says, as he shuffles through papers on his desk for his next meeting and prepares to deal with tomorrow's challenges. "There are times when you wish for some level of normalcy. But if I had some level of normalcy, I'd probably be bored. I enjoy the challenges." **VB**

Q&A with Joyce Rothenberg

Director of the Career Management Center

Before joining the Owen School in early 2007, Joyce Rothenberg ran an independent marketing consulting firm for 11 years. Prior to that, she was Vice President of Marketing for Luby's Cafeteria in San Antonio and held several marketing and strategy roles with The Marriott Corporation in Bethesda, Md. Rothenberg holds an MBA from the Colgate Darden Graduate School of Business at the University of Virginia.



Rothenberg

Q. What services does the Career Management Center provide?

A. The CMC does not play a traditional placement role in the sense of matching companies and students. Today's MBA job market is all about fit, and that's something only the companies and the students can assess; matchmaking is really not part of what we do. Our job is more about helping to develop the job market. Our role with corporate employers is to educate them about the school and to help them attract the talent that they need to run their companies. Our mission with students, on the other hand, is to help them prepare for their job search. It's not just about finding an MBA job when they get out, although that's really important to everyone. It's also about giving them the tools that will allow them to seek jobs for the rest of their lives. We teach them how to pick a direction, match their skills to job requirements, fill gaps if they've got them, and then market themselves to companies.

Q. Does the CMC also provide career assistance for alumni?

A. Yes, there's a person in my office named Debbie Clapper, who is the Associate Director of Executive and Alumni Career Services. She reviews resumes for alumni and consults with them in developing job-search strategies. For those who live in Nashville, she's organized a job-seeking group that meets every other week. She's also started taking her career services on the road to cities where there are larger concentrations of Owen grads. If

any of our alumni are interested in career services, all they need to do is pick up the phone and call her. Or they can visit www.OwenConnect.com to find out more.

Q. What advice do you give to students who are searching for jobs during these tough economic times?

A. Our students need to be a little more flexible about their searches. They also need to be persistent. There are jobs out there. They may not be the dream jobs that the students envisioned when coming to business school, but there are good MBA jobs. In certain sectors and regions of the country, the job market is quite robust. I think finding the right job is just a question of being realistic about what's available and really matching your skills and interests to something that's a good first step. Maybe you have to get two-thirds of the way to your dream versus the whole way when times are tough.

Q. How can alumni play a part in the CMC's success?

A. We look for alumni to open doors for us at their companies. When we focus on companies we don't know or the strategic holes in our employer relationships, we turn to alumni to make that connection either through the HR people who do the MBA hiring or through the senior managers who care about MBA talent. We always appreciate it when alumni make us aware of opportunities at their companies. Being an advocate for Owen is something that is really helpful and important to us. **VB**

BOTTOM LINE

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wide. This windfall enabled Adler to dabble in other things that mattered to him, including Broadway shows like the one Charles Doraine had come to pitch.

But Adler was just as passionate about philanthropy, and when the conversation turned from *The Party Girl* to Vanderbilt GSM, he was eager to learn more about the school. Doraine agreed to put him in touch with Dean Samuel Richmond, thanked him for his time and went on his way, not realizing the importance of what had just occurred. It was only when Doraine got a phone call several years later that it dawned on him. A representative of the newly renamed Owen School was calling to invite him to a celebration honoring a donation given by Adler.

"Sometimes you can make a difference without even knowing it. I met Max just that one time, and look what happened," Doraine says.

As it turns out, Max Adler had struck up a friendship with Dean Richmond during those intervening years and had grown so fond of the Owen School that he'd promised a significant sum for the construction of Management Hall. But before he could make good on that promise, Adler died unexpectedly in 1979. The donation that Doraine received the call about was actually given by Mimi in her late husband's honor.

Mimi's commitment to Owen, however, didn't end there. In 1983 she donated an additional \$25,000 to the school. The purpose of her gift was two-fold: First, she wanted the students to be able to learn how to

manage money by making real-life investments, and second, she hoped the earnings from those investments would someday fund scholarships to the school. Mimi's gift was named the Max Adler Student Investment Fund, or MASIF for short.

The student club responsible for managing MASIF is today one of the most popular at Owen. In 2007-2008, there were over 50 members, all of whom played a hand in deciding which stocks the club picked. Modeled after an S&P mid-cap index, the fund is divided into different sectors, such as real estate, health care, energy, and technology. Second years serve as

"Sometimes you can make a difference without even knowing it. I met Max just that one time, and look what happened."

—Charles Doraine

the heads of these sectors, while first years act as analysts. Getting the first years involved in this manner was one of the initiatives of former MASIF President Nicholas Zager, MBA'08. Having worked at OppenheimerFunds prior to enrolling at Owen, Zager wanted to expose the club members to something akin to the real-world experience he'd had.

"When you set things up in a team-oriented and professional environment, you see certain people shine. Those of them who grab onto the idea of MASIF can really hit the ground running after graduation," he says.

Zager's other initiative as MASIF President was to fulfill Mimi Adler's original vision by paying the first scholarship. In the 25 years since her donation, the fund had grown to well over \$400,000 thanks to the students' stock picks. With Dean Jim Bradford's

support and Mimi's blessing, the MASIF club decided to sell off approximately half of that amount and create an endowment for the Max Adler Scholarship. The club members also set about determining the criteria that would be used to award the scholarship. It was agreed that the recipient should demonstrate not only leadership abilities and academic excellence but also a commitment to the school and a career in finance. In the end, several candidates were presented to Dean Bradford, and Bill Lambert, MBA'08, was chosen as the first recipient.

"I think MASIF offers a learning opportunity for people of all different

backgrounds. It's great to be able to pitch your thoughts on a specific stock to members, listen to their thought processes, and then measure those against your own. Not only does the fund create this atmosphere, but we then can act on these situations, and hopefully obtain market-beating returns for the fund in the process," says Lambert.

Today Lambert is realizing his dream of working in corporate finance at Deutsche Bank AG in New York. His story is similar to those of other MASIF club members who have embarked on Wall Street careers. They all gained valuable experience managing the money that Mimi Adler gave to the Owen School in her late husband's name. And whether they know it or not, they all owe a debt of gratitude to Charles Doraine and the musical that no one saw. **VB**

The Legacy of Business: Owen honors Professor J. Dewey Daane

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From Broadway to Wall Street

How a musical set the stage for the Max Adler Student Investment Fund
By SETH ROBERTSON

THE MUSICAL NEVER OPENED ON BROADWAY, or anywhere else for that matter, and it probably never will. But in a way, the curtains haven't yet dropped on *The Party Girl*. Though forgotten by many, the musical continues to make its impact known at the Owen School—just not in a way that you might suspect.

The year was 1977, and Max Adler, a prominent New York businessman, was sitting in his apartment on Fifth Avenue listening to another pitch. As one of the producers of the Tony Award-winning hit *Annie*, he was often being asked to finance other would-be Broadway musicals, like the one being described to him at that moment. This time, however, something held his attention. It wasn't the script, which was about a U.S. senator and the mistress who runs his New York power base, or the fact that it was set to star veteran actor Robert Alda (Alan's father) and an up-and-coming Dixie Carter. What interested him most was the person in front of him—the producer who had optioned the script. His name was Charles Doraine, MMgt'72, and it was his personal story that eventually convinced Max Adler to invest his



The MASIF club can trace its Wall Street roots back to Broadway.

money. Not in *The Party Girl*, that is, but in Vanderbilt.

"He said, 'I don't like the script, but I'm interested in you because you're an entrepreneur,'" recalls Doraine. "I explained to him that I had graduated from Vanderbilt's Graduate School of Management and that we thought of ourselves as managers of change. I told him we stood out because we looked at the world differently. Other schools were inter-

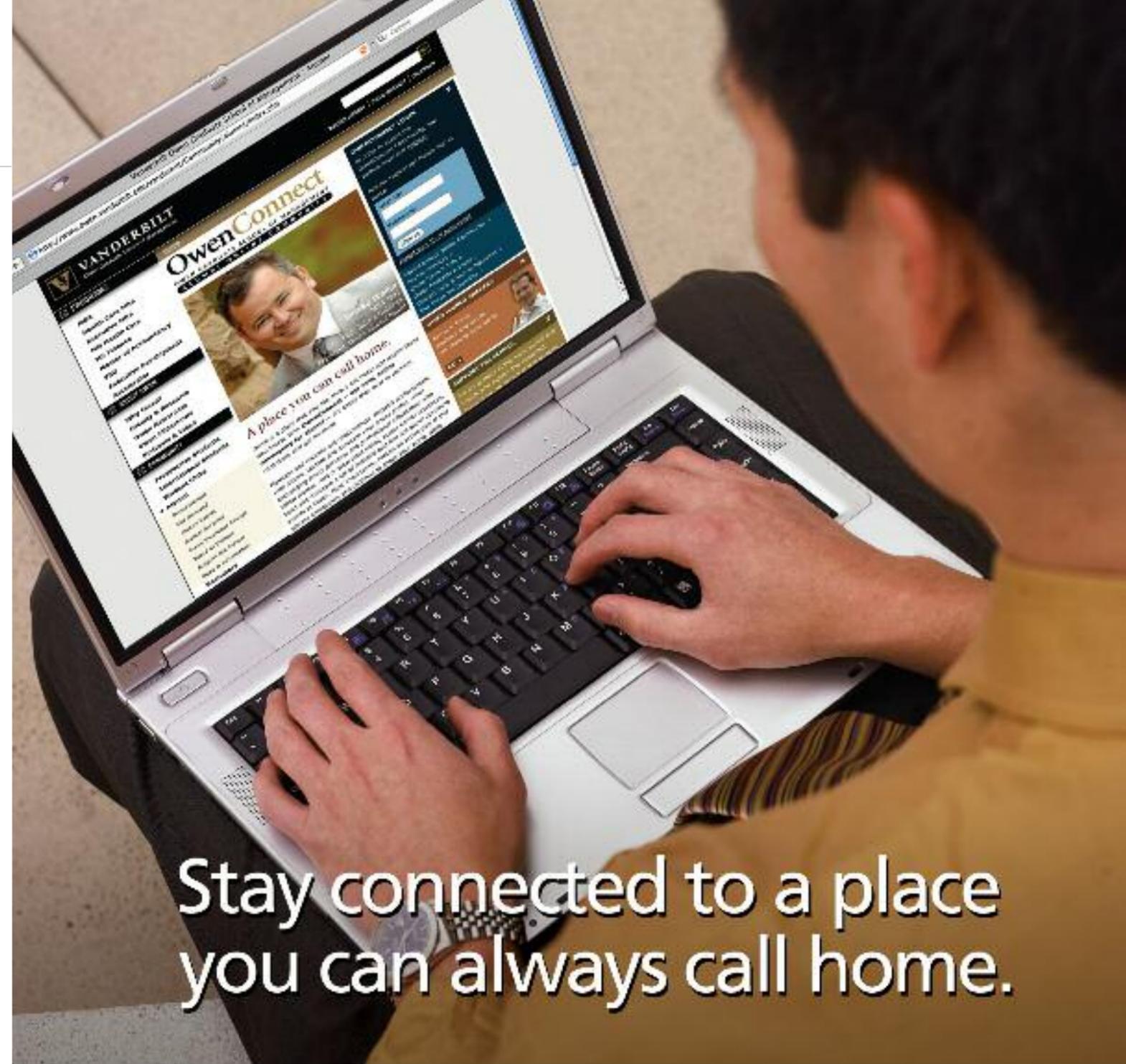
ested in people who would stay in the box, but GSM was looking for people who were outside of it."

That "outside the box" line of thinking appealed to someone like Adler, whose path to success was anything but conventional. A bombardier in the U.S. Army Air Corps, he survived being shot down over the battlefields of Europe and imprisoned by the Nazis during World War II to return to civilian life in the late '40s. Seeing an opportunity in America's booming post-war economy, he started a mail-order business selling inexpensive gifts and gadgets. The catalogs were an immediate hit, and soon he expanded into other types of merchandise.

"He always sold these weird kinds of things, but one year he decided he would go into selling animals. He brought little burros across from Mexico, and they sold like fury and actually made the cover of *Life* magazine. It was amazing," says Mimi Adler, Max's widow.

While the burro-as-pet craze thankfully went away, Adler's mail-order business did anything but. By the early '60s the demand was so great for his merchandise that he decided to open his first retail store in New Jersey. Called Spencer Gifts, it caught on with customers and quickly drew the interest of Musical Corporation of America (MCA), a large music and television company based in California. Adler sold the business to MCA, which then took the brand nation-

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