

fall 2005

Wharton

ALUMNI MAGAZINE

Spreading the Seeds of Knowledge

Wharton-educated professors at top business schools

Also: Kelo v. New London and other property rights & wrongs





The 2005 Global Alumni Forum in Santiago, Chile, included a dinner on July 1 at the Palacio Riesco to celebrate the INSEAD-Wharton Alliance. The first 2006 Global Alumni Forum will be held January 6-7 in Mumbai, India. Other 2006 Forums will take place in Istanbul (June 8-9) and Rio de Janeiro (July 13-14).

Save the Date

October 2005

October 23-28

Executive Education: Pricing Strategy: Measuring, Capturing and Retaining Value
<http://executiveeducation.wharton.upenn.edu/course.cfm?Program=PR>
Location: Philadelphia, Steinberg Conference Center

October 28

MBA Conference: Investment Management Conference
Location: Philadelphia, Union League

October 28

MBA Conference: Second Annual Wharton Marketing Conference
www.whartonmarketing.com/conference
Location: Philadelphia, Park Hyatt at the Bellevue

October 29

MBA Conference: French MBA Conference
Location: Philadelphia, Jon M. Huntsman Hall

November 2005

November 4

MBA Conference: Wharton Women in Business Conference
www.whartonwomen.org
Location: Philadelphia, Union League

November 11

MBA Conference: Entrepreneurship Conference
www.weconference.org/
Location: Philadelphia, Union League

November 18-19

MBA Conference: Global Business Forums: Africa, Asia, Europe, India and Latin America
www.whartonglobal.com
Location: Philadelphia, various venues

December 2005

December 1-4

MBA Conference: Whitney M. Young Jr. Conference
www.wmy.wharton.upenn.edu
Location: Philadelphia, Loews Hotel

December 2

Impact Conference: Creating and Managing Networks of Innovation
Sponsored by Mack Center for Technology Innovation

December 4-5

Impact Conference: Brookings-Wharton Conference on Urban Affairs
Sponsored by The Brookings Institution, the Wharton School Dean's Office, the Zell-Lurie Real Estate Center, Business and Public Policy Department, and the Urban Institute of the University of Pennsylvania

December 4-9

Executive Education: CFO: Becoming a Strategic Partner
executiveeducation.wharton.upenn.edu/course.cfm?Program=CFO
Location: Philadelphia, Steinberg Conference Center

January 2006

January 6-7

Global Alumni Forum: Mumbai
www.whartonforummumbai.com/
Location: Mumbai, India, National Center of Performing Arts (NCPA)

Don't forget to visit WAVE to learn about alumni club events that are happening in your region.

For updated information visit www.wharton.upenn.edu/whartonfacts/news_and_events/calendar/



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A long-running center continues to break new ground.



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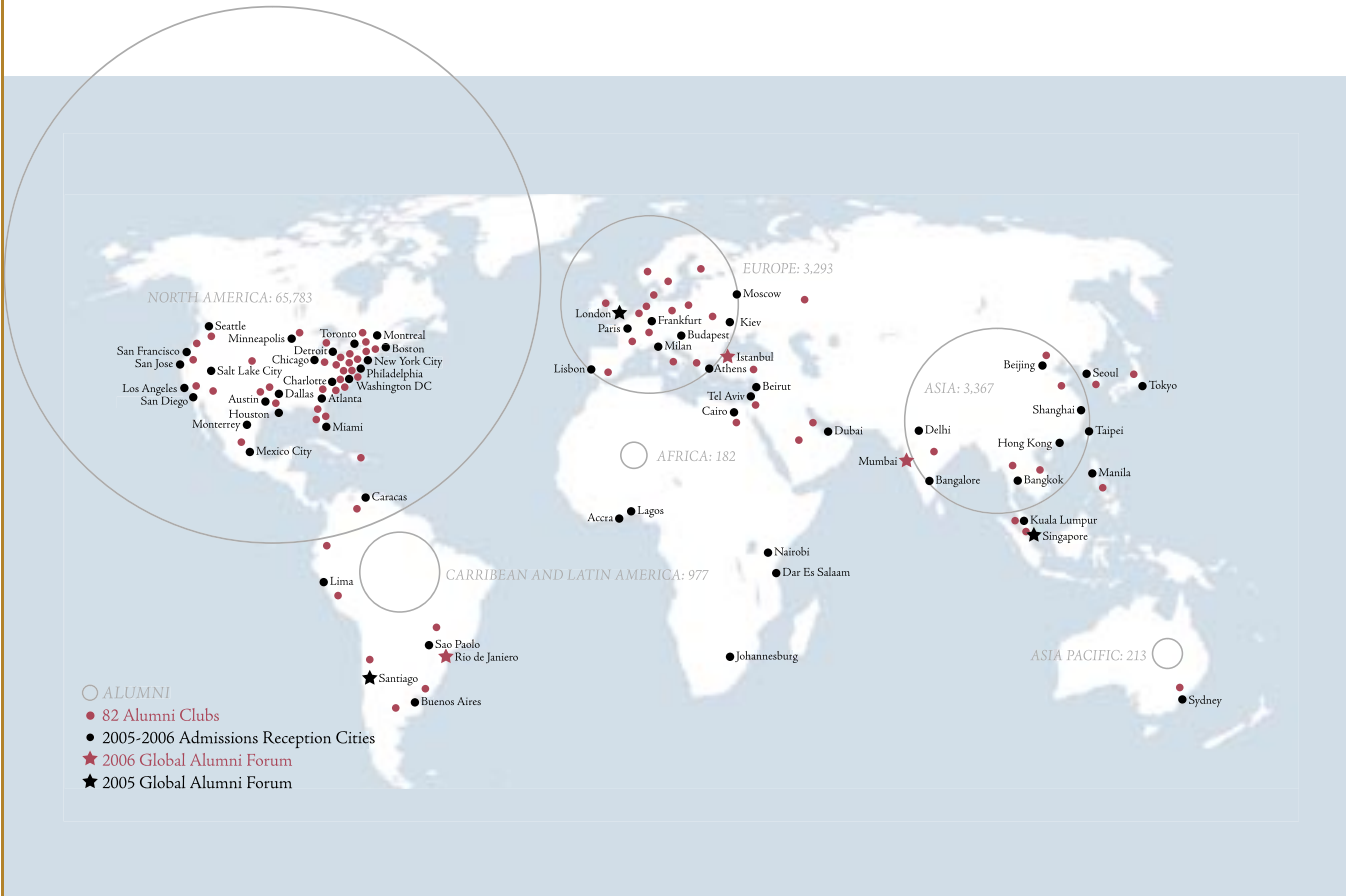
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Beth Wade Nelson, WG'82



WHARTON ALUMNI PRESENCE WORLDWIDE

Wharton Global Alumni Forums Draw Record Attendance, 2006 Forums to Kick Off With January Event in India

During summer 2005, 681 Wharton alumni, spouses, and guests enjoyed dinner at the home of the president of Singapore. In London, current and former board members from Europe announced a \$1 million donation to support the school's Corporate

Social Responsibility Initiative. And in Santiago, Roberto Canessa, a survivor of the 1970s Andes plane crash, described in chilling detail the role of leadership in "extreme situations." The venue for these disparate events? Wharton Global Alumni Forums.

As Wharton's alumni base becomes more and more international, Wharton Global Alumni Forums have increased in both impact and popularity. Held in three different locations each year, the annual events have become a venue where long-term connections are both forged and renewed, alumni gain inspira-

tion and insight, and critical business is being conducted.

In 2005, the Forums attracted 1,300 participants, a record number, according to Jeffrey A. Sheehan, Associate Dean for International Relations, whose office oversees the Forums.

"Many of the alumni now go to all of the Forums, or at least as many as they can attend," said Sheehan. "This is really gratifying and shows how valuable the Forums are to our global alumni."

Begun in 1993 to better connect alumni around the world to Wharton and now entering their 14th consecutive year, the Wharton Global

Alumni Forums initially were small gatherings. Now the Forums themselves have become significant events — each a unique experience with customized programs and panels that attract alumni, regional political and business leaders, and Wharton faculty and administrators.

The 2006 Forums will be in Mumbai (January 6-7), Istanbul (June 8-9), and Rio de Janeiro (July 13-14). Dr. Manmohan Singh, the Prime Minister of India, is expected to speak at the Mumbai Forum. Among the Wharton faculty scheduled to attend are Jeremy J. Siegel, Russell E. Palmer Professor of Finance,

who will talk on investing, and Michael Useem, William and Jacalyn Egan Professor of Management, who will speak on leadership. Harbir Singh, Mack Professor of Management, and Jitendra V. Singh, Saul Steinberg Professor of Management, will also speak at the Mumbai Forum.

Sheehan says that the alumni organizing committees in each country deserve credit for the growth of the Forums, choosing as they do exciting and up-to-the-minute programs for each Forum.

Finally, he said, the Forums give Wharton figures and, as in Singapore and Mumbai, world figures an opportunity to speak about the global economy and international business practices. He noted especially the participation of Prime Minister Singh in the upcoming Mumbai Forum and a speech by former Singaporean Prime Minister Goh Chok Tong at the Forum in his country.

Visit <<http://www.wharton.upenn.edu/alumni/forums>> to register for the 2006 Global Alumni Forums.

MBA Admissions Expands Worldwide Receptions, Invites Alumni Participation

For the 2005-2006 admissions cycle, MBA Admissions representatives are increasing their travel

Editor's Note

Get Ready to Celebrate

This issue of the *Wharton Alumni Magazine* highlights the School's far-reaching influence by profiling a few of the many Wharton alumni who are educating business leaders around the world (p. 12). We also take a look at Wharton's Center for Human Resources (p. 20), which was founded as the Industrial Research Department in 1921 and has impacted some of the most controversial management issues facing U.S. industry — from union relations to affirmative action.

These features are part of our coverage of the upcoming 125th anniversary of Wharton's founding. The Wharton School began in 1881 as the world's first collegiate business school, and for 125 years it's been a hub for business education.

Business has become the engine that drives economic growth, improves quality of life, fosters global exchange, and creates opportunity around the world. Today more than a thousand colleges and universities around the world offer business majors. One-quarter of all undergraduate degrees in the U.S. are awarded in business. And Wharton continues to remain distinctive among business schools worldwide.

In upcoming editions of this Magazine, you'll be invited to participate in a yearlong 125th anniversary celebration that will begin with the **Global Alumni Forum in Mumbai on January 6-7, 2006**, and continue in 20 cities around the world. You'll read more about what how Wharton faculty and alumni have had — and continue to have — an impact on business education and practice throughout the world.

The upcoming 125th anniversary of Wharton's founding doesn't just represent a milestone for the school — it's a milestone for management education and for business itself. And that's an occasion worth celebrating.

schedule to hold 81 admissions events in 40 cities (see map opposite page). These events build on the success of last year's aggressive international travel schedule, which helped Wharton welcome one of its strongest classes at a time when most business schools experienced a decline in applications. To contrast, Wharton applications were slightly up (0.5% to 5,654 applications for 800

spots) and the entering class averaged an impressive 714 GMAT and 3.5 GPA, with 63 countries represented.

MBA Admissions Director **Thomas Caleel, C'94, WG'03**, gives part of the credit to Wharton's worldwide receptions, and encourages alumni to attend this year's events. Says Caleel, "When we survey our matriculated students, 80 percent of them say that

contact with an alumnus is a deciding factor in their decision to apply to and attend Wharton. Alumni are absolutely critical at these receptions."

In addition with meeting with Wharton admissions representatives and alumni at receptions, applicants can also interview locally with one of more than 1,500 alumni interviewers worldwide.

Caleel says that his team has a mandate to hit the ground in as many communities as possible to get the word out. "I believe that we're in the people business, and the best way to promote that is to let candidates see and hear from us," he says. "If you see a high-potential candidate, give them a tap on the shoulder and let them know what the Wharton MBA is about."

To find out about MBA Admissions events near you or to learn how to become an alumni interviewer, visit the Wharton MBA Admissions site at <<http://mba.wharton.upenn.edu>>.

Wharton Kicks Off Corporate Social Responsibility Initiative, European Alumni Give \$1 Million for Business Ethics Programs

With Enron, Tyco, Martha Stewart, and other business scandals in the news, corporate social responsibility has become one of

the most urgent topics in international business. To help Wharton lead the way in this crucial field, a group of European alumni recently made a \$1 million gift to fund a European Corporate Social Responsibility (CSR) Initiative. This endowment will support research on corporate ethics and responsible investment, primarily in Europe and the United States, as well as two PhD fellowships (at least one for a resident of the European Community) and an upcoming transatlantic conference on corporate social responsibility and ethics.

The gift was presented to Dean Patrick Harker on June 10, 2005, at Wharton's Global Alumni Forum in London, by current and former members of the Wharton Executive Board for Europe, Africa, and the Middle East.

This alumni gift represents a significant step in the School's effort to develop research, initiate programs, and train professors in corporate social responsibility and business ethics. As a prominent reflection of this commitment, Wharton's department of Legal Studies has officially changed its name to Legal Studies & Business Ethics.

Indeed, Legal Studies & Business Ethics Professor Thomas Donaldson, Mark O. Winkelman Professor and director of Wharton's PhD program in Ethics and Law, has been the "intellectual locomotive" behind the CSR Initiative, in the words of **Michael Fisher, WG'74**, one of the gift's alumni leaders.

"In order for ethics and corporate social responsibility to receive the attention they

deserve in business schools," argues Donaldson, a longtime scholar of business ethics, "research and teaching about them must reflect rigorous, systematic methods."

The CSR Initiative arose from a feeling among European alumni leaders that Wharton's unique combination of business strength and academic research could move this topic forward on the international business agenda. The gift's primary architects — Fisher; **Felipe Oriol, WG'74**; and **Henry Sweetbaum, W'59**, initiated discussions about corporate social responsibility with Dean Harker at the 2003 Global Alumni Forum in Berlin. Following those conversations, they brought together a larger group of European alumni, centered on the Executive Board for Europe, Africa, and the Middle East, including **Stephen Barclay, WG'67**; **Guy Detrilles, WG'71**; **Sir Paul Judge, WG'73**; **Wolfram Nolte, WG'77**; **Jean-Pierre Rosso, WG'67**; **Jacob Wallenberg, W'80, WG'81**; and **Klaus Zumwinkel, WG'71**.

Anne Sullivan, Senior Associate Dean for Finance and Administration at the Wharton School

In August 2005, Anne Rollow Sullivan became

Wharton's new senior associate dean for finance and administration. Charged with overseeing the School's \$250 million annual budget, human resources, computing, and facilities, Sullivan is pleased to become a part of the School's long tradition.



MAGAZINE STAFF

ANNE SULLIVAN

"I am thrilled to be here at Wharton," she says. "My work here to ensure the financial health of the School and the effectiveness of its operations is a means to a more important end — the support of teaching and research."

Sullivan joins Wharton from Columbia University, where she spent two years as assistant vice president for administrative planning and financial management. In this role, she led initiatives to improve financial reporting and controls for the university, including project management of the redesign and implementation of a new budget process across the university's 300 budget units, enhancements

of financial operations at the medical center, and an analysis of cash-management opportunities for the treasury function.

In addition to furthering Wharton's mission, Sullivan is continuing her own family tradition. Her father and brother are both Penn undergraduate alumni, and her mother, **Heather Murphy** (then known as Heather Rollow), **WG'80**, graduated from Wharton's MBA program when Sullivan was in elementary school.

"I remember her calling just before a finance exam to check up on me when I was home sick from school," she says. "She has been a terrific role model."

Her mother's dedication impressed her daughter with the importance of education. Sullivan has a bachelor's degree from the University of Virginia, where she was an Echols Scholar and graduated Phi Beta Kappa. She worked in corporate finance in investment banking in New York and San Francisco, and then as a lead consultant in the financial services and health care practice unit of Booz Allen Hamilton. She then completed a master's degree in public policy from the John F. Kennedy School of Government and a MBA from Harvard Business School.

Since graduating, she has remained within the higher education realm. Prior to her appointment at Columbia, Sullivan was vice president for strategic development and marketing for the Fathom Knowledge Network, a

Columbia-owned venture that disseminated research and teaching of 13 institutions. Sullivan's professional experience as a senior manager in both academic and corporate settings enables her to bring skills in financial analysis, strategy and business development to her new role at Wharton.

"The complexity of management within higher education is what makes this position interesting and gratifying," she says. "I feel fortunate to have the help of such a talented team in Finance and Administration. I am looking forward to working with faculty and the administration to determine how we can play a positive role in the next phase of development for the School."

New Wharton Faculty Span Diverse Countries and Interests, Six New Professors Research Areas From Genomics to Emotions

Could the U.S. semiconductor industry have taken off without a strong stock market? Does the cost of your cell phone plan affect how much you use it? How can emotional intelligence affect your performance in the workplace?

These are just some of the research questions pursued by Wharton's six new faculty members, whose

work ranges from international corporate governance to comparative genomics to entrepreneurial financing.

The Management Department welcomes Associate Professor Mary O'Sullivan, one of the leading global experts on how corporations interact with their shareholders and stakeholders. O'Sullivan studies corporate governance from a comparative, international viewpoint. "I'm interested in differences in institutions and differences across countries," she explains, "and how that affects how people perform economic activity."

She has put these international principles into play in her own life: Born in Ireland, she earned an MBA and PhD at Harvard; taught for eight years at INSEAD in Fontainebleau, France; and came to Wharton last year as a visiting associate professor as part of Wharton's ongoing Alliance with INSEAD.

Wharton and Penn, she says, are the perfect home for her cross-cultural, interdisciplinary research, which draws on political science, economic history, and business history. Her work focuses especially on how shareholders and stakeholders influence (or fail to influence) corporate activity — and how those relationships can evolve over time.

O'Sullivan tracks these interactions through case studies that start with a firm and an industry, then widen to include the society around them — an emphasis on real-world businesses that she attri-



MCMAULIFFE, O'SULLIVAN, CASSAR, IYENGAR, HAIL, AND MUELLER.

butes to having an MBA in addition to a PhD. She first used this method in her book, *Contests for Corporate Control* (Oxford University Press, 2000), which examined corporate governance and economic performance in the U.S. and Germany.

This semester Wharton also welcomes five new assistant professors whose specialties range from science to banking and finance to marketing plans and workplace emotions.

In the Statistics Department, Jon McAuliffe brings to Wharton a state-of-the-art focus on comparative genomics and bioinformatics. McAuliffe has a PhD in Statistics from the University of California at Berkeley.

The Accounting Department adds specialists in venture financing and international banking. Gavin Cassar, an Australian scholar who received his PhD from Berkeley, specializes in financing and opportunity costs for start-ups, small firms, and entrepreneurial ventures, as well as in em-

pirical financial accounting. Luzi Hail is an expert in international capital markets with a doctoral degree from the University of Zurich. A visiting scholar at Wharton since 2004, he previously taught at the University of Washington in Seattle.

Jennifer S. Mueller joins Mary O'Sullivan as a new faculty member in management. Mueller specializes in the role of emotions in the workplace, including emotional intelligence in negotiations, patterns of emotional expressivity in work groups, and the influence of time pressure on creativity. She has a PhD in Social Psychology and taught most recently at NYU and Yale.

Raghuram Iyengar, who joins the Marketing Department after earning a PhD at Columbia University, wrote his dissertation on pricing schemes in the wireless phone industry, especially their impact on how customers choose, use, and decide whether to stay with their calling plans. He has worked on a wide range of

other consumer-related topics, including the use of data by breakfast food and table syrup companies to predict how consumers will behave.

'Emotional Intelligence' Leadership Training Offered During MBA Pre-Term Through McKinsey

"Know thyself. It comes down to the Greeks," said Zafer Achi, a McKinsey director and the manager of the consulting firm's Montreal office. Standing before 30 first-year MBA students in Jon M. Huntsman Hall on a Friday in August, Achi was describing the concept of self-awareness. The precept, once engraved on the temple of the Delphic oracle, is now considered one component of emotional intelligence — which itself is one of three characteristics of a great leader.

Most McKinsey events on the Wharton campus are populated by students in sharply tailored gray suits, but the class seated in Huntsman Hall was relaxed in slightly rumpled shorts and T-shirts. But this was no recruiting session — it was a new leadership training offered by the Wharton Graduate Leadership Program. The students didn't dress to impress — they wore the unofficial



TAREK MANSOUR, WG'03, RIGHT.

uniform of Pre-Term while attending an optional class delivered on a typically hot and sticky Philadelphia summer day.

Titled "Performance Leadership," the session came about through collaboration between Wharton and a recent alumnus, **Tarek Mansour, WG'03**. Mansour, a McKinsey associate based in Montreal, had experienced his firm's success in coaching peak performance through a three-pronged approach incorporating IQ (intelligence quotient), EQ (emotional intelligence quotient), and MQ (meaning quotient).

The training itself had been developed as an outcome of McKinsey's work with an Australian call center. A McKinsey consulting team had used techniques of performance leadership to change the company culture, reducing turnover from 50% to 20% annually. By implementing its massive client database, McKinsey identified mea-

asurable factors that contribute to a healthy corporate culture, and began working with internal teams and clients to put them to work. Mansour experienced the success of the program, and he thought that Wharton students would benefit.

Mansour contacted **Evan Wittenberg, WG'02**, Director of the Wharton Graduate Leadership Program. The two worked to bring the McKinsey program to campus during Pre-Term. Achi, Mansour, and **Tamara Paton, WG'04**, a McKinsey associate based in Toronto, delivered the interactive training before two groups of 30 in morning and afternoon sessions.

Because recruiting is not allowed during the five-week period before classes begin, the event was not advertised as a McKinsey-sponsored training event.

"We wanted to make sure students came only because they were interested in leadership," said Mansour. "Pre-Term is the right time because the

people here will be leaders in the school, and this will help them get the most out of their two years at Wharton."

Two MBA Exec Students Sell Businesses First Term at Wharton West

Christopher Pitzak, WG'07, was enjoying a career as an international professional volleyball player in 2000 when his season ended in Finland. He had to fill in a few months while his wife finished her teaching job.

Many of the kids in the school where his wife was teaching were offspring of parents working at Nokia and other firms in the burgeoning Finnish telecommunications industry. "Ringtones and graphics were just taking off for mobile phones," said the former Brigham Young University volleyball player, whose team won the NCAA championship in 1999. "I pretty much fell into the business and learned all along the way."

Pitzak, 30, is still learning at Wharton West, where he came this spring after selling the ringtone and cell-phone wallpaper business he started as a spin-off from that first job at Jippii (cq), a Finnish mobile-phone entertainment company. Another of Pitzak's MBA classmates, **Kitri Patel, WG'07**, is in a similar position. Patel this June sold Sensant, the medi-

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The Wharton Partnership



cal ultrasound business he founded in the late 1990s Silicon Valley tech boom, to Siemens.

While there's nothing unusual about MBA students with entrepreneurial aspirations, Christopher Pitzak and Kitri Patel had already built their ideas into prospering businesses when they applied to the Wharton MBA Program for Executives. As first-year students at Wharton West, each is using his education to prepare for the next career step. Both Pitzak and Patel still work on contract for the companies that bought their businesses and are using their newfound positions to refresh, reflect, and gain the business skills they need in their new roles.

"You can look at what I did, starting a spin-off and then getting it sold, and say I have been a success," said Pitzak. "But I don't really think there can be a substitute for experience or education — I think you need both. I look at what I have done and if I had this knowledge I am getting from Wharton five years ago, I would have done things a lot better and had a more suc-

cessful outcome. If I really understand the fundamentals about business and learn from the best instructors, I am going to be able to do the next thing at a higher level."

Patel, who is 40, looks at his classes similarly. His first semester at Wharton in San Francisco, he took accounting, basic economics, and a course on managing people.

"The concepts themselves may not be new to me, but having case studies and people talking about them in class, it sheds a new light on them," said Patel.

Pitzak grew up in San Clemente in Southern California, and was happy to return to his native state when Jippii sent him there to found Jippii USA. He ended up finding Korean buyers for the company, which he had renamed Downplay, and will continue to help run the company at least through part of his Wharton stay.

Patel got interested in starting his own company soon after he started work on a master's in electrical engineering at Stanford in the mid-1990s.

"It is part of the culture there. Everyone seems to

come to campus with the idea of starting a company, so I met some friends with a like mind," he said. But first he went to work at Intel, where he learned about semi-conductors, which are integral to the complex ultrasound equipment Sensant as an independent company, and now as part of Siemens, makes.

Now, at Wharton West, Patel wants to learn what, in general, makes young companies tick. He is under contract to work for Siemens and hopes that large corporations will eventually send him off to work on companies with nascent technology which need someone with his hands-on skills. Mostly, Patel said, he enjoys the opportunity to meet one on one with Wharton professors and alumni contacts to discuss business ideas.

Supernova Conference Debates High-Tech Future at Wharton West

Is the current high-tech recovery sustainable? Is it the same as the earlier bubble in the technology industry, or is it a genuinely new phase? On June 20-22, at the Supernova Conference held at the Wharton West campus, over 300 leaders of the high technology industry came together to create and debate their industry's newest ideas.

The Supernova conference, founded in 2002 by Wharton Assistant Professor of Legal Studies and Business Ethics Kevin Werbach, has become a key annual event for high-tech innovators, thinkers, and business leaders. In Werbach's words, the conference "strives to bring together people and ideas at the bleeding edge with more practical and established business realities — people who have shared interests but are not going to run into each other anywhere else."

His plan seems to be working. This year's diverse speakers ranged from executives of Google, Microsoft, Yahoo!, Sony, IBM, and Sun Microsystems, to innovators in such areas as podcasting, social networking, buzz marketing, and open source software.

Participatory tools — such as weblogs, search engines, file- and photo-sharing, and online gaming — define much of the future for high-tech applications. Online games, Werbach and panelists suggested, are an increasingly central paradigm, even for those who neither make nor play them. With more revenue than the Hollywood film industry, they now push the leading edge of technology faster than any other form. Many users now buy new PCs only to have upgrades for online games.

Online games also provide a model for other forms of collaboration, from the military to "flash mobs" — in which large numbers of people organize online, meet in person, then quickly

Update to "Record MBA Class Pledge Creates a Legacy,"

Summer 2005: The Wharton MBA Program for Executives has now achieved 100% participation in the class gift for the second year in a row! In addition to the traditional MBA challenge donors, two alumni made challenge grants for the MBA Exec class. **Scott Wieler** and **Ray Silcock**, both WG'87, each gave \$50,000, for an additional total of \$100,000, and the East and West classes together pledged \$304,983. The MBA Exec co-chairs are **Stephen Shueh**, **Andrea Kirk** for the East and **Greg Chow** and **Michael Ashburn**, for the West (all WG'05).



THE SUPERNOVA CONFERENCE IN SAN FRANCISCO

disperse — to such business applications as a new call center built around a three-dimensional interface with virtual avatars.

For Werbach, the ongoing tech recovery echoes the founding of Supernova after the tech bubble burst in 2002. He believed at the time that innovation was as vital as ever — it just wasn't getting funded. In fact, "there was more freedom in innovation because there was no rush to market."

In that environment, he decided to bring together "interesting, diverse, engaging people in a forward-looking way," in a new context untainted by the bubble. Planned and executed in only five months, that first Supernova session helped people in the high-tech industry feel like the lowest point had passed. "This is the first time I've been optimistic again since the crash,"

Werbach remembers someone telling him at the time.

This is the first year that Wharton sponsored the conference, adding a day of Wharton West Workshops, at which leading innovators and experts offered hands-on exposure to the latest business tools and trends, along with interactive seminars targeted to business professionals and technology strategists.

Looking forward to next year's conference, Werbach can't predict what trends will emerge over the next year: "I start over every year because the world changes." Yet he knows that he will pursue Supernova's long-term goal: creating more and more dialogue between high-tech innovators and established businesses, who need to "see the value of this kind of interaction with people and ideas at the bleeding edge." ♦

Recent Books



Obscene Gestures of an Invisible Hand: Financial Doom and the Death of Culture – the Lighter Side

By Jeffrey J. Trester, GrW'93 (2005)

Entrepreneur Jeffrey J. Trester, a Wharton PhD, creates his own genre — part Wall Street thriller, part financial farce. A Wharton-trained currency trader races to prevent a trading error from spreading into a worldwide depression.

"[An] entertaining novel ... captures the frenetic scene of the trading floor in vivid detail ... colorful personalities and outrageous egos"

- *Kirkus Discoveries*



Three Billion New Capitalists: The Great Shift of Wealth and Power to the East

By Clyde Prestowitz, WG'80
Basic Books (2005)

Clyde Prestowitz, a graduate of the Wharton MBA Program for Executives, offers a perceptive diagnosis of the nation's economic decline under globalization and the rise of India and China.

"Globalization is not what you think it is — a seamless integration of the global economy and world financial markets. Prestowitz gets it — and provides a long overdue wake-up call that urges us to consider a very different world order."

- *Stephen Roach, Chief Economist, Morgan Stanley*



The Running of the Bulls: Inside the Cutthroat Race from Wharton to Wall Street

By Nicole Ridgway
Gotham Books (2005)

Angst meets ambition on Locust Walk. Nicole Ridgway, a reporter for *Forbes*, follows seven diverse Wharton undergraduates during the tumultuous recruiting cycle of senior year.

"Hugely informative and supremely entertaining, this is a marvelous book."

- *Peter Robinson, author of Snapshots From Hell: The Making of an MBA*

Josh Resnick, WG'93, Takes Pandemic Studios from Startup to Power Player

BY KELLY J. ANDREWS

One of the top resources at Pandemic Studios is not a team player. His immigration status is questionable. He uses humor to annihilate his adversaries. He has innate mental powers, but his communication style involves “manipulating humans into submission.” He possesses advanced technical skills, but his preferred hardware is atomic-powered armaments rather than software development platforms.

So why does the management of Pandemic consider Crypto one of their most valuable assets? Because he’s the fictional protagonist of the videogame developer’s newest blockbuster, Destroy All Humans. And company president **Josh Resnick, WG’93**, can’t blame Cryptosporidium 137 for his antisocial actions — the alien warrior



clone is programmed to infiltrate humanity and harvest the DNA from their brain stems in order to save his home planet — even if that means destroying Earth in the process.

From Wharton to Entrepreneurship

Resnick is as affable and approachable as Crypto is surly and impetuous. He is now the president and co-founder of Los Angeles-based Pandemic Studios, one of the largest, most successful

independent companies within the \$30 billion game market.

The entrepreneur spent most of his life within walking distance of the Pacific. He grew up in Malibu, attended Pomona College, and situated Pandemic Studios only blocks from the Santa Monica beach. But his two years at Wharton were the urban East Coast detour that made his unorthodox career possible.

An entrepreneur since childhood, Resnick had no business training until he came to Wharton in Philadelphia. “Although my entrepreneurial instincts were great, eventually I needed to back it up with business skills. I had never gone deep into marketing, economics, or negotiations. Business school gave me the structure I needed.”

Until he graduated with an entrepreneurial studies major, he wasn’t even sure what he needed the structure for. “I’d always been a lifelong avid video game player, but I never thought about who made the games. It was only after dabbling in a few more entrepreneurial ideas that I woke up and said, ‘Hey, I love playing games so much, so maybe I should make it into a career.’”

While most of his friends pursued traditional paths in investment banking and consulting, Resnick flooded game companies with his resume. Los Angeles-based Activision was the only company that contacted him.

“It was the right time at the right place,” he says. “Activision was hiring architects, attorneys, other MBAs — they were looking for people with

a background or experience level who would make better managers within the company.”

His business school education benefited him immediately. Instead of starting at the bottom as a tester, he skipped a few levels to begin in the mid-level as an associate producer.

He moved up quickly, but Resnick eventually found Activision’s corporate structure to be big and unwieldy. Fortunately, the company was prescient enough to notice that a new phenomenon was underway. In the late 1990s technology was booming, and employees at other companies had begun to strike out on their own to explore their own frontiers. Says Resnick, “We realized that this would happen to us at Activision — some of our key talent would leave to start their own companies. We decided to embrace it. Our best talent was worth betting on, even if they left the company. We would structure deals so they would work with Activision instead of becoming competitors.”

Soon Andrew Goldman, one of the most creative game directors in his group, wanted to strike out on his own, and Resnick was tasked with negotiating a deal with him. During their first meeting over coffee, Goldman turned the conversation around and asked Resnick to join him as a partner in a new company.

“I knew what Activision was willing to offer because I was going to negotiate the deal,” he says. “It felt like a good deal — it felt fair.”

Controlled Growth and Rave Reviews

In 1998, Activision gave the partners a long-term deal to develop five

titles, including second releases of two of Activision's signature games — Battlezone and Dark Reign. In exchange for a 5 percent stake in the young company, Activision would finance everything with a \$10 million investment.

The partners were especially excited to set up their own culture and corporate structure. Says Resnick, "We knew we could be scrappier and do things more efficiently from a cost standpoint. We were able to attract better talent on average. We were able to transition people to doing projects a lot faster. We were able to set up a more dynamic culture where people were motivated to work harder."

Dark Reign II and Battlezone II were hits. Pandemic had only 13 employees in Los Angeles, and it was growing slowly and profitably. Then five years ago, Resnick and his partner realized their small size itself was far riskier than growth. They were working with one publisher, on one platform (PC), and on one type of game. Activision could have put them out of business by canceling one contract.

Resnick and Goldman decided to grow the company by diversifying their portfolio of publishers, platforms, and games.

They set up an Australian studio, grew to include 200 top employees, and won two major contracts. The first snagged them a big brand name for their portfolio — Lucas Arts selected Pandemic to develop the Star Wars Battlefront game. The second contract, with the U.S. Army, proved to be an even bigger turning point for their business model.

In 2001, military trainers approached Pandemic Studios to create a simulation game to prepare soldiers for urban warfare. At the time,

no one imagined 9/11 would happen or that the Iraq War was about to transform the military. Not only did the Army give Pandemic leeway to take creative risks in developing the most realistic and effective experience, but they also gave the developer commercial rights. Pandemic emerged with a fully developed prototype that they offered to publishers within a competitive bidding environment. The commercial product became known as Full Spectrum Warrior.

Now Resnick aims to create more products with a similar development cycle. Instead of producing games under contract to publishers, he wants Pandemic to develop its own independent properties, create bidding wars, and retain the intellectual property rights to the games that emerge. To enable this model, Resnick and Goldman are pursuing outside funding for the first time since their founding.

Despite the off-kilter, fun-loving sensibility that comes across in games like Destroy All Humans, Pandemic is still a business, and Resnick is still an executive. But Resnick recounts an incident that reminds him how lucky he is to be pursuing his passion. A father of three, he was invited to speak at career week in front of his children's kindergarten and second-grade classes.

"I told the kids about Star Wars and how you make games," he says. "The other parents were not happy following me. Videogames are such an integral part of popular culture right now, and the kids ate it up." ♦

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Spreading the Seeds of Knowledge

Wharton educates the professors whose teaching and research are transforming business around the world.

By Nancy Moffitt

As a young engineer managing crews of steel and petrochemical workers in his native Monterrey, Mexico, Jaime Alonso Gomez found that he worried as much about his employees' ability to advance and better their lives as the engineering tasks at hand.

For Gomez, GrW'90 (Wharton PhD '90), this urge to focus on the personal as well the mechanical was a harbinger of things to come. "As a good engineer, I did my tree analysis, and thought of three options for myself going forward," says Gomez, 48. "I could work in an NGO, become a preacher in a particular religion, or I could become an educator."

Today, Gomez leads EGADE (The Graduate School of Business of Tecnológico De Monterrey), the top business school in Latin America, a school routinely described as among the best business schools in the world. As the school's founding dean and professor of Strategy and International Management, Gomez was this year named Dean of the Year by the Academy of International Business.

Few would dispute the influence of Wharton alumni and faculty throughout the financial services, consulting and corporate marketing fields. Less widely recognized, however, are the legions of Wharton-trained academics like Gomez who teach, research, and lead at business schools across the world — at top international programs like Wharton, EGADE, INSEAD, and Harvard, as well as nascent regional business schools in developing economies.

"Our goal isn't simply to be 'the best' among a thousand business schools," says Wharton Dean Patrick Harker, himself an educational product of Penn's undergraduate, master's and doctoral programs. "We want to be the global hub for business research and education. If you walk onto this campus, you will find students from all over the world who will graduate and become business leaders and educators around the world."

Future educators have been inspired by the intersections of theory and practice in Wharton's undergraduate, MBA, MBA for Executives, and doctoral programs. Some came to

academic life after decades in senior Wall Street posts, searching for intellectual challenge and influence. Others, taught as children that education was the most honorable of professions or inspired by an exceptional professor, were resolute from the start in their pursuit of a career as a business researcher and educator. In the pages that follow, the *Wharton Alumni Magazine* shares the pathbreaking stories of some of these professors.

Creating New Centers of Business Education: Jaime Alonso Gomez, Dean of EGADE

It was the early 1980s, and Jaime Alonso Gomez had spent seven years working at home and abroad as an industrial engineer, time that had included graduate school in Canada and post-graduate research in Tokyo. Gomez found himself in a problem-solving mode, having witnessed a host of companies struggling to solve a variety of problems. He read books and talked to colleagues in his search for answers, then attended a business conference in his native Monterrey, Mexico, where he heard Wharton professors Russell Ackoff and Hasan Ozbekhan speak.

"It was then that I realized that a natural evolution for me was not to gain and apply knowledge, but to create it," Gomez says. He applied and was accepted into Wharton's PhD program, cobbled together scholarships from the School and the Mexican government, packed his bags, and flew to Philadelphia. "It was the most intellectually pleasurable experience of my life," Gomez said. "I consider Wharton my intellectual home."

Gomez earned the nickname "The Philosopher" at Wharton for his studiousness — he read more than 250 books his first year on campus — and for his listening skills,

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honed during his studies in Japan. “One of the most important things I learned in Japan was that, in addition to innovation, a key to success in business is tenacious behavior,” Gomez says. “Things do not happen overnight, especially when you want something sustainable, like the notions of core competency and trust. We in the Western world tend to be in a hurry. I also learned how to listen. We Westerners interrupt each other — we don’t let people finish their thoughts. In Japan, you wait, you respect, you listen, you process information. My time in Japan was not only culturally rich, it was formative for me.”

This ability to thoughtfully listen and process information, Gomez says, has helped him tremendously as a business school dean. “When you have highly educated, highly intelligent, highly critical people working and studying with you, they want to be listened to,” Gomez says.

Almost immediately after finishing his PhD at Wharton, Gomez’s work as business school administrator began, first as Director of Graduate Business Programs at ITESM Campus Monterrey, part of a Mexico-wide university system with 33 campuses in 26 cities, then in 1995 as founding dean of the

Graduate School of Business Administration and Leadership (EGADE).

Gomez’s international work history and educational training — he has worked as a consultant for more than 100 major corporations in 40 countries — are pivotal to EGADE’s strong focus on international students and learning experiences. By design, nearly 70 percent of the school’s full-time students are from nations other than Mexico. As well, EGADE maintains alliances with 130 universities in 31 countries, allowing students to study abroad. “And in order to make our research and teaching relevant, we encourage our professors to interact with companies and organizations around the world, Gomez says.

“To a great degree, the design of EGADE has been influenced by what I learned at Wharton,” Gomez adds. “It’s based on the three I’s — innovation, international, and intense. Everything we do here is intellectually demanding.” Gomez maintains close collegial ties to Wharton and cites five Wharton professors who were central to his development: Paul Kleindorfer, Ackoff, Howard Perlmutter, Ken Smith, and Ozbekhan.

One of six children, Gomez grew up in a close family, with his father, an entrepreneur, and his mother at home. “We learned about hard work, thrift, and meritocracy, that nothing is free and we are not the children of privilege, we are the children of work and merit and effort,” says Gomez, who earned his undergraduate degree at age 20. “All important decisions are always paradoxical,” Gomez says of where he is today. “On the one hand, I am very happy and I am in the place I want to be and see myself always being in education. But being in education is a tremendous moral responsibility, because you teach, and people listen to you. So teaching is a privilege, but it’s also a tremendous moral responsibility.”

Beyond the Nuts and Bolts of Research: Gerard Cachon, Wharton Professor of Operations and Information Management

As a child, Gerard Cachon most admired the Carl Sagans and Jacques Cousteaus of the world and knew early on that a PhD was the path for him.

A first-generation American with a French father and Italian mother, Cachon watched his father develop patents and design semi-conductor equipment for IBM despite having only a high school education. “My father knew that a college education was the ticket to success in society,” says Cachon, W’89, E’89, GrW’95, and the Fred R. Sullivan Professor of Operations Management at Wharton. “So he always told me that he would support me 100 percent in my education no matter how high I want to go ... and he did.”

Cachon’s fascination with operations grew by talking to his father about the key issues and challenges of high-tech manu-

facturing. “As I was growing up, I had a window into the high-tech world,” says Cachon, who was born and raised in New York’s Hudson Valley. “I was able to tour the manufacturing facilities and see how complex the process was. I was able to observe it through him. Even though he didn’t have a college education, he really loved knowledge and learning and creating things. It sounds a little silly, but I always knew, even from the time I was very young, that I wanted to be a scientist.”

He enrolled as an undergrad in Wharton’s Jerome Fisher Management and Technology program, a natural fit for his interests in both engineering and economics. Cachon found himself pulled towards the Wharton side of his studies when he became energized by courses on cognitive psychology and game theory. When it came time to apply to graduate school, Cachon applied to Wharton and Stanford and was admitted to both. He expected he would attend Stanford, assuming a change of environment would do him good, but changed his mind after visiting the school. “So I immediately decided to stick with what I already knew was an excellent choice, Wharton,” he says.

“Teaching is a privilege, but it’s also a tremendous moral responsibility.”

Cachon entered the PhD program interested in studying how people behave in competitive interactions, a focus that shifted as he began to research supply chains. “My emphasis became firm-to-firm — IBM negotiating with its contract manufacturer, Apple negotiating with its distributor. People still managed these negotiations, but their work now represents firms, not just themselves,” Cachon explains.

He credits his first PhD adviser at Wharton, Colin Camerer, now a chaired professor at Cal Tech, with instruction that went beyond the nuts and bolts of conducting research. “In doing research, one of the key things is not really doing the mechanics or the math,” he says. “It’s learning how to tackle interesting, important research problems. You do have to teach students the mechanics of how to do research, but teaching them how to find really interesting research projects is something that makes top institutions like Wharton particularly valuable if you’re going to get a PhD.”

Cachon, 38, began his academic career at Duke, returning to Wharton again in 2000 after six years as a professor in Durham, NC. “They asked me to come back and I jumped on the offer immediately,” he says.

Ever the operations guru, Cachon’s research explores supply-chain management with a specific focus on information sharing to improve supply-chain inventory management. A prolific scholar, his articles have appeared in *Harvard Business Review*, *Management Science*, and *Manufacturing and Service Operations Management*, offering managers new ways to use technology to improve the flow of goods throughout the supply chain as well as algorithms and equations needed to better manage supply chains during uncertainty.

Cachon’s emphasis on problem-solving also extends to the classroom. With Wharton colleague Christian Terwiesch, Cachon recently published an operations management textbook, *Matching Supply With Demand: An Introduction to Operations Management*, for use in Wharton’s Core Operations Management course.

“We wanted to write materials that were Wharton-designed for the strengths of the Wharton student,” Cachon says. “The text is mathematically rigorous, but also relevant for managers in the real world.”



GERARD CACHON, W’89,
E’89, GRW’95

TOMMY LEONARDI

Research Impacting Financial Institutions: Michael Goldstein, Associate Professor of Finance, Babson College

For Michael Goldstein, the idea of a career in academia began percolating during a Wharton undergraduate work-study research project calculating bank capital requirements for then-Finance Department Chair Anthony Santomero.

Goldstein, W'86, WG'91, WM'92, GrW'93, had done it all as an undergraduate work-study student, from the night watch



MICHAEL GOLDSTEIN, W'86, WG'91, WM'92, GRW'93

MICHAEL MALONEY

at McClelland Hall to helping faculty and staff learn Lotus 123, an early computer spreadsheet application. Santomero, whom Goldstein had worked with since his sophomore year at Wharton, asked Goldstein to examine the nation's top ten banks' solvency under old versus new capital requirements. "It was the first real research project that I'd done," says Goldstein, now a finance professor at Babson College. "And I liked it. And I think Tony thought I was good at it."

When Goldstein went off to Wall Street after graduating a year later, he began thinking about returning to Wharton for an MBA or, perhaps, a PhD. He called Santomero (then Vice Dean and Director of the Wharton MBA program and now the president of the Federal Reserve Bank of Philadelphia) to discuss the idea with him, telling him he was considering applying to some PhD programs. "Within a split second, Tony said, 'If I got you money, would you come here?' I thought, 'Wow, yeah, sure.' But I stopped myself, thinking that that wouldn't show him I'm a very well-trained Wharton graduate. So I said, 'I'm inclined to, but it depends on the terms.'"

Ultimately, Goldstein returned to Wharton as the School's first Geewax-Terker Fellow, maintaining a breakneck pace as a graduate student. He wrote a column for *The Daily Pennsylvanian* and served on the University Council, the Provost's Committee for Academic Planning and Budget, the Trustee's Committee for Student Affairs, and the Safety and Security Committee. He also produced several plays, created and was President of the Wharton Doctoral Council and was elected the chair of the Graduate and Professional Student's Association, representing 11,000 graduate and professional students at Penn. "When I came back as a grad student, I had a lot of freedom because I knew where to eat, where to go, and what to do," he says. "I already knew the community, and so I became very involved in community things."

After a year or so in the PhD program, Goldstein noticed that many of the School's most successful finance professors had MBAs in addition to their PhD. He also felt uncomfortable potentially conferring a degree he didn't have. He applied and eventually began the Wharton MBA program while a doctoral student, earning his MBA in 1991, his MA in finance in 1992 and finally his PhD in 1993, giving him an impressive total of four degrees earned from the Wharton School. He first joined the faculty of the University of Colorado at Boulder, then in 2000, Goldstein returned to his native Massachusetts to join Babson. He has also served as a Senior Fellow at Wharton's Financial Institutions Center. Goldstein's research focuses on market microstructure, privatization of formerly communist countries, and real estate. He's perhaps most proud of a widely cited measure he helped create with his dissertation adviser, Wharton finance professor Marshall Blume, that is now used by all major markets as mandated by the U.S. Securities and Exchange Commission (SEC). Goldstein then wrote his dissertation using this measure to examine the differences in trading costs between the NYSE and NASDAQ, paving the way for an eventual SEC investigation of NASDAQ, an investigation

that led to regulatory changes. “It’s all because of Tony, really,” Goldstein said. “Had he not given me good research projects as an undergrad I wouldn’t have started thinking about becoming a professor. He was always behind the scenes taking care of things, pushing me along in good ways.”

Today, Goldstein, 40, spends the first 30 minutes of his class talking about *The Wall Street Journal*, as Jeremy Siegel does. “He (Siegel) teaches an amazing MBA class where he talks about the markets,” Goldstein says. “It’s so outstanding that a lot of MBA students who have already taken the class come back for the first 10 minutes of his lecture just to hear him give the market overview. I have emulated this approach, talking about what’s happening in the markets for the first 10 minutes of my classes, because people are drawn to that information. And why not learn that way — why not be drawn in by what is relevant, today.”

From the Business Environment to Academia: Margaret Cording, Assistant Professor of Strategy, Organization and Environment, Rice University Graduate School of Management

Margaret Cording was ready for a change. She’d become a Managing Director for Chase Manhattan (now JP Morgan Chase) and had survived two mega-mergers in the span of four years. But just shy of 40, found herself intellectually bored and feeling somewhat sheepish about her contribution to society.

For more than a year, Cording, WG’89 (WEMBA), had been asking herself “If not this, then what?” and found that academia continued to top her career-change wish list. She had been exposed to business research through her Wharton professors, and it continued to intrigue her. “It’s the only profession that I’m aware of where you can pursue the questions that you are interested in — where no one else one is setting your intellectual agenda,” Cording says. “And the idea of teaching and providing that service, benefiting others through my experience, was compelling to me. And so I decided to take the leap.”

Just prior to taking that leap, however, Cording returned to Wharton to meet with her former Wharton economics Professor David L. Crawford, who took her to lunch at the Faculty Club and gave her a reality check about her somewhat naïve view of academic life — a meeting she remains “eternally grateful” for. “He said to me, ‘Margaret, do you really think we sit around thinking big thoughts?’ And I said ‘Well, yes, I guess I do, Dave.’ He was very forthright with me about



MARGARET CORDING, WG’89

the realities of academic life, which allowed me to make a much more educated decision.”

That was in 1998, and today, Cording just finished her second year as an assistant professor of strategy and environment at Rice University’s Jesse H. Jones Graduate School of Management. At Rice, Cording finds herself on the other side of the executive MBA equation — this time, as teacher. “I felt that my professional experience would help me tremendously in translating strategy and ethics theory into something that an executive could understand,” Cording says.

At Wharton, Cording opted for the MBA Program for Executives (then known as WEMBA) because she didn’t want to disrupt her career, a choice she now believes was formative in her career evolution. A 29-year-old New York investment banker at that time, Cording assumed she would always be an investment banker. But her Wharton courses, she found, piqued her interest in general management and the complexities of running a business. Cording recalls a Marketing Strategy course taught by Tom Robertson that “wasn’t just about the four Ps. It was a much more complex value proposition that one needed to wrestle with, and I was really drawn to the complexity of the decision process in business.”

“When I came out of the program, I went to the senior manager that I respected the most and basically told him that I wanted to change my focus. It really triggered a career change for me.”

The senior manager was Donald Layton, who retired last year as vice chair of JP Morgan Chase. Cording became Layton’s senior staff person and began traveling the world to the bank’s underperforming units, creating an internal strategy group that overhauled the laggards and improved productivity and efficiency of a diverse set of businesses, including capital markets globally and wholesale banking activities in Europe and Asia. “We really turned around the performance of those units,” Cording says, “and that was a wonderful in-

“It’s a gift to have high expectations set for you, and I learned this at Wharton.”

roduction to how to run a business.” As Managing Director, Cording ran Chase’s Foreign Exchange Sales business.

Intrigued by the notion that business, boiled down, is about getting people to work together toward a common goal, Cording chose to study strategy and business ethics as a PhD candidate at the University of Virginia’s Darden School. As her career has evolved, Cording has developed a particular interest in mergers. Her research focuses on the role of organizational integrity — defined as consistency between espoused and enacted organizational values — in influencing performance outcomes of mergers and acquisitions. This definition of integrity, she argues, is a foundational ethical and strategic issue because it captures the concepts of promise-keeping, trust and stakeholder cooperation.

A Los Angeles native, Cording, 47, grew up the daughter of a serial entrepreneur whose start-ups included successes and failures. “My father was horrified when I graduated from college and announced I was going to work for a major global bank in New York City,” Cording said. “He said to me, and I’ll never forget this, ‘Margaret, before you know it you’re going to be attending meetings just to decide whether to hold the meeting.’ Six months into the job I called him and said ‘You know, you were right.’”

“I love my job,” Cording says of her switch to academic life. There are times, though, while teaching executives and listening to their war stories, that she misses the adrenaline rush of the corporate M&A world. “I’m grateful that I get to work with executives and stay in those conversations. Especially because of my experience at Wharton, teaching the executive MBA students is especially gratifying. My years in industry allow me to teach in a way that applies theory to practice, and the students really benefit from that,” Cording says. “And in my research, the question that I constantly ask myself is ‘How can this line of inquiry affect the practice of business?’ Esoteric research is really not for me. I try to ask and address questions that are pressing concerns to senior managers.”

A Mentor Inspires Research

Career: Frances Frei,

Associate Professor, Harvard Business School

Frances Frei, C’85, GrW’96, had a secret when she became a Wharton PhD student in 1989: She hadn’t yet given up her dream to become a college basketball coach — a plan she never admitted to her adviser Patrick Harker, now Wharton’s Dean.

“I had friends getting PhDs in other disciplines,” she says, “and I knew of a Division I college basketball coach who had a PhD, so I thought, ‘Well, if he can do it, I can too.’”

Indeed, Frei, 42, is the first to admit that her path to becoming the widely cited and award-winning Harvard Business School professor that she is today began modestly. “I felt completely over my head in the program,” she recalls. “But one of the gifts that the Wharton PhD program gives its student is the gift of high expectations with the understanding that it’s safe enough to find yourself and make your way through. That’s its genius, because we all come out better than we possibly could have if we had just been in a program where we could easily excel.”

Frei, a lifelong athlete and Penn basketball player, began to doubt her plan during her second year in the program, when she injured her knee while playing pick-up basketball. “I had this crisis of having to give up this lifelong view of myself as an athlete,” she says, and make the switch to academics, a change she says terrified her. “At that point in my life, no one knew me as an academic. They only knew me as an athlete. It taught me a lesson about giving up my current version of myself to achieve greater things.”

Today, Frei often calls upon the difficulty of this time in her life when teaching business students at Harvard, encouraging her students to have the courage to push away long-held views of themselves and be open to new ones. Now an associate professor at HBS, Frei developed a second-year

elective on Managing Service Operations, a course that focuses on creating service excellence. Her research focuses on developing strategies to help firms be deliberate about their service design with a particular emphasis on the critical role of customers. As Frei often tells her students, “If it weren’t for those pesky customers, service firms would have a much simpler time delivering excellent service.”

Frei, 42, grew up on Long Island the youngest of six children. Her mother communicated self-reliance and generosity with no strings attached, making for a “safe environment to experiment,” Frei says. Although she wanted to attend Penn as an undergraduate immediately after graduating from high school, she didn’t get in, so transferred as a sophomore from Brandeis University. She majored in math at Penn’s College of Arts and Sciences because she was good at it, she says, playing basketball her entire three years on campus and serving as co-captain her senior year.

While getting her master’s in engineering at Penn State’s Great Valley graduate campus in suburban Philadelphia, Frei took her first class in mathematical modeling and was hooked, seeing, for the first time, a useful application for math. A PhD in Operations and Information Management at Wharton, where theory is tied to practice, she reasoned, seemed a logical next step.

She joined the University of Rochester’s Simon School of Business after completing her PhD, then went to Harvard as an assistant professor at HBS in 2002.

In all, Frei published three research papers and four book chapters with Harker, including her first research project as a PhD candidate. Harker, who himself was a Penn athlete who played football during his undergraduate days, was perhaps the perfect academic mentor for Frei in temperament as well as research interests. “Pat is not one to coddle,” she says. “And that again is a privilege. There is an unstated confidence he has in you that you feel when he tells you to go do something or figure something out. I now embody that and it permeates every pore of my being. It’s a gift to have high expectations set for you, and I learned this at Wharton generally and from Pat in particular.” ♦

Nancy Moffitt, a former editor of the Wharton Alumni Magazine, is a frequent contributor.

Wharton Doctoral Programs: Intellectual Fuel for World Business

Supplying other universities with world-class researchers is part of the Wharton’s core mission: to create and disseminate critical business knowledge. While Wharton’s undergraduate and MBA programs have inspired many alumni to pursue PhDs or teach what they have learned as adjunct instructors, Wharton’s doctoral programs are the School’s primary engine for producing the educators that influence business practice through the world’s schools of management.

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Says Dean Harker, “There is an insatiable demand for business knowledge. Half the world’s population is just emerging into the global business economy — in my lifetime, Wharton alone could never educate enough people.”

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Total Students	39
Total Alumni	approximately 1,500
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WHARTON IMPACT LABOR FORCE

Wharton Center for Human Resources

Founded as the Industrial Research Department, the Center has had long-reaching effects on labor and workforce issues.

BY MEGHAN LASKA

THE CENTER FOR HUMAN RESOURCES was the first research center of its kind among business schools, producing relevant research used by businesses and policymakers in government at a time when other business-school research centers were engaged in the writing of case studies.

Its impact has been far-reaching and impossible to extricate from 20th Century economic history, as well as current business practices. The outcomes of its research have affected virtually all labor issues ranging from the nation's definition of unemployment to the establishment of affirmative action to changes in employee benefits. Today, the Center for Human Resources remains the home of cutting-edge research under the direction of Professor Peter Cappelli, the George W. Taylor Professor of Management.

Founded in 1921 as the Industrial Research Department (IRD), its mission was to “study the economic and social problems of business.” Under the direction of Joseph H. Willits, a Wharton dean who worked with Herbert Hoover advocating for national employment service, and Anne Bezanson, the first female member of the standing faculty of Penn's Graduate School of Arts and Sciences, the group gained an international reputation for pioneering research. Employer associations, government agencies, and international organizations looked to the IRD for timely and practical knowledge.

From the time of its founding, the center had many women on its team, whose research into the economic status of workers showed disparities in salaries and promotions for women and minorities. Female research associates working under Willits and Bezanson included Gladys L. Palmer, Eleanor L. Dulles, Marion Elderton, and Miriam Hussey. Future department chair and “father of American arbitration,” George W. Taylor, also was a notable member of this early team.

However, this workhorse of a group entered into a period of dormancy in the late 1950s and early 1960s due to budgetary problems and the illness or death of its leaders. Had it not been for an attentive secretary, it might have gone down in history as an interesting blip on the School's timeline.

Connections to Industry and Policy

In 1921, Bezanson's article on promotion practices became the first product of the IRD, which Willits had founded in March of that year at the University of Pennsylvania. Bezanson continued her practical research in the early 1920s, writing a series on personnel issues, focusing on turnover, worker amenities, and accident prevention.

During the 1920s, about half of the country's leading business schools had created “bureaus of business research,” according to *The Pragmatic Imagination*, a history of the Wharton School written by Stephen Sass (University of Pennsylvania Press, 1982). However, most were much smaller than the IRD and were limited to collecting case studies for classroom use.

At a meeting of business educators in 1926, Willits “frankly accused these bureaus of engaging in ‘kinds of fact-gathering which are hardly to be called research at all.’” He suggested that Wharton's peer schools create research groups such as the IRD, as he said the “solution of the fundamental problems of business lay in ‘group thinking.’”

As the Great Depression took hold of the country, the IRD shifted its research focus to major studies on unemployment. The group conducted studies measuring the social and economic characteristics of unemployment in Philadelphia, including joblessness, transferability of skills, what jobs existed, and how workers found them. Professor Taylor's re-



search on unions and labor conditions in the hosiery trade in Philadelphia led him to become actively involved in the collective bargaining process during a bloody strike, one of more than 2,000 that he helped end, earning him the title “the father of American arbitration.” According to *The Pragmatic Imagination*, research associate Gladys Palmer, a 1924 Wharton PhD, became particularly known for her expertise in gathering and analyzing labor statistics during this era, leading government agencies such as the Bureau of Census and Bureau of Budget to seek out her work.

Bernard Anderson, now Whitney Young Term Professor and Practice Professor of Management, says that this early work by the IRD had a tremendous impact, as it defined the term “labor force” for the country. Anderson, who belonged to the IRU’s research team as a graduate student in the late 1960s and as a professor in the 1970s, explains that “the way we measure the unemployment rate today is very different from the way it was measured at the time of the Great Depression. The research leading to the new measure — which has since been modified — was done by Gladys Palmer and her associates.”

After World War II, budget issues caused the department to become a unit of Wharton’s Department of Industry (now called the Management Department). Palmer was appointed director of the IRD, which changed its name to the Industrial Research Unit. With a grant from the Rockefeller Foundation, Palmer pursued her ground-breaking labor mobility studies, and other researchers continued work on local industries, pricing, and productivity.

A Close Call with Obscurity

However, by the late 1950s, the stream of research was slowing. There was no successor for Palmer, who was incapacitated by illnesses prior to her retirement in 1965. The unit’s

offices were demolished to build the new Dietrich Library and much of the group’s research library was scattered. The work of decades was nearly lost forever.

In 1964, Herbert B. Northrup succeeded George Taylor as chair of the Department of Industry. The early research was boxed up, waiting to be thrown into a dumpster when Margaret (Peg) Doyle, who had been Palmer’s secretary and office manager within the group, brought it to the attention of the incoming department chair. Northrup saw the value of the unit’s research, beginning its revival.

After reviewing the research, a decision was made with the approval of the Wharton dean to revive the unit. A home was found for it in an old brownstone building on Spruce Street (former home of WXPB), the library was re-established, and former members of the research staff were brought back into the fold. Many in the center credit Doyle with saving the Center’s exhaustive data sets, which are now an invaluable resource to economists and historians of mid-20th Century United States.

By 1968, under the leadership of Northrup and his colleague Professor Richard L. Rowan, the Industrial Research Unit had “become an active, vital organization again, contributing knowledge in its traditional fields of competence: industrial relations, labor market, manpower and industry studies,” according to a history of the center. It also became known as a prolific self-publisher on labor relations issues. In addition to contributing articles to professional journals around the world, the team also completed several book series that would have great impact.

Influential Empirical Research on Status of Black Workers

Anderson recalls working on one of those book series as a member of the research team led by Northrup and Rowan in the late 1960s when he was in the PhD program at Wharton. Northrup — who was well known for researching controversial issues of his time — received a major grant from the Ford Foundation to conduct a series of studies on the status of black workers industry by industry, which turned into a multi-industry series called “Negro Employment in American Industry.” Anderson led the study on public utilities, which became his dissertation.

Anderson explains that after the Civil Rights Act of 1964 was passed, Title VII of that Act prohibited employment discrimination and created the Equal Opportunity Commission. “This opened up a vast change in the allowable policies and practices of this country with respect to race, but no one knew what the situation was with respect to employment in various industries because no one had studied employment of minorities in American industry,” he said. So when Northrup received the grant, the series was born.



PETER CAPPELLI



Anderson says that this became the “definitive work on the status of black people in American industry. It had a profound effect on our understanding of race in industry and provided the background and foundation for the formulation of enforcement policy that was relied upon by the EEOC and later the Department of Labor in crafting their enforcement mechanisms.”

He says that the series even had an impact on the creation of affirmative action policy. Anderson explains, “Assistant Secretary of Labor for Wage and Work Standards Arthur Fletcher, now known as the father of affirmative action, used the research done at Wharton as the basis for formulating the Philadelphia Plan for the construction industry, which later became the standard methodology for establishing goals and timetables which are the bedrock of affirmative action employment policy in this country today.”

The Negro Reports established for the first time the empirical basis for determining the underutilization of members of the African-American race, says Anderson, who later held the same position as Arthur Fletcher as assistant secretary of labor for employment standards during the Clinton administration. Anderson credits Northrup with gaining the trust of so many companies. “He had been a vice president at General Electric before he came to Wharton. Northrup had excellent contacts and was highly regarded in the private sector. He had the trust and confidence of people in the corporate sector who were prepared to give him and his team of researchers information on their employment and we could not have gotten that information otherwise.”

That series of studies had enormous impact on government policy, employment policy and litigation. They started in 1966 and ran through the late 1970s, constituting a major research effort of the Industrial Research Unit.

By the mid-1970s, another labor issue was moving into the public eye — the persistently high rate of unemployment among minority youth, particularly in urban areas. Anderson

JIM ROESE



BERNARD ANDERSON

were in various cities. We published a book that became a classic on the impact of manpower programs with reference to minorities and women, which became another major series of work,” says Anderson.

Anderson notes that some of the federal government’s approach to the formulation of policy designed to advance the problem of unemployed youth was influenced by that study.

Continuing the Legacy in a Changing Workforce

In 1990, the Industrial Research Unit was renamed the Center for Human Resources. Peter Cappelli and Rowan were co-directors of the Center until Rowan’s retirement in 1997, when



RICHARD ROWAN



MARGARET DOYLE



HERBERT NORTHROP

says that the government was devoting additional funding to this issue through manpower programs intended to improve employment opportunities for minority youth. So the Industrial Research Unit — then co-directed by Northrup and Rowan — shifted its focus to research the impact of those government manpower programs.

“We looked at all the literature, critically evaluated what was known about impact and looked at what the conditions

Cappelli assumed the directorship. He explains that the name changed to signal that the group’s interests were broader than just labor relations. “We are interested in contemporary developments in the workplace and how employment has changed.”

Under Cappelli’s leadership, the center has continued its legacy of hands-on practical research. He points to a five-year research program with the U.S. Department of Education, called the National Center on Educational Quality for the



From the latest issue of the *Creating Futures* newsletter

Serving an Ace for Wharton

Workforce. “We were instrumental in advancing the idea of improving the connection between school and work and looking more generally at employer training initiatives and high-performance workplace initiatives.”

He says that the center also did some of the first research on how the restructuring of U.S. businesses from the 1980s through the 1990s has shifted much of the business risk onto employees. The project, called Change at Work, was in collaboration with the National Planning Association. “Our research became part of a collective voice on how things have changed. There is a lot of interest in the concept of having employees adopt more risk, but we were the first to document it,” says Cappelli, noting that the center also has published a book on the relationship between employer management practices and business strategies.

Perhaps one of Cappelli’s best known works, a book titled *The New Deal at Work*, was a continuation of those earlier projects. The book focuses on how the relationship between employers and employees has changed. “There is more of a market-based relationship now and less of a psychological contract. The model of people staying at the same company for an entire career where the company managed your career for you and pointed you in the right direction has changed,” he says. That book has since been translated into Japanese, Chinese, and Spanish.

In addition, Cappelli notes that the center has been doing recent research on employee issues associated with temporary work. And the group continues its work on a series of studies on career management issues. One of those studies, which appeared in *Harvard Business Review* this year, looked at the attributes of people running Fortune 100 companies now versus 20 years ago. Another study analyzed data from search firms about executive turnover.

In addition to research projects, the center is an active organizer of conferences on topics such as leadership, retirement, and careers. In June, it held a multidisciplinary conference looking at how careers have changed and what new factors are determining career choices.

The center also comprises four major groups for research and information services: the Council on Employee Relations (founded in 1946 as the Labor Relations Council), the Research Advisory Group, the Multinational Research Advisory Group (founded in 1974), the Financial Employee Relations Study Group.

“We get employers involved through these conferences and groups because things are changing more frequently than research can keep up with — the changes are way ahead of what people are studying. So we bring people together because it is the only way to let the academic community know what is going on,” says Cappelli.

He adds that “the center has always been concerned about the applied workplace problems from the early studies in the 1920s about wages and unemployment, which were absolutely new at the time. We hope to continue that type of cutting-edge research in years to come.” ♦



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When, John H. Shaw III, '69, decided to apply to Wharton’s MBA program to prepare for a career in business, he was worried that a lack of funds would prevent him from attending. “I was ecstatic to learn that, not only was I admitted, but that Wharton would also offer me a generous fellowship and loan package.”

After graduating in 1969, John joined Exxon and embarked on a career in financial and operational controls, working around the world. He met his wife of thirty years, Joanna, in Malaysia. Now retired, John and Joanna lead active lives in Houston and especially enjoy fast-paced games of tennis.

Helping Future Students

The Shaws are great believers in the power of education and have financed the college educations of two nieces and a nephew at universities in the U.S. and New Zealand. Their generosity will also extend to Wharton through a substantial bequest that will one day create the John Hill Shaw III Endowed Fellowship Fund. “Wharton provided me with the financial aid necessary to attend,” John said. “I was helped when I was young, and I want to reciprocate by helping future students. This is the best way I know to thank Wharton for giving me such a fine education and a good life.”



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TOMMY LEONARDI

Professor Georgette Chapman Poindexter weighs in on the intersections of human geography and real estate law and finance.

BY RITU KALRA, W'96

THE MOMENT the alert popped up on her e-mail, Georgette Chapman Poindexter dropped interest in everything else.

She was in her office talking on the phone to an attorney who was peppering her with questions about a lawsuit in which she was serving as an expert witness.

For the upcoming court case, this was a vital conversation. But it was also doomed.

It was June 23, 2005, around 10 a.m., and judging from the flood of e-mail alerts that were lighting up her computer screen, it could only mean one thing: The Supreme Court had rendered a verdict in *Kelo v. New London*.

The city of New London, CT, had wanted to take residential homes in order for private developers to build a hotel, offices, parking space and retail shops to complement a nearby Pfizer facility. Seven holdouts, led by Susette Kelo, had sued.

The decision would shed light on the reach of eminent domain and the definition of public use, questions Chapman Poindexter has spent her career ruminating.

"I said, 'I'm sorry, I'm not paying any attention to you because they've just decided Kelo. I can't talk to you right now. I have to go read this opinion,'" Chapman Poindexter recalls telling the bewildered litigator on the other end of the phone.

"My assistant called me, screaming, 'I'm getting the opinion!' It was something like the World Series," she says.

When Public and Private Interests Collide

THE EXCITEMENT quickly spread. Within hours, the high court's decision galvanized those in the industry. It was a contentious 5-4 split that gave local governments a new weapon to wield in their pursuit of economic development: broad

NAME: Georgette Chapman Poindexter

PERSONAL: Fiancé, Dr. Peter Phillips; son, Colin Poindexter, 14

EDUCATION: JD, Harvard University, 1985; AB, Bryn Mawr College, 1981

TITLE: David B. Ford Professor of Real Estate; Professor of Legal Studies and Law Chairperson, Real Estate Department

RESEARCH AREAS: Real estate law; urban and regional planning; housing

ACADEMIC POSITIONS: *Wharton*: 1992-present (Chairperson, Real Estate Department, 2003-present; named David B. Ford Professor of Real Estate, 2003). *University of Pennsylvania*: 1994-present (joint appointment with Penn Law)

OTHER POSITIONS: Associate, Toll, Ebby Langer & Marvin, 1988-92; Associate, Drinker Biddle & Reath, 1987-88; Associate, Willkie Farr & Gallagher, 1985-87

range to condemn private homes and small businesses to enhance the tax base. The outcry was immediate and intense, across the spectrum of the political aisle. Some assailed the decision as an evisceration of the Fifth Amendment, which establishes that private property shall not be taken for public use without just compensation.

To Chapman Poindexter, who has spent years wrestling with the complexities of land use, the decision — despite the sting of the reproachful argument made by departing Justice Sandra Day O'Connor — was as it should be: an agonizing balance between individual property rights and the collective interest.

With this ruling, O'Connor wrote in her dissent, "The specter of condemnation hangs over all property. Nothing is to prevent the State from replacing any Motel 6 with a Ritz-Carlton, any home with a shopping mall, or any farm with a factory."

Counters Chapman Poindexter: "Framed like that, you've just got to say 'no.' But maybe we shouldn't be so cynical."

"If we look at New London, it's a kind of down-on-its-luck, struggling-to-survive city. You say to an electrician, 'We're going to have this great new employment opportunity for you, but this lady won't give up her house.' Well, what right do you have, Mrs. Kelo, from keeping this man from being able to feed his children?"

The sanctity of the individual, Chapman Poindexter says, cannot exist in isolation from the needs of the community.

Her perspective stems from years of looking at the colliding shades of public and private use. Beyond concerning herself with "physical" takings, such as the houses in New London, Chapman Poindexter has also focused on the more abstract questions raised by "regulatory" takings. The Federal Communication Commission, for example, requires landlords to open their doors freely to cable companies looking to install wiring and other infrastructure through the walls of a building. Landlords cannot charge for the privilege, nor can they turn down a request. The regulatory requirement constitutes an infringement on landlords' property rights, Chapman Poindexter has argued in previous research.

She also studies the impact of the flow of property tax revenues in its myriad forms, from local governments granting tax credits to lure behemoth corporations into their towns, to sprawling suburban and exurbanites fleeing inner cities and gutting them of their core tax bases.

The subtexts may be different, but in each of those areas of research, the exploration remains fundamentally the same. Hers is a land-locked journey into the boundary between the public interest and private rights. She examines the terrain critically, recognizing the borders as both barrier and threshold.

"I've always been interested in human geography. Not physical geography. Human geography. Why do people live in certain places? Why do populations shift? Why does government have the right to regulate how we use land, and how much say should it have? It's this collective/individual dichotomy that I like to draw on," Chapman Poindexter says.

"Where does the individual end and the community begin?" she asks, posing the question at the heart of all her land-use research.

Where Main Street Meets Wall Street

THE QUESTION DEMANDS multiple perspectives; the answers lead her into another world. As the chairperson of the Real Estate Department at Wharton, Chapman Poindexter is not only steeped in real estate law, but real estate finance as well.

Chapman Poindexter's financial lens has allowed her to resolve thorny issues that otherwise riddle land-use planners, particularly involving development moratoriums that have become increasingly popular in suburbs. An upcoming paper titled "Land Hungry" tackles the paradox of suburbanites fleeing the city to build spacious single houses on grassy lots, only to become suddenly troubled by sprawl and demanding

"Land has almost a religious attachment for many Americans."

that land adjacent to theirs remain undeveloped under the guise of preservation of open space.

From a legal perspective, the conservation is a "taking" of development rights. But the benefits are not equally distributed; those who live next to open space derive the most value from it. By characterizing development moratoriums as hybrids between public and private goods, Chapman Poindexter turns the "takings" issue on its head — framing it instead in the context of "giving" communal private property to a select group of private owners.

Placed in that perspective, Chapman Poindexter's financial mastery comes into play. Any "giving" of open space to existing landowners should be paid for, she argues, in the form of a special tax assessed on those very landowners. The idea, in a

sense, is the inverse version of the Fifth Amendment's call for just compensation.

By borrowing the language of structured finance to examine questions of land-use, Chapman Poindexter takes each into a realm few researchers are willing to venture.

"Land has almost a religious attachment for many Americans," she acknowledges in her work. Rather than ignoring the ineffable, Chapman Poindexter takes the internal perspective into account, understanding well that scientific knowledge ultimately depends on the nature of conscious experience. The interdependence of land and people, of law, economics and psychology, is a hallmark of her research.

Even her strictly financial work is informed by hues of gray. Chapman Poindexter's most recent paper coins a new term — dequity — for the shade of financing between straight debt and equity called mezzanine that has become increasingly popular in real estate development.

Mezzanine loans are loans to equity holders of a mortgage borrower, secured by a pledge of the equity interests in the mortgage borrower. Not quite debt and not quite equity, but a little bit of both, they are comparable to convertible debt in the corporate world, albeit with a strike price of zero.

How this financing tier will fare in the event of default or bankruptcy is an unknown scenario that worries Chapman Poindexter, particularly given the approximately \$135 billion of such mezzanine loans that are floating in the market.

"If you're concerned about capital, you better remember that you are building some place. I'm not trading swaps here. I'm putting sticks and concrete into the ground, and that ground belongs to somebody. You can't forget that."

"While the rights of the holder of a true second mortgage are well traveled and the rights of the holder of equity are well known, the rights of those who fall somewhere between debt and equity, the dequity holders, are subject to a certain amount of conjecture," she writes.

To those who would dismiss such esoteric concerns, Chapman Poindexter retorts: "Aren't you interested in what you're buying? Don't you care that it's priced accurately?"

"You used to go to your local bank and get a loan," she continues. "Now Goldman Sachs is floating your securitization. It's a whole new world. There's a ton of new product. People don't understand how it works. It's never been tested."

With anxiety about "frothy" housing markets on the rise, concerns about untested markets can hardly be ignored.

Part of the problem, Chapman Poindexter says, is that the drive for security has led inadvertently to larger appetite for risk. Real estate's journey over the past two decades from Main Street to Wall Street instilled underwriting discipline in the market, which in turn has created relative stability. New generations of investors, however, have forgotten — or never known — what it's like to be burned.

"We've been 11 years of going gangbusters. Maybe we've forgotten that real estate can lose value," she says.

What she sees now is a surge in speculation.

"Whenever someone says to me, 'Should I get into the market?' I say, 'Are you going to live there?' These are the same people who were asking ten years ago if they should invest in technology stock. What worries me is that people are buying houses as an investment. That's risky," she says.

"I have always been of the opinion that you buy a house to live in it. Otherwise you're no longer in a residential market. You're in a speculative market. And I don't have the stomach for a speculative market of any sort," she continues.

Sticks and Stones and Real Property

THEN AGAIN, the groundswell of interest in real estate markets has spilled over into the classroom. Her MBA students are now as likely to become developers as they once were to structure real estate deals for investment banks. The change in her students excites her.

"I love the idea that they're actually going to go out and create something, actually build stuff, not just trade paper," she says.

Her enthusiasm stems not only from a love of the built environment, but also from a hope that today's students — and tomorrow's developers — will create the built environment in resonance with the natural one.

"We have to care about our environmental legacy to our kids," she says. "I'm talking about building smarter, greener buildings that rely less on fossil fuels and have south-facing lobbies. Buildings that are designed to be more environmentally friendly, I think that's fantastic."

But she doesn't kid herself. As she knows well from her own research, a vision can become reality only when it emerges from within a community. Tax breaks and zoning laws can nudge and encourage, but neighborhood ideals cannot be externally imposed.

"Each community decides for itself what it wants to be, which brings me back to why I do both real estate finance and land use. If you're concerned about capital, you better remember that you are building some place. I'm not trading swaps here. I'm putting sticks and concrete into the ground, and that ground belongs to somebody. You can't forget that. That's why I like going back and forth between the two," she says.

True to form for someone with a bifurcated research agenda in which each branch informs the other, Chapman Poindexter's grounding in such tangible things as land and buildings and neighborhoods stems from the existential — a realization that our very identities are linked to place. Where we choose to live speaks volumes about who we are.

“Newsflash: People like to live amongst those who are like themselves. We can say that's wrong, we can say you should live in one big melting pot, but when we have the tendency to substitute place for identity, you can't live in a big melting pot. When people ask where you're from, depending on their perspective of that place, they will hold you to an identity,” she says.

The Philadelphia suburbs of Norristown and Gladwyne, for example, connote drastically different socio-economic backgrounds although both are in the same county.

“If you try to erase those boundaries, and you try to get people to say they're from the greater Philadelphia area instead, well, that's never going to happen,” she says.

Yet while Chapman Poindexter recognizes the impossibility of dictating geographical identity, she fervently believes the economic impact of our geographic decisions must be addressed.

“If you decide you don't want to live in the city of Philadelphia, or in an economically diverse area, OK. But there has to be some level of economic redistribution that compensates for your decision if we're going to allow you to cordon yourself off in an enclave.” Some kind of regionally imposed tax, she says,

is necessary to cover the true cost of sprawl and to compensate those in higher density areas that are usually left to pay the price.

It's the dichotomy between the individual and the community in yet another guise. Reified political boundaries, in other words, are no excuse for restricted financial flows across those boundaries and the economic disparity that can often result.

To that end, Wharton couldn't be a more perfect home for Chapman Poindexter's multi-faceted mind. A Harvard Law School graduate who spent part of her summer this year studying music theory in the Berkshires, Chapman Poindexter had seven years of private practice under her belt when she got the calling from Wharton in 1992.

At first, it was a difficult transition.

“I never thought I would be teaching,” she says.

But 13 years later, she can imagine no other place to work.

“I love Penn. It's a marvelous place. It gives me everything from a career perspective that I could want,” she says. “It has an absolutely stellar law school and an absolutely stellar business school that are a seven minute walk away from one another, and I get to teach at both.” ♦

Ritu Kalra, W'96, a first-time contributor to this Magazine, is a reporter with the Hartford Courant. She worked as an investment banker and bond trader after graduating from Wharton and before attending journalism school.



The Penn Club is the perfect place for Penn alumni to network, socialize, and participate in continued education. Penn Club members connect with real movers and Quakers at Penn's very own private clubhouse and virtually via the “Members Only” web site. Members interact with New York City's other Ivy League club members and have access to 150+ reciprocal private clubhouses around the world.

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The Financial Risks of Terrorism: Who should pay for the economic consequences of a terrorist attack in the United States?

In August 2005, the Wharton Risk Management and Decision Processes Center published *TRIA and Beyond*, an analysis of the Terrorism Risk Insurance Act of 2002 (TRIA), which will expire December 31, 2005, if not renewed. The Risk Center's report offers policymakers, key industry representatives, and other interested parties an analysis of what roles the public and private sectors should play with respect to terrorism risk coverage in the United States. The report was produced by a nine-person team, led by Howard Kunreuther, co-director of the Center, and Erwann Michel-Kerjan, a senior research fellow at the Center. The other authors include Neil Doherty, Wharton professor of insurance and risk management; Paul Kleindorfer, Wharton professor of operations and information management; Mark V. Pauly, Wharton professor of health care systems and business and public policy; Scott Harrington, Wharton professor of health care systems; Center research associate Esther Goldsmith, and senior fellows Irv Rosenthal and Peter Schmeidler.

TRIA's primary goals, according to language in the act itself, are to protect consumers by maintaining "widespread availability and affordability of property and casualty insurance for terrorism risk" and to allow a transitional period during which private markets can adjust to the new risk environment. Before TRIA expires, the U.S. Congress must decide what, if anything, should replace it.

As the insurance industry, government and modelers try to manage the risks of terrorism, they face a number of challenges — including continuing

terrorist attacks abroad (most recently, the July 7 bombings in London), fear of reprisals for the U.S. invasion of Iraq, and an underlying insecurity that may now be a permanent feature of the national psyche.

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A Post-9/11 World

"*The TRIA and Beyond* study is part of the mission of the Wharton Risk Center to understand individual and organizational behavior with respect to low probability, high consequence events and then suggest strategies for managing these risks," says Kunreuther. Terrorism insurance was the main fo-

cus of the Center's annual meeting in February, which drew approximately 60 participants representing 25 organizations from the federal government and industry to academia and research institutions.

The underpinning of the report, according to Michel-Kerjan, rests on the idea that if homeland security is indeed seen as one of the top priorities of the national agenda, "then how to provide

financial protection against terrorist attacks should be on this national agenda as well Quite surprisingly, before this Wharton study, no concerted effort had been made in the U.S. since the passage of TRIA to address that question by bringing together interested parties across a broad spectrum.” And yet, Michel-Kerjan adds, there is evidence that the U.S. and its allies “remain the prime target of several terrorist groups which aim to inflict mass-casualties and economic disruption.”

Insurers are now required by the Terrorism Risk Insurance Act to offer coverage against foreign, but not domestic, terrorism. The federal government has agreed to underwrite most of the risk for the three-year life of the Act as a substitute for the reinsurance industry, which largely withdrew from coverage after suffering about three-quarters of the \$40 billion losses stemming from the September 11 attacks.

The official position of the U.S. Treasury — which released a report on TRIA this June — and the Congressional Budget Office (CBO) has been that private markets should be able to adjust to the new environment and that TRIA was meant to provide a “transitional period” in which those changes were to take place — i.e., that the insurance industry would by now have found ways to offer coverage to its clients and cover its own risks at reasonable rates.

However, the *TRIA and Beyond* report suggests that the necessary changes and adjustments have not yet been made and that there is a need for some type of long-term private-public partnership for providing terrorism insurance. Indeed, one of the key recommendations of the Wharton Risk Center report is a call for the establishment by the U.S. Congress of a national commission on terrorism risk coverage, which should be given time to comprehensively assess the issues involved before permanent legislation is enacted.

Kunreuther points to a number of factors which currently prevent the private market from working efficiently to assess and to price this kind of risk, and which make terrorism a particularly vexing problem for markets. “A key point is that terrorism is different from low-probability events such as natural

disasters. It’s not that you can precisely estimate the risk of an earthquake or a hurricane. But you do have scientific data; you do have a lot of information; there are quantitative models that have been built.”

lowing a terrorist attack, whether or not the firm has purchased terrorism insurance, opens up insurers to the possibility of large losses that could lead to some insolvencies.”

As Kunreuther notes: “You don’t really have a free market today. You don’t have the ability to say, ‘I will

“Probability does not play a role in the determination of premiums for terrorism coverage by insurers,” says Professor Howard Kunreuther.

write this coverage or I won’t write this coverage.’ Some coverage, you are forced to write.”

Domestic vs. Foreign Terrorism

Domestic vs. Foreign Terrorism

The current law contains quirks that *TRIA and Beyond* suggests need to be addressed. Paramount among them is a distinction between “domestic” and “foreign” terrorism. The former is currently not covered under TRIA. What do these distinctions mean in the current environment, Kunreuther asks? How would one categorize the recent bombings in London, for example? The first wave, on July 7, was carried out by a group of British-born men, whose parents were immigrants and who may or may not have had foreign support, though they were clearly motivated by foreign events. If the bombings had been carried out in New York or Chicago or Houston, would TRIA have applied? There is no clear answer to this question.

If TRIA were renewed for a limited period of time, the report’s authors recommend a comprehensive series

disasters. It’s not that you can precisely estimate the risk of an earthquake or a hurricane. But you do have scientific data; you do have a lot of information; there are quantitative models that have been built.”

Insurers, he adds, “are more comfortable determining a premium for coverage of these events. With terrorism, it is extraordinarily difficult to estimate the likelihood and location of the next attack. Terrorists can take action in reaction to what others have done. If protective measures are in place on some buildings or modes of transportation, then other courses of action will be planned. Witness the recent London attacks in July on the transit system. Probability does not play a role in the determination of premiums for terrorism coverage by insurers.”

Another key factor in the inability of the market to manage the risk of terrorism is the impact of state mandated coverage. As the report notes: “The mandatory coverage of terrorism losses in workers’ compensation policies in all states and mandatory coverage in approximately one-third of the states of any losses from fires that occur fol-

of strategies to be studied with an eye toward creating long-term solutions to the problem of terrorism insurance. Some of these solutions can be implemented by the private sector; others will require either governmental action or support. The options cited include:

- Deploying the capital of potential target firms. “We would envision,” the authors write, “that a large part of terrorism risk is, and will continue to be, absorbed by the firm’s own capital, so that it is, in fact, self insured. Moreover, in the case of commercial property, institutions

“...A large part of terrorism risk is, and will continue to be, absorbed by the firm’s own capital, so that it is, in fact, self insured.”

providing long-term debt financing to property developers could possibly underwrite potential losses from terrorism and charge higher interest rates to reflect the additional risk. In effect this would spread part of the risk across all of their shareholders.”

- Reducing insurers’ and reinsurers’ tax costs of holding capital, with the caveat that such a program should be designed to avoid “significant tax deferrals unrelated to the program’s objectives of expanding the capacity to insure losses from terrorism (and possibly other extreme events).”
- Deploying capital of reinsurers. “One possibility would be a TRIA-like program without individual insurer deductibles that would only provide payments from the government once losses exceeded a large

aggregate threshold. This approach would stimulate the demand for reinsurance and avoid some of the distortions associated with individual insurer deductibles and inclusion of captives in the program,” the report states. “Another possibility would be to base any federal reimbursement of terrorism losses on net (i.e., after reinsurance) losses without requiring that reinsurers make available terrorism coverage.”

- Facilitating the use of terrorism catastrophe bonds. The report recommends a study “to determine what

are the institutional and regulatory obstacles to the development of a more robust market for terrorist cat bonds and what steps could be taken to modify the current situation.”

- Mutual insurance pools, which the authors note “have been developed in several European countries before and after 9/11 in combination with a government backstop.”
- Publicly administered mutual insurance. “The plan might be designed,” the report suggests, “so that each insurer would choose a level of protection through the mutual pool and pay an estimated premium. If either no loss or minor losses occurred, any excess premiums above a predefined threshold would be returned to insurers in proportion to their original purchases. In the event of large losses

that exceed the plan’s accumulated resources, policyholders would be assessed an additional amount to cover claims according to the terms of the arrangement.”

- Federal reinsurance with explicit premiums. “An alternative to a TRIA-like arrangement, where there is no upfront charge to insurers for the federal backstop, would be a federal reinsurance program with explicit premium charges levied [in advance of a disaster’s occurrence] by the government.”

“As the threat of terrorism is likely to be with us for a long time to come,” Michel-Kerjan notes, “there is a need to undertake a concerted national effort. The Wharton Risk Center team has benefited from interactions with a large number of decision-makers, both corporate and public, in arriving at these suggested strategies; we hope the final report reflects this diversity.” ♦

*Originally published by
Knowledge@Wharton August 10, 2005*

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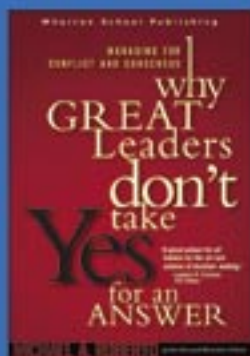
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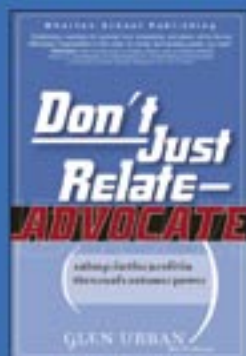
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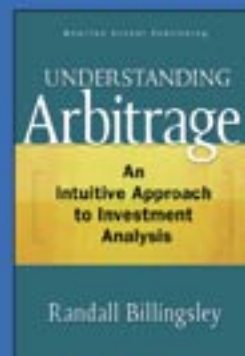
New and selected titles: Summer/Fall 2005



Why Great Leaders Don't Take Yes for an Answer
Managing for Conflict and Consensus
Michael A. Roberto



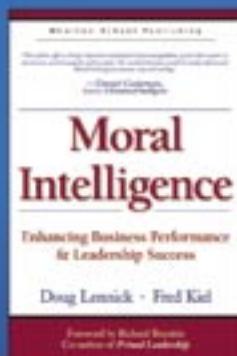
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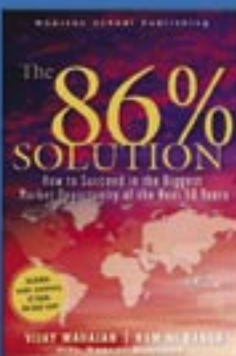
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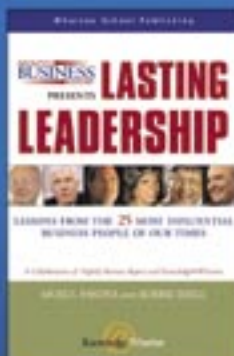
Making Innovation Work
How to Manage It, Measure It, and Profit from It
Tony Davila, Marc Epstein and Robert Shelton



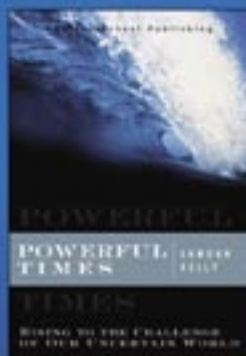
Moral Intelligence
Enhancing Business Performance & Leadership Success
Doug Lennick and Fred Kiel



The 86% Solution
How to Succeed in the Biggest Market Opportunity of the Next 50 Years
Vijay Mahajan and Kamini Banga



Nightly Business Report Presents
Lasting Leadership
Lessons from the 25 Most Influential Business People of Our Times
Mukul Pandya and Robbie Shell



Powerful Times
Rising to the Challenge of Our Uncertain World
Eamonn Kelly

New Visions for Marketing, Leadership, and Product Development

Wharton School Publishing introduces three new titles and celebrates one year of business.

In summer 2005 Wharton School Publishing celebrated its first anniversary by publishing its 24th title. After a little more than a year in business, the venture has made an impact across business disciplines and around the world — selling more than 250,000 copies in a total of 14 languages. Adding to a varied list of practical, implementable works that includes C.K. Prahalad's *The Fortune at the Bottom of the Pyramid* and Jon M. Huntsman's *Winners Never Cheat*, WSP releases three new books.

A New Model for Customer Relations

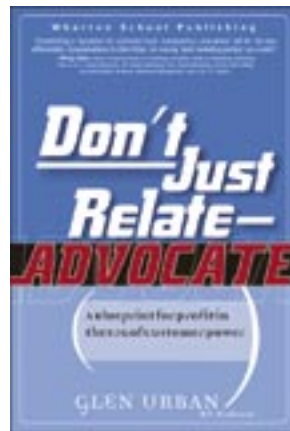
Don't Just Relate — Advocate! : A Blueprint for Profit in the Era of Customer Power, by Glen Urban

The need for new marketing approaches becomes clearer every year. Traditional “push/pull” marketing no longer works. Even highly touted customer relationship initiatives are failing.

Customers have more information, options, and sophistication than ever. Smart companies are pioneering an entirely new route to higher margins and sustainable competitive advantage: customer advocacy. In *Don't Just Relate — Advocate*, MIT professor Glen Urban describes how customer advocacy works, why it works, and how to put it into practice.

Urban, the David Austin Professor of Marketing and former dean at MIT's Sloan School of Management, is also the co-founder/chairman of Experion Systems Inc. His research on management science models that improve the productivity of new product development and marketing resulted in the Information Acceleration methodology

for simulating future sales. Urban's approaches have reduced development costs for more than 3,000 products including cars, computer systems, telecommunications, and drugs. In *Don't Just Relate — Advocate!*, he turns his attention to a



new model for building customer trust. According to Urban, customer advocacy means faithfully representing the customers' interests. It means giving them open, honest, and complete information because empowered customers will discover the truth through today's free information flow. It means talking with them, not at them. And it requires a massive transformation in both culture and processes. Urban's book provides the “how” as well as the “why.”

Urban discusses eight elements of customer advocacy, from transparency to partnership, and answers long-asked questions to help readers identify and overcome most significant obstacles. He draws on new case studies to show how to align culture, metrics, incentives, and organization, driving effective advocacy throughout entire organizations.

Urban describes customer advocacy as a pyramid. The “base” starts with

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TQM (Total Quality Management) and customer satisfaction initiatives; the “middle” includes relationship marketing efforts; and the “pinnacle” introduces new advocacy techniques built on trust, not coercion. Drawing on the customer advocacy initiatives at firms such as GM, Intel, Qwest, and John Deere, he identifies crucial lessons for earning customer trust, keeping it, and profiting from it.

Breaking Through ‘Group Think’

Why Great Leaders Don't Take Yes for an Answer: Managing for Conflict and Consensus, by Michael A. Roberto

Trust is not only for customers. Making great decisions means that employees have the belief and venue to speak their minds and a corporate culture that allows for constructive discourse. Many leaders hear “yes” far too often. They don't hear bad news until it's too late. They get groupthink, not reality. They think they've achieved consensus, then find their decisions undermined by colleagues who never really bought in. They become isolated: even high-risk or illegal actions can go unquestioned. It's an enormous problem for leaders, for teams, for the entire organization. But is it inevitable? Absolutely not.

In *Why Great Leaders Don't Take Yes for an Answer*, Harvard Business School



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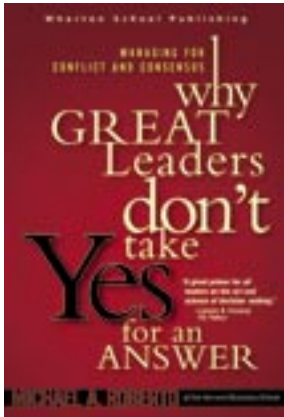
"My husband Tom always tried to help people. A gift to support a Wharton education was a great way for me to accomplish that and to honor his memory."

— SUSAN SCHWARTZ, WIDOW OF
THOMAS A. SCHWARTZ, WG '59, ESTABLISHED
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professor Michael Roberto shows how to stimulate dissent and debate to improve decision making; he also shows how to keep that conflict constructive.



Roberto, an assistant professor in HBS's general management department, has focused his research on strategic decision-making processes and senior management teams, leading to the conclusions and strategies in this book. He examines how managers make strategic decisions in a timely and efficient manner, while simultaneously building the consensus required to implement decisions effectively.

"Keeping conflict constructive helps to build decision commitment, and therefore facilitates implementation," says Roberto. "Leaders need to recognize that expressing dissent can be very difficult and uncomfortable for lower-level managers and employees — leaders cannot wait for dissent to come to them; they must actively go seek it out in their organizations."

Conflict alone does not produce better decisions and improved results. Roberto has found that leaders need to cultivate debate and simultaneously build consensus. Strong buy-in paves the way to successful execution. Through case studies and examples from history, including the Columbia space shuttle disaster and the Bay of Pigs, the book explores how real organizations make real

decisions and how the process unfolds throughout the organization — not just in the boardroom. It uncovers the five myths of executive decision making, why they are so dangerous, and how to overcome them.

Roberto also explores how to foster open debate that actually builds long-term consensus, and how to achieve "diversity in counsel, unity in command," how to move to closure avoiding "analysis paralysis" and other pitfalls, and how to gain the whole-hearted commitment to act. He writes that leaders "must search for people willing to say no to them. The mere existence of passive leadership constitutes a substantial barrier to candid dialogue and debate within organizations."

Leading Teams for Product Innovation

The Design of Things to Come: How Ordinary People Create Extraordinary Products, by Craig M. Vogel, Jonathan Cagan, and Peter Boatwright

What kinds of products/services resonate with consumers today? What do they want?

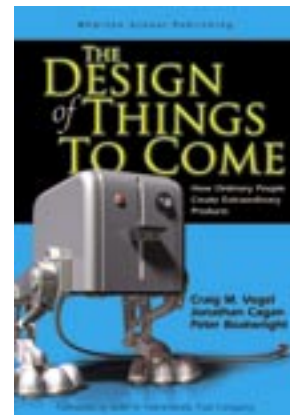
In *The Design of Things to Come*, professors Craig M. Vogel, Jonathan Cagan, and Peter Boatwright answer these questions by combining perspectives from design, engineering, and marketing. Vogel is director of the Center for Design Research and Innovation and professor of design at the University of Cincinnati, Cagan is a professor of mechanical engineering at Carnegie Mellon, and Boatwright is an associate professor of marketing at Carnegie Mellon's Tepper School of Business.

The iPod is a harbinger of a revolution in product design: innovation that targets customer emotion, self-image, and fantasy, not just product function. Other ground-breaking products include BodyMedia's SenseWear body

monitor, Herman Miller's Mirra Chair, Swiffer's mops, OXO's potato peelers, Adidas' intelligent shoes, the new Ford F-150 pickup truck, and many other winning innovations.

Vogel, Cagan, and Boatwright tell the hidden stories of the innovators behind these products, describing how they inspire and motivate their teams, as they shepherd their visions through corporate bureaucracy to profitable reality.

The authors have found that design revolutionaries have a healthy respect for the huge cultural and economic forces swirling around them, but they've gotten past the fear of failure, in order to surf the biggest waves — and deliver the most exciting breakthroughs. Along the way, Vogel, Cagan, and Boatwright deconstruct the entire process of design innovation, showing how it really works, and how today's smartest companies are innovating more effectively than ever before.



From discovering the trends driving tomorrow's most profitable innovations, to designing for fantasy, to mastering the art of pragmatic innovation, *The Design of Things to Come* reveals the power of today's best companies, building products and services that look great, feel great, and touch customers more deeply than ever before. Innovation isn't just the best way for companies to stay profitable; increasingly, it's the only way. ♦



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Alumni Association Update

A Strategic Plan in Progress



VIGE BARRIE
CW'74, WG'76

DEAR FELLOW ALUMNUS:

In May, Wharton held its annual Alumni Leadership Conference in Philadelphia. An impressive number of Alumni Club leaders from around the world participated, some in person and some via the Internet, along with school administrators. The Conference focused on opportunities for further outreach and growth among Club Presidents, and was a great opportunity for attendees to meet their fellow leaders, share best practices and learn from others' experiences.

One of the principal areas of discussion during the day-long conference was technology — specifically, how to harness systems to integrate and increase alumni interaction and participation. The conversation was animated and probing, as participants demonstrated their desire for and commitment to the development

of increased connectivity among alumni.

As I listened to the conversations and the ensuing post-conference discussions between members of the School's staff and the Alumni Board's Technology Committee, it occurred to me that the information technology goals of these alumni leaders mirror those of the Board as a whole. They reflect a shared desire for expanded communication and access, and for opportunities to leverage our resources, build more responsive organizations, research and identify needs, explore alliances, and celebrate achievements.

As part of the Board's strategic planning process for the next two years, our five Board committees (Student Alumni, Global Clubs, Marketing Communications, Development and Reunion, and Technology and Information Management) are currently formulating their individual goals. These are not yet crystallized, but broadly, they will address our continued commitment to building a world-class organization — one that enables every alumnus to connect easily with fellow alumni, valuable resources, school administrators and potential employers. We are in the process of building tools and systems that offer seamless communication;

simple identification and matching of interests, profiles and resources among alumni; systems for volunteering, giving, and joining; and expanded access to ideas and resources. And we are developing processes to welcome new members and engage those who have been disconnected from the network, offering all alumni greater opportunities to connect.

Finally, and equally important to this building process, we are working with the Alumni Affairs staff to prepare for the 2006 celebration of the School's 125th anniversary and the founding of management education. As the year approaches, you will be hearing more about the events planned for these significant milestones.

As always, if you are interested in becoming more involved in any of these endeavors, please contact the Alumni Affairs office at alumni.affairs@wharton.upenn.edu or contact me directly. We welcome your ideas and engagement. Thank you for your interest and support.

Vige Barrie
CW'74, WG'76
Chair, Wharton
Alumni Association
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Club Spotlight:

THE WHARTON CLUB OF THE TRIANGLE: A NEW CLUB TAKES FLIGHT

Raleigh, NC, and the surrounding area have a thriving, deep-rooted tradition of collegiate sports — most famously, ACC basketball. Unfortunately, the technology sector employers in nearby Research Triangle Park have not fared as well as the college sports teams. The resulting downsizing and closings have made the area a transient one, with families coming and going at a rapid pace. This turnover had made it difficult to establish a Club in the so-called Triangle area. For those who wanted to get involved, the nearest Club was over two hours away in Charlotte.

Then in the spring of 2004, several Wharton grads got together to discuss starting a local Alumni Club. It was obvious from the first gathering that, although the Triangle area was a mid-tier metropolitan area with only a few hundred Wharton alumni, there was plenty of interest and excitement in establishing a Club. So soon after a few planning meetings and brainstorming, the Wharton Club of the Triangle was born.

Sanctioned in July 2004, the Club has gotten off to a fast start. Led by **Kevin Brimhall, WG'93**, and a steering committee of fellow alumni, the Club has put together a strong slate of events. Social events have included happy hours at local establishments, including a coffeehouse owned by **Gray Medlin, WG'80**; a cooking class at a classic Italian eatery; and a wine tasting and "Wine 101" discussion at a wine shop owned by **Bill O'Neill, WG'94**. The summer was highlighted by a discussion with **Jason Santamaria, WG'01**, about his book *The Marine Corps Way*. In the fall, **Dr. David Hughes, WG'60**, a retired professor of Marketing at Kenan-Flagler Business School, UNC-Chapel Hill, led a fun and interactive session on a creative problem-solving methodology that is applicable to all aspects of one's life, work, and family. In December, Club members gathered at the NC Food Bank to sort food and help fight hunger during the holiday season.

The Club is also building networks with other alumni clubs. Jason Santamaria and **Aron Lelental, WG'88**, worked with the clubs of Harvard,

Stanford, Duke's Fuqua, UNC's Kenan-Flagler, Yale, and NC State to form the Triangle MBA Alumni Association (TMBAAA). While "Wharton Club only" events will continue, they will be augmented by TMBAAA functions. Recent events included a dinner with a speaker on the topic of *Paying the Human Costs of War*, and a case discussion on South African breweries.

If you are moving to or visiting the Raleigh area, please drop a line to trianglewhartonclub@hotmail.com for info about the Club's upcoming events. You can also visit the Club online at www.wharton.upenn.edu/alumniclubs/triangle/.

- Kevin Brimhall, WG'93, President
Wharton Club of the Triangle
jillkevbrim@mindspring.com

"Not Ready for PGA Players" Tee Off in Pittsburgh

When we got back in touch with Wharton alumni in Western Pennsylvania to start our new club, we discovered that one of us owns a public course near



THE FIRST ANNUAL WESTERN PENNSYLVANIA WHARTON GOLF OUTING WAS HELD ON JUNE 16, 2005, IN CLINTON, PA. Left to right: David Hopkins, WG'02, John Vogel, C'83, Deborah Evans Crawford, W'75, Greg Wissinger, WG'00, Wes Posvar, WG'74, Palmer Posvar, Andy Behrend, Alex Hendrickson, WG'79, Jeff Smith, WG'96, Jonathan Kaufman, WG'04, Melvin Steals, W'92.

Pittsburgh. And since Wharton grads and golf go together like...well, Bill Gates and money, we decided immediately to organize the First Annual Western Pennsylvania Wharton Golf Outing on June 16.

We teed off after work at the Marada Golf Course in Clinton, PA, owned and managed by **Deborah Evans Crawford, W'75**. The course is nine holes (yardage 3090, par 35).

Players included: **Melvin Steals, W'92, Jeff Smith, WG'96, David Hopkins, WG'02, Greg Wissinger, W'00, Wes Posvar, WG'74, Jonathan**

Kaufman, WG'04, John Vogel, C'83, Alexandra Hendrickson, WG'79, and Andy Behrends, Associate Director, Alumni Affairs and Annual Giving.

Playing Best Ball raised the competitive stakes: "Neither Mel (Steals) nor I shoot under 100 individually, but in the Best Ball format, we shot a 42," said David Hopkins. "We were able to hang with Greg Wissinger and Jeff Smith for about five holes. But we triple bogeyed the sixth hole and that set us back."

The course won rave reviews. "It compares favorably with Pinehurst

Alumni Association Update

and Oakmont,” said Greg Wissinger. “Seriously, it’s a great course for learners who are uncomfortable with the pressure of an 18-hole course. The greens are very good. It’s the best nine-hole course in the area.”

Players found the number 3 and 6 holes to be especially challenging. “The number 3 par 5 forces you to ‘thread a needle’ through the trees off the tee box, then dog leg hard left with over 220 yards uphill to the green.” said Jeff Smith. “It’s a ‘no gimme’ par 5.”

“I like the number 6 par 3 over the big ravine,” said Greg. “Holes like that are good because they are visually interesting and a challenge.”

Deborah Evans Crawford had not kept in touch with fellow alumni since she graduated. Hosting the outing changed her mind. “This was a lot more fun than I ever imagined,” she said.

After the game, over fried chicken and beer at the golf pavilion, we decided that we need more practice before we try out for the PGA, so we will definitely run this event again next year. Come join us!

- Alexandra Hendrickson
WG’79

Ringling in Success: Wharton Business Plan Competition Winners Chosen NASDAQ Opening Bell Ringers, Welcomed by Wharton Club of New York

The Wharton Business Plan Competition Grand Prize Winners for 2005

— Jonathan Goodspeed, WG’05, (below, front row, third from right) and Dhaval Gosalia, SEAS’05, (front row, fourth from right) — were honored by NASDAQ as Opening Bell Ringers on June 27, 2005. In the photo, they are joined in New York’s Times Square by members of the Wharton Club of New York, as well as family members and staff of Wharton Entrepreneurial Programs, which co-manages the Competition.

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Leadershipspotlight

BETH WADE NELSON, WG'82

Beth Wade Nelson, WG'82 (WEMBA VI), retired three years ago from Neuberger Berman, where she was a partner and managing director. She hasn't stopped working. The difference is that now she devotes her time to philanthropic causes instead of managing \$1.2 billion in assets for individuals.



TOMMY LEONARDI

“It was time for me to retire. I wanted to do other things. I didn't want to wait and find that I regretted what I didn't do,” she says. Wharton is Nelson's most important nonprofit endeavor. She serves as a member of Wharton's Board of Overseers and the Wharton Women's Task Force and was Chair of the Wharton Fund in 2005. Under her leadership, the Wharton Fund achieved its best year ever, raising more than \$7.1 million in unrestricted funds. Nelson is playing a leadership role in getting Wharton MBA Program for Executives alumni involved in the life of the School, and was the challenge donor for the MBA Exec class gift in 2003 and 2004. Nelson has been a member of the Joseph Wharton Club for more than ten years, and she and her husband Gary A. Glynn, WG'70, named a classroom in Jon M. Huntsman Hall.

“I never forget that the reason that I'm able to give charitable gifts is that I went to Wharton,” she says.

Nelson's level of success shows the tenaciousness that characterized her career from the earliest days. An undergraduate music major, Nelson struggled to work as an oboe player. In order to pay her rent, Nelson entered the finance field as a secretary and worked her way up the finance ladder for 10 years before applying to Wharton.

“It took a lot of perseverance, but I did any job — mostly those that no one else would do in order to learn skills that would take me to the next level.”

Nelson had completed the CFA program, but felt an MBA would make her a better investor. Her now-husband, Gary Glynn, had graduated from Wharton, so she knew Wharton was the right place for her. She needed to support herself and found the WEMBA program (now known as the Wharton MBA Program for Executives), so that she could work full time while attending school full time. Two years later, Nelson graduated with the WEMBA VIs, a diverse class of 33 individuals from different fields and companies.

Now, after a long, full career, Nelson is able to show her gratitude through charitable giving. In addition to her work with Wharton, Nelson sits on the boards of the Metropolitan Opera of New York, the Washington National Opera, and the Gunnery School.

She also tries to help others through support of education at many levels. She and her husband work anonymously with the principal of an elementary school in upper Manhattan.

“These are hard-working kids from tough backgrounds, but they don't need a lot to encourage them — a little attention, some tutoring, and for one student, braces for her teeth — to give them a message that they have a future,” she says. “I know the kids, but they don't know me. Making a difference in these kids' lives makes even the worst day in the stock market worth it.”

She also aims to enable another generation of philanthropists at the Wharton School through her donations to Wharton and her tenure as Chair of the Wharton Fund.

“When the best-quality students are helped to go to Wharton, there is a double benefit,” Nelson says. “The students then graduate to become effective executives who will grow companies, create jobs, and provide wealth. These graduates, having achieved a high level of success, then make charitable donations. There is a multiplying effect in charitable giving. My early contributions seemed too small to matter. However, now I know that every dollar matters.” ♦

- KELLY J. ANDREWS