INFLUENTIAL PEOPLE AND IDEAS

Wharton
UNIVERSITY *of* PENNSYLVANIA

125

INFLUENTIAL PEOPLE AND IDEAS

IT ALL STARTED RIGHT HERE. We invite you to celebrate 125 years of management education through the stories of 125 influential alumni and faculty in this special *Wharton Alumni Magazine*.

Wharton was founded as the first collegiate school of business in 1881. That innovation was the spark that ignited a succession of innovations — the first business textbooks, the first research center, the first MBA in health care. Today more than a thousand colleges and universities around the world offer business majors. One-quarter of all undergraduate degrees in the U.S. are awarded in business. And Wharton continues to introduce new programs and new learning approaches, and to disseminate new knowledge.

In the past 125 years, business has become the engine that drives economic growth, improves quality of life, fosters global exchange, and creates opportunity. And Wharton fuels that engine.

Thus the true story of Wharton isn't just what happens on campus — it's the story of how our alumni and faculty influence the world through their actions and ideas. It's the story of how they have created value and advanced knowledge, withstanding the ups and downs of markets, careers, and lives.

Since its founding, the School has graduated nearly 100,000 business leaders. If we told each success story, we would fill 850 of these magazines. Our 200-plus current Wharton faculty alone would require more than one issue.

We are proud of the impact of the Wharton alumni and faculty — individuals who have elevated disciplines, developed economic models, influenced capital markets, spread prosperity, and built companies. Together, these stories create a picture of the diversity, sweep, impact, and influence of Wharton over the past 125 years.

The Wharton School of the University of Pennsylvania — founded in 1881 as the first collegiate business school — is recognized globally for intellectual leadership and ongoing innovation across every major discipline of business education. The most comprehensive source of business knowledge in the world, Wharton bridges research and practice through its broad engagement with the global business community. The School has more than 4,600 undergraduate, MBA, executive MBA, and doctoral students; more than 8,000 annual participants in executive education programs; and an alumni network of more than 81,000 graduates.

"As the possession of any power is usually accompanied by taste for its exercise, it is reasonable to expect that adequate education in the principles underlying successful business management and civil government would greatly aid in producing a class of men likely to become pillars of the State, whether in private or in public life."

Joseph Wharton

Letter to the Trustees of the University of Pennsylvania proposing the establishment of the first collegiate business school, March 1881

W	Wharton Undergraduate
WG	Wharton MBA
AMP	Wharton Advanced Management Program
GRW	Wharton PhD
C	Penn College of Arts & Sciences
G	Penn Master Degree
L	Penn Law
HON	Honorary Degree
WEV	Wharton Evening School
	Wharton Professor

See p. 77 for notes on how this issue was compiled

A GIANT OF **MARKETING THEORY**

WROE ALDERSON, PROFESSOR

MARKETING was once considered a trade. Wroe Alderson proved it was a science as well.

After beginning his career as a consultant, Alderson joined the Wharton faculty in 1959. He quickly became the leading marketing theorist of his time. Alderson saw that mathematical models and quantitative techniques could be used to research and analyze consumer taste, the size of advertising budgets and sales forces, and in distributing marketing messages across media — techniques that helped create the field of market research.

Wharton Marketing Professor **Paul Green** (see p. 23) calls Wroe Alderson an "intellectual monarch of marketing research." But Alderson, he affectionately adds, was a Quaker with little time for monarchies. Today Wharton's Marketing faculty comprise the most cited department in the world.

Under Alderson's leadership, **Wharton began to build a more scientific basis for marketing research and became a major force in applying analytic models to marketing challenges.** With a firm belief that theory and practice go hand in hand, Alderson wrote the book, *Marketing Behavior and Executive Action*, which focused on social science rather than institutional economics.

Alderson, with his young colleague Green, opened a Management Science Center at Wharton in 1962. He used the center as part of his MBA course in Marketing Management, giving his students a chance to act as consultants and to practice new techniques on real-world problems — now common practice in MBA education. Alderson also established Wharton's Annual Marketing Theory seminars, served as Trustee of the Marketing Institute, and engineered the migration of the famed Operations Research group at Case Institute to Wharton in 1963.

"He carved a course through which marketing theory would develop, drawing in streams of research from other researchers and other disciplines, eroding and shaping the assumptions of marketing research, carving out an indelible path of the landscape of marketing," wrote Terry Beckman of Queens University in a paper titled "The Wroe River: The Canyon Carved by Alderson."

Jules Schick, 1963

G.M. Wilson, circa 1935–1940

PIONEERING LAWYER, JUDGE, AND **CIVIL RIGHTS** LEADER

RAYMOND PACE ALEXANDER, W'20

RAYMOND PACE ALEXANDER, Wharton's first black graduate, challenged many segregated institutions in the Philadelphia area, making an indelible impression on the city and the profession of law.

Alexander beat incredible odds as a young boy. His mother died when he was 12, and Alexander was forced to support himself. He managed to maintain stellar academic credentials and enrolled with a scholarship, graduating in 1920.

After Wharton, Alexander graduated from Harvard Law School in 1923. That year he married Sadie Tanner Mossell, who in 1927 became the first black woman to earn a law degree from Penn, where her father Aaron Albert Mossell was the first black graduate. She was also the first African-American woman to receive a PhD in economics, also obtained at Penn.

The founder of Philadelphia's premier black law firm, Raymond Alexander was not content with breaking barriers. He and his wife both landed top legal and political jobs in the city. He was president of the National Bar Association from 1933 to 1935, and won election to the Philadelphia city council from 1951 to 1958. In 1959, Alexander became the first black judge on the Common Pleas Court of Philadelphia.

While his highest profile roles were as counsel for the NAACP (National Association for the Advancement of Colored People) and other clients, he first gained notice as a plaintiff. In 1924, he was excluded from a Chestnut Street theater showing *The Ten Commandments*. He took the theater owners to court and won their pledge never to discriminate again.

He made headlines later for his involvement in other landmark cases. In the early 1930s, he took two Chester County school districts to court after they tried to establish racially segregated school systems. His victory in that case marked an end to *de jure* segregation in Pennsylvania schools. In the Trenton Six Case of 1948, he eventually cleared black defendants falsely accused of killing a white shopkeeper — a case that Alexander won on appeal with the help of attorney Thurgood Marshall, the future first black U.S. Supreme Court justice.

Alexander died in 1974.

Alexander's victory in that case marked an end to *de jure* segregation in Pennsylvania schools.

EMPIRE **BUILDER**

ANIL D. AMBANI, WG'83

INDIAN BUSINESSMAN ANIL AMBANI has been known to tell aspiring entrepreneurs, "Work till your last breath. Work is worship."

This fervent work ethic is not surprising for the former vice chairman and managing director of the Reliance Group, India's largest private sector company. And while Ambani has won respect for his unrivaled toughness in negotiations, the one-time youth icon still enjoys rockstar-level celebrity in India.

In 2006 he was honored as Businessman of the Year by the *Times of India*.

Today, Ambani leads Reliance Anil Dhirubhai Ambani Group, one of India's top three private-sector business houses, with a $6 billion net worth. With India's largest customer base of more than 50 million across several industries, the Reliance ADA Group is said to touch the lives of 1 in 10 Indians daily. Its business presence extends to 4,500 towns and 300,000 villages in India, and five continents across the world.

Reliance was founded by Anil Ambani's father, the late Dhirubhai Ambani, a shrewd ex-schoolteacher who built an empire from a simple textile-trading business and who taught his two sons the business. In recognition of his achievements, Dhirubhai received the Wharton Dean's Medal in 1998. Anil then started Anil Dhirubhai Ambani Enterprises group with interests in telecom, energy, entertainment, and financial services. Since then, the company has continued to expand through a streak of high-profile acquisitions, mainly in entertainment and insurance.

Ambani joined Reliance as co-CEO after graduating from Wharton in 1983. He pioneered many financial innovations in Indian finance, including leading India's first forays into overseas capital markets with international public offerings of global depositary receipts, convertibles, and bonds, as well as directing Reliance in its efforts to raise billions from overseas financial markets. His next big venture is Zabak.com. Reliance plans to invest $100 million into the online casual gaming business with an initial portfolio of 150 games.

A member of Wharton's Board of Overseers and Executive Board for Asia, Ambani was the first recipient of the Wharton Indian Alumni Award. In 2006, he was chairman of the Wharton Global Alumni Forum in Mumbai.

He pioneered many financial innovations in Indian finance, including leading India's first forays into overseas capital markets.

Pnit Paranjpe, Reuters, 2006

Douglass Kirkland, 1990

DYNAMIC PUBLISHER, **PHILANTHROPIST**

WALTER H. ANNENBERG, W'31, HON'66

WHEN WALTER ANNENBERG took over his father's faltering publishing business after the older man died in 1942, few thought of him as a potential success. Yet the younger Annenberg transformed the company by anticipating demographic and cultural trends, and turned his business success into a second career in philanthropy.

Annenberg's business beginnings were not auspicious. He left Wharton before finishing his degree, and his father's company was millions of dollars in debt when the younger Annenberg took charge. Conservative in his politics, Annenberg was progressive in the magazine world. In the 1940s, he saw that fashion was getting younger. As the post-World War II youth culture was burgeoning, he started *Seventeen* magazine. It was an immediate success, selling 400,000 copies of its first issue.

He was the leader of the bandwagon for yet another post-War craze, television, launching *TV Guide* in 1953. It soon became the largest-circulation magazine in the country, eventually reaching 17 million copies a week. His publishing empire included the *Philadelphia Inquirer, Daily News*, and the *Racing Form*, horseracing's most prominent publication. He also owned TV and radio stations in major market cities, including Philadelphia.

As a dominant media owner in Philadelphia, Annenberg used his properties to advance his views. He helped root out government corruption, oppose Senator Joseph McCarthy, and promote the Marshall Plan, but he also refused to allow his perceived enemies — from consumer advocate Ralph Nader to actress Zsa Zsa Gabor — to appear in the pages of his papers.

His prominence in Republican politics led President Richard Nixon to appoint him Ambassador to Great Britain in 1969. He was later honored for his service by both the U.S. (which awarded him a Presidential Medal of Freedom) and Britain (which knighted him).

Annenberg's diplomatic appointment led him to sell off his publishing properties in 1988, when he sold *TV Guide* to Rupert Murdoch for more than $3 billion. **Annenberg used his fortune to buy and donate art and fund educational institutions, primarily the Annenberg Schools of Communication at the University of Pennsylvania and the University of Southern California.** Other gifts helped fund the Metropolitan Museum of Art, the Corporation for Public Broadcasting, and the United Negro College Fund (see **William Trent Jr.**, WG'32 p. 68).

"Education," he once said, "holds civilization together."

THE **CALM CENTER** OF MALAYSIAN BANKING

TAN SRI DATO' DR. ZETI AKHTAR AZIZ, G'74, GRW'78

Bank Negara Malaysia

NEWS STORIES ABOUT Tan Sri Dato' Dr. Zeti Akhtar Aziz, governor of Malaysia's central bank, Bank Negara Malaysia, inevitably make reference to her reputation as a paragon of steady, intellectual calm.

And with good reason: Faced with a formidable baptism by fire as the newly appointed acting governor of Bank Negara Malaysia, at the height of the Asian financial crisis in 1998, she successfully introduced and implemented an exchange control strategy that restored stability. She then created a master plan for the financial sector — a strategy that included consolidating the banking system while rapidly expanding the Islamic financial sector.

"Cool, intellectual, and respected for toughness as a regulator, her contribution has been both on the international and local front," said a *Euromoney* profile about Zeti, a Wharton PhD who authored a pioneering dissertation on capital flows and their implications for policy. In 2005 *Euromoney* named Zeti Central Bank Governor of the Year for her pivotal role in reforming the exchange rate, the capital markets, and the banking industry.

Zeti, who had previously held senior positions in the departments responsible for monetary and financial policies and reserve management, has been with the Central Bank since 1985.

In 2005 *Euromoney* named Zeti Central Bank Governor of the Year for her pivotal role in reforming the exchange rate, the capital markets, and the banking industry.

Zeti has been an important figure in driving the growth of Islamic finance, not just in Malaysia but also in other parts of Asia, as well having an influential role in the debate to establish common standards of what is considered Shari'ah (Islamic law) compliant.

Islamic banking and finance started when Muslims began seeking financial services that met Islamic principles. Today Islamic banking accounts for at least 11 percent of Malaysia's financial system — growth Zeti has led both in the domestic and international arena. She chaired the Inauguration Committee for the establishment of the Islamic Financial Services Board (IFSB) and had an active role in its creation. In 2002, Zeti headed a team to launch the Malaysian global Islamic Sukuk, the world's first Sukuk (a Shari'ah-compliant security) to be issued by a sovereign.

Late last year, Zeti announced the launch of the Malaysia International Islamic Financial Centre (MIFC), which will pave the way for the offering of Islamic financial products and services in international currencies from anywhere in Malaysia.

Zeti is a member of Wharton's Executive Board for Asia.

WHARTON *first*

1881 The pioneering vision and philanthropy of Joseph Wharton created the world's first collegiate business school.

TRANSFORMING RETAILING THROUGH EDUCATION

JAY H. BAKER, W'56

WHEN DR. JAY H. Baker entered the retailing field after graduation, it wasn't a big draw for Wharton students. But he knew it was the right place for him. He gained experience at an early age working in his parents' millinery store in Flushing, NY. Then a career assessment test told him that retailing was one of the professions most suited to his abilities and his friendly, personable nature.

That aptitude test was right on target. More than 40 years after he began in Macy's training program, Baker retired in 1999 as president of Kohl's Corp., the Milwaukee-based store chain he grew to a $3.8 billion, 300-store powerhouse.

Baker, his two partners Bill Kellogg and John Herma, and financial investors bought Kohl's in a leveraged buyout from British conglomerate BATUS in 1986. They refocused the company and in 1992 took it public. Today Kohl's continues to be one of the fastest-growing retailers in the country.

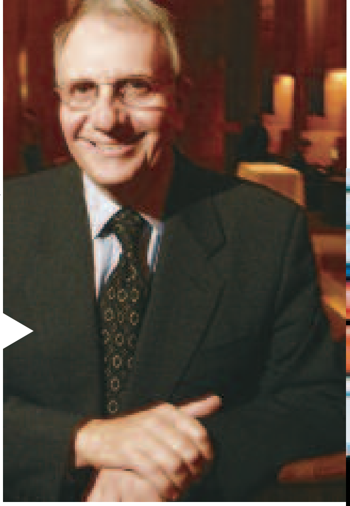
Since his retirement, Baker and his wife Patty have continued to impact the retailing industry by giving to Wharton for such initiatives as undergraduate scholarships, the Patty and Jay H. Baker Forum in Jon M. Huntsman Hall, and the Jay H. Baker Retailing Initiative to support retailing education and research.

To reverse this trend, Baker joined with Wharton to create the Baker Retailing Initiative, an educational "industry center" focused on retail research and on exposing students to the field.

Throughout his career, Baker had observed a trend of diminished focus on retail at top schools, declining interest in retail careers from top students, and fewer relationships between retailers and top universities. To reverse this trend, he joined with Wharton to create the Baker Retailing Initiative, an educational "industry center" focused on retail research and on exposing students to the field. Student interest has been so strong that a secondary undergraduate concentration in retailing has been added.

Jay and Patty Baker have extended their generosity to the Fashion Institute of Technology to create the Patty and Jay H. Baker School of Business and Technology. Academic interest in retailing has already spread to Columbia, the University of Arizona, and the University of Florida, among others.

A Wharton Overseer, Baker couldn't be happier. "Part of my dream was that there would be other schools getting interested," he told *Women's Wear Daily*.



Tommy Leonardi, 2002

NASDAQ, 1998

HE TOOK STOCK OF **NASDAQ'S BOOM**

ALFRED R. BERKELEY III, WG'68

ALFRED BERKELEY III BECAME PRESIDENT of the NASDAQ Stock Market in 1996, back when it was a helter-skelter kind of place — full of potential, but still with a few rogues in its midst. Berkeley had had a long run as a successful executive at Alex Brown Inc., and wanted to bring status and stability to what had become, in the run-up to the big technology stock boom, the country's second-largest stock market, bypassing the traditional ones like the American Stock Exchange.

Berkeley, who received his MBA from Wharton in 1968, faced a quandary: How could NASDAQ be more palatable for traditional customers? "My philosophy is that customers have to come before brokers and all investors have to be treated equally," Berkeley told the financial press. "And I believe that technology is the way to implement performance and policy issues."

Berkeley put in strict rules for trades and company reports, quelling the over-pricing scandals that had dotted the NASDAQ's past, and **pushed computerization and other standards in high-tech trading that made NASDAQ not only palatable, but for many the preferable way to enter the market.** No longer did companies rush to the New York Stock Exchange once they became bigger — Microsoft, Intel, Amgen, and other maturing multibillion companies stuck with Berkeley and his newly respectable NASDAQ.

After the NASDAQ slide of more than 50 percent in 1999 and 2000, Berkeley decried the rise in speculation, as opposed to long-term investing. He pushed NASDAQ companies to accept more rigid standards for investment and accounting, which attracted more institutions and individual investors — the basis for successful long-term stock exchange success. His technological innovations improved time-lag problems for traders, making cheating on the margins of those trades next to impossible. Under Berkeley's rule, NASDAQ became not only a hot market, but a leader in trading efficiency.

Berkeley retired from NASDAQ in 2003, and is chairman of Pipeline Trading Systems, a registered broker-dealer specializing in electronic block trading of securities, that is a subsidiary of e-Xchange Advantage Corp., where Berkeley is also chairman.

PIONEER IN ACADEMIC **BUSINESS RESEARCH**

ANNE BEZANSON, PROFESSOR

ANNE BEZANSON had not yet completed her PhD in economic history in 1921, yet she was about to make history herself. At Wharton, the young Canadian helped establish the first business school research center, the Industrial Research Unit (later known as Industrial Research Department or IRD), with Professor **Joseph Willits** (see p. 72). The founding marked Wharton's shift toward becoming an academic business research hub — defining a new role for business schools that continues today.

Bezanson's 1921 article on promotion practices became the first product of the IRD. Bezanson continued her practical research in the early 1920s, writing a series on personnel issues, focusing on turnover, worker amenities, and accident prevention.

Willits and Bezanson designed an ambitious research program to explore and help civilize industrial working conditions, with the goal of social change. In 1922, Bezanson and Willits spent a year studying the earnings of coal miners at the U.S. Coal Commission. Employer associations, government agencies, and international organizations continued to look to the IRD for timely and practical knowledge.

In 1929, Bezanson finished her Harvard PhD and became the first female faculty member of Penn's Graduate School of Arts and Sciences. Under her leadership as co-director (which continued until 1945), the IRD had many women on its team and pursued research into the economic status of workers, revealing for the first time hard proof of the disparities in salaries and promotions for women and minorities across many industries.

Bezanson became the first woman to get full tenure at Penn, and in the 1930s sat on the National Bureau of Economic Research Price Conference. From 1939 to 1950 Bezanson was a part-time consultant at the Rockefeller Foundation, where she organized the first-ever roundtable on economic history in 1940. As a result of this involvement, Bezanson played a crucial role in the creation of the Economic History Association in the early 1940s, serving as president between 1946–1947. She died in 1980.

TAX PREPARATION FOR THE MASSES

RICHARD BLOCH, W'46

BY THE TIME Richard Bloch had reached age 52, he had clearly made it.

He had graduated from Wharton at age 19 and briefly went into various businesses outside his hometown of Kansas City, MO. He returned to Kansas City in the early 1950s to join his brothers, Henry and Leon, in a family bookkeeping business. In 1955 they branched out into tax preparation — at a mere $5 a return — when the Internal Revenue Service cut back on tax advising services. By the late 1970s, H & R Block (the spelling changed to ease customer identification) was doing about 10 percent of the nation's returns — inexpensively and efficiently.

Fast forward through a tremendous career: It had been nine years since he had semi-retired from what was then the largest tax-preparation business in the world. The rest of life seemed to be smooth sailing.

Except that Bloch had been a heavy smoker. Doctors told him he had lung cancer and only three months to live. Through aggressive treatment, he beat it — and again beat colon cancer two years later.

By the late 1970s, H & R Block was doing about 10 percent of the nation's returns — inexpensively and efficiently.

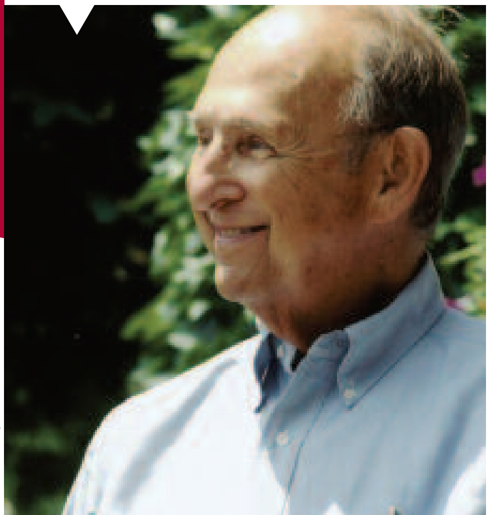
He sold all of his H & R Block stock in 1982 and set out to make the world a better place for cancer victims. He endowed the R.A. Bloch Cancer Management Center at the University of Missouri, Kansas City, and developed the National Cancer Institute's "PDQ2" computer system, which informed patients of the latest in cancer treatment. He served on President Reagan's National Cancer Advisory Board and endowed parks in two dozen cities dedicated to cancer victims.

All the while, though, Bloch did his own taxes.

Before he died in 2004 at the age of 78 — of heart failure, not cancer — he was able to establish his own unofficial holiday, National Cancer Survivors Day, the first Sunday in June, designed to promote awareness of cancer and its cures.

1896

Through a Wharton fellowship, W.E.B. DuBois undertook his classic study of the social and economic conditions of urban blacks.



H& R Block, 2003

Beawiharta, Reuters, 2003

INDONESIA'S **FINANCIAL RUDDER**

DR. BOEDIONO, GRW'79

WHEN DR. BOEDIONO took over Indonesia's Finance Ministry in August 2001, the country's economy and financial system were still mired in the Asia crisis of 1997–98. He was about to single-handedly steer Indonesia onto a strong growth path.

Former college economics professor Boediono, who is on Wharton's Executive Board for Asia, took control. Using the political skills gleaned in an earlier post as planning minister, **he quickly secured a direct reporting line to President Megawati Sukarnoputri, then persuaded the International Monetary Fund to resume a debt program after a one-year hiatus.**

"It was very clear that the first priority must be instilling some sense of normality for the macroeconomy before we could do anything," he said in a 2003 *BusinessWeek Online* article.

Boediono remained in office until 2004, earning a "glowing international and domestic reputation" for his extreme fiscal prudence and technocratic finesse. He returned to government just one year later under President Susilo Bambang Yudhoyono.

Today, Boediono is Indonesia's Coordinating Minister for the Economy and was recently described by *The Jakarta Post* as "one of Indonesia's most highly respected economic policymakers," adding "the return of Boediono's steadying and unifying influence is something for which to be grateful."

VISIONARY INVESTMENT BANKER

GEOFFREY T. BOISI, WG'71

IN 1978, ONLY SEVEN years after earning his Wharton MBA, Geoffrey Boisi became the youngest partner of Goldman, Sachs & Co. As Management Committee partner, the young banker became responsible for the firm's worldwide investment banking activities. He then became co-founder, chairman, and CEO of The Beacon Group, LLC, a private equity and advisory firm headquartered in New York City.

Boisi made a celebrated deal in 2000 when he sold Beacon for $500 million to Chase Manhattan Bank, which soon merged with J.P. Morgan & Co. Boisi served as vice chairman of investment banking for the new JP Morgan Chase, envisioning a world of giant business enterprises — "corporate city-states," he called them — and reconfiguring the company as a combination investment and commercial bank that would serve them with a leaner, more productive staff.

> **Boisi served as co-chair with the late Mickey Tarnopol, W'58, vice chairman of the Investment Banking Division of Bear, Stearns & Co., Inc, on Wharton's Campaign for Sustained Leadership, helping the School surpass its original $350 million campaign goal to raise $445.7 million.**

In 2002 JP Morgan Chase suffered heavy losses in Enron, Global Crossings, and other bad investments that preceded Boisi's arrival. The one-time wunderkind then shocked Wall Street with a sudden early retirement amid a management shake-up by Chairman and CEO William Harrison.

Wharton Alumni Magazine, 2004

A bold and blunt-spoken leader, Boisi has thrown himself into charitable pursuits with characteristic vigor. A Knight of Malta and devout Catholic, Boisi serves as trustee for the Papal Foundation and Joseph P. Kennedy Enterprises. In addition, Boisi is a co-founder and chair of The National Mentoring Partnership and is a director of Communities in Schools.

Throughout his career, he has continued his service to Wharton. Boisi served as co-chair with the late **Mickey Tarnopol**, W'58 (see p. 65), vice chairman of the Investment Banking Division of Bear, Stearns & Co., Inc., on Wharton's Campaign for Sustained Leadership, helping the School surpass its original $350 million campaign goal to raise $445.7 million. He and Tarnopol were both honored with Wharton Dean's Medals in 2003. Boisi currently serves on Wharton's Board of Overseers.

WHARTON *first*

Between 1895 and 1915, Wharton faculty created new business disciplines in:

- Accounting
- Insurance
- Business Law
- Marketing
- Finance
- Transportation
- Industrial Management

INTERNATIONAL FOOTHOLD FOR U.S. MANUFACTURING

JAMES CHADBOURN BOLLES, W'29

SOME SUCCESSFUL people pull themselves up by their bootstraps. But James Chadbourn Bolles used his socks.

Bolles' career started after he graduated from Wharton and joined the American Trust Co., before moving into manufacturing, his college major. Starting work in 1938 at Rufus D. Wilson Inc. in Burlington, NC, Bolles took the reigns of the hosiery-producing firm and expanded it by purchasing other mills, changing the company's name to Chadbourn Gotham Inc. By 1946 he moved the company to Charlotte, NC.

Through strategic acquisitions and internal capital investments, Bolles created an impressive record of market value growth and appreciation. Even while relaxing, Bolles had clear vision for opportunity.

He bought the Opel Strumpfwerke AG plant in Hamburg, Germany as he vacationed with his wife Rosemary in Portugal. Bolles declared that he was determined "to gain a foothold in the European Common Market."

In the meantime, the company developed innovative products, partnering in 1955 with Burlington Industries to introduce stretch socks and stockings using fibers developed during wool and silk shortages of World War II. In 1962, his company introduced a revolutionary new product: "Foreva," the runless, seamless women's stocking. When rival Hanes Hosiery Mills Co. introduced its competitive product the very same week, its president Gordon Hanes joked, "This is the death knell of the hosiery business."

While the promise of "runless" was oversold, women's stockings were about to be severely challenged by changing women's fashions. But by targeting the international market, Chadbourn continued to post sales increases despite the downturn in U.S. demand for hosiery products.

When Bolles retired in 1970, he had grown the company from a small regional firm to an international and diversified textile and apparel complex with $68 million in sales. Bolles died in 1987.

Bolles' company developed innovative products, partnering in 1955 with Burlington Industries to introduce stretch socks and stockings using fibers developed during wool and silk shortages of World War II.

Courtesy of Bolles Family

KEEPING HIS EYE ON THE DIGITAL BALL

ROBERT A. BOWMAN, WG'79

"IT'S VIRTUALLY impossible to complain about this job," says Bob Bowman, the president and CEO of Major League Baseball Advanced Media, MLB's flourishing Internet arm. "Because when people like doctors and lawyers and bankers are complaining about their jobs, and then you mention you work in baseball, there are not a lot of sympathetic ears."

To anyone familiar with the baseball business, Bowman's work with MLB Advanced Media leaves little room for complaint. Just 10 years ago, only a few baseball owners had ever heard of the Internet. Today, BAM, as it's known among baseball fans, oversees MLB's online business on its portal (mlb.com) and elsewhere, from ticketing and merchandise to Web broadcasts and wireless services. It has exploded from a 2000 startup with $120 million in seed money to a profitable company with $195 million in annual revenues and growing at some 30 to 40 percent a year. Said MLB commissioner Bud Selig, "I don't think a lot of people understood how important this is going to be."

WARNACO

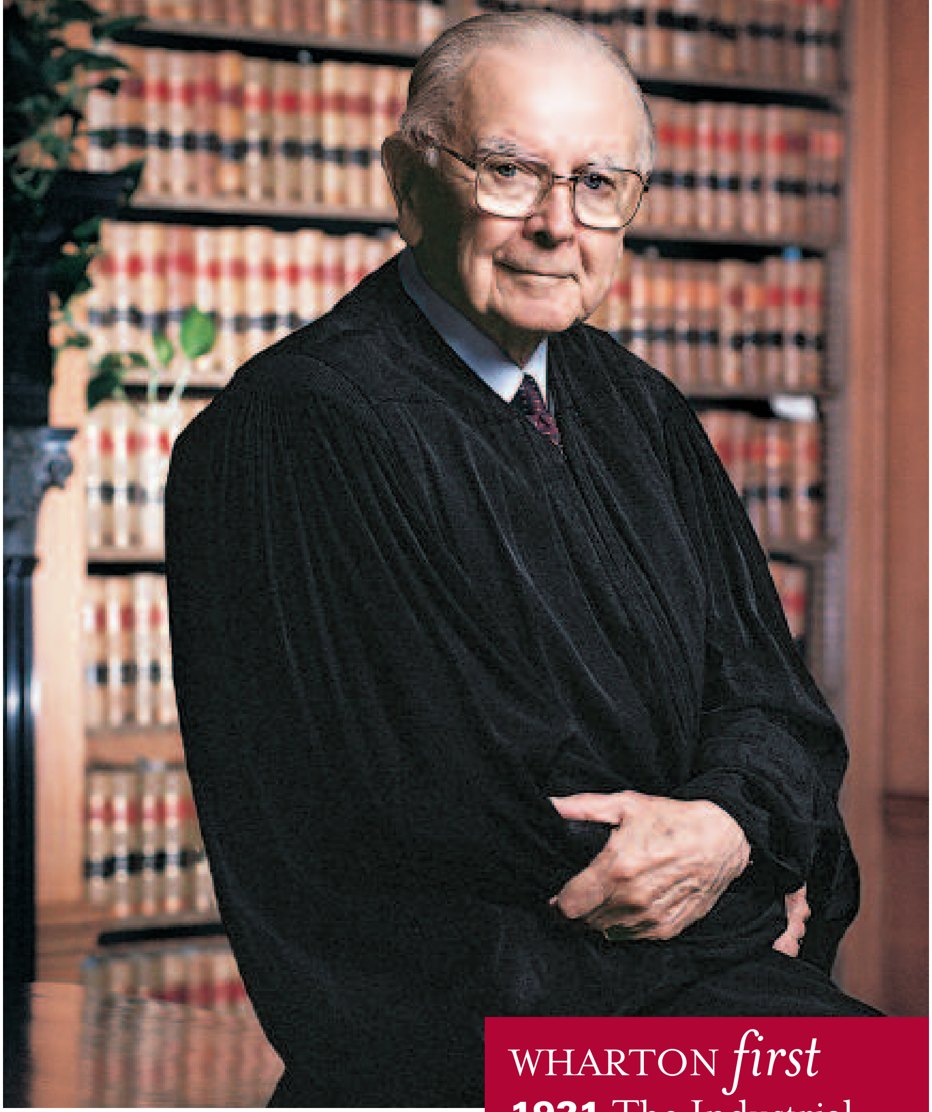
While Bowman has leveraged his company's position in the ticketing and merchandising areas — as well as building such a mammoth broadband pipeline that BAM now hosts sites for top music acts and even the NCAA basketball tournament's streaming video — Bowman has always clung to the fact that baseball, because it plays 2,430 games a year, had vastly more material to exploit than any other sport. Bowman's enterprise first tackled radio, began webcasting every game in full this season — in perfectly watchable video clarity — and now is tackling an array of wireless services.

The result could be millions in income to be shared among baseball's 30 owners. MLBAM could help fill the financial gulf between the game's opulent New York Yankees and budget Kansas City Royals.

"I don't know if they're taking me more seriously or the business," Bowman quipped about ownership, "but they're certainly taking this business more seriously."

ARCHITECT OF U.S. PROTECTIONS FOR INDIVIDUAL RIGHTS

WILLIAM J. BRENNAN JR., W'28, HON'57



Library of Congress, 1976

As the intellectual leader of the movement towards expanded individual and civil rights, Chief Justice of the U.S. Supreme Court William Brennan fundamentally changed the court's approach toward the Constitution. After his death in July 1997, he was called "probably the most influential justice of the century" by Justice Antonin Scalia. Brennan served the court for a near record-breaking three decades.

When Brennan graduated with a degree in economics in 1928 from Wharton, the personable Newark, NJ, young man embarked on a journey that would lead him to become one of the most revered and dominant U.S. Supreme Court justices.

After law school at Harvard, Brennan entered the Army during World War II, rising to Colonel in 1945. Between 1949 and 1951 he was a judge on the New Jersey Superior Court and then that state's Supreme Court before being appointed by President Dwight Eisenhower, a Republican, in 1956 to the U.S. Supreme Court.

Brennan was the quintessential liberal jurist for causes ranging from civil rights to opposing the death penalty.

Harvard Law Professor Lawrence Tribe wrote that Brennan was the "principal architect of the nation's system for protecting individual rights." He continued, "Intellect alone could never have achieved so much, though Brennan's intellectual brilliance and analytical acumen were indispensable. What drove him were passion and compassion, insight and empathy, and a dream of a Constitution of, by, and for the people."

Brennan was the "principal architect of the nation's system for protecting individual rights."

By the time he retired in July 1990, Brennan had ruled in 1,360 opinions, surpassing all but one justice in the court's history. His vital cases included *New York Times v. Sullivan*, which established the actual malice standard of which press reports could be considered to be defamation and libel (allowing free reporting of civil rights campaigns in the southern U.S.), and *Furman v. Georgia*, which ruled application of the death penalty required consistency (resulting in the suspension of the death penalty from 1973 to 1976).

WHARTON *first*

1921 The Industrial Research Unit (IRU), the world's first business school research center, marked Wharton's shift to a strong interdisciplinary approach to research and engagement with the business community.

EXPRESS CHECKOUT FOR RETAILING INNOVATIONS

CHARLES BUTT, W'59

AS AN 8-YEAR-OLD, CHARLES BUTT began bagging groceries in his family's stores — a business his grandmother had started with a $60 loan in 1905 on the ground floor of her home in the Texas Hill Country.

Today, Butt chairs the privately held, San Antonio, TX-based H-E-B supermarket chain, with 320 stores, including 25 locations in Mexico, and $13 billion in sales. The third-generation grocer became H-E-B's CEO in 1971, and has led the company's evolution into a major regional retailer with significant vertical integration in food processing.

Described by a retail trade publication as "a benchmark for market domination," H-E-B has gobbled up two-thirds of the local supermarket dollars in several Texas metro areas, "in the process offering some encouragement to grocers that have resigned themselves to living in Wal-Mart's lengthening shadow." Indeed, the company is today the nation's 15th largest grocery chain based on revenue and the leading company of its kind in Texas. In 2006, H-E-B was number 11 on *Forbes'* list of largest privately held companies and the largest privately held company in Texas. H-E-B is also known for its generosity, with 5 percent of annual pre-tax earnings given to civic and charitable organizations in the communities in which the company operates, including schools and food banks.

H-E-B manages to offer the customers varied store formats: from the H-E-B Plus stores of 140,000 square feet to its 75,000-square-foot specialty gourmet offering, H-E-B Central Market. Each is tailored to the demographics and ethnicities of its immediate neighborhoods, experts say.

As Butt himself told *Wharton Alumni Magazine* in 1997, **"The most important place a retailer can be is in the store. That's where you can speak with customers personally and learn about their changing needs."**

Wharton Alumni Magazine, 1997

Oracle

ORACLE'S PRESIDENT AND CFO

SAFRA CATZ, W'83, L'86

DESPITE HER high-profile post — co-president and CFO of business-software company Oracle Corp. — very little has been written about Safra Catz except that she prefers not to be written about. While *Forbes* named Catz to its annual list of Most Powerful Women, one report states, "Catz … prefers to leave the media spotlight to her boss" — scene-stealing CEO Larry Ellison.

Despite her obvious discomfort with the limelight, Catz's influence at Oracle is undeniable. A former investment banker who ran Donaldson, Lufkin & Jenrette Inc.'s software business before joining Oracle as Senior Vice President in 1999, Catz drove the $10.6 billion hostile takeover of PeopleSoft Inc. The deal vaulted Oracle to second in the business-management software market behind SAP AG. And Oracle is still growing its market share, including such mammoth acquisitions as its 2005 $5.85 billion purchase of rival Siebel Systems Inc.

Catz put an end to the company's free-spending ways after the technology boom ended, and the company has prospered.

Promoted to co-president in 2004 and adding the title of CFO in 2006, Catz honed her skills restructuring Oracle itself. She put an end to the company's free-spending ways after the technology boom ended, and the company has prospered. Operating profits were 40 percent of revenue in the fiscal year ended May 31, 2006, up from 21percent during 1999.

Catz hinted at her operating style in 2006, in answer to a question about the lack of women in technology after an appearance at the Women's High-Tech Coalition, a Silicon Valley group.

"You have to be better," she said. "You have got to work harder, work longer, be louder."

A SAVVY **PUBLISHING INNOVATOR** FOR BRAZIL

ROBERTO F. CIVITA, W'57

Peter Olson, 1992

IT DID NOT seem like a propitious time to launch a serious news magazine in 1968 when Roberto Civita, scion of the Brazilian publishing concern Abril, decided to start *Veja*, a glossy that would stand somewhere between *Time*, *Newsweek*, and *People Weekly*. Civita's father founded Abril 18 years before as a conservative media company, but Roberto saw an opportunity to be the biggest player in a quickly growing country.

The problem was that the military government in Brazil was not happy about dissenting voices, and was intent on censoring them or, worse, shutting them down. Civita, though, was careful. He pegged his magazine as straightforward, at the same time riding a wave of increased literacy in South America's largest nation.

Civita took over as chief executive of Abril from his father in 1982 and built a varied media empire, which included not only *Veja*, but comic books, book publishing, magazines, cable television, and maps and travel guides.

Veja was Abril's flagship, and its tone and credibility set it apart from cheekier Brazilian titles, winning respectability from both right and left in Brazil's increasingly tense political climate. He kept his company above politics and made good profits even when Brazil would have its periodic bouts of currency devaluation — *Veja* had a circulation of more than 1.1 million at the turn of the millennium.

Abril was the first Brazilian media company to attract significant foreign investment — $50 million from the U.S. firm Capital Group.

Abril now publishes seven of Brazil's ten largest circulation magazines, and by 2004 sold 180 million copies a year and reached 26 million readers.

Not only is the media Civita's business, it's his passion. During Wharton's 2006 Global Alumni Forum in Rio de Janeiro, he explained, "Ensuring the free flow of accurate information and responsible opinion and analysis to the largest number of people possible is the best way we can nurture the economic, social, and political development of our great country."

A member of Wharton's Executive Board for Latin America, Civita has been a keynote speaker at two other Global Alumni Forums.

eBay

BRAND INNOVATOR FOR **PEPSI AND EBAY**

WILLIAM C. COBB, W'78

PEPSICO, INC., the food and drink industry mega-giant, is known for building brands such as Pepsi, Pizza Hut, and Doritos and growing marketing talent like Bill Cobb.

Cobb emerged in the 1990s as one of PepsiCo's pedigree marketers who proved his ability to innovate, build brands, and globally market and expand the restaurant franchise business.

As vice president of new business for the soft drink division, Cobb forged the way for PepsiCo in the new-age beverage race against the Coca-Cola Company with the launch of Aquafina Water and the Pepsi/Starbucks Coffee partnership for ready-to-drink coffee products.

Soon after he was the appointed the chief marketing officer and senior vice president for Pizza Hut — the world's largest pizza chain and third-largest restaurant business — he put the sizzle back into pizza. Cobb next took his brand-building passion international, where as senior vice president and chief marketing officer for Tricon Restaurants International, he drove the aggressive international expansion of Kentucky Fried Chicken, Pizza Hut, and Taco Bell.

In 2000, Cobb moved to the online innovator eBay as senior vice president of global marketing, responsible for eBay's branding and marketing activities worldwide, including advertising, promotions, direct marketing, partner relationships, business development, and Internet marketing.

His brand-building journey again headed international when Cobb, as the senior vice president of eBay International, drove the company's global expansion from 2002 to 2004, resulting in eBay's on-the-ground presence today in 33 countries.

Currently, Cobb is the president of eBay Marketplaces North America, where he oversees the marketing, strategic planning, and business development for all of eBay's North American businesses. This includes eBay.com, eBay Canada, eBay Motors, Shopping.com, Rent.com, and StubHub.

Cobb continues to live consumer marketing, brand-building, and innovation and is the champion of the eBay community, the buyers and sellers around the world who trade with each other.

As vice president of new business for the soft drink division, Cobb forged the way for PepsiCo in the new-age beverage race against the Coca-Cola Company.

Medtronic, 2006

John Abbott, 2003

A MEDICAL CALLING REDIRECTED

ARTHUR D. COLLINS JR., WG'73

IT'S TOUGH TO picture Medtronic CEO and Chairman Arthur Collins Jr. as anything other than a poised professional. But get him talking, and you'll glimpse the young boy who followed his doctor dad on medical rounds. Today, Collins brings the same excitement with him when he meets patients helped by Medtronic's medical devices.

When it came to choosing a career path, however, Arthur Collins Sr. — himself a Penn grad — had a piece of advice for his son: "If you don't have an undeniable calling to be a physician, don't do it." Bitten instead by the business bug, Collins combined his childhood awe of healing with leadership skills nurtured in the U.S. Navy and the Wharton MBA program. After consulting at Booz Allen Hamilton and working for Abbott Laboratories, he joined Medtronic, in 1992. Early in 2001, Collins became CEO, and a year later was elected chairman of the board.

Minneapolis-based Medtronic is the world's largest medical device company, with revenues annualizing at more than $12 billion. Medtronic is best known for its pacemakers and implantable defibrillators, but also makes products to battle a range of cardiac and cardiovascular problems. The firm has also branched into treating neurological and spinal disorders, diabetes, and urological and gastrointestinal problems. Medtronic reports that every five seconds, a Medtronic product is used to save or substantially improve a life.

"My hope for the future is that we'll accelerate the use of advanced medical technology to provide even better medical solutions," Collins says. To that end, he often "scrubs in" with surgeons using Medtronic products and walks the R&D labs and manufacturing facilities.

"My hope for the future is that we'll accelerate the use of advanced medical technology to provide even better medical solutions."

Lauded as an innovative leader for Medtronic and as chairman of the Advanced Medical Technology Association, Collins was appointed by the U.S. Commerce Secretary to the Measuring Innovation in the 21st Century Economy Advisory Committee in 2006. He's now charged with understanding and measuring how U.S. innovation contributes to American economic growth and productivity.

Collins is also a Wharton Overseer.

HE MADE AIRLINES FLY HIGHER

ROBERT L. CRANDALL, WG'60

A GREAT DEAL of what has been done right by the troubled airline industry is due to the will of Robert Crandall. During his tenure at American Airlines from 1980 to 1998, which includes stints as president and chairman, **he started the modern frequent flyer program, began the hub and spoke system to keep people flying from small cities to major ones on a simplified schedule, and began code-sharing with domestic and important foreign airlines.**

Sometimes, Crandall went back and forth with such innovations, as when he put in many tiers of fares at American, then changed to simplified fares, then went back to the more complex system. Even this was a response to technological innovation. He had his analysts figure out, with mathematical matrices, which kinds of travelers flew at what times, on which routes, and with what advanced planning. His goal, he said, was to fill every seat in a plane, not just have the most simplified system. The result? Sabre, the modern reservations system.

Crandall is notably blunt, even brusque. U.S. Vice President Dick Cheney was CEO of Halliburton when *USA Today* asked him to comment on Crandall's legacy upon retirement.

"His greatest asset: He tells you exactly what he thinks," said Cheney. "In the corporate world and politics, most people are reluctant to do that. They don't want to offend anyone or hurt their position. But it's vital to work with people like Bob."

Even his union rivals praise Crandall as a tough adversary in negotiations but an unstinting ally in improving the industry. Denise Hedges, the president of the Association of Professional Flight Attendants told *USA Today*, "Crandall's brilliant, creative financial and marketing skills are something a manager can learn from."

John Abbott, 1994

1921
The Wharton MBA Program enrolled its first class.

AD MAN, ARTS EXECUTIVE

BRUCE CRAWFORD, W'52

UNDER CHAIRMAN BRUCE Crawford, advertising giant Omnicom was best known for creating buzz with advertisements, particularly television spots, that were quirky rather than straight. His company had **Donald Trump**, W'68 (see p. 68) and his ex-wife Ivana secretly meeting to enjoy a Pizza Hut pizza together, celebrities wearing milk mustaches for the "Got milk?" spots, and Clydesdales playing a horsey game of football.

In his professional life, Crawford has also taken a few unexpected turns. A true renaissance man, he is comfortable among artists and executives, and speaks the language of high culture while trafficking in the glib pop lingo of advertising.

Then chairman of BBDO Worldwide, in 1986 Crawford presided over the Big Bang — the creation of Omnicom, then a newly created holding company that comprises the BBDO Worldwide, DDB Needham Worldwide, and the Diversified Agency Services unit, triggering waves of industry consolidation. As CEO and chairman, Crawford worked with CFO and EVP **Randall J. Weisenburger**, WG'87 (a member of Wharton's Board of Overseers who established the Wharton-Omnicom Communications Fellows Program), to grow Omnicom with a successful strategy of buying smaller, specialized agencies with talented management.

In 2002, while still Omnicom chairman, Crawford took over the leadership of Upper West Side Manhattan's artistic jewel, the Lincoln Center, which was in internal disarray. The dozen different arts groups that used the center were arguing constantly over everything from schedules to development rights. With an elder statesman's gravitas and a businessman's no-nonsense manner, he was an antidote to the bickering among the center's various arts groups.

Crawford, a past president of the Metropolitan Opera, threw himself into the new job, mollifying constituent performing groups, boosting the number of shows produced, and determining what should be developed on the immense parcel along the mid-to-upper stretches of Broadway. He left the Lincoln Center chairmanship in 2005, with the health of the center restored.

More than anything, Crawford is admired by Wall Street and the creative community alike for his ability to see both the bottom line and artistic excellence. He understands that success in both opera and advertising requires substantial financing and a watchful eye.

Crawford is admired by Wall Street and the creative community alike for his ability to see both the bottom line and artistic excellence.

LED **PHILLY FEDERAL RESERVE**

JEAN ANDRUS CROCKETT, PROFESSOR

TENACITY coupled with brilliance were key to Jean Andrus Crockett's groundbreaking career. She was the first female department chair at Wharton, the first woman to lead the Faculty Senate, and the first woman to chair the Federal Reserve Bank of Philadelphia. Crockett, who died in 1998, was a scholar of consumption and savings, investment, financial interest rates, markets, and the economics of health care. She published widely in major scholarly journals and also held a series of public service positions throughout her career.

Crockett broke new ground in her analyses of the stock market and investors. In 1970, for example, she and Wharton colleagues **Irwin Friend** (see p. 21) and **Marshall Blume** found that mutual funds did little to improve the market's efficiency. On average, they found, mutual-fund investors would have fared better had they simply bought an equal number of shares of every common stock on the New York Stock Exchange.

She was promoted to full professor in 1966 and named chairwoman of the finance department in 1977. In 1989, she received the University's Distinguished Faculty Award for "pioneering all-University leadership and for dedication to furthering the careers of junior colleagues and graduate students."

Crockett broke new ground in her analyses of the stock market and investors.

Crockett served as a director of the Federal Reserve Bank of Philadelphia from 1977 to 1982, and was appointed chairwoman of the regional bank in 1982. In one of her first statements in that post, she echoed a theme sounded by former Fed chairman Paul A. Volcker, who argued that Federal deficits had to be cut to make the Fed's job less agonizing. "Interest rates," Crockett said at that time, "would not have to be this high if fiscal policy were used in addition to monetary policy to fight inflation."

Wharton Publications

BUILT A **BANKING GIANT**

EDWARD E. CRUTCHFIELD, WG'65

WHEN EDWARD E. Crutchfield started running day-to-day operations at First Union Bank as its chief executive officer in 1984, the organization had $7 billion in assets. That's not bad for a regional bank in western North Carolina, but it was a mere blip on the national scene. By the time the man the banking world dubbed "Fast Eddie" stepped down because of a bout with cancer in 2000, First Union was a $258 billion bank — the sixth largest in the country.

Crutchfield earned his nickname by making more than 100 banking acquisitions during his 16 years at the helm of First Union. In the process, he turned Charlotte into one of the world's major banking centers.

After earning his MBA at Wharton in 1965, Crutchfield returned to North Carolina to become a banking bond analyst. In 1972 at age 32, he was president at First Union, the youngest at that position at any major bank in the country. He became an early advocate of advancing technology in the consumer banking business and of offering non-traditional financial services to both consumer and business customers.

By the time he became chief executive in 1984, interstate banking had become feasible. Crutchfield took full advantage, spreading First Union mostly toward the more lucrative markets in the Northeastern United States. Crutchfield was considered an outsized personality and constantly on the prowl to make a deal.

He was behind the scenes, having just retired as CEO, when First Union made its biggest acquisition, buying its North Carolina neighbor, Wachovia. The deal created the fourth-largest bank in the country under Wachovia's corporate identity. Crutchfield's legacy makes him the man who made consolidation the watchword for the early years of interstate banking.

Wachovia Bank

LEADING IN **PERFECT HARMONY**

JAMES DEPREIST, W'58, ASC'61, HON'76

THE OREGON Symphony dedicated the 2002–2003 season to its music director for more than two decades, James DePreist. A program for the tribute season declared, "James DePreist's legacy is every note the orchestra will ever play."

A board member of the orchestra summed it up this way: "He took a group that wasn't a full-time professional ensemble and made it into a first-rate orchestra, in part because of his ability to attract and keep first-rate players." His 50-plus recordings include more than a dozen records with the Oregon Symphony that helped immeasurably in growing its international reputation.

Born in Philadelphia in 1936, DePreist earned an undergraduate degree from Wharton and a master's from Penn's Annenberg School before studying composition at the Philadelphia Conservatory of Music.

"At the time that I was at Wharton it seemed very logical. I was going to be a lawyer," DePreist recalls. "I was making a geographical separation in my mind between those things that brought me a great deal of pleasure, and practical things. All of my musical activities were both avocational and extracurricular."

His gifts, however, were too great to confine to a pastime. DePreist's maternal aunt was legendary contralto Marian Anderson, the first African American ever to perform on stage at the Metropolitan Opera in New York. Anderson favored her nephew with gifts of classical records, sending him down the path that led to his receiving the National Medal of Arts from the National Endowment for the Arts in 2005.

In Portland, DePreist drew on his Wharton degree to devise ingenious marketing plans for building the Oregon Symphony.

"I'd call him a multitasking demon," former Oregon Governor Neil Goldschmidt once said. "In addition to the music, he was involved in any number of things: fund-raising, promoting, and transforming the orchestra."

U.S. Senator Mark Hatfield called DePreist the dominant figure in the state's cultural life for 20 years.

DePreist, in addition to being a busy guest conductor, is now permanent conductor of the Tokyo Metropolitan Symphony Orchestra.

Oregon Symphony, 2004

1924

Professor Solomon Huebner helped shape the future of insurance education with his keynote address on the value of human life as a nation's greatest resource.

A TRUSTED LEADER FOR TURBULENT TIMES

PRIDIYATHORN DEVAKULA, WG'70

PRIDIYATHORN DEVAKULA, the great-grandson of a Thai king, has long been an innovative thinker for the Thai economy, most prominently as the country's central bank chief in the early 2000s. He rose to that post after serving for two decades as an executive in the country's private banking system.

Pridiyathorn became the head of the Bank of Thailand in 2001 at the height of rampant inflation in Southeast Asia. He believed that the inflation was caused by Prime Minister Thaksin Shinawatra's overspending and tried to counteract it by continually raising interest rates until inflation subsided.

When a military coup toppled the government of Thailand in 2006, the new rulers of the Asian nation were worried that the change would rile the country's economy, sending it into a downward swirl. They looked for a figure who would assure the world that one of Asia's new tigers would continue to roar. Pridiyathorn was tapped to be finance minister and deputy prime minister for economic affairs.

The Straits Times of Singapore called Pridiyathorn "highly respected" and wrote, "His appointment in particular has reassured investors that there will be policy continuity on the economic front."

"His appointment in particular has reassured investors that there will be policy continuity on the economic front."

As finance minister, Pridiyathorn continued his tight controls, restricting foreign investments and putting in policies to curb speculation in the baht, Thailand's currency. In February 2007 he resigned his posts from the nascent Thai government.

Taking on the honorific title of Mom Ratchawong, reserved for royal descendants, Pridiyathorn commands respect as well for his forthright handling of economic policy and corruption in government. He has removed executives from banks whom he believed were engaging in bribery and took on both military and civilian officials when he thought they were pushing policies that were self-serving and not moving the general Thai economy forward. His legacy as an independent figure is unusual in Thailand, which was primarily under either military rule or monarchy through most of the 20th and 21st centuries.

Pridiyathorn is a member of Wharton's Executive Board for Asia.

Sukree Sukplang, Reuters, 2001

SHE OPENED THE **OLD GIRLS' NETWORK**

CONNIE K. DUCKWORTH, WG'79

Wharton Alumni Magazine, 2004

"MANY WOMEN don't realize that they can achieve their dreams and execute on their passions in business," Connie Duckworth has said. "It really is a wonderful form of self-expression. And the beauty of having a successful business is it gives you a wonderful economic platform from which to do good."

Duckworth has used that platform throughout her career. She began at Arco in the oil business in the late 1970s when the industry was at its hottest, then became a woman of firsts at Goldman Sachs, serving as the firm's first female sales and trading partner, co-head of the Municipal Bond Department, head of Fixed Income in Los Angeles, and co-head of the Chicago office. All the while she spent hundreds of hours helping younger women understand the hows and whys of succeeding in business.

In 2001, Duckworth retired from Goldman to make mentoring fledgling businesswomen her full-time vocation. She co-founded 8 Wings Enterprises, a group of angel investors that advises and selectively funds early-stage, women-led companies, co-authored *The Old Girls' Network: Insider Advice for Women Building Businesses in a Man's World* and served as chair of the Committee of 200, a professional organization of the nation's most powerful women entrepreneurs and corporate executives.

Now Duckworth is in the spotlight for her work as founding president of Arzu, a not-for-profit organization that aims to provide sustainable income to Afghan women by sourcing and selling the carpets they weave. "There's a 'woman-made' craft made in virtually every remote region in the world," Duckworth told the *New York Times*, which featured Arzu in January. "The key is to connect them with the biggest consumer market in the world, which is us." She said her Wharton training "helps her bring private-sector skills to apply to public-sector problems."

> **"The beauty of having a successful business is it gives you a wonderful economic platform from which to do good."**

Duckworth is a member of the School's Board of Overseers and winner of the Kathleen McDonald Distinguished Alumnae Award from the Wharton Women in Business organization. When the Wharton Club of New York revived its Joseph Wharton Awards in 2006 after a 15-year hiatus, Duckworth was one of the first honorees.

Sunoco

HE MADE **SUN OIL** RISE

ROBERT G. DUNLOP, W'31, HON'72

ROBERT DUNLOP called himself a "bean counter." Despite his sober self-assessment, Dunlop led Sun Oil Co. in innovative marketing strategies and aggressive acquisitions. His leadership converted a regional company into a fully integrated corporation by greatly expanding its marketing territory, manufacturing, and production.

The valedictorian of his Wharton class, Dunlop joined the Philadelphia oil company as an accountant. At the age of 37, Dunlop was handpicked to become the first president of Sun outside the Pew family, whose patriarch Joseph Newton Pew founded the company in 1886. Endowed with remarkable recall — always remembering the names of employees after an initial meeting — Dunlop was serene and pensive, as well as sometimes self-effacing, often referring to his accounting roots but obviously proud of his superb technical prowess.

Under Dunlop, Sun Oil in 1958 introduced an innovation that is now familiar: **the Custom Blending Pump, a novel system for dispensing a choice of five octane grades of gasoline from a single pump. It revolutionized the method of marketing gasoline, allowing companies to market higher-priced blends.** A model of the pump is on display at the Smithsonian Institution.

Sun expanded into Canada, and later into Venezuela beginning in 1957. The Venezuelan Sun Oil Company produced more than one billion barrels of oil from Lake Maracaibo before ceasing operations in 1975 when the Venezuelan government nationalized Sun's holdings. When Sun Oil merged with Sunray DX Oil of Tulsa, OK, in 1968, the company's assets increased by a staggering 50 percent.

Dunlop's ability to adapt to changing energy market conditions increased Sun's business volume fivefold by the time he retired as chairman and CEO in 1974. Dunlop died in 1995.

LDI

UPS

ORIGINATOR OF **HEALTH CARE MANAGEMENT**

ROBERT EILERS, PROFESSOR

WHEN ROBERT EILERS conceived the Leonard Davis Institute of Health Economics in 1967, the notion of a high-level institute that would bring together the Wharton School and Penn's medical school to address the problems of health care was unheard of.

The Institute, a precursor to the Health Care Systems Department (the first such department created at a business school), was the brainchild of Eilers, professor of insurance at Wharton and community medicine at Penn's School of Medicine. Eilers established the Institute to serve as a bridge between medicine and Wharton, realizing that an educational component was crucial to the Institute's credibility within the School. That also meant creating an MBA major in 1970 — the first MBA program in health care management — and later undergraduate and doctoral concentrations, with the specific goal of training managers and analysts of health care systems.

"When he started the health care management program, the whole idea was to bring sound management and economic principles to health care, which up until that time had largely been insulated from them," said Arnold J. Rosoff, Professor of Legal Studies and Health Care Systems. "Up until that point, anyone who talked money to doctors angered them."

Through Eilers' vision and energy, both ventures distinguished Penn as one of the first universities to advance interdisciplinary scholarship in the management and health sciences through a formal partnership between its business and medical schools.

On a national level, LDI had a major impact on the management of health care systems and set the standard for that field.

Eilers was also an early architect of national health insurance policies and health maintenance organizations, writing much of President Nixon's 1970 national health insurance plan while serving as special assistant to the President. He was a driving force on a team of three consultants to the Undersecretary of Health, Education, and Welfare, which developed Medicare, Part C. It was this team that coined the term "health maintenance organizations."

Eilers was also an early architect of national health insurance policies and health maintenance organizations, writing much of President Nixon's 1970 national health insurance plan while serving as special assistant to the President.

HE **DELIVERS** FOR **UPS**

MICHAEL L. ESKEW, AMP'93

THE ONLY WAY TO stay ahead when you're running a 100-year-old company that's already done great things, UPS CEO and chairman Mike Eskew believes, is to be "constructively dissatisfied."

Like his eight predecessors, Eskew, a 1993 graduate of Wharton's Advanced Management Program, came up through the ranks at UPS, starting as an industrial engineer in his home state of Indiana. And since he took charge of the world's largest shipping carrier in 2002, both business innovations and financial results have been impressive, with international profits soaring as Eskew's push toward global expansion has taken hold. He's recently overseen the development of a multibillion-dollar information-technology infrastructure to allow the company — and customers — to track 14 million packages a day. Since 1999, Eskew has moved the company into the supply-chain management business by acquiring 20 related businesses in logistics, technology, banking, and retail postal and business services.

The low-key Eskew doesn't dwell on disappointments, and says that **if you don't make mistakes, "you really haven't pushed hard enough."** In a *Fast Company* magazine profile, he recalled his angst over his decision to buy six 747 airplanes from American Airlines when he moved UPS into the air shipping business in 1984. "I knew we could use four (planes). But it was six or nothing. I said, 'We'll take them.' I couldn't sleep for a week, thinking I had ruined the company. But we filled up not only those six, but 280 others. We found a way to grow this business and take us around the world." Indeed, in the early 1980s, UPS had just a hint of business in Canada and West Germany. Today, it's in 200 countries.

Meanwhile, he's also working to expand service to China, double capacity at UPS' European base and spending $1 billion to expand the company's Louisville air hub 60 percent by 2010, according to a *USA Today* profile. "The biggest challenge is complacency," he has said. "You need to fight that. We always think we can do better, be better."

OSCAR-WINNING PRODUCER

WENDY FINERMAN, W'82

WENDY FINERMAN'S dogged nine-year campaign to make *Forrest Gump* has become the stuff of Hollywood lore: While still in her 20s, Finerman found the story of the slow-witted Gump and knew she needed to bring it to the screen.

But no one — not actors, directors, agents, or studios — shared her interest. Finerman persevered, eventually finding a screenwriter who wove the book's episodic and unconventional narrative into a cohesive story — a screenplay that caught the attention of actor Tom Hanks, who agreed to star. And in 1994, nine years after she started the project, *Forrest Gump* hit the big screen. It went on to win six Oscars, including Finerman's for producing a film that moved so many.

"Did I get discouraged?" she told the *New York Times*. "Absolutely. Was it frustrating? Absolutely. But as soon as I got that script I knew, with certainty, that the time had come for Forrest Gump's story to be told."

Unlike most of her Wharton classmates who headed to Wall Street after graduation, Finerman started her career in entertainment at The Movie Channel in New York. She later went west to become a business affairs executive for Universal Television. Finerman joined Steve Tisch Productions as vice president of production and development in 1985, where she came across the galleys for Winston Groom's novel *Forrest Gump*.

Today Finerman runs Wendy Finerman Productions and has produced such popular films as *The Fan*, *Stepmom*, *Drumline*, and the British-Academy-award-winning *Fairy Tale: A True Story*. Most recently, she put her determination into the 2006 hit, *The Devil Wears Prada*. She optioned the treatment by Lauren Weisberger inexpensively before it became a surprise best-seller, shepherded the script through numerous writers, championed the hiring of first-time film director David Frankel, and lured star Meryl Streep into a project with a modest $35 million production budget. The resulting film earned more than $330 million in worldwide box office and nabbed a Golden Globe win and Oscar nomination for Streep's devilish comic turn. Her latest project is *P.S., I Love You*, starring Hilary Swank, to be released in 2008.

Finerman served on Wharton's Undergraduate Executive Board for over a decade and is helping to generate excitement among her classmates for their 25th reunion.

Finerman persevered, eventually finding a screenwriter who wove the book's episodic and unconventional nature into a cohesive story.

Wire Image, 1995

1931

Professor George Taylor, the "father of American arbitration," ended the first of 2,000 strikes he helped settle. Appointed to serve under five presidents, he was later inducted into the U.S. Labor Hall of Fame.

A PAIR OF **SHOES IN EVERY CLOSET**

JEROME FISHER, W'53

M&T Archives, 2004

IN THE MID-1970S, Jerome Fisher would look at the upscale runway shows and marvel at the shoes the models were wearing. Unfortunately, the closest most women would get to those shoes was seeing them in the pages of *Vogue* or *Harper's Bazaar*.

Fisher found he could modify the designs and manufacture them quickly in Brazil. Fisher's office was in the iconic sloped, glass building in Manhattan, 9 West 57th Street, so he modified that, too, and named the new brand Nine West.

Fisher's approach was innovative, and Nine West soon became the dominant brand in department stores through in-store marketing displays. Instead of spending heavily on traditional advertising, beginning in 1983 the Nine West team focused on opening concept shops to present the full brand vision — updated styles and good quality at moderate prices.

Before long, the company was selling one of every five pairs of women's shoes in America. By the time Fisher merged the company with Jones Apparel in 1999, the company was valued at more than $1 billion.

The son of a successful shoe manufacturer, Fisher has said that he was "cloned into" the business. He worked in his father's factories as a teen, sold shoes while at Wharton, and even wrote a thesis on the demise of the New England shoe manufacturer.

Even after Fisher took Nine West public in 1993, he kept tight control of the company's business dealings, including operations in Brazil, where Nine West at one time employed more than 60,000 workers. Fisher has called the creation of jobs in Brazil one of the most rewarding aspects of his career.

Before long, the company was selling one of every five pairs of women's shoes in America.

Fisher has been a Penn Trustee and a Wharton Overseer. In 1995, he endowed what has become the Jerome Fisher Program in Management & Technology, an interdisciplinary program between Wharton and Penn Engineering that was the first of its kind. In addition, he and his wife Anne have also been honored with the naming of Fisher-Hassenfeld College House, part of the historic quadrangle renewal project, and the Anne and Jerome Fisher Fine Arts Library, both in recognition of their gifts.

Paola Nogueras, 2005

WHARTON *first*

1953 The Securities Industry Institute was established, the first and longest-running custom executive program among business schools.

A **COMPASSIONATE AND CONNECTED** LEADER

W. FRANK FOUNTAIN, WG'73

IN 2006 *Crain's Detroit* named Frank Fountain the region's number-one "most connected" person — the local leader who had forged the most connections through civic and nonprofit board service. For Fountain, who is DaimlerChrysler's Group Senior Vice President of External Affairs and Public Policy, being connected is part of his job. But it's also who he is.

"Most of the success that I have experienced throughout my career can be traced back to the intense, challenging, sometimes painful, but always inspiring experience in my two years in West Bengal, India," Fountain has said of the time he spent in the Peace Corps from 1966 to 1968. **His work there helped farmers produce a record-breaking rice harvest and introduced handicraft makers to marketing.**

Creative, resourceful, and cognizant of local, national, and international communities' connections, Fountain was born in 1944 Brewton, AL, as the oldest of seven children in a struggling farm family. He learned early the benefits of "working hard and working smart," attributes that helped him to earn a bachelor's degree in history and political science in 1966 from Virginia's Hampton University.

By 1973, after returning to the U.S., Fountain earned his Wharton MBA, then landed a job at Chrysler as an investment analyst. By 1995 he was appointed vice president for government affairs, ascending to the position of senior vice president after the 1998 merger of Daimler-Benz and Chrysler Corp. He also oversees community relations and educational programs as president of the DaimlerChrysler Corporation Fund.

In his professional role, Fountain oversees the distribution of more than $20 million in grants annually, aimed at developing a skilled workforce, ensuring community vitality, and encouraging employee involvement.

In his private life, Fountain is busy on many boards, especially those that support the Detroit community, including Detroit Public Schools, and development and health care in Africa, including the Corporate Council on Africa and Africare, which address HIV-AIDS and other issues. Fountain is also a Wharton Overseer.

HIS RESEARCH
CHALLENGED CONVENTIONAL WISDOM

IRWIN FRIEND, PROFESSOR

PLUCKED FROM THE U.S. Department of Commerce, Professor Irwin Friend was an intellectual powerhouse whose path-breaking research of emerging financial institutions brought new influence to Wharton's Finance Department — as well as industry-wide reforms.

As chief of Commerce's Business Structure Division from 1947 to 1953, Friend introduced the concept of collecting data on expectations of plant and equipment expenditures. In the 1950s and 1960s, as head of Wharton's Securities Research Unit (SRU), Friend examined the OTC market for corporate equity, the savings and loan industry, the mutual fund industry, and the investment banking industry, scholarship that was widely used by Congressional committees, Federal and state regulatory agencies, academic groups, and securities organizations.

Friend was the first to question the commonly held view that mutual funds perform better than an unmanaged portfolio of individual stocks.

His early 1950s study of the OTC market developed the first comprehensive data on the structure of that market and provided the first serious estimates of the number of participants, volume of transactions, size, and variability of bid-ask spreads, and the relative importance of the market in distributing new issues of small firms.

Frank Ross, 1968

Friend's 1962 book, *A Study of Mutual Funds*, anticipated much of the later theory and empirical work of efficient markets. He was the first to question the commonly held view that mutual funds perform better than an unmanaged portfolio of individual stocks. The study also suggested that a conflict of interest existed between a mutual fund's shareholders and the fund's investment advisor. He wrote that increased sales "automatically produce increases in the dollar amounts of management fees … and … brokerage business to distribute," with no benefit to investors. The study, prepared for the Securities and Exchange Commission and the most comprehensive report in decades, became a precursor to the rise in index funds — and won wide recognition that led to industry reforms.

RETAIL INNOVATOR
AND LEGENDARY COMPETITOR

BERNARD F. GIMBEL, W'1907

WHEN A CHAMPIONSHIP BOXER describes you as a tough competitor, you know it's true.

In 1967, heavyweight champion boxer Gene Tunney wrote a *Reader's Digest* profile of Bernard Gimbel, the retailing giant who served as his occasional sparring partner: "Whether he was negotiating a multimillion-dollar deal, devouring a gargantuan platter of corned beef and cabbage, jogging five miles before breakfast, or betting on a horse race, he did it with a verve and gusto that was pure joy to watch."

Tunney (pictured, right, with Gimbel) recalled that the fully-clothed Gimbel burst into the shower with him after Tunney's famous defeat of Jack Dempsey in Philadelphia on September 23, 1926. Before the fight, Gimbel had conferred with him about boxing strategy, and his congratulations couldn't wait.

Born in 1885 into a retailing family, Gimbel went to work fulltime in the Gimbel's Philadelphia store in 1907 following his graduation from Wharton. By 1908 he was vice president of the Philadelphia store, one of several developed from his grandfather's mid-1800s Indiana-based lace-and-pots store.

Courtesy of the Gimbel family, circa 1950

His competitive streak immediately became apparent when Gimbel expanded into New York retail turf in 1910, where he launched a legendary battle with Macy's. Despite initial opposition from his father and seven uncles, **Gimbel's New York store became a resounding success via the introduction of discount "basement" sales and other retail initiatives.** Gimbel soon bought upscale Saks, a move that provided a significant cushion when Gimbel's suffered during the Great Depression.

Purchasing and selling hard-to-find items during World War II, as well as developing stores at suburban shopping malls, allowed the company to greatly expand. Annual sales increased during Gimbel's tenure as president (1927–1953) from $15 million to $600 million. Gimbel died in 1966.

INVESTOR, ENTREPRENEUR, **CANDLESTICK MAKER**

ROBERT B. GOERGEN, WG'62

"KAIZEN" IS A Japanese word that Bob Goergen likes to use to explain his approach to business. He came across the word — denoting "gradual change" — when reading about Japanese management practices.

"I use it to differentiate between great leaps forward and thoughtful, gradual changes where your likelihood of success is much higher," he explains.

Goergen, chairman and CEO of Blyth Inc., a Wharton Overseer, and the namesake of Wharton's Goergen Entrepreneurial Management Program, has built a remarkable career on this concept. Indeed, **prudent risk-taking helped Goergen transform Blyth from a small candle maker ($2.8 million in sales) into one of the nation's largest home-accessories companies ($1.6 billion in 2006 sales).**

Goergen had an entrepreneur's eye for calculated risk from the start. As a rookie at the advertising agency McCann-Erikson, he updated Coca-Cola's marketing campaign by hiring the Supremes to sing the Coca-Cola theme — a replacement for the aging sound of the Limeliters.

He followed with a stint as a management consultant at McKinsey & Co., and next at Donaldson Lufkin & Jenrette, with the Sprout Group. When Goergen became the managing partner at Sprout, he began to make what he calls "hobby investments" — that is, deals that were too small to interest Sprout.

Courtesy of Robert Goergen

In 1976, he came across a Brooklyn, NY, firm called Valley Candle Co. Goergen and three friends put up a total of $50,000. He then raised $300,000 more from other friends and family members. That enabled the partners to persuade Chemical Bank to lend them $650,000 more. They bought Valley for $1 million.

Within a year, Goergen heard that another candle company — Candle Corp. of America in Chicago — was for sale. This time, the price was $3.3 million. Goergen again called on his network. To get a large enough loan, he had to pledge his personal assets, too. Goergen decided to step up his involvement to protect his investment — in 1978, he quit his managing partner job and became a full-time candle maker.

REINVENTING **HEALTH AND BEAUTY** RETAIL

STANLEY GOLDSTEIN, W'55

WHEN STANLEY GOLDSTEIN started a new business with his brother, Sidney, and a friend, Ralph Hoagland, he picked a name that he thought said it all, "Consumer Value Stores" — CVS. The main idea of success in business, Goldstein thought, was to be aware at all times what consumers wanted and to give them value in the process.

By the time he retired from the board of CVS in 2006, it was the largest drugstore chain in the U.S. with more than 4,000 outlets. In 1963, though, the Goldstein brothers didn't feel successful. Their health and beauty products distribution firm was barely breaking even. Hoagland was a Procter & Gamble salesman, and the three wanted something dynamic and new. They opened up their first CVS in Lowell, MA, a working-class Boston suburb, and were able to capitalize in two ways. Hard workers were being laid off as manufacturing businesses were shutting down, and pricing controls on drug items were being eased.

The main idea of success in business, Goldstein thought, was to be aware at all times what consumers wanted and to give them value in the process.

Goldstein decided to pay workers a little bit more than his competitors and provide other amenities, like health insurance coverage and much-anticipated holiday parties. "We just used common sense in the way we treated people," Goldstein told a Knight-Ridder reporter when he retired. "We became a preferred place to work."

CVS

CVS quickly grew to a chain of three dozen stores before the Melville Corp., a specialty retailing chain run by **Francis A. Rooney Jr.**, W'43 (see p. 58), acquired it for $12 million in 1969. Goldstein stayed on as president, and in 1987, became CEO of Melville.

He soon determined that Melville's expansion had become unwieldy. He sold off or closed all but CVS, eventually shedding the Melville name as well. He moved the company back to his hometown of Woonsocket, RI, and by the time he retired as CEO in 1998, it had $15 billion in sales and more than 100,000 employees.

After retirement, even while still on the CVS board, Goldstein started a foundation for education reform. A former Wharton Overseer, he hopes to improve both public and private schools in inner cities and other areas in need.

THE FATHER OF **CONJOINT ANALYSIS**

PAUL GREEN, PROFESSOR

MARKETING professor Paul Green is often called "the father of conjoint analysis," the powerful predictive statistical technique and backbone of market research. Conjoint analysis allows marketing managers to make accurate decisions about what products and services to sell — and helped make Green marketing's most cited author.

Green, who retired in 2005, earned his bachelor's degree in mathematics from Penn, then spent 12 years working in industry, including stints at Sun Oil, Lukens Steel, and DuPont, while also completing his PhD at Penn. Green's years in industry provided the real-world direction his research would ultimately become famous for.

"Sometimes these two motivations — the theoretical and the pragmatic — will merge and lead to a high-impact result, that is, an idea that is both intellectually exciting and appealing to the practitioner," he once observed.

In 1962, Green left DuPont to work full-time in Wharton's Marketing Department. Two years later, Green came up with the idea and the name for conjoint analysis while reading a research article from a mathematical psychology journal that provided a new system to measure rank order data.

"It occurred to me after reading the article that this could be applied to marketing as opposed to just a measurement," Green said. "We could give people bundles of things that they might want and measure how they react." The idea that his models could be useful beyond finding out what characteristics already appealed to people was a revelation. Green began to wonder if he could predict what people would do in the future based on how they answered questions about likes and dislikes.

Green's years in industry provided the real-world direction that made his research famous.

Today, Green's statistical modeling technique has been applied to an enormous list of products and companies, from those selling bar soaps and gasoline to those selling luxury automobiles and pharmaceuticals.

In 1996, Green won the Lifetime Achievement Award from the American Marketing Association, while last year, he won the INFORMS Impact Prize for lifetime achievement and was named the first recipient of the MIT Sloan School of Management Buck Weaver award.

Tommy Leonardi, 2005

1962

Professor Irwin Friend led a milestone study of mutual funds for the Securities and Exchange Commission.

The Calvert Corp.

The Calvert Group

PIONEERS OF **SOCIAL INVESTING**

JOHN G. GUFFEY, W'70 AND D. WAYNE SILBY, W'70

WAYNE SILBY and John Guffey didn't invent social investing, but the two founders of the Calvert Group turned the concept mainstream.

In the 1960s and 1970s, opposition to the Vietnam War, nuclear power, and other causes spread interest in social investment practices. Wharton classmates **Silby and Guffey set out to identify similar companies in which maximizing shareholder value and optimizing social concern were concurrent in their missions and operations.**

In 1976, after Silby received his law degree from Georgetown University, the two founded the Calvert Group on those principles. In 1982, the Calvert Group introduced the first money market with a social screen and the Calvert Social Investment Fund — the first mutual fund explicitly excluding South African investments.

In the ensuing years, the company has continued to innovate, introducing the first socially screened bond fund (1987) and the first social global fund (1992). In 1990 the shareholders of the Calvert Social Investment Fund voted to place one percent of the assets of the mutual fund in below-market investments in local nonprofit financial intermediaries to support micro-credit, low-income housing, small business and other community development initiatives.

While Silby and Guffey sold the Calvert Group to Acacia Mutual Life Insurance Co. in 1984, they remain members of the board of the Calvert Social Investment Fund. In 1989, they joined two partners to turn to the direct investing through Calvert Social Venture Partners. The small venture fund has made investments ranging from an educational video producer for inner-city youth, a biomedical producer of a needle-free insulin delivery system, and a pharmaceutical company that develops drugs from tropical plants, tapping the knowledge of traditional medicine and compensating indigenous tribes in the process.

Funding their initial scheme was problematic. Guffey told *The Washington Post* in 1989 that he thought social investing "is still not mainstream enough to convince large mutual funds to promote them."

A lot has changed. According to the Social Investment Forum, total investments using at least one social investment strategy have grown from $40 billion in 1984 to more than $2.29 trillion in assets, according to the 2005 report by the Social Investment Forum (SIF). Social investments now account for about 13 percent of all money under professional management in the U.S., according to the SIF report.

Pitney Bowes Inc.

HE CHANGED THE FACE OF **PITNEY BOWES**

GEORGE B. HARVEY, W'54

WHEN PITNEY BOWES hit some rough spots during the recession of 1981–1982, Chief Executive Officer, President, and Chairman George Harvey had a revelation. "Women were putting in more time than the men — and more consistently beating their sales quotas," he told *BusinessWeek*. His view of the company's workforce would never be the same.

"This realization helped set off an effort to boost top female ranks," *BusinessWeek* observed. "If I'm going to get the best talent, I've got to look at the entire population," remarked Harvey. He joined Pitney Bowes, in 1957 and rose to the top leadership positions in 1981. The company is now one of the world's largest providers of mailing, office, and logistics systems, as well as management and financial services.

He aggressively recruited women and graduates from historically black universities, demanding women "get 35 percent of all new management jobs and promotions" and signing to the board several women and minorities.

In addition to transforming Pitney Bowes's recruiting, Harvey was transforming the company's business itself. Just two years after Harvey started as CEO in 1983, the company's revenues exceeded $2 billion, a 50 percent increase from 1979. Bolstering sales were the introduction of new copiers, facsimile machines, and scales with microprocessors. By 1988, the company began to provide on-site staffing and mail-document management expertise. As the 1990s ensued, company revenue rose to more than $3 billion with Pitney Bowes introducing advanced technology in mailing and for small businesses, as well as corporate products.

"If I'm going to get the best talent, I've got to look at the entire population," remarked Harvey.

Since retiring in 1996, Harvey, a former Wharton Overseer, has served as a trustee or director for numerous corporations and charities, including Merrill Lynch, Pfizer, McGraw Hill Inc., and United Way of America.

THE MAVERICK WHO **PUT THE 'RETAIL' IN RETAIL BANKING**

VERNON W. HILL II, W'67

INSIGHT AND innovation often come from juxtaposition of two seemingly dissimilar fields. Ask Commerce Bank President/CEO Vernon Hill.

Also a successful owner of a string of Burger Kings, Hill decided that banking could be just like selling hamburgers, and that bankers seemed to be worried more about counting bills and coins than serving customers. For his insights, two *Fast Company* writers called him one of the "most original minds in business" in their 2006 book, *Mavericks at Work: Beyond Business as Usual*.

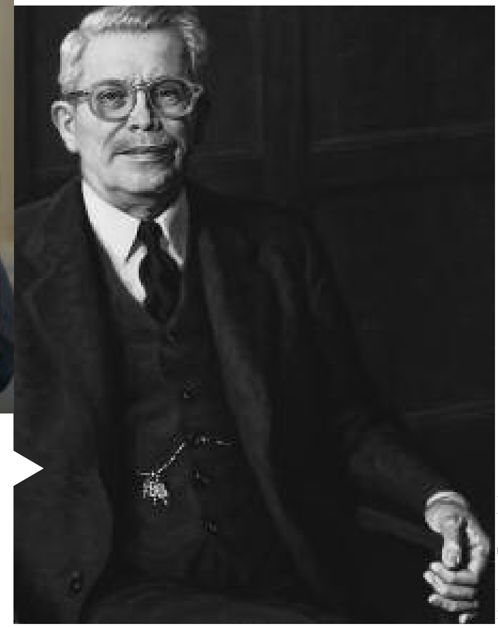
Bankers used to keeping bankers' hours initially dismissed Hill, but by the 1990s, lots of them were running to emulate Hill's consumer-friendly approach to banking. From his Cherry Hill, NJ, base, Hill slowly spread Commerce Bank in the Philadelphia area before breaking into the New York, Washington, and Florida markets.

His approach was simple, he said: Figure out what people wanted in a bank. So Hill emphasized having more tellers and customer service employees and kept his stores — he preferred that name to "branches" — open into the evening, all day Saturday, and at least a few hours on Sundays.

When lines formed, managers would hop up and open another window. Hill took away the glass from those teller stations, believing it to be an intimidation to customers. There was always a cache of pens for customers to use and take away. Kids got lollipops and dogs coming through the drive-in windows got biscuits. Free coin-counting machines were *de rigueur* at Commerce branches. Commerce charged no fees at its automatic teller machines and often reimbursed customers for other banks' ATM charges. When charges of political influence threatened its image, Hill discontinued Commerce's political action committees and got out of the government bond business.

Hill's motto for Commerce was "America's most convenient bank" and by 2006, it had grown to 375 stores, with the intention of having more than 1,000 within the next decade.

Brendan McDermid, 2006



Heubner Foundation

THE FATHER OF **INSURANCE EDUCATION**

SOLOMON S. HUEBNER, GRW'13, PROFESSOR

SOLOMON HUEBNER'S designation as the "father of insurance education" is undisputed. He taught the first course ever given in insurance, established the insurance department — and became the architect of the modern financial services industry.

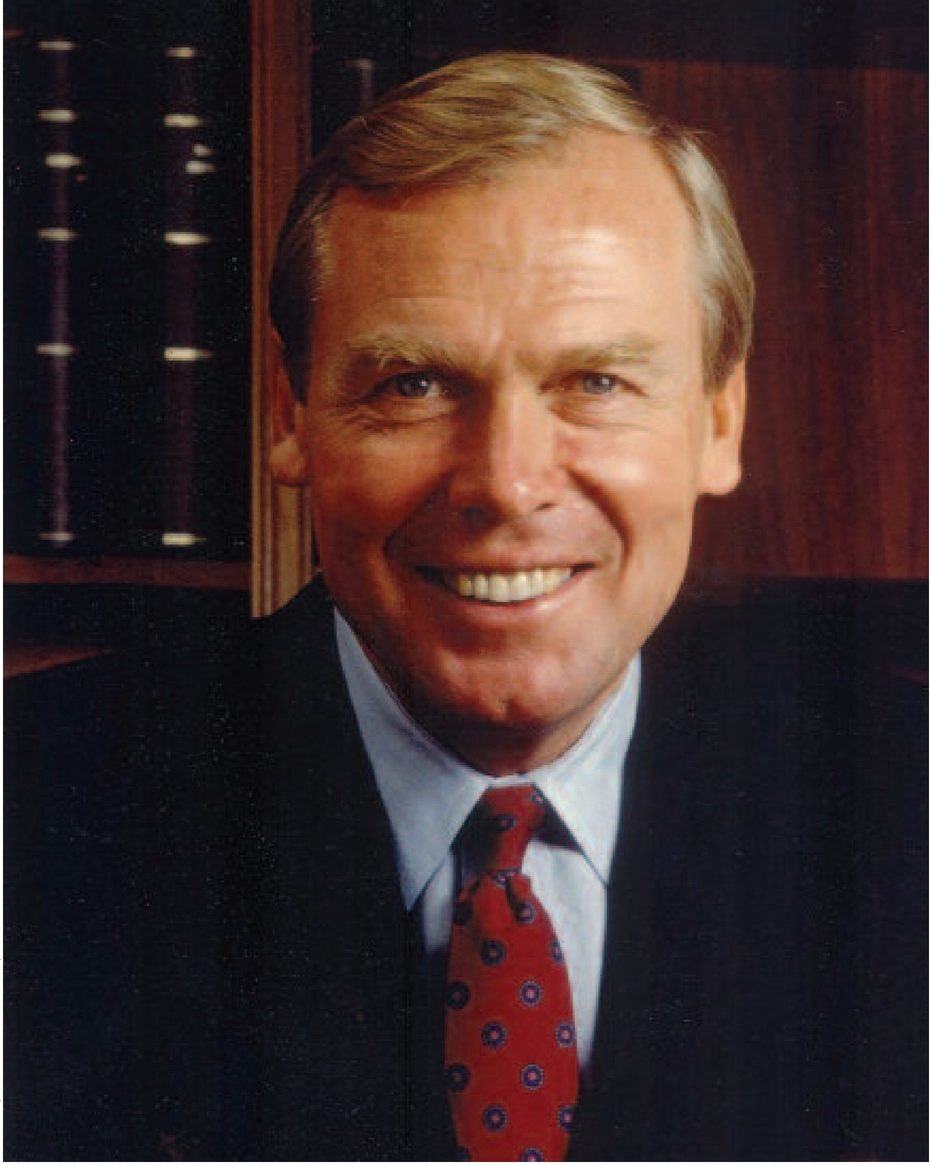
Although his Wharton doctoral thesis concerned foreign-trade aspects of marine insurance, Huebner invited life insurance managers to lecture to his early Wharton students. He quickly realized the urgent need for uniformity, fairness, and honesty in the industry.

Huebner wrote pioneering texts on various types of insurance, including life, property and marine — always stressing honesty, professionalism, and the quest for expert knowledge. He established an insurance department at Wharton by 1913 where he taught until retiring in 1953.

Huebner taught the first course ever given in insurance, established the insurance department — and became the architect of the modern financial services industry.

Huebner often traveled the country to insurance meetings, fiercely advocating for industry change. He once told an audience of salesmen and executives that "life insurance salesmanship must be given the status of a profession — a high calling," comparing the profession to law, medicine, and the ministry. He earned top-teaching awards during his tenure by animatedly exhorting students to be "noble" about their mission. One teaching colleague exclaimed, "You will find appraisals varying all the way between a messiah and a charlatan, and of course he was neither." Industry giant John Hancock instead called him a hero.

Huebner revolutionized the industry with qualifying exams and required accreditations for national industry standards, almost single-handedly instituting scruples that helped to propel sales to almost incomprehensible levels. He founded the American College of Life Underwriters in 1927 and the American Institute for Chartered Property Casualty Underwriters in 1942. Huebner died in 1964.


Courtesy of Huntsman family

WHARTON *first*
1970 The first MBA program in Health Care Management was introduced at Wharton.

FROM **BOOTSTRAPPER** TO **PHILANTHROPIST**

JON M. HUNTSMAN SR., W'59, HON'96

THE STORY OF JON Meade Huntsman is the stuff of which the American Dream is made: threadbare upbringing in Blackfoot, ID, to Wharton graduate, to patriarch of what was the nation's largest family-owned and -operated business.

At the apex of that often-bumpy journey, he found himself one of America's wealthiest people and among the nation's top 25 all-time philanthropists. Huntsman is also a wealthy man in terms of family. He and his wife Karen have nine children (including five Penn graduates, one of whom is **Jon Jr.**, C'87, the governor of Utah) and 55 grandchildren.

Huntsman's company, Huntsman Corp., a Utah-based chemical conglomerate, had 2005 revenues of $13 billion. Huntsman is also widely known for his philanthropy: He has given more than $200 million to establish the Huntsman Cancer Institute and Hospital at the University of Utah.

Anyone with a link to Wharton knows Huntsman's name. He is, after all, the largest benefactor in Wharton's long history and a leader in the Campaign for Sustained Leadership, which in 2003 became the most successful campaign ever at any business school. His gifts established the Huntsman Program in International Studies & Business, a dual-degree program for undergraduates, and he has been honored as the namesake of the School's newest state-of-the-art building.

Thirty-five years and many mergers later, Huntsman Corp. is one of the world's biggest chemical makers.

Huntsman grew up in Idaho, the son of a schoolteacher. He attended Wharton on scholarship and hatched his fortune out of eggs — or rather egg containers. He dreamed up polystyrene containers for eggs after working for his uncle, who sold his eggs in old-fashioned, less protective cardboard. Eventually, Huntsman started his own container company, which, among other things, created signature "clamshell" boxes for McDonalds' Big Macs. In 1976, Huntsman sold the firm and then re-purchased part of it back. Thirty-five years and many mergers later, Huntsman Corp. is one of the world's biggest chemical makers.

Huntsman has also known hard times, having survived prostate and mouth cancer. And his company nearly went bankrupt in 2001 when its cyclical industry slumped. Lawyers, business associates, and friends urged Huntsman to cut his losses by declaring bankruptcy, but Huntsman refused. He arranged emergency financing, and his long-private company went public in 2005.

Asked by *Forbes* magazine about his first big break, Huntsman recalled the following: "It came during a very difficult period — the Arab oil embargo of 1973–74.… Breaks often come from a difficult period, from being forced to deal with things that come up. I've always viewed hurdles and challenges as opportunities to move ahead."

Huntsman, Chair of Wharton's Board of Overseers, former Chair of the Campaign for Sustained Leadership, and Vice Chair of the University's Board of Trustees, chronicled his own story in *Winners Never Cheat: Everyday Values We Learned as Children (But May Have Forgotten)*, published by Wharton School Publishing in 2005.

TRANSPORTATION STUDIES **PIONEER**

EMORY RICHARD JOHNSON, PROFESSOR

EMORY JOHNSON was Wharton's first specialized business professor who not only pioneered U.S. transportation studies but practiced in the field. His work built the foundation for the consolidation of U.S. railways, and it was Johnson who set the tolls for the brand-new Panama Canal.

University Archives

While previous professors had taught a general management curriculum, Johnson focused on commerce and transportation beginning in 1894. As Wharton developed its first four-year curriculum, **Johnson was determined to create those business specialties — the first ever offered on the university level, and a hallmark of Wharton's curriculum today.**

Responsible for instruction in geography, commerce, and transportation, Johnson in 1903 began to author texts on transportation, including the landmark *American Railway System*, the first such volumes in the field, as his doctoral students focused on geography and commerce. Some of his students became well-known scholars in their chosen fields, including future insurance giant **Solomon Huebner** (see p. 25).

An early member of the U.S. Isthmian Canal Commission charged with building a canal to shorten shipping routes from East to West, Johnson was renowned for his transportation expertise. In 1911 he was called to the Panama Canal to develop tolls. These fees were to be paid by ships to use the Canal, according to Johnson's scale, taking into account cargo volume and ship measurements.

In 1913 he became Pennsylvania's state regulator of railroads. He next served as primary architect of national transportation policy as a member of the Executive Committee of the Chamber of Commerce's National Transportation Conference. He helped develop a cohesive regulatory vehicle for the transportation industry that became the far-reaching Transportation Act of 1920, which directed the Interstate Commerce Commission to consolidate U.S. railway properties. Johnson died in 1950.

WHARTON'S LEADERS The Wharton School has influenced the practice of business through the leaders it has educated. In turn, the School has been shaped by the founder, deans, and directors at its helm.

JOSEPH WHARTON, FOUNDER

Philadelphia industrialist and philanthropist Joseph Wharton invented business education when he established the School in 1881. Born in 1826 to a Quaker family, Wharton made his fortune through entrepreneurial ventures in the production of lead, zinc, and nickel. After the Civil War he became the largest shareholder of Bethlehem Iron Company, which was renamed Bethlehem Steel Company.

An early proponent of Frederick Taylor's principles of scientific management with a keen interest in the natural sciences, Wharton wrote and published papers on astronomy and metallurgy throughout his life. He died in 1909.

DIRECTORS

Edmund J. James 1883–1896
Wharton's first Director designed a practical curriculum that encouraged professional specialization along with instruction in the social sciences.

Simon N. Patten 1896–1912
Influenced by the Progressive Movement, Patten introduced concepts of "practical philanthropy" into Wharton's curriculum.

DEANS

Roswell C. McCrea 1912–1916
Under his leadership, the Wharton faculty strengthened ties with Philadelphia's government administrators.

William C. McClellan 1916–1919
McClellan worked closely with University trustees to raise the stature of the School within the University.

Emory R. Johnson 1919–1933
Johnson brought depth to Wharton's programs by requiring professional specialization among faculty and students. (More, left)

Joseph H. Willits 1933–1939
Willits emphasized the importance of economic research and its application to the affairs of business. (More on p. 72)

Alfred H. Williams 1939–1941
A protégé of Willits, Williams later became president of the Philadelphia Federal Reserve Bank.

C. Canby Balderston 1942–1954
Balderston spearheaded a fund-raising campaign to make possible the construction of the first building for the Wharton School, Dietrich Hall.

C. Arthur Kulp 1955–1957
Kulp was the first Wharton dean to be named with the participation of faculty.

Willis J. Winn 1958–1971
Winn led curricular reform and upgraded Wharton's academic programs, the PhD and entrepreneurial programs in particular.

Donald C. Carroll 1972–1983
Carroll enhanced the School's depth and strength with interdisciplinary programs and inter-school degrees, including the undergraduate degree in Management & Technology.

Russell E. Palmer 1983–1990
Palmer successfully strengthened and broadened the faculty, increased the quality of applications, oversaw the building of the Steinberg Conference Center, and furthered the international and cross-disciplinary curriculum.

Thomas P. Gerrity 1990–1999
Gerrity oversaw the reengineering of the School's MBA and undergraduate programs to reflect the technology-oriented world. He spearheaded the fundraising effort for Jon M. Huntsman Hall, the world's premier business school academic facility.

Patrick T. Harker, 2000-2007
Harker strengthened the School's focus on innovation, integrity, and engagement with the business community. He led the creation of Wharton West in San Francisco, forged an alliance with INSEAD, and led the Campaign for Sustained Leadership, the most successful business school campaign ever.

THE BUSINESS **LEADER AS STATESMAN**

REGINALD H. JONES, W'39, HON'80

University Archives

When many of his contemporaries in the business world viewed government as an adversary, Reginald Jones, CEO of diversified U.S. conglomerate General Electric (GE) throughout the 1970s, preached cooperation. His success at GE and in the public forum has made his management style a standard in the late 20th century.

Jones joined GE when he graduated from Wharton, and didn't leave until he retired as chairman and CEO in 1981. Along the way, he learned every aspect of the business — first as a traveling auditor, then as a manager in consumer, utility, industrial, construction, and distribution fields. His ground-level knowledge served him well as chief executive, allowing him to delegate effectively so that he could manage the larger picture, including international expansion.

In Jones's nine years as CEO, GE's sales more than doubled and its net income tripled, despite the difficult business environment. Jones took over as chief executive in 1972, and the political climate — Watergate, Vietnam, racial tensions, sexual freedoms — inevitably spilled over into the business world, which was in a slump. GE itself was in some businesses under attack, including nuclear energy.

Jones worked to find common ground. He traveled often to Washington, met directly with Congress, and provided counsel on economic policy to Presidents Nixon, Ford, and Carter.

Jones retained his role with GE and served as chairman of the President's Export Council. There he served as an eloquent voice for the expansion of world trade and the restoration of U.S. competitiveness. As chairman of the Business Council and co-chairman of the Business Roundtable, he led the movement to develop a constructive business-government dialogue.

By 1979, he had convinced his fellow executives his cooperation strategy was best, and a survey of 1,439 American leaders by *U.S. News & World Report* called him the country's most influential businessman.

A survey of 1,439 American leaders by *U.S. News & World Report* called Jones the country's most influential businessman.

Even those with whom he clashed praised Jones on his preparation and style. "I think he is one of the wisest, most intelligent, most informed people on public policy issues that I have ever met," Stuart Eisenstat, President Carter's domestic affairs chief told the *New York Times*.

Jones, a former chair of Wharton's Overseers and a Penn Trustee, was awarded an honorary doctorate from Penn in 1980. He is recognized at Wharton through the Reginald H. Jones Professorship of Corporate Management and the Reginald H. Jones and Grace Cole Jones Decade Donors.

He died in 2003.

1971

Simon Kuznets, former Wharton professor, won the Nobel Prize in Economics for a method to measure the Gross National Product which he developed while at Wharton.

HE MADE **TIMES SQUARE** SPECTACULAR

JEFFREY S. KATZ, WG'71

"TIMES SQUARE, so recently New York's shame, is today its symbolic heart," the *New York Post* wrote in 2004. And real-estate developer Jeffrey Katz deserves some of the credit.

Katz learned an important lesson early in his career. As CEO and principal partner of Sherwood Equities, he bought some property in Greenwich Village when it was hot in the late 1970s. By the time his apartments went to market, the New York real estate was at the trough of a 1981–82 recession. He would not make the same timing mistake again.

In his next project he invested in the East Side of Manhattan just when property there started to skyrocket. He targeted the area around the new Javits Convention Center when others thought the West Side, Hudson River location was too far away from too much.

Most influentially, he invested in Times Square — when it was at its seediest. Offices were leaving and the "Guys and Dolls" feeling of the area was fading. Katz felt the Pompidou Centre in Paris could be the model — create unique architecture and the area will prosper around you.

To do so, he remade One Times Square. It was a fitting move. The wedge-shaped tower built by the *New York Times* in 1904 gave the square its name and rivets the world's attention when the ball drops each New Year's Eve. When Sherwood Equities bought an interest in the building in 1996, it was hopelessly outdated. Instead of refurbishing, the partners marketed it as a tenantless sign tower at the crossroads of the square, wrapping it in the signature electronic and vinyl billboards known as "spectaculars." Katz formed Sherwood Outdoor to manage the signs.

While Sherwood was remaking one icon, they were building another — Two Times Square.

And even before Sherwood was remaking one icon, they were building another — Two Times Square, with seven spectacular signs of its own, a Renaissance Hotel, and 40,000 square feet of retail space.

Katz's privately held Sherwood Equities, Inc. now owns and manages more than $3 billion in properties, with kudos and awards for both innovative designs and the foresight to redevelop areas that others had written off.

Courtesy of Jeffrey Katz

THE WORLD'S MASTER **ECONOMETRICIAN**

LAWRENCE R. KLEIN, PROFESSOR

SHORTLY after winning the 1980 Nobel Memorial Prize in Economics, Lawrence Klein commented to *Wharton Alumni Magazine* that once researchers win a Nobel, they were considered "experts on everything. People ask them questions on every subject whether they know anything about it or not."

Klein was too careful to say anything but "I don't know" unless he knew the answer for sure. But as the world's master econometrician, he knew his specialty better than anyone.

Honored for his work in developing macro-econometric models for national, regional, and world economies, Klein's research has become the standard for economists worldwide. **His Nobel citation states that "few, if any, research workers in the empirical field of economic science have had so many successors and such a large impact as Lawrence Klein."**

Klein began model building while still a graduate student. After getting his PhD from MIT in 1944, he moved on to the Cowles Commission for Research in Economics, then at the University of Chicago. While there he built a model of the U.S. economy with the goal of forecasting economic conditions and estimating the impact of changes in government spending, taxes, and other policies.

In 1946 the conventional wisdom was that the end of World War II would sink the economy into a depression for a few years. Klein used his model to counter this thinking. The pent-up demand for consumer goods, he correctly argued, combined with the purchasing power of returning soldiers, would ward off a depression. Later he predicted correctly again that the end of the Korean War would bring only a mild recession.

Klein moved to the University of Michigan, where he built the bigger and more complicated Klein-Goldberger model with then-graduate student Arthur Goldberger, then to Oxford University, where he created a model of the British economy.

Klein returned to the U.S. to join Penn's Department of Economics in 1958, joining Wharton a decade later, where he built the now-famous "Wharton model" of the U.S. economy — a model with more than a thousand simultaneous equations.

Later in his career, in 1976, Klein served as coordinator of President Jimmy Carter's economic task force before the U.S. presidential election, later declining an invitation to join Carter's administration.

While Klein retired from full-time teaching at Wharton in 1991, he has occasionally taught classes at the Osaka International University, Ritsumeikan University, and Reitaku University in Japan. Another ambitious effort, Project LINK, incorporated data from a multitude of industrialized, centrally planned, developing countries to forecast trade and capital movements and to test the effects of proposed changes in political and economic policies.

University Archives

Tommy Leonardi, 2003

Paul Vreeker, Reuters, 2006

THE GURU OF **RISK MANAGEMENT**

PAUL KLEINDORFER, PROFESSOR

RISK management arrived in force in the chemical industry in 1984 with a poisonous gas leak at a Union Carbide plant in Bhopal, India — an accident that killed more than 3,000 people and injured thousands of others in nearby villages. "People realized then it could sink a company," said Wharton's Paul Kleindorfer, Anheuser-Busch Professor Emeritus of Management Science at Wharton and professor emeritus of Operations and Information Management.

"A major company, Union Carbide, with 111,000 employees, disappeared from the planet because of Bhopal," said Kleindorfer, the author or co-author of 15 books and more than 100 research papers. "This was a gripping, chastening experience. These incidents gave rise to the whole risk management paradigm and particularly the crisis management side of it."

As the co-director of the Wharton Center for Risk Management and Decision Processes from 1992–2005, Kleindorfer has led this burgeoning field and worked to give companies the tools to protect themselves. In particular, Kleindorfer has focused on the chemical and process industries and on the catastrophic risks associated with natural hazards, terrorism, and major accidents — work that has taken him around the world to consult with dozens of companies and government agencies.

And while risk management was well recognized in safety-intensive and environmentally sensitive industries, it wasn't until the terrorist attacks on 9/11 that managers realized every company needs to be concerned about this issue. Terrorist attacks also expanded thinking on potential risks, Kleindorfer points out, acknowledging that while he has written several books about the postal service, not one of them spotted the potential for a few letters containing deadly anthrax spores to bring the entire system to its knees.

Most recently, Kleindorfer's research offered new insights into managing the risk of supply chain disruption, an issue he argued should be a high priority for senior managers and shareholders since global supply chains are in a state of constant evolution.

A **PLAINSPOKEN LEADER** FOR **PHILIPS**

GERARD KLEISTERLEE, AMP'91

IN AN ERA of risk-takers, Gerard Kleisterlee's way to success was being steadfast and forthright, clinging to the principles that have made Royal Philips Electronics a market leader over the long run. But in 2006, he made headlines for selling off his company's second-most profitable arm to institute a stock buyback. For this bold move back to basics, *Fortune* named him Europe Businessman of the Year.

When Kleisterlee became CEO of Philips in 2001, the company had receded in influence. It had made its reputation in the early 20th century as a maker of quality light bulbs, but had branched out into other electronics — semi-conductors, radios, televisions, cassette recorders.

Despite Philips innovations like the co-development of the CD player, Asian firms had caught up and even passed it. It had once employed 400,000 people. Now it was down to about 160,000.

Into that breech strode Kleisterlee, with a long history of the Philips culture and a knack for moving people forward. He had started at Philips straight from college in 1974, and as chairman took the company back to its heritage.

Where some large European technologically oriented manufacturers, like Thomson, Grundig, and Telefunken, withered before the Asian crush, Philips, under Kleisterlee's slow-growth approach, prospered. It went into fast-growing businesses like medical products, and continued its lighting and small-appliance divisions.

In 2006 he realized that Philips semiconductor business (which he once called "the heart of the company") didn't fit his vision for the company. So he sold it off for $10 billion and used the proceeds for a stock buyback. He reorganized the unwieldy conglomerate into four easy-to-understand units — medical, lighting, consumer electronics, and domestic appliances. Philips was back on track, and investors cheered.

Working hard and going back to basics is Kleisterlee's message in how to survive while other old-line firms died. As he once told the *London Sunday Telegraph*, he doesn't model himself after outrageous business heroes, only calm, spiritual ones. "Ghandi, the Dalai Lama — people who take a position and show leadership and do difficult things. They really lead, but they're also humble."

He reorganized the unwieldy conglomerate into four easy-to-understand units — medical, lighting, consumer electronics, and domestic appliances. Philips was back on track, and investors cheered.

FORWARD-THINKER FOR A **JAPANESE/ AMERICAN VENTURE**

YOTARO KOBAYASHI, WG'58

AS CHAIRMAN OF THE Fuji Xerox Co., Ltd., Yotaro Kobayashi is a business visionary. And his company, a joint venture between Fuji Photo Film Co., Ltd. and America's Xerox Corp., a global entity based in Japan with $9.5 billion in revenue and 36,000 employees in 2004, has prospered under his direction.

Originally a distributor of Xerox products in Asia, Fuji Xerox began to develop its own products by 1973. **"We wanted to be able to respond to the pressure of the market with our own product development, and Xerox went along with it,"** he once said in an interview with *Wharton Alumni Magazine*. But, he joked, "For the first 10 or 15 years, people looked at our work as if we were moonshining."

Although guiding Fuji Xerox to the apex of imaging technologies, Kobayashi has been a keen observer of social dynamics as they relate to economic and corporate development. A member of Wharton's Executive Board for Asia and a former Penn trustee, he has been outspoken regarding the need for balancing individualism and competition with company loyalty and even the volatile historic politics between Japan and China.

Kobayashi joined Fuji Photo just after graduating Wharton, and by 1978 he had become executive vice president, president, and then CEO of Fuji Xerox, rising to chairman of the board in March 1999.

Under Kobayashi, the company has become responsible for the innovation and manufacture of many Xerox products. Its innovations include the world's first multifunction printer/copier in 1987.

A key to his company's success has been his belief that trade-offs between features and cost should not be made too early. He told Wharton, "You just cannot make hasty decisions about what it is not possible to do. There are so many things that *can* be done, and many managers give up too early."

Fuji Xerox

SELECTIVE ENTREPRENEUR, **VENTURE CAPITALIST**

JOSH KOPELMAN, W'93

STARTING HALF.COM, Infonautics, and an anti-spam company called Turntide has led serial entrepreneur Josh Kopelman to rethink tenets of business orthodoxy. Foremost among them is the notion that entrepreneurs have to find radically new niches. "If I see a white space in the market, my belief is that you have to wonder why it's there. Have there been 20 other people who've tried to solve it and weren't able to?

"I don't like to solve new needs. I like to solve urgent and pervasive needs but do it in a different way."

Kopelman, who now runs a venture-capital firm in West Conshohocken, PA, called First Round Capital, believes that many aspiring entrepreneurs misunderstand the role of risk-taking in startups. Entrepreneurs have to be selective risk-takers, not rash gunslingers, he says. They have to look for chances to reduce risk, where they can. But when big enough opportunities pop up, they shouldn't fear taking a calculated plunge.

"I don't like to solve new needs. I like to solve urgent and pervasive needs but do it in a different way."

When he started Half.com, which Kopelman sold to eBay in 2000, Amazon already had shown that folks would buy books and CDs online. And Kopelman knew that many of his friends and family members had shelves groaning with old books and CDs that they would be happy to unload. But no site had emerged to dominate sales of used materials. (Unlike larger, more expensive items, these didn't seem sensible candidates for online auctions.)

He explains, "When you're looking to solve an urgent and pervasive need, there are advantages to understanding Main Street's needs, not just the needs of Silicon Valley."

At Wharton, Kopelman serves on the board for Wharton Entrepreneurial Programs.

Courtesy of Josh Kopelman, 2006

1971

Wharton's impact on marketing expanded with the introduction of conjoint analysis. This innovative approach to understanding consumer preferences became one of the most extensively used marketing tools worldwide.

A LEADER FOR THE **PUBLIC GOOD**

ANN MCLAUGHLIN KOROLOGOS, WG'88

There are not many reasons to abandon the Wharton Executive MBA program mid-term. But when the President of the United States asks you to become the 19th Secretary of Labor, you have little choice.

That is how it happened in 1987 for Ann McLaughlin Korologos, when President Ronald Reagan chose her to become only the second woman in that slot. Amazingly, the first woman also had a Wharton connection, **Frances Perkins** (see p. 50).

Korologos blazed her own path with major programs to educate young workers and to involve women, minorities, and older workers in the workforce. **She helped create the Labor Department's $2.2 billion tax credit child care initiative and collaborated with the Secretaries of Education and Commerce through a program calling for better education in high-technology work amid global competition.** Reagan honored Korologos, who had previously served in the U.S. Treasury and Interior departments, with a President's Citizen Medal for Public Service.

Today she is chair of the influential think-tank, the RAND Corp., a member of the Dana Foundation board, chairwoman emeritus of the Aspen Institute (where she still serves as a Board Member), and a member of Wharton's Board of Overseers.

She has been known as a firm but fair leader whose style includes the ability to see problems clearly without politicizing them. As chair of the nonprofit Aspen Institute's board, she deftly managed the dismissal of an underperforming CEO with no fall-out to the organization. On the Microsoft board, she served on the software firm's three-person committee charged with complying with an antitrust settlement. As presiding director of the Fannie Mae board, she helped manage an investigation by federal regulators and return the mortgage lender to viability.

"During difficult times you need to look for the common interests and you need to trust the process," she has said. "That seems to work for me."

Wharton Publications

Aspen Institute

INVENTOR OF **GROSS NATIONAL PRODUCT MEASURE**

SIMON KUZNETS, HON'56, HON'76, PROFESSOR

DURING WORLD WAR II many academics put their ideas on hold for national interests. For economist Simon Kuznets the war effort was an opportunity to put his ideas — and ideals — into practice. As associate director of the Bureau of Planning and Statistics at the War Production Board, Kuznets developed a massive "input-output" survey that reshaped munitions production by predicting demand. The adoption of his measure of Gross National Product further transformed the war economy.

A Nobel Prize laureate (1971) for his novel — and sometimes controversial — economic empirical research regarding national economic growth, Simon Kuznets' early Jewish education in Czarist Russia and exposure to social and economic movements ranging from Marxian-socialism to free enterprise prompted meticulous studies of social and technological ramifications on economies. Through his work on business cycles and disequilibrium aspects of growth, he is credited with helping launch development economics.

"In a field where theory was and is the be-all and end-all of intellectual accomplishment, Kuznets taught that the touchstone of achievement is insight into empirical reality."

Born in 1901, Kuznets migrated to New York City in 1922. While studying for his doctorate at Columbia University, Kuznets worked with the great institutional economist Wesley Clair Mitchell, who administered Kuznets' dissertation and invited him to join the National Bureau of Economic Research. Kuznets' research on 15 to 20 business cycles was later called the "Kuznets Cycle."

Kuznets joined Wharton's faculty in 1931, where he began to develop national income estimates of the U.S. "In a field where theory was and is the be-all and end-all of intellectual accomplishment, Kuznets taught that the touchstone of achievement is insight into empirical reality," wrote economist **Richard A. Easterlin**, GrW'53, in a 1997 issue of *American Economist*.

Kuznets' book *National Income and Its Composition, 1919–1938*, published in 1941, is one of the most historically significant works on Gross National Product. His understanding of national economies became virtually unsurpassed as his new economic concepts were explored, debated, and implemented. In fact, he later tried to show the U.S. Commerce Department that the GDP isn't always an authentic measure of a society's well-being, sometimes upsetting opponents to his views and theories.

Kuznets died in 1985.

A **LEADER IN BEAUTY** AND GLOBAL EDUCATION

LEONARD A. LAUDER, W'54

IN AN AGE OF BUSINESS arrogance and self-promotion, Leonard Lauder transformed a small, homey cosmetics company into a multibillion-dollar giant by deference and collegiality.

Lauder realized that his mother, Estée Lauder, was the face of a business that was almost entirely about image. Though he took over Estée Lauder in 1972, when its sales were in the tens of millions of dollars, and turned it into that billion-plus cosmetics behemoth, he always introduced his mother as his inspiration, the one who made the company significant.

His great skill was to attend to details and know exactly whom his market was. He wanted the mid-to-high-end customers, so he stayed in department stores while his competitors developed extensive drug-store distribution. When those department stores proliferated in the suburban mall boom of the 1970s and 1980s, Estée Lauder's target customers also proliferated.

WHARTON *first*

1973 With the creation of the Wharton Entrepreneurial Center, Wharton was the first business school to offer a fully integrated program in entrepreneurial studies.

Estee Lauder Company, circa 1975

Lauder also believed in finding out who his employees were. He would travel extensively around the country, visiting Estée Lauder kiosks, introducing himself to sales clerks and stock people. He tested each of the company's fragrances and was said to have the best nose in the business. He would have yearly retreats for middle managers, "Estée Lauder University," and, those employees said, he would actually listen to their suggestions.

Asked by the *New York Times* in 1987 if the approach was not a little paternalistic, he said, "I think that the concept of accusing someone of running a paternalistic company, that's not an accusation. One should compliment someone on that."

In 2006, Leonard Lauder (a former Penn Trustee) and his brother **Ronald S. Lauder**, W'65, the renowned diplomat, executive, and art collector, were recognized as Dean's Medal recipients during commencement. The brothers, who founded the Joseph H. Lauder Institute of Management and International Studies at Penn in honor of their father, were honored for their commitment to global business and their belief that a serious interdisciplinary academic curriculum — combining business fundamentals with language proficiency, and international cultural, social, political and economic expertise — are vital to the growth of business worldwide. This year marks the 20th anniversary of Lauder's first graduating class.

A **HEALER** FOR THE **HEALTH CARE SYSTEM**

RISA LAVIZZO-MOUREY, WG'86

THERE'S NO DOUBT that aspects of the U.S. health care system are ailing. Millions of working people are uninsured, access to services varies widely, and Medicare is predicted to reach a crisis in coming years.

Perhaps no one is better suited to help heal the system than Dr. Risa Lavizzo-Mourey. As the president/CEO of the Robert Wood Johnson Foundation since 2003, Lavizzo-Mourey has applied both business and public-health principles to set specific objectives for strategic investment and redesigning systems to do so efficiently.

From a career as a practicing physician and work in academic medicine, she moved into the public sphere as an expert in health care policy, held positions in government, and played a key role in philanthropy. After earning her medical degree from Harvard, Lavizzo-Mourey went on to earn her MBA at Wharton. At Penn's School of Medicine, she served as a Robert Wood Clinical Scholar, where she specialized in geriatric medicine. While at Penn she became the Director of the Institute of Aging and the Sylvan Eisman Professor of Medicine and Health Care Systems.

While the foundation's $9.6 billion in assets make it the nation's largest health care philanthropy, its resources are dwarfed by the scope of the need. Under Lavizzo-Mourey's leadership, the foundation refocused its priorities and restructured its grant-making activities into four strategic-investment portfolios.

Says Lavizzo-Mourey, "When we take all of those societal or systemwide opportunities for changing the population's health and combine them with what individuals can do with one single patient, we really have the opportunity to transform society in major ways."

The problems Lavizzo-Mourey aims to solve are indeed big — bigger than any single leader or even any foundation — but she is able to see both broad issues and the individuals affected. Always a doctor as well as an executive, she still treats patients at a community health clinic in New Brunswick, NJ.

She says of herself: "What continues to energize me is the opportunity to address big problems in the area of health and health care, to make a difference on a large scale, and to touch people directly and change their lives."

Robert Wood Johnson Foundation, 2005

Lavizzo-Mourey has applied both business and public-health principles to set specific objectives for strategic investment and redesigning systems to do so efficiently.

1975

The MBA Program for Executives began. The program's every-other weekend format allows executives to pursue a full Wharton MBA while working full-time.

TOOK A **KOREAN BUSINESS GLOBAL**

SEHOON LEE, WG'75

DOING THE RIGHT thing for a company isn't always easy. That's something Dr. Sehoon Lee knows well.

As CEO of HanGlas Group, he restructured the Korean glass-making firm to allow his nationally dominant company to compete in the burgeoning Northeast Asian market. He calls the episode "the most painful of his career," but the move proved to be a wise one. While many companies faltered in the Asian financial crisis of 1997, Lee's company emerged from the storm even stronger than before.

After graduating with a Wharton MBA and working at Citibank, Lee returned to South Korea as finance director for HanGlas Group, which his father had co-founded amid the devastation of the Korean War. At that time, the company had annual of sales of US $35 million. By 1995, he was the CEO of a billion-dollar corporation. Although the company was profitable and diversified in all aspects of the glass business across Korea, he believed it faced considerable risk. Its debt level was high, and it was facing competition from cheaper Chinese imports.

He identified two areas — architectural glass and automotive glass — as core competences, and decided to restructure, investing internationally in those core areas, and selling off HanGlas subsidiaries that manufactured other products. The rest of the board, including his father, initially balked at his plan, which involved reducing the workforce from 7,000 employees to fewer than 2,000, but Lee persuaded them.

The restructuring was completed in September 1997, and **the financial crisis hit Korea by December. With a lean operation and negative debt, the company withstood the turmoil.**

In 1998 Lee expanded a business association with Saint-Gobain Group, a French-based glass and materials giant, into a full strategic alliance. The company is now known as Saint-Gobain HanGlas (Asia) Pte. Ltd.

Saint-Gobain HanGlas, 2006

Lee, co-chairman of HanGlas since 2000, has long served Wharton as a charter member of the Wharton Executive Board for Asia and as a member of Wharton's Board of Overseers. In 1994 he received the Wharton Alumni Award for Distinguished Service. He has also been honored by the French government with the *Legion d'Honneur* because of his work in promoting Franco-Korean business ties.

THE GURU OF **CYBERLAW**

LAWRENCE LESSIG, C'83, W'83

"IN THE REALM OF INTERNET politics and law, no one even approaches Lessig's stature," *Wired* magazine proclaimed in 2002. "He *is* cyberlaw."

Since the mid-1990s, Stanford Law Professor Lawrence Lessig has been engrossed with the intersection of constitutional law and intellectual property law — formerly uncharted territory where he is taking on some of the world's most powerful corporations. In 1998 he gained notoriety when he was removed, at Microsoft's instigation, from the landmark case *DOJ v. Microsoft Corp*. In 2002, he argued unsuccessfully to overturn the 1998 Sonny Bono Copyright Term Extension Act in *Eldred v. Ashcroft* — his first case before the U.S. Supreme Court, and only his second case in front of any court.

Despite the setbacks, proponents of "free culture" and the "wiki" model of Internet collaboration see him as a folk hero. Lessig has gained a following and even inspired a student movement based on the belief that overly restrictive copyright laws hinder creativity in society.

Lessig has gained a following and even inspired a student movement based on the belief that overly restrictive copyright laws hinder creativity in society.

Steve Gladfelter, 1999

The Supreme Court Building is a long way from South Dakota, where Lessig was born in 1961. After graduating from the Wharton School, this third-generation Penn graduate studied philosophy at Cambridge University, where he encountered ideas that helped set him on a collision course with his conservative upbringing.

He went on to graduate from Yale Law School. By his own description a "constitutional scholar whose first passion is constitutional interpretation," he clerked for the distinguished University of Chicago law professor Judge Richard Posner on the 7th Circuit Court of Appeals, then U.S. Supreme Court Justice Antonin Scalia.

Having taught at Harvard and the University of Chicago, Lessig is currently a professor at Stanford Law School, founder of its Center for Internet and Society, and a fellow of the American Academy of Arts and Sciences. As an avid supporter of free and open source software, he is also founder and CEO of the Creative Commons, a board member of the Electronic Frontier Foundation, and on the board of directors of Software Freedom Law Center.

His book *Free Culture: The Nature and Future of Creativity* was the text for the 2006 Penn Reading Project, in which all incoming freshmen read and discuss a selected book.

EMI

WHARTON *first*

1979 Wharton and Penn Engineering launched a new joint-degree program, now the Jerome Fisher Program in Management & Technology (M&T), the first undergraduate program of its kind.

HE **TOPPED CHARTS** WITH POLYGRAM

ALAIN LEVY, WG'72

IN 2006 Alain Levy startled an audience at London Business School with the statement: "The CD as it is right now is dead."

Blunt words from the man who ruled music during the 1990s — the decade when the CD was the dominant format. As head of Polygram, Levy used smart acquisitions and A&R to turn the minor label into a worldwide entertainment force that sold one out of every five albums during his tenure.

Four years later PolyGram became the number-one music company in the world, and Levy established a film arm.

Levy, a native of France, joined CBS International after graduating from Wharton in 1972. After working in the U.S., France, and Italy in manufacturing, logistics, and marketing, in 1979 he became CEO of CBS France. In 1984 Levy moved to PolyGram as CEO of its French operations, just as the CD was gaining ground among early adopters. Levy built the business into France's largest record company with a market share of more than 30 percent. In 1988, he became London-based executive vice president of PolyGram in charge of its worldwide pop and music publishing activities. During this time, he played a leading role in PolyGram's negotiations to acquire Island Records and A&M Records, which brought to PolyGram top-selling artists U2 and Sting.

In 1989 Levy was appointed worldwide president and CEO of PolyGram, where he led the acquisition of Motown and Def Jam, further diversifying PolyGram's musical slate. Four years later PolyGram became the number-one music company in the world, and Levy established a film arm — PolyGram Filmed Entertainment, which produced and distributed profitable and influential films such as *Four Weddings and a Funeral*, *Trainspotting*, and *Fargo*. In 1998 PolyGram was sold to Seagram and Levy left the company.

More recently, as CEO of EMI from 2001 to 2006, he helped the company mine its powerful back catalog and develop a digital strategy for online marketing and downloadable ringtones to stave off the continuing threat of pirated downloads and declining CD sales.

Levy is a member of Wharton's Executive Board for Europe, Africa, and the Middle East.

FATHER OF THE **DVD**

WARREN N. LIEBERFARB, W'65

WHILE MANY GADGETS have inventors, the DVD had a father. Warren Lieberfarb is credited with the vision, persuasiveness, and persistence that took the DVD from an idea — "a high-quality digital movie on a CD" — to the fastest consumer electronic product adoption ever.

In the early 1990s, Lieberfarb, then the president of Warner Home Video, surveyed the digital future of entertainment. While analog videocassette sales and rentals were profitable, Wall Street analysts predicted decline. Lieberfarb believed that by producing a superior digital packaged product, the home video industry could jump out ahead of digital content delivery via cable, satellite, and DSL. Using the resources of his company, he forged a network of alliances among film studios, consumer electronics manufacturers, and technology companies. The result? The alignment of hardware and software to create an inexpensive, high-quality mass consumer product.

Consumers were waiting. Within five years of the first players becoming available, 30 million were sold in the U.S. and 22 million outside the U.S. It took VCRs 13 years to achieve the household penetration that DVDs did in only five.

The result? The alignment of hardware and software to create an inexpensive, high-quality mass consumer product.

Now the principal of Warren Lieberfarb Associates, Lieberfarb says, "Succeeding in Hollywood necessitates tenacity, perseverance, and willingness to accept a lot of blows. There's not only resistance to change due to risk-aversion, but ingrained technophobia. Although the industry is driven by technology in production, post-production, and distribution, particularly in the digital era, there is a limited appreciation on how to evaluate technology alternatives."

He acknowledges that the revolution is continuing. "Access to content at your schedule, your location, your device will be the next generation of the dissemination of entertainment," said Lieberfarb. "As someone who loves movies, that's something I look forward to."

A former Penn Trustee, Lieberfarb is a member of Wharton's Undergraduate Executive Board.

Tommy Leonardi, 2005

RADIO ONE'S NUMBER ONE

ALFRED C. LIGGINS III, WG'95

HIS MOTHER, the legendary Kathy Liggins Hughes, co-founded Radio One with limited funds, building the company station by station. Since taking over as CEO, Alfred C. Liggins III has turned it into a multimedia empire with 70 stations, billions in assets, and millions of mostly black nationwide listeners.

"We are in the business of aggregating audience for this particular demographic and providing content to them," says Liggins, who's now moving into the Web, XM Satellite Radio, cable television, and expanding a national talk-show network.

Liggins learned the business at his mother's knee. Although Hughes, chairman of the company, remained married for two years and was just 17 at the time of her son's 1965 birth in Omaha, NE, the young family soon moved to Washington, DC. Hughes worked at Howard University's radio station as a host and station manager, but she had bigger plans.

By 1979 Hughes purchased WOL-AM in Washington, financing the venture by selling her home and car, requiring the family to live in the trailer studio. By 1980, she and her husband Dewey Hughes had also launched Almic Broadcasting, later Radio One.

After graduating from Woodrow Wilson High School in 1983, Liggins worked for stations in Los Angeles while studying at the University of California.

Returning to Washington in 1985, Liggins managed sales and promotions for his mother's radio station. The station flourished via increased advertising and the firm purchased soft-rock station WMMJ-FM, changing the format to rhythm-and-blues, a formula often repeated to access underserved black audiences with R&B, hip-hop, and gospel programming.

After earning an MBA from Wharton in 1995, Liggins was promoted to CEO in 1997. The company's growth exploded. By 1999, to raise more capital, **Liggins took the company public and brokered a $1.3 billion deal with media powerhouse Clear Channel. In 2001 Radio One expanded further, making it the largest urban-market radio company,** entrenched in 22 markets with 18 million listeners. Recently, Liggins moved into cable television with the creation of TV One via the help of cable giant Comcast, making him one of America's youngest and most dynamic media moguls.

Jonathan Newton, The Washington Post, 2003

A CLEAR-EYED **VISIONARY**

GEORGE L. LINDEMANN, W'58

GEORGE LINDEMANN sees clearly what other people don't — trends on the cusp of breaking, from the soft contact lens to cable television to cellular phones to Spanish-language radio. But he has viewed himself as a dabbler — someone who loves ideas and innovations, no matter what the field. Few entrepreneurs can match the diversity of his successes.

Initially Lindemann earned his Wharton degree and went home to New York to work in his father's cosmetics and hair care firm. While there, he noticed the baby-boom era surge in the need for pharmaceutical and medical products and decided to branch out into that market.

That led to Permalens, the first permanent-wear soft contact lens, which Lindemann developed and marketed. He sold that contact lens business to Cooper Labs in 1971 for $60 million. His next investments were equally prescient. **His Vision Cable Communications was among the first cable television firms** in the Northeast and the South. He became the CEO and president of Metro Mobile Communications, Inc., one of the largest specialized mobile and cellular radio dispatch companies in the country. Bell Atlantic acquired it in 1992 for $2.6 billion.

Though he could have easily retired, having moved to Palm Beach, FL, and become part of the social scene there, Lindemann saw other fields in which to lead. He became the chairman and CEO of Southern Union Company, one of the largest natural gas pipeline companies in the United States. Seeing the upsurge of Latin American immigrants coming to live in America, he bought and managed a string of Spanish-language radio stations as well.

Lindemann's energy doesn't stop with business. His 180-foot schooner *Adela* won the Maxi Yacht Rolex Cup in 2005 at Porto Cervo, Italy.

Activated Communications Group

Tommy Leonardi, 2006

A **TOUGH** AND **INVENTIVE CORPORATE LAWYER**

MARTIN LIPTON, W'52

A FOUNDING PARTNER of of Wachtell, Lipton, Rosen & Katz, Martin Lipton was dubbed one of the "100 Most Influential Lawyers in America" by the *National Law Journal*. Most famously, Lipton invented the "poison pill," a takeover defense used by publicly-traded companies to discourage unsolicited acquisitions. His tenacious tactics established him as a household name — if your household is made up of corporate lawyers and directors.

Lipton developed the idea for the poison pill defense during two 1982 hostile takeover battles in Texas. In one, General American Oil was defending itself against a bid by corporate raider T. Boone Pickens. Lipton urged the board to dilute Pickens' stock purchases by the flooding the market with new shares. They wouldn't, and the company was sold to a last-minute bidder. Lipton then employed another version in the defense of El Paso Company. Using the threat of the "poison pill" (a term not coined until the next year), El Paso negotiated its sale to the hostile suitor from a position of strength.

Some experts consider the poison pill to be the most significant piece of corporate legal artistry in the 20th century.

While still controversial, the tactic was ruled legal in 1985.

"As a matter of lawyering, it's absolutely brilliant," Stanford University Law Professor Ronald Gilson told *Legal Affairs*. He said he considers the poison pill to be the most significant piece of corporate legal artistry in the 20th century.

More recently, Lipton has defended generous executive compensations. While speaking at the Reuters Investment Banking Summit in New York he asserted, "Most of the high executive compensation has stemmed from the equity incentive plans and there's no way in which they could have created that compensation unless the company prospered and the equity appreciated." Lipton and his firm have won some massive and controversial settlements. In 2007 they represented the Board of Directors of Home Depot Inc. that gave its departing boss a $210 million payout.

The *New York Times*, when highlighting the accomplishments of Lipton, maintains, "While shareholder gadflies have criticized Mr. Lipton for being an apologist for corporate management, that assertion misses the point — that Mr. Lipton's fiduciary responsibility is to best represent and advocate in support of his client's interests."

And on that notion, Mr. Lipton leaves little room for objection.

STOCK SUPERSTAR WHO BEAT THE STREET

PETER S. LYNCH, WG'68

STOCK picker extraordinaire Peter Lynch's "invest in what you know" strategy has made him a household name with investors both big and small.

A Boston resident for all but his Wharton years, Lynch ran Fidelity Investments' Magellan Fund from 1977 to 1990, uncovering investment gems like Taco Bell, Pier One Imports, and Dunkin' Donuts. **During the Lynch years, Magellan was the top-ranked general equity mutual fund in America, averaging an amazing 29.2 percent return a year, and only underperforming the S&P 500 index twice.** He retired in 1990 at the age of 46, a move that brought mailbags of letters from distraught investors.

While running Magellan, Lynch avoided hot, fast-growth industries, preferring instead to find an overlooked stock in a sleeper sector. Then, he learned as much as he could about it. "The person that turns over the most rocks wins the game. And that's always been my philosophy," Lynch has said over the years.

Now vice-chairman of Fidelity Investments, Lynch has lived and breathed his strategy, even choosing one company, Hanes, in the 1970s because his wife bought and loved its new L'Eggs pantyhose line — the first department-store-quality pantyhose sold to American women via supermarkets.

"I did a little bit of research," Lynch told PBS's *Frontline*. "I found out the average woman goes to the supermarket or a drugstore once a week. And they go to a woman's specialty store or department store once every six weeks. And all the good hosiery, all the good pantyhose is being sold in department stores. They were selling junk in the supermarkets. They were selling junk in the drugstores." Lynch knew Hanes had a winner. L'Eggs became a huge success, and Hanes became Magellan's biggest position.

Ben Baker, 2005

Lynch's widespread influence was broadened further by his three bestselling texts on investing (written with co-author John Rothchild), including *One Up on Wall Street*, *Beating the Street*, and *Learn to Earn*, which was written for teenagers.

He has long insisted that individual investors who don't have time to learn complicated quantitative stock measures or read lengthy financial reports can research stocks as well or better than most investment professionals by using the "invest in what you know" principle to find undervalued stocks. "Go for a business that any idiot can run," he has said, "because sooner or later, any idiot probably is going to run it."

1980

Professor Lawrence Klein won the Nobel Prize in Economics for creating econometric forecasting models that help predict global economic trends.

Louis M. Lanzano, 2000

HE MADE **REAL ESTATE** A SCIENCE

WILLIAM L. MACK, W'61

"IN THOSE days, real estate was really a cottage industry," Bill Mack has said of his early career in the 1960s. "Most of the people in the business did not have a finite understanding of finance, but used a pretty good back-of-the-envelope sense. The level of sophistication 40 years ago was marginal."

The time was ripe for the financial whiz kid to turn that cottage industry into a Class A office space empire. Mack soon cofounded the Mack Company and later Apollo Real Estate Advisors, and along the way used his real estate expertise to benefit a slate of nonprofits, from Wharton itself to New York's Javits Center.

Mack was an entrepreneur even in his very first job attempting to do equity investments with New York industrial leasing broker Robert Joseph and Co.

Smart, bold, and enterprising, 23-year-old Mack proposed that the company's equity positions include him as a partner. The first deals he had in mind didn't work, but Mack soon saw opportunities of his own.

"Most of the inquiries for new warehouse space was for New Jersey — a foreign place for a boy from Queens," he said in a 2006 *Wharton Alumni Magazine* interview. In 1963, he and his family bought an affordable, well-located 5 1/2 acre parcel in the swamps near the Lincoln Tunnel. He set up a trailer, and all of a sudden, he was a developer.

Today Apollo Real Estate Advisors has co-developed marquee buildings around the world, including the new Time Warner Center in New York.

The Mack Company began building one-story industrial warehouses, then branched into office space. Today Apollo Real Estate Advisors has co-developed marquee buildings around the world, including the new Time Warner Center in New York, and Mack-Cali (the company formed when the Mack Company merged with Cali Realty in 1997) owns and operates a portfolio of office buildings with 35.9 million square feet of Class A office space.

As chairman of Penn's Facilities and Campus Planning Committee, Mack championed the addition of Wharton's state-of-the-art Jon M. Huntsman Hall, as well as new academic, residential, and retail spaces that have transformed campus in recent years. In the 1990s, he helped strengthen New York as chairman of the Javits Center, the first chairman of Long Island Power Authority, and a member of Empire State Urban Development Agencies.

Mack serves on Wharton's Board of Overseers and as Vice Chairman of the Board of Trustees for the University of Pennsylvania. In 1999 the William and Phyllis Mack Center for Technological Innovation was named to honor the couple's gift.

WHARTON *first*

1980 Wharton launched the LEAD (Leadership, Education and Development) Program, which becomes a nationwide program introducing talented minority high school students to the world of business.

PAVED THE WAY FOR **PENSION REFORM**

DANIEL M. MCGILL, GRW'47, PROFESSOR

THE UNDISPUTED "DEAN" of the pension industry, Professor Dan McGill's pioneering research raised serious questions about the soundness of many of the nation's private pension programs — work that pointed the way to the reforms of the landmark 1974 Employee Retirement Income Security Act (ERISA).

McGill, a Wharton PhD, was recruited from a teaching post to direct the School's newly created Pension Research Center (PRC) in 1952. An offshoot of Wharton's Insurance Department, the PRC sprang up to study the growing corporate practice of providing retirement benefits as a part of an employee's wage package.

McGill brought to light this entirely new business of pensions as well as creating acceptable standards of performance. His influential textbook, *Fundamentals of Private Pensions* was first published in 1964 and — now in its eighth edition — remains the pension industry's authoritative text.

McGill's capstone work for the PRC, "Fulfilling Pension Expectations," revealed a series of serious legal and financial problems and recommended reforms to shore up the pension business. **Congress and a presidential commission took note and McGill was hired as a consultant, and they ultimately agreed with the PRC's findings and wrote many of its recommendations into ERISA.**

University Archives

McGill remained the pension industry's voice of reason well into his 70s. In 1993, for instance, he was tapped by the New Jersey Superior Court to assist in the rehabilitation of Mutual Benefit Life Insurance Company, seized by federal regulators after a run by policy holders. And the pension business, with the 2006 Pension Reform Act signed into law last year and as record numbers of companies freeze pension plan benefits, remains as complex and controversial as ever.

A **PUBLISHING GIANT** GOES DIGITAL

HAROLD W. MCGRAW III, WG'76

McGraw-Hill

WHILE Harold McGraw III shares the family name of the company's founder, he has never mistaken McGraw-Hill Inc. for a family business. In his first decade as COO and then CEO, McGraw, known familiarly as Terry, took McGraw-Hill international, expanding into 38 countries — and into the digital world as well. And as chairman of the Business Roundtable since 2006, he now leads the organization of chief executive officers, who in turn lead U.S. companies with $4.5 trillion in annual revenues, more than 10 million employees, and nearly a third of the total value of the U.S. stock markets.

When McGraw took over the operations of the publishing firm that his great-grandfather had started in the late 19th century, it was, to his mind, fat and lazy. It was 1993, and the digital revolution in media was stirring. McGraw wanted to take McGraw-Hill not only into the cyber-world, but around the world as well.

He first sold off what he believed were antiquated or difficult to distinguish magazine titles, keeping big sellers like *BusinessWeek* (6.3 million circulation) or premier publications in their fields like *Architectural Record*. He boosted the profile of the company's Standard and Poor's brand and built up the sagging educational publishing business, just as governments also built up spending for educational materials.

His biggest move, though, was into the digital realm. Ahead of the curve, he made money with *BusinessWeek's* online presence and turned out educational publications online in proliferation. Standard and Poor's was innovative in producing digital information for the financial markets. He pushed research and development, something normally left to businesses like pharmaceuticals or manufacturing, because he thought that the digital world made publishing more like those types of companies.

McGraw saw publishing, which had long been a stodgy business, as dynamic, and made it so. "What this is about is change and how we manage change," he told the *Financial Times* in 2000. "We have to reinvent ourselves continuously. It was OK eight years ago to talk about it, but today we have got to do it."

He pushed research and development, something normally left to businesses like pharmaceuticals or manufacturing.

Tommy Leonardi, 2006

1982

Finance Professor Jean Crockett was appointed the first woman chair of the board of the Federal Reserve Bank of Philadelphia.

NEW FINANCIAL MODELS CAN **CHANGE THE WORLD**

MICHAEL MILKEN, WG'70

"THERE'S A NEW realization in medical research that things need to be done quickly, and that they can be done quickly." This realization didn't come from researchers, but from a businessman — Michael Milken. Milken advocates the use of financial innovation as the means to solve such global challenges as climate change and poverty, as well as disease — big problems that may be more effectively addressed with the power of capital markets than with philanthropy or government mandates alone.

More than 35 years ago, philanthropist, financier, and Wharton School alumnus Milken began applying the innovations he developed during his studies at Wharton to revolutionize modern capital markets through the introduction of high-yield bonds (also known as junk bonds) and more than 50 other financial instruments. The financing markets continue to bear his imprint. An editor of *Harvard Business Review* later wrote, "Much of the strength and resilience of the economy today — including its ability to rebound in times of adversity — is due to the way people using Milken's financing vehicles remade ailing companies or put their entrepreneurial zeal to work … Milken created a tremendous pool of liquidity and guided its use with surgical precision."

"Much of the strength and resilience of the economy today — including its ability to rebound in times of adversity — is due to the way people using Milken's financing vehicles remade ailing companies …"

Yet Milken became a magnet for controversy in the late 1980s. A laudatory November 2004 *Fortune* story claimed, "Not since the days of J.P. Morgan had any financier left so deep a mark on corporate America or stirred so many conflicting passions…."

Just a few years after starting in business, Milken started to engage his business innovations in philanthropy. Today he is ranked not only as one of the leading economic innovators in the United States, but also as one of the most generous living Americans. During the past 30 years, he and his family have given more than $750 million to medical research and education. Their Milken Family Foundation has created models in how philanthropy can advance education, youth programs, inner-city solutions, pediatric neurology, and treatments for various forms of cancer. Other endeavors include the Milken Institute, a non-partisan economic think tank; the Prostate Cancer Foundation, the world's largest philanthropic source of funds for prostate cancer research; and FasterCures, an "action tank" dedicated to removing the barriers that slow the discovery and development of new medical solutions.

The 2004 *Fortune* profile, which dubbed Milken "The Man Who Changed Medicine," reported that in the fight against prostate cancer he "has energized the medical establishment in a quest for a cure. Now thousands of men are living longer — and leaders everywhere are taking notice."

TOWARDS A MORE **HUMANE MODEL OF BUSINESS**

HOWARD E. MITCHELL, PROFESSOR

HOWARD MITCHELL brought corporate social responsibility and equality issues into American organizations at a time when neither was assumed. Mitchell was the founding director of Wharton's Human Resource Center and only the second African-American professor hired at the University of Pennsylvania, as well as the first at Wharton.

At the height of the civil rights movement in 1965, Mitchell wrote that America needed "devices and a sharp look at the processes whereby we assure greater opportunities for realizing the maximum potential for the pursuit of happiness and individual growth in every citizen." He made it his goal to do so.

Born in Indiana in 1921, Mitchell earned a psychology degree from Boston University, where he distinguished himself as a varsity athlete in football, basketball, and baseball, earning a spot in BU's athletic Hall of Fame. During the summer between his sophomore and junior years, he pitched for the New York Black Yankees in the National Negro League.

When Mitchell graduated in 1943, he served in the Army in Europe during World War II, where he again distinguished himself (he was later honored with a service award by President Bill Clinton). After the war, Mitchell earned a doctorate in clinical psychology from Penn in 1950, starting at the medical school as an assistant professor of psychiatry in 1955. For 37 years he taught at Penn schools, including 18 years at Wharton, breaking ground on issues ranging from family psychology to corporate social sensitivity. The UPS Foundation Professor of Human Resources and Management also directed Wharton's Center for Transit Research and Management Development.

He had a direct and lasting impact as well. **Mitchell redesigned public transportation systems to be more humanistic in major U.S. cities, including Philadelphia and via a $90 million project for New York City. He also established criteria for corporate social responsibility,** consulting for General Motors, Ford Motor Co., and the U.S. Department of Transportation.

A Wharton fellowship and forum focusing on blacks in industry are named in his honor. Mitchell died in 1999.

University Archives

FORGES THE DEALS FOR THE **WORLD'S LARGEST STEEL COMPANY**

ADITYA MITTAL, W'96

DURING THE SMELTING process, fire hardens steel. For Mittal Steel Co., trial by fire transformed Aditya Mittal from a recent Wharton graduate into a respected president and CFO. Along the way, he has forged the deals to build the largest steel producer in the world.

One of the most difficult things to do in business is to be successful as the child of the business's founder. In the case of Mittal, he not only lived up to the expections of his father, Lakshmi Mittal, who started Mittal Steel Co., but kept it at the top of the metals industry at a time of consolidation and the need for updated technology.

Courtesy of Aditya Mittal, 2006

Aditya Mittal was a 30-year-old chief financial officer in early 2006 when he led the negotiating team that made the $34 billion deal with Arcelor SA (then the second-largest company) that turned Mittal into the largest steel production company in the world. Mittal's 10 percent portion of the global steel production capacity is three times the share of any other company.

Mittal has been intent on building the company through debt and acquisitions, believing that consolidation and market share are keys to success in the metals industry. His father grew Mittal Steel from a loose agglomeration of reconditioned steel mills into a giant that made him the third-richest man in the world after Bill Gates and Warren Buffet.

Mittal joined his father's company after graduating Wharton magna cum laude. He quickly proved himself by managing the IPO for Ispat International NV. This deal was the largest ever IPO in the steel industry, raising over $775 million and receiving an equity deal of the year award for 1997.

He was promoted to head of mergers and acquisitions in 1999, and since that time has racked up an impressive record. According to Dealogic, a firm that tracks mergers, Mittal Steel made 50 acquisitions or mergers under Aditya Mittal's leadership since 1999. In 2005 he was selected as one of the World Economic Forum's Young Global Leaders.

Mittal Steel made 50 acquisitions or mergers under Mittal's leadership since 1999.

At Wharton, Mittal is a member of the Executive Board for Europe, Africa, and the Middle East.

Wharton Publications

Sequoia Capital

A **CULTURALLY FLUENT** BUSINESSMAN, **FROM SHANGHAI TO TENNESSEE**

LAURENCE ZA YU MOH, WG'53

WHEN LAURENCE Moh wanted to open a factory for his furniture businesses in mainland China, he would personally go to the province and, if necessary, sit outside the offices of the important officials, sometimes for many days.

When the plants finally opened, Moh continued his efforts to please the community, asking local Feng Shui practitioners about the best times and dates for openings, and even how the doors of the factories should face, in order that the factory would be a success in all ways.

Born in Shanghai, Moh went to Hong Kong upon completing his Wharton degree and soon established a teakwood-flooring business. Universal Furniture grew to be one of the first Far Eastern companies to concentrate on appealing to American middle-class tastes in furniture. "Long ago, Toyota realized that Americans didn't care about the cars they were making in Japan for Japanese consumers," wrote *Furniture Today*, the leading trade journal in the industry. "Larry realized the same thing about furniture."

He sold Universal Furniture in 1989 and eventually started Fine Furniture Design and Marketing, one of the first Asian companies to concentrate on upper-end American furniture. Though Moh was in the vanguard in manufacturing in China for the American market, he started factories for his more sophisticated furniture in Tennessee and North Carolina. For all his moves just a step ahead of the pack, *Furniture Today* called him "a visionary in the true sense of the word."

He was also a philanthropist, establishing scholarships at schools from Singapore to North Carolina to Wharton, most named for his beloved wife Celia. On their 40th anniversary, Mrs. Moh said she didn't want jewelry, but something more lasting. Moh, as he liked to relate, gave her a gift appropriate to a furniture executive's wife, a chair — or more precisely, a set of chairs. To complement the Universal Furniture Professorship, which he created in 1987, he endowed new professorships at Wharton (where Health Care Management Professor Patricia Danzon is the Celia Z. Moh Professor) and at Singapore Management University, a business university begun in 1999 with support from Wharton.

For all his moves just a step ahead of the pack, *Furniture Today* called him "a visionary in the true sense of the word."

A charter member of Wharton's Executive Board for Asia, Moh's legacy at the School includes his son, **Michael Moh**, W'92. Laurence Za Yu Moh died in 2002.

A VC WITH **A SILICON TOUCH**

MICHAEL J. MORITZ, WG'78

MICHAEL MORITZ CAN pick 'em, but he isn't afraid to share a few tips. During a recent interview with the UK's *Observer*, the native Welshman and top venture capital dealmaker said he's learned to avoid doing deals with "anyone wearing Armani T-shirts, loafers with no socks, or who uses words like 'synergy,' 'no-brainer,' or 'slam-dunk.'"

Moritz co-runs Sequoia Capital, the Silicon Valley VC firm whose investments include Google, Yahoo!, and PayPal (founded by fellow alumnus **Elon Musk**, W'97, opposite page), as well as technology luminaries Apple, Cisco, and eBay. Recently, Sequoia made an estimated $480 million in profit in less than a year by backing YouTube, the video-sharing business founded by two PayPal coworkers and acquired by Google, and sold Atom Entertainment in 2006 to Viacom for $200 million. It's not surprising, then, that **Moritz tops the list of technology deal-makers produced by *Forbes* magazine in 2006 and 2007.**

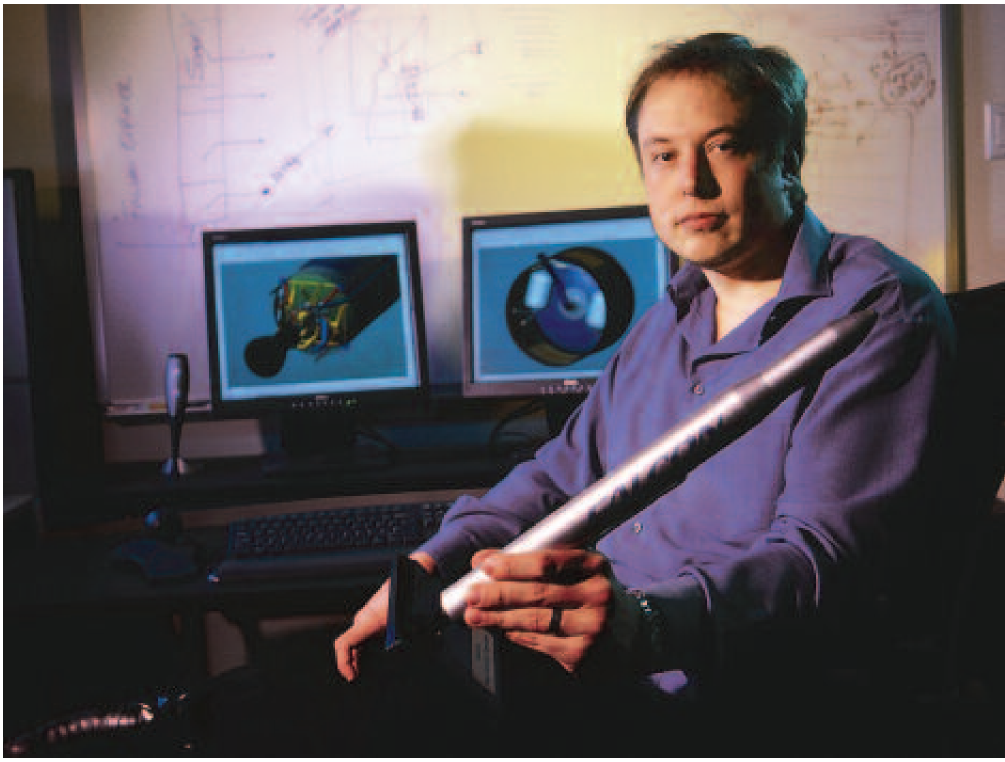
Moritz joined Sequoia in 1986, after working as a reporter for *Time*, writing the 1984 book *The Little Kingdom: the Private Story of Apple Computer*, and co-founding Technologic Partners, a technology newsletter and conference company. When it comes to investing in Internet start-ups, Moritz has a preference for youth over maturity and looks for people with their own ideas for doing something better.

Despite the bursting of the so-called tech bubble, Sequoia raised $455 million for Web 2.0 companies in the first three quarters of 2006, according to *The Observer*. And with IPOs for companies like Zappos.com on the way, his outlook for the future looks good.

"There is a common thread running through Sequoia's successful investments (Yahoo, Google, Apple) and a similar one running through the misses (Webvan, eToys)," Mortiz told *Business Today*, "The better investments are made from the place where the brain and the belly meet. The bad investments are those where the belly rules and the boring investments are the ones where the brain dominates."

WHARTON *first*

1983 The Joseph H. Lauder Institute of Management and International Studies offered the world's first MBA/MA joint-degree program in international management.



Mark Harmel, 2003

A **SERIAL ENTREPRENEUR PAYPALS** IT FORWARD

ELON MUSK, W'97

ELON MUSK always wanted to change the world in positive ways. Now he's ready for new worlds.

"One of the great inventions of any intelligent species is expanding beyond their planet," he told *USA Today*. Thus, Space X, Musk's company, proposes to make space travel and launching of payloads at a cut rate to current rockets.

Musk has always been interested in technical challenges, and he's accustomed to succeeding. Fascinated by video games as a pre-teen, he created "Blast Star," which was more or less a combination of two of the more popular games of the era, "Asteroid" and "Space Invaders." He sold "Blast Star" for $500, he said, which is several zeroes to the right less than his next two businesses.

In his early 20s, he started Zip2, which included a full online publication system that interfaced with a newspaper's legacy mainframe, maps, directions, and e-mail. He sold it to Compaq for $307 million. He took some of that money and helped found PayPal, a system of transferring money on the Internet securely that even the smallest online businesses could use. He then sold PayPal to eBay for more than a billion dollars.

With the $300 million he himself realized from the two Internet sales, he decided to follow his lifelong interest in space travel and founded Space X, saying that he was not competing with high-cost contractors like Boeing, since he was building the equivalent of a truck, while they were looking to be Ferraris. The thought, said Musk, was to bring more people into space and use it for human ecological growth, not just deliver military objects into the cosmos.

He took some of that money and helped found PayPal, a system of transferring money on the Internet securely that even the smallest online businesses could use.

He is also a booster of clean power as chairman and the lead investor in two cutting-edge alternative energy companies: Tesla Motors and Solar City. Solar City's goal, he told *Wharton Alumni Magazine* in 2006, is to "bring solar power to everyone." He continued, "The U.S. market is the biggest in the world, and I think that if the U.S. uses 25 percent of the world's energy, that's a big market."

Tesla Motors's products are less grand but more spectacular, beginning with an electric sports car with a 3.9 second 0-60 mph acceleraton and 135 mpg equivalent. When production rolls out in December 2007, Musk plans to own and drive the very first one.

A **RADICAL** WHO LAID THE GROUNDWORK FOR THE **TENURE SYSTEM**

SCOTT NEARING, PROFESSOR

University Archives

THE TENURE SYSTEM allows established professors to pursue research topics without worrying where their results take them. But this system exists, in part, because of one Wharton professor who was found to have gone "too far."

Scott Nearing was brilliant, without doubt, influencing generations over his century-long life by advocating what he believed to be a back-to-nature lifestyle of economic and social purity. "If I am rich and you are poor," Nearing wrote, "both of us are corrupted by inequality."

Nearing matriculated to Penn in 1901, where he was influenced by **Simon Nelson Patten** (see p. 27), the great progressive economist and director of Wharton School from 1896 to 1912. Nearing earned a doctorate in economics in 1909, began teaching sociology at Wharton, and became immersed in progressive social causes in Philadelphia.

Nearing soon became one of the "Wharton Eight," a group of faculty who believed that they "should make a contribution not only to our students and the University but also to the society at large," in Nearing's words. Patten described Nearing as one of Penn's "most effective men, a man of extraordinary ability, of superlative popularity and a man who, to my mind, exerted the greatest moral force for good in the University." He also noted that Nearing "had the largest class in the University — there were 400 in his class — and no one could have done his work better."

Thus Nearing was shocked in 1915 when he was the only assistant professor with a favorable recommendation from the faculty not to be rehired.

"If I am rich and you are poor," Nearing wrote, "both of us are corrupted by inequality."

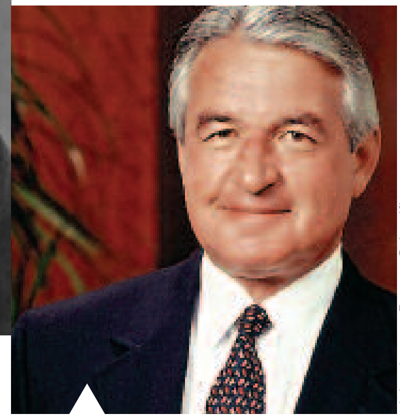
His outspoken views against child labor and other progressive causes had run afoul of Penn's trustees, who thought he was a dangerous influence on his many followers.

"I do not believe in muzzling any member of the faculty," said the University Provost. "I do believe, however, that no man may go too far."

Nearing won litigation concerning his dismissal, giving a significant victory to academic freedom — one step toward the creation of the tenure system.

By 1917 Nearing was fired from the University of Toledo as an administrator and professor due to his opposition to America's World War I involvement. In March 1918 he was indicted, but later exonerated by the federal government via the Espionage Act for his antiwar writing. In the 1920s he joined the Communist party until he was expelled from that organization for being too radically independent.

Nearing later espoused a simple lifestyle of abstaining from products and economic practices that he believed hurt society. Among his 50 books was the classic *Living the Good Life*, co-authored with his wife Helen in 1954 and republished in 1970, inspiring the countercultural movement of the time. Nearing died in 1983 shortly after his 100th birthday.



John Jewett, Boston Scientific

DEVICES WITH **MINIMAL INVASION, MAXIMUM BENEFIT**

PETER M. NICHOLAS, WG'68

PETER NICHOLAS rang Wall Street's closing bell on January 31, 2005 — an honor that was a long time in the making. The occasion was recognition of the 25-year anniversary of Boston Scientific, the medical technology company he serves as chairman and that he co-founded with only 38 employees. The day he rang the bell, the company had more than 15,000 workers. A year later, the company grew again, through a hotly contested $28 billion acquisition of long-time competitor Guidant. The company finished 2006 with $948.7 million in revenue.

"When we started, our goal was to become a major contributor for solving problems in the health care field and I believe we have fulfilled this many times over," he told *Wharton Alumni Magazine* earlier in 2006.

Boston Scientific has catapulted to the medical technology forefront with an array of devices requiring minimally invasive surgery. Riding this upward wave has been the life work of Nicholas.

Prior to launching Boston Scientific, Nicholas became well-versed in the medical technology sector working with Eli Lilly & Company for a decade after completing his Wharton MBA and then as general manager for the Millipore Corporation. "Everything in life is a judgment call, and if you have been at this a number of years, you understand how things work — and this understanding helps to mitigate the risks," he says.

His insights led to the acquisitions of Medi-Tech in 1970 and Scimed Life Systems in 1995, among the many other companies that have come under Boston Scientific's wing.

"Alignment is key," says Nicholas, who attributes compatibility in business values and approach to life as vital for any potential business partnership. Over time, his company's ability to select the right partners and a strength to dominate niches has resulted in a near-continuous 35 percent annual growth rate.

More importantly, Nicholas says, **"Our medical devices have helped move the needle toward earlier detection with cost-effective treatments that have resulted in a better quality of life."**

HE CREATED **NETWORK BROADCASTING**

WILLIAM S. PALEY, W'22, HON'68

Corbis, 1985

THE *New York Times* wrote that CBS founder William Paley was to broadcasting what "Carnegie was to steel, Ford to automobiles, Luce to publishing and Ruth to baseball." High praise, but it's difficult to be hyperbolic when discussing Paley's influence.

Chicago native Paley returned to the family cigar business after Wharton. In 1927 his father purchased a few struggling radio stations with a thought to use them for advertising his products, but the younger Paley had bigger ideas. He soon built them into a fledgling group of radio stations called Columbia Broadcasting System, better known as CBS, the broadcasting company he ran for half a century.

Paley's ideas about radio, then television, were new and bold. Before Paley, individual stations bought programming from the network and were considered the network's clients and primary revenue source. Paley changed broadcasting's business model. He provided network programming to stations at nominal cost, instead of relying on advertisers for revenue. As stations and viewers grew under those favorable terms, advertisers paid more.

Paley changed broadcasting's business model. He provided network programming to stations at nominal cost, instead of relying on advertisers for revenue.

For more than 20 years under Paley's stewardship, CBS TV led prime-time ratings. Not only a business innovator, Paley's rarer genius was in lining up programming the public wanted. He brought Jack Benny and Frank Sinatra to CBS radio, and shows like *I Love Lucy*, *All in the Family*, *M*A*S*H*, and *60 Minutes* to CBS TV.

Even more influentially, he built CBS News. Many among today's viewers encountered Paley for the first time as a character in the 2005 film *Good Night, and Good Luck*, based on the true story of newsman Edward R. Murrow's battle with Senator Joseph McCarthy. The actor playing Paley intoned inspirationally, "I'm with you today, Ed. And I'm with you tomorrow."

It was Paley who believed that news could be a pillar for the station and its audience. CBS News began its influence prior to World War II on the radio and continued on television under Murrow, Walter Cronkite, and Dan Rather.

Paley, who died in 1990, made history — and preserved it. He founded what is now the Museum of Television and Radio, and the New York building is named in his honor.

1985

The Wharton International Volunteer Program began. Over the next two decades, student-organized service initiatives expanded, helping local community efforts and developing economies around the world.

BIG DEALS AND **BIG GOALS FOR THE PHILIPPINES**

MANUEL V. PANGILINAN, WG'68

WHEN MANUEL PANGILINAN architected a buyout of Philippines Long Distance Company (PLDC) in 1999, it was dubbed the corporate deal of the century in the Philippines. And that deal was only the beginning.

In 1999 Pangilinan paid $750 million for 17.2 percent of PLDC common stock. Now chairman of PLDC, he's leading First Pacific, a holding company where he is executive chairman, to buy the government's 46 percent stake in Philippine Telecommunications Investment Corp., or PTIC, an investment holding company with a stake in PLDT. Two units of First Pacific already hold the rest of PTIC.

Pangilinan first worked for American Express Bank, but then decided to go out on his own, combining in the early 1980s with another young businessman, Anthony Salim, heir to one of the great Indonesian fortunes, to start First Pacific Corp. Salim was the silent partner and **Pangilinan worked the proverbial 24-hour days learning every detail of every business the eventual conglomerate bought. He believed in big goals, not small ones.**

By 2005, he was the chairman of the Philippine Long Distance Phone Company. As interested in the Philippines being as successful as his businesses had been, he used his influential position to press for Philippine economic reform, calling current policies too complex with an abundance of little goals. He said in a speech in Manila that year that the plan would never fly, its objectives never finished. It reminded him, he said, of what the emperor of Austria had said in a critique of Mozart's music — "too many notes."

Although Pangilinan is outspoken on behalf of his companies and country, he has never believed the guy at the top of the heap should just kick dirt on the minions below.

"People respond to the fact that they share in the effort and success of the company," he told a Wharton Global Alumni Forum audience in Singapore in 2005. "The old model, where the CEO is like Jesus Christ — exists but rarely seen — does not work any more. Now, people like open-style, flat structures."

Str Old, Reuters, 2000

Michael Crabtree, Reuters, 2000

ORDER, EFFICIENCY, AND COOPERATION FOR **ITALIAN POST AND BANKING**

CORRADO PASSERA, WG'80

IN 1998, when Corrado Passera was chosen to lead the Italian postal service, the task seemed impossible. There was only two months worth of cash left in the system. Postage rates were expensive, and the average time it took a domestic letter to be delivered was an amazingly slow five days. There was alleged corruption by suppliers and workers alike.

Within months, Passera had settled critics. He dropped the price of priority mail drastically — from 2.07 Euros to 67 cents — and got overnight delivery up to a credible 80 percent rate. He secured financing from the government to computerize its 1,400 branches and at the same time reduce the post office debt. He even instituted something completely unknown in Italian business — the single-file customer service line.

He left the postal service in 2002 and took on the chief executive officer's job at Banca Intesa, Italy's largest by assets. Its problems were similar — inefficiency, taint from banking scandals, haphazard government regulation, and the threat of takeover by foreign banking conglomerates.

Beginning his career at McKinsey, Passera had become the go-to leader for Italy's top companies, including CIR, a holding firm; and Modadori Group and L'Espresso-Repubblica, two publishers; and Credito Romagnolo, one of Italy's most profitable banks. As Managing Director and General Manager at Banco Ambroveneto, Passera led its merger with Cariplo, the world's largest savings bank, resulting in Banca Intesa in 1998.

He had learned throughout his career that the best way to turn around a company was to enjoin everyone in the process. For example, Passera knew that job cuts were needed at the postal service, but to get union buy-in, he told leaders that management would take their share in both cuts and efficiencies. 17,000 jobs were cut by 2001, and along the way, the Italian mail system became one of the most dependable in Europe. Similarly, on his first few months on the job at Banca Intesa, Passera cut staff, consolidated management, and made the bank profitable.

Passera dropped the price of priority mail drastically — from 2.07 Euros to 67 cents — and got overnight delivery up to a credible 80 percent rate.

Passera is a member of Wharton's Executive Board for Europe, Africa, and the Middle East.

MASTER **INVESTOR**

RONALD O. PERELMAN, W'64, WG'66

RONALD PERELMAN'S business philosophy is that successful companies generally do one thing extremely well, and they should concentrate on doing just that. Perelman proved his point over and over again, becoming one of the late 20th century's most accomplished investors.

Perelman was one of the most successful users of the high-yield debt (junk) bond market. His 1985 takeover bid for cosmetics giant Revlon was financed through **Michael Milken**, WG'70 (see p. 42) and became one of the best-known battles in American corporate history. He retains the role of Revlon chairman to this day.

His storied career began when he bought a stake in a jewelry concern, Cohen-Hatfield, and parlayed that into the controlling interest in MacAndrews & Forbes, whose main product was licorice extract. Using MacAndrews & Forbes as a holding company, he acquired other businesses with strong brand recognition.

Perelman would help realize the value of the company and sometimes sell non-core assets. Within only a dozen years, he used his first million-dollar investment to build a portfolio of several billion dollars. His control spread to film processing (Technicolor), banking (Golden State Bank Corp.), movie cameras (Panavision), and tobacco (Continental Cigars — a personal favorite for Perelman, who had a custom cigar created for his use. Eventually he quit smoking and sold the company).

Perelman has made his name through deals that are bold, but in the end successful. Over time, Perelman's strategies of making overly complicated companies slimmer turned many of them around and gave them new life.

Perelman is a Wharton Overseer and Penn Trustee. The Perelman Quadrangle, the historic heart of campus, is named in honor of his generous gift.

Within only a dozen years, he used his first million-dollar investment to build a portfolio of several billion dollars.

Wharton Publications

1987

The Aresty Institute for Executive Education moved into the new Steinberg Conference Center and grows to become a global leader in senior management development.

CHAIRS OF THE WHARTON BOARD OF OVERSEERS Since 1973, the leadership of Wharton's Board of Overseers has catapulted the School in global prominence, and each chair of the Overseers has left his own imprint.

1973–1987
REGINALD H. JONES, W'39, HON'80
During Jones' tenure as chair, the School underwent a period of rapid innovation and expansion. Wharton raised the profile of its academic programs, especially the PhD. Programmatic firsts included the opening of the Wharton Entrepreneurial Center (1973), the beginning of the Wharton Executive MBA (1975), the launch of the undergraduate program in Management & Technology (1979), the expansion of Steinberg Hall-Dietrich Hall (1983), and the founding of the Lauder Institute of Management and International Studies (1987).

1987–1999
SAUL P. STEINBERG, W'59
Now chairman emeritus, Steinberg helped shape the international and technological focus of the School. In 1987, the campus was expanded with the opening of Steinberg Conference Center (named to honor Steinberg, as was Steinberg Hall-Dietrich Hall).

Wharton built on the success of the Overseers in 1988 by becoming the first U.S. business school to establish boards in Asia and Europe (and later Latin America). Wharton's aggressive focus on globalization included the creation of new international immersion programs for students and faculty.

In 1998, Steinberg helped kick off the Campaign for Sustained Leadership, an ambitious effort to transform the School through the largest business school campaign ever.

1999–PRESENT
JON M. HUNTSMAN SR., W'59, HON'96
During Huntsman's tenure, he has worked to further transform Wharton's place in the world, opening Wharton West in San Francisco in 2000, and forging an alliance with INSEAD in 2001. In 2002, Jon M. Huntsman Hall opened, a fitting tribute to its namesake, the largest donor in Wharton's history.

The state-of-the-art educational facility focused on learning while providing a new home for Wharton. The School's global expansion was made possible through the Campaign for Sustained Leadership, which was completed in 2003 and surpassed campaign goals by raising over $445 million from more than 24,000 donors.

WHARTON *first*

1988 Wharton was the first business school to establish International Executive Advisory Boards, today advised by senior business leaders on three boards — Asia; Europe, Africa and the Middle East; and Latin America.

Library of Congress, circa 1935

THE FORCE **BEHIND THE SOCIAL SECURITY** ACT

FRANCES PERKINS, ATTENDED 1918–1919

A STAUNCH protector of workers' rights, Frances Perkins became America's first female cabinet member as Secretary of Labor. Perkins was a trailblazer, working with President Franklin D. Roosevelt to design many New Deal initiatives, including the act that established the Social Security system in 1935.

Born in 1882 in Boston, Perkins learned to be assertive in a so-called man's world while attending the predominantly male Worcester Classical High School. After graduating from Mount Holyoke College in 1902, Perkins worked for several social-service groups.

Perkins helped establish unemployment compensation, the minimum wage, abolition of child labor, the creation of a federal employment service, and the Social Security Act.

By 1910 Perkins moved to New York City to continue her studies at Columbia. The next year she witnessed the infamous Triangle Shirtwaist Factory fire. The exits were locked, the conditions deplorable, and 146 young female garment workers died, many jumping to their deaths in an attempt to escape the flames.

The scene deeply affected her, galvanizing her as a labor and women's rights activist. In 1918 she began her years of study in economics and sociology at Wharton. While in Philadelphia, she participated in the women's suffrage movement and gave fervent street-corner speeches while helping poor immigrant girls.

She became New York's Industrial Commissioner when Roosevelt became governor in 1929. Later elected president, he called her again to be Secretary of Labor in 1933. She was instrumental in changing women's work conditions, and established labor laws and innovation now taken for granted: unemployment compensation, the minimum wage, abolition of child labor, the creation of a federal employment service, and "old-age insurance" — created through the Social Security Act of 1935.

Although she encountered sexism as she rose through the ranks (for example, defending in court her right to keep her maiden name after her marriage) Perkins received remarkable support from Roosevelt for her initiatives. She served as labor secretary for a record-holding 12 years. She died in 1965.

A **VOICE OF GLOBALIZATION** FOR AN IMPERILED PLANET

HOWARD V. PERLMUTTER, PROFESSOR

HOWARD PERLMUTTER HAS always had a gift for prediction. The Wharton Emeritus Professor and Director of the Emerging Global Civilization Project saw how multinational corporations would unfold as far back as 1972, before globalization had even begun to take shape. Twenty years later, his writings on meeting the challenges of the emerging global civilization garnered worldwide attention.

Perlmutter has long been a world authority and pioneer on globalization issues. His groundbreaking 1972 work, "The Multinational Firm and the Future," accurately forecast viability and legitimacy issues for multinational corporations. In 1998-1999, the *Financial Times* published his four-article series on multinationals and the emerging global civilization — articles that received worldwide attention for their call to action on challenges ranging from the environment to ethnic and religious conflict, global terrorism with weapons of mass destruction, and global regulation.

Today, as he considers the turbulence of 9/11, the ongoing war with Iraq, the increasing threat of weapons of mass destruction and nuclear terrorism, among other global concerns, Perlmutter's predictions have become more dire.

"It's a race against time," he says. "We have to decide whether we are going to have a first global civilization, and thus work out a way to build cooperation among people who have never cooperated before, some of whom are very great enemies and have major religious differences. Or will we become the last global civilization — will our inability to cooperate and connect destroy our world."

Perlmutter is at work on a book, titled *First or Last Global Civilization?,* that provides an action model he hopes will help guide world leaders in working toward what he calls "a symbiotic cooperative potential."

"It's a race against time, we have to decide whether we are going to have a first global civilization ... Or will we become the last global civilization — will our inability to cooperate and connect destroy our world."

"In our increasingly global civilization, deep, constructive dialog competencies are essential," Perlmutter told Knowledge@Wharton. "This is true not only in the world economy, but also between people in the political, social-cultural, scientific, technological, medical and ecological domains. Especially in the political realm, it is dialog or death."

Wharton Publications

A **GENTLEMAN IN SILICON VALLEY**

LEWIS E. PLATT, WG'66

LEWIS PLATT began at Hewlett-Packard as an engineer in 1966. He retired more than 30 years later as CEO — the engineer of the company's transformation.

Known for his ethical business dealings, consensus-building, and modest demeanor, Platt expanded the company into a portfolio of more than 80 divisions — from test-and-measurement equipment to printers to server-computers. From 1992, when he succeeded founder David Packard as chief executive, the Palo Alto company grew from $16.4 billion to $42 billion when he retired in 1999.

One of his last projects at Hewlett-Packard was to spin off Agilent Technologies, a landmark decision since splitting a successful company in two ran counter to the mergers and acquisitions craze of the time. The move divided Hewlett-Packard's computer and printing business from the measurement business responsible for products such as semiconductor testing devices. The split became a model for other corporate divorces.

In the 1990s, he served on President Bill Clinton's Advisory Committee on Trade Policy and Negotiations and as chairman of the World Trade Organization Task Force. At Platt's 1999 retirement party, he handed out French corkscrews to guests inscribed with the words "Gone Fishing." Instead of fishing, he put those corkscrews to use at Kendall-Jackson Wine Estates, where he spent a time as CEO of that small, privately run winery.

Platt returned to the corporate big-time in 2003 as non-executive chairman of a recovering American icon: The Boeing Company. The company's earnings were down, it had lost market share to Airbus, and it had shed some 4,000 commercial jobs in recent years. "I think we've made a lot of progress," Platt said in 2005. Investors who listened benefited — the following year, Boeing overtook misstepping rival Airbus to become the largest aircraft manufacturer for the first time since 2000.

Platt, who died in 2005, was a Wharton Overseer and helped to found Wharton West, Wharton's first-ever permanent, out-of-state campus location.

Wharton Alumni Magazine, 2005

A **DEFT TOUCH FOR CAPITAL MARKETS** GOOD AND BAD

RUTH PORAT, WG'87

Tommy Leonardi, 2005

TO SOME, IT CAME AS A SURPRISE when Morgan Stanley promoted Ruth Porat in 2006 to be head of the investment firm's financial institutions group (FIG). After all, Porat had never been in that division, but had made her mark advising technology and industrial companies.

But the leadership at Morgan Stanley knew that Porat was not just a rising star, but an established one. "Ruth thoroughly understands the company and [investment banking]," said Derek Kirkland, her predecessor, noting that just as Porat was at the forefront of technology investment when it was hot, so would she be in financial institutions, now that that was a major emphasis for investment firms like Morgan Stanley. "The FIG practice across Wall Street has usually been culturally separate from the other businesses," said Kirkland. "There's an element here of wanting to ensure the best service for our clients."

When prudence meant handling technology with aggressiveness, Porat was there, helping Morgan Stanley bring to IPO such firms as Broadcast.com, Priceline, Ask Jeeves, and VeriSign, Inc. She was, on the other hand, one of the first prominent investment firm analysts to warn that there were holes in the tech marketplace, when in 1998 she started advising clients to concentrate on the larger companies, like Cisco, Intel, Amazon, and Microsoft, and be wary of the more flighty startups.

She spent a year in London and then returned to concentrate on industrial firms. She worked with General Electric to make Genworth Financial's 2004 stock offering the most successful IPO in two years, and advised the Mexican steel company Hylsamex as it was taken over by the Argentine firm Grupo Techint.

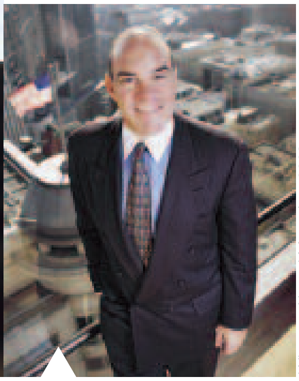
Porat preaches that no one goes anywhere alone in big business. "The success of the deal depends on the team driving it," she told a classroom of Wharton students in 2005.

1993

Wharton's first Global Alumni Forum convened in Manila, starting a tradition that expands to annual forums in Asia, Europe, and Latin America.

A NEW KIND OF **LEADERSHIP**

DAVID S. POTTRUCK, C'70, WG'72



Wharton Alumni Magazine, 2003

IN 1984, David Pottruck, a young and aggressive ex-Penn wrestler and football player, was frustrated with his traditional job at Shearson American Express in New York. A slightly older aggressive guy named Charles Schwab asked him to come across the country and be the head of marketing for a new kind of financial services firm Schwab had in San Francisco. Pottruck said he was up for the challenge.

Together, Pottruck and Schwab set a new tone and built up that new kind of financial services business that became a standard in the industry. Pottruck and Schwab became the Mr. Inside and Mr. Outside of the online stock trading revolution. Schwab, whose name was on the firm, was the face the public saw in commercials and on the talk shows. Pottruck, a driven businessman, designed the strategies and put people in place to perform.

By the early 1990s, **when the online boom burgeoned, Charles Schwab Inc. was in place to take full advantage of it. Pottruck realized that there was a good segment of the market that wanted barebones services.** Not everyone wanted research and hand-holding — many people thought they could choose investments themselves and merely needed someone to do the actual trades for them. Pottruck gave them that.

Pottruck also was the progenitor of San Francisco-style corporate management. In the mid-1990s, he came to realize that his brasher, tough-guy style was wearing thin on the hard-working but laid-back Northern California business environment. Unlike other headstrong executives, he sought help in life-coaching. He transformed himself into a more empathetic manager, and, as such, influenced the way the upcoming technology businesses in California managed employees and customers.

He and Schwab were co-CEOs for five years until 2004. By merging their clashing styles, they built their company into one that held more than a trillion dollars in customer assets.

Chairman of Eos Airlines, in 2006 Pottruck took the reigns as CEO to take the carrier from startup to a significant new breed of transatlantic premium carrier.

A former Penn trustee, he is currently an Overseer for Wharton and Penn Athletics and chair of Wharton West's Advisory Board. A frequent guest lecturer at Wharton, he is the namesake of Penn's David S. Pottruck Health and Fitness Center.

CONSUMER RESEARCH PIONEER

J.D. POWER III, WG'59

NOT MANY statisticians are household names, but J.D. "Dave" Power III is. Called the high priest of customer satisfaction by the business press, Power has lent his name to the market research company that has become synonymous with automotive-quality rankings. In 2006 he sold JD Power and Associates to McGraw-Hill for an undisclosed sum, but he remains chairman and continues to be one of the most influential figures in the global auto industry.

Power began his career doing market research for companies such as Ford and General Motors. Bored and frustrated with the way management massaged his research to justify their decisions, he left the auto industry in the mid-1960s for chainsaw maker McCulloch Motors Inc., which was having trouble cracking the consumer market. He spotted a basic flaw: The company forecast chainsaw sales based on the number of lumber trees it could find. "I said, 'You don't sell to trees, you sell to people,'" Power told McCullough executives. Power's research also showed that the saws needed to be smaller, less expensive, and able to tolerate long periods of idleness. McCulloch listened, and sales took off.

Power is often credited with accelerating the popularity of Japanese cars in the United States. "At the time, Detroit didn't think Japan could produce anything other than motor scooters."

Power set off on his own in 1968. Toyota was an early client, initially asking Power to survey the forklift market and beginning his long relationship with Japanese carmakers. Today, Power is often credited with accelerating the popularity of Japanese cars in the United States. "At the time, Detroit didn't think Japan could produce anything other than motor scooters," he says.

Based in Westlake Village, CA, JD Power and Associates has 750 employees in 12 offices worldwide and generates over $145 million a year in revenues, according to published reports — a fivefold increase over the past decade. Though the company is best known for rating autos based on surveying tens of thousands of consumers a year, Power today rates products and services in categories as diverse as cellular communications, satellite TV, hospitals, banks, real estate, and airports.

Heightened competition today fuels the growth of the firm. Its services have expanded to include proprietary tracking studies, media studies, forecasting, and training services, as well as business operations analyses, and consultancies on customer satisfaction trends.

Tommy Leonardi, 2004

HE TURNED PFIZER INTO A GLOBAL CORPORATE CITIZEN

EDMUND T. PRATT JR., WG'49

Pfizer

ED PRATT EXPANDED pharmaceutical company Pfizer operations into almost every country of the world during the 1970s, increasing revenue sevenfold, from $1 billion to nearly $7 billion by focusing on social responsibility, technology, world trade, and corporate creativity.

Born in 1927 Savannah, GA, Pratt served in the U.S. Navy, then spent nine years with International Business Machines Corp. (IBM). Pratt signed on with the Kennedy administration as Assistant Secretary of the Army. After managing the Army's finances, Pratt joined Pfizer as controller in 1964 with an impressive understanding of international trade dynamics.

In 1969 Pratt became chairman and president of Pfizer International; by 1971 he was elected president and in 1972 rose to CEO and chairman.

He focused on establishing research and development facilities worldwide, as well as the acquisition of medical-device companies and developing breakthrough products such as Procardia XL for angina and high blood pressure. The company's revenues soared, accentuated by his conservative financial management and focus on creativity. "I told my colleagues that if we were creative, had fun, and worked hard, we could be among the best of the best," he said.

He also led Pfizer to be a positive force in the community. **In the 1970s, for example, during the darkest days of New York City urban decay, Pratt took a historic leadership position to ally Pfizer with the city,** other agencies, and corporations to fight back. Instead of abandoning a manufacturing facility in the Williamsburg section of Brooklyn, as many other companies did, Pratt committed to improving the neighborhood around the company's plant. He created low-income housing and donated a Pfizer building for a public charter school, among other supports.

As chairman of the President's appointed Advisory Committee for Trade Negotiations, he broadened the trade agenda to include items of global impact, including the issue of intellectual property. As a chairman of the Business Roundtable, he was a top voice for U.S. corporations.

He died in 2002.

BROUGHT **PHONE SERVICE** TO THE **BANGLADESHI POOR**

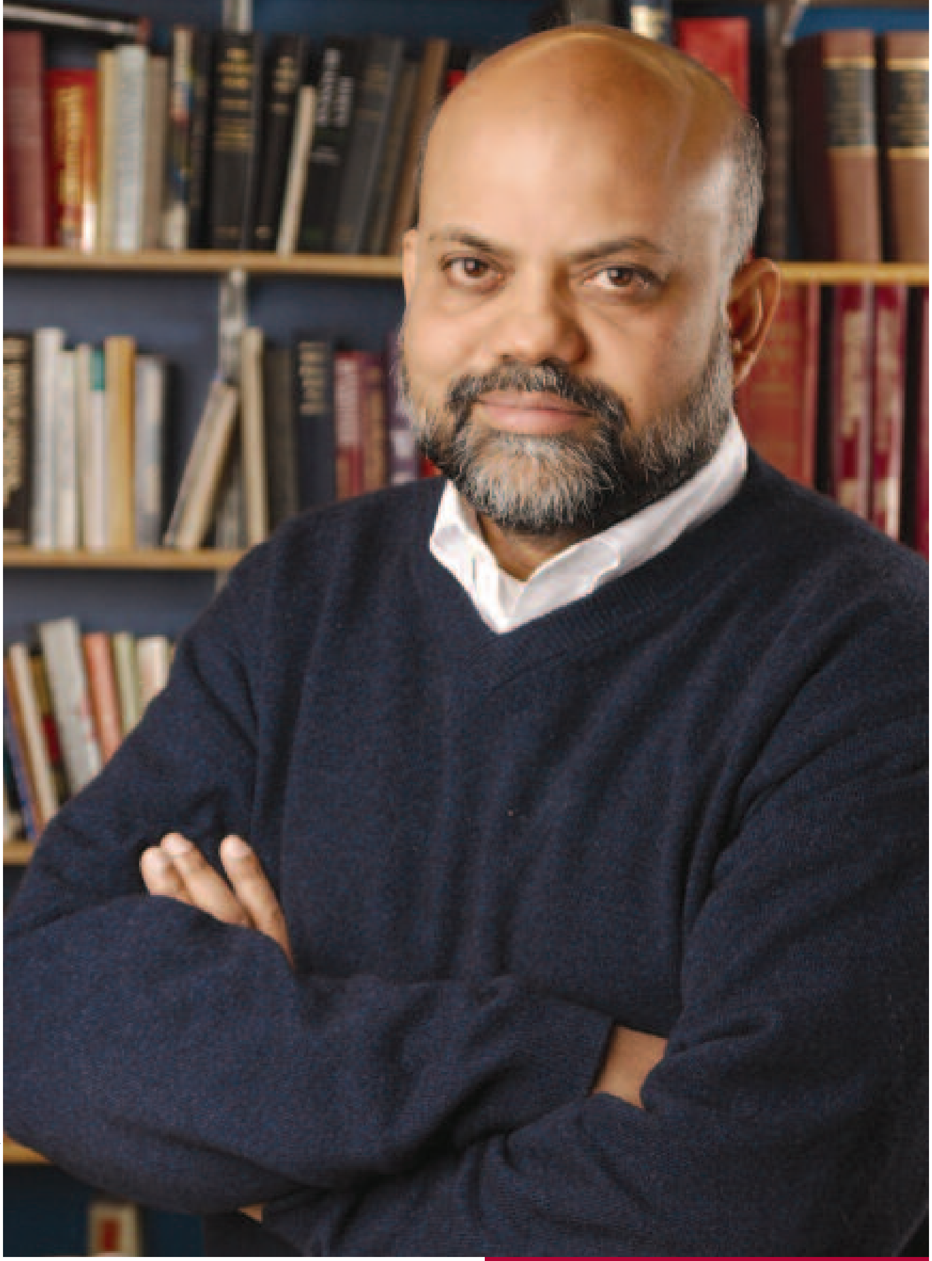
IQBAL QUADIR, G'83, WG'87

THE IDEA for GrameenPhone came to Iqbal Quadir during an afternoon of on-the-job frustration in 1993. His investment banking office's computer network had failed, stymieing his efforts to work. As he sat there, he recalled another wasted day in 1971 when he was 13 and living with his family in a rural village in Bangladesh to escape a war that was ravaging the big cities. Since there were no phones, his mother sent him to a nearby village to fetch medicine. He walked eight miles only to find that the pharmacist was gone for the day and he had wasted the day walking. All for the lack of a telephone to call ahead.

Sitting in front of his disconnected computer in New York City 22 years later, a realization dawned: If connectivity meant productivity, then it must be a weapon against poverty.

That started the wheels turning on an amazing micro-lending partnership that eventually would bring 200,000 phones to Bangladeshi villages through GrameenPhone, serving 80 million people with an average of 400 people using each of those phones.

Today, GrameenPhone has become a tremendous financial success. A group of Americans who backed him originally collectively put in $1.65 million and got $33 million back eight years later selling their stake. In addition to the 200,000 phones distributed to villagers, GrameenPhone installed another 6 million throughout Bangladesh. Competitors have added an additional 4 million units since the government issued its licenses, and growth should double again soon.



Martha Stewart, 2005

Selling his own shares in GrameenPhone made Quadir financially independent, and he's using that status to build other socially conscious ventures. He created a foundation in America dedicated to development in Bangladesh.

And Quadir himself is never far from his next big idea. Currently, he is working to install mini-power plants that use cow manure as fuel to provide electricity.

Quadir began an amazing micro-lending partnership that eventually would bring 200,000 phones to Bangladeshi villages through GrameenPhone, serving 80 million people.

WHARTON *first*

1994 Wharton and the College of Arts and Sciences created the first integrated undergraduate global business program, now the Huntsman Program in International Studies & Business (IS&B).

SHE WROTE THE BOOK ON **INTERNET INVESTING**

RUTHANN QUINDLEN, WG'83

RUTHANN QUINDLEN was there before the tech boom started — and she was there to chronicle those heady days.

The daughter of an Air Force officer raised in Louisiana, Quindlen found her first fulltime job as an investment banker at Alex Brown & Sons. She carved out a niche in the 1980s as the first dedicated personal computer analyst for a big investment bank. Later a managing director at Alex Brown, she guided the IPOs of the most prominent names in the personal computer software business — Microsoft, Broderbund, America Online, Borland, Electronic Arts, and McAfee Associates.

In 1993, she signed on with Institutional Venture Partners, or IVP, an early-stage venture-capital firm based in Menlo Park, CA. Again breaking ground as one of the few women to become a technology partner in a top-tier venture capital firm, her mantra was to get the "faster, better, cheaper" companies, as she told the *New York Times*. Those companies were usually headed by first-time entrepreneurs, as she noticed the best ones of the personal computer era — like Microsoft and Cisco — were.

Again breaking ground as one of the first women to venture into venture capital in Silicon Valley, Quindlen's mantra was to get the "faster, better, cheaper" companies.

In 2000, Time-Warner published her memoir, *Confessions of a Venture Capitalist: Inside the High-Stakes World of Start-Up Financing*. Neither confessions nor a nostalgic look back, it became a primer for how to invest post-boom. Quindlen advocated not just looking at successes, but examining failed companies to see what not to do (*Wired* magazine suggested a more apt title would be *101 Things CEOs Do to Screw Up Companies*). Her "don'ts" were hiring the wrong people in key positions, thinking too small to avoid risk, telling backers only what they want to hear, believing the competition is ignorant, and focusing solely on money.

Red Pointe

SHAPED **REYNOLDS METALS**

RICHARD S. REYNOLDS JR., W'30

RICHARD REYNOLDS JR. graduated from Wharton in 1930 at the depths of Great Depression. He started work as an investment banker, helping to launch a Wall Street brokerage firm, Dean Witter Reynolds Inc., before joining his family's Reynolds Metals Co. in 1938 and shaping it into a global profit-making powerhouse that introduced innovative products — from foil to housing siding — to the world.

Born 1908 in North Carolina and a grandnephew of the Reynolds tobacco colossus founder, Richard J. Reynolds, the future Penn trustee would often say that "profits are to business what breathing is to life."

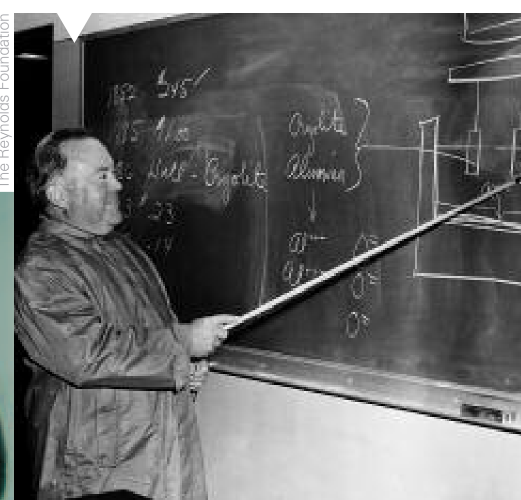
Under his leadership as president and chairman, between 1948 and 1976, the aluminum maker expanded worldwide with assets rising from \$114 million in 1948 to \$1 billion by 1963. By 1979 the company had revenues of \$3.3 billion.

In addition to establishing facilities worldwide, Reynolds Jr. popularized its famous Reynolds Wrap Aluminum Foil, transforming food storage. **The Reynolds' aggressive merchandising efforts led to aluminum being accepted for a range of building construction — including the 1945 invention of aluminum siding — and automobile manufacturing purposes.**

Reynolds was an optimistic and jovial leader. *Time* magazine, in a May 1952 article, lauded the company's "spanking new \$80 million aluminum plant in Corpus Christi, TX, that in one week attracted 20,000 visitors, many of them eating hotdogs kept warm on freshly poured pigs of aluminum," as a high school band played "Whistle While You Work." The article further noted that "Richard S. Reynolds Jr. had something to whistle about: he now has the world's biggest aluminum pot line."

Reynolds was ecstatic about aluminum's future. "For the first time," said Reynolds in the *Time* article, "there will be enough aluminum for major potential users to consider its use on a large scale" — from guardrails and light poles to home siding.

Reynolds Metals merged with rival Alcoa in 1999, about 20 years after Reynolds' death in 1980.



The Reynolds Foundation

Matthew Jordan Smith, People Magazine, 2005

1995

Wharton launched SPIKE, an innovative student intranet service recognized as one of the earliest enterprise information portals.

AN **EAR FOR TALENT** AND A **MIND FOR BUSINESS**

SYLVIA M. RHONE, W'74

SYLVIA RHONE'S SKILL in picking the hottest superstars has pushed record label revenues as well as chart hits to the peak of her industry.

Today she is a recording industry luminary, having risen to the top ranks of a male-dominated industry as the first black female CEO of a major record company. Rhone led one of Warner Music Group's most prestigious labels as chairman and CEO of the Elektra Entertainment Group, where she guided the consolidation of four labels into the Elektra Entertainment Group. Under her leadership, Elektra enjoyed a nearly decade-long run with such chart-topping, award-winning artists as Missy Elliott, Metallica, Jet, Fabolous, Tracy Chapman, and Jason Mraz, among others.

Rhone exited that post in March 2004 when Elektra was dismantled by Warner, its parent company. Today she is president and executive vice president of Motown Records/Universal Records, with direct responsibility for the Motown label, whose stars include Stevie Wonder, Erykah Badu, and Michael McDonald.

Under Rhone's leadership, Elektra enjoyed a nearly decade-long run with such chart-topping, award-winning artists as Missy Elliott, Metallica, Jet, Fabolous, Tracy Chapman, and Jason Mraz, among others.

Raised in New York's Harlem, Rhone began her career with a trainee position at a large New York City bank. Within a year, Rhone quit her banking job to pursue her passion for music, taking a secretarial position at Buddah Records to get her foot in the door. Over the next several years, Rhone won a succession of promotions, taking on broader responsibilities in 1986 with her appointment as vice president/general manager of Atlantic's Black Music Operation. Two years later she was promoted to senior vice president of Atlantic Records.

In 1990, she was named CEO/President of Atlantic's new East/West Records America division, and later chairman as well. Often cited for her skill in picking the hottest superstars, Rhone helped fuel the rapid growth of East/West's Black Music Division, where from March 1988 to May 1990, revenues increased by 400 percent.

Among her most significant recent projects at Motown: coaxing into completion Stevie Wonder's *A Time to Love*, released in October 2005 and his first studio album in a decade.

DEAL-MAKER WHO BUILT A **NATIONAL MEDIA COMPANY**

BRIAN L. ROBERTS, W'81

WORKING FOR and with his father's company was the only job Brian Roberts ever really wanted. The fourth of five children for **Ralph Roberts**, W'41, HON' 05, he read *The Wall Street Journal* in high school and was fascinated by the stock market. At Wharton, few of his classmates would have guessed that Roberts would become the major player who turned Comcast into a nationwide media company through aggressive acquisitions, innovative content creation, and technology investments.

"The cable industry was still relatively small then, so it wasn't like I was being groomed for this big corporate job," says the CEO and chairman of Comcast Corp. "I was just a kid who wanted to work for his dad's business."

Today he has built his "dad's business" into the largest cable-television operator in the nation, with 24.2 million cable customers, 11.5 million high-speed Internet customers, and 2.5 million voice customers. Its content networks and investments include E! Entertainment Television, Style Network, The Golf Channel, VERSUS, G4, AZN Television, PBS KIDS Sprout, TV One, and four regional Comcast SportsNets, as well as majority ownership in Comcast Spectacor, owner of the Philadelphia Flyers NHL hockey team, the Philadelphia 76ers NBA basketball team, and two large Philadelphia arenas.

Roberts, who became Comcast's president in 1990, CEO in 2002 and chairman in 2004, **has led that growth via a dizzying array of ever-greater deals, from programming content channels to the historic 2002 acquisition of AT&T Broadband**, which nearly tripled its subscriber count. Roberts' belief that the future of the cable industry was in the broadband platform was a key to the company's rapid growth. In recent years, he has aggressively pursued high-profit services such as digital video, high-speed data, and voice.

For his efforts, he has been honored by *Institutional Investor* as one of the nation's top CEOs for four years in a row.

Jeff Christensen, Reuters, 2003

A PIONEER ON **CABLE'S FRONTIERS**

RALPH J. ROBERTS, W'41, HON'05

COMCAST CORP.'S prospects are tied to founder Ralph Roberts' all-too-logical belief that Americans love television and sports more than just about anything.

Ralph Roberts founded Comcast in 1963 with the purchase of American Cable Systems, a community antenna TV system in Tupelo, MS. He had acquired an entrepreneurial streak after growing up during the Depression, when his once-affluent family lost everything. "My father died, and we lost all our money," he told the *New York Times* in 1997. "People who never had a financial problem in their lives can never understand what terror there is in that."

Today Comcast is the nation's leading provider of cable, entertainment and communications products and services.

He began his business career as marketing vice president of Muzak Corp. and was then recruited by Pioneer Suspender Company in the same role. Later, with the help of the Philadelphia National Bank, he purchased Pioneer, which manufactured belts, wallets, jewelry, and other men's accessories. Roberts traded in fashion for cable to purchase American Cable Systems. He then asked Julian Brodsky and Dan Aaron to join him. In 1969, the company was renamed Comcast. It went public in 1972.

Today, Comcast is one of the most important and influential media companies in America with 24.2 million cable-TV customers, 11.5 million high-speed internet customers, and nearly 2.5 million voice customers. It is the nation's leading provider of cable, entertainment, and communications products and services.

Like most of today's large cable companies, Comcast grew through internal growth and acquisitions. It has always aligned itself with promising young companies. In 1986, for instance, Franklin Mint founder **Joe Segel**, W'51 (see p. 61), called on Ralph Roberts with an idea for a television shopping channel. Ralph Roberts, wowed by Segel's track record as a serial entrepreneur, agreed to be a founding investor in the business and feature it on Comcast's cable systems. Comcast acquired controlling interest of QVC in 1995, later selling its interest to Liberty Media for $7.9 billion. In 2001, AT&T Broadband agreed to sell its cable unit to Comcast for $47 billion in stock and $25 billion in assumed debt. That historic deal, by far the largest ever in the cable business, was completed in November 2002 and gave the company over 21 million cable subscribers in 41 states, more than twice that of its closest competitor, Time Warner Cable.

A key to Comcast's ability to maintain a family-like culture is due in part to Roberts' decision to create two classes of stock which allowed for voting control by a member of the family. Today, **Brian L. Roberts**, W'81, son of Ralph Roberts, is Chairman and CEO of Comcast.

Boston College

SPECIALTY RETAILER **MADE MALLS BOOM**

FRANCIS C. ROONEY JR., W'43

FRANK ROONEY used to tell everyone who would listen that the way to do good business was hands-on and with as few executives as possible. In the 1980s, as its sales grew to $7 billion, Rooney's Melville Corp. had but seven executives at its Harrison, NY, headquarters. "I'm allergic to memos," he often said. He would regularly log 50,000 miles a year visiting the businesses he acquired and built in his 23 years as he created a retail conglomerate.

In 1964, when Rooney took over as president at Melville, it was a $180 million company primarily consisting of the discount shoe chain, Thom McAn, and some of its manufacturers. But Rooney foresaw the rise of specialty retailing as the first post-World War II suburbanites nestled quite comfortably in their communities. Melville bought or created such chains as Chess King, for boys and men's clothing; Foxmoor, for young women's apparel; Kay-Bee, for toys; Linens n' Things, for sheets and home wares; Marshall's, for off-price clothing, and CVS, for drugs and cosmetics.

While department stores may have anchored malls, Rooney saw Melville's portfolio of specialty stores as a big draw. He would often have five or more Melville stores in a mall, giving him clout in rents and sales during the big mall boom of the 1960s, 1970s, and 1980s.

Rooney's theory was that specialty stores could control inventory better than department stores, since the latter had to have many categories, where his stores could concentrate on trends in just one. In many cases, especially shoes, Melville also owned the manufacturer, making it even easier to control the inventory.

When Rooney retired as CEO in 1987, he was by succeeded by CVS founder, **Stanley Goldstein**, W'55 (see p. 22). In 1991, Rooney emerged from retirement to return to the shoe business as chairman for H.H. Brown Shoe Co., to succeed Ray W. Heffernan, the late father of his wife Frances.

Terry Business School

A **FINANCIAL INNOVATOR** WHO MODERNIZED RISK MANAGEMENT

CHARLES S. SANFORD JR., WG'60

THE LATE 1980s and early 1990s were turbulent times for the banking industry, but Charles S. Sanford Jr. was determined to advance Bankers Trust when he became chairman in 1987, and transform it from a second-tier lender into the highly profitable business of trading and custom dealing.

During his tenure, Bankers Trust became a leader in challenging the status quo, instituting changes that were subsequently adopted broadly by the banking industry. These included: creating a process for measuring risk (RAROC), which became the foundation for regulatory standards to measure bank capital adequacy; acting as placement agent and then underwriter for issuers of commercial paper and, subsequently, entry into the debt and equity markets in competition with investment banks; conceiving and developing the business of the origination and distribution of loans that included the distribution of loans to other market participants, which was the forerunner to the establishment of an active secondary market for loans; developing dynamic businesses around transaction processing services, which had previously been provided as an appendage to lending relationship; and becoming an architect of the modern use of derivatives, which are now used by corporations and institutions worldwide to manage risk.

RAROC is the cornerstone of modern risk management and derivatives are the fastest growing financial market — a testament to Sanford's determination to make banking more dynamic and innovative.

RAROC is the cornerstone of modern risk management and derivatives are the fastest growing financial market — a testament to Sanford's determination to make banking more dynamic and innovative.

Upon Sanford's retirement in 1996, Bankers Trust Director Hamish Maxwell, retired chairman and chief executive officer of Philip Morris Companies, Inc. (now known as Altria Group, Inc.), said, speaking for the board: "Charlie Sanford has been the principal architect of what has been recognized during his chairmanship as one of the most innovative and profitable global financial institutions."

A former Wharton Overseer, Sanford once told Wharton MBA students at a convocation that it was in their interests to practice what he called "enlightened capitalism," that is, "a capitalism that will create a surplus and reinvest in social and material productive capacity for posterity.… Enlightened capitalism is a system that responds to general human needs while serving individual human aspirations — certainly including personal financial security."

1996

Wharton and Penn's School of Nursing established a new undergraduate joint degree, the Program in Nursing and Health Care Management.

The Schindler Foundation

HIS ACQUISITIONS ELEVATED A **FAMILY BUSINESS TO NEW HEIGHTS**

ALFRED N. SCHINDLER, WG'78

THE Schindler Elevator Company moves more than 700 million people per day. Alfred Schindler has run and majority owned the fiercely independent Swiss elevator and escalator company for more than 20 years. The company was founded in 1874 in Lucerne, Switzerland, by Robert Schindler, who later sold it to a nephew — Alfred Schindler's grandfather. Today, Schindler Group is the largest supplier of escalators and the second-largest manufacturer of elevators worldwide, with 43,000 employees and operations on five continents.

Though tempted by investment banking after graduating from Wharton, Schindler returned to the family firm. He set about redesigning the company. At Wharton he learned that many top companies — in any given industry — don't survive long-term. Then there was the fate of American rival and long-time family firm Otis Elevator, which was consumed by conglomerate United Technologies.

Schindler decided that his family's firm needed to become an acquirer — or it would find itself acquired. He created a five-member acquisition team and began divesting 15 non-core businesses, such as those that built bank safes, cranes, and machine tools, then set about buying smaller competitors worldwide. In 1980 the executive committee engineered the first-ever industrial joint venture in China. In 1989, Schindler acquired Westinghouse's entire North American elevator and escalator business. Acquisitions throughout the 1990s in Russia, Hungary, and Turkey further strengthened the company's market domination.

Though his company is listed on the Swiss stock exchange, Schindler's aversion to becoming a takeover target has limited his ability to quickly raise capital. "We do not move like a large U.S. or UK company," he told the *South China Morning Post.* "We have less access to capital and cannot take big steps one after the other."

He sees no reason to change the course of history by lessening his family's control of the company. "We have tried to keep it in the family and so far it has worked." When Schindler started at the company, the market cap was CHF 220 million; as of February 2007, it was CHF 10.5 billion.

Schindler is a member of Wharton's Executive Board for Europe, Africa, and the Middle East.

Schneider Trucking Company

TRANSFORMED THE **TRUCKING INDUSTRY** WITH TECHNOLOGY

DONALD SCHNEIDER, WG'61

DEREGULATION IN the 1980s could have killed Schneider National trucking, but Donald Schneider was determined that if he could stay ahead of his newly deregulated competitors, he could survive and thrive. Instead of fighting deregulation, he thought, he would find the best ways to innovate. Under Schneider's leadership, Schneider National became the largest full-load trucking company in North America.

His father Al had started the company by selling the family car, and since the younger Schneider joined the company in 1961, he had grown it steadily through acquisition. But it was Donald Schneider's embrace of technology that transformed the company.

Schneider National was the first big trucking company to use satellite tracking for its trucks and their loads. He was the first trucking executive to use scientific logistics, making sure each truck was filled and not just running traditional routes. In a conservative industry, Schneider wasn't afraid to commit to upfront costs if he believed in the potential payoff. With smart investments, Schneider was so far ahead of the curve that it created a new business area: selling its logistics programs to other industries.

Schneider was the first trucking executive to use scientific logistics, making sure each truck was filled and not just running traditional routes.

Schneider made human investments as well. He advocated giving employees flexibility, and his investment in logistics technology allowed more drivers to set their own routes with greater efficiency. And he made work more comfortable: Schneider National essentially created the modern truck stop at the company's Memphis hub, where drivers had showers, game areas, and even bedrooms for long-haul trips.

In the process, he took Schneider National, a $35 million regional carrier out of Wisconsin when he succeeded his father as CEO in 1974, to a multibillion-dollar national power. When he retired in 2002, the company employed 19,000 people and had more than 42,000 trailers delivering goods each day.

HE EUROPEANIZED **ALLIANZ**

HENNING SCHULTE-NOELLE, WG'73

DR. Henning Schulte-Noelle has long been considered one of the most powerful figures in German finance. After practicing law for a year, he began at German insurance powerhouse Allianz in 1975, and quietly rose to become, in 1991, the seventh chairman of the board since the company was founded a century before.

During his tenure, Schulte-Noelle saw Allianz move from a predominantly national, rather traditional insurance concern to a worldwide, full-service finance conglomerate. Schulte-Noelle led Allianz through 12 years of growth toward becoming the world's largest insurance company. He executed the conversion of formerly state-owned monopolistic insurers in Eastern Germany and made Allianz the leading international insurer in East Europe. He led the acquisition of Swiss Re's main insurance group. He took over France's AGF, opening up markets for Allianz in dozens of countries. He expanded Allianz operations in the Far East. He led important expansions into diverse economic services taking over PIMCO and other well-known asset managers in the U.S.

Schulte-Noelle's mild-mannered demeanor belies his bold business stance. In 1998 he told *Wharton Alumni Magazine*: **"I strongly support an entrepreneurial attitude, which should allow people to make mistakes. If we don't take risks, we don't achieve."**

In 2003 Schulte-Noelle moved behind the scenes to head up the supervisory board. At the time, Allianz was recovering from losses following the breakdown of the financial markets and its 2001 takeover of ailing Dresdner Bank. At the time Schulte-Noelle said, "We have learned the right lessons from this experience." In the intervening years, Allianz has proved it through a cross-border merger with its big subsidiary Italian Riunione Adriatica di Sicurtà (RAS) S.p.A. into Allianz AG and the conversion into a European Company — Allianz SE.

Schulte-Noelle is a member of Wharton's Executive Board for Europe, Africa, and the Middle East.

Allianz Group

MARKETING GENIUS FOR PEPSI AND APPLE

JOHN SCULLEY III, WG'63

JOHN SCULLEY has become famous for his role in catapulting Pepsi and Apple into two of the world's best-known brands.

For Sculley, the 1980s and early 1990s were heady, heated days of *BusinessWeek* covers and accolades ranging from Man of the Year (*Financial World*) and CEO of the Decade (Financial News Network) to Advertising Man of the Year (*Adweek* and *Ad Age*).

As Pepsi CEO he created the Pepsi Challenge taste test advertising campaign in 1980, initiated from Sculley's own research. The campaign was a cultural phenomenon that significantly increased Pepsi's market share.

Apple Computer founder Steve Jobs then recruited Sculley as CEO in 1983, asking him in a now-famous line, "Do you want to sell sugar water all your life, or do you want to change the world?"

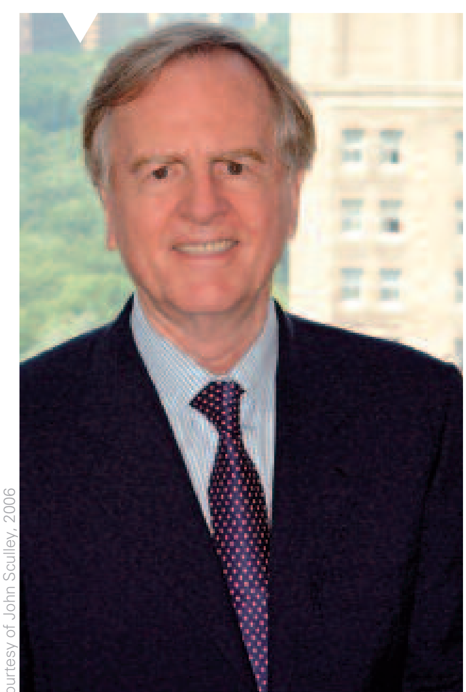
The Macintosh had not yet been introduced. At the time, computers were sold largely based on their technology features. The difference for Apple, says Sculley, was their goal to create what Jobs called an "insanely great consumer experience." "On the one hand, Apple might have missed something big by not being a technology licensing company, but that's not the business we were in," Sculley told *Wharton Alumni Magazine*. "We were in the business of marketing the experience."

"We were in the business of marketing the experience."

Macintosh become the number-one selling personal computer in the world during Sculley's tenure as CEO, ending in 1993.

Today, nearly 15 years later, Wharton marketing professor John Zhang describes Sculley as "one of the pioneering marketers in technologies, if not *the* pioneering marketer. He was one of the first to bring professional marketing skills to an industry that was R&D and production driven and market technology products like consumer goods." In turn, Sculley cites Wharton Marketing Professor **Wroe Alderson** (see p. 3) as a key influence on his marketing methods.

Now a venture partner at Rho Capital Partners in New York City, Sculley told *Wharton Alumni Magazine*, "What makes all of this fun is when you are out on the edge. Sure you have the risk of making mistakes and getting the wind knocked out of you. But then you also have the chance to be around when these really cool things are just starting to happen before anyone has perspective of what they might turn into. That's the real reward."


Courtesy of John Sculley, 2006

'KING OF THE START-UPS' AT FRANKLIN MINT AND QVC

JOSEPH M. SEGEL, W'51

IF YOU want a home run, you have to keep going up to bat. That's one of many lessons from the remarkable career of Joseph Segel, the unstoppable entrepreneur who hit two homers more than 20 years apart. When Segel retired in 1993, he was inducted into the Direct Marketing Hall of Fame; later that year, a *Forbes* magazine profile dubbed him "King of the Startups."

That's because in a career spanning over five decades, Segel founded 22 different companies in fields as diverse as publishing, minting, photography, aviation, software, hospitality, television broadcasting, and behavioral modification.

The Franklin Mint was his first big hit. Founded in 1964 to make sterling-silver commemorative medals, the company eventually branched out into other high-quality collectibles, including the award-winning "100 Greatest Books of All Time" series. With Segel at the helm, it also became the only private mint entrusted to produce the official currency for several nations, including the Philippines.

It wasn't until 1986 that Segel launched his greatest commercial success: QVC Network, now a home-shopping behemoth worth about $20 billion. **Having trounced more than 20 other televised shopping networks over the years, QVC has three times the annual sales of its predecessor and nearest rival, HSN (Home Shopping Network).** Traditional ad-driven networks took serious notice: media mogul and Fox Broadcasting Company founder Barry Diller succeeded Segel as head of QVC, buying most of Segel's shares in the company.

"If *you're* the easier alternative, you'll do well," says Segel. "QVC made it easier for people to shop than going to the mall. Making things easier for consumers is a pretty good formula." Segel clearly prefers starting businesses to running them. But thanks to a habit of cultivating his successor shortly after starting a new business, many of his ventures continued to thrive long after he moved on to his next idea. The Philadelphia-based Advertising Specialty Institute, which he started as a Wharton undergrad over 50 years ago, is still going strong.


QVC, 2006

A **PALESTINIAN VOICE** FOR PEACE

NABEEL A. SHAATH, WG'61, GR'65, HON'96

NABEEL SHAATH has devoted decades his life working toward peace between the Israelis and Palestinians.

"If I am here today, it is because I still have a dream," Shaath, the former deputy prime minister and minister of information for the Palestinian National Authority, told an audience at the 2006 Wharton Global Alumni Forum in Istanbul. "I still think that rebuilding bridges is possible. **Two-thirds of the Israeli and Palestinian public think there is no alternative but peace. This is my source of hope. The people are sick and tired of violent conflict. They want to build bridges."**

1997

Wharton released its web-based Wharton Research Data Services (WRDS). Enabling easy retrieval of financial and marketing data, it is licensed to top business schools and institutions worldwide and becomes the de facto standard for quantitative business research.


Reuters, Scanpix, 2002

And despite ongoing setbacks, Shaath's passion and commitment to finding a peaceful resolution is resolute.

When the Palestinian Authority was established in 1994, Shaath was its first minister of planning and international cooperation. His worked to boost the area's economy by signing a free trade agreement with its neighbors and with the U.S. and Canada, and establishing an association agreement with the EU. "I was proud of the fact that we had become independent after the end of the Soviet era, and that we started with no debts to anybody. We depended totally on our private sector, and initially we did well, with 6 percent to 8 percent growth in GDP," he said.

Shaath headed the PLO's first delegation to the United Nations in 1974. In 1991, Shaath was a member of the Madrid Peace Delegation and later was involved in negotiations with Israel that led to the signing of the Oslo Agreements. From 1993 to 1995, he served as the head of the Palestinian negotiation team, and participated in later negotiations with Israel. He has also represented Occupied Palestine at the World Economic Forum.

Prior to his political career, Shaath founded Team International, a professional management and consulting company, and the Arab Center for Administrative Development in Beirut and Cairo, which did training and consulting. As a public planning and transportation consultant, Shaath worked extensively throughout the Arab world, establishing both the Engineering and Management Institute and the Center for Administrative Development, which offers management training in 14 offices throughout the Arab world.

Siebert Brandford Shank, 2006

Wharton Alumni Magazine, 1996

COMMUNITY BUILDER, PUBLIC FINANCE SPECIALIST

SUZANNE SHANK, WG'87

SUZANNE SHANK had originally thought she would be a groundbreaker in engineering — perhaps one of the first black women to build submarines for General Dynamics. Instead, she engineers deals with municipal bonds to build communities.

As president, CEO, and co-founder of municipal bond specialist Siebert Brandford Shank & Co., Shank has overseen transactions for the state of Connecticut for more than $981 million and for more than $3 billion for the Detroit Water Board, including the largest deal ever for Detroit Water — $1.14 billion — issued in August 2006, among her recent deals. The firm has $51 billion in total managed issues.

In 1997, Shank and a colleague, G. Napoleon Brandford, decided to team with another Wall Street groundbreaker, Muriel Siebert, the first female member of the New York Stock Exchange, to capitalize on their knowledge of the municipal bond market. Shank's strength was providing the personal service those smaller investors prized. And then there were the cases where investors wanted minority firms to help them market bonds.

The Dallas-Fort Worth Airport, the Detroit water department, the city of Philadelphia, Ann Arbor and Detroit public schools, the city of Oakland, the states of Connecticut and Ohio all came to Siebert Brandford Shank & Co. for representation in the marketplace.

Shank's byword in the bond businesses is to cultivate relationships in many different areas, rather than depending on big contributors to finance the bonds.

Shank's byword in the bond businesses is to cultivate relationships in many different areas, rather than depending on big contributors to finance the bonds. She is an advocate of pre-marketing — getting financing set up before the actual sale date of the bonds, which ends up getting more backers who want a piece of the obligation, a hallmark of Siebert Brandford Shank.

In 2006 *Black Enterprise* Magazine named Shank one of the "50 Most Powerful Black Women in Business" and one of the "75 Most Influential Blacks on Wall Street." Based in Detroit, she has established an internship program there — the Detroit Summer Finance Institute — opening careers in high finance to underprivileged city students.

THE ENTREPRENEUR OF **ENTREPRENEURIAL MANAGEMENT**

EDWARD B. SHILS, W'36, G'37, GR'40, L'86, GL'90, GRL'97, PROFESSOR

WHARTON MANAGEMENT Professor Ed Shils founded the Wharton Entrepreneurial Center (now the Sol C. Snider Center), the first center of its kind in the nation, cementing his reputation as a guru for startups. At age 87, Edward B. Shils still had legions of young people trouping through his Center City Philadelphia office for advice, which he dispensed freely and for free.

The George W. Taylor Professor Emeritus of Entrepreneurial Management at Wharton was the son of a Philadelphia cigar maker who came to Penn from Simon Gratz High School in 1933, the worst year of the Depression. He was a baseball star there, but had to give up the sporting dream when he started floundering in school.

He got three Penn degrees during the Depression (he later earning three more while in his 70s) and returned to Wharton as a teacher and administrator in 1955. He chaired the Industry Department from 1960 to 1963 with legendary professor **George W. Taylor** (see p. 66), was the chairman of the Management Department from 1968 to 1976, authored or co-authored six books and more than 100 research articles on public finance, collective bargaining, entrepreneurship, and labor-management relations.

But Shils considered his real baby the Wharton Entrepreneurial Center, which he started in 1973. Having his own consulting business for years while teaching, he wanted students to get to the reality of how to be innovative and entrepreneurial. He got seed money from friends in the business world and used the Center to bring in speakers and teachers who proved, he said in 2001, that doing well, even in the corporate world, means being different than the norm.

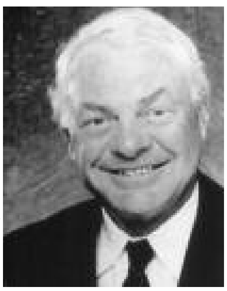
"You have to allow people the latitude to fail," said Shils, who died in 2004. "You have to hire people with a tolerance for ambiguity. You don't just have rules. You have people who interpret the rules for success. Jack Welch, Ted Turner, all these men we admire had that tolerance for ambiguity. They formed borderless cultures within the corporate world."

DECISION-MAKER FOR **A DEAL FACTORY**

ALVIN V. SHOEMAKER, W'60, HON'95

IN THE 1980s Alvin Shoemaker helped build First Boston into what *Fortune* called "the archetypal deal factory." A decisive but courtly leader, as chairman Shoemaker brought balance to a firm known for its aggressiveness and its tactical innovation in takeover battles.

After graduating from Wharton, Shoemaker earned a law degree from the University of Michigan in 1963. He landed jobs with the U.S. Treasury and the Investment Bankers Association before joining First Boston as vice president in 1969. He departed First Boston in 1978 to become president and CEO of Blyth Eastman Paine Webber, returning to First Boston in 1981, becoming board chairman in 1983.



University Archives

During the 1980s, First Boston earned $200 million in fees by orchestrating the leveraged buyout of Federated Stores. The firm also was involved with Texaco's hostile takeover of Getty Oil in 1985 — a year when the firm handled $60 billion in merger and acquisition deals.

In 1986 First Boston put up nearly $2 billion to help its client Campeau Corp., a Canadian real estate developer, win control of Allied Stores Corp. — **"the first time an investment banking firm has agreed to put up billions of dollars to help its client win a hostile takeover fight ... [producing] some of the biggest merger fees ever earned in a single deal,"** wrote **David Vise**, W'82, WG'83 (see p. 70) in a *Washington Post* article.

By 1987, First Boston's M & A group, did more deals than any other Wall Street house, but the company's aggressive stance put it into jeopardy. Shoemaker helped lead the deal to merge First Boston with Credit Suisse First Boston, its European affiliate, and to take the combined entity private. He retired as chairman of the board in 1989.

Shoemaker also led the University of Pennsylvania's ascension in the 1990s by helping Penn raise more than $1 billion in capital funds as chairman of the Board of Trustees. A recipient of an honorary doctorate from Penn in 1995 and founder of his own investment firm, he is also a Wharton Overseer.

WHARTON *first*

1999 Knowledge@Wharton was launched, the first web-based resource of its kind, offering business analysis and research to thought leaders around the world.

HE PUT THE 'BUSINESS' INTO **AGRIBUSINESS**

SCOTT R. SIMPLOT, WG'73

"YOU HAVE TO understand that out here, farmers had sons so that the sons could run the farm," Scott Simplot told the *Wall Street Journal* in 2004. "Our farm was a little bigger than average, but the idea still applies."

Since 2001, Simplot has been chairman of J. R. Simplot Company, the Boise, ID, agribusiness founded by his father and one of the largest privately held firms in the country. In this role, he has brought in outside management and begun running the agribusiness with fiscal discipline. That has meant standardizing accounting, shutting inefficient plants, limiting the size of cattle herds, and cutting jobs when necessary. Other actions include expansion in Asia and Australia, including the 2003 purchase of control of John West Food, an Australian canned-fish brand.

Simplot instead argued the numbers for computer upgrades, tighter budgets, and diversification based on strategy and earnings, not hunches. The numbers won out.

The company's founder, Jack Simplot, is an out-sized Boise legend — an innovator who bought a potato sorter in 1928 and turned it into the biggest potato sorting operation in Idaho. The company expanded into dried onions, fish farms, and hamburger patties, hitting the big time in 1946 when a company chemist developed a new technique for processing frozen French fries.

J.R. Simplot, 2006

Scott Simplot has often clashed with his 98-year-old father over the years. The son returned from Wharton in 1973 to become director of planning and information technology. At the time, analysts estimated that 40 percent of Simplot's profits came from supplying McDonald's with fries.

The company was diversifying based on Jack's insights, and not all were successful. J.R. Simplot had hits — investing in Micron Technologies — and misses — including goldmines in the Dominican Republic and coconut plantations in Colombia. Scott instead argued the numbers for computer upgrades, tighter budgets, and diversification based on strategy and earnings, not hunches. The numbers won out.

After years of uneven results, the Simplot Company is back on track. In 2006, the company reduced debt, posted solid revenues of $3.3 billion, and improved operating income for the fourth consecutive year.

A **NEW VOICE** IN A TRADITION-BOUND INDUSTRY

MALLIKA SRINIVASAN, WG'85

The Hindu, 2006

AS CEO OF CHENNAI, India-based Tractors and Farm Equipment (Tafe), Mallika Srinivasan leads a traditional manufacturing business, but she is not a traditional leader. In her two decades as a leader at Tafe, she has transformed the company through innovative products and processes, multiplying revenue by a factor of 30.

In 1986, soon after getting her Wharton degree, she returned to India to take on the challenge of running a dusty, fading part of her family's business. Her father, industrialist A. Sivasailam, chairman of the Amalgamations Group, wanted to see what she could do with Tafe, then a small part of Amalgamations.

"I had the freedom of choice in a lot of other things, but not in choosing the line of business," she told the *Economic Times*. "He believed that I could learn a lot here."

Srinivasan knew that India, despite its growth as a powerful industrial and technical services economic force, was still essentially an agricultural nation. But that didn't mean that Tafe's tractors had to be so old-fashioned — even farmers wanted newer and more sophisticated equipment.

"Business has a larger purpose ... business can operate well only in the social context of educated and healthy people."

Srinivasan invested revenue back into research and development. Tafe introduced new models of tractors and other farm equipment almost annually, just as the car companies do. She focused on re-engineering its processes and invested heavily in enterprise resource planning.

And it paid off. Revenues increased from less than US $20 million in 1986 to US $660 million in 2006. Along the way, Srinivasan masterminded the acquisition of a rival company in early 2005. Tafe is now second in market share in India, generating brand loyalty among farmers who crave innovative, technically advanced products.

Srinivasan, whose company runs schools and hospitals in Chennai, also brings a principled and humane view to business. She has made an effort to increase the number of women engineers and workers in her factories, saying that diversity is an essential prerequisite for innovation.

"Profits are important, but only for sustaining a business," she said in a recent *Economic Times* profile, when they picked her as 2006 Businesswoman of the Year. "You don't need to love money to run a business. You have to have a dream to build an institution, to build centres of excellence, to create a great team. Business has a larger purpose … business can operate well only in the social context of educated and healthy people."

John Abbott, 1999

TURNED **RISK INTO WEALTH**

MICHAEL STEINHARDT, W'60

NAMED ONE OF *Business Standard's* "seven all-time best investors," Michael Steinhardt, founder of Steinhardt Partners, was the son of a high-stakes gambler in New York. Steinhardt transformed that risk-taking impulse into high finance success by thriving in the often-wild world of hedge funds.

Steinhardt himself began conservatively in business, working at mutual fund group Calvin Bullock and brokerage Loeb Rhoades after graduating. Then in 1967 he co-founded the hedge fund company eventually known as Steinhardt Partners with William Salomon, former managing partner of Salomon Bros., and Jack Nash, founder of Odyssey Partners.

In his autobiography, *No Bull: My Life In and Out of Markets*, Steinhardt wrote about the industry: "Speculative joy, the joy derived from being right and being rewarded may well be similar to the rush felt by a winning gambler. I was happier when pursuing success than I was when savoring its fruits; the attraction, perhaps the addiction, was in the process, as much as in its end."

For three decades investors admired Steinhardt's big personality and even bigger financial gains. **"He pioneered the notion that down days in the market were no excuses for losing money,"** former hedge fund manager and *Mad Money* television-show host Jim Cramer has said. **"He set the bar much higher."**

A former member of Wharton's Undergraduate Executive Board, Steinhardt is also an active philanthropist. In 1994 he founded the Jewish Life Network/Steinhardt Foundation, which seeks to revitalize Jewish identity through educational, religious, and cultural initiatives. One of Steinhardt's most successful efforts has been the Birthright Israel program, which brings young Jews for their first visit to Israel.

Steinhardt is now chairman of Wisdom Tree Investments, a venture begun by **Jonathan Steinberg**, W'88, for which legendary Wharton professor **Jeremy Siegel** serves as Senior Investment Strategy Advisor.

HE CHANGED **HOW AMERICA ATE**

VERNON STOUFFER, W'23

WHEN VERNON Stouffer, the originator of premium-priced home-style frozen foods, was 15, his parents opened a stand in downtown Cleveland, selling buttermilk and Mrs. Stouffer's special hot Dutch apple pie.

With "just like Mom used to make" as the business standard, Vern Stouffer opened a lunch counter back home in Ohio a year after graduating from the Wharton School, but that was just the beginning. His restaurant, hotel, and frozen-food company was valued at $120 million when it merged with microwave maker Litton Industries in 1967, and went on to became part of world food conglomerate Nestlé.

He told *Time* magazine in late 1962, "You can't delegate quality control." Stouffer's was one of the first restaurant chains to use a test kitchen, where the boss tasted all the recipes before they went on the menu. Stouffer would also slip anonymously into one of his restaurants and test the food, then coach the cook if necessary.

Stouffer kept his ears and eyes open for new trends and took risks. During the Great Depression, he expanded his restaurant business while other business owners circled the wagons. Later, when customers told him they were taking meals home and freezing them for future enjoyment, he wasted no time expanding this novel idea into a huge venture that outlived the original restaurant chain. **To help expand the frozen-foods business, he ensured Stouffer's products would get prime placement by guaranteeing to increase grocers' profits in one month.**

After World War II, Stouffer saw the suburbs booming and put his new restaurants there. As skyscrapers became more prevalent at mid-century, he opened numerous top-floor restaurants in them.

In 1967, Litton acquired Stouffer Foods Corp., creating a corporate synergy that further changed the way families ate. The frozen food company became the first to develop products specifically for Litton's new high-speed microwave ovens, greatly expanding the market for both products.

Stouffer, whose family owned the Cleveland Indians baseball team from 1966 to 1972, stayed on as chairman of the company until it was acquired by Nestlé in 1973. He died a year later.

Nestle, circa 1969

1999

The first Wharton Business Plan Competition winners were announced. The annual event became a university-wide testing ground for innovative business concepts.

HE DEFINED **'SUSTAINED LEADERSHIP'**

MICHAEL L. TARNOPOL, W'58

AT A TIME WHEN most people start to slow down, Michael Tarnopol decided to try his hand at a difficult and dangerous sport —polo. That was in 1979, when Tarnopol — known familiarly as Mickey — was 42 years old.

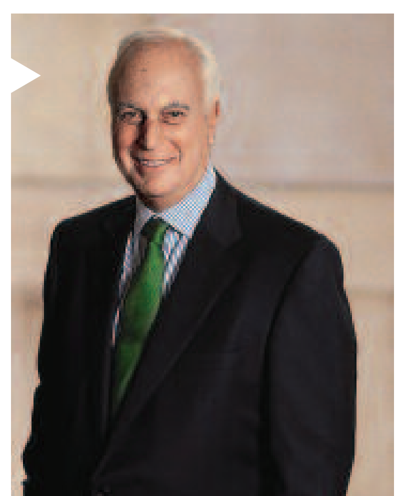
But for this global business leader, who was vice chairman of the International Banking Division of Bear, Stearns & Co., his love of polo began to blossom when he worked as a stable boy as a young man. Many years later Tarnopol rediscovered his interest in horses through his daughter, Lisa, C'85, a top junior equestrian. He went on to form his own polo team, sponsored by Revlon, and won every major tournament in the U.S., except for the U.S. Open Polo Championship. He retired from the sport in 1998 at age 61.

His success on the polo field was an extension of the exceptional leadership skills he wielded professionally and in service of philanthropy. Tarnopol contributed to Bear Stearns' success as one of the leading U.S. securities trading, investment banking, and brokerage firms, serving an elite clientele.

He also made an indelible mark on Wharton and Penn. Tarnopol was Co-Chair of Wharton's Campaign for Sustained Leadership, the most successful business school campaign in history, as well as a long-time member of the School's Board of Overseers. He earned the Distinguished Service Award from the Wharton Alumni Association in 1997 and the Dean's Medal in 2003. In addition, he was Vice Chair of Penn's Board of Trustees and founded the Penn Club of New York, along with his wife, Lynne, CW'60.

Tarnopol's other civic and professional leadership positions were extensive, including service on the boards of Memorial Sloan-Kettering Cancer Center and CaPCURE, which was founded by **Michael Milken**, WG'70 (see p. 42). Tarnopol was the 1996 recipient of the American Jewish Committee's Herbert H. Lehman Human Relations Award.

Tarnopol died in 2005.



Wharton Alumni Magazine, 2004

University Archives

Wharton Publications

FATHER OF **AMERICAN ARBITRATION**

GEORGE W. TAYLOR, GRW'30
PROFESSOR

OFTEN CALLED THE Industrial Peacemaker, Wharton faculty member George Taylor left behind a legacy of leadership in the field of labor and industrial relations. Taylor created a whole new discipline with his work in labor arbitration, mediation, and other sophisticated forms of alternative dispute resolution.

Taylor, as a young scholar in his 20s, had written his Wharton PhD dissertation on labor relations in the hosiery industry before becoming one of the most influential members of the Industrial Research Department. When the Aberle Hosiery Mills strike erupted, the industry appointed him "impartial chairperson," allowing him to put his IRD research on collective bargaining into practice.

A staunch believer in the equality of the parties in collective bargaining, Taylor served for more than 40 years at Wharton.

The strike was the first of 2,000 he would settle.

A staunch believer in the equality of the parties in collective bargaining, Taylor served for more than 40 years at Wharton, at the same time playing a critical role as the nation's "Father of American Arbitration." Despite his often quoted statement that he "had chalk in his veins" and hated to leave the classroom, Taylor nonetheless served as labor adviser to five U.S. Presidents — Roosevelt, Truman, Eisenhower, Kennedy, and Johnson — as well as a counselor and adviser to numerous U.S. Secretaries of Labor.

"Beneath all his work there lay a strong long-run moral purpose born of his complete honesty," said Wharton's **Joseph Willits** (see p. 72) of Taylor. "He used to advise students: 'Never let failure go to your head.' Likewise, Dr. Taylor never let success go to his head, either."

In 1995, Taylor was posthumously inducted into the U.S. Labor Hall of Fame in a ceremony at the U.S. Department of Labor. He died in 1972.

OPENED **BEACHHEAD FOR WOMEN** IN ACADEMIA

DOROTHY SWAINE THOMAS, PROFESSOR

DOROTHY SWAINE Thomas was a new breed of female academic when she began her career in the mid-1920s: instead of floor-length dresses and tightly-wrapped hair, she wore a bob, tailored clothing, and held a cigarette in a long holder. Unlike many educated women of the prewar generation, she worked side-by-side with male colleagues.

Thomas, Wharton's first female professor, was the most successful woman sociologist of her generation. She co-directed the Study of Population Redistribution and Economic Growth, a key research report that assisted Wharton demographers in creating basic statistical descriptions of American population movements. The study, which Thomas co-authored with future Nobel Prize winner and faculty member **Simon Kuznets** (see p. 32), broke new ground, revealing the tremendous impact of geographic movement on the increase in national per capita income. It also paved the way for two new PhD programs at Penn, one in economic history and the other in demography.

As young as 22, Thomas was co-authoring scholarly articles. By 25, she had completed her PhD at the London School of Economics, and two years later collaborated on a book with her future husband, William I. Thomas, another distinguished founder of American sociology. By the end of her career, Thomas had written or co-authored 10 books, including pioneering studies of the forced evacuation and detention of West Coast Japanese Americans during World War II, writes Robert Bannister of Swarthmore College in a paper about Thomas.

Thomas was a methodologist through and through. **"(She) helped break the grip of the armchair theorizing and uncritical do-goodism that characterized much pre-1914 sociology, and in the process helped establish a permanent place for sociology in American universities,** significant foundation support, and a beachhead for women who would enter the discipline in the 1960s," wrote Bannister. "Thomas's considerable influence on studies of the business cycle, on demography, and even on immigration history … set a scholarly standard that transcends generations."

DREAMER BEHIND A **'BORN-IN-BROOKLYN'** EMPIRE

LAURENCE A. TISCH, WG'43

LAURENCE Tisch didn't waste time. He graduated from college at 18, and by the age of 20, he had earned a Wharton MBA in industrial management. At age 23 he purchased a 300-room winter resort in Lakewood, NJ, with seed money from his Russian immigrant parents, and he was just getting warmed up.

From that single hotel, he and his brother Preston Robert "Bob" Tisch became self-made billionaires who built Loews Corp. into a $70 billion conglomerate. The enterprises that the two founded and developed were diversified by movie and hotel chains, as well as the natural gas pipeline Texas Gas Transmission, the tobacco company Lorillard, and the Bulova Watch Co.

Laurence Tisch had an "uncanny ability to spot and acquire hugely profitable enterprises," according to Randall Pinkston, a noted correspondent for the news division of CBS, a company that Tisch ran as CEO and board chairman beginning in 1986. Noted for cost-cutting measures, Tisch sold CBS to Westinghouse Electric for $5.4 billion in 1995.

Born in Bensonhurst, Brooklyn, Tisch became a tremendous benefactor with his brother to New York City cultural institutions, including his undergraduate alma mater, New York University, which named the Tisch School of Arts for them. "Hardly a New York institution escaped the brothers' largess," wrote Anna Schneider-Mayerson in a recent column for the *New York Observer*. "This is a born-in-Brooklyn dynasty that was characterized by no airs, no pretensions, no excessive display of their significant wealth," said Kathy Wylde, who heads the New York City Partnership.

Jill Krementz, 1999

Further, the brothers' personalities complemented each other, with Bob more gregarious and visible and Laurence inconspicuously handling finances while being "the leader, the spark plug, the dreamer who would make the dream true," noted NYU's board chairman and fellow Wharton alumnus, **Martin Lipton**, W'52 (see p. 38).

Laurence Tisch served as a Penn trustee and chairman of NYU's board, as well as led the United Jewish Appeal of New York and other nonprofits. He died in 2003.

2000

Wharton announced the creation of the Wharton West campus in San Francisco.

The Trent family, 1970

ARCHITECT OF THE **UNITED NEGRO COLLEGE FUND**

WILLIAM J. TRENT JR., WG'32

THE ARCHITECT of the United Negro College Fund (UNCF), William Trent Jr. guided the trailblazing group during the turbulent Civil Rights years.

As the first executive director from the organization's start in 1944 until 1964, Trent raised $78 million for historically black colleges so they could become "strong citadels of learning, carriers of the American dream, seedbeds of social evolution and revolution."

Born in 1910 in Asheville, NC, and raised in Atlanta, Trent was the son of an early organizer of the NAACP and president of Livingstone College, a historically black college in Salisbury, NC, where the younger Trent earned his bachelor's degree. He was one of the first black MBA students at Wharton, where he studied insurance under **Solomon Huebner** (see p. 25). Graduating in 1932 in the midst of the Depression, he later described his possibilities of securing employment in American industry as "virtually nil."

He devoted himself to making opportunities for others. He joined Livingstone College as a professor of economics, and then served as professor and dean of education at Bennett College in Greensboro, NC. In 1938, he became adviser of Negro Affairs to the Public Works Administration and a race relations officer with the Federal Works Agency under President Franklin D. Roosevelt.

In 1944 Trent joined with Tuskegee Institute President Frederick D. Patterson and Mary McLeod Bethune to found the UNCF, a nonprofit that united college presidents to raise money collectively through an "appeal to the national conscience."

Trent was an obvious choice for the executive director's position, where he became a leading advocate of desegregation. **In 1956 Trent announced that all of the fund's colleges were open to qualified applicants of any race to serve as "islands of democratic participation, both white and Negro citizens can come together in full, frank discussion."**

Trent drew the support of business tycoons and even U.S. presidents, including Roosevelt, John F. Kennedy Jr., who as a senator donated the profits from his book *Profiles in Courage* to the UNCF, and George H.W. Bush, who Trent recruited as Yale's UNCF campus coordinator when the future president was just an undergraduate.

Trent died in 1993.

Chris Pizello, Reuters, 2006

THE **BEST KNOWN BRAND NAME** IN REAL ESTATE

DONALD J. TRUMP, W'68

IT WOULD BE difficult to find a more ubiquitous public business figure of the late 20th and early 21st centuries than Donald Trump. His name graces casinos in Atlantic City, condos and commercial buildings in New York, TV shows, best-selling books, resorts, television programs, and even a Muppet on *Sesame Street*.

Trump took a successful real estate development business started by his father, Fred, and turned it into a multi-faceted company. Along the way, Trump's style has produced doubters, but no one could deny his ability to brand his products, and to rise, phoenix-like, from everything from corporate travails to satire.

Trump's main areas of operation have been in Manhattan, where he is said to control 18 million square feet of real estate, and Atlantic City, where his Trump Organization runs three casinos, all with his name on them —Trump Plaza, Trump Marina, and Trump Taj Mahal.

He got his start when he turned a big profit on a Cincinnati apartment complex his father assigned him after his Wharton graduation in 1968. He then made use of tax credits the New York City government was doling out in the 1970s to build his portfolio of Manhattan real estate.

Trump became a celebrity beyond his business dealings with his casino and high-end Manhattan residential investments, successfully courting the press and using television to his advantage. He developed a reality show with NBC, *The Apprentice*, in which he offered the winner of business challenges a six-figure job in his organization. At the end of most episodes, he eliminated a contestant with "You're fired," which became a catch-word for viewers.

Trump's main areas of operation have been in Manhattan, where he is said to control 18 million square feet of real estate, and Atlantic City, where his Trump Organization runs three casinos.

Trump has had brand-name clothing, bottled water, vodka, golf courses, ice cream, and a travel website. He co-owns the Miss Universe pageant with NBC, and has appeared at motivational seminars for a reported $1 million a shot. He has written several books, starting with *Trump: The Art of the Deal*, and is a constant guest star on network TV shows, recently earning a star on Hollywood's Walk of Fame. Even when he plays himself, each performance is a *tour de force*.

2001

The Alfred P. West Jr. Learning Lab established Wharton as a leader in creating technology-enhanced learning tools for 21st century management education.

Library of Congress, 1937

'TOPMAN' OF **FDR'S BRAIN TRUST**

REXFORD G. TUGWELL, W'1915, G'16, GR'22

WHEN PRESIDENT Franklin D. Roosevelt nominated Rexford Tugwell as Undersecretary of Agriculture in 1934, the hearings were so contentious that his opponents and supporters variously described them as an inquisition and a crucifixion, and protested that Tugwell was being forced to drink hemlock.

Time reported that Iowa's Senator Murphy demanded of the well-dressed academician: "Did you ever follow a plow?" "Yes, sir." "Did you ever have mud on your boots?" "Yes, sir." "Do you know how hard it is to get a dollar out of the soil?" "Yes, sir." The answers helped the brilliant, polished Tugwell win confirmation, 53 to 24.

Tugwell believed intense planning was the key to avoiding economic and social upheaval. He once said: "Make no small plans, for they have not the power to move men's souls."

Tugwell had worked on his father's fruit farm in upper New York State as a child, but his acute asthma had led into academic life — and eventually for him to become the primary, but controversial and dogged architect of President Roosevelt's massive economic and social policy, the New Deal.

At Wharton and Penn, he earned bachelor's, master's, and PhD degrees in economics and was influenced by **Scott Nearing** (see p. 46), an economist extremely concerned about poverty. Tugwell believed intense planning was the key to avoiding economic and social upheaval. He once said: "Make no small plans, for they have not the power to move men's souls," advocating the restructuring of the farming industry to eliminate waste and establishing self-sufficient "Greenbelt Towns."

Tugwell taught economics before he was tapped by Roosevelt to become "topman of the Brain Trust," as described by *Time* (which in numerous profiles also called him as debonaire, handsome, and curly-haired). Dealing with 200 communities nationwide, he led the department's Resettlement Administration program of photographically documenting and relocating the impoverished to the "Greenbelt Towns" and outlying areas, but resigned due to congressional charges of socialistic and utopian leanings.

Tugwell was then appointed governor of Puerto Rico by Roosevelt from 1942 to 1946, revamping its political structure and economy. He exempted taxation on profits derived from Puerto Rican goods sold on the U.S. mainland, and he initiated free elections, becoming the last appointed colonial Puerto Rico governor. He then returned to teaching and writing until his death in 1979, leaving an indelible mark on America's domestic and economic policies.

PROGRESSIVE LEADER FOR THE **PHILIPPINES**

CESAR VIRATA, WG'53

STRESSING technological advancement and economic development to achieve social progress, Cesar Virata became one of the Philippine's most progressive prime ministers and finance leaders.

Starting as minister of finance in 1970, Virata oversaw the Philippines' budget and restructured debt while dealing with international monetary institutions. Yet, massive deficits began to build during the later years of the Marcos regime (1965–1986), partially caused by the oil crises and mass protests against Ferdinand E. Marcos, who was charged with government mismanagement, political repression, and financial corruption.

Although Virata — the grandnephew of the first Philippine president, Emilio Aguinaldo — helped the Philippines grow economically during terms as minister of finance, as well as prime minister from 1981 to 1986, he was replaced through revolution as prime minister by Salvador Laurel via the appointment of Corazon Aquino.

Still, during the 1980s **Virata made energy a top priority in the Philippines, establishing more hydroelectric, as well as fuel and coal manufacturing systems, in hope of making the Philippines less dependent on foreign-sourced energy** and freer to solve its other socioeconomic problems. He focused on social development and its connection to improving food production, wealth distribution, manufacturing, transportation, and communication.

It's vital, he wrote for the *United Nations Chronicle* in 2002, that "governments will continue to play a basic role in maintaining peace and order, providing a judicial system; providing basic social services of education, health care, and welfare; protecting labour; and caring for and protecting the environment."

Returning to private enterprise and serving as the president of the Bankers' Association of the Philippines, Virata has been involved in strengthening the Philippines' money exchanges. He remains highly respected as a business and political force.

Courtesy of Cesar Virata, 2006

2002

Jon M. Huntsman Hall opened. Setting a new standard for state-of-the-art educational facilities, the building's opening marked the culmination of the Campaign for Sustained Leadership, the most successful in business school history.

PULITZER-PRIZE WINNER WHO CHRONICLED A CRASH

DAVID A. VISE, W'82, WG'83

Robert Burke, 2003

IN 1984, CORPORATE mergers and acquisitions were soaring. Junk bonds were on the rise. And David Vise had just left M&A at Goldman Sachs for an entry-level journalism job at the *Washington Post*. His timing couldn't have been better.

After the stock market crash of October 1987, Vise and his writing partner, Steve Coll, took on the daunting task of explaining what went wrong. They latched on to the idea of using former Security and Exchanges Commissioner John Shad's tenure as the vehicle. In four stories published in 1990, Vise and Coll detailed Shad's professional style and goals, his battle to stop big investment firms from being prosecuted for the misdeeds of individual brokers, and a deal he struck to put the Commodities Futures Trading Commission in charge of regulating stock index futures. **The series won the 1990 Pulitzer Prize for explanatory journalism.**

The stories about Shad were not complimentary, but Shad's reaction says something interesting about Vise's work. The former SEC chief, who is now deceased, remained an important source for Vise's work on a book called *Eagle on the Street*.

"I think that it's not the way he would have written it, but he respected it," Vise said of Shad's reaction to the series.

After the Pulitzer, Vise went on to write about the Washington, DC, financial crisis of the 1990s, the Federal Bureau of Investigation and the Justice Department. The latter assignment spurred another bestseller, this one called *The Bureau and the Mole*, about former FBI agent Robert Philip Hanssen's life as a double agent selling U.S. secrets to the Russians.

Now senior commentator for breakingviews.com, a leading online international financial commentary service, Vise most recently published *The Google Story* in 2006.

Investor AB

LEADING A **SWEDISH BANKING DYNASTY** INTO THE 21ST CENTURY

JACOB WALLENBERG, W'80, WG'81

Tommy Leonardi, 2002

THE WALLENBERG name is synonymous with Swedish banking and industry, but Jacob Wallenberg's own watchword is development. As chairman of Investor AB, the largest holding company of Scandinavia with long-term stakes in blue-chip companies such as Ericsson, AstraZeneca, ABB, Electrolux, Scania, Skandinaviska Enskilda Banken (SEB), Atlas Copco, and Saab, Wallenberg continuously looks for dynamic change. The company's success is based on two basic principles: long-term and engaged ownership. The Investor ownership portfolio is composed of both listed and unlisted companies that are actively managed by Investor through its board representatives.

Wallenberg came to Wharton as an undergraduate after serving as an officer in the Swedish Navy and as an intern at Morgan Stanley. He left five years later with both bachelor and MBA degrees and continued what he calls his "American experience" by working at JP Morgan on Wall Street for two years. He then moved to London to work at the merchant bank Hambros, then eastward again, working in Asia for SEB before returning home to Sweden.

Investor was spun off more than 90 years ago from SEB, the Swedish bank set up in the mid-19th century by Wallenberg's great-great grandfather, and many of its long-term holdings date to the 1920s and 1930s. Investor has always been at the forefront of innovation, citing its ability to change as one of the hallmarks of its long-term success. For example Investor participated in the creation of OM, the Swedish option exchange in the 1980s. It established EQT, its private equity arm in 1994 in the very early days of private equity. In the late 1990s Investor, in a joint venture with Hutchinson Wampoa, created the telecom company 3, one of the largest single telecom investments in the Nordic area.

"It is not a matter of taking on more risk, but of taking advantage of a widening universe of opportunities."

In addition to significant holdings in Swedish blue chips, Investor's more recent actions include increasing its investments in unlisted companies, with the goal of having 25 percent of Investor's total assets in unlisted companies within three to five years.

Wallenberg, a member of Wharton's Executive Board for Europe, Asia, and the Middle East, told the *Financial Times* in early 2007, "It is not a matter of taking on more risk, but of taking advantage of a widening universe of opportunities."

A PROMISE TO KEEP FOR STRUGGLING STUDENTS

GEORGE A. WEISS, W'65

GEORGE A. WEISS didn't just fulfill his own ambitions as a successful money manager in Hartford, CT. As founder of Say Yes to Education — a national nonprofit organization committed to dramatically increasing high school and college graduation rates for our nation's inner-city youth — he uses his fortune to help others succeed. The organization has served 740 at-risk students and their families.

Weiss founded Say Yes to Education in 1987 when he made a promise to send 112 seventh-graders from Philly's Belmont School to college if they graduated from high school. Since then, his program has created public and private partnerships with other philanthropic institutions, local school districts, and universities such as Penn.

Weiss has directed the program to change tactics as it has learned from the students who succeeded — and those who didn't. Say Yes now offers after-school and summer programming, mentoring, tutoring and school-day academic support, family outreach, and other services. He even has a toll-free number kids can call to talk to him directly.

Weiss also branched out to help young people in Hartford, CT, Cambridge, MA, and, most recently, in Harlem, NY, and is working to create more city and state-wide partnerships to assist thousands of our nation's inner-city youth.

Of the 112 children Weiss originally sponsored, 62 percent graduated from high school — more than twice the expected rate for the school. Because Weiss figures the group could have done better with earlier intervention, the program now begins in kindergarten. As the program has evolved, it has consistently improved its results, with average high school graduation rates now exceeding 78 percent and enrollment and/or graduation at the post-secondary level exceeding 52 percent.

"Businessmen like to see results," he has said. "My goal is to help lots and lots of kids."

Weiss's advocacy for increasing access to education extends to Penn, where he has created multiple scholarships over the years. A Penn Trustee, he chairs the Committee on Undergraduate Financial Aid and is a member of the Athletics Board of Overseers.

A CEO WHO BROKE OUT OF THE BOX

ALFRED P. WEST JR., WG'66

AT SEI Investments, CEO and chairman Al West's minimalist black desk is exactly like every other in the wide-open, cubicle-free room at SEI's headquarters in Oaks, PA. There are no offices, secretaries, or private parking spaces, even for West. In SEI, West has stripped away the traditional layers of bureaucracy, creating a workplace that is both casual and crackling with energy.

Employees work from desks on wheels, their computers and phones connected to red and black coils of cable spiraling from the ceiling, a set up that allows for constant movement as priorities change. The walls everywhere are hung with more than 2,000 pieces of edgy modern art, from giant ceramic mushrooms climbing up a concrete wall to a 15-foot, papier-mache polar bear, his stomach branded with an enormous eye.

The egalitarian and creative setting is West's doing, a "visual statement of who we are. This is what our culture is about — constant change. There are no boxes here."

West co-founded SEI at Wharton in 1968 as a technology-outsourcing partner to bank trust departments after poor eyesight dashed his dreams of becoming a fighter pilot. Today, SEI is an asset management and investment technology provider that administers $366.6 billion in mutual fund and pooled assets, manages almost $181.5 billion in assets, and processes almost $50 trillion in investments transactions each year from more than 20 offices in 10 countries.

At Wharton, West brought his passion for the unconventional to the classroom via the Alfred West Jr. Learning Lab, created in 2001 to "rethink the learning paradigm." West is also a member of the School's Board of Overseers and chairman of the SEI Center for Advanced Studies in Management, where the idea for the Learning Lab began. "I didn't like class — it seemed a slow way to learn," West says, laughing. "People learn things by doing them."

Tommy Leonardi, 2004

REDEFINED WHARTON AS A CENTER FOR ACADEMIC RESEARCH

JOSEPH H. WILLITS, PROFESSOR AND DEAN

AS A WHARTON professor and dean, Joseph Willits, the son of a Quaker farmer, became Wharton's key figure in labor and critically defined the field of personnel and employment. In 1921, he and research professor **Anne Bezanson** (see p. 7) founded the Industrial Research Unit, the first business school research center. This center helped redefine the role of the business school itself.

Ultimately, the IRU became one of the leading labor research units in the nation — and a new model for academia.

Much of Willits' early insight came from hands-on experience from outside of academia: Like many of his colleagues, Willits left his academic post and took a managerial position to assist with America's entry into World War I. He became an employment manager at a naval aircraft factory, developing a reputation for seamlessly managing everything from hiring, disciplining, training, and maintaining a workforce. On his return to Wharton, Willits went on to head his department and to create a new curriculum in personnel management and industrial relations. Ultimately, the IRU became one of the leading labor research units in the nation — and a new model for academia.

But Willits, who went on to become dean, wasn't motivated solely by ambition or arcane academic interest: central to his work was a strong concern for democracy and social justice. He believed that studying personnel management and labor relations was the best possible way to address the social crisis of the wage-labor system.

As dean, Willits spearheaded a controversial curricular reform effort to move the School away from its focus on specialized business — and towards economic research and its application in business. After more than a decade of building the IRU into one of the nation's most successful research organizations, and by encouraging faculty research, Willits efforts were crucial in building not only Wharton's reputation for scholarship, but business schools as we know them today.

University Archives

2004

In its first year of operation, Wharton School Publishing released eight books authored by prominent leaders in business and management strategy.

EDUCATOR, BANKER, **CIVIL RIGHTS LEADER**

RICHARD ROBERT WRIGHT SR., WEV'21

WHEN RETIRED Union Civil War soldier, General Oliver Otis Howard, visited an Atlanta classroom, a school boy named Richard Robert Wright told him to pass a potent message to curious Northerners. "Sir, tell them we are rising," he insisted. Born a slave in 1855 near Dalton, GA, young Wright had just finished a 200-mile trek with his mother to the abandoned railway-car schoolhouse to meet the general.

Those words served as Wright's lifelong motto. He would commence "rising" and become a trailblazing black intellectual, military officer, educator, politician, civil rights advocate, and bank entrepreneur following his education at some of the most elite U.S. colleges, attending Wharton at age 67.

Opening a bank was a retirement career for Wright. He had already founded and led Savannah State College from 1891 to 1921. Moving to Philadelphia **in 1921 he opened the Citizens and Southern Bank and Trust Company, the only Northern black-owned bank at the time. Thanks to his late-life Wharton training, the young bank withstood the Depression** and had assets of $5.5 million when it was sold in 1957, a decade after Wright's death.

In his youth, Wright was a major in the Spanish-American War and the first black to serve as Army paymaster. Throughout his life, he inspired others to great heights by initiating a black intelligentsia movement. Wright's son, Richard Robert Wright Jr., was one of the first blacks to earn a PhD at Penn in sociology, a president of Wilberforce University, and a leading theologian in the African Methodist Episcopal Church. Wright Jr.'s daughter, Ruth Wright Hayre, became a legendary educator and Philadelphia school board president after earning a doctorate from Penn, joining her father as the University's first black father and daughter doctoral recipients.

"I became familiar with Major Wright by my association with Dr. Hayre," said Penn graduate and U.S. Congressman Chaka Fattah, an admirer of Wright. "He was a tenacious activist who spent a great amount of time rising above matters that would have deterred others."

University Archives

Courtesy of UBS

One of Wright's legacies is National Freedom Day, February 1, a holiday Wright initiated to recognize the day President Abraham Lincoln signed the 13th Amendment, freeing all U.S. slaves. The holiday was established by a proclamation by President Harry Truman, and continues as the first day of Black History Month.

AN UNDERSTATED **INTEGRATOR FOR UBS AG**

PETER A. WUFFLI, AMP'99

PETER WUFFLI IS the "managerial brain behind a lucrative cash machine — one that has as much money under management as France has gross domestic product."

So says BusinessWeek.com, one of the myriad financial periodicals that praise the quiet firepower of UBS AG's CEO Wuffli, a 1999 graduate of Wharton's Advanced Management Program. Often described as a classic, understated Swiss banker, Wuffli has dramatically improved performance at UBS, bringing earnings and return on equity to all-time highs.

During his time at the UBS helm, the financial firm has managed risk more effectively, controlled costs, and gobbled market share in investment banking and wealth management worldwide.

"I am an integrator. I make sure that different business groups and their teams are aligned where they should be aligned and that they focus on cooperating to achieve synergies."

During his college years at University of St. Gallen in Switzerland, Wuffli began a career as a business journalist, instinctively avoiding his banker father's footsteps, and today believes his early training of writing under tight pressure has served him well. He completed a doctorate in 1984 and began advising banks and insurance firms for McKinsey. He was a McKinsey partner by 1990, and, in 1994, became CFO of Swiss Bank Corp. (SBC) before it merged with Union Bank of Switzerland to form UBS AG in 1998. Wuffli was appointed president of the Group Executive Board of UBS in 2001 and chief executive officer in 2003.

UBS has excelled under Wuffli because of his ability to inspire and pull together senior executives, in spite of his low-key personality. "I am an integrator," he says. "I make sure that different business groups and their teams are aligned where they should be aligned and that they focus on cooperating to achieve synergies."

In this vein, in 2003, all UBS business groups — UBS PaineWebber, UBS Warburg, UBS Asset Management — were rebranded under the UBS name, unifying its image as one firm and one brand.

ADVOCATE FOR **ETHICS**

LAWRENCE ZICKLIN, WG'59

NEUBERGER BERMAN'S above-reproach reputation is one of the venerable investment firm's most valuable assets. It's so important, in fact, that former chairman and managing principal Lawrence Zicklin once fired a man for taking advantage of a competitor. It didn't matter that the employee had pressed the advantage on behalf of a Neuberger Berman client.

"I fired him because I understood that he didn't really understand what our business was about," Zicklin told *Wharton Alumni Magazine*.

The company was founded in the Depression, went public in 1999, and was acquired by Lehman Brothers in 2003. Along the way, it maintained its reputation for integrity as well as performance — something Zicklin attributes to the fact that the top managers kept their eyes continually on the future value of the firm. They always sought to protect "the franchise," as Zicklin calls it.

Zicklin is more than committed to ethical business practices — he's a true believer. In 1997, he endowed Wharton's Carol and Lawrence Zicklin Center for Business Ethics Research, because he realized that American businesses were rife with conflicts of interest. But he never imagined such the wholesale ethical slide that emerged in early 2000s.

"Not in my wildest imagination," he says.

The Zicklin Center stands out among business school ethics centers because of its emphasis on supporting and disseminating research and long commitment to the subject (Wharton has been teaching ethics since 1975). A 2003 report by the Aspen Institute's Business and Society Program and the World Resources Institute identified Wharton as one of the schools that is "setting the bar for research activity" on social impact and environmental management. The Center has since forged partnerships with the World Bank Institute (WBI) and United Nations Global Compact, allowing its research agenda to focus on real challenges.

Since Zicklin has retired, he began a weekend seminar on business ethics for faculty at New York University and now often teaches there. And he has supported his undergraduate institution — Baruch College of the City University of New York (which named the Zicklin School of Business in his honor in 1997) — by helping to found the Robert Zicklin Center for Corporate Integrity in 2000.

MULTIFACETED **REAL ESTATE AND MEDIA MAGNATE**

MORTIMER B. ZUCKERMAN, WG'61

MORT ZUCKERMAN made his first impact in real estate, but his media appearances — from *The McLaughlin Group* to *The Colbert Report* — have made him a public figure.

The comparison with another famous Wharton alumnus is inevitable. As *Forbes* magazine wrote in 2005: "[T]hough Zuckerman is more low-key than [Donald] Trump, the two share enormous drive and ego. Zuckerman's intense side does peek out sometimes. As a pitcher in the annual celebrity softball game in tony Sag Harbor, NY, Zuckerman throws fastballs while others just lob them in."

In his first role as real estate magnate, Zuckerman serves as chairman of the board of the real-estate investment trust Boston Properties, Inc., whose recent projects include the Times Square Tower in New York City, and which holds well over a hundred buildings in Boston, San Francisco, and Washington, DC. He co-founded the company in 1970 after seven years at the real-estate firm Cabot, Cabot, and Forbes, where he rose to senior vice president, then chief financial officer.

When it comes to his media career, Zuckerman doesn't just make headlines — he publishes them. As chairman and editor-in-chief of Washington, DC-based *U.S. News & World Report*, he also contributes an opinion column that showcases a unique political worldview, often as hard to pin down as the man himself. He is chairman and co-publisher of the *New York Daily News*, and has been involved with numerous publications over the years, including ownership of the *Atlantic Monthly* for almost 20 years. To round out his active status in the realm of public debate, he has appeared often as a guest on TV programs ranging from *The McLaughlin Group* on PBS to *The Colbert Report* on Comedy Central.

A native of Montreal, Zuckerman earned undergraduate and law degrees from McGill University and an LLM from Harvard Law in addition to his Wharton MBA. Among his many activities, Zuckerman serves as a trustee for New York University, Memorial Sloan-Kettering Cancer Institute, and the Aspen Institute; and as a member of the Council on Foreign Relations, the Washington Institute for Near East Studies and the International Institute for Strategic Studies.

As chairman and editor-in-chief of Washington, DC-based *U.S. News & World Report*, Zuckerman also contributes an opinion column that showcases a unique political worldview.

Tommy Leonardi, 2003

P.A. Waterman, Wire Image, 2004

Deutsche Post

HE **TRANSFORMED A NATIONAL POSTAL SERVICE** INTO THE GLOBAL LEADER IN LOGISTICS

KLAUS ZUMWINKEL, WG'71

"I CLIMB HIGH mountains in my leisure time and I want to also climb high mountains in my professional time," Dr. Klaus Zumwinkel told the *Financial Times* in 2005.

In 1990, at the behest of the German government, the devoted mountain climber approached a behemoth: the German national postal service, Deutsche Bundespost Postdienst. As CEO, Zumwinkel was charged with converting the money-losing public entity into a successful business. On his watch, Deutsche Post became an international group with four large divisions: mail, express, logistics, and financial services.

The German-language *manager-magazin* named Zumwinkel Manager of the Year in 2003. Before Deutsche Post and after earning an MBA and PhD, Zumwinkel worked for a decade at McKinsey Consulting in Düsseldorf and New York. He moved to Quelle AG, a huge retail company in Germany, where he became CEO.

Zumwinkel's success at turning an under-performing national postal service into Europe's largest postal group entailed aggressive globalization, judicious acquisitions, skillful integration, treating unions as partners (he has called labor reform his "passion"), and taking advantage of deregulation.

The company has invested heavily in recent years to make its subsidiary DHL competitive with UPS and FedEx. Furthermore, it acquired the British logistics group Exel and integrated it into DHL, thus turning DPWN into the global leader in logistics. Looking forward, Zumwinkel has stressed the potential of direct mail to replace the personal-mail portion of the business, which is rapidly shrinking due to the prevalence of email. He has also positioned Deutsche Post to benefit from the projected full liberalization of the European postal market in 2009, by which time he will have presumably retired.

Zumwinkel's success at turning an under-performing national postal service into Europe's largest postal group entailed aggressive globalization, judicious acquisitions, skillful integration, treating unions as partners.

Zumwinkel is chairman of the supervisory boards of Deutsche Telekom AG and Deutsche Postbank AG (the latter a subsidiary of DPWN), as well as a member of the supervisory boards of Deutsche Lufthansa AG, Karstadt Quelle AG and Morgan Stanley. He is also a member of Wharton's Executive Board for Europe, Africa, and the Middle East.

2006

Wharton marked 125 years of innovation and leadership in management education and research.

A FORECASTER WHO **MADE HEADLINES AND MOVED MARKETS**

MARTIN E. ZWEIG, W'64

John Abbott, 1992

AS THE STOCK market was pressing higher and higher in the summer of 1987, Martin Zweig had a feeling enough was enough. In the hedge fund he ran and in the Zweig Forecast, the newsletter he wrote, he turned to put options, the market device that allows their owners to sell shares at a particular price — a bet that that price will be going down.

In October, the market collapsed, and while the big averages lost a quarter of their value in one day, Zweig's portfolio rose 8.7 percent and 50 percent for all of 1987. The former finance professor at Baruch College and Iona University was certified a stock genius.

In truth, Zweig had already been, and would continue to be, a well-respected analyst and investor. He had started his newsletter in 1971 and his hedge fund in 1984, well before those limited high-end-investors became the rage. While still a professor, his by-word was, "Don't fight the Fed." That meant, according to Zweig's theory, that if interest rates were going down, stocks would go up, and vice versa. He also claimed the way to make money was to be risk-averse, rather than taking chances on the upside. He said he was a big poker player while at Wharton, but had stopped playing when he became a money manager because he hated losing, even at cards. One of his major pieces of advice was never to hold stocks, even of the best companies, in a bear market, since even they could disappoint.

One of Zweig's major pieces of advice was never to hold stocks, even of the best companies, in a bear market, since even they could disappoint.

He has also been a collector of pop culture items, including the sequined dress Marilyn Monroe wore to serenade "Happy Birthday" to President John F. Kennedy, the Hofner bass guitar played by Paul McCartney, and Jackie Robinson's 1947 rookie Brooklyn Dodger jersey — the only one known to exist.

Wharton's Locust Walk lobby of Jon M. Huntsman Hall and the graduate lecture series are named in recognition of Zweig's gifts to the School.

2007

Wharton's next 125 years begin.

HOW THIS ISSUE WAS COMPILED

To select the profiles included in this magazine, *Wharton Alumni Magazine* solicited nominations from students, alumni, faculty, and administrators through the magazine, e-mail, and the Wharton 125 portal. From this list, an editorial committee researched, reviewed, and selected individual stories to show a sampling of Wharton's influence over the past 125 years.

Because these profiles are showcasing documented influence, the stories and anecdotes were compiled largely from the public record — the business press, biographies, daily newspapers, and Wharton publications and archives. Every effort was made to ensure that these stories were accurate as of press time, but business does not stand still, nor is it subject to a single interpretation.

Comments on this issue are welcome. Please e-mail kelly.andrews@wharton.upenn.edu or call 215-898-7967.

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WHARTON FACULTY

WHARTON ALUMNI BY GRADUATION

Prior to 1920

1920s

1930s

1940s

1950s

1960s

1970s

1980s

1990s

Wharton
ALUMNI MAGAZINE

SPECIAL ANNIVERSARY ISSUE SPRING 2007

LEADING IN **PERFECT HARMONY**

MASTER OF LEVERAGED BUYOUTS

THE *CALM CENTER* OF MALAYSIAN BANKING

Indonesia's FINANCIAL Rudder

Keeping His Eye on the Digital Ball

HE MADE AIRLINES *FLY HIGHER*

A **TRUSTED LEADER** FOR TURBULENT TIMES

FROM BOOTSTRAPPER TO PHILANTHROPIST

THE WORLD'S MASTER ECONOMETRICIAN

Stock Superstar Who **BEAT THE STREET**

NEW FINANCIAL MODELS CAN CHANGE THE WORLD

The GURU of Cyberlaw

A Promise to Keep for Struggling Students

He Created Network Broadcasting

A Medical Calling *Redirected*

TOWARDS A MORE **HUMANE MODEL OF BUSINESS**

TURNED RISK INTO WEALTH

DECISION-MAKER FOR *A DEAL FACTORY*

PIONEERS OF **SOCIAL INVESTING**

VOICE OF GLOBALIZATION FOR AN IMPERILED PLANET

125

INFLUENTIAL PEOPLE AND IDEAS