



## On BOARD

Brent Turner, MBA'99,  
charts a new course for  
alumni leadership

### **BRIGHT AND BOLD**

Spurring innovation through  
business and research

### **TELLING OUR STORY**

The evolution of Owen's new  
branding campaign

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Spring 2012

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**R**UNNING A CRAFT BREWERY REQUIRES A personal touch, but few pour themselves into the job like Linus Hall. His Nashville-based Yazoo Brewing Co., which has expanded its reach across the Southeast since opening in 2003, is as much a testament to his handcrafted approach to beer making as it is to the larger aesthetic and philosophy that guide his decisions as a business owner.

“You go down the beer aisle of any grocery store, and it’s mostly run-of-the-mill brands in boring metallic blue cans,” he says. “We try to go in the opposite direction with our brewery by being offbeat and memorable.”

Named for the river that winds its way past Hall’s hometown of Vicksburg, Miss., Yazoo produces nine different types of beer, including a rotating seasonal variety. Several of them have labels featuring paintings by his wife, Lila. “Even though we ended up in Nashville, we wanted to reflect our Mississippi roots in our name and image,” he says. “It’s about capturing that Delta folk-art feel.”

Distinctive as it is, the branding explains only part of Yazoo’s growing popularity. From the outset Hall knew that success hinged not only on the quality of his beer, for which he turned to the American Brewer’s Guild for a craft-brewing course, but also on the quality of his business plan. For the latter he enrolled in the Vanderbilt Executive MBA program, which he says gave him a strong foundation in strategy and operations, as well as a better understanding of what it takes to be an entrepreneur.

Nearly 10 years into it, Hall still gets a heady feeling from being in charge of the business he’s built from the ground up. It’s not unlike the warm sense of satisfaction that his patrons feel after sampling one of Yazoo’s fresh drafts.

“If you don’t get a thrill from what you’re doing, you’re not going to make it,” he says. “For me that thrill is walking into the taproom on a busy night and seeing customers enjoying our beer and having great conversations.

“Beer brings people together, but good beer makes them happier.”

**VB**

## True Brew

*Linus Hall, EMBA’00, taps into the craft brewing market at Yazoo*

By **SETH ROBERTSON**



JOHN RUSSELL



Linus Hall is the Owner of Yazoo Brewing Co., which produces several different beers, including the Pale Ale pictured here on the bottling line.

# FROM THE DEAN

I'm pleased to report that Owen—as many of you already know—placed 25th in the latest MBA rankings published by *U.S. News & World Report* this past March. That showing marks our second-highest ranking in the history of this important survey and reflects the hard work and dedication of many in the Owen community. Together we have built great momentum for the school that I believe will soon put us in the top 20.

Whether you tend to agree with rankings or not, they are an important driver of applications, our hiring ability, and frankly, alumni engagement. That said, they're far from perfect.

Beyond the well-documented cases of schools in various disciplines gaming the system—or in some cases, simply providing false data—rankings will never be able to tell the full story of a school. As I've discovered, GMATs and GPAs tell you very little about the individuals who ultimately emerge as strong, ethical leaders.

As a business school dean, it's easy to get wrapped up in the rankings race. While I fully intend to continue to compete vigorously, as we move forward you should know this: 1) The greater good of Owen will always come before rankings; and 2) No matter how high we climb, there will never be a quantitative measure that can capture leadership, determination and a commitment to purposes beyond ourselves—all qualities that, to me, mark Owen students and alumni.

In that spirit, allow me to highlight several pieces in this issue of *Vanderbilt Business*, starting with the cover story about Brent Turner, MBA'99. As you'll



JOHN RUSSELL

see, Brent is often humorously self-effacing. But working alongside him, one soon discovers that he's a masterful relationship builder, putting the right people and the smart strategies in place to get a job done. He's also a doer who is unafraid to set lofty goals and then follow through on them with great dignity and determination. We're lucky to have him as such an active alumnus and productive partner.

Elsewhere in the magazine, Alex Nicholson, EMBA'01, tells the story of how and why he decided to pursue a business degree in his 50s after years spent running his family's business. And Linus Hall, EMBA'00, will make you thirsty for more after reading about his experience starting and growing Yazoo Brewing Co.

There's also a report on innovative work happening at Owen, including the groundbreaking new rule for measuring and capturing customer loyalty created by

Professor Bruce Cooil and alumnus Tim Keiningham, MBA'89. In addition, you'll read about an exciting new Silicon Valley endeavor that's being started by two soon-to-be Owen grads, Mahni Ghorashi and Ilya Tokhner.

These stories help showcase the incredible vibrancy of the entire Owen community, from current students to our world-class faculty and administration to our invaluable alumni. For me, this is the soul of Owen—something no ranking could ever measure.

Sincerely yours,

James W. Bradford  
Dean, Vanderbilt Owen Graduate  
School of Management  
Ralph Owen Professor of Management

# EDITOR'S MEMO

SPRING 2012

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## Dome Stretch

*A lesson in innovation  
that spans generations*

By **SETH ROBERTSON**

**I**N THIS AGE OF TECHNOLOGICAL wonders, it's easy to forget that ours is just the latest in a long line of innovative periods through history. For every new marvel to come along, there's likely an equally striking precedent in the past. Perhaps no period demonstrates this better than the Renaissance, whose luminaries upended the medieval ideas of their day and spanned the gap to our own modern times.

Of all the monuments to Renaissance ingenuity, one in particular has held my interest ever since I saw it in person years ago. The Basilica di Santa Maria del Fiore in Florence, Italy, otherwise known as the Duomo, is a towering achievement in architecture. Its octagonal dome, which is 140 feet wide and more than twice as high, remains the largest one ever built with bricks and mortar—no small feat considering it was completed nearly 600 years ago.

As awe-inspiring as the cathedral is to behold, the story behind its construction is just as remarkable. Legend has it that architect Filippo Brunelleschi received the commission to build the dome by winning a competition to see who could successfully stand an egg upright. While others tried to balance their eggs in vain, Brunelleschi smashed his on end. This act of bravado foreshadowed the daring design to come.

Whether the story's apocryphal or not, there's no doubt Brunelleschi was a man of rare talent. Yet often overlooked is the fact that he already had a foundation to build upon. Brunelleschi's breakthrough was the culmination of a process that had begun more than a century earlier with architect Arnolfo di Cambio, who called for a dome of similar scope in his drawings. No one at



that time knew how to construct such a dome, but that did not deter di Cambio or the builders who followed him. For decades they continued laying the groundwork, confident that someone would eventually finish what they had started.

That to me is the most inspirational part of the story. For all the originality of Brunelleschi's dome, it could not have happened without the vision of those who came before him. As di Cambio showed, innovation is as much about planning as it is flashes of brilliance.

All these centuries later, the same is true at Owen, where innovative ideas, such as the ones highlighted on page 24, are founded upon a farsighted commitment that stretches back to Vanderbilt's beginnings. The education and research of today are made possible by the forethought, guidance and generosity of previous generations. As Chancellor James Kirkland once said, "In building a university there is never an occasion for finishing touches. The task is always one of laying foundations."

Vanderbilt's success lies in those very foundations Kirkland described. Much like the Duomo, the university can rise only as high as its base allows. The stronger the support, the more opportunities there'll be to upend conventional thinking and push knowledge further and further—until someone comes along one day and spans the distances that once seemed impossible. **VB**

# I N S I D E

RANKINGS *Owen in top 25* | STUDENT SUPPORT *Sohr Grants* | STUDENT CLUBS *Houston Energy Trek*

## RANKINGS

### Owen climbs to No. 25 in *U.S. News*

THE OWEN SCHOOL IMPROVED TO No. 25 in the nation, up from No. 28 last year, in the latest *U.S. News & World Report* rankings. It marks the school's second-highest placement ever on the list.

"As our rankings continue to move up in a highly competitive field, it's becoming clear that others are recognizing the business school's remarkable momentum," says Dean Jim Bradford. "We continue to work hard to attract top-caliber talent throughout all of our management programs and look forward to many more bright days ahead."



JOHN RUSSELL

Sohr Grant winners Mario Avila and Megan Allen

## STUDENT SUPPORT

### Sohr Grants awarded to business plans

MICROFINANCE LENDING AND ECOLOGICALLY friendly false eyelashes may not seem to have much in common. But they're both new business ideas that caught the attention of the prize committee awarding this year's \$25,000 Sohr Grants, created to promote student entrepreneurship at the Owen School.

Jim Sohr, BE'86, MBA'90, and his wife, Leah, endowed the new grants. Sohr is the past President and Co-founder of

AIM Healthcare Services, which provides claims cost-management services for government and commercial payers of health care benefits. A division of UnitedHealth Group purchased AIM in 2009.

"We would love to create many companies that become as successful as AIM Healthcare," says Germain Böer, Professor of Accounting and Director of the Owen Entrepreneurship Center. "With this kind of support, the Owen School can attract more students who already have a business idea that they want to develop. This funding, combined with the mentor support provided by the school's alumni, will drive the success of these new ventures."

BROWNDOGSTUDIOS, ISTOCKPHOTO



# E O W E N

| SPEAKERS *Art Laffer* | CAMPUS VISIT *with Cheryl Cbunn* | STUDENT INITIATIVES *Owen Insights*

## Georgie Beauty

One of the grants went to Megan Allen, an MBA candidate for 2012, for her startup Georgie Beauty. Co-founded in 2009 by Allen and her sister, Abbey Allen Watt, the company makes “eco-luxe” false eyelashes sold under the brand name Winks by Georgie. The company has established partnerships with luxury retailers Neiman Marcus and Cos Bar. It also has been featured in *Martha Stewart Weddings*, *InStyle.com*, and numerous beauty and style blogs. About the target audience, Allen writes in her business plan, “These women are looking for the latest cosmetic products that help them achieve the celebrity look, but that’s not all. They are also increasingly concerned with consumer and environmental health.”

## Contigo Financial

Contigo Financial is developing a microfinance model to provide payday loans to the 60 million consumers in the United States who don’t have access to traditional bank loans or credit card products. Currently these types of small loans are provided by pawnshops and payday lenders, where borrowing costs can exceed an APR of 400 percent. Co-founder Mario Avila, a 2012 MBA candidate and President of the Owen Student Government Association, is leading a startup team that has experience in consulting, banking and microfinance. He and his team are taking a novel approach by partnering with employers to help their employees meet short-term financial needs.

## STUDENT CLUBS

### Houston trip offers up-close look at energy sector

THIS PAST NOVEMBER, A GROUP OF 18 students in the Owen Energy Club took a first-of-its-kind trip to Houston to learn more about the energy sector and to network with potential employers. The Energy Trek, as it was called, was planned by Tracey Gilliland, an MBA candidate for 2013, in conjunction with Peter Veruki, Director of Corporate Relations, and Sylvia Boyd, Assistant Director of Employer Relations.

“Energy is a huge sector. In some ways it’s even bigger and more complex than the health care industry as far as job opportunities,” says the Houston-based Veruki, who hosted a wine-tasting mixer at his

home for the students and local alumni. “Energy’s not just about finance or operations or engineering. It’s also about marketing and HR and many other areas. And all of those opportunities are spread around the globe.”

The first stop on the Energy Trek was Macquarie Group, an international financial services company where Vikas Dwivedi, MBA’00, Global Oil and Gas Economist, and Charles Fenner, MBA’01, Senior Vice President of Power and Gas Fundamentals, gave a presentation. The student group next visited Baker Hughes, a leading oil field services company, whose President and CEO is Martin Craighead, IEMBA’98. Then it was on to global financial services firm JPMorgan Chase, where Robert Traband, MBA’93, Managing Director of Credit Risk Management, spoke.

The following morning, the group toured the world’s largest publicly traded



oil and gas company, Exxon Mobil, which included a visit to its 3-D visualization room used for training employees in drilling operations. The group then toured the trading floor of Chevron, another of the world's leading oil and gas companies. The final stop was international financial services firm Credit Suisse, where Managing Director Tim Perry, MBA'81, gave a presentation.

Houston-native Gilliland, who previously worked for Macquarie before enrolling at Owen, anticipates that the Energy Club will continue to grow and broaden its appeal. She sees potential in networking with more utility and energy companies in the Southeast, as well as renewable energy businesses.

"Our goal is to bring more value to club members and expand our offerings, whether it's new networking opportunities, guest speakers or internships," she says. "That means we have to get the word out to alumni that there's an interest in energy at the school. We want them to know that we're building something here and that they can play a hand in it."

To find out how you can help the Owen Energy Club, please email [owenenergy@owen.vanderbilt.edu](mailto:owenenergy@owen.vanderbilt.edu).

## SPEAKERS

### Laffer proposes taxing pollution, not income

ARTHUR B. LAFFER, A RENOWNED ECONOMIST and longtime champion of conservative causes, proposed a novel approach to taxation at a forum held in Owen's Averbuch Auditorium Feb. 23. Laffer said he sees a fundamentally backward system in the United States, which imposes taxes on things people want more of—income and jobs—while allowing



**Art Laffer speaking at Averbuch Auditorium**

something we want less of—carbon dioxide pollution—to be emitted without penalty.

The situation should be reversed, Laffer argued. Instead of tax increases that are "veiled as 'cap and trade' schemes," he said, Congress should offset a simple carbon tax with a reduction in income or payroll taxes.

Joining Laffer in the discussion was former U.S. Rep. Bob Inglis of South Carolina. "Art Laffer is a conservative who's agnostic on climate change. I'm a conservative who believes it's real," Inglis said. "Both of us see opportunity in changing what we tax. For Art, it's about his lifelong quest to reduce marginal tax rates. For me, it's that—plus the opportunity to fix a market distortion that prevents the free enterprise system from delivering the fuels of the future."

A member of President Reagan's Economic Policy Advisory Board between 1981 and 1989, Laffer is the Founder and Chairman of Nashville-based Laffer Associates, an economic research firm that provides global investment research services to institutional asset managers, pension funds, financial institutions and corporations.

## CAMPUS VISIT

### Q&A with Cheryl Chunn of DAR

Cheryl Chunn joined Owen this past November as the school's Associate Dean of Development and Alumni Relations. She has worked at Vanderbilt for 10 years, six of which have been in development. Her previous roles include Director of Development and Director of Corporate Relations for Vanderbilt University Medical Center, as well as Senior Associate Director of Corporate and Foundation Relations Development. Chunn has a bachelor's from Valparaiso University, a master's from the University of Wisconsin-Milwaukee and an MBA from Keller Graduate School of Management in Chicago.



**Cheryl Chunn**

**Q: What drew you to this opportunity at Owen?**

**A:** First, it's Vanderbilt and my 10 years working in both the Medical Center and the university that drew me to Owen. It's an incredible place to work. I'm amazed every day at all that's going on here to help transform business, medicine, education and the community we live in.

Also what drew me was my previous work with Owen and Jim Bradford as a development officer with Corporate and Foundation Relations. I had the opportunity to visit with Owen alumni all over who were so passionate about their experiences here. The word they used was "family." I heard that over and over again.

**Q: How has your MBA shaped your approach to development and alumni relations?**

**A:** My MBA has helped me understand that all philanthropists want to know their gifts are doing something meaningful. What I learned in my schooling was the question: "What's the return on my investment?" I approach my development activity with that in mind. I want our alumni donors to know what Owen needs, why we need it and how they can help. Being able to steward them with the answer to that ROI question is my next step.

Also I know how hard I worked to get my degree and realize that I wouldn't have the same perspective and experience without it. Likewise for our alumni, Owen has helped them not only in their professional lives but in their personal lives as well, and I believe they want to give back because of that fact.

**Q: What are some of the short- and long-term goals for Owen's development and alumni relations team?**

**A:** One of the short-term goals is to learn how to work as a team. With many new team members, we'll be forging ahead to build on the existing base of support from Owen to develop goals and structures that help our students, faculty and alumni.

Our more ambitious goals for the immediate future are to be able to accomplish the development and alumni relations goals of the strategic plan and to make Owen more successful. We will focus on increasing the number of endowed scholarships for students, strengthening alumni engagement and working with the dean on potential space and program needs.



**Owen Insights is a student-run series that encourages collaborative learning through regular presentations, discussions and workshops.**

## STUDENT INITIATIVES

### Owen Insights encourages collaborative learning

BY LUBAINA BALASINORWALA,  
MSF CANDIDATE FOR 2012

OWEN HAS LONG BEEN KNOWN FOR ITS strong sense of community, and that reputation stands to grow thanks to the efforts of the latest classes to pass through Management Hall. Students have started a first-of-its-kind forum at the school for sharing their areas of expertise with one another. Called Owen Insights, the series

aims to foster a collaborative learning environment through regular presentations, discussions and workshops.

Founded by Aaron Fung, an MBA candidate for 2012, Owen Insights draws upon the wide variety of backgrounds, nationalities and professional experiences represented across the student body. "While the classroom has contributed a lot to my learning experience here at Owen, the majority of my learning has taken place outside the classroom through my interactions with classmates," Fung says. "This is what inspired me to create a common platform for students to enhance their learning experience at Owen."

*continued on page 45*

# I N S I D E

Health Care Conference examines health care reform | Marketing Index shows consumers' willingness

## HEALTH CARE

### Before and After

*Conference examines health care reform*

BY RYAN UNDERWOOD

THE VANDERBILT HEALTH CARE CONFERENCE and Career Fair hosted more than 500 participants and 35 companies at a one-day session in Nashville this past fall. It was the fourth year for the student-organized conference, which is designed for anyone interested in the intersection of business and health care.

Headlining the October event was Nancy-Ann DeParle, Deputy Chief of Staff to President Barack Obama. Drawing

on her experience as Director of the White House Office of Health Reform, DeParle outlined the contrast in the national health care system prior to passage of the 2009 Patient Protection and Affordable Care Act and what it will look like once the plan is fully implemented.

#### Where We Were

- **Health insurance premiums doubled:** Family premiums for employer coverage rose from nearly \$6,000 to more than \$13,000 between 1999 and 2000.
- **Insured Americans and businesses paid a hidden tax:** Up to \$1,000 of uncompensated care was shifted from the uninsured to already-insured families. In 2008 we spent \$43 billion on uncompensated care.
- **Millions lacked quality, affordable health care:** 50 million Americans were uninsured in 2009, and millions more lacked access to quality care, preventive services and catastrophic protection when ill or injured.

- **People with pre-existing conditions were locked out:** As many as 129 million Americans have a pre-existing condition that could limit access to insurance.

“Even after spending almost twice as much per capita on health care as every other industrialized country in the world, we continue to rank near the bottom when it comes to health care outcomes,” DeParle said. “Those of you working in health care understand that this is bad for business. Imagine you’re selling cars. If cars become more expensive, but the quality stays the same, or even gets worse, you don’t need an MBA ... to realize that you’re in trouble.

“Health care isn’t like most other industries. If people can’t afford insurance, they don’t stop coming to the hospital. They just stop paying for the care they receive. So to tweak the analogy that I just used, not only are customers not buying cars, but you have to hand them out for free. That’s not sustainable.”

#### What the Law Does

- **Allows young adults to stay on their parents’ policies:** More than 1 million 18- to 26-year-olds have benefited.
- **Gives uninsured with pre-existing conditions affordable insurance:** The Pre-existing Condition Insurance Plan has covered more than 30,000 people and is a bridge to 2014 when discriminating against anyone with a pre-existing condition will be illegal.



# B U S I N E S S

to adopt new technology | Finance Options investors unknowingly give up profits

DANIEL DUBOIS



A career fair held at the Nashville Convention Center was one of the highlights of the Vanderbilt Health Care Conference.

- **Protects retiree coverage:** \$5 billion is provided to keep coverage affordable for early retirees in more than 6,600 plans.
- **Expands community health centers and workforce:** Clinics can serve nearly 20 million more Americans, adding 16,000 primary-care providers during the next five years.
- **Holds health insurers accountable:** The law implements a patient's bill of rights, eliminates double-digit rate hikes without review, guarantees that overhead expenses are held in check, and promotes pricing transparency among health plans on [healthcare.gov](http://healthcare.gov).
- **Creates a competitive and affordable insurance marketplace:** Starting in 2014, consumers will be offered the same health plan choices as members of Congress. Tax credits and Medicare

coverage will be made available to ensure that coverage is affordable for families and small businesses. The law also protects existing employer-based coverage while ensuring that all Americans who can afford it get health insurance, increasing the insurance purchasing pool, ending pre-existing condition exclusions, and eliminating the "hidden tax" of cost shifting.

- **Lowers cost and improves quality:** Health care fraud persecutions are up 85 percent, and billions have already been saved. The law promotes prevention and offers incentives to reduce hospital readmissions and conditions acquired in health care facilities. It also provides tax credits to small businesses and relief for seniors. There was record low growth in national health spending in 2009 and 2010.

"I'm not saying it's going to be easy for us to make all of these changes," DeParle said. "But what I'm saying is the framework is there and the incentives are there in this new law.

"Do we embrace this new law, this new world of health reform, as a first step and work together to make it better? Or do we fight to restore an unsustainable status quo that left millions of our neighbors on their own in their time of need?"

*A version of this article originally appeared in VB Intelligence on Nov. 17, 2011.*

## MARKETING

### Up for Adoption

*Index shows consumers' willingness to adopt new technology*

BY RYAN UNDERWOOD

Generation Y, the first group to come of age in the Internet era, is all grown up and ready to launch the next wave of multibillion-dollar tech companies. And investors are ready to help them do it.

"If you're 20-something and have an idea of what you want to build, you can go out and build it," Harj Taggar, a partner at the Silicon Valley incubator Y Combinator, told the *Financial Times* in a recent story, echoing the tech boom of the late 1990s.

But after a dizzying decade that ushered in everything from Google's search engines to touch-screen tablets—and plenty of flops in between—how much more technology are consumers willing to adopt?

It's a critical question that Mark Ratchford, Assistant Professor of Market-



ing at the Owen School, is helping companies explore with a new tool called the Technology Adoption Propensity (TAP) index.

“Effectively segmenting and targeting customers based on their likelihood to purchase and use new technologies could help firms better capitalize on their high-tech investments,” Ratchford writes in a recent paper for the *Journal of Business Research* that introduced the TAP index. The study was co-authored by Michelle Barnhart, Assistant Professor of Marketing at Oregon State University.

Similar psychological measurements have been developed previously to gauge a consumer’s willingness to use new technologies. For example, the Technology Acceptance Model (TAM) was introduced in 1986 to explore user acceptance of—or

resistance to—various technology-based systems, including email, word processors and the Internet.

Another stream of technology-related marketing research led to the creation in 2000 of the Technology Readiness Index (TRI), which focused primarily on a person’s likelihood of adopting service-based technologies, often related to e-commerce.

The problem with the TRI, according to Ratchford, is that its questions depend on specific technologies, making it increasingly obsolete since this once narrow area has grown to cover everything from social media to smartphones.

“References to specific technologies grounds the TRI in a particular technological era and limits its usefulness as a measure of overall technological readiness,” Ratchford writes. “Hence, a new scale that



**Mark Ratchford**

measures consumers’ attitudes toward a varied and flexible concept of technology that seamlessly incorporates the specific technologies of each new era would be useful to researchers and marketers.”

The research team developed an initial 47-item psychological battery, based on 17 items included in the TRI and 30 new ones. To make the TAP index shorter without compromising its effectiveness, Ratchford and his co-author winnowed the items down to 14. Those were then aligned with traits that contribute to technology adoption (“optimism” and “proficiency”) or that inhibit adoption (“dependence” and “vulnerability”).

To validate the TAP index, the study asked more than 1,300 survey respondents to answer a series of yes-or-no questions designed to assess their current use of technology products and services. The results were then matched up against findings from the TAP index itself, showing that those who scored highly on the TAP index were the same ones already using technology. Conversely, those with low TAP scores were not likely to be heavy technology users.

“We show that the TAP index can predict consumers’ technology usage behaviors across a range of high-tech products and services,” Ratchford writes.



“We expect that, as a more succinct and timeless measurement tool than prior scales designed for a similar purpose, the TAP index will prove to be a robust and useful scale for academics and practitioners alike.”

*A version of this article originally appeared in VB Intelligence on Sept. 30, 2011.*

## FINANCE

### Failure to Exercise

*Options investors unknowingly give up \$1.9 billion in profits*

BY RYAN UNDERWOOD

THE TRADING VOLUME OF STOCK OPTIONS HAS more than quintupled in the past decade, as banks, hedge funds and other traders have flocked to the investments. But retail options investors may be getting left out in the cold, unknowingly giving up as much as \$1.9 billion in lost profits during that same time frame, according to new research from Kate Barraclough, Lecturer of Finance and Director of the Master of Finance program, and Bob Whaley, the Valere Blair Potter Professor of Finance and Co-director of the Financial Markets Research Center.

The problem uncovered by the Vanderbilt team happens with put options—contracts that allow owners to sell an underlying asset at a specific price and within a certain time frame. (Put-option holders make money when the underlying asset price declines.)

Because American-style put options can be exercised anytime before they expire—as opposed to European-style options that can be acted upon only at expiration—investors must find the optimal point at which to close their positions. Otherwise they will forgo interest

income that’s, in some cases, greater than their expected profit.

In the study, which will be published in a forthcoming *Journal of Finance*, Barraclough and Whaley develop a model to test when it’s most advantageous for investors to close put-option positions that are deep in the money. In other words, for put options whose underlying asset has declined to such a level that a maximum profit is all but assured, where is the point when it’s more advantageous to close the put-option position and instead collect the net interest income on the cash proceeds?

“A deep in-the-money put has no time value remaining and is priced at its floor value,” Barraclough and Whaley write. “The difference between forgone interest income and the value of future exercise opportunities determines whether the put should be exercised early or not.”

As it happens, professional investors appear to have realized that money is being left on the table. In response, they’ve developed an arbitrage strategy to capture the forgone interest of those who don’t exercise put options when it’s optimal to do so.

Barraclough and Whaley show that more than 3.96 million put options between January 1996 and September 2008—3.7 percent of all put options outstanding—were not exercised when they should have been. That cost long put-option holders more than \$1.9 billion during that period.

In its simplest terms, when long put-option holders don’t exercise at the right time, short put-option holders can (and do) come in and snatch interest income.

Why do investors give up this money? One possible explanation lies in the additional trading costs for long put-options

investors, according to Barraclough and Whaley. However, even when estimated trading costs are included, the Vanderbilt team still found nearly \$1.82 billion in forgone net interest income.

Another reason is that retail put-option investors simply don’t know about—and don’t use—an appropriate early exercise decision rule.



“Both market makers and proprietary firms demonstrate that they know the early exercise decision rule and apply it in a timely and appropriate fashion,” Barraclough and Whaley write. “That is not to say that the nonprofessional traders are behaving irrationally. The costs of learning the early exercise decision rule and constantly monitoring open put-option positions may be too high relative to the perceived benefits.”

(In a similar 2007 study that Whaley co-authored, the researchers found that call option holders gave up an estimated \$491 million during a 10-year period for failing to exercise the options on dividend-paying equities at the optimal time.)

Based on the finding of this most recent put-options study, Barraclough and Whaley say the bottom line is that long put-option investors are “implicitly paying a premium for the ability to early exercise that they rarely use.” In addition, market

*continued on page 45*

## Growth Opportunity

*Biotech startup looks to revolutionize  
personalized medicine*

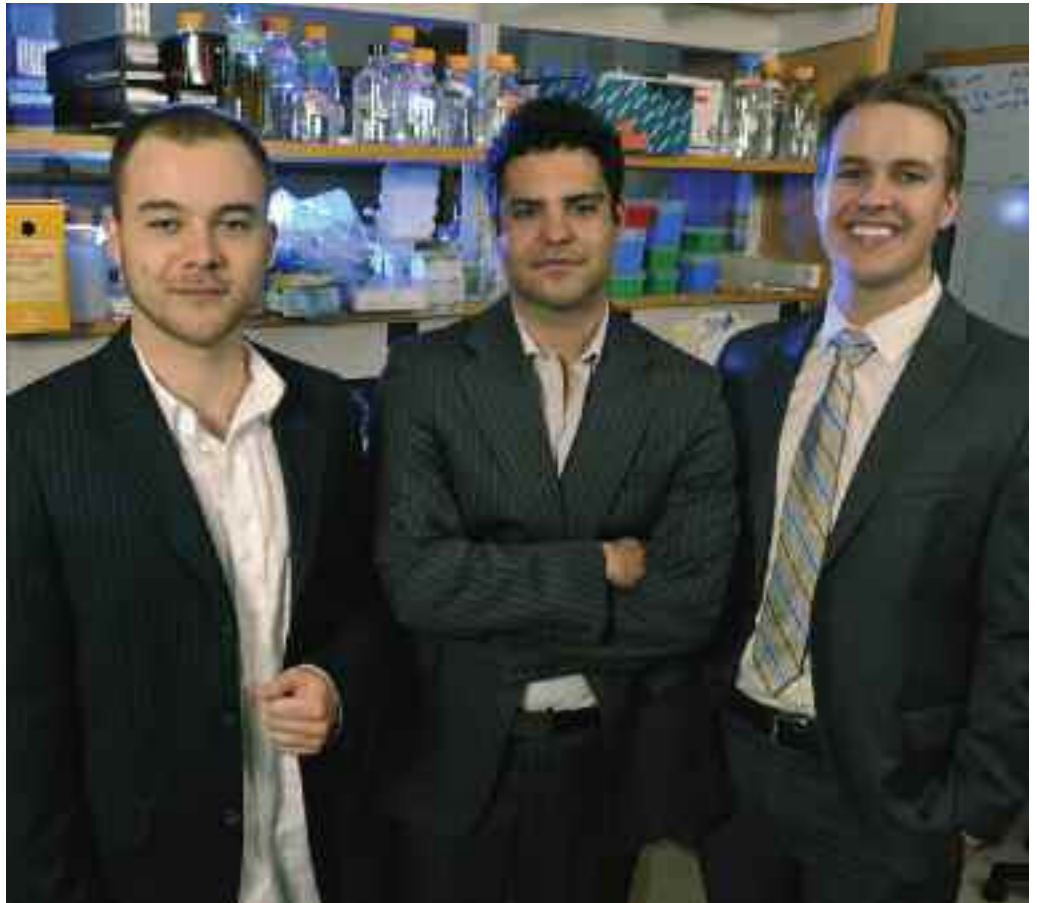
By CINDY THOMSEN

**M**AHNI GHORASHI AND ILYA TOKHNER, both MBA candidates for 2012, have a short-term goal of completing their studies at Owen this May. Their long-term plans are slightly more ambitious—and could change health care forever.

Ghorashi, Tokhner and a third partner, Jordan Plews, have formed Regenome, a biotech startup that ultimately hopes to use stem cells to regrow human organs. Ghorashi and Tokhner were working in Silicon Valley last summer when they met Plews, a scientist whose expertise is turning adult tissue into pluripotent stem cells, which can become different cell types.

“Every cell has genes that are turned on and off,” Tokhner explains. “You can ‘convince’ a skin cell that it’s actually a stem cell. Then, by activating the appropriate genes, it can become a heart cell or any other cell type. It’s like a coffee mug made of clay. You can melt that down and reform it into something else, but it’s still clay.”

The potential for the technology is endless, but the Regenome team has to deal with first things first—like completing school. “It’s difficult at times to concentrate on classwork,” Tokhner says. “We’ve tried to take classes that are relevant and apply them directly to what we’re doing. Fortunately we’ve been able



From left, MBA candidates Ilya Tokhner, Mahni Ghorashi and Dan Angius are collaborating on a business plan to use stem cells to regrow human organs.

“We’re not claiming that we’re going to be rebuilding hearts for people quite yet, but we see this as the future of not only personalized medicine, but of health care in general.” — Ilya Tokhner

to get some independent study credit, and the university as a whole has been very supportive.”

As with all scientific and medical ventures, this one is full of hurdles, from funding to applying for patents to FDA

approval. However, one point in Regenome’s favor is that stem cells derived from adult tissues don’t carry the same controversy as embryonic stem cells, which, as their name suggests, are derived from human embryos.



As a means of income to help fund research down the road, the group has come up with a cosmetic application for their technology and hopes to be in the market within a year. To help guide them through this process, Ghorashi and Tokhner have enlisted fellow 2012 MBA candidate Dan Angius, who serves as a venture consultant to the team.

“We’re looking to harness the potential of stem cells in a topical cosmetic application,” Ghorashi says. “Our next step is actively closing our A round of fundraising. Step two is to begin clinical testing while also building out the distribution channel of the products through cosmetics lines.” While the group hopes that their cosmetic application is a success, they view it, and the income it generates, as a stepping stone to their ultimate goal—one that redefines the notion of personalized health care.

“Early-stage companies and startups are the most creative types of business you can have. Our roles for the next few years will be malleable because we’ll have to cover the whole range of responsibilities.” — Mahni Ghorashi

“If you injure your spinal cord and lose mobility, you only have about a one-week window before scar tissue builds up and makes recovery practically impossible,” Tokhner says. “In the future we might be able to repair the damage using your own stem cells, but it could take months to derive the stem cell line. If you don’t have a stem cell line ready to go, you’re out of luck.”

That’s why the Regenome team envisions a future where stem cell banks are common. In effect the banks would serve as high-tech insurance policies against injury and illness.

“Say you need a new liver,” Tokhner says. “You call your stem cell bank and the stem cells are overnighted. We then arrange to literally grow you a new liver

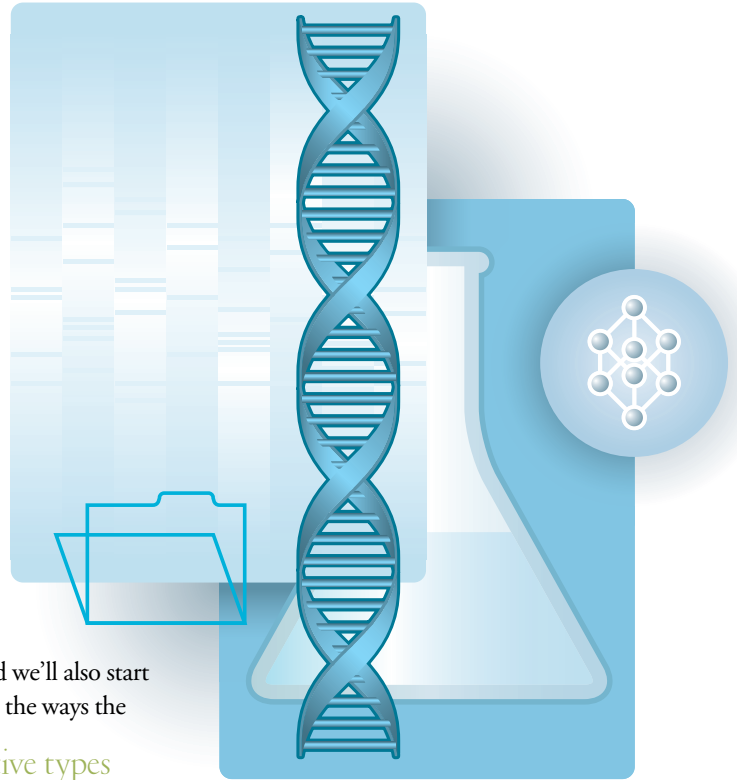
in vitro. You’re your own donor so there’s no danger of rejection, and you don’t have to take immunosuppressant drugs.”

Obviously the days of being your own organ donor are years away, but the Regenome team sees it as inevitable. “We’re not claiming that we’re going to be rebuilding hearts for people quite yet, but we see this as the future of not only personalized medicine, but of health care in general,” Tokhner says. “Longevity will go up and we’ll also start seeing new approaches in the ways the

pharmaceutical and biotech companies conduct their research and development.”

As versed as they are in the technical side of their venture, neither Ghorashi nor Tokhner considers himself a scientist. Ghorashi, who is from Knoxville, Tenn., studied literature at MIT and did graduate work at Yale. He is also a concert pianist. Tokhner, whose family immigrated to the U.S. from Kazakhstan after the fall of the Soviet Union, comes from a long line of doctors. He, however, earned his undergraduate degree in international business at Long Beach State.

Their disparate backgrounds aside, this venture satisfies a common entrepreneurial spirit in both Ghorashi and Tokhner. “Early-stage companies and startups are the most creative types of



business you can have,” says Ghorashi, the company’s Chief Marketing Officer. “Our roles for the next few years will be malleable because we’ll have to cover the whole range of responsibilities. There will be different challenges every day.”

Tokhner, who serves as Regenome’s CEO, agrees.

“I like to go really fast, and a startup venture is the perfect environment for me,” he says. “I worked for a large corporation and felt very stifled—I always had to ask permission. With this, I can run 100 miles an hour in every possible direction.”

**VB**



**Brent Turner at Pier 66 on  
Seattle's Puget Sound**



# On BOARD

*Brent Turner, MBA'99, charts a new course  
for alumni leadership*

By JENNIFER JOHNSTON

*Photography by* KERRY DAHLEN

**F**or a guy from Middle Tennessee, Brent Turner, MBA'99, sure uses a lot of nautical terms. That may be the impact of having lived near the Puget Sound in Seattle for the past 12 years, but his choice of words is fitting nonetheless. Turner is helping steer the future of Owen as chair of the school's Alumni Board, and his enthusiasm, drive and leadership are just the types of invaluable assets you'd want in someone at the helm.

When Jim Bradford, Dean of the Owen School, asked him to lead the board last year, Turner was both honored and surprised. Even Turner's assistant good-naturedly asked him if he was absolutely sure Bradford was serious. (Those are the kinds of self-effacing stories Turner likes to tell about himself.)

"I didn't immediately tell [Bradford] yes, but I didn't have to think about it long," says Turner, Executive Vice President of Call Products for Marchex, a Seattle-based digital call advertising company.

That's because of his deep-running zeal for all things Vanderbilt. Turner is one of the youngest members of Owen's Board of Visitors, composed of corporate leaders from some of the world's most prominent companies, who advise the dean on curriculum, the needs of the business community and the overall strategic direction of the school. He also serves as a class representative on the school's Alumni Council, which encourages alumni participation and promotes philanthropic support. He even keynoted last year's Discover Weekend for prospective students and has helped hire Owen graduates. And as if that isn't enough, this marks his third year on the Alumni Board and second as its chair.

"He's a passionate guy," says Dave DiFranco, MBA'99, a Principal at private equity firm Blue Point Capital Partners. "Whatever he decides to spend his time on, it's 100 percent. That's true about SEC football, the Titans, the Owen School. That's how he is, and he inspires others, like me, to get involved, too."

Having a well-respected classmate lead the Alumni Board gives DiFranco a sense of confidence. "He's not afraid to deal with tough stuff," he says of Turner. "You might not always like what Brent has to say, and he doesn't shy away from the tough issues. But that's what a leader does."

Turner's decision to immerse himself in board activity at the school was fueled in part by Bradford's all-hands-on-deck

approach to bringing Owen closer to its goals. "He understands," Turner says, "just how important it is to have as many people in the boat as possible if you're trying to turn it."

### Part of the Returns

Turner was inspired to accept a leadership role because he saw that Bradford valued alumni input and sought answers to difficult questions. "I was impressed," Turner says, "that he was willing to tackle what had been the central issue at Owen, which was: 'What is the school's strategy going to be? What's going to be the role of rankings in determining our success?' That's a very hairy conversation to have, but I noticed him having it at both the Alumni Board level and Board of Visitors level as well as with faculty and staff."

"Brent is a doer, a no-nonsense guy who is passionate about Owen and com-

mitted to its success," Bradford says. "These qualities are the reason I picked him for this job."

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Turner bears in mind that many of his fellow board members travel thousands of miles for meetings because of a strong desire to "move things forward," as he says. He has redesigned the Alumni Board into a working board, with teams to help support the school in targeted areas, such as alumni connectivity, student recruitment, career placement and fundraising.

Members have assignments and goals and report their progress regularly. "The idea is to make it meaty enough that it's appealing but not so bad that it smacks of volunteer labor," Turner says.

Fellow Alumni Board member Russ Fleischer, MBA'91, who is CEO of HighJump Software, a supply chain management software company, offers his own take on Turner's style. "He's not

shy about reaching out and getting people involved," Fleischer says. "Like so many of us, he has a strong passion for the school. That's the attribute we both share—a deep passion for the school and a deep willingness to do whatever will help the school succeed and thrive in the future."

Turner's personal focus as a board member—improving alumni engagement—is approached with his usual fervor. His challenge for his fellow alumni: "I'm going to invest now with my time, talent and treasure because I want to be part of the returns."

Turner's board experience has helped him see the value of every contribution. With classmate Alli Zaro Fitzgerald, MBA'99, he hosted a well-attended webinar in 2011, in which he presented his thoughts about the school's strategy. He followed with a live presentation to Seattle alumni.

*"The period in my life when my perspectives on the business world, and the world in general, opened the most was the two years I spent at Owen." —Brent Turner*

"I think that everyone who attended left the call with a renewed enthusiasm for Owen," says Fitzgerald, Director of Finance and Marketing at SecuriCheck LLC, a background research company. The positive vibe was created in part, she says, by Turner's characteristically frank discourse, particularly about the elephant in the room—the perception by some alumni that the Owen School is undervalued in rankings. His message was clear: Any advancement will come about in large part from increased alumni involvement on many levels.

Turner is quick to say that no one considers rankings the only end goal, knowing that a school's position can ebb and flow for no apparent reason. However, he says most people acknowledge that some of the rankings contain legitimate, objective measures of success and have to be heavily considered when planning and building strategy. In particular,

they matter to prospective students and recruiters, who often perceive rankings as a litmus test of a school's performance.

"The philosophy for a long time has been to build a world-class business school and the rankings will follow," he says. "There's a lot of that that's true, and a big part that's not true. There are some tough choices that have to be forced by the market. The dean's big contribution is the message that we ought to take these more seriously, but we shouldn't sell out."

Alumni support is "the real chicken or the egg issue," Turner likes to say. He believes that, if Owen is to make significant strides forward, alumni need to engage and support the school now instead of waiting to see if the new strategy works. It won't be successful, he says, without their participation.

After receiving some lackluster class alumni giving numbers via email in January, Fitzgerald recalled that it took about 30 seconds for another email to hit her inbox. This one, from Turner, simply said, "Let's talk." Within minutes, a five-point plan was in place to stimulate class participation.

"He's not afraid of difficult truths and approaches them head-on," Fitzgerald says. "Yet he's very approachable. He doesn't lead by intimidation or try to impress everyone."

### **Getting Somewhere Together**

When analyzing problems, Turner relies on his training as an engineer to help him remain dispassionate. "That's a gigantic asset in the business world," he says. In the same breath, though, he admits to being not as strong in other areas. "On the other end, I struggle a lot with ideation and creativity," he says. "I'm completely lost in a marketing meeting or going over advertising copy."

Turner majored in electrical engineering at the University of Memphis and went to work for Porter-Cable, a power tool company in Jackson, Tenn., after graduation. He was with Porter-Cable

# OUR PLAN

*Be the business school of choice for students, faculty, employers and alumni.*

## **1. We will attract the brightest minds.**

- By making the value of a Vanderbilt business degree evident.
- By providing ample resources that empower our students to succeed.
- By continuing to provide the best student experience possible.

## **2. We will connect with industry.**

- By forging new and stronger relationships with employers and focusing on the recruiter experience.
- By keeping businesses and alumni involved in our work.
- By being strategically involved in influential professional and academic associations.

## **3. We will create knowledge.**

- By empowering faculty to do what they do best.
- By fueling faculty research that influences business.
- By fostering opportunities for sharing our ideas.

## **4. We will set the stage.**

- By investing in critical improvements to facilities.
- By building a new home that fosters our mission and nurtures our unique culture.
- By supplying resources and technology that keep pace with today's business world.

## **5. We will keep score.**

- Vanderbilt's programs are consistently ranked in the top 10 percent of accredited business schools, both in the United States and around the world. Within this elite group, we will reach even higher.
- By continuing our advances in student quality as measured by experience and attributes, GMAT and selectivity ratios.
- By expanding the number of recruiting relationships, resulting in abundant jobs and competitive salaries for our students.
- By showcasing faculty research and impact and, in doing so, strengthening our academic reputation.

## **6. We will tell our story.**

- One of the most critical steps in bringing our plan to life is crafting a powerful story. One that sets us apart from other schools. One that turns our collaborative community and culture into compelling benefits for prospective students and for those who employ them. One that is authentic to Owen today and true to where we want to be in the future.

*To read more about the new branding campaign, see page 48.*

*For more information about Owen's strategic plan, visit [owen.vanderbilt.edu](http://owen.vanderbilt.edu).*

## DO YOUR PART

### *10 easy ways to get involved at Owen*

#### **1. Update your alumni profile on VUconnect.**

Visit VUconnect.com to reconnect with classmates, submit family or career news, upload your resume, access exclusive job listings and advanced search engines for more targeted networking, and more.

#### **2. Follow Owen via social networking sites.**

Build even more connections by liking the Owen page on Facebook, joining the alumni group on LinkedIn and following the school on Twitter.

#### **3. Help attract great students to Owen.**

Refer an applicant or attend an admissions event in your city. Contact Admissions at (615) 322-6469 or [admissions@owen.vanderbilt.edu](mailto:admissions@owen.vanderbilt.edu).

#### **4. Serve as an Alumni Council Representative for your class.**

The Alumni Council enhances communications among classes by spreading the word about upcoming events and opportunities for alumni involvement. Contact Development and Alumni Relations at (615) 322-4760 or [kelly.jamerson@vanderbilt.edu](mailto:kelly.jamerson@vanderbilt.edu).

#### **5. Hire Owen students.**

Post internship or job opportunities for current students or alumni. Contact the Career Management Center at (615) 322-4069 or [cmc@owen.vanderbilt.edu](mailto:cmc@owen.vanderbilt.edu).

#### **6. Share your expertise.**

Present to a class or club, assist with mock interviews, or help students net-

work within your industry. Contact the Career Management Center at (615) 322-4069 or [cmc@owen.vanderbilt.edu](mailto:cmc@owen.vanderbilt.edu).

#### **7. Make a financial gift.**

Your gift, regardless of its size, helps fund important research, scholarships and improvements that strengthen the value of your degree. For more information, visit [giving.vanderbilt.edu](http://giving.vanderbilt.edu). Or contact the Development and Alumni Relations office directly at (615) 322-0815 or [alumni@owen.vanderbilt.edu](mailto:alumni@owen.vanderbilt.edu).

#### **8. Participate in an Owen event in your region.**

Whether it's helping to organize or host a CityOwen event, or attending a dinner with prospective students, there are a number of ways to get involved with the Owen community. To learn more about what is going on in your area, visit [owenalumni.com](http://owenalumni.com). Or contact the Alumni Relations office directly at (615) 322-7409 or [meg.hale@vanderbilt.edu](mailto:meg.hale@vanderbilt.edu).

#### **9. Attend Owen Alumni Weekend.**

Reunite with your classmates in the spring and reminisce about your Owen experiences. Visit [owenalumni.com](http://owenalumni.com) for a recap of the 2012 weekend and for additional details about next year's festivities.

#### **10. Enrich your career.**

Take advantage of Owen's career management services and receive coaching and advice. Or attend an executive development class at a 15 percent discount. To learn more, visit [owenalumni.com](http://owenalumni.com).

for nearly four years as parent company Pentair positioned the brand for sales in big-box stores.

"As an engineer, I had a chance to be in a lot of the management meetings," he says. "But I also walked the shop floor a lot and got to understand the differences between what the management team was trying to accomplish and what was actually happening on the front lines. It was very valuable. I learned how important it is to care about the people you are working with and who work for you. I learned the importance of clarifying their roles and making them feel safe if you wanted their best performance."

That perspective led him to think seriously about entering management. "I can do this," he thought.

Turner got to know an MBA intern from Kellogg Graduate School of Management at Northwestern who was sent by Pentair to evaluate Porter-Cable's progress. The intern encouraged his interest in business, and Turner enrolled in some accounting classes locally. Surviving those, he then decided to take the GMAT, apply to "the big MBA schools," as he says, and see what happened.

"The best fit, easily, was Owen," Turner says. His interview was affirming and straightforward. Everyone he met "was being real with each other," he says, "and I did not forget that."

His Vanderbilt degree gives him a great deal of pride these days. "I will say that easily the period in my life when my perspectives on the business world, and the world in general, opened the most was the two years I spent at Owen," he says.

His classmates were "phenomenal," he says, and his training matched that of his peers in the industry, adding, "I can't imagine it being much better."

While there was pressure on Turner and his classmates to do good work, "what emerged was a collaborative, participatory environment," he says. "It was a culture where everybody kind of understood we were all trying to get somewhere together. That's not neces-

sarily true in a lot of schools.”

Ray Friedman, the Brownlee O. Currey Professor of Management and Associate Dean of Faculty and Research, remembers Turner as a stellar student, respected by his classmates. “He was focused on managing people and had a sense of the importance of relationships,” Friedman says.

He’s been equally impressed by Turner’s work as an active alumnus.

“Brent’s got a level head about him and a way of building relationships. He’s focused on what we have to do and the need to get beyond planning and brainstorming to saying, ‘Let’s make things happen.’”—Ray Friedman

“He’s got a level head about him and a way of building relationships,” he says. “He’s focused on what we have to do and the need to get beyond planning and brainstorming to saying, ‘Let’s make things happen.’”

After graduating from Owen, Turner did a short stint with a private equity group in Dallas before moving to Seattle and a company called Avenue A, a startup focused on Internet advertising. Over the next nine years, Avenue A became aQuantive, which in turn became the biggest acquisition in Microsoft’s history at a reported \$6 billion in 2007.

Turner, who had been Vice President of Operations for aQuantive, moved into the role of General Manager for Search and Media Network Businesses for Microsoft. He was part of the 2008 global rollout of Microsoft Media Network, Microsoft’s online display media business. Then, in 2009, he helped lead the global launch of Bing, a Microsoft Web search engine that now also powers Yahoo! Search.

From Microsoft, Turner headed to Marchex, a publicly traded company that is experiencing rebirth through a focus on digital call advertising. Marchex helps companies reach the right prospective customers using mobile media.

Instead of advertisers calling cus-

tomers, smartphones provide the opportunities for consumers to place calls through the digital ads that they encounter while searching and browsing the Internet. “Most advertisers are intimidated by the complexity of figuring out how to place all those ads effectively,” Turner says. “That creates a role for an intermediary. We develop relationships with publishers of mobile advertising and make placing ads with

them easy. Our job is to drive phone calls for our advertiser partners in a way that works for them economically and is not overly complex.”

Turner enjoys being on the front end of this new frontier in advertising. “There are a lot more opportunities than most people realize in these early stages,” he says.

### Understanding the Conversation

Not surprising, Turner directs his energy into volunteer work in Seattle as well, chairing the board of REST, or Real Escape from the Sex Trade, a faith-based organization that seeks to divert at-risk minors from being trafficked into prostitution. There are a surprisingly large number of minors working as prostitutes in the Seattle area: REST puts current estimates at 450.

“In the garden variety case, a girl has a broken relationship with her parents and becomes a runaway,” Turner says. He explains that she might take a job in a strip club or a bikini barista stand where she is then befriended by a pimp who makes her feel special, at least initially.

Turner channels his business acumen into understanding, as he says, “the demand side of the equation so we can come up with strategies for reducing the number of ‘johns’ hiring

the girls.” REST also works to proactively identify girls who are at risk and give them alternatives.

“We want to find choke points where we can prevent them from entering the life. We want to help them find work and understand their identity—that they are children of God,” he says.

The work is difficult and emotionally demanding—“This ain’t for everybody,” he explains—but it’s ultimately rewarding when girls come out of life on the streets.

Although Turner loves Seattle and is connected to the city in many ways, he relishes each opportunity to return to Nashville. When not in meetings at Vanderbilt, he often hops in his car for a visit to Columbia, Tenn., where his mother lives.

“I probably see her more often than most parents with local children,” he says with a laugh.

That filial devotion is not unlike the commitment he feels toward Owen. Turner believes that the school and its focus on an intimate community should not be taken any more for granted than a parent. It’s a message he hammered home in a speech to last year’s graduating class. “Make sure you appreciate just how special our culture is at Owen. Don’t forget just how awesome your classmates, faculty and fellow alumni are because you have had the opportunity to get to know them so well,” he said in the speech.

Turner is frequently reminded of the high caliber of people associated with the school, particularly in his work with the Board of Visitors. “This is an impressive stakeholder group,” he says. “These people are used to board seats and understand the conversation. They’re very good at getting their fingers right on some of the key issues or root drivers of problems and then stating their views on how to

*continued on page 46*

## Second Act

*How Vanderbilt helped me reimagine my career*

By ALEX NICHOLSON, EMBA '01

*The following is adapted from a speech given at the graduation ceremony for the Executive MBA Class of 2011.*

**M**Y NAME IS ALEX NICHOLSON, AND I'M 63 years old. A year and a half ago, I began a new job as a trading partner in a startup hedge fund. It's the best job I've ever held—the best boss, the best environment and the most fun work. For the first time, I wake up early and can't wait to go to work. I invest my own money in the fund, so I'm an owner as well as an employee. It's also the most remunerative work I've ever done. I attribute my newfound success largely to the Vanderbilt Executive MBA program, but my path has been a circuitous one.

I was a late arrival to the business world. I was born and raised in Nashville and earned degrees in philosophy and law at Stanford. But after 20 years in California and unfulfilling stints in education research at Stanford and in corporate law in San Francisco, I returned to Nashville to reinvent myself. The family business, Nicholson's Hi-Fi, which sold audio-video systems and had been successful since 1946, was encountering difficulties in 1987 and needed help. At age 38, I decided to join my father in the business.

Nicholson's Hi-Fi grew and prospered in the 1990s, designing and installing home theaters, lighting control systems and home automation systems in Nashville's finest residences. One day in 1998, after I had taken over the company from my father, it struck me that I didn't know what the hell I was doing running a business with 25 employees



**Alex Nicholson, who was the oldest in his Executive MBA class, credits the program for helping him reinvent his career.**

and \$3.5 million in annual sales. I had had no business education and only minimal on-the-job training. I was managing by the seat of my pants and unsure of every major decision.

I met with Tom Hambury, Owen's Director of Executive Programs at the time, to ask whether I could benefit from the Executive MBA program. I expected him to say no, that the program was intended for rising midcareer employees at large corporations, who could use the degree to earn promotions and raises. Tom startled me when he responded, "The Vanderbilt Executive MBA is a lock-step, generalist program without

specialization. Corporate employees, who are specialists, benefit greatly from the program. However, small-business owners, who have to be generalists, benefit most of all because they need every course in the curriculum."

Tom was right. To run my business, I needed to learn accounting, human resources, strategy, economics, negotiation, finance, organizational behavior, operations, marketing, leadership, entrepreneurship, and statistics. And so, at age 50, the oldest in my class, I entered Owen in the fall of 1999. I looked forward to getting to know the beautiful Vanderbilt campus, but I ended up sit-



ting in the same building, in the same classroom, in the same exact seat every class for two years. But I loved every part of the Executive MBA program—the professors, the classes, the reading, the students and the teamwork—everything that I had disliked about law school.

Luke Froeb, the William C. Oehmig Associate Professor in Free Enterprise and Entrepreneurship, taught me where wealth comes from and convinced me

“After I had taken over the company from my father, it struck me that I didn’t know what the hell I was doing. I had had no business education and only minimal on-the-job training. I was managing by the seat of my pants and unsure of every major decision.” — Alex Nicholson

to align my political interests with my economic interests. Ray Friedman, the Brownlee O. Currey Professor of Management and Associate Dean of Faculty and Research, taught me to negotiate from a broader perspective so that both sides could come out ahead. Germain Böer, Professor of Accounting and Director of the Owen Entrepreneurship Center, taught me how to start a new company, which made me glad my father had already done it, and I didn’t have to.

My favorite course at Owen, however, was the finance class taught by Bill Christie, the Frances Hampton Currey Professor of Finance and Professor of Law. Before Bill’s class, I didn’t even know what finance was. When I started to read the textbook over the semester break, I couldn’t put the book down. All of a sudden, the big picture of business made sense—companies, projects, debt and equity, dividends and buy-backs, the stock market. My favorite topic was options—puts and calls,

profit and loss graphs, synthetic stock positions and real options.

But finance and options had little to do with Nicholson’s Hi-Fi. My purpose at Owen was to learn so that I could help my family business. I tried my best to share with my associates what I had learned. I found that task was much harder than anything I ever did at Vanderbilt. So I went back to the basics: I hired a coach to work on team building,

which I considered the most fundamental lesson from Owen. We went on expensive overnight retreats, talked freely to each other and kept careful notes about our commitments to accountability.

None of it worked. I found out that the general manager disliked the salesmen because they could earn more than he could; the salesmen distrusted the technicians to install their systems correctly; and the technicians bullied each other and refused to follow directions from the general manager. Owen had elevated me to a higher plane of business consciousness, but I was unable to raise my company along with me.

After my graduation, the housing boom brought an onslaught of new competition in our industry—from the Internet, from big-box stores, and from local installers without the overhead expense of a retail store. Our revenue plateaued and by 2005 was starting to decline. The company that had supported our family so well for six decades now needed cash infusions from the family to cover its

expenses. Soon I was \$2 million in debt and unable to see a way out.

I finally realized that I had to let go of the idea of keeping the family business afloat. Remembering my interest in finance, I started taking classes in stock and options trading, which I enjoyed tremendously. In 2006 I sold our warehouse and started reducing my debt. In 2007 I sold the business operations to a Birmingham, Ala. audio-video company that wanted to open a Nashville branch. I made sure that all my employees had positions with the buyer and that all my customers’ jobs in progress were completed. Then I started trading options full-time for my own account. In late 2010 I sold my final parcel of real estate—the retail store, which had stood empty for four years—and paid off the remaining debt.

My solo options-trading career was successful, but my returns were inconsistent, and I felt unfulfilled. My wife, Laurie, encouraged me to find a real job—and get out of the house—while trading options on the side, so I went back to Owen to confer with Debbie Clapper, Associate Director of Executive and Alumni Career Services. She helped me redo my resume, which had been dormant for 25 years, and sent me job postings from Owen every day.

Then early last year, a friend of mine contacted me about a new fund she was starting. The best options trader I’ve ever known, she left the corporate world in 2007 to follow her passion: a charity she founded called Just Hope International, which provides infrastructure projects in the poorest parts of the world. While supporting herself and her charity by trading options, she started a closed hedge fund

*continued on page 46*



innovation

# Bright

# AND BOLD

*Spurring innovation through  
business and research*

By ROB SIMBECK

**F**or David Owens, innovation on a personal level can be hard-wired.

“I am genetically an engineer,” he says. “My wife remarked one day as we were traveling, ‘Why do you always have a bag full of wires when we go on vacation?’ It’s just always been part of my identity.”

PETER CROWTHER, GETTY

On a business level, innovation is a much slipperier commodity, says Owens, who studies the subject as Professor of the Practice of Management and Innovation at Vanderbilt. Although all businesses rely on timely innovation, most of them too often block it, according to Owens' latest book.

*Creative People Must Be Stopped: Six Ways We Kill Innovation (Without Even Trying)*, published in 2011 by Jossey-Bass, takes a clear-eyed look at six levels of stumbling blocks we unintentionally place in front of new ideas and their implementation. "I believe that everyone is creative, that everyone can and will move toward positive change given the opportunity," Owens says. "My interest is understanding ways we stop people from doing that."

At each of those six levels—self, group, organization, industry, society and technology—innovation faces resistance (see page 29). "Take the organizational level," he says. "Imagine the monumental courage it would take at Kodak in the '80s to say, 'Guys, I think we should stop doing film.' It would be hard even for those people who knew that film's days were numbered."

He cites the Segway, a two-wheeled electric vehicle, as an invention whose potential on paper hit the brick wall of societal realities. "The Segway was too fast for the sidewalk and too slow for the streets," he says. "That's not a technical problem. They didn't need the battery to last longer or to make the handlebars more comfortable. It was the societal restraints that they failed to address."

Fighting the roadblocks that we and others throw in front of our own and each other's creativity is at the core of Owens' work as a teacher, mentor and consultant to organizations like NASA and the Smithsonian Institution. His is an almost counterintuitive approach.

"It's not, 'Here's how to be creative,' but rather 'Here's how to stop your existing creative ideas from being blocked or killed,'" he says. "The punch



David Owens

line of the book is that there are at least six different ways to look at innovation, and you should pay attention to all of them because each one has the power to help you find the hidden barriers your innovation will face. What I find is that

"For us, innovation is about getting people into the field, having them see surgeries, and coming back and sharing ideas without barriers and without process." —Jerome Edwards

it's the one perspective you ignore that ends up biting you."

He sees creativity and innovation play out in real time as a mentor at the Entrepreneur Center, a Nashville-based nonprofit that connects entrepreneurs with investors and resources, and as Faculty Director of the Vanderbilt Accelerator Summer Business Institute for undergraduates and recent college graduates.

"Projects in the Accelerator," Owens says, "touch all aspects of business—marketing, finance, operations, HR, manufacturing, strategy, design—and the program allows these students to experience the entire span of what happens in business in just a few weeks."

He has watched any number of students carry ideas generated, refined or actualized at Owen into careers. He points to students who have gone on to do innovative work at places like Apple, Mattel, Microsoft, Google and Nissan. Another he cites is Jerome Edwards, MBA'04, Founder, President and CEO of Veran Medical Technologies, a St.

Louis-based company that has developed cutting-edge imaging technology for surgical procedures.

### Surgical Precision

Before earning his MBA at Vanderbilt, Edwards worked for Medtronic, one of the world's leading medical technology companies. There he built a voltage-based navigation system that guided catheters inside the heart to burn tissue and regulate heartbeat. That technology, however, was spun off into another company and ultimately acquired by a Medtronic competitor in a \$273 million deal. It was then that a frustrated Edwards decided to start a new chapter in his career.

"I wasn't going to let that happen again," he says. "Medtronic had been a

great company to work for, but I decided to leave and go back to business school."

A Dean's Scholar, Edwards enrolled at Owen in 2002 because he says, "I felt at home and felt the entrepreneurial spirit." That feeling was shared by fellow student Evan Austill, BS'93, MBA'04. The two teamed up and started writing business plans for the type of technology Edwards developed at Medtronic, but for different organs.



Jerome Edwards

Edwards and Austill were encouraged by Germain Böer, Professor of Accounting and Director of the Owen Entrepreneurship Center, as well as former faculty member Bruce Lynskey, MBA'85. Edwards says Owen's center "kept putting me in great opportunities in terms of business plan competitions and showcasing the plans to alumni."

After receiving \$65,000 in grant money, Edwards and Austill founded Veran Medical Technologies and paid for the first patent, which was written in the 810 Café at Owen. That patent was for a device that acts like a GPS system for the human body. An electromagnetic field and sensors are used to steer the device inside the body and then help sample or excise tissue that is suspected of being cancerous. The innovation is in making the device work in the lungs, which continue to move during surgery.

"With cancer," Edwards says, "it's about diagnosing as early as possible. In this case, we can get to the deepest, darkest regions of the lungs, get tissues from suspect lesions and progress to therapy if it's cancerous."

With just 28 people on staff, Veran is a small company where, Edwards says, "everybody participates in R&D—everybody does everything." The company's small size and flexible approach have helped it overcome the types of adverse group dynamics and organizational missteps that, according to David Owens, hamper innovation.

"One engineer in a small company can do the same amount of work as three in a big company because you're freer," Edwards says. "Process is good but it can be burdensome. Here, rather than meeting after meeting after meeting, you just walk in and ask a question, then go back to your desk and get to work again."

"For us," he adds, "innovation is about getting people into the field, having them see surgeries, and coming back and sharing ideas without barriers and without



**Adam Albright is helping RentStuff.com get a foothold in the marketplace with an unconventional business model.**

process. Once you get to a level where it's going to be turned into a real product, then you fold it into effective process."

### Renter's Paradise

For a small number of students, innovative ideas and an entrepreneurial spirit lead to the business world prior to graduation. That has been the case for Adam Albright, BE'10, an MBA candidate for 2012. Albright is Co-founder of RentStuff.com, which he describes as "a marketplace similar to eBay for renting rather than selling household items." He teamed up with his two fellow co-founders when they needed someone with a technical background. Albright, who has been doing freelance software and website development since he was 10, earned his bachelor's degree at Vanderbilt's School of Engineering.

Participation in a summer-long incubator program at the Entrepreneur Center provided RentStuff.com with \$15,000 in seed capital, mentoring and networking, and the chance to refine

their presentations with the help of Michael Burcham, Lecturer of Entrepreneurship and President and CEO of the center. The program also gave them temporary office space.

"We have a couple of desks and white boards, and we make a lot of to-do lists and brainstorm ideas," Albright says. "Part of my job is to explain the technological complexities behind what we want to do."

The RentStuff.com model takes advantage of a fundamental shift in the way people access everyday goods. Albright cites a phenomenon called "collaborative consumption," which he says is when "people try to own less stuff and rethink how they consume assets." He and his partners have drawn inspiration from Zipcar, a membership-based car-sharing company, and Airbnb, which matches people needing short-term lodging with those offering everything from sofas to castles.

RentStuff.com handles payment transfers and security deposits, and

offers reviews of people who use the service and the items rented, which include bicycles, cameras and even cocktail dresses. Recognizing that the target demographic skews younger means part of the innovation lies in finessing potential backers.

“Someone making six figures is not going to be renting golf clubs for \$20 a day,” Albright says. “You have to explain to investors how it would work and who would be interested because it’s a new model and the math doesn’t add up for them. The investors aren’t the ones using it, but they’re the ones we need on our side.”

In other words, Albright and his business partners have faced some of the societal innovation constraints that

David Owens writes about in his book. Society’s adherence to a conventional way of doing business sometimes prevents more creative approaches from gaining traction.

In the case of RentStuff.com, part of the solution lies in bringing small stores on board and offering to link them to potentially large audiences through the website. “We can emphasize the rental business side of RentStuff.com to investors, and then add that individuals can do it, too,” Albright says.

He finds that as a businessman, youth can be a mixed blessing. “Being young, you get a lot of helpful advice,” he says. “People are very willing to tell you about experiences they’ve had and pitfalls they’ve faced, and it speeds up

the learning process. But when you go to an investor looking for half a million dollars, maybe they’d feel better if you were 50.”

Nashville, he adds, has been a good place to get attention and work out the kinks before carrying the concept to a larger city, where high-density neighborhoods and apartments concentrate the potential market for rental items like carpet cleaners and sporting goods.

Albright also attributes their early success to the company’s domain name. He believes that it has been crucial in driving people to their website.

“RentStuff.com is a pretty identifiable name,” he says. “It’s easy to figure out what we do.”

### Wallet Allocation

A great name is also the capstone of a highly regarded customer loyalty measure developed by Bruce Cooil, the Dean Samuel B. and Evelyn R. Richmond Professor of Management, and alumnus Tim Keiningham, MBA’89, with marketing research firm Ipsos Loyalty.

The Wallet Allocation Rule, as it’s known, came about because traditional metrics gauging customer satisfaction and loyalty “do a terrible job of linking with the share of category spending that customers allocate to the brands they use,” says Keiningham, the firm’s Global Chief Strategy Officer and Executive Vice President.

That need prompted a two-year study in collaboration with Lerzan Aksoy, Associate Professor of Marketing at Fordham University, and Alexander Buoye, Vice President of Analytics at Ipsos Loyalty. The study examined more than 17,000 consumers in nine countries and covered purchases in more than a dozen industries. A key datum was the number of brands being considered along with relative rank.

**Bruce Cooil (left) and his co-authors won the Next Gen Market Research “Disruptive Innovation” Award for their work on the Wallet Allocation Rule.**



In the end, Cooil and his collaborators found that companies would be better served paying attention to how well they rank in comparison to rivals, rather than concentrating on achieving high customer satisfaction levels. According to their research, being a customer's first, rather than second, choice can have a significant financial impact.

"What we found shocked us," Keiningham says. "Our research uncovered a heretofore unknown relationship between customers' perceptions of the brands they use and their share of wallet that could be easily calculated using a simple mathematical formula: the Wallet Allocation Rule."

The rule makes it simple for managers to determine the financial implications of rank and of moves up or down, he says.



Tim Keiningham

Its implications include the fact that customer satisfaction is best understood in the context of competition, since it can rise even while per-customer spending declines.

"We looked seriously at alternatives," says Cooil, who analyzed the data. "You see other papers that look at converting ranks to market shares using industry-specific parameters. We were expecting to have to go that way, but Alex suggested this other approach, and more complicated methods couldn't do any better."

It's an approach that breaks through the kind of industry constraints and societal barriers that David Owens studies. "We all start out with an idea of how things work," Keiningham says, "and this view causes us to seek out information that supports that view and discount information to the contrary. As a result, we get a lot of 'motivated' research to prove what we want to believe."

Keiningham and Cooil have become close friends through the years: Cooil was a best man at Keiningham's wed-

## SIX ROADBLOCKS TO INNOVATION

David Owens' *Creative People Must Be Stopped: Six Ways We Kill Innovation (Without Even Trying)* (Jossey-Bass, 2011) outlines six different roadblocks to creativity. They are as follows:

**SELF** – Wanting to solve problems in the way we're good at solving them, even if they call for a different approach: "We make every problem a nail when we think we have a good hammer."

**GROUP** – Shutting off ideas from new people or subordinates because of ego: "We're managers because we know more," when sometimes that knowledge is 25 years old and no longer relevant.

**ORGANIZATION** – Not sharing the company strategy, so that people waste time on tangents or on innovations that you then later have to kill.

**INDUSTRY** – Ignoring the "low end" of the market: This is most obvious in education, where the inability or unwillingness to deal effectively with



slow or reluctant learners hurts everyone.

**SOCIETY** – Ignoring societal values and shared understandings: The Segway is great at what it does but has no real place in our cities.

**TECHNOLOGY** – Underestimating the complexity of a problem or its interaction with the environment: The introduction of the kudzu plant to stop erosion in the U.S. has created far more problems than it has solved.

ding in Istanbul and has collaborated often with Keiningham and Aksoy, who are husband and wife. Their collaboration plays off their differing approaches and personalities.

"They get me interested in projects I might not find interesting otherwise," Cooil says. "I have very different talents from Lerzan and Tim. They're much more organized, much more focused on what industry really needs to know about, what would really help companies—and they get projects started."

"They're the ones asking the questions and telling me what the current theory is.

I go through and see how the models are working. Then they ask, 'What can we do? We have this really interesting data. Can we come up with another approach or do something different with the data or clear up an issue that everyone's convinced they understand but we're convinced they don't understand?' They're pretty demanding. They want answers and they keep projects going."

Their four-way collaboration with Buoye on the paper "Customer Loyalty Isn't Enough. Grow Your Share of

*continued on page 46*



# Hands On

*Immersion Week offers students real-world experience*

By SETH ROBERTSON

**E**xperiential learning has long been a point of pride for Owen. Case competitions, extracurricular club activities and in-class simulations are just a few of the opportunities afforded students throughout the academic year. Each fall, though, students can go a step further by signing up for an intensive hands-on experience in one of several disciplines. Immersion Week, as it's known, gives students a competitive edge by exposing them to real-world situations outside a traditional classroom setting. This past October's Immersion Week encompassed health care, finance, marketing and global education, all of which are highlighted in the photo essay that follows.





## Health Care Immersion

**LARRY VAN HORN, ASSOCIATE PROFESSOR OF** Management and Executive Director of Health Affairs, and Scarlett Gilfus, Program Coordinator for Health Care, organized this weeklong course for students pursuing Health Care MBAs. The course examined the real world of U.S. health care delivery through the perspectives of physicians, nurses, patients, scientists and administrators. On day one, students changed into scrubs and headed into the operating rooms at Vanderbilt University Medical Center, where they stood next to doctors and nurses and watched surgeries being performed. Other activities included visits to the LifeFlight Operations Center, which manages Vanderbilt's critical-care helicopter service, and the Mass Spectrometry Research Center, which provides laboratory support for researchers across the university.

"It was a one-of-a-kind experience that prepared us for the rest of our curriculum at Vanderbilt," says Garrick Berberich, an MBA candidate for 2013. "We got to see all aspects of the health care industry and discuss the front-line interactions between providers and patients."

The Health Care Immersion is a valuable start to the Vanderbilt Health Care MBA program. It leverages our unique position in Nashville as the nation's hub of health care delivery. During the week, students gain many different perspectives on the challenges facing the health care delivery system and leave with a better context for the business education that follows. *—Larry Van Horn*

## Wall Street Week

The Career Management Center's Executive Director Read McNamara, MA'76, and Senior Associate Director Emily Anderson helped coordinate this weeklong trip to New York for 34 first-year MBA students exploring careers in finance. The group met with representatives of 11 different financial services firms: Bank of America Merrill Lynch, Barclays Capital, Citi Commercial Banking, Citi Investment Banking, Credit Suisse, Goldman Sachs, Guggenheim Partners, JPMorgan Chase, Paulson & Co., Petrus Partners and UBS. Representatives of the firms gave presentations about the economy and discussed MBA career paths within their organizations. Students gained additional insight into Wall Street from alumni who joined Dean Jim Bradford for the annual Wall Street Week Alumni Reception at the Union League Club.

"Wall Street Week was very important for my internship search," says Neena Sinha, an MBA candidate for 2013. "Not only did I learn more about the banking industry, I gained a valuable network that will help support my career in the future."

Wall Street Week is the primary mechanism for introducing careers in financial services to first-year MBA students. When they meet alumni and other firm representatives, it brings a sense of reality to career paths they may have only read about. Students come back much better educated about their options and what it takes to get to Wall Street from Owen. —Emily Anderson

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## BrandWeek

Associate Professor of Marketing Steve Hoeffler and Jack Kennard, Principal at White Oaks Brands, a Louisville, Ky.-based brand strategy firm, organized this three-day event for marketing students. Executives from spirits and wine company Brown-Forman, pizza restaurant chain Papa John's and appliance manufacturer GE gave talks on issues such as social marketing and consumer engagement. The highlight of the experience was a team case assignment for pet food manufacturer and veterinary care company Mars Petcare.

"It was exciting when our team was voted by Mars Petcare as having the winning strategy," says Ashley Welnhofner, 2013 MBA candidate and President of the Vanderbilt Marketing Association. "We were invited to research and assemble a social media ambassador program for the company as an independent study during mod 2. Working hand-in-hand with their brand management team definitely enhanced my education."

The key to a good immersion experience from a pedagogical perspective is to foster interaction between business leaders, such as our presenters from Brown-Forman, Papa John's, GE and Mars Petcare, with bright students who work on problems that matter—like understanding the ROI behind social media marketing activities. —*Steve Hoeffler*

There were many eye-opening experiences for our group. One of my favorites was learning firsthand about socially conscious initiatives at Turkcell and seeing how those initiatives reinforce the company's mission as well as its bottom line. Of course, the generosity of the Turkish people and Vanderbilt alumni who helped plan our visit also made lasting impressions on us all. —David Parsley

## Global Business Association Trip to Turkey

The Global Business Association, a student club focused on international business, helped plan this weeklong trip to Istanbul to learn about the Turkish economy. Accompanying the 18 students on the trip were David Parsley, the E. Bronson Ingram Professor of Economics and Finance, and Assistant Professor of Operations Mumin Kurtulus, a native of Turkey. Among the highlights were tours of the Istanbul Stock Exchange; Turkcell, the leading mobile communications company in Turkey; and MyNet, the largest Internet company in the country. The group also had time for a few cultural stops, including a cruise around the Bosphorus and visits to architectural landmarks like the Hagia Sophia and the Sultan Ahmed Mosque, also known as the Blue Mosque.

"I didn't know much about Turkey before going there (except that I liked Turkish coffee)," says Aaron Fung, an MBA candidate for 2012. "The trip gave me a great deal of insight into Turkish thinking. It's partly European, Asian and Middle Eastern—just like its geographic location."





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## Owen in the News

### *The Associated Press*

**March 7:** **Michael Burcham**, Lecturer of Entrepreneurship, has been chosen as a “champion of change” as part of President Barack Obama’s “Winning the Future” initiative. Burcham was honored at a White House ceremony for his leadership in mentoring the next generation of entrepreneurs.

### *Bloomberg Businessweek*

**Nov. 2:** MF Global Holdings Ltd.’s bankruptcy, the eighth-largest in U.S. history, is exposing a lack of internal controls that may have prevented a last-minute rescue of Jon Corzine’s futures broker. **Hans Stoll**, the Anne Marie and Thomas B. Walker Jr. Professor of Finance and Director of the Financial Markets Research Center, is quoted.

**Jan. 11:** B-school electives have taken a turn for the creative, tackling everything from New York City’s problems to health care to humanitarian relief. In the Fundamentals of Quality Improvement in Health Care elective, students from the **Owen School** join nursing and medical students to focus on process improvements at Vanderbilt University Medical Center.



### *CNNMoney*

**Feb. 3:** Worried that the Federal Reserve and the U.S. dollar are on the brink of collapse, lawmakers from 13 states, including Minnesota, Tennessee, Iowa, South Carolina and Georgia, are seeking approval from their state governments to either issue their own alternative currency or explore it as an option. **David Parsley**, the E. Bronson Ingram Professor of Economics and Finance, is quoted.

**Feb. 4:** For some, Super Bowl Sunday is all about the game. For others, the ads take center stage. **Jennifer Escalas**, Associate Professor of Marketing, offers three keys to a killer Super Bowl ad: a meaningful narrative, strong linkage to the brand, and “equity,” which occurs when brands that appear perennially build up a positive association in consumers’ minds.

### *The Dallas Morning News*

**Feb. 14:** Life-threatening problems persist at Parkland Memorial Hospital and are more widespread than previously known, enabled by a “business as usual” culture that has kept it from fixing serious breakdowns, according to a new report. **Ranga Ramanujam**, Associate Professor of Management, is quoted.

### *The Economist*

**Jan. 3:** As Brazil’s economy booms, U.S. business schools are catering to increased interest in the country by seeking new partnerships and programs with local institutions. Vanderbilt’s **Americas MBA for Executives** program is mentioned.

### *Financial Times*

**Jan. 30:** The **Owen School** ranks No. 4 nationally and No. 7 internationally in the human resources category of the *Financial Times* Global MBA Ranking 2012.

**Jan. 30:** Interest in joint J.D. and MBA programs is being driven by changes in the demand for legal services, says Dean **Jim Bradford**.

### *Forbes*

**Dec. 2:** Insurance is not a wealth redistribution tool in which good risks cover the bad ones to ensure that everyone pays the same rate, writes **Larry Van Horn**, Associate Professor of Manage-

ment and Executive Director of Health Affairs.

**Jan. 26:** **Bruce Barry**, the Brownlee O. Currey Jr. Professor of Management, is quoted about clichés and jargon used all too frequently in the business world.

### Fortune

**Nov. 23:** MBA applicants from India and China face significantly higher rates of rejection by many top U.S. business schools than either domestic candidates or those from Europe or Latin America, according to a new study by *Poets & Quants*. **John Roeder**, Director of Admissions, is quoted.

**Dec. 9:** The **Owen School** rose three places to 25th this year in a new ranking by *Poets & Quants*. The list is a composite of the five major MBA rankings published by *Bloomberg Businessweek*, *The Economist*, *Financial Times*, *Forbes* and *U.S. News & World Report*.

### The Globe and Mail

**March 13:** Diverse in scope, new executive MBA programs often share similar features: an international learning component, a blend of in-class and online study, and curriculum delivered by multiple partners. The **Americas MBA for Executives** program is mentioned.

### Investor's Business Daily

**Feb. 14:** Companies can teach people to boost their what-if mindsets and can learn how to generate new approaches by working with employees in a number of brain-building drills. For example, **David Owens**, Professor of the Practice of Management and Innovation, suggests allowing workers to get out from

behind their desks and try thinking in a new place. *For more about David Owens, see page 24.*

### Politico

**Nov. 29:** Opponents of Dodd-Frank financial regulations have been emboldened by a circuit court ruling that faulted the Securities and Exchange Commission for failing to determine the full costs of implementing the law. The SEC responded to the ruling by bulking up its Division of Risk, Strategy and Financial Innovation, a sort of in-house think tank created in 2009 to examine the economic impact of the rules. The appointment of **Craig Lewis**, the Madison S. Wigginton Chair of Management, to lead the division is mentioned.

### SmartMoney

**Dec. 11:** There is one way to steady a stock portfolio without unloading shares: an options strategy known as “covered calls.” The idea is to collect extra income now in exchange for giving up potential gains later. **Bob Whaley**, the Valere Blair Potter Professor of Finance, is quoted.

### U.S. News & World Report

**Feb. 23:** Business students seem to be increasingly seeking jobs in the policy, technology and management of education, say education professionals. The **Owen School** is among the top-ranked business schools that have student-run education clubs.

**Feb. 29:** Three-year programs are increasingly being explored by colleges and college-bound students and parents as a more affordable route to a degree. Others, like Vanderbilt alumnus **Ted**

**Griffith**, BS’08, MSF’09, earned both a bachelor’s degree and a master’s in four years.

### March 13: The Owen School

improved to No. 25, three spots better than last year, in *U.S. News & World Report*’s latest rankings of business schools. *For more about the rankings, see page 6.*

**March 21:** **Read McNamara**, MA’76, Executive Director of the Career Management Center, discusses sectors that are hiring and offers advice to B-school graduates.

**April 3:** Admissions officers at the **Owen School** discuss what they look for in applicants and what sets the school apart.

### The Wall Street Journal

**March 28:** Alumnus **Doug Parker**, MBA’86, Chairman and CEO of US Airways, is interviewed about consolidation in the airline industry.

**April 5:** The **Owen School** has increased support for job-seeking foreign students by hiring a dedicated career-services staffer for the international contingent; scheduling “how I did it” presentations by international students who successfully secured jobs in the U.S.; organizing job-hunting trips to Asia; and offering webinars to address cultural gaps and identify companies that are more open to sponsorship. **Tami Fassinger**, BA’85, Chief Recruiting Officer, and alumnus **Juan Jose Thorne**, MBA’10, are quoted.

For more media mentions, visit the newsroom page at [owen.vanderbilt.edu](http://owen.vanderbilt.edu).

*Alumni Updates*

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The Sweet Spot *Sberu Cbowdby, MBA'00* | Rocky Mountain Reunion



# S A C T S ”

| Thank You to Our Alumni Ambassadors

## THE SWEET SPOT

**S**HERU CHOWDHRY, MBA'00, laughs about his earliest experience living in New York City. His first apartment was in Times Square, and there was little respite from the noise and lights. "It's a wonder that I didn't end up half-deaf and half-blind from all of that," he says. "It was sensory overload."

Chowdhry eventually settled on the other side of the Hudson River, where today he and his wife are raising their two children. The move has afforded him a better perspective on the city. "You can't beat the view of the skyline," he says. "Of course, I still work in Manhattan, but it's nice to be able to step outside of it and take it all in."

In some sense, Chowdhry had to go through a similar shift in his career, and he now appreciates what he does for a living all the more. As Managing Director and Partner at Paulson & Co., a New York-based hedge fund company, he is fully immersed in the investment, or "buy," side of Wall Street. Among

his responsibilities is overseeing Paulson's investments in distressed securities, such as companies that are entering bankruptcy.

"I love what I do," he says. "Bankruptcy investing is a good amalgamation of legal, financial and strategic thinking—about how we position ourselves in the capital structure and create value for the investors."

Prior to Paulson, Chowdhry worked in mergers and acquisitions on the banking side of finance. It was not a good fit, he admits. "I was an M&A banker for three years, but it wasn't right for me," he says. "The buy side was calling me."

Fortunately his Owen experience helped prepare him for the adjustment. "Vanderbilt was one of the best things that happened to me," he says. "It has such an excellent finance program, and I learned so much from my fellowship working at the Financial Markets Research Center."

It was this debt of gratitude that prompted Chowdhry to host Owen stu-



**Sheru Chowdhry**

'00  
dents during this past October's Wall Street Week, a tour of several different financial firms organized by the school's

Career Management Center. (For more about the tour, see page 32.) Chowdhry gave the students an overview of how Paulson's hedge funds operate, but the opportunity also let him share some advice about working on Wall Street—advice that comes only from having a broad perspective.

"Markets can be taxing, so it's important that you find that sweet spot and love what you do," he says. "In the long run, the people who do best are those who enjoy their careers."

—SETH ROBERTSON

"CLASS ACTS"

## Rocky Mountain Reunion

**THOMAS FELCH, MBA'08,** WRITES, "A group of Vanderbilt alumni shook out the cobwebs with a weekend trip to Vail, Colo." From left, are Lanny Teets, MBA'08; Ellen McGinnis, MSN'09; Justin Terry, MBA'08; Melissa Hunter Duncan, BS'04, MEd'05; Jon Duncan, MBA'08; Bobby MacDonald, MBA'08; Sam Milton, MBA'08; Rebecca Goodyear, BA'03, MBA'08; Chrissy Felch and Thomas Felch.



## Thank You to Our Alumni Ambassadors

The Admissions office would like to thank the following alumni for their help in recruiting prospective students. If you would like to be involved in future Admissions events, please email [admissions@owen.vanderbilt.edu](mailto:admissions@owen.vanderbilt.edu).

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Matt Abel, MBA'09  
Javier Canas, MBA'05  
Jared Degnan, MBA'09  
Travis Dunn, MBA'11  
Astrid Huebner, MBA'09  
Erin White, MBA'09

### Austin

Paige Brown, MBA'10  
Michael Chao, MBA'11  
Chapin Hertel, MBA'10

### Beijing

Chuan-Cheng "Tim" Wu, MBA'04

### Boston

Jack Hartley, BA'04, MBA'11

### Charlotte

Katie Branner, MBA'06  
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Karen Kremeier, MBA'05  
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Kelly Leo, BS'03, MBA'11  
Keith Whitman, BS'03, MBA'11



**Jerry Jang and Courtney Fedou, Associate Director of Admissions, at a recruiting event in Seoul, South Korea**

### Sao Paulo

Luis Berlfein, MBA'97  
Fred Muzzi, MBA'09  
Eduardo Oliveira, MBA'99  
Francisco Pinheiro, MBA'95

### Seattle

Erin Anderson, MBA'10  
Claudia Escobedo, MBA'11  
Lauren Reus, MBA'11  
Megan Teepe, MBA'11  
Brent Turner, MBA'99

### Seoul

Younghak Hong, MBA'08  
Seung Hee "Jerry" Jang, MBA'04

### Shanghai

Cong "Lincoln" Lin, MBA'09  
Liangliang "Leo" Xu, MBA'10

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Masa Morimoto, MBA'07  
Keisuke Yamashita, MBA'09

### Washington, D.C.

Peter LaMotte, MBA'06  
Susan Strayer, MBA'07

"CLASS ACTS"

"CLASS ACTS"

## INSIDE OWEN

*continued from page 9*

Prior to business school, Fung worked as Director of Strategy for Ascend, a nonprofit association that focuses on professional networking and leadership opportunities for Asian Americans. His experiences at Ascend have helped him steer the Owen Insights venture. He views the series as an opportunity for students to not only network with each other but also hone critical presentation and public speaking skills.

Students are encouraged to suggest ideas for workshops, and topics in the past have included the business of education and American slang, which was of particular interest to international students. More recent topics have ranged from Foundations of American Politics, taught by Steven Smith, former presidential appointee, White House staffer and MBA candidate for 2013; to Tips and Tricks of Excel led by former financial analyst and 2012 MBA candi-

date Doug Midkiff; to European Economics led by Sergi Tejero Cano, former Chairman of the Andorran Economist Association and MBA candidate for 2012. Fung himself, who is a chartered retirement plan counselor, taught The Basics of Personal Finance along with Kate Yoho and Carlton Fitch, both CFP practitioners and MBA candidates for 2013.

Thus far the series has seen an enthusiastic response from students, and Fung hopes it will continue even after he graduates. "I'd like Owen Insights to become a self-sustaining program that draws all students into it," Fung says. "I think people really want to learn from each other, and the great thing is that people are willing to teach. They just need a mechanism through which their knowledge can come out. Owen Insights gives students that mechanism and makes it easier for classmates to learn something that they might not get in a typical academic setting." **VB**

## INSIDE BUSINESS

*continued from page 13*

makers and proprietary firms are appropriating the potential gains of those in a short put-option position.

"Among other things, this raises fundamental concerns regarding contract design and market integrity," they write. "If many option buyers pay for the right to early exercise but either cannot or do not take advantage of it as a result of exercise costs, unawareness of appropriate decision rules, inability to continually monitor open positions, or irrationality, would not the integrity of the market be better preserved with stock option contracts that are European-style?"

*A version of this article originally appeared in VB Intelligence on Feb. 13, 2012.*



**VB**

**MBA candidate Doug Midkiff gives an Owen Insights presentation about Microsoft Excel.**

## ON BOARD

*continued from page 21*

solve them. It's pretty amazing in that crowd how quickly you go from stating an issue to some fairly clear and prescriptive input at a tangible level."

As deserving as Turner is to be among those Board of Visitors members, he can't help but inject some self-effacing humor into the discussion of his own place on the board. "They're lowering their standards to have me on this thing," he says. And then, he pauses to reflect on the scope of his alumni work at Vanderbilt.

"In my life, I've had the opportunity to do lots of things that are pretty amazing," he says. "This is one of them." **VB**

## LESSONS LEARNED

*continued from page 23*

to allow her former business associates to invest with her.

When we met to discuss her new fund, she offered me the opportunity to invest. As I was about to ask if she needed another trader, she asked me first if I would be interested in working at the fund. Fortunately I had the requisite professional degree and a current resume. During the third interview, I knew she was going to make me an offer. Forgetting everything that Ray Friedman had taught me about negotiation, I jumped directly to my bottom line and said, "This is my ideal job. I know there is no money right now. I'll work for free until the company can pay me." She beamed with joy and said, "What a blessing you are to do this for us! But it may be a year or two before we're profitable."

Our company, Hope Investments LLC, based in Brentwood, Tenn., trades options and futures on the broad-based stock indices. We have been profitable since the first month and have now paid

off our startup costs. A large share of our profit goes to support Just Hope International, the charity for which we are named. There are three partners, including myself, but no additional staff. My boss and other partner also serve as the president and executive director, respectively, of the charity. They are both now working to buy land in Sierra Leone, the poorest country in Africa, so that a self-supporting farm, orphanage, school, church and health clinic can be built there.

The opportunity at Hope Investments has enabled me not only to do well financially but to find a moral direction in my work. For that I have Vanderbilt to thank. Even though my original purpose in attending Owen was never realized, the Executive MBA program was the best educational experience I've ever had. Owen has given me the intellectual foundation to support a lifetime of continued learning in the business world. And when my perfect business opportunity came along, my education gave me the confidence to seize the moment—a moment that forever changed my life. **VB**

## BRIGHT AND BOLD

*continued from page 29*

Wallet," published in the October 2011 *Harvard Business Review*, earned them the Next Gen Market Research "Disruptive Innovation" Award. It's a major acknowledgement, although Cooil laughingly dismisses one of the accolades that went with it.

"They called us 'thought leaders,'" he says, "It's a mixed blessing because I've always hated the phrase. Doesn't it sound Orwellian? But they did give us these really artsy trophies. I can't even put mine in my study because my wife wants to put it on the mantel as an art piece."

## Special Resonance

Cooil's and Keiningham's work is another example of the worldwide impact of innovation with Owen ties. It is a key to what makes Nashville a city with special resonance as a business center for David Owens.

"I feel a real energy here once again," he says, "with new startups and tech companies and a level of creativity in Nashville that really make it exciting for me."

His work in breaking through innovation barriers is aimed at helping to keep the Owen School in the thick of that creative energy, as a meeting place of education and innovation that is as good for human development as it is for business development.

"With Accelerator, as with everything else," he says, "we want to help students find that part of the wide spectrum of business that talks to them. I try to expose them to a lot of things to do, to give them enough diverse projects and experiences that they find something that makes them say, 'I like marketing' or 'I'm good at managing teams.'"

"I want to offer a perspective on business' role in society, one that often gets lost," he says. "It's so much more than making money. It's about feeling good about what you do and helping make the world an amazing place. How can you be a contributing member of society? Business is a great way to do that." **VB**



## BOTTOM LINE

*continued from page 48*

employees, it has a client base that ranges from nonprofits and academic institutions, such as the Cleveland Clinic and Purdue University, to private companies like NetJets and the Food Network. Their creative team blended bold designs with smart, mission-driven content. It was a perfect match for our intimate, collaborative, and yet academically rigorous personality.

### Step 2

#### **Prioritize our audiences and objectives**

Everyone agreed that we needed to tell our story, and tell it boldly. But who needed to hear it? Obviously prospective students are a core audience. As is the wider Owen community, including faculty, current students and alumni. We also wanted to reach peer schools, which hold sway in the rankings and whose institutions serve as feeders for top student and research talent. But the one constituency that, with Ologie's help, we learned could really spark a virtuous cycle was corporate recruiters—those who hire our students as interns and graduates. By broadening and deepening our relationships with employers, we'd see a short-term payoff in higher starting salaries and greater job placements. In addition, we hoped to leverage a growing alumni base within select companies to help boost our national profile for the long term and further strengthen the school's network.

### Step 3

#### **Discover ourselves**

Now that we knew who should hear our story, the next question was just as important: What story do we want to tell? Each of us can rattle off five or six

great things about Vanderbilt's business school, but honing that message in a way that's unique, credible and resonant with the people we're trying to reach is a daunting task. So Ologie started by talking with dozens of stakeholders—faculty, staff, students of all programs and ages, as well as employers. Everyone agreed that "culture" was our single biggest strength. But here's the rub: No two people described the culture in the same way. What's more, employers don't immediately see how our culture benefits their organizations. Ologie worked through this problem and identified a vocabulary for talking about our culture in a way that all audiences would find compelling and beneficial.

### Step 4

#### **Create ... then listen, listen, listen**

Rather than go straight to designing a new series of ads, Ologie first drafted a manifesto—a galvanizing public declaration that explained in clear, energetic terms why this school is special. (Incidentally Apple's "Think Different" campaign started with a manifesto).

The agency then brought these ideas to life with a series of mock-ups of advertisements, sample pages from an MBA viewbook, online ads and layouts of all the other materials we use on a day-to-day basis to promote the school. Our job was to take those items back to our audiences and understand what worked, what didn't and why.

As expected, there were elements that resonated with everyone, such as, "We're the B-school built for the persistent. The genuine." There were some that split opinions: Students rallied around "Rewrite the Rules," for example, but alumni disliked it. And there were other things that were simply best left on the cutting room floor.

### Step 5

#### **A breakthrough!**

Using this feedback we spent much of the summer refining (and refining some more) the points that proved most salient among all the people we surveyed. Finally we began to see the outlines emerge of what we believe is a profound and truly unique brand narrative for the school.

### Step 6

#### **Tell the world**

The time had come to begin incorporating these new design and content elements into our marketing materials. The first step involved developing a positioning brochure that homed in on our manifesto in a creative manner. We also worked with Ologie to create an 83-page booklet using stats, facts, quotes, people and places to tell all that's worth knowing about Vanderbilt's MBA program. Over a six-week period, we sent these two items to more than 6,000 prospective students as well as 1,000 B-school deans, MBA and Executive MBA program directors. The results? It's too early to tell, but, if it's any indication, Jim Bradford got a call from another dean telling him that he liked the book so much that he was going to copy it.

Starting in 2012, we began dialing back our involvement with Ologie. We're now turning to an extended Nashville-based team of copywriters and designers to help translate Ologie's new ideas and fresh look into our websites and future marketing materials. Next up is an ad for both print and larger displays, such as at airports.

As you watch these materials take shape, I think you'll find that they are truly different than anything we've done before. And yet, they capture our spirit perfectly—just as we had hoped. **VB**

## Telling Our Story

*The evolution of Owen's new branding campaign*

By YVONNE MARTIN-KIDD

“ALL WE HAVE TO DO IS TELL OUR STORY!”

This wasn't the first time I'd heard that sentiment. In this case, Smoke Wallin, MBA'93, spoke up at a meeting of the Alumni Board in late 2010 as part of a discussion on how the school could move up in the rankings and attract the best applicants. But telling our story meant more than just having our faculty's work cited in *The Wall Street Journal* or on *Marketplace*. To really break through the clutter and claims of other schools, we needed a bolder brand identity that would make the world sit up and take notice, proclaiming loud and clear that we are second to none.

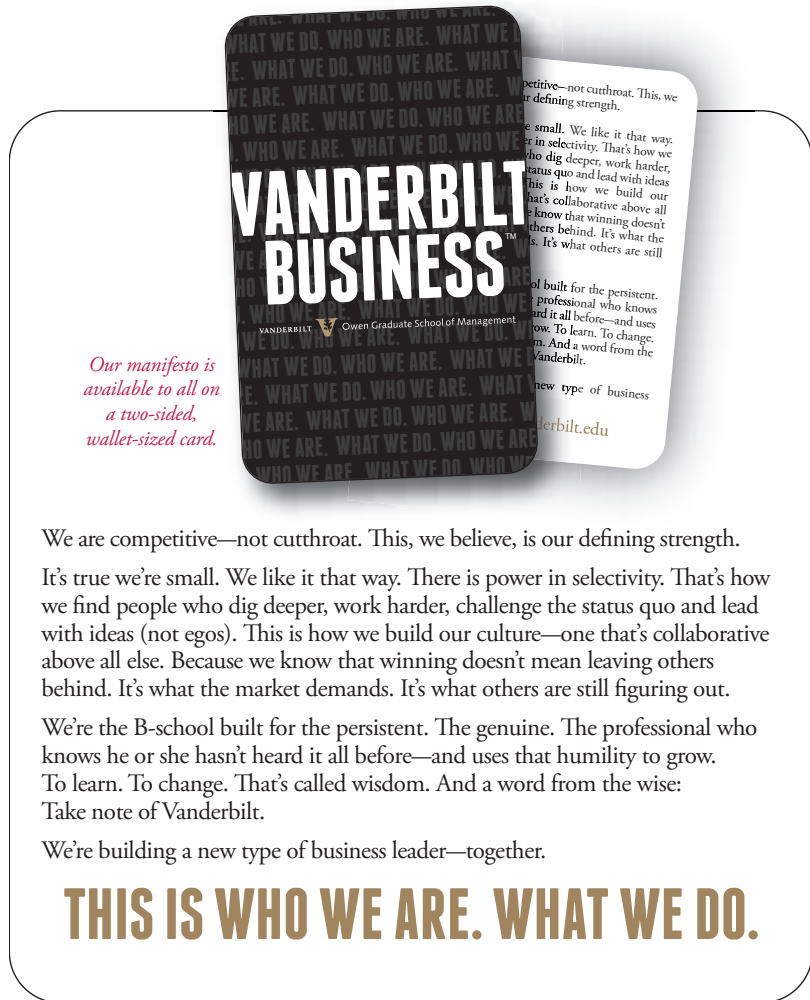
For years, Vanderbilt's business school has been talked about as a “hidden gem,” a “best-kept secret,” a place that “you've got to experience to understand.” Those aren't entirely bad qualities, and for a long time those attributes helped distinguish us from other top-ranked schools.

However, with an aggressive new strategic plan in place, which includes pushing into the top-20 B-schools amid ever-greater competition for talent, we could no longer afford to be a hidden gem or best-kept secret. Telling our story had become—and remains—a competitive imperative. Below are just a few of the key steps in our yearlong journey.

### Step 1

#### Find a creative partner

In the same way consumer brands tap into renowned advertising agencies to



*Our manifesto is available to all on a two-sided, wallet-sized card.*

We are competitive—not cutthroat. This, we believe, is our defining strength.

It's true we're small. We like it that way. There is power in selectivity. That's how we find people who dig deeper, work harder, challenge the status quo and lead with ideas (not egos). This is how we build our culture—one that's collaborative above all else. Because we know that winning doesn't mean leaving others behind. It's what the market demands. It's what others are still figuring out.

We're the B-school built for the persistent. The genuine. The professional who knows he or she hasn't heard it all before—and uses that humility to grow. To learn. To change. That's called wisdom. And a word from the wise: Take note of Vanderbilt.

We're building a new type of business leader—together.

## THIS IS WHO WE ARE. WHAT WE DO.

**Owen's new manifesto explains in clear terms why the school is special.**

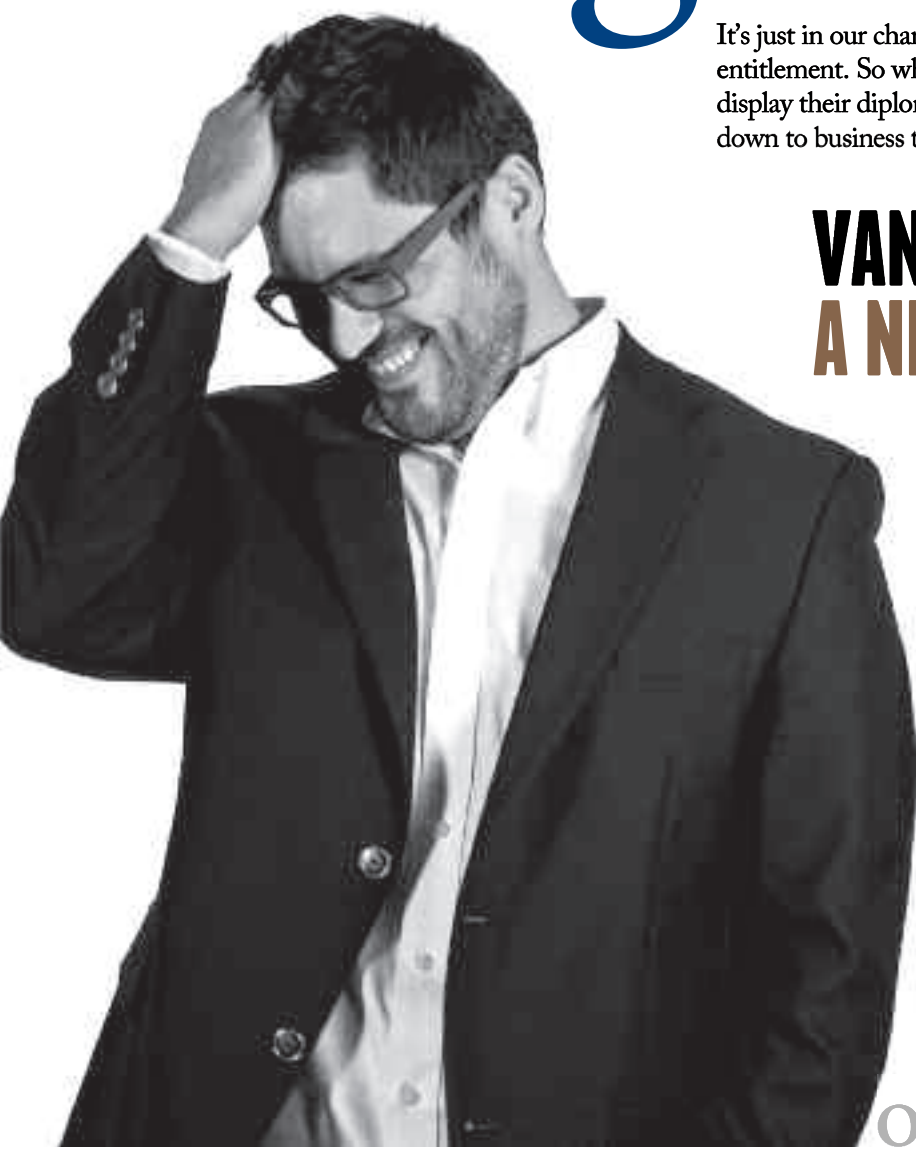
sharpen their edges (and boost sales), we too set out in early 2011 to find a firm to help raise the school's profile. With the support of an internal advisory board, we screened more than a dozen agencies from across the country, including ones that had worked with other top B-schools. We plowed through a mountain of amazing—and some not so amazing—

work, finally narrowing the field to three firms. Each of these finalists presented their capabilities, including a broad array of creative approaches they'd used to help other clients achieve their goals. But in the end we selected an agency in Columbus, Ohio, called Ologie. A highly creative branding agency with about 50

*continued on page 47*

# We lead with ideas, *not* egos.

It's just in our character to believe that effort will always outdo entitlement. So while Vanderbilt Business graduates will proudly display their diplomas on their office walls, they'd much rather get down to business than talk about their pedigree.



## VANDERBILT BUSINESS™ A NEW KIND OF LEADER.

### Mario Avila

---

As full-time student and head of the Owen Student Government Association, Mario has somehow found time to launch Contigo Financial, a microfinance company offering low-income consumers an alternative to pawnshops and payday lenders.

---

MBA (General Management and Entrepreneurship) | **2012**  
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