

fall 2001

Wharton

ALUMNI MAGAZINE

The Ties That Bind

Families that Come Back to Wharton,
Generation after Generation



COVER: Campbell family
From left: Richard Jr., Alex,
Doug and Richard, Sr.

Calendar of Events

NOVEMBER 2

Wharton Women in Business Conference “Conquering New Frontiers”

For further information, please contact:
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Finlayson

Tel: 215.898.4968

E-mail: ciccaros@wharton.upenn.edu,
pbid@wharton.upenn.edu, or
mefinlay@wharton.upenn.edu

Web: www.whartonwomen.org

NOVEMBER 8 – 9

Entrepreneurship Conference

For further information, please contact:
Gwillem Mosedale or Jaideep Singh

Tel: 215.898.4968

E-mail: gmosedal@wharton.upenn.edu or
singhjai@wharton.upenn.edu

NOVEMBER 14

Center for Human Resources Joint Dinner – Council on Employee Relations, Research Advisory Group and Multinational Research Advisory Group The Inn at Penn

For further information, please contact:
The Center for Human Resources

Tel: 215.898.5606

Fax: 215.898.5908

NOVEMBER 15 – 16

Financial Institutions Center Sponsors Conference “Call Center Forum”

For further information, please contact:
Financial Institutions Center

Tel: 215.898.1279

Fax: 215.573.8757

NOVEMBER 30 – DECEMBER 1

Wharton Global Business Forum “Sustaining the Global Momentum” The Wyndham Franklin Hotel, Philadelphia

For further information, please contact:
Kimberly Young

Tel: 215.898.4968

E-mail: wgbf@wharton.upenn.edu

Web: www.whartonglobal.com

DECEMBER 7 – 9

28th Annual Whitney M. Young Memorial Conference The Inn at Penn

For further information, please contact:
Terrance Murray

E-mail: wmy@wharton.upenn.edu

Web: <http://wmy.wharton.upenn.edu>

JANUARY 10 – 11

Financial Institutions Center Conference “The Brookings-Wharton Papers on Financial Services: The Future of Securities Markets” Washington, D.C.

For further information, please contact:
Financial Institutions Center

Tel: 215.898.1279

Fax: 215.573.8757

JANUARY 17

Zweig Executive Speaker Series Dick Fuld, CEO, Lehman Brothers

For further information, please contact:
Kimberly Young

Tel: 215.898.4968

E-mail: kdy@wharton.upenn.edu

JANUARY 18

8th Annual Private Equity Conference

For further information, please contact:
Soo-Jin Cho or Daniel Ho

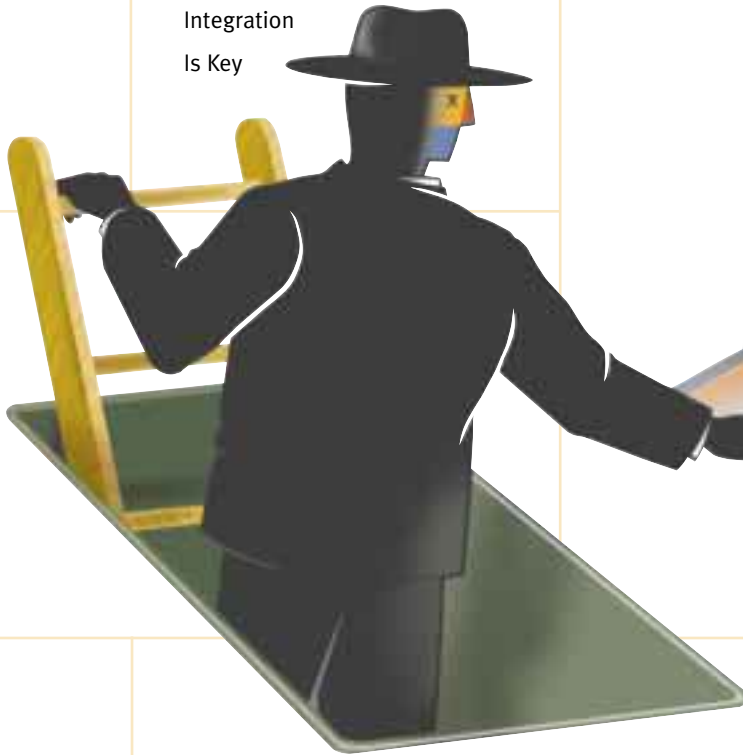
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Seamless
Integration
Is Key



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As We Go to Press **A Letter From the Dean**

Dear Wharton Alumnus:

The attacks on New York and Washington have stunned the world. The magnitude of the devastation and sheer barbarism of these acts utterly defy explanation.

Our community has been deeply affected by this tragedy. Over the past weeks, we have begun to learn just how many alumni, family members, colleagues and associates have been personally touched – and as a community, we mourn their loss.

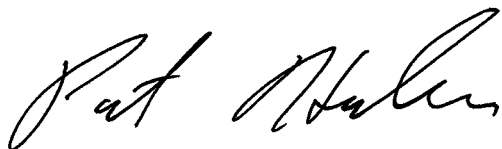
We are also challenged to reckon with the impact that such unfathomable events have in our ability to move forward. As an institution – and as a worldwide community – Wharton faces this task as well.

The Wharton School, from its founding and throughout its 120-year history, has had a singular educational mission: to create leaders. Generations of men and women from all over the world have come to the Wharton School to prepare for leadership in the global society. Wharton alumni are leaders of vision, of passion and of the highest moral character. An essential quality of their service to the world is their deep respect for views of others and their commitment to unity and cooperation. Their contributions to the economic and social advancement of humankind have consistently built a better future for the generations that follow.

What is clear and certain in the wake of these attacks is that the mission of this institution is more important than ever. We cannot falter in our ultimate purpose. We must continue to offer today's – and tomorrow's – students the opportunities to grow into leaders and to take on the mantle of global responsibility that is the hallmark of all of our alumni throughout the world.

While we rededicate ourselves to our global mission of service and leadership, we must also serve each other in this difficult time. Above all, this is a tragedy of personal, human impact. We must console each other in our grief and join together in a spirit of healing. My thoughts and prayers are with you and our entire Wharton community around the world.

Patrick Harker



Wharton West Kicks Off



This fall, the commute to Wharton got a lot more interesting. Wharton West, the school's West Coast initiative, welcomed its first class of 65 Wharton Executive MBA Program (WEMBA) students in San Francisco.

Though this first cadre of students is initially taking classes at the Park Hyatt Hotel in downtown San Francisco, they and all of Wharton West will be housed on the fifth floor of the historic Folger Building by January 2002, when renovations there are completed. Plans for renovating the 20,000-square-foot space include two 60-seat tiered classrooms as well as faculty and admin-

istrative offices. The Folger Building – located at Howard and Spear Streets in the financial district – will also provide space for West Coast faculty members conducting research, executive education programs, and MBA courses for Philadelphia-based students. In addition to the WEMBA program, Wharton West includes courses for traditional MBA students, internships for undergraduate students, expanded executive education offerings, and faculty research projects.

Wharton West's first class of WEMBA students, 16 percent of whom are women, has an average GMAT score of 700 and experience in industries including technology, financial services and health care.

Wharton alumni already have a strong West Coast presence; they currently number 8,000 in the West, with more than 5,500 in California. This past year, 18 percent of Wharton's graduating MBA class and 11 percent of Wharton undergraduates accepted positions with companies in the western U.S.

"In effect, Wharton West just gives our involvement a tangible presence and enables it to continue to grow," says dean Patrick Harker, noting that dozens of Wharton faculty are working with companies across the region from technology and telecommunications firms to the financial services, energy, and media and entertainment sectors.

School Awards Endowed Chairs

Wharton recently awarded seven endowed professorships, a key tool in building and sustaining faculty talent. Endowed chairs allow the school to provide professors with competitive salaries, recognition and research support. Newly awarded endowed chairs are:

Marshall L. Fisher, professor of operations and information management, was awarded the UPS Transportation Professorship for the Private Sector.

Thomas P. Gerrity, former Wharton dean and professor of management and operations and information management, was awarded the Joseph J. Aresty Professorship.

John Wesley Hutchinson, professor of marketing, was awarded the Stephen J. Heyman Professorship.

Paul R. Rosenbaum, professor of statistics, was awarded the Robert G. Putzel Professorship.

G. Richard Shell, professor of legal studies and



SHELL

management, was awarded the Thomas Gerrity Professorship.

Kenneth L. Shropshire, professor of legal studies and real estate, was awarded the David W. Hauck Professorship.

Robert E. Verrecchia, professor of accounting, was awarded the Elizabeth F. Putzel Professorship.

Mack Center for Technological Innovation Created

Wharton recently announced the creation of the William and Phyllis Mack Center for Technological Innovation, an umbrella organization for all of the school's technology management initiatives. The Center, established with a \$10-million gift from alumnus William L. Mack, will support the research and publishing activities of Wharton faculty members, create an endowed professorship and support a student-run conference. Mack is president and senior managing partner of the Mack Organization, a national owner, investor and developer of warehouse facilities.

The Center will include the Mack Program in Technological Innovation, which will house the Wharton Emerging Technologies Management Research Program, a corporate learning network for senior executives and academic researchers guided by a varied group of senior faculty members and staff.



PHYLLIS & WILLIAM MACK WITH DEAN HARKER

Industry partners include Bank of Montreal, Charles Schwab, DuPont, Enron, Hewlett-Packard, General Motors, IBM, McKinsey & Co., NSA, Procter & Gamble, GlaxoSmithKline, Sprint, Xerox and 3M Company. The program will also include the MBA major in Technological Innovation, which is administered through the school's Operations and Information Management Department.

An endowed Mack Professorship has also been created. The professorship will be awarded to a senior faculty member whose primary focus is teaching and research related to technological innovation. In addition, the Center will support an annual student-run Mack Conference on managing technological innovation.

"The Center will ensure Wharton's status as the global educational leader in managing technological development and innovation, with far-reaching impact on our students and the entire business community," says Wharton Dean Patrick T. Harker.

"Innovation in technology is the way mankind continues to advance and make a better place for itself," says Mack. "The future of the world has to do with techno-

logical innovation. Wharton's role is to help companies improve how they manage technological innovation." George Day, Geoffrey T. Boisi Professor, and Harbir Singh,

Edward H. Bowman Professor of Management, will serve as co-directors of the Mack Center.

Mack also serves as chairman of Mack-Cali Realty Corporation, a publicly traded REIT that owns and operates a portfolio of office buildings throughout the United States, and he is founder and managing partner of Apollo Real Estate Advisors. He is a 1961 graduate of Wharton's Undergraduate Division, a Trustee of the University of Pennsylvania and a member of the Wharton School's Board of Overseers.

Meeker to speak at Women in Business Conference

Morgan Stanley analyst Mary Meeker, one of the Internet boom's most high-profile bulls, is among the slate of featured speakers at this year's Wharton Women in Business (WWIB) Conference, to be held on November 2 at The Inn at Penn. Meeker garnered national media attention for her optimistic outlook on Internet stocks – as a hero during the market's highs, then a scapegoat after the market tumbled. She will be joined by a host of other

women business leaders scheduled to speak at the conference, including Janet Tiebout Hanson, CEO and founder of Milestone Capital Management and Betsy Holden, CEO of Kraft Foods North America.

The conference, titled "Conquering New Frontiers," will focus on the importance of mentoring fellow women professionals and career development planning through women's networking resources. A midday lunch will feature organized seating to encourage discussion between alumnae and students with similar career goals. Featured lunch guests include Holden and other team members from Kraft's recent IPO; Liza Bailey and Carolynn Rockafellow, both managing directors in Credit Suisse First Boston's Consumer Product's Practice, and Jessica Palmer, a managing direc-

tor of Citigroup/Salomon Smith Barney and advisor to Phillip Morris.

The leaders of this year's WWIB hope to establish strong links between current students and alumni that will ultimately create a lasting sense of community and commitment. "We want to create a strong community of women who are Wharton alums," says Jennifer Beachell, one of the conference organizers, "and we're seeking women who can help us work toward that goal by being a part of our WWIB Alumnae Board of Advisors."

For additional information on the WWIB conference, held concurrently with the celebration of 125 Years of Women at Penn, see the organization's website at www.whartonwomen.org. To volunteer for the WWIB Board of Advisors, e-mail Beachell at beachellj@wharton.upenn.edu.



Caring for the Bottom Line

How do you persuade a hospital that hiring more registered nurses will actually save money? This was just one of

the program is its track record of improving nurse executives' ability to partner with top executives and board members. This is vital, he says, because nursing's presence at the decision-mak-



the many real-world problems nurse executives recently tackled during the annual Johnson & Johnson-Wharton Fellows Program in Management for Nurse Executives, held this summer at the Inn at Penn.

The nurse executives program prepares fellows by teaching skills that allow them to better understand the myriad changes underway in health care organizations. The goal of the 19-year-old program is to heighten nurse executives' ability to represent and deliver a clinical voice at the most senior decision-making levels of their organizations.

"If you want clinicians to effectively participate in the rigorous and challenging world where traditional business disciplines have risen in prominence, they had better be equipped with those skills," says program academic director Gregory P. Shea, noting that a key strength of

ing table is essential to maintaining quality patient care.

To participate in the program, nurse executives must be nominated by their CEO/COO, have at least an MS graduate degree in nursing, and be the organization's chief nursing officer. They also must have significant influence at decision-making levels, have spent five or more years in a leadership role and be professionally active outside of their organization. Typically, 40 nurses from around the world participate each year. Most of their costs are covered by Johnson & Johnson.

Graduates join an international network of more than 700 alumni who continue to share information, advice, and support. The program also provides advanced management conferences for its graduates that offer refreshers on health care management and leadership trends and practices.

Warner Home Video President Joins Board

Warren Lieberfarb, W'65, president of Warner Home Video, has joined Wharton's Undergraduate Executive Board. Lieberfarb has served as president of Warner Home Video since 1984. Under his leadership, the company expanded its global presence to include more than 75 international territories while increasing revenue seven-fold. Lieberfarb, described as the architect of the DVD (Digital Video Disk) format, began his career at Ford Motor Co. as a financial analyst. He later held senior-level posts at Paramount Pictures and 20th Century Fox where he was instrumental in early initiatives that led to the growth of cable and pay television.

Other recent board appointments include:

Asian Board

Atul C. Choksey, PAR'99 (parent), PAR'04, chairman, APCO Group of Companies, Mumbai, India

Farid Harianto, G'87, GR'89, chairman, Indonesian Clearing and Guaranty Corp., Jakarta, Indonesia

Tsong-Jen Huang, PAR'00 (parent), PAR'02, president, TCW/YFY Investment Partners Ltd., Taipei, Taiwan, Republic of China

Angelo J.Y. Koo, WG'93, president and chief operating officer, China Securities Co., Ltd., Taipei, Taiwan, Republic of China

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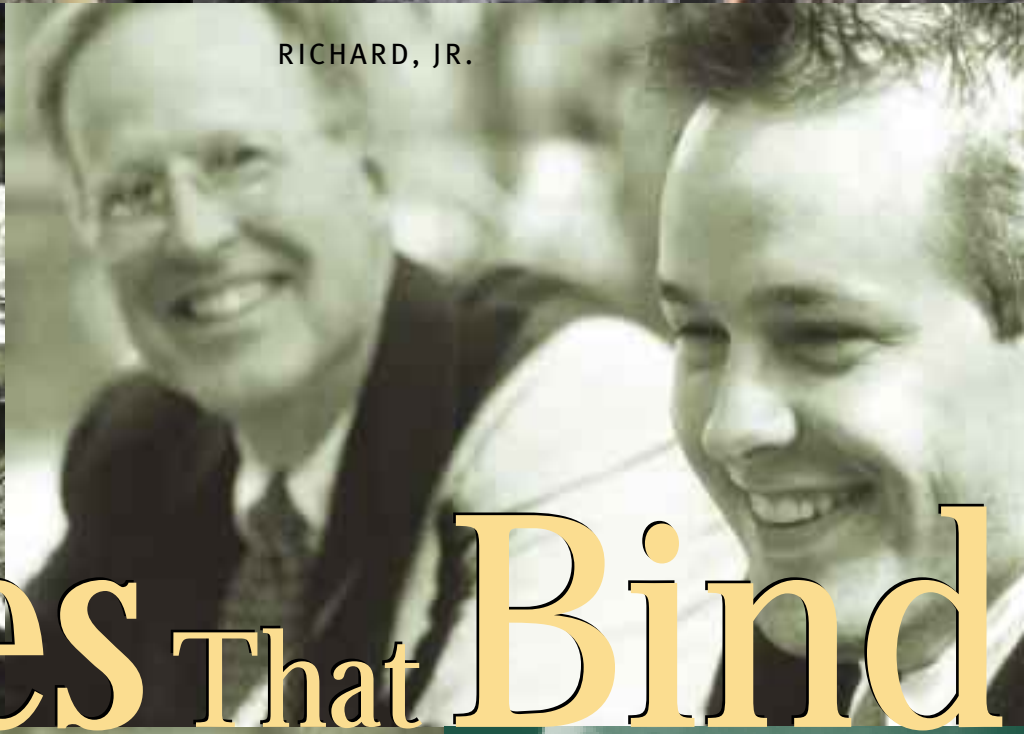
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RICHARD, SR.

RICHARD, JR.



The Ties That Bind



ALEX



DOUG

*No Generation Gaps Here – Families That
Come Back to Wharton Time and Again*

BY SHARON L. AND MATT CRENSON

PHOTOGRAPHS. QUADRANT/WVA



THE CAMPBELL FAMILY

*Richard, Sr., W'33; Richard, Jr., W'66,
WG'68; Alexander, W'98; Doug, WG'03*

Richard Campbell was never a start-up king or Fortune 500 CEO. He made some money, but he didn't come from it. His dad, Richard Campbell, Sr., W'33, sold pharmaceuticals and glass containers, including those curvy bottles that made Coca-Cola taste so good.

The elder Campbell sent his son to public school in Louisville, Kentucky. When it came time to choose a college, the boy narrowed his choices to two very different schools – Wharton and the U.S. Naval Academy.

“My dad gave me one piece of advice,” Richard Campbell, Jr. recalls. “He thought I would feel the discipline constraining at the Naval Academy.”

So Richard Campbell, Jr., W'66 and WG'68, took his Navy ROTC scholarship to his dad's alma mater. And he says it just might have saved his life.

Campbell finished his MBA owing the U.S. Navy four years of service in exchange for his college tuition. It was 1968, and the Vietnam War was hot. The freshly minted officer volunteered, and was sent to the Mekong Delta, where he worked in operations research and information systems.

His job was to develop strategy for the “Brown Water Navy,” a riverboat force that patrolled the delta's muddy canals and channels. He says Wharton injected him with a fierce competitiveness that better prepared him for war than perhaps even a military service academy would have.

When it came time for Campbell's own sons to choose a college, you might say they followed their dad into battle. The third generation of Campbells to attend Wharton includes Alex, who graduated in 1998 and now heads his own Chicago-based wireless media company; and Doug, who just started work on his MBA.

In the following pages, we offer the stories of some of the many families who have sent several generations of sons and daughters to Wharton. These families maintain their connections to the school in different ways. Some, like the Dietrichs, Huntsmans, and Lauders, have memorialized their Wharton traditions in bricks and mortar. Others, such as Taipei's Koo family, have established scholarships or professorships to celebrate their longstanding associations. And some, like the Campbells, become loyal annual donors and give selflessly of their time. Dick Campbell, for example, served on Wharton's Board of Overseers.

“Wharton teaches you to survey the marketplace ... How you fare is how you fare relative to everyone else,”

Campbell says. “That made me probably better prepared for combat than guys that went through the Naval Academy and were trying to relate it to some book.”

When Campbell went to Vietnam, it was the first time since the Civil War that the Navy had conducted riverine warfare. Officers had to invent everything from scratch as their crews patrolled the flat, jungle-lined waterways in iron-clad vessels vaguely reminiscent of ships from the 1860s.

The Mekong Delta's low-lying marshes and swamp land cover about a third of South Vietnam, with rivers, tributaries and canals criss-crossing everywhere. Constant floods through the territory made roads scarce, leaving the local population to rely on waterways for transport and communication.

**"Wharton teaches you
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place ... How you fare
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tive to everyone else."**

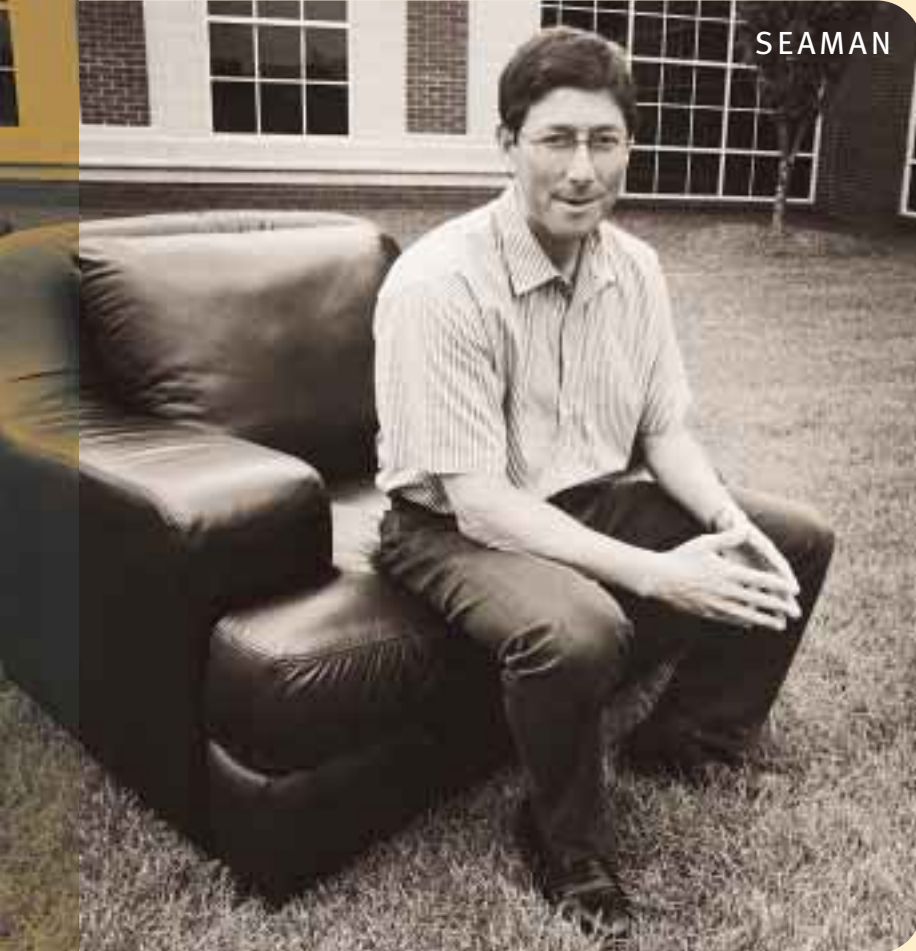
DICK CAMPBELL

The Viet Cong used those waters too, moving troops and materials freely across them until 1966. That's when the Navy established the River Patrol Force to police the delta, disrupt the Viet Cong and maintain government control over the region.

“Having lived through it, it was a tremendous experience, an experience that you would never get anywhere else,” Campbell recalls of his role.

The experience landed him a position at the Center for Navy Analysis – a primarily civilian research corporation. From there he went on to serve as Henry Kissinger's executive assistant from spring 1972 through the middle of 1974. “That has got to be the most intense period around,” Campbell says. He was there as Kissinger negotiated arms treaties with the Soviets, made overtures to China, orchestrated the end of Vietnam and won the Nobel Peace Prize.

Then corporate America rang, and Campbell answered. He worked for PepsiCo for 11 years in finance and operations,



SEAMAN

THE SEAMAN FAMILY

*Morton, W'53, Carl, W'57,
Jeffrey, W'84, Jordan, W'84,
Dana, W'87*

For Jeffrey Seaman, W'84, the seed of personal success sprouted after his family sold its 50-year-old namesake enterprise.

In 1933, his grandfather Julius Seaman founded Seaman's Furniture, a chain that became a mainstay in home furnishings for the price-conscious middle-class. Sons Morton, W'53, and Carl Seaman, W'57, pioneered the display and sale of coordinated furniture "packages," and the brothers took the company public in 1985. A year later, they had a successful secondary offering.

But by 1988, after Jeffrey had earned a few years experience, the Seamans sold the family business and Jeff started thinking about what to do next. He knew furniture. He knew sales.

But he needed a hook and a location. Family members had signed a "no-compete" agreement for the Northeast when they sold Seaman's Furniture, so he couldn't immediately set up shop

in the region he knew best.

Florida was the obvious choice. The housing market and job growth were there, as well as an endless stream of "snow birds" looking for a quick and easy way to furnish their second homes.

Many had stretched the American Dream just as far as it would go to get their place in the sun. They didn't have the time to fuss over throw pillows or the money to hire a decorator. They needed one-stop furniture shopping at an affordable price.

Rooms To Go opened in Orlando in 1991. It was, quite simply, a different way to buy furniture. No more waiting for delivery. No more hunting around town for the right accessories. Rooms To Go gives customers one place to buy all their furniture, coordinating lamps, wall-hangings, rugs and the like. All the merchandise is in stock, and it's all delivered within days, not months.

then served as chief financial officer for PaineWebber, and finally took a spin through two private-equity partnerships.

Throughout, Campbell has nurtured close ties to Wharton. He still reads *The Daily Pennsylvanian* on-line. And he says his younger son, Doug, is attending a school that has come a long way since he graduated, transforming itself from an institution that was perhaps a little too academic into a truly corporate model that attracts and develops the most competitive talent.

Doug began pre-term classes in August, whipping through math, economics, accounting and finance refreshers in just a few weeks. His early assessment?

"I'm not alone in being somewhat surprised at the amount of work we have so quickly," he says. That should come as no surprise to his dad, who says "all of us on the board used to joke that we probably couldn't get in any more."

Selection includes furniture to suit traditional tastes as well as the more modern-minded. There are damask-upholstered sofas paired with neo-classically scrolled tables, and more streamlined maple pieces accented with brushed stainless steel. "We're the best alternative without going crazy," says Jeff. "It's a formula that just worked with consumers."

He says the key is keeping the stores small and filling them with a constantly changing selection. Showrooms are backed by huge warehouses holding enough stock that customers rarely, if ever, have to wait. The formula also means Rooms To Go can succeed where other many other furniture outlets fail: the Web. Monthly Internet sales account for only about a day's worth of the business Rooms To Go does at its brick-and-mortar stores, but it's a market the company wants to be in nonetheless.

With Jeff as CEO and father Morton's three-plus decades of experience never more than a phone call away, the business has grown to 80 stores in six states. Annual sales have passed the billion-dollar mark, making it one of the largest, fastest growing furniture chains in America.

"I'm lucky that my dad sold his business, because it forced me into a fresh start," Jeff says. He's also grateful for the new father-son dynamic that launching a business engendered: partnership without the emotional baggage of a long-standing family enterprise.

People often ask how that other family enterprise – Wharton – helped develop Rooms To Go. Like Campbell, Jeff credits the school with instilling the competitiveness that readied him to succeed. "It's like Hong Kong. The city is just bubbling with enterprise, and Wharton's like that," he says.

Today, the challenges may be greater than ever. The coffee business, and soft commodities in general, are not an easy match with the Internet economy.

THE BALTODANO FAMILY

*Duilio I., W'39; Duilio J., W'70;
Jose Antonio, W'73; Alejandro, W'77*

The scent and texture of fresh-picked coffee is in the Baltodanos' blood; the ribbed evergreen leaves and bright red coffee "cherries" a pivotal influence on the family's past and future.

Dr. Moises Baltodano earned his MD from Penn in 1893. But he also owned a small coffee plantation in Nicaragua's lowlands, and spent two or three months a year in London, peddling his crop to commodities traders. By the time son Duilio I., W'39, was ready for college, the call of family business seemed a siren song. Soon, cattle and pig farming, and agricultural imports augmented an empire built, literally, from the ground up.



PHOTOGRAPH: GREG BROWN

BALTADANO





Grandsons Duilio J., W'70; Jose Antonio, W'73; and Alejandro, W'77, grew up harvesting coffee in the warm Central American sun, their father's way of introducing them to their inheritance. The three were just coming into their own when that inheritance was shaken by a revolutionary jolt – and it wasn't the caffeine.

The 1979 insurrection by the Sandinista National Liberation Front brought sweeping economic and political change. The new government confiscated private property and nationalized much of Nicaragua's private industry. "Different family members, including myself, had to look for new alternatives," says Jose Antonio Baltodano.

With a Wharton undergraduate degree in hand, he turned to Harvard University for an MBA and in 1982, founded U.S.-based Mercon Coffee Corp. far from the Sandinistas' reach. The company has since climbed to the top of the industry in marketing, transporting, financing and storing green coffee. Offices in Latin America, Asia, Europe and Africa have successfully tapped emerging supplies from nations like The Ivory Coast and Vietnam.

And when the conservative democracy of Violeta Barrios de Chamorro was established in 1990, the Baltodanos were ready. The family bought back their property from the government and established new coffee operations in the northern Nicaraguan mountains.

The Baltodanos also bought Café Soluble, one of the world's largest instant coffee producers, and branched into Nicaragua's entertainment industry by snapping up dilapidated movie theaters and overhauling them.

Today, the challenges may be greater than ever. The coffee business, and soft commodities in general, are not an easy match with the Internet economy. Some importers worry that cyber connections between buyer and seller will sap the middleman's margin. Their resistance has already spelled the end of at least one Website designed for direct coffee trading. Mercon is taking a different view, looking for ways to fit e-commerce into its business plan.

"The Internet is something that is unavoidable," Jose Antonio says. "The challenge to this world is to be visionary and to try to forecast how business will change with the new technology that is emerging."

With that in mind, Mercon has staked a 48 percent claim to InterCommercial Markets Corp., an independent Internet company dedicated to managing on-line trade for various commodities groups – green coffee being the first. Brown Brothers Harriman & Co., the Columbian Coffee Federation, Kraft Foods, and the New York Board of Trade are strategic partners in the venture. So far, the site has about 500 permanent users in 30 countries, and Jose Antonio says the goal is to "make this THE site for the coffee business."

After all, there's a legacy to think of for the 20 Baltodano grandchildren. Three are undergraduates at Penn this fall, though none at Wharton. Maybe for their MBAs.

THE WANG FAMILY

Wang Xi, WG'47; Lin Jai, W'03

Wang Xi, WG'47, still remembers the words he sang with Wharton classmates at graduation ceremonies more than half a century ago:

"Hail! Pennsylvania! Noble and strong;
To thee with loyal hearts we raise our song
Swelling to Heavens, loud our praises ring!
Hail! Pennsylvania! Of thee we sing!"

The melody rings through his mind after all these years, a memory of relatively carefree days – utopia, no doubt, compared to what awaited him back home in Shanghai in the late 1940s. "I murmured one or two lines in my dream, when we were in those terrible days," he recalls in a note to his granddaughter, Lin Jai, now a junior at Wharton.

The professor's words about those times are sparse. He was secretary of the Chinese Students Club in Philadelphia in 1945, and later president. He became engaged to and married his wife there, 54 years ago. He remembers dances and other cultural activities at "the club," an International House where Chinese author Lao She once gave a "wonderful lecture to the students and professors."

"It was a great time for him and my grandmother," Lin says. "He met many great friends and acquaintances ... but he really wanted to go back and do something for China." (See *A Look Back* on page 61 for photographs of Wang during his



PHOTOGRAPH: DAVID DEBALIKO



Together, Ara and his father have coaxed their own fledgling firm to adulthood by tracking – who else? – baby boomers.

Wharton years). He was doing just that as a professor at Fudan University when the Cultural Revolution overran his homeland. It's a period the professor does not mention directly, one his granddaughter explains as "a pause" in his long and productive professional life.

But fast-forward and it's clear the professor overcame whatever difficulties the People's Revolution brought. He has been a banker, insurance executive, consultant, and educator. Past titles include president and CEO of Hai Yu Company Ltd., president of the Shanghai Institute of Business Administration and vice president of the Shanghai Office of the General Reinsurance Corp. The People's Republic of China also recently named him the Distinguished Scholar of Outstanding Contribution. Now, as honorary president of Shanghai's Wharton alumni club, he says his goal is to "make Wharton the most famous school in China."

So it should come as no surprise that Wang, like Dick Campbell's father, had a piece of advice for his granddaughter when she began looking at colleges: Why don't you think about Wharton?

For a teenager more interested in English and American literature than economics and accounting, the suggestion might have seemed strange at first. But the more she looked, the more it seemed Wharton might offer something she needed, but hadn't immediately known to look for. "It offers a world view," she says, "Students can gain a different perspective on an issue ... After a while you see that the business world is just a microcosm of the world in general."

This year, between mentoring responsibilities and time spent with her Christian fellowship group, Lin plans to declare her major in finance or marketing, a degree she hopes to put to use in China one day. For although she was raised as a permanent U.S. resident – the daughter of a one-time visiting scholar who stayed here – Lin says a part of her belongs across the Pacific. "I've kind of grown up with China as a part of my heart," she says. "China would definitely be a place where I would go and pursue opportunities."

THE HOVNANIAN FAMILY

Jirair, W'52; Ara, W'79, WG'79; Edele, W'81

The Hovnanian clan traces its roots to Armenia, an embattled land the family fled for Baghdad in 1914. Not such a good decision, says Ara Hovnanian, a native-born Iraqi whose father brought him to the United States in 1959 to join three uncles.

Ara's father was the final arrival in America, and together the four immigrant brothers started a home-building company, a baby-boomer of a business through and through. The firm grew steadily for a decade, matured into adolescence during the turbulent late 1960s, and then split into four separate entities, each run by a different brother.

"They all wanted to be president," says Ara Hovnanian, W'79 and WG'79, president and CEO of K. Hovnanian Enterprises. His father, company chairman Kevork Hovnanian, built K. Hovnanian with his cut of the brothers' organization.

continued on page 37

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The good news about other people's mistakes is that important lessons can be learned at a comfortable distance. Consider the dot-com mania of the late 1990s.

"Expectations were totally out of line" on the part of many entrepreneurs scrambling to establish presences on the Web, says Brett Hurt, WG'99. For one, people launched e-businesses simply to make money instead of identifying a market need and trying to meet it, Hurt says. Venture capitalists encouraged the frenzy by indiscriminately throwing cash at what they hoped would be the next big thing. Even worse, people who should have known better thought that the Internet had fundamentally changed the rules of business.

"I've had a lot of friends who started businesses that didn't work out," says Hurt, founder and chairman of Coremetrics, a San Francisco-based company that collects and analyzes data to help

Working

For You?

LESSONS
FROM
THE
TRENCHES

BY STEPHEN J. MORGAN

companies improve how they interact with online customers. "They had negative net margins. People assumed that was OK because they thought the Net changed everything." One e-business, he recalls, sold goods below cost, figuring it could make up for the loss by selling online advertising.

With that kind of thinking, many dot-coms have gone by the wayside since the Great Shakeout of 2000 and 2001. And now the pendulum of opinion may have swung too far the other way, with e-business fever giving way to doom and gloom in the minds of some about the value of e-businesses. That, says Hurt, is a mistake that can be just as dangerous as too much optimism. "These days people say the Internet hasn't changed anything, and that's not true either."

The truth is that while the Internet has not eradicated the basic rules of business, it has changed business a great deal. Hurt and other alumni and faculty say smart companies have come to realize that a Website is a channel – an essential channel – to reach customers. It is nothing more or less than

that. Once they accept that premise, companies can focus on how to make their sites effective in attracting and satisfying customers, cutting costs, and getting the highest return from their online investment.

To operate a top-notch Website, companies must first understand what a site can do. Peter S. Fader, associate professor of marketing, says sites serve several functions.

"First, it's a store shelf, but of course it's more than that," says Fader, who organized a conference at Wharton in the spring of 2001 on the topic of "conversion" (getting an online customer to purchase an item or engage in some other desired activity). "It's also an advertising medium. It's an automated customer-service interface. And it's an internal device to be used by employers and employees. And what's great is that it can be all those things at the same time. Companies that treated their Web presence as something different from their off-Web space made a big mistake. Some still are. A Website is just another customer touch-point."



ILLUSTRATION: RAY VELLA

NO MAGIC WAND

In and of itself, a Website can never serve as a magic wand to conjure up easy profits, says Fader. "The Web is a distribution channel. How many companies can make money on a distribution channel? You make money on the products you sell."

During the early, heady days of Websites, many thought the Internet would create relationships between companies and customers that had never existed before. "Companies thought people would come to the site and hang out there and converse with other people, and talk about products and services, and buy more stuff," says Fader. "In many ways, the Web was supposed to revolutionize the way consumers behave and the way companies maintained contact with them. So, companies threw resources at Websites. But what they found was that customers are going to act randomly and not engage in conversations. Most of these community-building efforts failed."

Fader and alumni say sites must be designed to achieve different goals for different companies, depending on the nature of the enterprise. The chief goal of a book and CD retailer is to sell books and CDs. By contrast, an auto manufacturer cannot expect to sell many cars online, but it will want to use the Web to drive customers to showrooms.

"It really depends on what the site is looking to achieve for the overall company," says Katie Cheng, W'92, who developed and built elizabetharden.com, a cosmetics site, before assuming her present duties as director of marketing at anntaylor.com.

com, a clothing retailer. "For some, the purpose is to drive names and e-mail addresses to build contacts and eventually forge relationships. For others it's a form of advertising to build awareness and brand presence. For still others, it's a form of information for customers so they don't necessarily have to call an expensive, live client-contact center for information."

Cheng says the ultimate purpose of sites that are solely devoted to e-commerce is to drive sales and build loyalty. An e-commerce site should introduce customers to a brand, entice them to make initial purchases, bring them back for repeat buys, and attempt to ensure that they buy more from a company than they would have had the company not had a Web presence.

Cheng says research has shown that customers who buy from a company's Website in addition to buying items at its stores will spend more money overall with the company each year. She says companies used to worry that online sales would only "cannibalize" their in-store sales, but this fear is unfounded because the site is just another channel. "Does it really matter where they spend the money, whether online or in the store?"

"Everyone is worried about cannibalization, but we don't have any evidence that our site has been affected by that," says Ann L. Meyer, WG'00, marketing manager at Zagat Survey LLC, a New York firm that publishes guides to restaurants in 45 cities worldwide, as well as guides to travel, marketplaces and nightlife. "We think our site has done more to inform people about the breadth of our products."

Meyer adds: "In my mind, the Net has changed the way we all behave. A successful site changes the way we use information. Our books have mostly the same information as our site, but the site allows you to search for information in different ways. You can search for restaurants on the Upper West Side that take credit cards and are open on Sunday and are pet-friendly. That's the kind of thing you can only do on the Internet."



HURT

"I've had a lot of friends who started businesses that didn't work out. They had negative net margins. People assumed that was OK because they thought the Net changed everything." **BRETT HURT, WG'99**

PHOTOGRAPH: JAKUB MOSUR

"DOES IT REALLY MATTER WHERE THEY SPEND THEIR MONEY, WHETHER ONLINE OR IN THE STORE?"

KATIE CHENG, WG'92



CHENG

PHOTOGRAPH: HARRY HELEOTIS

The alumni and Fader say successful consumer Websites have these elements in common:

- Sites exist for a compelling reason and advance the company's overall strategic plan
- Sites provide clear, pertinent information; content and navigation paths are aligned with the site's goals
- Navigation from one part of the site to another is simple, almost intuitive
- Customers can shop quickly and check out fast, with the fewest number of clicks possible
- Prices and shipping costs are transparent
- Customers' questions are anticipated in frequently-asked-question (FAQ) sections or personally by e-mail
- The site is secure and privacy is ensured
- Sites do not include content that takes an inordinate amount of time to load onto visitors' screens
- Content is updated as frequently as necessary so that the site is fresh, but not so much that it confuses visitors
- Companies get to know the people who visit their sites and identify those who will have the highest lifetime value to the company.

"Those sound like simple goals, but when you look at the Websites out there you can see that people still have quite a long way to go to make customer experiences good," says Anne Estabrook, WG'93, vice president of marketing and corporate strategy at NetGenesis, a Cambridge, Mass. firm that analyzes e-metrics for companies. Estabrook says surveys have shown that most visitors are unhappy with their Website experiences. "User experiences," she says, "are still evolving."

SEAMLESS INTEGRATION IS KEY

In the case of so-called "clicks-and-mortar" Websites – those operated by companies that also have regular

retail stores – customers are "looking for a seamless integration with your traditional establishment, so that your site still seems familiar when compared to their offline experiences," Cheng says. "That means product selection is comparable, prices are the same across channels, returns are accepted across channels, and the information and service you get are equal across channels, to the extent that it's possible."

Sharon Fordham, WG'77, has had extensive e-business experience. Before being named chief executive of weightwatchers.com in January 2001, Fordham spent nearly 20 years at Nabisco Inc. Among her titles: president of LifeSavers Co. and president of global e-business.

In the 1990s, Fordham and her team explored how they could best use the Internet, which was just beginning to be developed for commercial purposes. They decided not to create any sites that would be devoted to single brands because they felt the sites would not generate sufficient traffic to warrant the cost of their development and maintenance. Instead, Nabisco launched two sites, candystand.com in 1997 and nabiscoworld.com in 1998. The sites offer free online games, recipes and information associated with a variety of Nabisco products.

"We were trying to extend brand image and create brand awareness of products, which we believed would ultimately lead to the sale of products," Fordham says. "We did tracking surveys, and frankly the jump in attitudes and brand awareness were tremendous. We did interviews before and after the sites went up and found that the changes in brand imagery were very positive. The increases were more significant than any offline test I've ever run in other media. That's a bold statement but it's true."

Fordham says both sites went on to become “powerhouses” for Nabisco, with six million unique visitors and more than 100 million page-views per month. “It’s all branded content. When someone’s playing a game, it’s all with branded messages going on. When people say you can’t brand on the Internet, don’t buy that. It’s definitely not true.”

As companies transform their Websites from static brochure-ware to something more interactive, they need to know how to gauge their effectiveness. “E-Metrics,” a study published by NetGenesis and Target Marketing, of Santa Barbara, CA, found that even the

that into useful information. “We then take that a step forward to help businesses understand reach, conversion and retention.”

Fader points out that one of the frustrations of traditional bricks-and-mortar retailers has been their inability to learn much about individual customers. A woman who walks into a store and buys a pair of gloves is as anonymous when she leaves as when she arrived. Why did she choose your store? Did she do comparison-shopping at the store across the street before coming to see you? Has she ever visited your store before? The Web is beginning to shed much light on this subject.

"THE WEB IS A DISTRIBUTION CHANNEL. HOW MANY COMPANIES CAN MAKE MONEY ON A DISTRIBUTION CHANNEL? YOU MAKE MONEY ON THE PRODUCTS YOU SELL."

PROFESSOR PETER S. FADER

best-run Websites “are inundated with data yet lack the necessary people, technical resources, standard definitions and domain expertise to extract much of the critical business value out of this data.”

Estabrook says many companies “raced to get a Web presence” in the 1990s. Only later did they realize that they had to take a structured approach to analyzing what their sites could achieve for them and “align” the sites to meet corporate needs.

AN EYE ON ROI

These days, the sluggish economy is another factor in forcing companies to take a closer look at their sites. “All of a sudden people have to be more careful where their budgets are going,” Estabrook says. “Before, people would spend quite freely. They were doing Super Bowl ads on TV to drive people to their sites. Now they realize, ‘Gosh, I’ve got to quantify what’s going on here.’ They see the Web in tandem with more traditional channels and there’s a demand for a return on investment” from money spent on sites.

Estabrook says the core of NetGenesis’ business is “clickstream analysis” – understanding and collecting all clicks that occur on someone’s site and aggregating

“You can now measure clicks and the resulting behavior of customers rapidly,” says Estabrook. “You have behavioral data that you don’t have with the offline world. In the offline world you know someone bought something. But on the Web you know whether customers did comparison-shopping before they bought from you. You can also know if they came from a competitor’s site. This gives you the ability to segment and understand more about your customers. For some retailers, we can do great segmentation. We can tell them that black mock turtle necks sell well in the East but not on the West Coast. That comes from being able to correlate all those clicks. That’s important not just in how you optimize your Web business, but also for how you’re touching customers in your offline channels.”

Hurt of Coremetrics became interested in e-metrics while he was studying for his MBA. He and his wife were running an e-commerce business that sold nutritional supplements and they had lots of questions. “I had no idea why things were sold online,” says Hurt. “So I built the initial technology” for e-metrics.

Coremetrics provides clients with what Hurt calls a “data warehousing solution” to e-business problems. “We grab and analyze all online behavior by customers and prospects,” he explains. “We deliver that as an outsourced service for clients as opposed to an enterprise



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PHOTOGRAPH. HARRY HELEOTIS

software solution. We can capture a client's data in the most direct and comprehensive manner. We then provide the tools to analyze that data and the consultants to help clients interpret that data."

Coremetrics helped one company figure out why many of the visitors abandoned its site without buying anything. "We learned, click by click, that a lot of people were confused," Hurt says. "They kept hitting the back button. Something like 54 percent ended up not buying the product they were searching for," which people in the e-metrics business call the "abandonment rate."

The culprit? Poorly worded language on the search page that left people uncertain how to proceed. It took two days to change the text. After that, the abandonment rate fell to 18 percent and revenue generated by the search page increased by \$20,000 a day.

THE NEXT BIG THING

What changes do the alumni see taking place in the online world in years to come?

The increase in bandwidth in an increasing number of homes will enable customers to log on faster,

download information more quickly and move from Website to Website more nimbly. "There is lots we could do if technology permitted it," says Meyer of Zagat Survey. "We'd love to put better images on our site, but people with phone lines would curse us for that. But as bandwidth expands, we could have heavier pages [with photographs and other densely packed information]. We could also use the site to collect more voter data [from visitors who cast ballots on the quality of restaurants and hotels] that would make our process more efficient."

E-tailers will also refine the way they try to tailor their product recommendations to individual shoppers so that a customer who buys a one-time gift for a baby is not inundated with recommendations for similar purchases in the future.

"Personalization is a huge area that has not been adequately exploited," says Meyer. Estabrook agrees: "People will get more savvy about the most important thing – knowing the customers who come to their sites – and tailor content and advertising to target segments and, perhaps to the extent it makes sense, to the individual. You can do that now [to some degree], but many people still don't have a fundamental, segmented understanding of the prospects who are visiting their sites right now."

The "E-Metrics" study says companies with Web presences are struggling today "to compete armed only with customer profiles that cover such minimal data as gender, zip code, number of visits, and a few preference elements. Tomorrow, we will focus more on the interaction rather than just the information delivered through the interaction. Customer profiles will include information on how much customers know and how they like to communicate."

Moreover, privacy concerns will dissipate as more people grow accustomed to Web use, and the online world will encompass wireless technology to a greater degree. As time passes, online shopping, marketing and communication will become even more ubiquitous than it is today. Even now, for many people the Web is as commonplace as – dare it be said? – an old-fashioned, non-interactive telephone directory.

Says Fader: "Let's not judge the impact of the Internet based on stock prices [of e-companies] or how much stuff has been bought and sold on it. Let's base its impact on whether it's being used like the Yellow Pages. It really is becoming ingrained in the fabric of our lives. That's very hard to quantify, but it's unmistakable." ♦

STEPHEN J. MORGAN IS A PHILADELPHIA-AREA FREELANCE WRITER.

Listening to Eric Orts speak passionately about ozone depletion, species extinction and climate change, it's not surprising that the Wharton legal studies professor considers himself an environmentalist. But Orts is quick to banish the suggestion that he's of the "us-versus-them, blame-corporate-America" school.

"Business corporations are not the enemy," says Orts, who also heads Wharton's Environmental Management Program. "It's too easy to say that businesses are the bad guys. They are only responding to market demands. A key is for environmentalists and businesses to work with markets, rather than against them."

Gauging the ever-changing public mood about environmental issues and the fast-paced changes in regulation that often result is perhaps the biggest challenge businesses face today, Orts says. And the best way to stay ahead of the curve of regulation and public opinion, he believes, is to take seriously their responsibility to the natural world.



ILLUSTRATION: DANIEL BAXTER

Seeking Greener

“This doesn’t mean becoming a charitable organization,” he says, “but it does require making tough and informed choices about a firm’s environmental **impact and policy.**”

Corporations, environmentalists and the government working together is a key theme of Orts’ recent work. A 2001 book he co-edited, *Environmental Contracts: Comparative Approaches to Regulatory Innovation in the United States and Europe*, explores an alternative type of regulation that brings businesses, governments and nonprofit environmental organizations together to forge cooperative agreements. The approach is used widely and successfully in Europe, and Orts believes **environmental contracts** would ultimately be far more productive for U.S. businesses and the environment than “the usual lobbying and litigating over ‘command and control’ regulation.”

The “command and control” environmental regulatory system in the United States has had some measure of success, especially in light of disasters that have taken place in other parts of the world without more stringent environmental codes, such as Russia. The problems with the system are numerous, however, and loopholes are common. “The job of businesses is to **maximize profit,**” Orts says. “Government is only a constraint. If you could persuade the government to let you pollute and even destroy a river, you could do that under the old model. After all, you’re just doing your job.”

Within the past 20 years or so, however, the laws themselves have

matured, and **public opinion** has evolved in a way that regards polluting practices as a liability for companies. Still, the question remains for businesses how it’s possible to remain innovative under increasingly restrictive codes.

“It used to be an either-or proposition for most businesses: either we’re environmentalist, or we’re going to make money,” says Orts. “Now, the objective is changing to ‘we’re going to be environmentalist and make money.’” He points to British Petroleum and Shell as two blue chip companies that are “long green” – businesses that are looking at the benefits of working with the environment so that resources will be available to them in the future.

Looking ahead is key to Orts; he does it constantly. “The science is clear that **global climate change** is happening. Who will be equipped to deal with that in 50 years?” he asks. He points out that along with climate change will come a new regulatory regime as well as a new public opinion consensus, and businesses will need to be prepared to deal with both. The point is not to wait for change, but to be proactive. And that, according to Orts, is precisely what environmental contracts encourage companies to be.

By bringing the government, nonprofit organizations and business to the **negotiating table,** environmental contracts make corporations active players in determining what the rules will be. Contracts could be structured in a way that address corporate stakeholder objectives as well as the con-

cerns of local public interest groups and environmental conditions, and implementation could happen quickly compared to the snail-pace of current regulation formation. And, unlike the calcified nature of regulations, contracts can be renegotiated in light of new information, environmental changes, or technological advances.

An especially **important advantage** that environmental contracts provide is the element of predictability in the regulatory process. If all members agree to a contract, then it becomes binding on all sides, which enables corporations to engage in long-term planning without the threat of the government renegeing. As Orts explains, a drawback in the current “command and control” model is the government’s ability to change the rules. For example, the government could give a company credits if it reduces toxic emissions by 30 percent. However, after the company implements this voluntary policy, the government could then decide to require all businesses to **reduce emissions** by 50 percent, giving no credit for the company’s previous 30-percent reduction. “This is a bind that a lot of businesses find themselves in. They look at voluntary programs and ask how much they will really get out of them if the government then changes its mind in the future,” says Orts.

He maintains that if the government and businesses agree to a certain regulation, the government shouldn’t be allowed to easily change the rules after that point. Orts adds that there may be **constitutional support** for this

Pastures

Wharton’s Eric Orts:
On the Cutting Edge of
Environmental Management

argument. In one recent case (*United States v. Winstar*), the U.S. Supreme Court held against the government's argument that it always had a sovereign **right to change** the rules. If this rule applies in the environmental sector, he says, businesses may have a greater trust that the government would not change its mind after a regulatory agreement and become more willing to invest the time and effort needed to negotiate such contracts.

Admittedly, the underpinnings of this theory strike some as being anti-democratic: with contracts being formed between businesses and government, ordinary citizens would seem to be cut out of the loop. "It would be important for nonprofit, public interest groups to be involved in the process," Orts says, citing examples such as McDonalds Corporation partnering with **Environmental Defense** to make their packaging more environmentally friendly, and Chevron teaming up with the World Wildlife Fund in conservation efforts in Papua New Guinea.

Meanwhile, environmentalists are concerned that environmental regulations would be relaxed with the advent of contracts, and others point out the **phenomenon of "freeriders"** – companies that avoid entering into contracts while enjoying the looser regulations. Orts points out that such issues can be dealt with through a basic set of regulations that all companies must abide by, as a means of legislative fallback. "Public opinion assumes that compa-

nies will examine their practices, but that isn't always the case," he notes.

Other skeptics of the idea – such as Cary Coglianese, who wrote one of the chapters in Orts' book – believe that a reliance on "consensus" is too optimistic: with consensus, there is no **accountable authority**, and the emphasis shifts from public to private interest. "That's true in some cases," Orts says, but he balances that view with the numerous examples of progress that has been made in European countries, most notably in France, Germany, Belgium, and the Netherlands, where environmental groups – once skeptical – now admit that contracts have had a measurably positive effect on the environment.

"And what are the **alternatives**?"

Orts asks, pointing to the mounting evidence that, under the current model of command and control, the environment will only deteriorate. "Historically, environmental opinion changes because of a cataclysm," he says, citing the Exxon Valdez oil spill in 1989 as an example. "For global climate change, there won't necessarily be a cataclysm, no sudden change – unless the Gulf Stream suddenly stops. We'll more likely just begin to notice things like tropical diseases moving north and other slower occurrences.

"Right now we are living through the sixth greatest extinction of species in geological history," he says. "It is hard to say that whether a species is wiped out or not isn't important to think about when **building a power**

plant, because we can't just act for this **current generation** – we have to think about what our children's and grandchildren's lives will be like. Companies must think about global climate change. They can't merely maximize shareholder value and let someone else worry about the temperature of the planet rising too much. If there is only a five percent chance that a very extreme circumstance will happen that will wipe out the human species within two generations, we have to ask whether it is alright to take that risk."

When describing the situation as he sees it, **Orts is not a doomsayer** – he's ultimately a pragmatist. "The fact is, with the environment, the stakes are high," he says. "We need to make sure we don't destroy the resources we rely on while we have a good time with economic growth.

"Fortunately, the next generation is more aware of these issues," he continues, adding that student response to his course on environmental law and policy has been strong. Orts, who also teaches **corporate governance**, developed the course a few years ago at the suggestion of his department's chair. He heads Wharton's Environmental Management Program, which allows students to major or concentrate in environmental policy and management at the undergraduate or MBA level. The program is one of an increasing number of such programs in business schools nationwide, and Wharton was recently ranked by the World Resources Institute as one of the two

"The fact is, with the environment, the **stakes are high**. We need to make sure we don't destroy the **resources we rely on**, while we have a good time with economic growth." PROFESSOR ERIC ORTS



top "cutting edge" business schools in both environmental and **social/ethical areas**. Orts is also helping a group of undergraduate students develop a proposal for an undergraduate concentration in "corporate citizenship" – an amalgam of corporate governance, environmental management, and business ethics.

Orts' early interest in philosophy and political theory, both of which he studied at Oberlin College, has carried over to his current work on environmental policy in the context of **social contract theory**, which involves thinking about and debating environmental issues in an ethical way. His interest in studying corporations was heightened during his tenure as an associate attorney in New York after graduating from law school in 1988. He recalls working on the litigation team that successfully represented the pilots' union during the United Airlines takeover battle. In the end, United Airlines became one of the first employee-owned large companies in the United States and Orts' interest in the operations and governance of corporations grew. "It really gave me a practical sense of the many different interests that play a role in corporate governance," says Orts, who gave up practicing law because "I always wanted to teach. I like the freedom to follow my own **intellectual interests** in my research without preordained positions given by the interests of a lawyer's clients.

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PHOTOGRAPH: TOMMY LEONARDI

By Meghan Laska and
Steve Guglielmi

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Marketing:

Pay-for-Performance Trade Promotions Can Ease Friction Between Manufacturers and Retailers



Durk Jager, former head of Procter & Gamble's U.S. operations, recently characterized the existing trade promotion system between manufacturers and retailers as "impossibly inefficient." Wharton marketing professor David Bell and Xavier Dreze from UCLA's Anderson School of Management, couldn't agree more. Their solution is a variation on a relatively new type of trade promotion known as "pay-for-performance." <<http://knowledge.wharton.upenn.edu/articles.cfm?catid=4&articleid=409>>

Leadership and Change:

If Affluenza Strikes, Take Naps and Stop Consuming

Choose one: a slight pay raise or a shorter work week. If you chose the former, you may be suffering from what authors John de Graaf, David Wann and Thomas Naylor call "affluenza," which is both the name of their new book and a reference to America's worship of economic expansion. As in more shopping malls, bigger homes and more bankruptcies, both monetary and spiritual. Affluenza, our reviewer says, is a riveting, terrifying and inspiring analysis of what ails contemporary America. <<http://knowledge.wharton.upenn.edu/articles.cfm?catid=2&articleid=416>>

Health Economics:

When Taking Two Aspirin Won't Do: A Primer on the Patients' Bill of Rights

Anyone who has received a brochure describing medical coverage options knows just how baffling and legalistic the language can be. So, too, is the ongoing debate over the so-called "patients' bill of rights" currently winding its way through the U.S. Congress. To help explain some of the key issues, Knowledge@Wharton asked Wharton faculty members for their views on what the final bill should include. <<http://knowledge.wharton.upenn.edu/articles.cfm?catid=6&articleid=397>>

Operations Management:

Poachers Are Out to Plunder Your Intellectual Property – Can You Do Anything?

As more companies outsource non-core activities and enter into alliances to extend their competitive reach, the risk that someone – a potential partner or vendor – could poach their intellectual property is increasing. While the risk of such theft is hardly new, it is rapidly becoming a serious problem in today's post-industrial, information-driven society. Wharton's Eric K. Clemons and Lorin M. Hitt have been studying the issue. Clemons presented the major elements of this research at a recent conference. <<http://knowledge.wharton.upenn.edu/articles.cfm?catid=13&articleid=404>>





Marketing:
Making Customer Relationship Management Work

Customer relationship management, or CRM, is the buzzword du jour in business circles. To hear some proponents talk about it, all a company needs to do is buy and install a sophisticated CRM software package to maximize its returns from customers. Wharton faculty members point out, however, that making CRM work involves doing a lot more. <<http://knowledge.wharton.upenn.edu/articles.cfm?catid=4&articleid=390>>

Finance and Investment:
In a Slump, Charles Schwab and Merrill Lynch Seek Middle Ground

Consider it a tale of two companies, each wrestling with a difficult market and, to some extent, trying to move to

the middle to escape the worst of the extremes. Merrill Lynch, the country's biggest brokerage, and its chief rival, Charles Schwab, won't become mirror images of one another, but both are struggling to deal with one of the industry's biggest problems: How to assure steady revenue even when investors are too fearful to trade. <<http://knowledge.wharton.upenn.edu/articles.cfm?catid=1&articleid=399>>

Managing Technology:
Measuring Returns on IT Investments: Some Tools and Techniques

How can executives measure returns on investments they make in information technology? This complex issue touches everything from decisions about replacing desktop computers with laptop models to investments in complex software systems. Experts from Wharton and Intel, the giant chip maker, suggest some methods that may help executives approach these questions. <<http://knowledge.wharton.upenn.edu/articles.cfm?catid=14&articleid=396>>

Managing Technology:
How Linus Torvalds Found Fun, and a New Operating System

Linus Torvalds is the poster boy of the open source software movement, an arch enemy of Bill Gates and a guy who just wants to have fun. At least that's the message of his recently-published *Just For Fun: The Story of an Accidental Revolutionary*, in which Torvalds explains to us the humble origins of his Linux operating system. <<http://knowledge.wharton.upenn.edu/articles.cfm?catid=14&articleid=401>>

Strategic Management:
CEOs Serve Themselves First in Mergers of Equals

In "mergers of equals," target company CEOs frequently strike deals that benefit them personally but are not in the best interests of their shareholders, according to a new study by Wharton management professor Julie Wulf. Her analysis of 40 mergers of equals that took place during the 1990s includes explanations for the lower returns as well as a way to prevent their recurrence. <<http://knowledge.wharton.upenn.edu/articles.cfm?catid=7&articleid=403>> ♦



News from the Campaign for Sustained Leadership

“We achieve remarkable things by being creative, aggressive and relentlessly innovative with the use of the resources we have.”

PATRICK HARKER

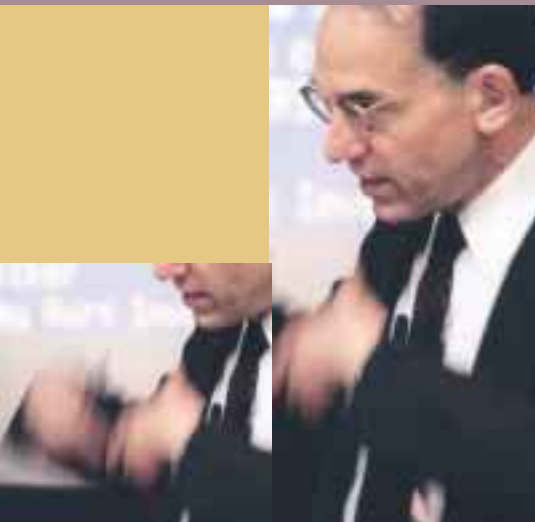


endowment

faculty



programs



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Wharton
THE CAMPAIGN for
SUSTAINED
Leadership

students

www.wharton.upenn.edu/development/

Wharton's **Global Footprint**

The Impact of Endowment



ILLUSTRATION. PETER COATES

**“We must invest in faculty, students and programs
if we are to continue to leave our mark – our footprint, if you will –
on the global business community.”**

PATRICK HARKER

Dean Patrick Harker talks about the importance of Wharton's endowment.

Wharton Faculty

At the core of every great academic institution is its faculty. "Wharton's endowment allows us to stay competitive with our academic peers in terms of faculty talent and salary, and it provides research funds enabling our faculty to develop new ideas," Harker explains. Forward-looking endowed research programs help support experimentation with new teaching methods and the development of new teaching technologies. "This is what makes us unique from non-research-based institutions," says Harker. "Our faculty bring the latest ideas to the classroom even before they are written in textbooks."

Wharton Students

Bringing a diverse and talented student body to engage with a world-class faculty creates a highly charged educational environment. "We bring the brightest students and faculty together and let them mix it up. The combination sparks totally new concepts for business – management, business models, new business itself," Harker continues. The endowment enables the School to give financial aid to students: to provide the best and the brightest with access to the Wharton experience. "The crucial point," Harker stresses, "is that, for students to have access to the finest management and leadership faculty, they need to get here. This means that Wharton's priority, and a priority for the Campaign for Sustained Leadership, must be to support the endowment."

Wharton Programs

New and innovative programs complete the Wharton picture. "Too often, education is viewed as a consumer good," says Harker, "but that is not the brand of education we create here. Wharton is a true learning community where everybody learns from each other. The programs we create and the ways we educate our students are truly the best in the world. We need the capital to keep investing in new learning and technology initiatives."

Recent alumni gifts to the School's endowment have supported the development of academic programs such as the Goergen Entrepreneurial Management Program and Alfred West Jr. Learning Lab. Harker explains that "programs like these allow Wharton to research and develop our own product, to meet the needs of today's and tomorrow's markets. The core of the School is creating leaders. This is our emerging global footprint."

New Initiatives at Wharton: Campaign dollars in action

With the remarkable support of alumni and friends, Wharton is continuing to expand its global presence with leading edge programs.

The Alfred West Jr. Learning Lab

The Alfred West Jr. Learning Lab will draw on the creative expertise of faculty leaders and professionals to innovate, study and experiment with technology to enhance learning throughout all of the School's degree and non-degree programs.

William and Phyllis Mack Center for Technological Innovation

As the umbrella organization for all of Wharton's technology management initiatives, the Center will support the research and publishing activities of Wharton faculty members, create an endowed professorship and support a student-run conference.

Samuel Zell and Robert Lurie Real Estate Center

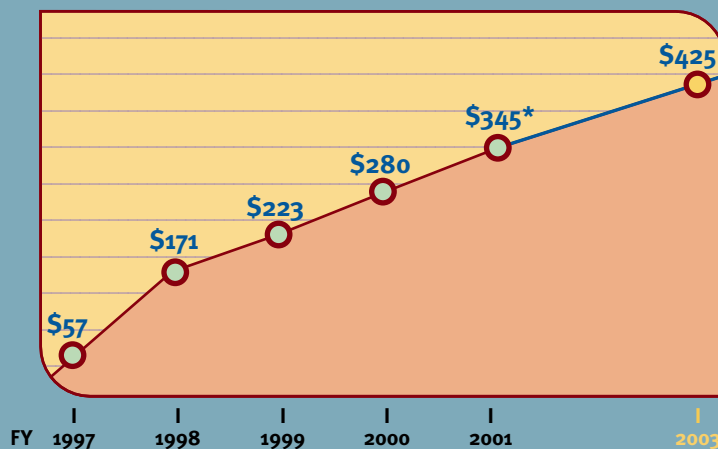
The Center trains students for careers in real estate and promotes the results of its research to professional and policy-makers in the industry.

Jon M. Huntsman International Studies and Business Program (IS&B Program)

The first of its kind in the U.S., the Huntsman IS&B program integrates international studies, foreign language and business education at the undergraduate level.

Campaign Progress

Dollars in Millions



* Total as of 8.31.01

Investing in the Future

“The Hepner scholarship has helped increase my academic and career opportunities, and has helped my parents and myself meet the vast costs of financing a top quality education.”

RAJIV MEHTA, W’03

Virginia Hepner

Virginia Hepner, W’79, executive vice president of Wachovia Bank and manager of the bank’s U.S. Corporate Client Group, recently established the Irving N. Hepner Endowed Scholarship. The scholarship, named in honor of Hepner’s late father, provides support for undergraduates who otherwise would be unable to finance a Penn education.

Hepner came to Wharton from Kansas City, Missouri in 1975 after hearing that Wharton was the best business school in the country. “It’s what informed people told me,” she notes. Hepner also chose Wharton because, as part of the University of Pennsylvania, it provided her with

numerous avenues of learning and a balanced education.

The Hepner “family ethos of civic responsibility” and giving back was instilled in Hepner by her parents. Hepner’s father, Irving, an entrepreneur who managed four banks and founded two, set an example for her with his work ethic and personal commitment to his community.

Because of her positive experience at Wharton and the doors her education has opened, Hepner decided to give something back to the School. Grateful for her father’s strong support when she decided to attend a top-notch business school, Hepner endowed an undergraduate scholarship in his honor: “It was a way for me to show my appreciation and respect for him. I am fortunate enough to be in a situation where I can give to the School.”

Hepner shares her time as well as her money. She acts as a liaison between Wharton and Wachovia to strengthen the partnership between the two. This October, Hepner hosted a CEO Breakfast at Wachovia’s headquarters in Atlanta. Dean Patrick Harker updated industry executives on the state of the School and the challenges facing business schools today.

Hepner also gives her time, money and expertise to the Atlanta Women’s Foundation and her children’s school. The Hepner “family ethos” will impact the Wharton community, and the community at large, for generations to come.



“There is nothing more rewarding than giving back so that others may flourish.”

VIRGINIA CLARK, VICE PRESIDENT OF DEVELOPMENT AND ALUMNI RELATIONS, UNIVERSITY OF PENNSYLVANIA

David Marshall

Mixing the personal and professional is common among Wharton donors. David and Sandra Marshall, W’61 and CW’63, respectively, also funded an undergraduate scholarship to the School. The Sandra G. and David G. Marshall Scholarship is earmarked for undergraduate students with a concentration in real estate who otherwise would be unable to meet the expenses of a Wharton education.

Grateful for the opportunities Wharton provided, Marshall wanted to reciprocate in some way: “I was very fortunate; Penn and the Wharton School opened a lot of doors for me, and for my family, as well.” As chairman and CEO of Amerimar Realty, a Philadelphia-based real estate firm that regularly recruits Wharton graduates, Marshall knows firsthand that providing scholarship funding also

Eric and Erica Schwartz

Family history was also important to Eric and Erica Schwartz, W'84, WG'85 and C'84, respectively, in their decision to create an undergraduate scholarship at the Wharton School. Schwartz and his brother Mitchell, M'85, were the first in their family to attend college, so supporting a scholarship took on an additional meaning for Eric. The Schwartz Family Endowed Scholarship, established in 2000, supports first-generation college students who would otherwise be unable to finance a Wharton education.

Schwartz notes that his personal and professional worlds were positively shaped by his Wharton experience. In addition to having the great fortune of meeting Erica while an undergraduate at Penn, Schwartz attributes a great deal of his professional success to Wharton: "Without Wharton, a million things that have gone well for me would have happened differently." The Schwartzes hope to afford students the opportunities they had while at Penn and to help Wharton work toward its goal of diversifying the student body. As a business leader and recruiter on Wall Street, Eric, a general partner with Goldman Sachs, knows the benefits of bringing a variety of personalities and life experi-



ences to the table. He also understands that he benefited from similar interactions while at Wharton. According to the Schwartzes, they are "making good on that debt of gratitude."

benefits the business community. With the caliber of student Wharton attracts, Marshall stresses that "students with all the talent in the world shouldn't be handicapped by a lack of money. We're trying to help level that playing field."

In addition to his scholarship, Marshall shares his experience and knowledge with Wharton's Undergraduate Executive Board, the

Zell/Lurie Real Estate Center Advisory Board, and also chairs Wharton's Real Estate Research Committee. With these commitments, as with his many other philanthropic activities, Marshall notes that although financial support is vital, being actively involved also allows him "to know that the contributions are being used wisely."

PepsiCo

Corporate foundations benefit from the drive and diversity of Wharton's student population. Previously named one of Fortune magazine's "50 best companies for minorities," PepsiCo Inc., through the PepsiCo Foundation, is committed to supporting the schools and students that are the foundation for this reputation.

The PepsiCo Foundation Endowed Scholarship provides renewable funding for minority students attending Wharton. According to Jacqueline Millan, manager for corporate contributions at PepsiCo, "we try to help the schools where we recruit."

In addition, Millan states that the Wharton scholarship also serves as a tribute to Dr. P. Roy Vagelos, C'56, H'99, trustee emeritus of the University and retired chairman of the board at PepsiCo. The PepsiCo Foundation acknowledges the way Vagelos led by example: "This scholarship recognizes his leadership and his dedication to educational and philanthropic pursuits," notes Millan. "My wife and I love to help students attain the same kind of education and background by providing scholarship assistance to them," explains Vagelos.

Millan points out that "Pepsi's matching program is a unique one, and a great way for employees to make gifts. PepsiCo matches any gift to a charitable or non-profit and will double the match if the employee does volunteer work too." Just as Vagelos led by example, so too does Pepsi, encouraging its employees – a number of whom are Wharton alumni – to support the institutions that impact their lives.

To find out more about endowed scholarships, visit <www.wharton.upenn.edu/development/>.

Revolutionizing Business Education

The Alfred West Jr. Learning Lab

As technology advances faster than most people can track, the Wharton School leads the pack in seeking new ways to harness it. The newly established Alfred West Jr. Learning Lab is one such fulcrum for innovation, technology and teaching.

The Alfred West Jr. Learning Lab was established with a \$10-million gift from Alfred P. West, Jr., WG'66, chairman and chief executive officer of SEI Investments. It draws on the creative expertise of faculty leaders and professionals to create and experiment with technology to enhance learning throughout the School. Spearheading a first-rate group of advisors to assist in this effort are co-chairs Andrew B. Abel, Robert Morris Professor of Banking, and Robert W. Holthausen, Nomura Securities Company Professor. "We are extremely excited about the potential of the Alfred West Jr. Learning Lab," explains Holthausen. "Teaching and learning are what we do at Wharton everyday. Improving upon these techniques is vital to us as a community of teachers, scholars, and learners."

West's gift emphasizes his commitment to the School's ever-present climate of innovation. "One of Wharton's greatest strengths is its intellectual leadership," he notes, "and I am confident that the Alfred West Jr. Learning Lab will make important contributions to the emerging area of technology-enhanced education."

to foster experimentation, we place no artificial bounds on faculty proposals," Abel states, "however, a project must be feasible, hold substantial promise for enhancing learning or teaching, and be potentially useful to a large number of students."

Two such projects were put into classroom use in the Spring 2001 semester. The first, "Future View" was developed by Peter Fader, associate professor of marketing. "Future View" is an online market research simulation that allows a company or individual to research an entirely new product before bringing it to market. Future View is an interactive program that can generate meaningful data for these products.

The second project, known as "OTIS," was designed by Michael Gibbons, chairperson of the Finance Department and I.W. Burnham II Professor of Investment Banking. "OTIS" is designed to re-create a bond-trading infrastructure for students' use throughout an entire semester. McCartney explains that "you may not be a good bond trader just because you can play the game, but if you can't play the game, you won't be a good bond trader."

More pioneering programs will be brought to life for the Fall 2001 semester. The Alfred West Jr. Learning Lab is



MCCARTNEY



ABEL



HOLTHAUSEN

Gerry McCartney, Wharton's associate dean and chief information officer and head of Wharton Computing and Technology (WCIT) says, "the key principle of the Alfred West Jr. Learning Lab is to find new ways of using technology to aid learning. Thus far, people have used technology to replicate existing models of learning. We are trying to create pedagogical methods that are unique to technology – distinct from existing methods of teaching and learning – just as the Socratic dialogue is unique from the lecture."

The concept for creating innovative learning aids is simple. Faculty throughout the School are invited to submit proposals to be considered for funding through the Alfred West Jr. Learning Lab; often, proposals are based upon teaching methodologies already being used in the classroom. "In order

supporting other new projects including some that teach competitive reactions to pricing on airline routes, highlight the effects of auctions type on buyer and seller behavior, and facilitate an understanding of consumer behavior with respect to product characteristics.

Alfred West Jr. Learning Lab faculty and staff are optimistic that current and future programs will be adopted by other learning institutions, "and that proceeds will help fund future projects at Wharton," Holthausen notes. McCartney continues, "If other people want to use these programs, then we will regard the Learning Lab as successful."

To learn more about The Alfred West Jr. Learning Lab visit <http://www.wharton.upenn.edu/learning/>.

Catalyst for the Future:

The Goergen Entrepreneurial Management Program

Wharton continues to expand its global presence with Wharton's Entrepreneurial Programs (WEP) helping to blaze the trail. Wharton began this trend in 1973, when it became the first school to develop a fully integrated program of entrepreneurial studies.

Under the WEP umbrella, the Goergen Entrepreneurial Management Program is one of the largest entrepreneurial programs in the world and serves as the locus for Wharton's entrepreneurial courses. Robert Goergen, WG'62, founder and chairman of Blyth Industries, gave \$10-million, his name, and his time to entrepreneurial education at Wharton: "Entrepreneurs create employment, and I like things that are cross-functional, so supporting this program seemed like an ideal return on an investment," Goergen says.

Today, according to Emily Gohn Cieri, managing director of Wharton Entrepreneurial Programs, WEP offers more than twenty courses each year and is truly interdisciplinary. The program offers Wharton MBAs a major and undergraduates a concentration.

The Goergen Program is also home to several innovative programs that complement the entrepreneurial coursework. One new initiative, the

Entrepreneur in Residence Program, pairs students with entrepreneurs; students get practical advice on how to start a business. Another offshoot of the Goergen Program is the Technology Entrepreneurship Internship (TEI). For seven weeks during the summer, MBA students meet in San Francisco and Philadelphia to share information about their internships in entrepreneurial-minded firms. Cieri notes that students "analyze the practices of their own companies and bring this insight to class. This creates a knowledge exchange between the students and their respective firms."

"The linkage between theory and practice is key to the Goergen Program as we strive to integrate research, teaching, and outreach," states Raffi Amit, academic director for the Goergen Program and Goergen Professor of Entrepreneurial Management. Amit points out that "students need to learn lessons from alumni like Robert Goergen and other entrepreneurial leaders. They need practical information to move forward with a business concept and to understand that even seemingly simple ideas can take off when executed right."

For more information about WEP and The Goergen Programs, visit <http://www.wep.wharton.upenn.edu/wep/>.

Bob Goergen

While enrolled at the University of Rochester, Bob Goergen, WG'62, planned to become a nuclear physicist. He later changed his mind in favor of a career in business. As Goergen recalls, "with no family role models, I was unsure how to accomplish this."

After graduation, Goergen decided that the Wharton School would be the place to gain such knowledge. He applied and was awarded a fellowship: "This was a major turning point in my life. I came from a humble background, and this fellowship enabled my graduate education." While pursuing a finance and marketing major at Wharton, Goergen received the knowledge and guidance that helped him become a successful entrepreneur. Goergen notes, "I have always been entrepreneurial, and it was clear to me that entrepreneurs can create jobs and success for their communities. That's why, when it came time to give something back to Wharton, I decided to get behind the School's entrepreneurial programs." While Goergen is committed to many other causes, he stresses that his educational philanthropy is perhaps the most important. "I've learned that education makes all the difference. It is the differentiating factor in peoples' lives."

Strength in Numbers: The Wharton Fund Looks Ahead

As June closed, so did the Wharton Fund cycle for fiscal year 2001. The Fund, which supports student aid, faculty research, and new technologies, had an ambitious \$6-million goal this year. Competition between the reunion classes was intense with the classes with graduation years ending in '1' and '6' raising close to a million dollars and an average participation rate of almost 20%.

As the Wharton Fund ramps up to raise \$7.1 million in 2002, while striving for a participation rate of 30%, it will need support from all alumni and friends – and an especially big push from reunion classes with graduation years ending in '2' and '7.' With Alumni Reunion Weekend 2002 still seven months away, these classes have plenty of time to show other classes how it's done. For more information, please contact the Wharton Fund at 1-800-400-2948.

Huntsman Hall:

Facts at a Glance

Huntsman Hall will soon be completed thanks to the generosity of the alumni, corporations, and friends, and their support of the Campaign for Sustained Leadership. As competition between business schools intensifies, and as new technologies evolve and global opportunities arise, it is imperative that we equip ourselves to remain the leading innovator and creator in business education – to anticipate change coming before it arrives. Huntsman Hall's successful completion and utilization is crucial to extending Wharton's leadership position.

When Huntsman Hall is completed, it will contain:

- 2 study lounges
- 2 social lounges
- 4 teaching labs
- 48 classrooms
- 57 group study rooms
- 20,000 square feet of Red Sandstone
- 21,400 cubic yards of concrete – more than enough to fill 4 Olympic-sized swimming pools
- 30,000 square feet of Jet Mist Granite
- 600,000 custom color bricks of which 198,000 are custom made shapes

Construction Update:

- 400 laborers working daily during the peak months of construction;
- The steel skeletal structure is complete;
- The copper roofing on the Locust Walk side of the building is being added;
- The exterior brick has been placed on the Locust Walk and Plaza sides;
- The sandstone and brick is set in the Forum;
- The elevators and escalators have been installed.



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The staff in Wharton's External Affairs office is available to work with you and your advisers to tailor a gift plan that fits your personal charitable and financial goals. Please feel free to contact our office at any time.

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Address Update

Moving to a new location? Changing jobs? Notify Alumni Affairs 215.898.8478 (phone), 215.898.2695 (fax), or e-mail at alumni.affairs@wharton.upenn.edu.

Lifelong E-mail

A lifelong e-mail address is a single e-mail address you can use throughout your career, even as you change jobs. All mail sent to your lifelong e-mail address is forwarded to your existing work or personal e-mail address. To register online for lifelong e-mail, visit WAVE at wave.wharton.upenn.edu.

Career Services

Interested in making a career change or researching other job opportunities in your industry? MBA Career Management offers several ways to assist you. Contact them at 215.898.4383 or at online at mbacareers.wharton.upenn.edu For information on undergraduate alumni career resources, call 215.898.3208.

Clubs

Network with alumni in your area and take advantage of opportunities to attend speaker events, seminars and club programs. A complete listing of clubs appears in each issue of the *Wharton Alumni Magazine*. Contacts and a calendar of events can be found on our alumni website at www.wharton.upenn.edu/alumni.html.

Fundraising/Development

Support Wharton's future by making a gift to The Wharton Fund. Get more involved by encouraging your Wharton friends to do the same, or by offering your marketing expertise to the school. Call 215.898.7868 or e-mail The Wharton Fund at waf@wharton.upenn.edu.

For those interested in planned giving, contact Greg Wolcott, director of gift planning, at 1.800.400.2948 or via e-mail at wolcottg@wharton.upenn.edu.

Executive Education

Stay current and build on your success through courses offered by the Aresty Institute of Executive Education. For information, call 215.898.4560 or e-mail execed@wharton.upenn.edu. Online information is available at www.wharton.upenn.edu/execed.

Admissions

For undergraduate admissions information, call 215.898.7507 or e-mail: Info@admissions.ugao.upenn.edu. Our website is www.upenn.edu/admissions.

Children of alumni may schedule on-campus interviews by contacting the Alumni Council at 215.898.6888.

For MBA admissions information, call 215.898.3430 or e-mail mba.admissions@wharton.upenn.edu. Online, visit www.wharton.upenn.edu/mba.

For PhD admissions information, call 215.898.4877 or visit www.wharton.upenn.edu/doctoral.

Wharton Admit Network

Get involved in the admissions process by interviewing prospective students worldwide. Alumni volunteers should contact MBA admissions at 215.898.3430.

Library Services

Access the wealth of resources that the Lippincott Library provides to alumni. Check out the Library's homepage at www.library.upenn.edu/lippincott or contact the circulation department at 215.898.7566.

University Bookstore

Wharton is everywhere – on pens, sweatshirts, T-shirts, key rings and more. To order Wharton insignia products, call 215.898.7595, or browse through the mail order catalog featured at www.upenn.edu/bookstore.

Knowledge@Wharton

Stay informed of Wharton research, faculty, conferences and speakers. Browse Wharton's free business Website, Knowledge@Wharton, at knowledge.wharton.upenn.edu.

Knowledge@Wharton provides insight on issues ranging from finance, general management and marketing to e-commerce and business ethics. The site is updated with new in-depth features every two weeks and includes analyses of business trends and current events, interviews with industry leaders and Wharton faculty, articles on recent business research, book reviews, conference reports and hyperlinks to related sites.

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Seeking Greener Pastures

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"My theme has been viewing the business corporation as a social institution that is as important – probably more important – than government in our society," Orts continues. Yet, social scientists have largely ignored corporations in their research. "Our academic understanding of businesses has to be as broad as businesses really are.

"At Wharton, we take these institutions quite seriously because we are preparing people to work for them," Orts says. "We should have a critical sense of whether institutions are developing according to the right incentives and how they are structured to answer to society because it is our civilization after all that we are creating."

When not teaching at Wharton, Orts enjoys rowing on the Schuylkill River at least three days a week, reading recreationally and spending as much time as he can with his wife, Janet, and four-year-old son, Emmett. He lectures, teaches and conducts research around the world, most recently in China, and has served as a visiting professor at the University of Leuven (where his co-editor, Kurt Deketelaere, teaches), University of Michigan Law School and UCLA School of Law. He's also recently spoken about environmental management issues in Japan and Hungary, among other countries.

Orts points out that most of his academic colleagues with similar specializations are based in Europe. "There aren't many other scholars in the United States who focus on the idea of using environmental contracts and information in different ways as approaches to regulation."

But this is changing. "People are realizing that we can't just sit back and say the government will handle it," he says. "It's a lot more complicated than that, and leading businesses today are seeing that environmental issues are just as important for their agenda and their future as financial performance." ♦

MEGHAN LASKA IS AN ASSOCIATE DIRECTOR AT WHARTON; STEVE GUGLIELMI IS A WRITER/EDITOR FOR WHARTON'S PUBLICATIONS DEPARTMENT

The Ties That Bind

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Together, Ara and his father have coaxed their own fledgling firm to adulthood by tracking – who else? – baby boomers. In the 1980s that meant building entry-level condominiums and town houses for the newly prosperous yuppies who defined the decade. Later, as boomers began having families, Hovnanian Enterprises expanded into larger and higher-end homes. And now, as the first boomers have passed 50, the company has started building "active adult" developments for retirees and empty nesters looking for convenience and recreation.

Ara had to put his joint degree to work quickly to keep pace. Five months after graduation, his father's second-in-command resigned and Ara was tapped. He and his dad took the company public in 1983. Their projects now blanket New York, New Jersey and Pennsylvania, and are beginning to dot spots as far west as Texas and California. Their strength remains in the mid-Atlantic region, where Hovnanian is the largest homebuilder. Annual revenues top \$1.8 billion.

It's easy to see why when you tour a Hovnanian home. Palladium windows flank the fireplaces, custom woodwork gleams. Many of the rooms are so generously proportioned even a baby grand piano doesn't seem to take up much space.

Far from causing ill will, Ara Hovnanian says, the breakup of the company his father and uncles founded assured family ties would come before competition. Uncle Jirair Hovnanian, W '52, runs J. S. Hovnanian & Sons with sons Stephen and Peter in New Jersey. Cousin Edele, W '81, runs H. Hovnanian Industries, a retirement-home and assisted-living building business started by a third of the four original brothers. The fourth family branch is in wireless communications.

Ara's children, 13 and 11, are still a bit young to be thinking about college, much less an MBA. But when they are ready, he says, he hopes they'll consider Wharton. "It without a doubt was a great preparation for me," Ara says. "I'm thankful for the education we had." ♦

SHARON L. AND MATT CRENSON ARE NATIONAL WRITERS FOR THE ASSOCIATED PRESS.