spring 2002

Wharton

ALUMNI MAGAZINE

SPECIAL

Reunion Issue

Wharton Grads – Since 1942 –

Tell How They Got That Job

J. Arnett Frisby, Jr., WG'42

The Wharton School
University of Pennsylvania

COVER PHOTOGRAPH. ROBERT BURKE

It's Reunion time again!
(See below for dates.) Call 215.898.8478 for details.

2002 Alumni Calendar Highlights

MAY

10-12
Alumni Reunion: Philadelphia, PA

16-17
Regional Alumni Meeting: Paris, France

JUNE

20-21
Regional Alumni Meeting: Panama City, Panama

25
Wharton [Connect]: Detroit, MI*

JULY

12-13
Regional Alumni Meeting: Tokyo, Japan

OCTOBER

24-26
Huntsman Hall Opening Celebration: Philadelphia, PA

**For information, visit <www.wharton.upenn.edu/alumni>, and click on "Wharton Connect."*

Wharton

ALUMNI MAGAZINE

spring 2002

10

A walk through history with Reunion-year alums.

20

40s, 50s, 60s, 70s . . .
What are the forces that shaped business?

8

Reconnect with fellow alums and the School.

Features

Departments

Financial Times Ranks Wharton MBA Program #1

For the second year in a row, the *Financial Times* has ranked Wharton first among 100 full-time international MBA programs. Published in January, the survey specifically cited Wharton's strength in research and alumni job placement.

The New Face of WAVE

Have you visited WAVE <http://wave.wharton.upenn.edu> lately? A new version of the School's alumni website allows alumni to communicate with one another more easily, as well as get information about what's happening at the School. Access from the homepage to the online directory, lifelong e-mail, and mailing lists has been made simpler. In addition, the homepage will feature more up-to-the-minute news from the School, as well as spotlight new services for alumni.

These are the first steps in the "next WAVE" of online services designed to keep alumni in better touch with one another and the School. Check future editions of the Wharton [Connect] e-newsletter, as well as the WAVE site, for announcements about other new programs. If you haven't yet registered for WAVE, visit the site today—registration is free and takes only a few minutes.

Contribute Your Insights for Research

Here's an unusual way to give back to the Wharton School. Wharton has entered into a research alliance with Gartner, Inc., a research and advisory firm, in which our faculty members develop online surveys to further their research. Regardless of what point you are at in your career, you can support Wharton's research by agreeing to become a business panelist and completing a few brief surveys during the course of the year.

These findings will benefit faculty researching a broad range of current issues and opportunities affecting business growth. Wharton alumni are invited to join the panel by linking to <http://wharton-gartner.surveyweb.com/wharton/index.html>. As a token of appreciation for your participation, panelists will be able to select valuable research reports from Gartner upon completing each survey.

Wharton Welcomes New Development Director

DALCH

Wharton's Associate Dean for External Affairs, Steven Oliveira, has announced the appointment of Linda N. Dalch as the School's new Executive Director of Development.

Dalch will be responsible for the management of the School's development office and will direct activities related to the Campaign for Sustained Leadership.

Before coming to Wharton, Dalch served as the President of the Virginia Foundation for Independent Colleges (VFIC) in Richmond, VA. Under her leadership, VFIC exceeded all prior fundraising records for the foundation. She also served as the President of Tek.Xam, a unique information technology exam used nationally that certifies problem-solving and technology skills for liberal arts students, and she is currently a member of the organization's board.

Prior to VFIC, Linda served as the Director of Leadership Gifts at the Darden School at the University of Virginia where she developed, implemented, and managed regional campaigns for the Campaign for Darden, as well as a program for training and managing volunteers. She also served as the Director of Development for the Virginia Commonwealth University School of Business where she established the school's first development office and directed its first capital campaign.

"Linda brings excellent fundraising, leadership, and management experience to our organization," Oliveira said. "She will play an integral role in implementing the strategy to bring the Campaign to a successful conclusion and in building a strong, long-term development operation for Wharton's post-campaign era."

Connect-ing with the Hong Kong Club

A January Wharton "Connect" event in Hong Kong provided the perfect opportunity for Wharton Dean Patrick Harker and other School administrators to meet and mingle with members of the Wharton Club of Hong Kong. The Club was scheduled to hold its official opening with Wharton administration present last September, but plans for the Dean's visit were postponed in the wake of the attacks on September 11.

The Club was founded in 1999 by **Paul Cheng, WG'61** (Founding Chairman), **Joseph W. Ferrigno, III, W'67** (President), **George Hongchoy, WG'91** (Vice President), and **Patrick Ma, W'80** (Treasurer). The purpose of the Club is to facilitate networking and interaction among alumni located in Hong Kong and other alumni in the Asia Region, prominent people in the Hong Kong community, and Wharton faculty and administration. Among its objectives are providing a forum to explore critical issues, the latest business trends, and cutting-edge issues; introducing those visiting Hong Kong to fellow alums and familiarizing them with the culture; and supporting the Penn Club of Hong Kong in its activities, working jointly with them on scholarships and other programs.

To learn more about the Wharton Club near you, visit <www.wharton.upenn.edu/alumni/clubs.html>.

For more on Wharton "Connect" events, visit <www.wharton.upenn.edu/alumni>.

News Briefs

Warren Lieberfarb, W'65, President of Warner Home Video, visited Wharton to speak as part of the popular **Musser-Schoemaker Leadership Lecture Series** in February. Lieberfarb, who is known as the "architect of the DVD," described the evolution of the DVD as a necessity for his company to avoid being put out of business. His efforts led to a single DVD standard being accepted by the consumer electronics, computer, and entertainment industries.

Also in February, Wharton announced the establishment of the **Lawrence S. Bloomberg Fellowship Fund**. Endowed by Lawrence S. Bloomberg, the $250,000 fellowship is the first to specifically provide financial support to Canadian MBA students at the Wharton School.

LIEBERFARB

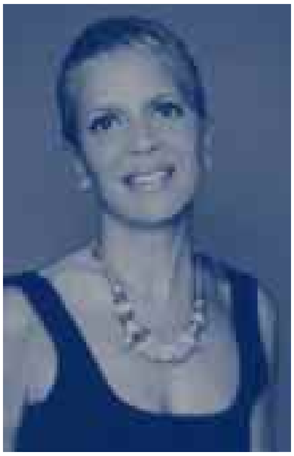
Humana Inc. and the Wharton School have announced that Humana has become **a corporate partner of the School's Center for Health Management and Economics**. Humana joins a select group of firms representing employers, payers, providers, distributors, and manufacturers that will create a living laboratory for leading-edge research on health care management, health economics, and policy.

Infosys Technologies and the William and Phyllis Mack Center for Technological Innovation at Wharton will jointly present the **Wharton Infosys Business Transformation Award** to recognize organizations that have transformed their business or industry through the creative application of technology. Awards will be based on the level of innovation, thought leadership, and transformational results and will be presented in May 2002. For more information, visit <www.infy.com/wibta>.

For more, visit <www.wharton.upenn.edu>.

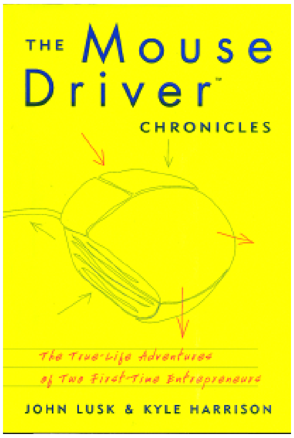
Alumni in the News

According to the *Wall Street Journal* (2/1/02), the following alumni recently were appointed Managing Directors at Goldman Sachs: **Lori B. Appelbaum, W'86; David A. Fishman, W'86; Elizabeth C. Groves, WG'91; Peter Labbat, WG'93; Eric S. Lane, W'96; Ryan D. Limaye, Eng'93, W'93, WG'93; Jefferey S. Sloan, C'89, W'89**; and **Michael Y. Yao, W'90**. *USA Today* (1/31/02) reports that **Stephen Cooper, W'70**, has been hired as interim chief executive officer and chief restructuring officer for fallen energy giant Enron. Cooper said he is not interested in Enron's past problems, preferring to look ahead at what looks like a monumental challenge. Related articles appeared in the *New York Times*, the *Los Angeles Times*, the *Washington Post*,



RHONE

and the *Wall Street Journal*. **Nicole Piasecki, WG'90**, was profiled in an article for the *Seattle Times* (1/29/02) about her recent promotion to vice president of business strategy and marketing at Boeing, which makes her the highest ranking woman directly involved with aircraft strategy at the aerospace giant. **Robert J. Hurst, WG'68**, was profiled in an article for *BusinessWeek* (1/21/02) on his position as chief executive of the 9/11 United Services Group, overseeing the dispersion of more than $700 million to victims of the September 11 terrorist attacks. Hurst, who is currently vice-chairman of Goldman, Sachs, said that he wanted the assignment because he wanted to do more than give money. **Sylvia Rhone, W'74**, was profiled in the December 2001/January 2002 edition of *Ms.* Magazine as one of its Women of the Year. According to the magazine, Ms. Rhone, who is CEO of Elektra Entertainment, made the list "for putting her ideals into action—both in and out of the music business—on behalf of women and people of color." **John Lusk, WG'99**, and **Kyle Harrison, WG'99**, were mentioned in the *Los Angeles Times* (12/23/01) in connection with their recently released book, *The Mouse Driver Chronicles: The True Life Adventures of Two First-Time Entrepreneurs*. The book chronicles the pair's struggles and triumphs as they formed Platinum Products and introduced their computer mouse that looks like the head of a golf club. **Pridiyathorn Devakula, WG'70**, was named financier of the year by *The Nation* (12/20/01). Devakula is central bank governor for the Bank of



LUSK AND HARRISON

Thailand, having gained widespread praise for a number of bold moves he has made in the past year. According to *PR Newswire* (12/17/01), **Eileen Naughton, WG'87**, has been promoted to president of *Time*, where she will be responsible for the business side of the weekly magazine, the Time for Kids division, TIME.com, and the *Life* franchise. *Business Wire* (12/17/01) reports that **Ellen C. Wolf, WG'79**, vice president and CFO of American Water Works Company Inc., has been named to the "Commodities Now" Top 50 Women in Energy list. **Andrew Grant, WG'90**, was profiled in an article in *Business Review Weekly* (12/6/01) regarding his position as managing director of Virgin Mobile. Grant says that he has embraced Virgin's notoriously irreverent marketing style, which has included following Virgin chairman Richard Branson in an army tank down Pitt Street in Sydney. **Sam Su, WG'83**, was mentioned in an article in *Fortune* (11/26/01) on Tricon's foray into markets outside the U.S.

For more, visit <www.wharton.upenn.edu/alumni>.




JERRY MILLEVOI

On With the Show

Wharton Follies 2002: "Crouching Market, Hidden Offer"

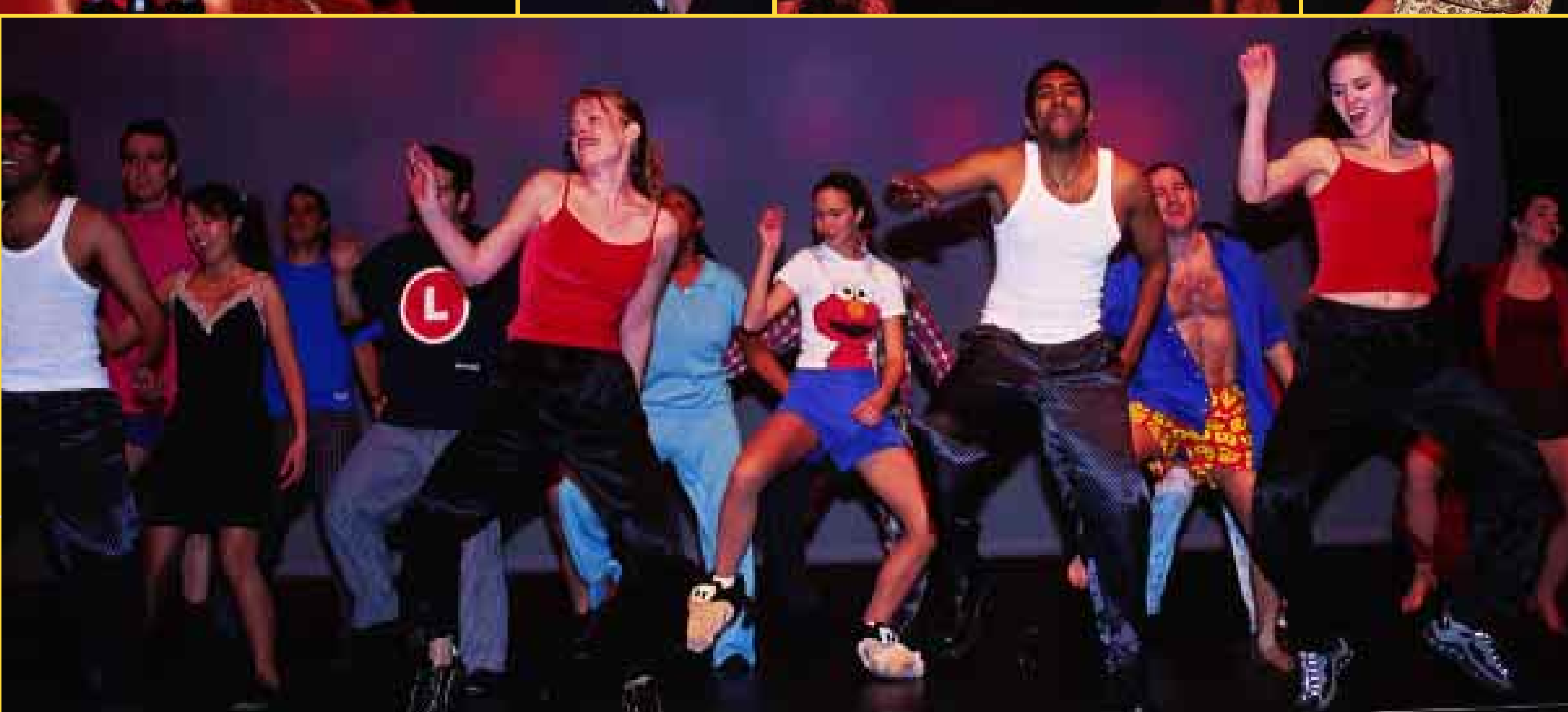
On stage at the Annenberg Theater, 20 men and women dance and sing their hearts out to the strains of a live orchestra. The songs and skits deal with the economy and the job market, with titles like "Dough, Stock, Debt," "Interview Center," and "The Wharton Whine Club." And wait—isn't that Vice Dean Anjani Jain in the feather boa?

The annual Wharton Follies was a resounding success this year. Three performances at the Annenberg drew more than 1,600 people, and a special performance held at New York's Fashion Institute of Technology Theater had more than 600 audience members.

Of course, no Follies would be complete without a few professors and administrators in on the act. In addition to Vice Dean Jain, who performed a line dance with female members of the cast, Professor Franklin Allen did a memorable turn as Sister Allen, a finance-teaching nun; and marketing professors Pete Fader and Gavan Fitzsimons made guest appearances.







Undergrad Amin Venjara: A Cause-Committed Activist in a Self-Involved Age

By Robert Strauss

Amin Venjara bristles when told he is a throwback – an anachronistic 1960s-type activist caught in a much more self-involved age.

"No, that's just wrong. I see too many people here who are committed to causes and building communities to see any validity in that stereotype," he says.

"We're trying to create a collaborative to introduce students to the neighborhood in West Philadelphia and understand their relationship and responsibility to the community, because they are certainly part of that community," says Venjara. "We have programs where we look into

TOMMY LEONARDI

VENJARA

But even among the cause-committed, Venjara is an anomaly. Last summer, the Wharton sophomore from Congers, NY, a University and Joseph Wharton scholar who is enrolled in the highly competitive management and technology (M&T) program, spread his community activism from West Philadelphia to Selma, AL.

Venjara based himself out of Civic House on campus, where he helped coordinate the PennCorps program. PennCorps organizes seminars to help get students involved in service opportunities, primarily in the West Philadelphia area.

urban poverty, the urban environment, and urban health; and we run seminars on those topics in an effort to get students involved in service and understand the social issues behind each of those spheres."

As a freshman last year, Venjara got particularly involved with University City Green, a nonprofit group that encourages sprucing up the University City area with trees, shoving cement aside for greenery – and a larger purpose, according to Venjara.

"We plant trees and do a lot of greening, but we do that in order to build community bonds among block members," he says. "People don't know each other very well, even though they might live next door. We get them out of the house and united. They plant trees and see that they did a concrete project together. Community members get to see the power of their unity."

Last March, for instance, Venjara worked with UC Green and the blocks on Walnut Street between 43rd and 48th Streets to plant 101 sidewalk trees in one day. "It was a large number of community members and a large number from Penn," he says. "I like to think we are all community members because it is our joint responsibility to take care of this place." In November, the group planted 130 more on Chestnut Street (this time with the help of a Management 100 team), in memory of the victims of September 11.

Venjara also found time in his busy schedule to participate in an eight-day trip through the South last summer, to commemorate the Freedom Rides of the Civil Rights movement of the 1960s. Riding on a bus, much like the college kids of that era who went down mostly to register black voters, Venjara and his fellow riders went to Memphis to see where Martin Luther King, Jr.'s, last days were spent; to Selma, AL, where voting-rights activists were attacked by local police; to Montgomery, AL, where the local bus boycott pushed the movement to the front pages; and to

continued on page 36

For Change of Address: The Wharton School Office of Development and Alumni Affairs, Alumni Address Update, 344 Vance Hall, 3733 Spruce Street, Philadelphia, PA 19104-6360 • Telephone: 215.898.8478 • Fax: 215.898.2695 • Web: <wave.wharton.upenn.edu/updateform.html>

Correction: In our winter 2002 profile of Ndidi Nwuneli, the city of Hebron was incorrectly located. It should have been cited as "Hebron in the West Bank."

2002 ALUMNI REUNION

SCHEDULE OF EVENTS

Join us for exceptional executive education seminars, exciting programs, and social events that will provide you with the opportunity to reconnect with classmates, find out what's new at the School, and hear the views of award-winning professors and authors. All alumni are welcome!

FRIDAY, MAY 10, 2002

2:00 - 7:30 pm	**Registration on the Quad**
3:00 - 4:30 pm	**Alumni/Faculty Exchange: "Towards Health Equity" Sponsored by the Leonard Davis Institute** *A multidisciplinary panel examines the new economy's impact on the health care industry and delivery system.*
4:00 - 5:30 pm	**Executive Education: Professor Yoram (Jerry) Wind "Market-driven Strategies for Today's Economy"** *Professor of Marketing, director of the SEI Center for Advanced Studies in Management, and author of* Convergence Marketing, *this award-winning professor will speak on marketing and business opportunities post 9/11 (open discussion format).*
5:30 - 8:30 pm	**All-Alumni Reception Hoover Lounge Patio and Tent**
8:00 - 11:00 pm	**Class of WG'97 Nostalgia Night at the MBA Pub**

SATURDAY, MAY 11, 2002

8:30 - 4:00 pm	**Registration on the Quad Continental Breakfast (8:30 to 10:00 am)**
9:00 - 3:00 pm	**Technology@Wharton Register for Online Services: WAVE, Knowledge@Wharton, Lifelong E-mail**
9:30 - 11:00 am	**Executive Education: Professor Michael Useem "Leading Up: Learning to Lead a Boss and Building a Culture of Upward Leadership"** *Award-winning professor, consultant, and author of* Leading Up: Learning to Lead Your Boss So You Both Win *will discuss how the process of upward leadership can ensure that the goals of organizations can be achieved.*

http://www.wharton.upenn.edu/alumni/reunion/2002/

PETER OLSON AND TOMMY LEONARDI

[Connect]

**Schedule may be subject to slight modification.
For more information, please contact the
Alumni Affairs office at 215.898.8478,
or e-mail us at alumni.affairs@wharton.upenn.edu.**

11:15 - 11:45 am	**"Alumni Town Meeting" with Penn President Judith Rodin** *President Rodin will assess the University's just-concluded strategic plan, Agenda for Excellence, and will provide her perspective on Penn today.*
11:45 - 12:30 pm	**"Wharton Town Meeting" with Dean Patrick Harker** *Dean Harker will talk about the changing face of Wharton's Campus – Huntsman Hall – and will update alumni on other relevant School news.*
12:30 - 2:30 pm	**Picnic Lunch on the Quad**
2:30 - 3:00 pm	**Penn Parade of Classes**
3:15 - 4:45 pm	**Executive Education: Professor Jeremy J. Siegel "Perspectives on the Market: Are Stocks Still a Buy?"** *Rated the #1 business school professor in the nation, this best-selling author of* Stocks for the Long Run *will share his perspectives on the future of the stock market.*
7:00 - 12:00 am	**MBA Reunion Dinners** **Class of '97** *The Ballroom at the Ben* **Class of '92** *The Independence Seaport Museum* **Classes of '87, '82, '77, '72, '67, '62, '57, '52, '47, '42, '37, & '32** *The Ballrooms at The Inn at Penn*

SUNDAY, MAY 12, 2002

11:00 - 2:00 pm	**Farewell Brunch** **Sheraton Society Hill**

WHARTON GRADS – SINCE 1942 – TELL HOW THEY

Got That Job

Stepping through history: Reunion-year alums show the tenacity and innovation it takes to build a career.

BY MATT CRENSON AND SHARON L. CRENSON

J. Arnett Frisby, Jr., WG'42, reeled in his first job offer when Glen Miller ruled the airwaves and companies still tracked payroll in thick paper volumes.

The General Accounting Office offered $2,000 a year, not bad at a time when Frisby – his freshly inked MBA in hand – says a good education guaranteed nothing to an African American.

"At that time, it didn't make any difference if you had a PhD and you were a Negro," he says, speaking with an accent that reveals a boyhood spent south of the Mason-Dixon line. "Some of the Negro red caps working in the railroad stations were said to have had advanced college degrees."

At Wharton, Frisby had a taste of what life could be when segregation loosened its grip. He felt a certain freedom he missed growing up.

"I could do certain things I couldn't do in Baltimore. In Baltimore, a lot of the places wouldn't even wait on you. Some of the women used to go up to Philadelphia to shop."

To trace Frisby's professional steps and those of Wharton grads from the last six decades is to step through history. Their stories tell the world's tale of social struggle, technological revolution, managerial innovation, the spiral into economic chaos, and heady rebirth.

At this spring's alumni reunion, hundreds will share those experiences. If you can't make it this May, or if your class isn't celebrating a reunion this year, maybe these stories will encourage you to come back to campus for the next one.

Here's a glimpse into the lives of just a few of the University's well-respected alums, some of whom will be at Penn to mark class reunions this spring. They are Frisby, Wharton's oldest living African-American alum; Milton Silver, W'52, professor, author, and consultant in management and organizational studies; Thomas E. Haley, WG'62, vice president for market data at the New York Stock Exchange; Stephen Co, WG'72, senior VP at Rabobank in Singapore; Nancy E. Boyer, WG'82, a scholar on emerging democracies; restaurateur Nancy Yaffa, WG'92; and H.S. "Sam" Hamadeh, WG'97, a founder of the online career media company Vault, Inc.

DIVERSITY 101

J. Arnett Frisby, Jr., 85, is the son of an expert auto mechanic and one-time apartment building custodian who learned accounting by taking correspondence courses. He wanted his son to go to Wharton, but he couldn't afford to send him.

"Being African American, I said, 'How in the world did he even know anything about Wharton School?'" Frisby wondered.

ROBERT BURKE

With his dad's dreams in mind, Frisby studied history and mathematics at Morgan College (now Morgan State University) in Baltimore. It was actually the State of Maryland's discriminatory educational policies that punched the young man's ticket to Wharton. They wouldn't let him attend the state graduate school with white students, but the state had a program that paid the tuition for African Americans to go elsewhere.

Frisby headed to Wharton on Maryland taxpayers' dime. "They wouldn't let me into the University of Maryland," he recalls, "but I got a far better education than I could have gotten there."

But fulfilling Wharton's thesis requirement was almost too much. Frisby was supposed to graduate in 1940 and started a thesis about accounting problems faced in personal finance companies like the one his father worked in with two other men. The young MBA seeker read all he could and even traveled to New York where there was a personal finance company run by African Americans. In the end, he scrapped the idea for lack of material, leaving him with no topic and no thesis for graduation. He started over, this time researching accounting for earned surplus. Teaching part-time, he trolled through almost 2,000 corporate reports in a year and finally finished his thesis – for which he was awarded an honorable mention – in time for graduation in 1942.

He married wife Olga and headed to the General Accounting Office.

Frisby eventually was promoted to supervisor after the agency corralled a group of African-American employees into a single unit auditing the U.S. Coast Guard's payrolls. A black man was allowed to supervise only when the job didn't include managing white workers.

But Frisby had other ideas for the future. He wanted to return to the college environment – this time as a business and financial administrator and faculty member. He held a series of jobs, beginning with accounting positions at Howard University, and then as comptroller at Morgan State, afterwards landing an assistant professorship at Hampton Institute (now University), where he was also assistant to the business administrator. He then returned to Howard as an assistant for business operations.

Public accounting also interested him. But here again, he ran into the old barrier of race. In those days, people needed experience in the field before they could take the Certified Public Accountant's exam. No firm would hire Frisby. One interviewer said point-blank that clients wouldn't want a black man auditing their books. Finally, Frisby returned to government work after his job at Howard was eliminated in reorganization.

Public accounting interested Frisby. But here again, he ran into the old barrier of race: no firm would hire him.

For the next three decades, he worked at the Treasury Department's Bureau of Engraving and Printing, first as an internal auditor, and then as a management analyst involved in the records disposition management program.

Promotions were still hard to come by. "My experience in school, teaching, and working in business and financial offices didn't seem to count for much," he recalls. "Some of the white fellows who came in had less experience, and they would move right on up."

By the time Frisby retired in 1993, the weight of discrimination had eased considerably, but he still believes a subtler form pervades the workplace. He offers one piece of advice to those who have to deal with it: "If a person treats you unfairly or is downright mean, don't get yourself upset about it. It's that person's problem, not yours." Today, Frisby is retired and living in Annandale, VA. His four children and five grandchildren help keep him young, along with some arthritis medication he credits with letting him dance at alumni functions. He also loves to sing.

And he's looking forward to his May reunion on campus. "I love people; that's my biggest enjoyment," he says.

MANAGING CHANGE

Milton Silver, WG'52, found his professional calling during his days as an MBA student. (He had already completed an engineering degree at Penn.) His inspiration? Professors who put academic theory into action by consulting with corporations and then brought the results back to the classroom.

"I look back on it, and it seems that very early I had a very clear vision that I wanted to come back and be a professor; and I was going to be a consultant," Silver says. "I just saw it as the best of both worlds."

To get his start, he went to work for RCA in New Jersey, a company that had a generous tuition reimbursement program for employees. By day, he worked in Camden; by night, he commuted to New York's Columbia University, where he worked on his PhD. It took five years to complete the classes called for to become a candidate, and twice that long to finish his doctorate and pay RCA back the additional two years service he owed the firm for paying his way.

But at last, in 1962, Silver had the credentials he needed. He taught briefly at Wharton, but then settled in at Drexel University, where he felt he could devote more time to consulting.

Initially, he capitalized on his engineering background, helping companies with their computer-based information systems. The work soon led to staff development projects.

Silver remembers vividly when IBM introduced its 1400 series computers and RCA the 501 in the 1960s. Companies were suddenly able to order raw materials, track sales, deliveries, and accounts payable and receivable all in a single computer system. Previous punch-card computers had been able only to service single departments. The new model forced both employees and employers to adapt.

"There was a considerable amount of training necessary to understand the contribution technology could make," says Silver, now 72. "People had to learn how to think about their jobs."

That sort of on-the-job adjustment foreshadowed what Silver believes is the career development model companies should provide today. No modern company can promise a job for life, he says, but they can promise learning that seeds growth for an employee's future success.

And where Arnett Frisby fought his own personal battle for workplace fairness, pursuing promotion after promotion despite discriminatory employment practices, Silver has worked on the corporate side to help companies stretch their ideas about where and how different types of people fit in. Working with large pharmaceutical firms like the forefathers of GlaxoSmithKline and Bristol-Myers Squibb, for example, revealed the special challenge of coordinating research and development across the globe.

The basic problem is one Silver has long been familiar with. Recalling his own days at RCA, he recounts a business trip spent trying to stitch together two very different corporate cultures after RCA acquired Whirlpool in the 1960s. The

Silver has worked on the corporate side to help companies stretch their ideas about where and how different types of people fit in.

JERRY MILLEVOI

MILTON SILVER, WG'52

RCA group was changing planes in Pittsburgh on their way back from a Whirlpool meeting when one of the men looked at the others and asked, "Just what the hell is the matter with those guys?"

RCA, perhaps best known for its televisions, had sought to acquire companies that produced other home appliances – like washing machines – figuring it made sense to offer retail outlets a full range of appliances and electronics. As it turned out, Whirlpool's vastly different ideas about pricing, distribution, and performance measurement eventually resulted in RCA re-selling the firm.

Over the past 20 years, as Silver has repeatedly coached companies through the same sort of growing pains, the business model has evolved from huge firms integrating every thinkable service to smaller businesses outsourcing all but their core concerns.

Looking forward, he says companies like Cisco Systems will continue to struggle if they don't select the right companies to acquire and learn to digest them. "The same problems we saw with black, white, Jew, and gentile are now showing up on a geographic spectrum," Silver says. "We're still looking for a formula that works."

THE NUMBERS GAME

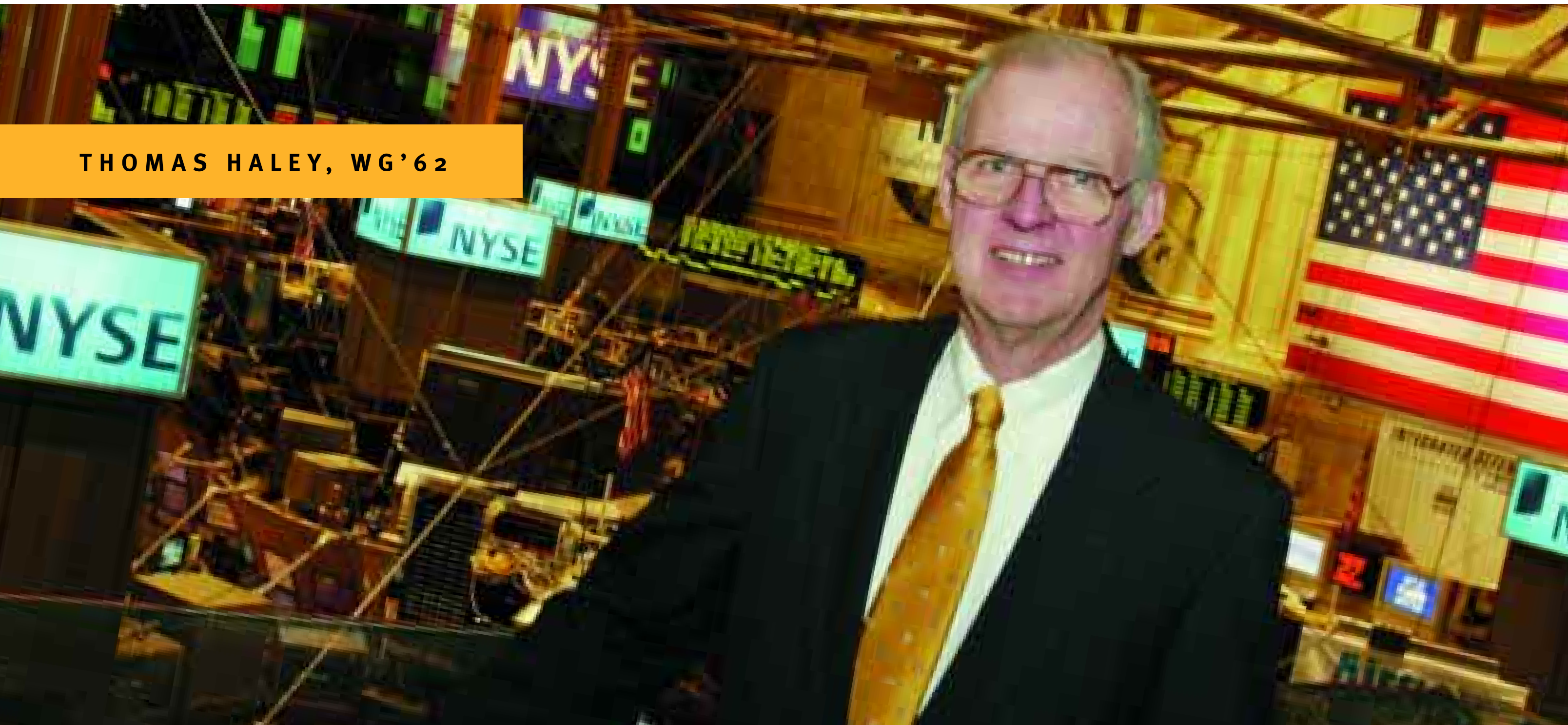
The old ticker tapes were not long gone when Thomas Haley, WG'62, started working at the New York Stock Exchange. The Dow had not yet cracked 1,500. On its busiest days, the exchange traded 50 million shares, the equivalent of a few minutes' activity today.

But the most amazing thing is that it wasn't that long ago. Haley was hired as the exchange's controller in 1978, lured away by a headhunter from a job in finance administration at SAAB Scania. Since graduating from Wharton, he had worked for SAAB, Arthur Young, and several other accounting firms.

"There was a lot of automation going on behind the scenes," when he arrived at the exchange, says Haley, 63. But the real change was still to come, and Haley would find he was a big part of it. Early in the 1980s, Haley "took off the green eyeshade" to become vice president for market data. At the time he started, he oversaw the distribution of updated price information to about 50,000 brokers and dealers via a network of terminals.

"In market data at that point, the objective was to get our information out to the broker-dealer community," Haley says. Basically it was a professional-only audience."

For Haley, it has been like sitting in the eye of the storm as he has watched the data he provides revolutionize investing.



THOMAS HALEY, WG'62

Today, he is responsible for seeing that 10 times as many professional investors receive data from the New York Stock Exchange. On top of that, the exchange sends numbers to millions of individuals via the Internet. Market data sales garner about $160 million a year, about 15 percent of the exchange's total revenue.

The volume of information available has exploded, too. The exchange recently unveiled a new product called OpenBook, which lets brokers see the full range of bids and offers on a stock.

For Haley, it has been like sitting in the eye of the storm as he has watched the data he provides revolutionize investing. The ready availability of market data has created niches on Wall Street that couldn't have been imagined 23 years ago, such as day trading and online brokers. It has changed investment banking, too, with innovations in derivatives and other complex investment vehicles whose values are pegged to market numbers. Financial information-based companies like Bloomberg have sprung up, using market data as their foundation.

Like so many other things, a pair of technologies made it all possible – personal computers and high-speed data communications networks. But even more important has been the exchange's ability to use those innovations to provide a service customers want.

"The computer technology has been terrific, but really the issue has been customer demand," Haley says. "What has been the success of the New York Stock Exchange is that the customer continues to use us."

FAMILY TIES

Even as the world's premiere stock exchange pulled itself off the ticker-tape paper trail to become a processor-driven powerhouse, Stephen Co, WG'72, was fighting his own technology battle half way around the world.

Stock analysis, the intricacies of foreign exchange, and speculative markets captured his imagination at Wharton; and he went to work briefly for Marine Midland Bank, Singapore branch, upon graduation.

But his heart belonged in the family business: Steniel Manufacturing Company in the Philippines, a company named after Stephen and his brother Daniel. Stephen Co's immediate family had fled to Singapore in 1971 as social unrest rocked the islands. Other relatives were left to tend the business, a fruit packaging concern.

By 1975, it was in the red, and Co headed home. Retrenchment, perhaps, would have been the obvious choice. But Co – who calls himself a "born marketer" – had other ideas. "We just went in and took the competition head on," he says.

Capacity was a problem. Steniel made carton boxes for materials from the U.S., and just-in-time delivery was a pipe dream. In the Philippines at the time, their suppliers were sometimes out of electricity for four to six hours a day. It took three to four months to import raw materials from abroad. Orders from the local mill took 60 to 75 days.

> For Stephen Co, running a family business in the Philippines in the 1970s was perfect training for private banking in the turbulent 2000s.

In 1976, the family ordered $10 million worth of state-of-the-art equipment, insisting supplier Mitsubishi cover any fluctuation in currency rates between order and delivery. They retired the accounting staff and computerized from top to bottom – payroll, inventory, the works.

Del Monte, Dole, and Chiquita were all buying; and despite three major economic crises in 15 years, the Cos had by 1990 turned the business around in a big way. Steniel went from a company with about a $5 million capital base to one with 10 times that amount, with no additional cash infusion from outside sources.

The Cos sold in 1990, and Stephen, who is now 52, went back to banking in Singapore. He had to relearn everything – starting with the way companies handled their IPOs. Soon after he moved into advising private clients, he was hired by Rabobank, a multinational financial services operation made up of about 370 local, independent banking cooperatives with roughly 800,000 members. Co became a senior vice president and head of its Philippine team.

So what does a guy with 15 years of experience running a family fruit packaging business have to offer as advice? He pulled those who would listen out of high tech before it tanked. He got them out of telecom stocks, too. And right now he says he's "very, very convinced the market is going down to 8,000."

Running a family business in the topsy-turvy Philippines in the 1970s, it would seem, was perfect training for private banking in the turbulent 2000s.

NANCY BOYER, WG'82

Boyer says that once she was in the corporate world, she realized that making a profit was not her highest goal.

FOREIGN EXCHANGE

Like Stephen Co, Nancy Boyer, WG'82, has worked in banking, advised high-ranking executives on their finances, and run her own successful business.

But that was all before she went to Wharton. Since graduating in 1982, her business experience includes a year at Cummins Engine in Columbus, IN.

And that's it.

"Once I was in the corporate world, I realized that making a profit is not my highest goal," Boyer says.

Less than a year after leaving Cummins in 1983, Boyer went to Ethiopia to teach English to seventh graders. Then she returned to the United States to embark on a career in foreign relations, a field where a Wharton education gives her a unique perspective. "Wharton gave me a lot of skills that have been very useful, and I'm very glad to have them," Boyer says.

Knowing how to read a financial statement gives her a better understanding of major international developments such as the Argentine economic crisis. A more practical skill she developed at Wharton was "finding out how much can be done in a day," Boyer says. "When I was a graduate teaching assistant, I used to go to a party until 11 o'clock and then grade papers 'til dawn."

She applauds Wharton's efforts to extend those lessons, both abstract and concrete, to the rest of the world through its increasing international focus.

Today, Boyer is hoping to land a faculty position at the University of Delaware, where she earned a PhD from the department of political science and international affairs in 1999. She did her dissertation in Bulgaria, where she studied the effects of foreign aid on the country's transition to democracy.

While Bulgarians are undoubtedly better off now than they were under communist rule, Boyer says, it was sad to see traditions abandoned in the quest for economic efficiency. Bulgaria has a delicious traditional yogurt, for example, that has been made the same way for centuries. It is so wholesome that Boyer's son, who is allergic to dairy products, could enjoy it. But as Bulgaria embraces modern industrial food processing, the old stuff is getting harder and harder to find.

"I think that it's really sad to see something like the very pure yogurt of Bulgaria be contaminated with the Land o' Lakes technology," Boyer says.

She often wonders what else the world is losing as globalization dissolves a hodgepodge of traditional cultures into an international melting pot. "There seemed to be more happiness and love in Ethiopia," Boyer says, "than the isolation we have in the U.S. today."

RISKY BUSINESS

When Nancy Yaffa, WG'92, and two college friends opened a restaurant and cinema in New York's trendy Tribeca neighborhood six years ago, they figured the movie theater would offer a hedge against the notoriously difficult New York restaurant business. But as they soon learned, Yaffa says, "the movie business is the second riskiest business you can get into."

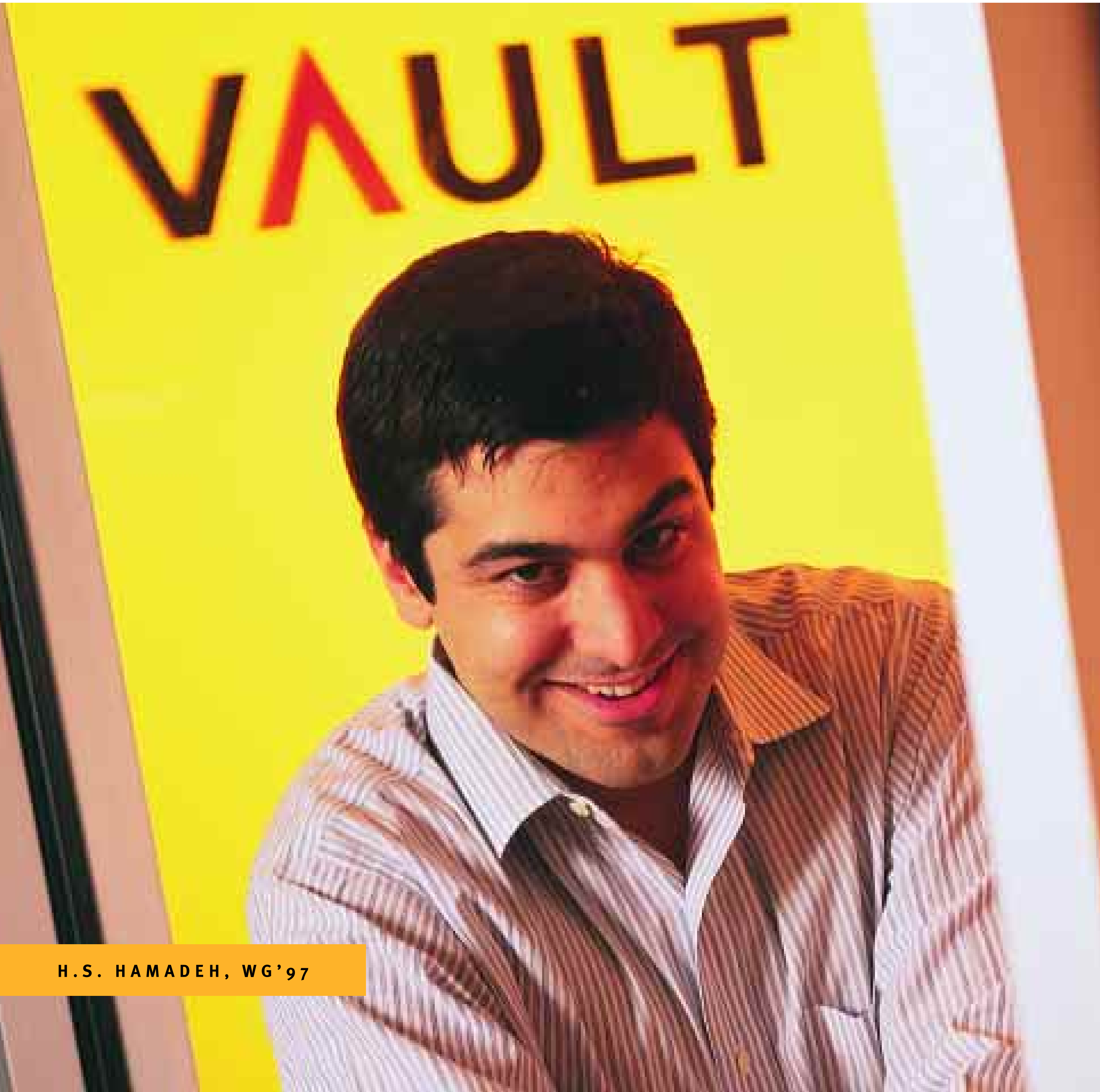
Restauranteur Yaffa soon learned that the movie business is the second riskiest business you can get into.

TOMMY LEONARDI

Film exhibition is very political, with theaters competing vigorously for the most promising new releases. The bigger, established theaters tend to win out in that competition, which put Yaffa and her partners, Henry Hershkowitz and Steven Kantor, at some disadvantage. Their 131-seat theater features mostly independent and repertory films.

The partners overcame that obstacle, and others, with sound management, creative marketing, and high quality. The dishes turned out by chef Mark Spangenthal are as inventive and sophisticated as you'd find in the New American temples of Union Square, according to the critics. "Better than it needs to be," concludes the Zagat restaurant survey.

TOMMY LEONARDI



H.S. HAMADEH, WG'97

Yet as many a dismayed Manhattan restaurateur can tell you, "better than it needs to be" often isn't good enough. Yaffa and her partners covered themselves by adding a second theater and an event room that has proven enormously successful. They started distributing a calendar to let customers know ahead of time what movies would be playing and created special events like a "Breakfast at Tiffany's" brunch.

The dinner-and-a-movie concept really works, says Yaffa, 35. Customers can schedule their dinner reservations so they'll finish dessert at show time. They can buy tickets from their waiter or waitress and get first dibs on seats when the theater doors open. No rushing to the theater, no lines, no need to communicate your urgent need for the check.

"It's a convenience thing," Yaffa says. "And when we have a good movie, the concept works incredibly well." After a while though, she and her partners felt that chef Spangenthal's great food was getting lost in the mix.

"His caliber of food deserves its own place," says Yaffa, whose regular haunts during her Wharton years were Carolina's and Cavanaugh's.

So she and her partners started The Living Room, a restaurant on the Upper East Side where the food is the main event. In many ways, Yaffa says, opening a second restaurant was more nerve-wracking than opening a first because she knew what she was in for.

Now Yaffa and one of her Screening Room partners, Henry Hershkowitz, have moved on to yet another venture. They're collaborating with Madstone Films, an independent production, distribution, and exhibition company, to open theaters around the country. The first one, called the Madstone Centrum, recently opened in Cleveland.

Not every Madstone cinema will have a restaurant, but they will all have something – a cafe, bar, or lounge – that encourages patrons to linger. "The goal is really to create an experience where people see films and talk about films," Yaffa says. "They're definitely art cinemas."

A CAREER IN JOBS

H.S. "Sam" Hamadeh, WG'97, didn't need to a job when he finished Wharton – he had a business to run. In May 1997, "basically the day after graduation," Hamadeh started Vault, Inc. with his brother Samer and their friend Mark Oldman.

Their plan was to write and sell career guides to specific companies and industries, "sort of like a J.D. Power of the career world," says Hamadeh, who has a JD from the University of Pennsylvania law school in addition to his MBA. Vault had a contract for eight books from publisher Houghton-Mifflin thanks to its partners' previous experience as authors of career-related books. Even before he went to Wharton, and long before they dreamed up Vault, the company's founders collaborated on "America's Top 100 Internships" and a few other guides for young people trying to launch their careers.

At first, Vault's offices were located in the living room of Hamadeh's apartment in New York City's West Village. The company took orders by telephone and filled them right there, piling up the packages and mailing them at the end of the day. Their employees were college and high school students, many of them aspiring journalists who gathered and compiled valuable inside information about working conditions at America's banks, law practices, corporations, and consulting firms. "It was very shoestring," Hamadeh recalls.

> The idea that the Internet would become the company's main conduit to its customers was unimaginable at first to Hamadeh.

Things went well. The company grew at a slow but steady pace, with infusions of cash from credit cards, family members, and a few angel investors. Then came the Internet.

Hamadeh and his partners had heard of the Internet, of course. They created a website about three months after starting Vault, mostly to advertise their wares. But the idea that this medium would become their company's main conduit to its customers was unimaginable. "I don't think at the time we envisioned that this thing called the Internet would be such an important distribution mechanism," the 30-year-old entrepreneur says.

Yet by fall 1998, Vault was taking 20 percent of its orders online. Then 30 percent, 40 percent, and pretty soon Hamadeh and his partners saw no reason to pay the cost of taking phone orders any longer.

They also beefed up their website, adding job ads and bulletin boards where users could discuss the merits of various employers. Gradually, Vault became a dot-com. "We said, maybe we can go out and raise $10 million dollars," Hamadeh says. "And we did."

The venture capital allowed Vault to grow by leaps and bounds. It now publishes guides to more than 3,000 companies and 70 industries and offers human resources consulting to companies.

continued on page 36

The Accidental Historian

Wharton's Dan Raff Takes Us Through 60+ Years of Business History

BY MEGHAN LASKA

Management Professor Daniel Raff vividly recalls discovering his passion for history. It was two weeks before his wedding, and he was still a graduate student trying to figure out what work needed doing by him. While poking around in the basement of the library on a Saturday morning, he ran into a former teacher who asked Raff whether he could help "beef up" a paper that was going to be published about Ford Motor Company's early management decisions. Raff agreed to do some sleuthing in Detroit on the topic once he came back from his honeymoon. "The paper was intriguing, but the evidence – all from published sources – was thin. I figured if I crawled through enough attics, looking behind the cobwebs, I might be able to find some about the day-to-day operations of the firm that would shed decisive light on the speculations in the paper," he says.

Within two-and-a-half days of getting to Detroit, he knew he had found his niche. "I found I just had a knack for identifying evidence among historical flotsam and jetsam of business that could shed light on systematic questions," he recalls. "This sort of primary research on the operating problems and decisions of ordinary business life has helped me understand how firms, institutions within firms, and competitive conditions between firms have evolved over time."

Today, Raff is known as Wharton's resident business historian, holding a secondary appointment at Penn's History Department and teaching Management 101, with a strong historical component, to Wharton undergraduates. While the history of the automotive industry is still a favorite topic of his, Raff, 50, also devotes much of his research time to a project studying the development of the distribution side of the economy over the long 20th century. He laughs, recalling how he stumbled into this area as a research topic. "It was two days before Christmas in 1986 when I entered the first book superstore in the suburbs of Washington, DC, in urgent need of a last-minute present for my distressingly well-read father. I realized in an instant that I hadn't ever been in a store quite like this, one that could support such remarkably broad merchandising and still turn a profit," he says. Raff recalls thinking that something about how the book business was run had quietly changed, and he decided to dig into the topic. "I've found that bookstores are the proverbial historian's grain of sand in which you can see the world. I've been working on the details, in the small and in the large, ever since."

For our Reunion retrospective, we've asked Raff for his observations on business trends since the 1940s. What factors have had the greatest impact on the economy and challenged Wharton graduates? What industries were hot? And how does the automotive industry – not to mention bookstores – fit into all of this? His answers follow.

TOMMY LEONARDI

What was the business environment like in the 1940s, and how did World War II affect the economy?

Understanding what happened in the 1940s requires recalling what happened immediately beforehand. The nation had never had a depression as severe as the one that reached its nadir in 1933; and we didn't start to pull out of it until the last couple years of the decade. Images of out-of-work executives selling apples on the street and the lines of the unemployed outside soup kitchens are familiar. The position of Midwest farmers was desperate. Industrial capacity utilization had essentially collapsed. It was in the context of an economy with such radically underused resources that an activist role of the federal government really began to emerge. Roosevelt experimented with countercyclical fiscal policy (though not very aggressive by modern standards), and the federal government began to intervene actively in conditions at the industry level as well. Then, of course, the world descended into war. Those responsible for running the American economy needed to worry about using the productive capacity of the economy not just to provide consumers with things that they wanted, but to produce badly needed war materiel like jeeps, navy boats, airplanes, ammunition. The war mobilization was a very big deal. This involved a lot of manufacturing for the government on a cost-plus basis, as well as the government taking an interest in how shop-floor labor relations worked, because strikes in military supply industries during times of war would have a very corrosive effect on general civilian support for war.

By the end of WWII, our manufacturing sector was in radically better shape than those in all of the other industrialized nations. It was also true that an active regulatory role of government in the economy had become widely accepted. So by the end of the 1940s, we had massive productive capacity as well as room for big government.

If massive productive capacity and big government shaped business in the 1940s, what shaped it in the 1950s?

Towering over the 1950s you find the post-WWII – Cold War – suspicions of the Russians and their allies as well as concerns about revolution in China and, in response, a very substantial defense budget. You also saw development within American capitalism. Managerial corporations were becoming widespread and very large. Being a successful businessman increasingly meant having a corporate job.

The most striking development of the 1950s was the early growth of diversified conglomerate corporations. International Telephone and Telegraph (ITT), a prime example, had hundreds of subsidiary firms. The divisions were in many different lines of business that the corporate office really had to run them by the numbers – executive committees couldn't really have expertise on such a wide variety of areas. So the conglomerate companies had to play at being capital markets. Yet they didn't have great difficulty raising external finance, and they weren't penalized for their diversification. It's an interesting puzzle why this was so.

The simplest explanation for this lies in the idea that what conglomerates often brought to companies they purchased was systematic thinking about resource allocation, marketing, and finance. There still were not many people in business who had had any kind of systematic business education. Wharton had been granting undergraduate business degrees for three-quarters of a century, but we were the first, and even in the 50s there were not many such institutions. Nor were MBA programs as common as they are now. So the type of training which Wharton and a few other schools were providing was scarce and quite valuable. The conglomerates exploited it intensively.

"The type of training which Wharton and a few other schools were providing was scarce and quite valuable. The conglomerates exploited it intensively."

What trends shaped business in the 1960s?

The 1960s were an expansionary time in the economy. This was the period where President Lyndon Johnson was explaining that we could have both guns and butter – the Vietnam War and the War on Poverty. It was also a period in which relatively undiversified American manufacturing firms were doing very well. You can look at the automobile industry, in which we were by far the world's leader in that period, to get a sense of that spirit that all was possible. You could see it in the cars. This was even reflected in the pop music of the day – think of the Beach Boys singing "She's real fine, my 409" – the engines, by present-day standards, were mammoth and immensely powerful. Think of ordinary production cars with trunks large enough for school kids to lie down in them. There was casual plenty.

When did this era of expansiveness end?

The situation changed quite radically in 1972 with the rise of OPEC and oil prices. The industrialized world sank into to stagnation and inflation. The general response of big business to this was not good. It was a blow, and they didn't know how to respond to it. By the end of the decade, you could see two responses working their way through the system. One was that large American companies, who didn't see that circumstances had changed for their customers, were not adapting their product offerings, quality, and service to meet those needs. So consumers became more open to buying alternate goods that were more attractive. For example, in the flagship auto industry, it turned out that the Japanese were rather good at making cars that didn't use so much expensive gasoline and that had higher product quality. (They had to be good at these to survive, such were the conditions in their home market.) The Japanese firms were also much better at changing what they made to respond to the demands of consumers. Differences in practice and performance by the late 1970s were quite striking.

The other thing that emerged was that the capital markets roused from their critical slumber. They began to see clearly that many large businesses – many of these diversified conglomerates – were not using investors' money very productively. And you began to see in the late 1970s the beginnings of a market in corporate control. That is, the old Wall Street rule of be happy or sell the shares went out the window; and active investors began trying to affect the firms' policies or even to take over ownership and change the policies directly.

What phenomena defined business in the 1980s?

The most conspicuous phenomenon was that firms which had previously not been thought large or solid enough to issue securities began to be able to float their debt. This was the so-called junk bond market. This phenomenon converged with the previous one: the junk bonds were often issued in connection with attempts to change the ownership, management, and direction of firms which investors felt were not being properly run. As with most innovations, this development may well have run its course and kept on running. But there was an extended period during which investors in effect issued debt, bought up companies, made changes, and obtained superior corporate performance.

Another phenomenon going on in the 1980s, albeit more quietly, was the growing appearance of personal computers and sophisticated telecommunications equipment in workplaces and offices. The economist Robert Solow remarked to a *New York Times* reporter late in the decade that you could see computers everywhere but in the productivity statistics. This was probably true because there was a much more widespread sense that computers would someday be important in a rationalization of business practice than there was any concrete idea on how to use computers to bring it about.

So the theme of the 1990s was learning how to use technology?

Indeed. There began to be concrete ideas and much more of a focus on supply chain organization and coordination. Productivity-enhancing software that allowed computers to work productively in networks began to emerge, and firms began to learn how to gather information and exploit it. The jury is not yet in as to whether the recent productivity growth is owed to information technology or not. You can't solidly argue this from the government statistics yet, but McKinsey has recently published a study arguing, partly on the basis of statistics and partly on the basis of industry case studies, that this is precisely what happened in the second half of 1990s. This productivity growth was powered to some extent by the increasing dominance of some extremely proficient retailing firms like Walmart (which is now by total revenue the largest company in the economy). It had really gotten the message about how to use information technology in retailing practice and was requiring, through a series of vertical partnerships with its suppliers, that they basically get with the program.

The other conspicuous development was that of the Internet and the related NASDAQ stock bubble. For a while, this made Northern California the center of the economic universe. There isn't much doubt that the underlying ideas and inventions of many of these companies didn't really come to much; and the shares of many are now not worth very much. But the fundamental innovations of IT and the Internet are going to have very profound and long-lasting effects on business conduct and the way ordinary consumers live their lives.

I find few more dramatic examples of this than in a line of business that seems very firmly old economy – bookstores. If you go back as recently as the early 1970s, the only places in the United States where you could find any substantial bookstores were in central business districts of major cities and in big university towns. Aside from that, if you wanted to buy a book, you mostly went to a very small store on the main street of your town or to a two- or at most four-thousand-square-foot box store in the mall. Neither had very elaborate merchandising at all. This has changed utterly beyond recognition now – even without Amazon.com. There are well over 1,000 bookstores in the United States, mostly in suburban locations in 30,000-square-foot facilities, many stocking in excess of 100,000 titles. These operations would be impossible without modern information technology. The information technology infrastructure is what makes it possible to have broad assortments of inventory without terrible dangers of getting stuck with huge amounts of stock that no one wants to buy. It may be that the big IT-related development in business isn't Amazon getting bigger, but rather that, in addition to whatever undoubtedly substantial Internet commerce does eventually emerge, bricks-and-mortar retailing now provides better selection and easier access to customers' most preferred choices than it did in past, possibly with better cost structures and prices as well.

"The most conspicuous phenomenon was that firms which had previously not been thought large or solid enough to issue securities began to be able to float their debt. This was the so-called junk bond market."

What has the job market been like for Wharton graduates over the years?

In the 50s and 60s, the business world was pretty expansive, as I say; and particularly since the training we provided was scarce and valued, the job markets were good. The 70s were a relatively difficult time because of stagflation. But the 80s were good, not least because one of our historic strengths is finance, and Wharton has long been a prime supplier of executive labor to the financial institutions world. In the 90s, many of our graduates became involved with start-ups. It is harder to know how things will play out in the immediate future; it is certainly true that our alumni base is growing, and it is clear that they are more self-identified as alumni of Wharton, and their value to one another as a network is on the rise.

continued on page 36

Valuing the Invisible: How To Manage Bankruptcies of Knowledge-Based Companies

When Enron descended into Chapter 11 on December 12, the $63 billion bankruptcy represented the largest-ever filing in modern history, according to the American Bankruptcy Institute. The company's rapid rise and sudden fall is destined to become the subject of countless case studies and has already spurred politicians to call for new regulations covering everything from accounting services to pension administration.

But considered from another viewpoint, Enron is not a groundbreaker. Instead, it is a symbol of a growing trend that is forcing attorneys, accountants, and others to consider how to handle a bankruptcy when the debtor company's possessions are largely composed of intangible assets like intellectual property, patents, licenses, and/or contracts.

In a recent newspaper opinion piece, Penn law school professor David A. Skeel, Jr. noted that the Chapter 11 process typically has provided "breathing space for an otherwise viable business that had too much debt or needed to deal with a sudden shock of one kind or another. The company's managers and their lawyers usually worked out a careful strategy before they ever filed the bankruptcy case."

But Skeel adds that the bankruptcy process, especially a Chapter 11 reorganization, is designed to restructure "bricks-and-mortar assets that are not going anywhere." The process, he notes, may get more complicated when intangible assets are involved.

The first problem, of course, lies in identifying the invisible property, like a patent or copyright, which may be buried in a balance sheet. Or in the case of intellectual property, it may literally walk out the door each day with its creator. Additional challenges include assigning a value to items like domain names or customer lists and determining who in fact owns them. Creditors have been wrestling with this valuation issue on a large scale since at least early 2000 when the Internet bubble burst.

Knowledge-based assets make up a growing proportion of economic valuation, but "people believe that current accounting models really don't capture their worth," says Wharton accounting professor David F. Larcker. "For example, despite the fact that [a company] may have intellectual property (IP) that holds significant value, the IP may not in fact have ever been catalogued or identified."

According to Larcker, as part of a bankruptcy proceeding, a trustee should not only look for patents and other registered intangible assets but should also search for such undocumented intangible assets as process know-how. "Often a company may not even realize it has valuable information," he says. "Perhaps the intangible assets are not much use to the business that developed it, but another firm may find them to be very valuable."

In such a case, notes Larcker, the worth of the intangible asset may be decided in an open auction. "Despite the fact that the IP or other assets are being disposed of at a 'fire sale,' spirited bidding may lift the price. But it can be difficult to get a handle on just what these assets are worth."

New Collaboration Announced

Knowledge@Wharton, the school's online research and business analysis journal, recently announced a unique collaboration with Universia.net, a leading scholarly web portal with more than 450 partner universities in 10 countries.

For Knowledge@Wharton, which will celebrate its three-year anniversary at the end of May, the partnership extends the knowledge network to Spanish- and Portuguese-speaking readers around the world.

As part of the collaboration, Knowledge@Wharton will help create an Internet-based service to distribute business and education content both from Wharton and from Universia.net's partner institutions. The site will be launched in the fall of 2002. Its database will include articles and research papers from existing Knowledge@Wharton content, as well as articles uniquely created for the collaboration.

The Knowledge@Wharton/ Universia.net collaboration was finalized February 18 in Mexico City where the Minister of Education announced the launch of Universia.net's Mexican portal.

Knowledge@Wharton was recently named the number one business school portal by *Inc.* magazine. The site has more than 165,000 subscribers in 189 countries, and subscriptions are increasing at a rate of 4,000 to 6,000 a month. Approximately 85% of the users are from the business community. Among these users, 15% are CEOs or top managers of their companies, 35% are in senior management, and 45% are in middle management. Sponsors of the site include GE Capital, Ford Motor Company, Intel, Merrill Lynch, Microsoft, BusinessWeek Resource Center, and Aon Consulting.

In some circumstances, say observers, the valuation of an intangible asset may be arrived at through an educated guess, using a discounted cash flow model.

But just how accurate is an "educated guess?" That depends, according to Alfred King, vice-chairman of Milwaukee, WI-based Valuation Research Corp.

"In some cases, valuing an intangible can be fairly straightforward, using discounted cash flow to determine, for instance, what a trade name or brand name will generate," King notes. "Our company was asked to value the brand names of Nabisco when Philip Morris (which plans to change its name to Altria Group) bought Nabisco. Part of the effort involved determining how much of a premium consumers would pay to buy Ritz crackers instead of a generic or private label brand."

In Nabisco's case, the premium could be determined by sampling a representative set of supermarkets and comparing the prices for similar classes of products. But when an e-commerce business, like Amazon.com, or an Internet-portal company, like Yahoo in its early stages, is the subject, it may be tougher to value an intangible asset.

"Since many of the developed (Internet) companies generate revenue but do not yet generate profits, valuation methodology has been modified to include income approaches that consist of price multiples of revenue, customers, registered users, advertisers and other nontraditional indicators," says King. "One income approach uses a 'top-down' analysis whereby the global market potential is first analyzed. A cash flow model is then developed after consideration of market share potential, revenue growth estimates, operating margin expectations, exit earnings multiples and discount rates. Using both models, future cash flow estimates are then discounted back to present value for time value of money and perceived risk."

He adds, however, that projecting future cash flows and assigning the proper discount rate is a critical process. "Investors are often betting on cash flows they anticipate in the future. Therefore, a correct assessment of risk must be performed for the company being valued."

Finally, the declaration of bankruptcy may itself diminish the value of intellectual property and other intangibles.

"Invariably, some potential buyers will question the value of the intangible assets, considering that the company wasn't able to succeed," comments King. "We studied the brand value of a well-known consumer electronics company that declared Chapter 11 and found that its name still carried considerable value. But consider a company like Enron: That name currently has negative connotations, and the market value of its intellectual property may now be significantly weakened."

The type of bankruptcy may also play a part in the valuation process, according to Jim Schnurr, national director of accounting consultation at Deloitte & Touche in Wilton, CT. "If the assets or the business itself are being sold or otherwise disposed of, the assets would generally be written down to net realizable value," he says. "If the business is being reorganized and will continue to operate, the company will look at the assets' value as a continuing business, based on current value and whether there is an impairment of value." Some guidance may be forthcoming from the Financial Accounting Standards Board, the Norwalk, CT-based body that sets rules for the accounting profession. But as an official there admits, the relief may be limited.

"Under FASB Statement No. 141, a recently issued regulation, intangible assets like patents, trade marks, intellectual property, and copyrights must generally be valued when they are acquired as part of a business combination," says Halsey Bullen, a senior project manager with the accounting standards board. "But if a company develops intellectual property internally, it would generally be expensed as R&D."

Even if the intangible assets of a bankrupt company are identified and valued, creditors may be in for an unpleasant surprise, according to a recent law review article entitled, "Restart.Com: Identifying, Securing And Maximizing The Liquidation Value Of Cyber-Assets In Bankruptcy Proceedings," published in the American Bankruptcy Institute Law Review. ("Restart" refers to the practice of forcing an Internet company to clean house and voluntarily reorganize its business approach and operations in order to receive a desperately needed infusion of cash.)

Marjorie Chertok, senior counsel at Morristown, NJ-based Telcordia Technologies Inc. and a co-author of the ABI paper, notes that an Internet company "may discover that under bankruptcy law it does not have any intellectual capital or other intangible assets to sell because it does not own these assets as a matter of law, even if they are used to operate its business."

"The assets may be in name only and thus owned by the founder who invented the programming process, the registrant of the domain name, a venture capitalist who received an assignment of the technology to secure funding, or licensed from a third party who can bar use of the technology in a bankruptcy proceeding," Chertok comments in her article. "As a result, all that may be sold, if the agreement permits, is the right to use these assets under the terms of the agreement between the debtor and the owner." ◆

Even if the intangible assets of a bankrupt company are identified and valued, creditors may be in for an unpleasant surprise.

To read a longer version of this article, visit <http://knowledge.wharton.upenn.edu/articles.cfm?catid=1&articleid=513>.

FULFILLING **DREAMS**

SHAPING **FUTURES**

FIRST WEMBA CLASS AT WHARTON WEST, ON THE STEPS OF THE SAN FRANCISCO FEDERAL RESERVE BUILDING

MAURICE RAMIREZ

NAVEED HUSSAIN, WG'03, FUNCTION MANAGER, BOEING SATELLITE SYSTEMS

"The Wharton West Executive MBA Program is an excellent example of Wharton's continual ability to innovate. I am constantly amazed at the caliber of my professors, the industry experience of my classmates, and the quality of the education."

Wharton
THE CAMPAIGN *for*
SUSTAINED
Leadership

You were once one of them.

For more than a century, Wharton has been creating tomorrow's leaders. Like generations of top business students, you arrived at Wharton with your dreams and left with the tools and skills necessary to change the world. Along the way, you gained new perspectives, confidence, a global network of friends, and a degree that could help you fulfill your dreams. From the day you graduated, you never had to look back.

There are times when you need to look back.

You were chosen from a very competitive field of applicants because Wharton recognized your talents, abilities, and achievements. What you may not know is that others who attended the School before you made your Wharton education possible. Wharton's tuition covered less than one half the cost of the education you received. The balance was funded through the generosity of generations of Wharton alumni who preceded you. Philanthropy is what makes the Wharton experience possible. To whom much is given, much is expected.

Think about where you started and what you have achieved.

As you look back, think about how others helped you reach your goals. Just as a strong foundation was laid for you, it is now your turn to lay the foundation for a new generation of business leaders. With your gift to the Campaign for Sustained Leadership, you will become a shareholder in the institution that helped you achieve your dreams – and you will play an important role in helping others achieve theirs. In doing so, you will become part of the Wharton legacy.

"Our faculty members spend their lives learning and teaching everything there is to know about their field. When you add that capability together across 200 standing faculty, you have unbelievable breadth and depth."

ROBERT E. MITTELSTAEDT, WG'72, VICE DEAN AND DIRECTOR, WHARTON'S ARESTY INSTITUTE OF EXECUTIVE EDUCATION

The Campaign – the Case for Support

Today, Wharton is recognized as the world's top business school. To the generations of Wharton alumni, this is no surprise. As the first business school in the world, Wharton has helped to shape business education for nearly a century and a quarter. Throughout this time, Wharton has remained relentlessly innovative and entrepreneurial. Today, we have the finest faculty and student body in the world. Our alumni are among the greatest leaders and innovators in business and industry. The Wharton name has become synonymous with excellence. As Wharton's achievements have grown, even more is expected of us.

Wharton has reached this pinnacle of accomplishment the old-fashioned way – through vision, innovation, and hard work. It has also attained its position in higher education with limited resources. Wharton has made a habit of doing more with less. Through skillful resource management, we have provided a world-class education to generations of our students without the level of endowment or annual support enjoyed by our peers.

Hence, the need for the campaign. It is imperative that we develop the resources that will enable Wharton to continue its role as the most innovative business school in the world. We operate in a highly competitive environment. To retain the best faculty, to attract the finest students, and to develop the world's premier business school facility, we must be able to compete with institutions that are far wealthier.

This is the first campaign dedicated solely to Wharton. As alumni, you are the products and the beneficiaries of one of the world's greatest educational experiences. This campaign is an important moment in our alma mater's history. Your generous support will help Wharton reach even greater heights in the next century.

Attracting and Keeping the Best Faculty

Our faculty IS Wharton. They are our intellectual capital. They run our respected research centers, generating knowledge that impacts the world, and they provide our students with the vital link between theory and practice. Our faculty's prestige and credibility draw top student applicants.

PETER FADER, ASSOCIATE PROFESSOR OF MARKETING

RESEARCH INTEREST: IDENTIFYING, ANALYZING, AND PREDICTING BASIC PATTERNS OF CUSTOMER SHOPPING HABITS AND APPLYING THEM ACROSS ALL INDUSTRIES

"I look forward to teaching a whole new generation of managers to view marketing as a true science instead of a 'soft' subject. Breaking down old stereotypes and replacing them with newer (and more practical) frameworks is what Wharton is all about. We find multiple ways to bring our cutting-edge research into the classroom…don't know of any other school that has the desire to make such connections, or the resources to make them possible."

PETER OLSON

PETER OLSON

SHIMIKA WILDER, W'04, RECIPIENT, BURRILL O. GOTTRY, W'32, MEMORIAL SCHOLARSHIP

CAREER GOAL: INTERNAL CORPORATE LAWYER AT AN INVESTMENT BANK, SPECIALIZING IN MERGERS AND ACQUISITIONS

"Attending Wharton means being a part of a community that offers constant support: academically, socially, personally, and professionally. My professors have gone out of their way to get to know me and lend a helping hand. In addition, the financial support I've received has helped provide a foundation for my future: my scholarship has taken me one step closer to realizing my dreams."

> **"Why have I chosen to give back to Wharton? Because of all that Wharton has done for me. As alumni, we benefit every day from our affiliation with this great school ... and when we were students, we benefitted from the support of alumni before us."**
>
> **MARC WOLPOW, W'80**, CO-CEO, AUDAX GROUP

Recently, Professor Howard Kunreuther, Wharton's Cecilia Yen Koo Professor of Decision Sciences and Business and Public Policy, was given the Distinguished Achievement Award for 2001 from the Society for Risk Analysis for his extraordinary work in risk assessment and perception. This is just one example of the caliber of faculty from which our students benefit each day.

To attract and retain such faculty, we must be able to provide endowed chairs for all of our full professorships. Currently, we are one of the only top business schools that does not. Your gift can help establish an endowed chair and give a stellar faculty member a permanent home at Wharton.

An Extraordinary Student Community

What makes Wharton stand out from the crowd? The talent, energy, and diversity of our student community. Students come to Wharton from around the world, from every conceivable background, and they are chosen for their potential to make a difference in the future of business. Each has the rare ability to synthesize knowledge and experience into positive change.

We are competing for these students with schools around the world. It is critical that Wharton provide scholarships and MBA fellowships, especially for women and underrepresented minorities, if we are to maintain the high quality of students for which we are renowned. Your support is critical to Wharton's future. When you support one student's dreams, you strengthen the entire Wharton community.

Facilities for a World-Class Future

With the opening of Jon M. Huntsman Hall this fall, Wharton will enter a new era. Until now, Wharton has maximized the potential of a limited physical plant. As Wharton has enhanced its curriculum, we have outgrown our facilities. When we conducted an assessment of facility space, we found that Wharton had less than a third of Harvard's, half of Stanford's, and less space than the average U.S. public high school. For Wharton, Huntsman Hall is not a luxury, but a necessity.

This new academic building, which will be the world's premier business school facility, is symbolic of Wharton's continuous growth and strength. For the first time in years, it will bring all of our students together under one roof, creating a stronger sense of Wharton community and identity. As in the past, alumni gifts have made this unparalleled learning environment possible. But additional gifts are still needed to complete and maintain this monumental project. Our goal to have the building completely funded by alumni will help us to integrate past, present, and future generations of Wharton, truly making this a representation of the Wharton community. A number of exciting naming opportunities remain.

Programming on the Cutting Edge

Wharton is known for the relentless innovation that shapes everything we do. Your contributions make it possible for us to design and redesign our curricula, keeping Wharton one step ahead of the changing world of business.

Consider Wharton's Global Consulting Practicum, which teams MBA students with top managers from international firms to develop strategic marketing plans. Add WEMBA, our acclaimed executive education program that alumni helped expand to the West Coast, and our global alliance with INSEAD, Europe's top business school. In addition, Wharton is home to the world's leading entrepreneurial center, which sponsors the renowned Wharton Business Plan Competition.

Wharton's 18 research centers, headed by our faculty and recognized worldwide for their impact on the business community, add depth and prestige to Wharton's programs. The Center for Leadership and Change Management is exploring new ways to help executives face the growing challenges of turbulent markets. The Center for Human Resources contributes valuable insight on workers and the workplace. And WeBI, the Wharton e-business initiative, is bringing business into the 21st century with its state-of-the-art analyses of online customer behavior. Thanks to your gifts, these centers, and many others, will grow and prosper.

Perhaps most notable is the success of Knowledge@Wharton, a bi-weekly online resource that offers the latest business insights, information, and research from a variety of sources. In its January issue, *Inc.* magazine reviewed 50 top business school websites. Knowledge@Wharton topped the list. Knowledge@Wharton has been live since May of 1997 and currently has more than 155,000 subscribers in 185 countries.

Wharton's recognition is widespread. In 2000, the *Academy of Management Journal* ranked Wharton first among its peers in productivity of management and business disciplines. The *Financial Times* ranked Wharton above the rest in research. *BusinessWeek* ranked Wharton on top in cumulative faculty knowledge.

Wharton's world-renowned programs, research centers, and initiatives made possible through your vision have become industry standards. To continue this success, Wharton needs your visionary support as well.

Creating a Competitive Endowment

Because of Wharton's reputation for excellence, many believe that we already have a large endowment. Not so. In actuality, our endowment is relatively small compared to those of our main competitors. In comparison with our peers:

- Wharton is 10th in endowment per student.*
- Wharton is 9th in endowment per faculty member.*
- Wharton's endowment at of the end of fiscal year '01 was $357.7 million and supports both undergraduate and graduate programs, as compared to Harvard's $1.3 billion for the MBA programs alone.**
- Wharton's endowment is less than Stanford's, yet they have one-fifth the class size of ours and only a graduate program.

In all other aspects of business school education, Wharton competes effectively...and comes out ahead. But to continue to build upon our excellence, we need to strengthen Wharton's financial base. This can only be achieved through your generous support. If you don't accept the challenge, who will? Here's your chance to unite with your fellow alumni and level the financial playing field once and for all.

WAYS TO MAKE A GIFT

GIFTS TO *THE CAMPAIGN FOR SUSTAINED LEADERSHIP* CAN BE MADE BY:

- **Cash**
- **Credit Card**
- **Online**

Credit card gifts can be made online. Visit <www.wharton.upenn.edu/development>. Click on the *Make a Gift Online* icon. (The online giving form takes less than five minutes to complete.)

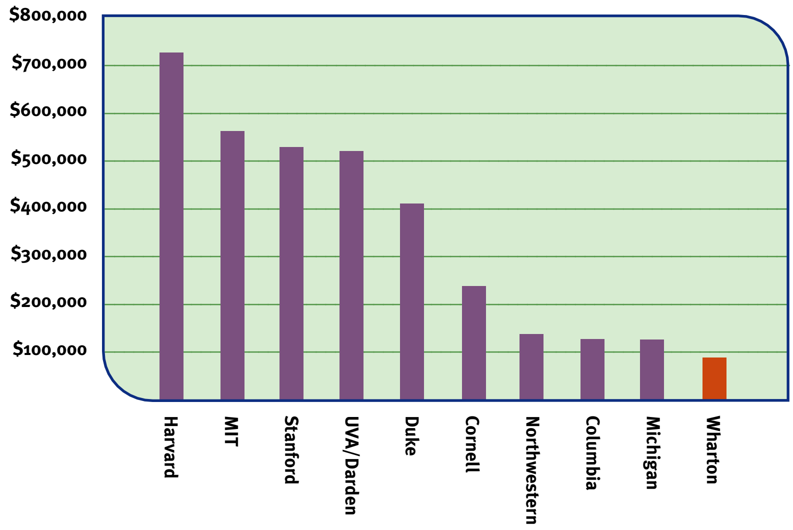
- **Stock**

Appreciated stock is an excellent vehicle for making a gift to the Campaign.

- **Pledge**

Pledges are payable over a five-year period.

Comparative Endowment Dollars per Full-Time Equivalent Student*



* From *BusinessWeek* Business School Rankings 2000, Wharton figures based on 2002 Endowment and Student enrollment

** From *BusinessWeek*, February 18th, 2002 issue

MIKE USEEM, THE WILLIAM EGAN, WG'69, AND JACALYN EGAN PROFESSOR; PROFESSOR OF MANAGEMENT; DIRECTOR, CENTER FOR LEADERSHIP AND CHANGE MANAGEMENT

"Uncertain and rapidly changing markets are placing a premium on fast decisions and great leadership. At the Center for Leadership and Change, we identify what it takes to develop effective leaders and well-led teams throughout the firm. Our monthly Leadership Digest and annual Leadership Conference reach executives around the world, and our Leadership Ventures to Mt. Everest, Civil War battlefields, and other learning venues help build tomorrow's leaders."

Building a Future Without Boundaries

Your unrestricted donations are critical to Wharton's ability to achieve success in all of the areas outlined above. They allow us to be flexible and to immediately take advantage of new opportunities. Each year, thousands of you support the School through unrestricted gifts to the Wharton Fund. Using your gift, we will continue to inspire students to lead, take risks, and innovate – on campus, after graduation, and throughout their careers.

Wharton has reached this pinnacle of accomplishment the old-fashioned way – through vision, innovation, and hard work. It has also attained its position in higher education with limited resources. Wharton has made a habit of doing more with less.

Become a Shareholder in Wharton's Future

Through a gift to the Campaign for Sustained Leadership, you are making an investment in the most talented business students in the world: the leaders of tomorrow. In addition, you are investing in the vision on which Wharton was founded, a vision that evolves and grows stronger each year.

You represent Wharton to the outside world. Every day, your accomplishments enhance the value of the Wharton brand. In return, you benefit from the prestige and global reputation that accompany a Wharton degree.

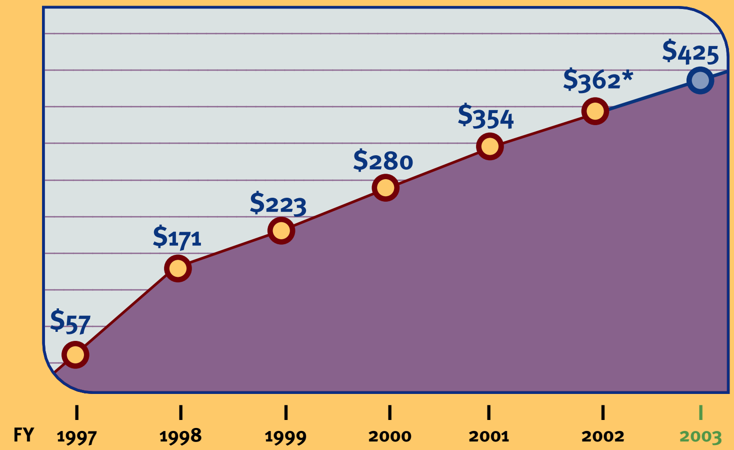
Your investment in Wharton's future will enable the school to compete with other schools with greater resources. Doing so will build upon Wharton's legacy of innovation, leadership, and excellence. Share the pride and advantage that Wharton has given you with future generations of leaders.

The case is clear. The need is great. Help write the next chapter of Wharton's history through your support of the Campaign for Sustained Leadership.

For more information, please contact:
Steven Oliveira
Associate Dean
External Affairs
344 Vance Hall
3733 Spruce Street
Philadelphia, PA 19104
215.898.5047
oliveirs@wharton.upenn.edu
<www.wharton.upenn.edu/development>

Campaign Progress

Dollars in Millions



* Total as of 2.28.02

Global.Wharton.Connections

Address Update

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

Lifelong E-mail

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

Career Services

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

Clubs

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

Fundraising/Development

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

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

Executive Education

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

Admissions

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

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

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

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

Wharton Admit Network

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

Library Services

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

University Bookstore

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

Knowledge@Wharton

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

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

Venjara continued from page 6

Atlanta, to see King's papers and boyhood home.

Venjara sees all of his efforts as being coordinated, from his enrollment in the M&T program to the community activism to his look at the recent past on the Freedom Ride.

"It's like Management 100, the process of building a community," he says. "You want to have a unified vision taking into account all of the stakeholders, and only then will they be able to be a part of the business or the community and maintain it in the best manner."

Interestingly, Venjara says he actually did little community service work while in high school. "It just wasn't on my mind then. I grew up in the suburbs of New York," he says. "But it was an instinctual feeling, I think, when I walked onto the urban campus. There was another community out there, and I felt it necessary to be part of it."

Venjara acknowledges that his studies are still his main focus and has a particular interest in corporate responsibility and decision making. One of his freshman-year professors, Martin Asher, sees no limit to Venjara's success.

"He has an impressive degree of intellectual curiosity and is vitally interested in corporate citizenship," says Asher, who noted that Venjara was his top student in an experimental course combining micro- and macroeconomics. "He is a Joseph Wharton scholar and is true to that description, with a wide variety of interests and capabilities," he says. "He's socially conscious and, best of all, a really nice guy, too." ◆

ROBERT STRAUSS IS A FREELANCE WRITER AND FREQUENT CONTRIBUTOR TO THE MAGAZINE.

How They Got That Job continued from page 19

In August, Vault began offering its guides electronically, as encrypted portable document files. At the time, Hamadeh expected maybe 20 percent to 30 percent of the company's sales would be made that way.

"In reality, two-thirds order it online," Hamadeh says. "Obviously, it's the wave of the future for an information delivery company like ours."

Vault remains first and foremost a publishing company, Hamadah says. Yet when he founded it five years ago, who could have imagined a publishing company that completes two-thirds of its transactions without printing, packaging, or shipping a single thing? ◆

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

Raff continued from page 23

What business trends will today's graduates face in the near future?

I would be very surprised if we went back into days as heavily expansive as the 1990s bubble time, but there seems to be not much doubt that the economy is improving again now. My hunch is that sectors related to making consumer/producer goods will continue to do fairly well. And sectors that rely on systematic management education and technical skills will continue to do very well because the underlying economy is in midst of sea change that will demand both. The financial services industries are also in the midst of serious transition, and it's not just the consolidation. It is becoming increasingly true that financial services aren't as geographically constrained as they once were. There are areas of the world which have been radically underserved by financial services and which are becoming open to expansion, such as South Asia and China in particular. Our graduates have the skills to help.

Globalization seems to be playing a more significant role in management education...

It's different from the last time globalization was a big theme, in the 1960s and early 1970s. Then, the focus in business schools was on the novel difficulties of running corporations which had to do business in many places and with different cultures. The demands on organization were complex, and both structures and systems methods needed to be worked out. The emphasis now is not so much on working out the corporate infrastructure required to respond to these demands as it is on the massiveness of opportunities and the difficulties of actual execution.

Programs such as the Huntsman Program in International Studies and Business for undergrads and the Joseph H. Lauder Institute of Management and International Studies for MBAs provide training which will enable our students to step ably into highly multinational firms and responsibilities. These programs were ahead of their time and stand as examples to us as the sort of resources we need to invest to produce management education really well suited to the times into which we are moving. ◆

MEGHAN LASKA IS AN ASSOCIATE DIRECTOR FOR WHARTON'S COMMUNICATIONS DEPARTMENT.