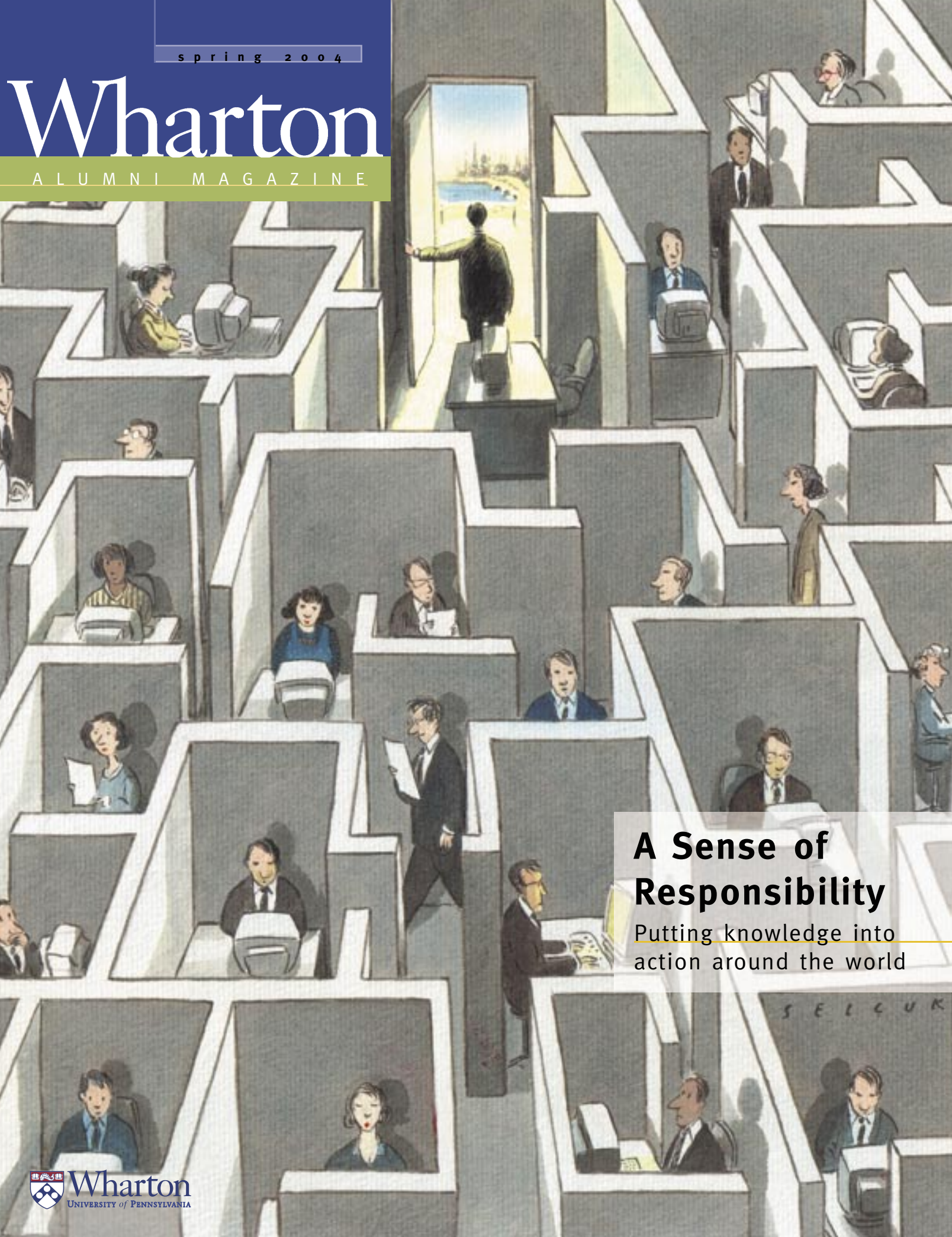


spring 2004

Wharton

ALUMNI MAGAZINE



A Sense of Responsibility

Putting knowledge into
action around the world

Save the Date

MAY 14-16

Wharton Alumni Reunion
Philadelphia, PA
<<http://wave.wharton.upenn.edu>>

MAY 19-23

Wharton Global Alumni Forum*
Moscow
<<http://regional.wharton.upenn.edu>>

JUNE 2

Leadership Conference:
“Leading in an Era of Uncertainty and Change”
Philadelphia, PA
<www.leadership.wharton.upenn.edu/l_change/conferences/index.shtml>

JUNE 3-6

Wharton Global Alumni Forum*
Shanghai
<<http://regional.wharton.upenn.edu>>

JUNE 24-26

Wharton Global Alumni Forum*
Mexico City
<<http://regional.wharton.upenn.edu>>

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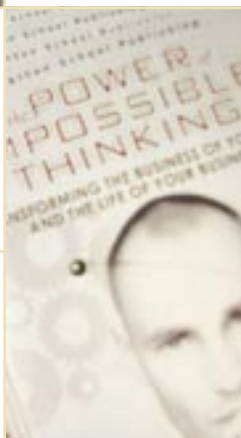
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What can the
past tell us about
today's careers?

Wharton School Publishing Launched

Pearson Education and the Wharton School have announced the launch of Wharton School Publishing, an innovative new player in global business publishing. Wharton School Publishing will provide practical knowledge that can be applied by business leaders to make real changes in their professional lives.

Wharton School Publishing will publish a select group of the world's foremost business thinkers in print, audio, and inter-

active formats. All titles will receive the Wharton seal of approval, ensuring that each is timely, important, conceptually sound, empirically based and implementable. They will include books, audio books, e-documents, CD-ROMs, and videos. Wharton School Publishing's editorial focus on applicable knowledge, along with multimedia publishing, will enable readers to gain new insights into the issues shaping the future of business, and plan and take action to achieve their goals.

Pearson Education is part of Pearson (NYSE: PSO), the international media company with market-lead-

ing businesses in education, business information and consumer publishing. Through Pearson's extensive distribution channels, Wharton School Publishing aims to become the world's leading imprint for applied business knowledge, publishing in multiple languages and reaching all corners of the world.

Wharton School Publishing represents distinguished authors from the world's leading business schools and corporations, including CK Prahalad, co-author of the breakthrough bestseller, *Competing For the Future*; management guru Kenichi Ohmae; former Citigroup Chief Technical Officer Colin Crook; leading members of the Wharton School faculty, such as Marketing Professor Jerry Wind; and other academics.

The imprint's first two titles are Wind and Crook's *The Power of Impossible Thinking: How to Transform the Business of Your Life and the Life of Your Business*, and Prahalad's *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits*. Other forthcoming titles include *Will Your Next Mistake Be Fatal? Avoiding the Mistake Chain That Can Destroy Your Organization*; *The Enthusiastic Employee: What Workers Want, And Why Employers Should Give It To Them*; and *Conflict and Consensus: Why Great Leaders Don't Take Yes For An Answer*.

Ahead of the imprint's first release in July 2004, Wharton School

Publishing is showcasing book content and other materials free of charge at <www.whartonsp.com>. Visitors will be able to read and download book excerpts from March 1 through the imprint's official launch in summer 2004. New texts will appear on a regular basis each month.

Marjorie Scardino, Chief Executive of Pearson, said, "The world's best companies and business people keep investing in learning throughout their lives. Our partnership with Wharton will turn the latest academic ideas into practical learning that business people can apply to make their companies more valuable."

"Wharton School Publishing is really an extension of the School's long-standing commitment to excellence in business education, thought leadership, and to the creation and dissemination of knowledge," said Dean Patrick Harker. "This initiative also reinforces our belief that people learn in multiple ways – whether it be books, audio or interactive tools. Wharton School Publishing's variety of offerings will meet those needs, and, perhaps most important, will come with the Wharton seal of approval."

Fifteen leading Wharton faculty members sit on the Wharton School Publishing editorial board. The board's responsibilities include identifying topics for books and ensuring the consistent quality of the imprint's portfolio. Wharton School Publishing's co-editors



PEARSON'S MARJORIE SCARDINO AND DEAN HARKER

are Wharton Marketing Professor Jerry Wind and Pearson Education's Tim Moore.

(For more information, please read our interview with Wharton School Publishing co-editor Jerry Wind on page 20.)

Wharton Renews Alliance with INSEAD

Dean Patrick Harker and INSEAD Dean Gabriel Hawawini announced the renewal of the alliance between the schools for three more years. The initial success of the partnership prompted its renewal.

The mission of the alliance is to offer a number of capabilities unmatched by any business school or combination of business schools in the world. It offers broadened and enhanced course offerings for MBA and PhD program participants, it expands the delivery of global executive education, and it expands global research opportunities for faculty.

"The extension of the alliance is the result of a genuine understanding and shared vision of the opportunities for clients and faculty through a global learning network", said Dean Hawawini. The deans agreed that the next three years will be an exciting, innovative period, starting with the publication of *The Alliance on Globalizing*, the first in a series of books written by the faculties of the two schools, in June

TOMMY LEONARDI



BERN, AMMON, DUBLON, AND GRECO

2004, and followed up by a high profile Alliance-associated Economist Conference on Globalization scheduled to take place in London on September 30, 2004. Dean Harker said, "With our initial success, especially in the areas of student exchanges and joint faculty research, we have proven the potential of our two institutions working together. We are confident that our partnership will continue to produce outstanding achievements in knowledge creation, teaching and the development of global business leaders."

Women's Task Force Presents Leadership Forum

In March, the Wharton School and the Wharton Women's Task Force

sponsored a forum with top women executives who have forged new business leadership models. Entitled "The New Leader: Dynamic Impact beyond Hierarchy and Power," the forum's panel included Dina Dublon, Executive Vice President and CFO, J.P. Morgan Chase; Carol Ammon, Chairman and CEO, Endo Pharmaceuticals; Dorrit Bern, Chairman, CEO and President, Charming Shoppes; and Rosemarie Greco, Director of Health Care Reform, Office of the Governor, Commonwealth of Pennsylvania. The panel's discussion focused on creating management paths that foster sustainable growth, respected companies, productive cultures and inspired careers.

The panel was moderated by Roslyn Courtney, WG'76, a management and

organizational consultant who developed the "New Leader" model based on interviews with more than 80 women executives. Opening remarks were delivered by Dean Patrick Harker.

The mission of the Wharton Women's Task Force is to encourage and develop women's leadership at all life stages by building community, connectivity, and spirit among all Wharton women and providing valuable services and support to its constituents. For more information, visit the Task Force's website at <www.whartonwomen.org/taskforce.asp>.

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



Reginald H. Jones, W'39, Overseer Emeritus

Reginald H. Jones, W'39, Wharton emeritus Overseer, Penn emeritus trustee, and former CEO of General Electric Company, died on December 30, at the age of 89.

Mr. Jones was born in Stoke-on-Trent, England and moved to the U.S. when he was eight years old. He graduated from the Wharton School in 1939. While at Penn he was elected president of Beta Gamma, the national honorary academic fraternity, and was treasurer of Phi Sigma Kappa.

He joined General Electric in the company's Business Training Course in 1939. Three years later, he became a traveling auditor, moving to general management, serving as manager of company businesses in the consumer, utility, industrial, construction and distribution fields. In 1968, he became GE's CFO and was elected senior vice president two years later. In 1972, he became president, then chairman and chief executive officer. As CEO he brought new strategic

direction to GE, emphasizing strong internal growth fostered by research and development, strategic planning and the introduction of the sector structure that "prepared the organization and the people to meet General Electric's long-range growth opportunities in the decade ahead," Mr. Jones said at the time.

Throughout his career, Mr. Jones maintained a close connection with Wharton and Penn. In 1968 he joined the Penn Board of Trustees and continued as a trustee emeritus and honorary trustee until his death. As chair of the Development Committee he represented Penn in boardrooms across the nation. He was a founding member of the Wharton Board of Overseers, its chair for 13 years, and the chair emeritus. He was also chair of the Joseph H. Lauder Institute Board of Governors. He was also honored with the creation of a professorship and research center bearing his name.

"Reg's legendary leadership of General Electric stands as one of the finest examples in business history," said Dean Patrick Harker. "He was a man of great creativity and morality, and his loyalty and devotion to his alma mater were beyond measure. He continues to inspire us in all of our work."

Mr. Jones is survived by his wife, Grace Cole Jones, CW'39; his son, the Reverend Keith Edwin Jones, W'64; his daughter, Grace Jones Vineyard, CW'66; five grandchildren and three great-grandchildren.



Isik Inselbag, former vice dean and director of Graduate Division

Isik Inselbag, Wharton finance professor and former vice dean and director of the Graduate Division, passed away in March. He was a member of the Wharton community for more than two decades.

A native of Turkey, Dr. Inselbag earned his bachelor's degree from Robert Kolej and his doctorate from Columbia University. After working at Bogazici University in Turkey and the State University of New York at Binghamton, he joined Wharton as a member of the Finance faculty in 1982. He served in several key administrative leadership positions, including associate director (1985-87) and director of the Executive MBA Program (1987-91), and director (1991-92) and vice dean and director (1992-95) of the Graduate Division. Since stepping down as vice dean, he had returned to teaching and research as a senior fellow of the Financial Institutions Center and academic course director for the

Finance Department. He also served as the faculty advisor for undergraduates in the Finance Department.

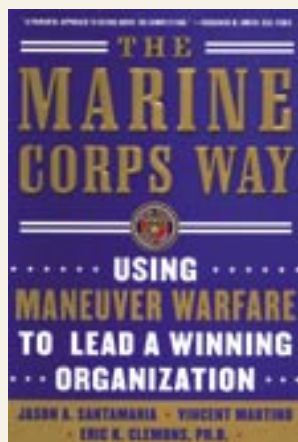
His professional expertise enabled him to influence business practice as a consultant to such global business enterprises as Conrail, Bankers Trust Company, Finansbank of Turkey, the European Bank for Reconstruction and Development, the World Bank, General Electric, DuPont, Merrill Lynch, Chemical Bank, OECD, Bell Atlantic, CoreStates Bank, the Industrial Development Bank of Turkey, and Pfizer of Turkey.

In his role as vice dean and director of the Graduate Division, Dr. Inselbag was instrumental in the design and launch of the curriculum reforms in the MBA program during the 1990s, which included the core curriculum and the team-based learning format. His contributions to this landmark achievement helped garner increased international recognition for Wharton among corporate executives, prospective students and the media, and set the stage for years of record-breaking admissions results and programmatic excellence.

"Isik will be greatly missed by his colleagues and the many students and alumni with whom he worked over the years," said Dean Harker. "He will be remembered for his unwavering commitment to our students, his role as a mentor to staff, and his collaboration with the faculty."

Dr. Inselbag is survived by his wife, Cagla, and his son, Mehmet.

Recent Alumni Books



Wharton Professor Eric Clemons co-authors book with alumni

Eric Clemons, professor of operations and information management, has co-authored a book with ex-Marines Jason Santamaria, WG'01, and Vincent Martino, WG'02. Entitled *The Marine Corps*

Way: Using Maneuver Warfare to Lead a Winning Organization, the book is receiving media attention along with other recently released books that apply military strategy to business leadership.

The Marine Corps Way provides case studies and examples culled from both military and business history to illustrate the power of maneuver warfare tactics and how to use them to

win the "war" for profits and market share. The book also emphasizes building trust, integrity, initiative, and unselfishness as keys to success. "The fundamental idea of maneuver warfare is that any time you can use flexibility, resilience and subtlety, in place of a brute-force war of attrition, you're better off," said Clemons in a recent interview with *The Philadelphia Inquirer*.



- Alumni/faculty exchanges on hot topics
- Lectures by Professors Jeremy Siegel and Richard Shell
- Parties and picnics
- Family Room with children's activities
- Special events for Emeritus alumni (50th reunion and up)
- Silver (25th year) Celebration
- Dedicated hotels for specific classes

[Connect]

MBA Reunion Classes

**1999, 1994, 1989, 1984, 1979, 1974,
1969, 1964, 1959, 1954, 1949, 1944,
1939, 1934**

*Friday, Saturday and Sunday
May 14 to 16, 2004*



And don't forget to visit the Reunion website on WAVE (wave.wharton.upenn.edu)

- Keep up-to-date on details for the weekend
- Visit "Class Notes" online
- Update your contact information in the directory
- Reconnect with friends

For specific questions, please call 215-898-8478 or e-mail reunion04@wharton.upenn.edu



JERRY MILLEVOI

Wharton Follies 2004 — A Different Kind of Network

The wacky plot of this year's Wharton Follies, "Watchu Talkin' Bout, Anjani," centered on Vice Dean Anjani Jain's plan to turn Wharton into a TV network... or perhaps not. Alumnus Donald Trump, W'68, was recruited to seal the deal which ultimately fell through at the show's first ever Anjani Awards. The winner, who would get the chance to be on Trump's new reality series, "The Apprentice," declined — not wanting to leave Wharton under any circumstances.

Another smash hit, the show played to audiences of nearly 1,600 in Philadelphia on Feb. 12-13 and to 450 in New York on Feb. 20. Attendees in New York had the added incentive of attending an after party at the Metronome Restaurant. Here the cast from the MBA Classes of 2004 and 2005 mingled with alumni and previous Follies casts — another Wharton network.

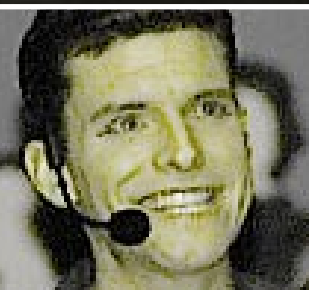
"When I went back for the show it was the most important and meaningful type of reunion that I could imagine," said Melissa Tischler, WG'03, artistic director of Follies 2003. "Not only did it provide a reason for my 2003 classmates to travel across the country to see the show, but it gave us a chance to cheer on our friends in the class of 2004 and a chance to meet and instantly bond with the class after that."

This mini-reunion for New York area alumni is as much a tradition as the Follies itself, which celebrated its 28th anniversary this year.

"The NY alumni show has become an incredible tradition for Follies alumni and alumni in the local area," said Gladys Chen, co-executive producer of Follies 2003. "Over the past two years, we have had former members of the Follies fly in from as far away as Israel and Moscow."

The show itself was an eclectic performance of Wharton MBA students, showcasing their talents in singing, dancing, and comedy, very different from their skills with spreadsheets and client presentations. Where else would an audience be exposed to possible TV programming like "The ABP After School Special: Why Billy Can't Lead"? Audiences had as good a time as the actors did.

"I know there is nothing else that draws classmates from all corners of the world. And I think the show and (almost more importantly) the after party let the recent alums reconnect and catch up with one another," observed Tischler.





“The Job That I Want”

(Sung to “The One That I Want” from *Grease*)

I’ve got skills at multiplyin’
And I’m made . . . for this role
Of all the can . . . didates applyin’
I’m electrifying!

I better step up, cause I need a job
And my heart is set on you
I better dress up, I better get some suits
Cause I’ll start September 2

Yes you’ll start
Yes you’ll start September 2

You’re the one that I want (you are the
one I want), ooh ooh ooh, honey
The job that I want (the job that I
want), ooh ooh ooh, honey
The one that I want (you are the one I
want), ooh ooh ooh, honey
The job I need, oh yes indeed . . .



Robert Glazer, W'80, WG'81: Owner of the Year

BY ROBERT STRAUSS

The stars, felt Robert Glazer, were telling him to move on. His father, Sam, and he were having a disagreement about a development project in their hometown of Cleveland. His girlfriend of several years and he were having a falling out. Friends in New York wanted him to come into various finance businesses, but that didn't seem like the real answer.

It wasn't quite a mid-life crisis, since in his early 30s, he was a bit short of that. It wasn't failure, since a number of his investments in real estate, risk-arbitrage and other securities had done quite well.



GLAZER, W'80, WG'81

"I turned to what I had always done for relaxation, going to the race track," said Glazer, W'80, WG'81. "I headed up to Northfield Park. I needed a little va-

cation. I needed a little soul searching."

After a few days betting the standardbreds at Northfield Park, where his parents had taken him as a kid on warm, summer nights to see the trotters and pacers, Glazer had one of those sure-I-can-do-it moments. For 20 years, he had been watching drivers fly around the track in their sulkies and been gazing longingly at the smiling faces in the winner's circle.

"I grabbed a trainer and went to some horse auctions," said Glazer. With \$250,000 – a fraction of what he was going to spend on that Cleveland waterfront development – he bought seven yearling horses at an auction in Harrisburg, PA. Now, 14 years later, Glazer has been voted Owner of the Year by the United States Harness Writers four times in the last seven years, including last year. No owner has ever been given the award so many times.

Though many of Glazer's horses have done exceedingly well, last year's star was the brightest. Glazer had bought a yearling in 2001 named Pacific Wish for \$150,000, a fairly high price. He renamed the horse No Pan Intended – most of Glazer's horses getting their names as a take-off in some way from his Peter Pan Stables. The horse did well in 2002 as a two-year-old, making back \$115,883, but that was hardly extraordinary. Last year, though, No Pan Intended became only the 10th horse in history to win pacing's Triple Crown – the Cane Pace, Little Brown Jug, and Messenger – and also the Breeder's Crown title, winning a cool \$1.46 million in purses along the way.

"When I started this, I thought,

'Well, if I could break even and have a lot of fun, that would be great,'" said Glazer. "Now this. What could be a better life?"

Glazer said he didn't take the straight path in, during, or out of Wharton. He was all set to go to MIT, his best subjects at Hawken, the private school outside of Cleveland he attended, being math and science.

"I hadn't given much thought to Penn, but they sent me a letter telling me I had been accepted as a Ben Franklin scholar and would I come out and see the campus," he said. "Well, I have to admit, I went and the head of the day's activities seemed really friendly and smart . . . Then I drove around Philly and it all seemed so impressive after Cleveland, which had not gone through any of its urban renaissance. I was hooked."

He got into a combined undergrad-MBA program, but ended up graduating in four-and-a-half years, at the end of a fall semester.

"None of my undergrad friends were still around, and I never connected with the grad students, who were mostly much older than me anyway," he said. He said he spent a lot of his last semester going to his favorite Philadelphia restaurants and the now-defunct Liberty Bell harness track in Northeast Philadelphia and the Garden State Park racetrack in Cherry Hill. When he did graduate, his parents, who had divorced, were both having physical problems, so despite offers in Philadelphia and New York, as an only child, he felt compelled to go back to Cleveland.

His father had been a major housing, commercial and hotel developer

“When I started this, I thought, ‘Well, if I could break even and have a lot of fun, that would be great,’” said Glazer. “Now this. What could be a better life?”

in Cleveland and, along the way, had invented the Mr. Coffee machine. So there was plenty of family business for Glazer to oversee and learn from. Wharton friends encouraged him to go in with them on risk-arbitrage, and so he tried that, too. He gave a bridge loan to a small movie company named New Line Cinema – which eventually became a much-bigger movie company.

“I tried a little bit of everything,” he said. “There were times I knew I would rather be in New York or someplace else, but things seemed to be working well in Cleveland, too.”

Glazer’s mother, Molly, had always called him Peter Pan, the boy who would never grow up. Thus, the genesis of the Glazer stable name. He admits it was not without cause that she called him that.

“Everything growing up seemed pretty good,” he said. After all, Joe DiMaggio, the embodiment of Mr. Coffee who did the company’s advertisements, was a family friend.

“For the first few years, we’d do the big trade show in Chicago. Joe would come there, and we’d have Joe DiMaggio autographed baseballs as giveaways,” said Glazer. “At one point,

we had boxes and boxes of them in my mother’s garage. None of us ever retained them. Who knew how valuable they would be?”

Wherever Glazer would travel, though, he’d find the harness track, savoring great memories of his youth.

“I remember the day my father and my best friend and his father went to Thistledown, the thoroughbred track outside of Cleveland. I had to be only 11 or 12,” he said. “I would select a horse, and my father would go up to bed. If I lost, he absorbed it. But I won a lot, too, so he gave me the money, which was like \$600. I said, ‘Wow! This is great!’”

He would then go to the track at nights or in the summer all through high school. Since thoroughbreds ran primarily in the days then, leaving harness racing to the evenings, Glazer became a harness fan. He became serious about his handicapping, following every horse everywhere in the Racing Form, and, when he could, in real life.

“Bob is like a lot of people who got interested in the track in high school or college,” said Moira Fanning, the publicity director of The Hambletonian Society, and a long-time friend of Glazer’s. “But he’s unique in that he made it into a career. A lot of people crashed and burned thinking they could walk into racing. But Bob studied and studied. He would always be thinking of the next thing and be ready to ask the right questions.”

Glazer admits he made a bunch of mistakes in his first years in the business. His initial yearlings, for instance, couldn’t race right away – there are no races for one-year-olds – so he spent a

Continued on page 33

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2004 ALUMNI REUNION

SCHEDULE OF EVENTS

Join us on campus for a weekend of exceptional programs and presentations by award-winning professors and authors. A myriad of social events will give you the opportunity to reconnect with old friends and, at the same time, meet new ones. Come back and see what's new on campus and at the School. All alumni are welcome!



FRIDAY, MAY 14, 2004

3:00 - 9:00 PM	Registration Hoover Lounge, Vance Hall
2:00 - 3:45 PM	Alumni/Faculty Exchange: "The Economics and Politics of Employer-Sponsored Health Care" Sponsored by the Leonard Davis Institute of Health Economics F-85, Jon M. Huntsman Hall National health policy makers, corporate leaders, and researchers will join together to discuss pressing issues in health care and how they impact consumers, society and the industry as a whole.
4:00 - 5:30 PM	Executive Education: Professor Richard Shell "Your Negotiating I.Q. in Business and Everyday Life" Auditorium, Jon M. Huntsman Hall Do you know your strengths and weaknesses as a negotiator? Professor Shell, author of <i>Bargaining for Advantage: Negotiation Strategies for Reasonable People</i> , will help you find out.
5:30 - 8:30 PM	All Alumni Reception Patty and Jay H. Baker Forum Jon M. Huntsman Hall Join classmates for an evening of great food, the sounds of jazz and the presentation of the Alumni Distinguished Service Award.
5:30 - 8:30 PM	Technology@Wharton Patty and Jay H. Baker Forum Jon M. Huntsman Hall Register and learn all about WAVE, the School's online community; Knowledge@Wharton; Lifelong e-mail; as well as other resources now available to Wharton alumni.
8:00 - 11:00 PM	Class of WG'99 Nostalgia Night MBA Pub, 38th and Spruce Streets Relive the magic of Thursday "Pub Night."

SATURDAY, MAY 15, 2004

8:00 - 10:00 AM	Continental Breakfast at the Tent Lehman Brothers Quad
8:30 - 4:00 PM	Registration Hoover Lounge, Vance Hall
9:00 - 10:00 AM	The 26th Annual Alumni Run/Walk Sponsored by Penn's MBNA Visa Card Program The Run/Walk follows a 5K course through campus and is open to all alumni. Registration: opens 7:30 AM, David Pottruck Health and Fitness Center 3701 Walnut Street.
9:00 - 4:00 PM	Technology@Wharton (continues) Patty and Jay H. Baker Forum Jon M. Huntsman Hall
9:00 - 11:00 AM	Executive Education: Professor Jeremy J. Siegel "Perspectives on the Market" Zellerbach Theater, Annenberg Center 3680 Walnut Street In this time of uncertainty, what's the best route: buy now, sell or wait? Rated the #1 business school professor in the nation and best-selling author of <i>Stocks for the Long Run</i> , Professor Siegel will share his perspectives on the future of the stock market. Join us for an event that could have implications on your financial future!



Schedule may be subject to modification. See the website at <http://wave.wharton.upenn.edu> for more details. Contact Alumni Affairs at 215.898.8478 or e-mail us at reunion04@wharton.upenn.edu if you have questions. For information on University events during the weekend, check Penn's website at www.upenn.edu.



10:00 - 5:00 PM

Family Room

Wharton wee ones and their families are invited to visit the Family Room for fun-filled games, arts and crafts, magical acts and more. Room location will be posted at registration.

11:15 - 12:00 PM

"Wharton Town Meeting" with Dean Patrick Harker

Auditorium, Jon M. Huntsman Hall

The dean will offer an insider's view of current programming and strategic initiatives at the School as well as throughout the international network of Wharton alumni.

12:15 - 2:15 PM

Picnic at the Tent

Lehman Brothers Quad

A time to gather, relax and catch up with friends under the shade of the big tent.

2:30 - 4:00 PM

Penn Parade of Classes

A Penn tradition! Wharton alumni will take their place amongst alumni from all schools of the University. Begins at Hill Square (34th and Walnut) and ends at College Green.

2:30 - 4:45 PM

Alumni Enrichment Panels

F-85 and F-95, Jon M. Huntsman Hall

Panel I - Managing Career Transition

Are you in transition? Join this panel of industry experts as they discuss the top resources and techniques for achieving your career goals.

Panel II - Strategies for Financial Freedom

An extraordinary panel of prominent financial leaders in the investment management industry will discuss the strategies necessary for achieving financial freedom in today's market. Join us as these participants share their expertise and experience.

Panel III - Media and Entertainment

Industry veterans will highlight current day trends and practices within the world of media and entertainment.

6:00 - 7:00 PM

Panel IV - Women in Leadership

From corporate leadership to social responsibility, join this panel of dynamic women as they share their stories of satisfaction and success.

7:00 - 12:00 AM

**50th - 70th Year Reunion Reception
Library - The Inn at Penn
3600 Sansom Street**

Celebrate Reunions with a toast and group photo.

MBA Reunion Class Parties

Reunite and celebrate with classmates over cocktails and dinner. Dance the night away, or just catch up with old friends at MBA class parties.

Class of '99

The Loews Hotel
12th and Market Streets

Class of '94

The Loews Hotel
12th and Market Streets

Classes of '89, '84, '79, '74, '69, '64, '59, '54, '49, '44, '39, & '34

The Ballrooms at The Inn at Penn
3600 Sansom Street

SUNDAY, MAY 16, 2004

11:00 - 1:30 PM

**Farewell Brunch
Sheraton Society Hill
One Dock Street**

Stop by for a hearty breakfast before saying goodbye to classmates.

1:00 - 2:00 PM

**Alumni March
Franklin Field**

A new tradition at Wharton; current alums will welcome graduating MBA students into the alumni network.

A Sense of Responsibility

BY ROBERT GUNTHER



Building on Wharton's research strengths in corporate social responsibility, the Zicklin Center has forged new partnerships with the World Bank, United Nations and other organizations to put its knowledge into action around the world.

A huge blue-and-white WorldCom sign spans one wall of the sixth-floor conference room at The Carol and Lawrence Zicklin Center for Business Ethics Research where Professor Bill Laufer is discussing the Center's initiatives. Laufer, director of the Center, displays just a tinge of embarrassment when attention is drawn to the sign and the peacock-colored Enron logo perched on the windowsill.

This hesitation may be because the Center has remained so steadfastly above the fray of the whipsaw of public opinion and headlines about corporate scandals. For three decades, while public outrage has come and gone and come again, Wharton faculty have maintained a steady commitment to rigorous research, pioneering education and thought leadership on business ethics and corporate social responsibility. The School has assembled a brain trust of some of the most respected faculty from diverse departments in this field. This is not a place that runs with the headlines. That may be why this elephant's graveyard of corporate miscreants in the Center's conference room elicits a moment of hesitation from Laufer.

In another sense, however, these relics of corporate corruption and greed reflect a central aspect of the Center's activities: the direct connection between research on business ethics and the world of business. Through far-reaching initiatives with the World Bank, United Nations, and other organizations, this small research center in Philadelphia is having an impact in places like Russia, Singapore, Mexico, and Dubai. Questions of ethics and social responsibility are not considered from a philosophical distance, but rather through a direct engagement with leaders of business, government, and non-profits who are wading through them.

In this context, these unusual conference room furnishings send a strong message. After his brief pause, Laufer says with determination, "They are a reminder that the field of business ethics has unrealized potential and that there remains a fight to be fought."

Research Driven

This is a fight of research, not rhetoric. While there are many business ethics centers, the Zicklin Center stands out because of its emphasis on supporting and disseminating research. A 2003 report by the Aspen Institute's Business and Society Program and the World Resources Institute identified Wharton as one of the schools that is "setting the bar for research activity" on social impact and environ-

mental management. "We understand that if we are going to have a significant impact, it will be through research that leads the field," Laufer said. "Unfortunately, many of the solutions to some very complex problems have been politicized. We have Sarbanes Oxley, exchange reforms, regulatory incentives for good corporate citizenship, and corporations saying how serious they are about matters of ethics and integrity, but not much is known about what really works to institutionalize ethics and control corporate deviance. In fact, with all of the progress made in the field of business ethics, surprisingly little is known about many of its core concepts and constructs, including the notion of corporate social responsibility. There is a dearth of well-conceived and well-executed research, and far less that is definitive."

The Center's agenda is designed to offer research that informs these important discussions around the globe. "Politicians, regulators, law enforcement and the private sector are joining hands in ways that suggest a simple governance solution to corporate malfeasance," Laufer said. "But there is a difference between having good intentions or politically expedient solutions and law reform that has meaning. We fund normative and empirical research that offers a lasting foundation for these discussions. As a small research center, we do everything possible to leverage the research strengths of Wharton in ways that have a broad impact."

Rise of the Hummingbirds

In an article in the *Financial Times* a few years ago, Wharton Professor Thomas Donaldson compared corporate ethics programs in the 1950s to hummingbirds. "You didn't see one often and when you did it seemed too delicate to survive," he wrote. "Now, these curiosities have proved their sturdiness, flourishing and migrating steadily from their historical home in Europe and the U.S. to Asia, Africa, and Latin America." Today, there are a half dozen or more active journals related to business ethics, and most business schools have required ethics courses. "It has been a dramatic evolution," said Donaldson, Mark O. Winkelman Professor of Legal Studies, "and the same thing has happened with respect to knowledge." (See sidebar on next page.)

Using Donaldson's hummingbird analogy, Wharton was among the first and most active aviaries for these rare birds. Professor Thomas Dunfee came to Wharton as a visiting professor in 1974, and he designed a new MBA course in business responsibility and regulation, leading to an ethics program that became a model for

Three Decades
of Business Ethics
at Wharton

1974

Thomas Dunfee comes to Wharton and creates the MBA elective in Business Responsibility and Regulation

1977

Committee for Education in Business Ethics creates a prototype course in business ethics

schools around the world. Research by diverse Wharton faculty was brought together with the founding of the Zicklin Center in 1997. Wharton set the pace, and continues to be recognized as one of the leaders in education and research.

"Business ethics has been taken seriously at Wharton for many years, well before peer institutions saw its critical importance and value," said Laufer who became director of the Center in 2000. "Tom Dunfee's vision and leadership resulted in successfully recruiting scholars with sufficient visibility to make Wharton a leading, if not *the* leading school, in the area of business ethics."

The importance of the issue is now a given. "The debate is no longer about *whether* ethics is important," said Dunfee, Joseph Kolodny Professor of Social Responsibility in Business. "That war has been won. It is reflected in laws and practices. Now it is more a matter of *how* you do it."

Taking on the World

To address the issue of "how you do it," the Zicklin Center forged new partnerships with the World Bank Institute (WBI) and United Nations Global Compact in 2002. These alliances have allowed Wharton to leverage its knowledge through global events and e-conferences, educational initiatives and joint research projects. "The World Bank Institute and Zicklin partnership is so powerful," said Zicklin Fellow Alisa Valderrama, who works at the World Bank in Washington, D.C., as the liaison between Wharton and WBI. "It allows the Center to address some of the most compelling and complex issues of corporate responsibility: emerging markets and poverty elimination. It takes an agenda that could be very theoretical and focuses on real challenges. Nowhere does business ethics have more impact than in poverty elimination. It bridges the theorist and practitioner and allows the Zicklin Center to have a global impact from the knowledge it generates."

The Wharton-WBI initiative has already demonstrated the power of this combination of knowledge and reach to enhance the impact of both partners. "The cooperation with Wharton marks a turning point in our capacity enhancement activities around the world," said Djordjija Petkoski, head of the Corporate Governance and Corporate Social Responsibility Program at the World Bank Institute. "It has provided us with direct access to cutting-edge knowledge in research and curriculum development. Partnering with Wharton professors and, equally importantly, with Wharton students has led to increased impact and effectiveness. In the coming months, we hope that this cooperation will allow us to reach Wharton alumni, who may be best positioned to be actively involved in implementation of projects at the institutional level."

Among many projects, Wharton and the World Bank are working with a major Mexican-based corporation to create business ethics modules for thousands of business school students throughout the country. Zicklin is also working on new modules for the World Bank

What are some of the key insights we have gained from research on corporate social responsibility over the past three decades?

"One of most surprising conclusions over the last couple of decades, a discovery bolstered by lot of research, is that codes of ethics may be important but actually are rather a small part of what helps an organization succeed," said Professor Thomas Donaldson. "Codes have not been correlated well with increased ethical behavior; there is actually a slight negative correlation." What is important? Probably the most dramatic correlations are with reward systems. It is also important to have a means of communicating upward, such as channels for employee complaints or whistle-blowing. "More important than what you say is what you do," Donaldson emphasized.

Another insight from the research is that law is an ineffective mechanism for ensuring ethical behavior, even in countries with fairly well developed legal systems. "What's known inside the industry races far ahead of the law – highly leveraged derivatives, off-balance-sheet transactions or hedging are almost like advances in medicine," Donaldson said. "The public mind has not grappled with these issues."

Research also has indicated that certain ethical characteristics improve efficiency. "The old joke is that 'business ethics' is an oxymoron, like jumbo shrimp, but ethics is critical for long-run efficiency, both for the firm and the nation state," he said. Where trust is lacking, for example, companies have to turn instead to monitoring, which is expensive and inefficient. "Adam Smith was the first guy to make this point, showing how this remarkable system of capitalism has the ability to take the self interest of people and direct it toward the common good."

Institute's free online program on corporate social responsibility and business ethics, which has already been taken by more than 10,000 government leaders, corporate executives, and students around the world, including an entire university in Nigeria. Their work with Romanian professors in developing a new program on corporate social responsibility led to contributions to the development of new laws on business ethics and corporate social responsibility introduced by the Romanian government. "We are getting the message out on a major scale," Valderrama said.

The partners also are collaborating on establishing a network of business ethics centers in the Asia-Pacific region and on a micro credit project with young entrepreneurs in Iran. "Here are entrepreneurs who are desperate for knowledge," Valderrama said. "We are out there empowering people to consider: What is the role of business in your

1978

Wharton creates an undergraduate course in Business Ethics and Social Responsibility

1982

The Kolodny Chair in Business Ethics is created; Thomas Dunfee appointed

1986

Exxon Foundation project on integrating ethics into the MBA curriculum is launched



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DUNFEE, DONALDSON AND LAUFER

country? The Zicklin Center makes these issues relevant.”

The collaboration has drawn in students from around the world. A recent e-conference on corporate social responsibility attracted more than 1,300 participants from around the world, including students from Peru, Ghana, and the United States. “Part of what we are trying to do is to link these people around the world and share their knowledge, not just high-level practitioners, but empowering young people to take these ideas and put them into action,” Valderrama said. During a videoconference on corporate social responsibility in Russia in 2002, students from Moscow joined Wharton peers from Net Impact in Philadelphia. After the event, the Russian students founded their own branch of Net Impact in Moscow and organized a campaign for business ethics to be taught at their university. “This is the kind of connection that this initiative fosters,” she said.

Seeking Knowledge without Borders

Wharton’s work on business ethics has taken researchers to all parts of the world, including studies on Japan, Russia and the former Soviet republics, China, Israel, Sub-Saharan Africa, and Mongolia.

in corporate governance. Laufer just finished a book on the weaknesses of the corporate criminal law, with particular attention to novel theories of corporate liability. Dunfee recently co-authored an article on corporate boards and ethics programs, and is engaged in separate studies of attitudes about business ethics in Russia and China.

The Center sponsored an impact conference on social screening of investments, followed by a special issue of the *Journal of Business*

“We are out there empowering people to consider: What is the role of business in your country?”

Ethics on this topic. This spring, the Center will co-sponsor a three-day conference on the limitations of voluntary codes of conduct in international business with the World Bank and the Zicklin School of Business in New York City. A conference on ethics and the mutual fund industry will follow.

1987

Ethics coverage is integrated into key executive education programs

1990

Ethics module is required for MBAs and ethics becomes a bracket requirement for undergraduates

1992

The Wharton Ethics Program established with Thomas Dunfee as director

Philip Nichols' global studies have found a remarkable similarity in perceptions of corruption around the world.

Associate Professor of Legal Studies Philip Nichols didn't go to Mongolia looking for additions to the remarkable collection of fur-lined and ornamental hats perched above his bookcases in his Wharton office. The hats were just a byproduct of his search for insights on corruption as a visiting professor at National University of Magnolia, in Ulaanbaatar, a pursuit that has also taken him to Uzbekistan, Belize, Senegal, Russia, Kazakhstan, Bulgaria, and other parts of the world. In fact, he didn't even set out to study corruption more than a decade ago, but conducting research on business in developing economies kept coming back to this central issue.

"What I was initially interested in is how these countries are changing to effectuate a greater number of relationships outside of their particular jurisdiction," said Nichols. "I started looking at things like privatization and foreign investment laws, but the more time you spend in any of these places, the more you realize corruption is at the bottom of everything. If you are really serious about studying these countries, you have to be serious about studying corruption. It touches everything."

Corruption is often justified by both bribe-givers and bribe-takers as a culturally accepted and even expected practice, but Nichols' global studies have found a remarkable similarity in perceptions of corruption around the world. For example, a study with a colleague comparing views of corruption of students in Mongolia and Bulgaria found that they had nearly identical views. "This does not support the idea that corruption is a completely relative cultural construct," he said. "It supports the idea that there are universally shared ideas of what corruption is. I have yet to find a place where people like corruption or think it is a normal thing. People say: 'It becomes a way of life.' But if you live in a war zone, war becomes a way of life. It doesn't mean that you like it."

While there are common views of what constitutes corruption, Nichols' travels have shown that the nature of corruption is quite different from country to country. "Corruption is incredibly textured," he

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NICHOLS

said. "It is not straightforward. It is different in every place I've ever gone. That is something a lot of people overlook."

Working in countries with corruption often means being directly exposed to it. Nichols has been stopped by Russian policemen, beaten up by border guards in Africa after refusing to give them his socks and has sat for hours on a bus with other passengers in Eastern Europe after the driver unsuccessfully demanded a bribe to continue.

One of the biggest changes during the time he has studied this topic is the willingness of companies and international financial institutions to discuss it and address it. "In the past, this was something they didn't talk about," he said. "Now it is something they all talk about. Businesses, I think, are the greatest potential source of really effectuating a global change. They are organized, they are funded and they have a lot of incentive. They are seeing potential markets in Central and Eastern Europe degrade substantially because of corruption and seeing their own internal management systems degraded. When the supply dries up, the demand will dry up."

He's looking forward to this day. "I can't wait until I'm out of business, when there is not so much corruption anymore," he said. "Then I can get back to studying these other topics."

Still, there are many more questions than faculty to address them. This fall, Wharton will welcome its first class of doctoral students to a new Ethics and Legal Studies Program, to help fill the need for researchers and teachers in this area. "The exploding need for teaching, research and business expertise in ethics and law has outstripped the supply of professionals," Donaldson said. "Alumni and students are very interested in this topic, but what we need are more faculty. Our new doctoral program will

be the first to thoroughly integrate business ethics and law, and will immediately become the premier program in the world."

Rising Student Interest

While the Zicklin Center's global research is affecting knowledge practice around the world today, its work with doctoral, graduate, and undergraduate students on campus is affecting a new generation

1994

MBA required course
in business ethics

1997

Zicklin Center for
Business Ethics Research
established; Thomas
Dunfee, director

Mark O. Winkelman Chair
established, Thomas
Donaldson appointed

1998

Thomas Donaldson
appointed director
of the Wharton
Ethics Program

“Every school will take up corporate social responsibility in this era of scandals, but the question is to what depth?”

of leaders. There is rising student interest in social action on campus, with some 80 to 90 percent of MBA students participating in some kind of community service or social project. In 2002, the Center funded undergraduate research on topics such as perceptions of corruption among Indian business school students, corporate social responsibility in Argentina, business ethics in the Israeli-Palestinian conflict and ethical investment. The Center also works closely with students of the Social Impact Management (SIM) initiative, which was created in the fall of 2002 as an umbrella organization for diverse campus activities related to social and environmental change.

“Wharton is very student driven in its approach to corporate social responsibility,” said Miro Vassilev, WG’05, one of two SIM Fellows based out of the Center each year. “Students who are involved don’t see the MBA as a transaction experience; they see it as a transformation experience. They want to see something change. Right now, there is a congruence between the goals of the administration and students, and that is resulting in something very exciting.”

SIM held its second annual symposium in October 2003, on “Building Sustainable Enterprises,” and it is working with the UN Global Compact and the Sabanci University in Istanbul on its first international academic conference on global corporate conduct. The conference is designed to contribute to global creation of knowledge around social and environmental justice issues. In partnership with Wharton’s Europa Club, students also are developing a panel of high-level alumni from Europe for the forthcoming Zicklin conference in New York. SIM also will send two students to Geneva to work as interns over the summer on emissions trading and other issues for the UN environmental program, and a new SIM Venture Fund has awarded seed money for projects such as developing an ethics curriculum for Philadelphia high schools and setting up a local chapter of an organization for disadvantaged young adults.

“Every school will take up corporate social responsibility in this era of scandals, but the question is to what depth?” Vassilev said. “Wharton has the oldest ethics program, but one of the youngest social impact management initiatives. It reflects on the culture of the school. We don’t buy into fashion early, but we stick with it.”

He said some students, like himself, are planning to work on social impact projects after graduation. Many others, however, are exposed to experiences that they will carry with them into more traditional corporate roles. “Students exposed to social impact management will have an incredible impact in the future,” he said. “People who stay in business may have a greater impact than those who work in the social sphere.”

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VASSILEV, WG’05

Responding to Dramatic Change

This work is more important than ever. “It is very important that leading business people and academic and government people really address this issue of social responsibility, and it is also very important that future business leaders are completely aware of the responsibilities they are taking,” said Jean-Pierre Rosso, WG’67, chairman of the board, CNH Global NV Netherlands. “The people of my generation have, to a large extent, learned this along the way. Given the nature of society today, the speed at which it works and the awareness of information, it is important that business schools do a better job of explaining the responsibility of business leaders earlier in their careers.”

The implications of research and teaching on corporate social responsibility are far reaching. “If you take the crises that have occurred, you can consider this just a blip or you can think that the world today has changed so dramatically that capitalism is threatened at its roots,” Rosso said. “We should do whatever we can to address this issue and make sure capitalism can evolve and continue to be the best system. If you think it is threatened, we ought to do something about it.” ♦

(See next page for Q&A with Klaus Zumwinkel, WG’71.)

2000

William Laufer appointed director of Zicklin Center; Alan Strudler appointed director of Wharton Ethics Program

2002

Zicklin Center signs memos of understanding with the World Bank and United Nations Global Compact

Joel and Lois Coleman Lecture on Social Responsibility in Business launched

2004

First class enters new Wharton doctoral program in Ethics and Legal Studies



The *Wharton Alumni Magazine* recently asked Klaus Zumwinkel, WG'71, chairman of the board of Deutsche Post World Net in Bonn, Germany, for his perspectives on how corporate social responsibility affects his business. In the following Q&A, he shares his insights.

A Perspective from Europe

What are the major issues related to corporate social responsibility facing your organization?

Deutsche Post World Net is one of the leading companies in the international transport and logistics market. Our customers trust our global reach when it comes to solving logistics challenges. The financial markets expect us to provide solid governance, long-term shareholder value, and sustainable growth. Thus, we have to make sure that the confidence they have gained based on our business performance is not derogated by our business practice. It is not only the business and financial community which expresses its expectations but also stakeholder groups and the wider public. Thus, it will be crucial to guarantee the global implementation of our core values and principles regarding corporate social responsibility (CSR) and to live up to them wherever we operate.

I am convinced that environmentally and socially responsible behavior can affect profitability in a positive way. Deutsche Post World Net has been admitted to the FTSE4Good Index of Socially Responsible Investment. This demonstrates that our approach to responsible business practice is also rewarded by the financial markets.

What are you doing to address these CSR issues in your organization and in the broader society?

Within Deutsche Post World Net we have started to integrate CSR into relevant corporate guidelines and policies. For instance, our international purchasing guidelines explicitly refer to the corporate values and international commitments such as the nine principles of the UN Global Compact. We will also promote cross-functional and cross-departmental teams to deal with the responsibilities deriving from CSR. We address the broader society by means of regular stakeholder dialogues and are also engaged in a number of partnerships with internationally operating institutions. For instance, we have worked with the International Federation of the Red Cross (IFRC) to offer humanitarian assistance after the Earthquake in Bam, Iran.

How has concern about corporate social responsibility changed over the course of your career?

In my opinion, corporate social responsibility has a solid history in business. During my career I often encountered a strong CEO commitment towards community involvement, philanthropy, environmental management, and humanitarian assistance. However, this commitment was largely built on the founder of a company, the patron, who largely engaged with local communities through social investments. Increasing legal obligations in the social and environmental field in Germany and Western Europe have shaped business performance and responsibility towards CSR. Issues of corporate social responsibility have changed over time. The industry is facing growing stakeholder expectations, which increasingly encompass social and ethical as well as environmental responsibilities embedded in international law and best-practice voluntary codes, such as the UN Global Compact or the Logistics and Transport Corporate Citizenship Initiative (L&TCCI) of the World Economic Forum. In addition to the environment, these codes collectively address human rights, labor standards and governance. Deutsche Post World Net has committed itself through its subsidiary DHL to adhere to these principles, and we take this effort very seriously.

In what ways is the view from Europe on this issue distinct from other parts of the world?

There are, in fact, different cultural traditions and standards. Social and environmental legislation cover a broad spectrum of activities and commitments that do not exist in other parts of the world. The challenge for companies operating worldwide is to develop common standards and business principles that empower our local and regional management to act accordingly. We have developed a core set of values for Deutsche Post World Net which shall help executives to establish a moral compass for business practice wherever they work. These values include elements found in both Western and non-Western cultural traditions. We are now tackling the issue of setting up a code of conduct which provides clear direction about ethical behavior. However this code of conduct must also leave room for individual judgment in situations requiring cultural sensitivity. ♦



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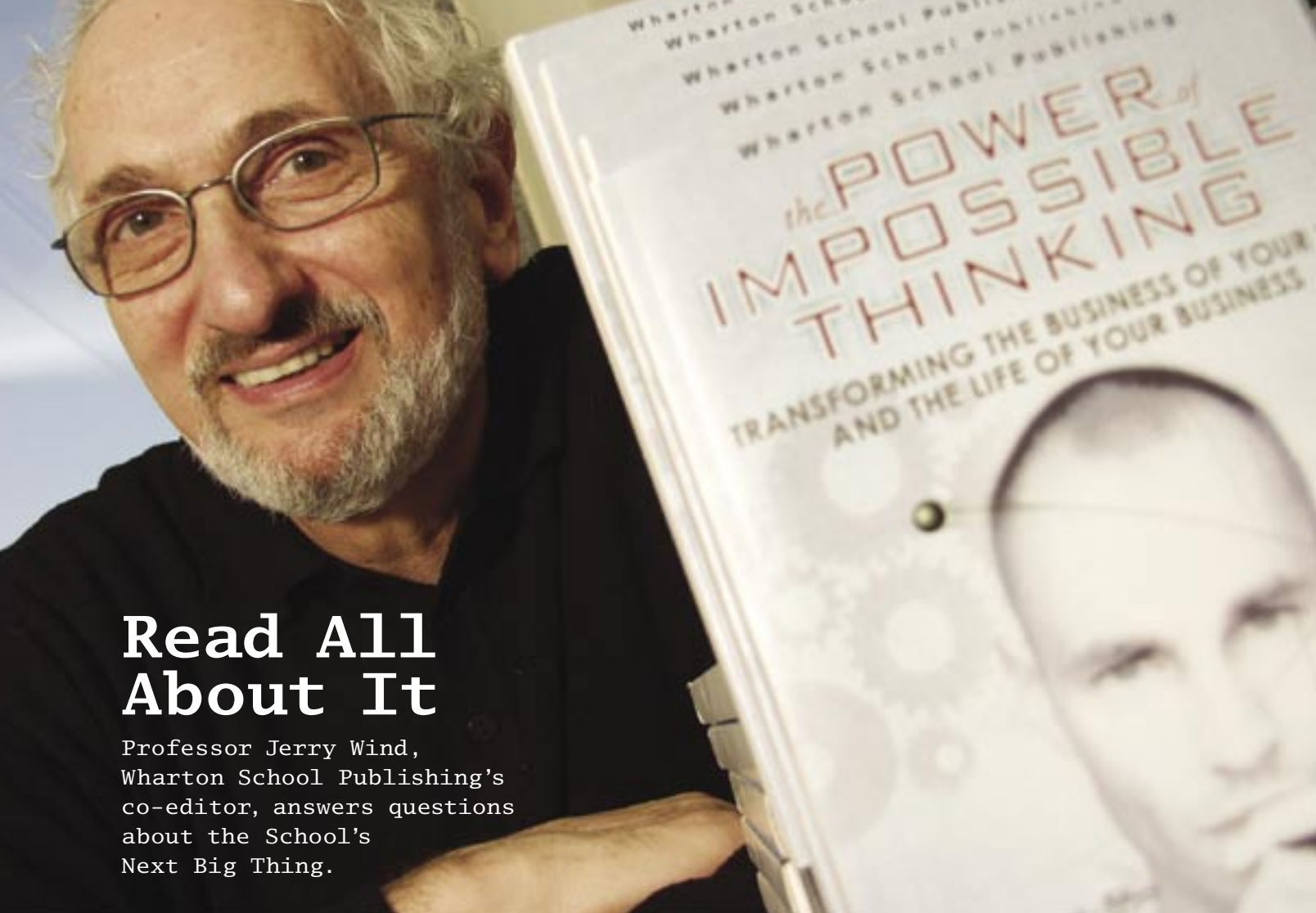
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Read All About It

Professor Jerry Wind, Wharton School Publishing's co-editor, answers questions about the School's Next Big Thing.

TOMMY LEONARDI

As more and more business publishers seek mass-market success instead of ground-breaking knowledge, where would an innovative scholar find a publisher for a book about new thinking of interest to business leaders, managers, and policymakers? CK Prahalad, professor of corporate strategy and international business at the University of Michigan Business School, found himself in this situation and turned to a new player in the field to bring his book to market.

Prahalad's newest book, *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits*, will be one of the first titles released by Wharton School Publishing, a new venture with Pearson Education, the international media company. Pearson Education business publishing includes Pearson Prentice Hall (PH-PTR), Financial Times/Prentice Hall, and Reuters imprints, as well as Pearson Addison Wesley. Wharton School Publishing will provide insights from academics and industry leaders through a portfolio of publications in print, audio, and interactive formats published in multiple languages.

Wharton School Publishing's first title, *The Power of Impossible Thinking: Transform the Business of Your Life and the Life of Your Business* by Wharton marketing professor Jerry Wind and former Citigroup CTO Colin Crook, is scheduled to be released in July. In addition to being one of Wharton School Publishing's first authors, Wind serves as Wharton's editor for the imprint along with Tim Moore, Pearson's editor-in-chief. Kathleen McClave, associate

dean for marketing and business development, serves as managing director. The editorial board includes a cross-disciplinary group of 15 senior Wharton faculty members, chaired by David Schmittlein, deputy dean and professor of marketing. (A full editorial board list appears on page 22.) Thirteen titles and a number of management tools are planned in the imprint's first year.

In the interview that follows, the *Wharton Alumni Magazine* asked Wind about Wharton School Publishing—why it was created, what it would offer, and what this new venture means to the School and alumni.

Q: There seems to be a great number of business books out there. So, first of all, how will Wharton School Publishing be different?

A: Wharton School Publishing's goal is to improve the quality of management. It is designed to be a trusted and consistent source of relevant insights and new thinking for thoughtful business people. The Wharton seal of approval is the reader's guarantee that every title meets this high standard. Because our faculty are deeply involved with the research in their fields and understand how knowledge is applied in business, they can determine if a book meets this standard for quality. Equally important, they can identify the right topics and authors to ensure the imprint delivers on its promise to its readers.

We believe business leaders and policy makers need to under-

stand the changing environment in which they operate and acquire new ways of thinking about business challenges and their application to strategy, management, and finance. The books and tools published by Wharton School Publishing help thoughtful executives stay on top of business in all three areas. In essence, we are creating a portfolio of relevant knowledge for executives, decision makers, public policy makers, and thoughtful readers. We think it will become a series that all senior executives and policy makers will want to collect and read just as the “Great Books” were two decades ago.

Some topics work better in one format or another and readers want choices in accessing information. Wharton School Publishing will not be confined to paper. We will introduce multiple audio and electronic formats to make it easy for readers to access our titles on their terms. We also will be creating analytical and management tools in an e-format.

Q: What kinds of tools, specifically?

A: Managers seek a reliable source for analytical models and tools that can be easily accessed on their desktops. Wharton School Publishing tools will enable readers to do such things as estimate the lifetime value of their customers, allocate R&D projects using real options, create a marketing and sales dashboard for managing their business, to name a few. In all, the addition of tools to the Wharton School Publishing platform will be an important added value.

Q: Why the partnership with Pearson?

A: Pearson is the leading global business publisher—they have deep expertise in all areas of business publishing, a broad distribution network with operations in 55 countries and in 27 languages, and a deep understanding of what is required to be successful in the business publishing market. With this alliance, Wharton can focus on developing a high quality portfolio of leading authors and topics with Pearson bringing world-class publishing and distribution talent and resources. Together we have a very strong value proposition and the capacity to execute on a global basis.

Q: Who will you publish?

A: We are seeking material from the best global business thinkers, academics and practitioners. It's not solely a venue for Wharton faculty—although we are currently in discussion with about two dozen Wharton faculty for development of books or tools. Among the initial authors are Wharton's Robert Mittelstaedt and Larry Hrebiniak, and widely published authors CK Prahalad and Kenichi Ohmae.

Q: What is the role of the editorial board?

A: The editorial board is a cross-disciplinary group of the School's senior faculty members. They have set standards for the new imprint to ensure that the portfolio of titles are of the highest and most consistent quality and worthy of the Wharton School endorsement. In addition, they know who is breaking new ground so they can proactively attract the right authors and differentiate between what is truly thought leadership vs. the latest “fad” thinking.

Q: How does Wharton School Publishing fit into the School's mission?

A: Wharton's goal is to enhance its ability to effectively deliver on

Wharton School Publishing Titles 2004—2005

The Power of Impossible Thinking: How to Transform the Business of Your Life and the Life of Your Business

Yoram (Jerry) Wind, The Wharton School, and Colin Crook, former CTO of Citigroup

To change almost anything in organizations, our careers or our personal lives, we first need to change the way we think. This book offers a framework for challenging our mental mindsets, improving our skills in making sense of the world around us, and acting quickly on those new insights.

The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits

CK Prahalad, University of Michigan Business School
Fortune at the Bottom of the Pyramid represents a unique idea and a genuine opportunity for companies to commit their energy and resources to a higher goal: a more inclusive capitalism that in a very real sense can help the disadvantaged of our world. The book will be endorsed by the U.N. Commission for Private Development and Poverty, heads of state and CEOs around the world.

Will Your Next Mistake Be Fatal? Avoiding the Mistake Chain That Can Destroy Your Organization

Robert Mittelstaedt, The Wharton School

An in-depth analysis of the phenomenon of multiple mistakes; whether it is a physical disaster, a political blunder, or a serious corporate mishap, readers discover the unique set of compounding errors which, if unchecked, could bring down companies and tools to keep this from happening.

Becoming the Best: What You Can Learn from the Top 25 Business Leaders of Our Times

Knowledge@Wharton and Nightly Business Report
Writers and editors from the online research and business analysis journal of the Wharton School of the University of Pennsylvania and the most popular business television show in the U.S. collaborate

to uncover the traits that make business leadership endure.

Making Strategy Work: A Guide to Effective Execution Throughout Your Organization

Larry Hrebiniak, The Wharton School
An essential work on strategy implementation. It raises the level of our understanding of what is required to apply a strategic view across large organizations.

Managing Your Customers as Investments: Are You Spending More on Your Customers Than They Are Worth?

Sunil Gupta and Donald Lehmann, Columbia Business School
This fresh approach to the study of valuing customer relationships examines the cost to acquire, retain, and grow your customer base, just like a company or a stock, over the long term, and presents the reader with strategies that develop from this methodology.

Finding Fertile Ground: A Guide to Identifying Extraordinary Opportunities for New Ventures

Scott Shane, Case Western Reserve University
An essential book that provides the framework for assessing the potential of new age, cutting-edge business ventures. It provides the entrepreneur with the understanding and tools for starting the next big thing and the concepts and key issues that will make or break these projects.

Failsafe Strategies: Exploiting Great Opportunities with Little or No Risk

Sayan Chatterjee, Case Western Reserve University
Today's technologies and issues pose distinctive challenges and require unique solutions. Chatterjee helps the reader think through the risks of a business model as it is being designed along one of two tracks: a commitment to a deliberate approach to strategy vs. an opportunistic, first-mover approach.

Conflict and Consensus: Why Great Leaders Don't Take Yes for an Answer

Michael Roberto, Harvard Business School
Drawing on case studies and interviews of participants in the Cuban Missile Crisis, the Bush Administration during the Afghanistan and Iraq wars, and the infamous failed expedition to the top of Mt. Everest that spawned the

Continued on page 22

its mission – to impact the world through the generation and dissemination of business knowledge and to develop effective leaders of integrity. Wharton School Publishing extends Wharton's reach globally and fills a gap in the School's publishing capabilities while providing new options for the dissemination of business knowledge through multimedia capabilities. We are planning local market editions of books in about ten languages. The worldwide distribution and marketing will enable all Wharton community members—alumni, executive education participants, students, faculty and staff—to access the thought leadership Wharton School Publishing will provide. It will also complement and enhance other publishing activities at Wharton, such as *Knowledge@Wharton*. Wharton School Publishing will provide an additional connection for the world's thought leaders to the School.

Q: How will alumni benefit from this?

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The Path to the Top

**Wharton's Peter Cappelli
recounts the history of executive careers
and the creation of the fast track**

BY NANCY MOFFITT

Peter Cappelli has made a career of charting the often-tumultuous course of employment in America, from studies on downsizing and performance to a book on managing in a market-driven workforce. But Cappelli was taken aback by a theme that, in recent years, surfaced again and again in the mid-term exams of his MBA students.

“The students are asked to write about their last job and how they were managed, and inevitably, people talk about why they left,” says Cappelli, the George W. Taylor Professor of Management and Director of the Center for Human Resources. “And many students began to report that they were in jobs that literally ended, and not just junior analyst positions in investment banking. In consulting and even some corporations, after three years or so, they are told to leave. Some people in partnerships were told that no one is eligible for partner promotion. In flat organizations, they are saying that beyond five years, they cannot see the next job up the hierarchy that could be open for them.”

“They don’t see a way to build a career, to advance,” says Cappelli. “And these are fast-track people.”

There’s little doubt that the traditional employment system of secure, lifetime jobs with predictable advancement and stable pay is, by most accounts, dead. How, then, do aspiring business leaders scratch their way up the corporate climbing wall? Cappelli hopes his

latest project, a book he’s writing called *The Path to the Top*, will offer some answers.

In this first of two interviews, we talk to Cappelli about the past, looking at the early history of executive careers in the U.S. Our second interview, to be published in a forthcoming issue of the *Wharton Alumni Magazine*, will examine recent history and the future. “It wasn’t very satisfying, after my first book, to simply say what was no longer happening,” Cappelli says of the 1999 book *The New Deal at Work: Managing the Market Driven Workforce*. “It seemed to me that there is a story about how careers are evolving and that it makes sense to look at how we got here. The ultimate goal of the book, of course, is to come up with a new model — to show what careers are looking like now. There are a lot of things we know about the way careers worked in the past — about how pay was set, what determined advancement, etc. I’d like to be able to do the same thing for careers now. But initially, at least, I believe there’s something to be learned from the past.”



Let's talk about how executive careers began. How did we get here?

The point to note at the very beginning of American industry is that there weren't any executives. There were founders and worker bees. The founders outsourced most of what went on and didn't really have managers or executives. Before William Durant went into the car business and created what became General Motors, he led a large carriage company that was strictly a marketing operation. The company contracted with a local builder to make the carriages that the Durant-Dort Carriage Company put its brand on and sold.

Early companies like Durant-Dort were organized very simply. The founders were at the top — they were the venture capitalists of their day and were paid sometimes huge amounts based on the value of their ownership. There were no managers — the founders handled everything themselves — the finances, distribution and sales. Henry Ford is a great example of this kind of owner-manager who ran everything himself, even resisting management systems like accounting. There's a very telling story about Ford becoming irritated about some accounting issue one day, going into the head office at lunchtime, and throwing all the accounting books into the street. He didn't care about organization, either, keeping track of his 446 salaried workers (in 1913) with no job titles, just by ranking them according to their pay level.

How was this possible?

It was possible to run these large companies without managers or executives because most of the tasks were outsourced, and this went beyond buying parts and supplies. Very few companies even sold their own products — they supplied merchants who sold the products for them. A company like DuPont did none of its sales or distribution at the turn of the last century. The company used hundreds of independent agents who were paid on commission and often represented more than one company.

But as companies grew it became more difficult for the founders to do everything themselves, and they then turned to people they knew and trusted — usually family members — to step in. Even then, there were few executives around the founder. Most of them came from the families — these were like today's small businesses except that they had thousands of employees. There was the founder, his son, sometimes his wife.

DuPont is perhaps the best example of a company filling top jobs with members of the founding family, making college choices for young DuPont children based on job needs within the company — in essence picking their careers for them to prepare them for the executive track.

When did modern management structures begin to take shape?

It wasn't until the railroads came along that we began to see organizations that were a little more sophisticated. The physical scale of railroad operations created enormous challenges. Running a train from one part of the country to another, picking up cargo and passengers along the way, changing crews and refueling, making connections with other trains, and doing all of this on a tight schedule meant

a tremendous amount of coordination. The only way the railroads could be sure that everything was perfectly coordinated and on time was to do everything themselves — they had to develop internal systems of accounting and control and find people to run them. They had to hire middle managers to develop and administer these systems. The Pennsylvania Railroad was the largest and most complex of the railroad operations and is typically credited with creating middle management.

Andrew Carnegie also deserves a great deal of credit for creating the modern executive career in corporations by transferring many of the operating procedures of railroads into manufacturing. He worked his way up from a telegraph operator into a job at the Pennsylvania Railroad and eventually became superintendent of its Western Division, the most important division in that railroad. Along the way he absorbed many of the railroad's elaborate operating principles, especially the idea that performance standards could be created for every job and that individual managers should be responsible for meeting those standards.



There were no managers—the founders handled everything themselves—the finances, distribution and sales.

Carnegie came up with the idea of an operating or line executive based on the superintendent's job he once held on the railroad, and it's not a coincidence that the top job in a Carnegie steel mill and later in all steel plants had the superintendent title.

Carnegie was a guy who gave people opportunity and moved them up quickly if they did the right things. His most famous executive was Charles Schwab, who started as grocer boy to Carnegie executive Captain Bill Jones and went on to head Bethlehem Steel. Carnegie wanted to promote executives from within and to get to know the men who stood out.

But other than the Carnegie Steel Works, it's hard to see many examples of corporations elevating employees from their own ranks to these new executive positions during this time period. Carnegie gave managers a great deal of discretion and responsibility and promoted people based on merit, which was not common.

The DuPont Powder Company was a good example of a typical company at the turn of the century. DuPont had many different explosives products targeted to different customers that were all managed under one central administrative structure. When Pierre DuPont took over the company through a leveraged buy-out of family interests, he reorganized the company and created the first multi-divisional organizational structure, separate divisions organized around individual product lines. This model created a wave of executive jobs because each of these divisions acted as its own entity and needed its own leaders.

As they grew, DuPont and other companies brought in outside talent through acquisitions. A company like General Motors acquired 25 companies in the space of a couple of years, while DuPont acquired 60, and when they did that they took in the entrepreneurs that started those companies. These entrepreneurs took the new executive positions in the multi-divisional companies.

Like DuPont and other corporate giants of its day, General Motors was a product of its acquisitions. William Durant created GM between 1908 and 1910 by acquiring Buick Motors and then adding

25 companies, 11 of which were independent car manufacturers. Not surprisingly, the founders of these companies became the first executives of GM. Henry Leland Cadillac, for example, ran the new Cadillac division under the GM label.

So the creation of new executive jobs did not really create career paths. For the generation in business before World War II, the way to get ahead in a career was uncertain and complicated. Yes, it was possible to rise within a company, but internal advancement was a slow process. Promotions took a long time because there weren't many senior management positions to fill, and vacancies came only with death and retirement. Openings were usually filled by family members and friends of the owners; few managers worked in jobs that fit their education or training. The best way to get to the executive suite was first to create your own company, second, invest enough in it to have controlling interest, or third, be a family member or intimate associate of a founder.

How did World War I begin to change things?

World War I meant that companies had to become more serious and sophisticated in their efforts to develop and retain managers. Before the war companies largely relied on something called the “drive” system to motivate employees. This basically was motivation by fear – companies used the threat of being fired as a way to fuel performance. But as labor markets tightened, this obviously stopped working, and companies had to begin to adopt new methods of management. The most important of these was the idea of promotion from within.

Corporations also looked to the military for ideas, adopting selection tests to hire candidates and place them in specific jobs, a technique pioneered by the Army at the beginning of the war. Most of these practices were aimed at production workers, but they also affected the managerial ranks in the 1920s, where there were also major shortages. At that time, manager candidates were hired into specific functional areas and “training” was really just a very brief orientation. For most young managers, it was sink or swim.

Some large companies began training-based development programs aimed at focused development rather than haphazardly hoping a new hire would grow into the company. Others, like the Public Service Company of Northern Illinois, pioneered “high-potential” programs to select out employees who seemed to have an aptitude for senior management positions.

But most of these programs were small and ad hoc. A real breakthrough came at General Electric, where the scale of operations and need for talent warranted a major employee development effort. GE began to grow very quickly in the 1920s, and to meet the growing demand for managers, the company began to hire new college graduates with no real work experience not only into technical positions, but also into managers spots. The new hires were sent to GE plants for a one-year program either on a business training track or a “test” engineering program for the technical jobs. After this one-year period, the trainees essentially applied for permanent jobs within GE.

But the movement to develop employees was seriously set back by the Depression. The huge decline in business meant that companies had more than enough managers to meet their needs. Larger firms like GE maintained some of their programs for developing managers, but most companies dropped theirs altogether.

What about World War II?

After the Second World War, things really began to change. During and after the war, companies suddenly started growing like crazy. And during the Depression, they'd really not hired anybody. So with the wartime economic boom, they had a big demand for managerial talent, and they hadn't hired anybody or developed anybody for a decade. So they faced a huge shortage of talent. During the war, a lot of senior executives stayed on past retirement for patriotic reasons. As soon as the war was over, many of them retired. So there was this huge wave of retirements and nobody in the pipeline. When the war ended, many of the women who filled jobs during the war, including administrative and supervisory positions, left those jobs and went home. American companies had big-time, serious shortage of management talent.

The other thing that most of us forget about is that a lot of executives in that era tended to die in office. One third of the managers who were age 45 in the 1950s were expected to die before they were 65. There's a great quote from Ben Moreell, the chairman of the Jones and Laughlin Steel Company, who described the unstable succession process that resulted as “When a great president dies a vacuum is created, and into that vacuum is swept the nearest guy who hasn't had a coronary.”

So this is when everything about modern careers really began. They initially began by trying to see if they could meet their talent needs by hiring from each other. But they just couldn't do it – the shortage was too great. So they plunged into this model of developing people internally. Companies borrowed an enormous amount about development from the military and began taking it incredibly seriously.

What did the model look like?

Pretty much everything about managing employees and developing them systematically that companies do today was more sophisticated in the 1950s. They did fancy personality tests and IQ tests, elaborate rotation programs and high-potential programs, and sent people for executive education programs.

Innovative programs like job rotation, “junior” boards of directors, Harvard's Advanced Management program, executive development committees headed by division presidents or vice presidents were also put into place. By 1954, 63 percent of large companies were using standardized personality tests to assess loyalty and potential in their hiring decisions. The amazing thing is that these assessments had nothing to do with a person's present job performance. They were all about potential and having the traits associated with executive roles.

At GE, a huge manufacturing leadership program was based on the model of increasing job responsibility, classroom work, and training and individual counseling. Those that did well progressed immediately into a job rotation program that took them to jobs at two or three plants. The most promising of these then went on to an advanced management program, a high-potential program based on special project and case study work.

How successful were the programs?

They were hugely successful in the sense that they got a massive pool of talent developed and coming through the system fast. In 1956,

Continued on page 33

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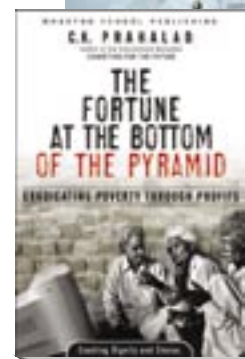
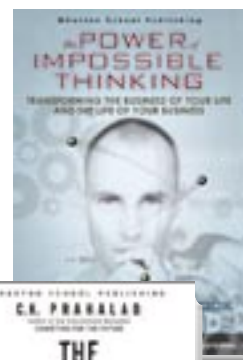
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Smoking or Spending Too Much? Don't Count on Remedy Marketers for Help.

In some parts of the world, people who are disgusted with their inability to curb overeating, overspending and/or smoking make resolutions on Dec. 31 to cut out such vices on their way to a healthier life in the new year.

Now that we are well into the new year, how are people doing? A recent visit to the local mall suggests that carbohydrates, credit cards and cigarettes have not disappeared from people's lives. Resolutions, it seems, are prone to early slippage.

A new research paper by three marketing professors says that remedies – defined here as products or services that offer solutions to consumer problems – may be part of the problem. Examples of remedies include nicotine replacement products to help smokers kick the habit and debt consolidation loans to help consumers reduce debt load.

In their paper, Wharton marketing professor Lisa E. Bolton, Joel B. Cohen, marketing professor at Warrington College of Business, University of Florida, and Paul N. Bloom, marketing professor at Kenan-Flagler Business School, University of North Carolina, conduct several experiments to examine the effects of remedy messages on consumers “outside the problem domain” – non-smokers, non-debtors – and consumers “within the problem domain” – smokers and debtors.

Remedies, of course, aren't the only method used to decrease risky behavior, the researchers note. The traditional approach is risk avoidance, which often relies on abstinence-type programs such as those targeted to teenagers against

drugs and sex. “These ‘just say no’ campaigns and similar public service messages typically emphasize the problems or costs of risky behavior and encourage people to avoid [it],” the authors write in their paper entitled, *The Marketing of “Get Out of Jail Free Cards”: How Remedies Encourage Risky Consumption Behavior*.

Remedy messages are different in that they offer ways to take care of the risk. In addition to nicotine replace-



ment products and loan consolidation services, remedies can include low-fat products aimed at reducing obesity, advanced drug treatments to combat HIV/AIDS and seat belts to lower the risk of automobile injuries.

A remedy message “targets those at risk or in harm’s way ... and attempts to offer a solution to the problem. As such, remedy messages serve as ‘exit’ signs and offer people a way out” of the risky behavior, the researchers note, adding that “the *intended* objective of remedy messages seems self-evident. [They] aim to reduce risky behavior by advocating the use of the branded

product or service promoted by the marketer.”

The researchers, however, went on to investigate whether remedy messages “have ‘unintended’ consequences that undermine risk-avoidance by consumers. Specifically, do remedies serve as ‘get out of jail free cards’ that boomerang and reinforce risky behavior” by certain individuals?

They do, the researchers conclude. Although remedy messages “reinforce perceptions that the behavior is risky and should be avoided” when they are heard by individuals outside the domain, these same messages actually encourage continuation of the behavior when heard by individuals already engaged in it.

In other words, says Bolton, remedy messages “undermine the risk avoidance messages.” Because risk avoidance messages offer no remedies, remedy messages “are inherently less threatening ... Consumers seize upon the remedy and reason that it reduces perceived risk and gives license to further risky behavior.” In effect, consumers “accept that the risk requires a remedy but then reason that the remedy takes care of the risk.”

Asymmetry in the Marketplace

Bolton and her colleagues first became interested in remedies last year during the height of Internet spamming when consumers were continually bombarded with messages on everything from how

to enhance body image to how to pay off debt. "We were speculating on what effect these messages were having on the people receiving them," says Bolton.

She and her colleagues zeroed in on behavior that is clearly detrimental. "Certainly there are some risky behaviors that might be beneficial, such as undergraduate students signing up for more difficult, and challenging, courses. But we were interested in behaviors that are harmful, that have negative consequences."

The researchers looked at two problem domains which meet these criteria (smoking and overspending) where the marketplace offers specific remedies (smoking cessation products and debt consolidation loans). Not only is smoking on the rise among young people but it is "the number one cause of preventable disease and death" in the U.S., the authors note. Meanwhile, in the financial area, students begin to run up large amounts of debt while studying and traveling abroad during college, behavior which eventually can have a negative impact on their ability to borrow and manage money.

In looking at efforts allegedly aimed at helping people kick unhealthy habits, the researchers emphasize the big difference between remedy messages and risk avoidance messages. For private firms that sell remedies (such as Nicotrol and Nicoderm for smoking cessation and numerous firms for debt consolidation loans), "there is no financial incentive to offer risk avoidance messages, like 'just say no' campaigns, unless they are linked to saleable products and services," the authors write.

What we identify, says Bolton, is "an asymmetry in the marketplace. Unlike the many incentives for marketers to promote branded products and services, there are few incentives to promote risk avoidance. Even those risk avoidance messages that exist are usually sponsored by the government or public advocacy groups and tend to be poorly funded and ineffective."

Meanwhile, remedy products and services have proven to be a lucrative business. The researchers note that media advertising for nicotine replacement products grew from \$2 million in 1994 to \$82.5 million in 2002.

Endless Monthly Payments

The researchers highlight other issues related to risk-related marketing and consumer welfare. They point out, for example, that remedy messages can also affect people "tempted" by an unhealthy behavior or "sitting on the fence" about it. In the case of smoking, for example, "not only will smokers become less likely to quit, but uncommitted smokers or occasional smokers may be more likely to become regular smokers," reasoning that a remedy exists that seems to sufficiently reduce the risks of nicotine.

As a result, remedy messages "may be particularly damaging among populations who are 'undecided' concerning the risky behavior, such as teenagers considering whether to smoke or engage in unsafe sex, or college students introduced to credit and debt," the researchers note. Consumers, not the sellers, suffer the negative consequences of risky behavior. "If consumers avoided ... smoking and incurring excessive debt, they would be better off – but firms promoting remedies would not."

Nor do companies that promote smoking cessation remedies have any incentive to remind smokers "how few people successfully quit," Bolton points out, just as financial companies have no incentive to emphasize to people how long it will take them to pay off those lower-monthly-payment consolidation loans.

It's not only that remedy messages are everywhere, Bolton adds, but that they "overpromise" in leading consumers to think that "it is going to be easy, or inexpensive to stop the risky behav-

ior. That's just not the case," she says. "It's not easy to quit smoking. It's very hard. It's not easy to pay off loans. The monthly payments may be low but they go on for a long time."

As the research paper puts it: "Marketers who 'oversell' the remedy exacerbate boomerang effects. Is it any wonder that consumers – who lack knowledge that remedies are not as effective as claimed – view these remedies as 'get out of jail free' cards?" What's needed, says Bolton, is "for consumers to be more savvy and for government regulators to pay more attention to remedy advertisers and the claims they are making."

Applying Cost Benefit Analysis

In conducting their research, the authors exposed some students between the ages of 18 and 21 to a remedy message (in this case a nicotine replacement product) and others to a risk avoidance message (a quit-smoking message). The students were then asked to rate the risk and benefits of smoking and to indicate their intentions to smoke or to quit smoking.

"We found that for non-smokers, the nicotine replacement messages increased their perceptions of the risks of smoking and increased their intentions to not smoke," says Bolton. "The message reminded these students that smoking is highly addictive and bad for their health, both reasons not to smoke."

For smokers, however, "their perceptions of the health and addiction risks of smoking declined," she adds. "It's as if the remedy essentially said, 'See, the risks aren't so bad. If you ever want to quit you can use [our product].' So for smokers the perceived risks decreased, which meant the likelihood that they would stop smoking did not increase. It was the boomerang effect – the idea that the remedy is this 'get out of jail

free card.' The smoker says, 'Some day when I want to quit I will play the nicotine replacement card.'"

The same results were found when students were asked about debt consolidation. "For students who felt

example, the risk of addiction and the fear of not being able to quit have been identified as drivers of smoking avoidance. If nicotine replacement products make quitting seem easier, the perceived costs or risk of smoking are reduced."

According to the researchers, firms that promote remedies may be pursuing their own interests at the expense of consumers.

they were at risk for overspending, the remedy message decreased those risk perceptions. For students who didn't they think were at risk, the message increased their perceptions of risky financial behavior," Bolton says.

In discussing cost benefit analysis in the context of risk avoidance vs. remedy messages, the researchers note that risk avoidance measures – as opposed to remedy measures – try to reduce risky behavior by heightening the perceived costs or risk of a behavior. People smoke if the perceived benefits of it (such as stress reduction, peer acceptance) outweigh the perceived costs (health risks, addiction). People do not smoke, or they try to quit, if the perceived costs outweigh the perceived benefits.

The same cost benefit analysis can be applied to remedy messages, the researchers suggest. "Remedy messages are targeted at people who are already engaging in the risky behavior and are designed to reduce the perceived costs associated with risk avoidance ... [but] because a remedy exists that offers to solve the problem, people may perceive that the problem is manageable and thus less severe ... They may become more willing to accept risk."

This is especially true when the "risky behavior is at least somewhat attractive," as smoking is to some. "For

In the eyes of the smoker, the benefits of lighting up outweigh the costs.

According to the researchers, firms that promote remedies may be pursuing their own interests at the expense of consumers. "Just as people may take less care of their health once they have health insurance, consumers may be less risk-averse when remedies are available. Put simply, a remedy reduces the costs or risk of a target behavior – and people may trade away some of this gain in safety and engage in riskier behavior," the researchers say. As examples, they cite data from the risk compensation literature suggesting that reckless driving rises after the introduction of seat belt requirements, that wearing bicycle helmets appears to have led to more reckless riding, that safer playground environments increase risky play by children, that lower-alcohol beverages have been linked to binge drinking, and that condom use and HIV/AIDS drugs have been linked to more promiscuous and dangerous sexual behavior.

How big an issue is moral hazard? "Much of the moral hazard literature tends to look at the problem moral hazard creates for companies. If you insure people and they start taking less care of their health, that's a problem for the firm or the system," Bolton says. "But we are more interested in it from

the point of view of the consumer. And in this area, there seems to be a gap in the literature, especially with regards to health care. A slew of health models all talk about how remedies should promote health protective behavior, and yet we are finding the opposite in our research. Companies are promoting a remedy that should help people to protect their health, and yet it doesn't. There is a disconnect in this area. We are surprised that it hasn't been explored more." ♦

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Human Resources

Puzzling through the Jobless Recovery Or Is It a Fundamental Shift?

On March 5, the U.S. Labor Department announced that the U.S. economy had created only 21,000 new jobs in February, far below the 150,000 that economists had predicted. The unemployment rate held steady at 5.6%, but only because many people have given up on finding jobs. Economists and other employment experts offer a host of possible explanations but no definitive answers. What is clear, however, is that technology, productivity gains, and job shifting on a global basis are all contributing to new trends in hiring.

<http://knowledge.wharton.upenn.edu/article/955.cfm>

Business and Public Policy

Who Cares About the Deficit, and Why?

The numbers seem staggering: The U.S. federal budget deficit is projected to reach a record \$521 billion this

year, equaling about one-fourteenth of the federal debt accumulated over the nation's history. Democrats accuse Bush and the Republican Congress of squandering the surplus achieved in the Clinton years and forcing future generations to pay for today's spending excesses and tax cuts. But the White House and its supporters insist the deficit, while a record in dollar terms, is not so bad given the economy's size. Is the deficit a ticking time bomb or not?

<http://knowledge.wharton.upenn.edu/whatshot.cfm>

Leadership and Change

Unusual Turbulence: Lewis Platt on Navigating Boeing Through a Leadership Challenge

Boeing faced a leadership crisis in December 2003 when Phil Condit, the CEO, stepped down after an ethics scandal involving the company's CFO and a former Pentagon official. These problems surfaced at a time when the airline manufacturer was already under severe competitive pressure from Europe's Airbus. Boeing's non-executive chairman, Lewis Platt, spoke to Wharton's

Michael Useem about how he and present CEO Harry Stonecipher are trying to ensure that Boeing's steep nose dive doesn't turn into a crash landing.

<http://knowledge.wharton.upenn.edu/article/936.cfm>

Strategic Management

CEO Overconfidence and the Urge to Merge

As anyone who reads business headlines can attest, the comeback in merger and acquisition activity that began last fall is continuing to surge ahead in 2004. This M&A uptick has led some scholars to accuse acquisition-hungry executives of being empire builders, interested mainly in benefiting themselves rather than their shareholders. But a recent research paper co-authored by Wharton finance professor Geoffrey Tate suggests that overconfidence, not greed, is what can lead some CEOs to overestimate the synergies between their company and a potential target.

<http://knowledge.wharton.upenn.edu/article/937.cfm>



Keep up with the Joneses (and everyone else in your class) online!

If you haven't visited the Wharton alumni online community lately at WAVE wave.wharton.upenn.edu, we encourage you to do so and explore the online Class Notes services available. Let your fellow alumni know about the promotion you just achieved, that fabulous trip you took around Asia last month, your new baby son, daughter or pet! Post your message on the Class Notes section of WAVE so other alumni can know all the up-to-the-minute news in your life.

There are two separate sites — grad and undergrad — and notes in each are searchable by class year. The "Undergrad" section covers alumni of the day and evening undergraduate programs, as well as the Extension Finance program. The "Grad" section covers the MBA program, the WEMBA program, PhDs, alumni of the Advanced Management Program, and the Wharton Management Program.

You must be registered for WAVE to use Class Notes; visit wave.wharton.upenn.edu to register and get started today.

Robert Glazer continued from page 9

lot of money housing and feeding them until they could. He had to learn what to look for in good horses and how to meet and employ good trainers.

But what he did know was that he knew he didn't know.

"For starters, he went to all the farms and looked at all the yearlings," said Brian Magie, a prominent New Jersey trainer who has often trained Peter Pan Stable horses. "He has educated himself in the business first hand. And he is one of those people who has combined his intelligence and his passion, which is harness racing.

"He is definitely hands-on, which some trainers don't like," said Magie. "But I don't mind it because he always has a good answer, a good reason for doing something. And now look at his success."

Glazer now has more than 200 horses, spread out through 10 training facilities in six states and Ontario. (Peter Pan is not a physical stable, but a corporate entity.) He has six stallions – including No Pan Intended – and a nascent broodmare business. At any particular time, he has as many as 75 of his horses at tracks, ready to race.

"Anyone who is in the racing business who tells you they know all about it is delusional," said Anne Doolin, the marketing director of Red Mile, a track in Lexington, Kentucky. "Bob will never tell you that. He is always studying."

"But what makes him wonderful for the business is that he is offbeat, and that is why the guys at the track and the people up in the stands love him," she said, noting that Glazer is most well-known at the track for his sometimes unconventional wardrobe.

For a time, Glazer took an apartment at Manhattan's sophisticated St. Regis Hotel. One night he came home late to find a crowd around the piano in the lobby. Before taking the elevator up, he said, he had to sneak a look.

"It was Billy Joel. He had just done a concert and here he was playing oldies with people at the hotel," said Glazer. Problem was, no one knew the words. Glazer, still a heavy rock fan, knew them all. "I start singing, and he says, 'You're the only guy here who knows this stuff. Sit on the bench with me.' I had the time of my life for an hour-and-a-half. The next morning, I get up and go out and the doorman says, 'Hey, your piano player just left. He said he needed you on tour.'"

Doolin said that going out with Glazer is called "Bob-crawling" in the harness business. But there is one constant: his mother, Molly.

"He is really good with her. She is at every big race. Everyone knows her, and I think that is another reason why they like him," said Doolin. "When No Pan Intended won the Breeder's Crown, she was there with him, and he had tears in his eyes. She was the first one he hugged. It couldn't have been anyone else."

Glazer said his move into breeding has been slow in coming, but calculated.

"You want to go toward the next thing, but you have to be smart about it," he said. "I know that one day I don't want to be going to every yearling sale. Already, I see a lot of races on the satellite from my house, especially when I have horses going at many tracks."

"But as long as I get a thrill out of it, I'm going to keep racing," he said. "When the planets line up and you have a No Pan Intended and a year like 2003 and I can share it with my friends and family, well, what is better than that?" ♦

The Path to the Top continued from page 27

GE hired a record 1,800 new college graduates and 85 percent of them went into one of 10 training programs. That same year, the company created its Management Research and Development Institute, an off-site training center for top executive programs.

These high-potential programs were basically designed to quickly replace the guys at the top. They wanted college-educated trained people in those jobs and didn't want them to progress slowly through the ranks. In some ways, the story is that they were so successful that they caused the problems later on – the bloated middle ranks of American companies. They had so much talent coming through and they kept these programs in place and kept producing all these people. Then by the end of the 1960s, the economy starts to slow down, the companies stop growing, and they've got this huge pool of talent that is stuck without opportunities for advancement, and the programs are still churning out new managers.

The programs became an end in themselves. By the 1970s, the system was clogged and people were in dead-end jobs and getting frustrated. A huge restructuring wave began about 1981, and by that point, companies implicitly realized that they had way too much talent, which is why we saw the downsizing wave begin with a particular focus on white-collar jobs. They moved from a model in the 1970s where the prime directive was to develop more talent to a model of the 1980s where the directive was to get rid of talent. And all these development programs pretty much fell by the wayside.

Today, what's interesting is companies are talking about more or less exactly reinventing what existed in the 1950s, and in some cases they don't even know what they are reinventing. The foundation of the old models was very bureaucratic looking organizations that had lots of clearly defined jobs, job titles, and hierarchies. You could just look at an organization and know where your next job was and where the promotion path was and people could see how long it would take to advance. None of that is true now. Organizations are more fluid and flattened. The old model was all about how that happened and how people advanced and got ahead, and there was a fair amount of criticism about how stifling that all was. My long-term view on this is that the internal development model was more or less an anomaly — a World War II driven anomaly.

In some organizations, leaving to go to business school is now literally the next step up a career ladder – everybody is expected to quit, get an MBA, and then think about coming back. The companies have changed their job ladder so that they have entry-level jobs that literally go no where. In other organizations, it's just unclear where they go. My plan, as my book evolves, is to clarify the mystery of careers today, to answer questions about what it takes to move beyond the dead ends.

Where will the book go from here?

From here the story moves to the present and to patterns that are appearing in modern careers. The idea is to understand what factors determine who gets to the top of modern companies and why. The processes appear to be quite different, especially the apparent necessity to move across companies in order to get ahead. But whether there is a simple description for how all that happens is not yet clear. ♦

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

Alumni Association Update

We Represent You



DAVID N. FELDMAN,
ESQ., W'82, L'85

DEAR FELLOW ALUMNI:

I am so pleased to be writing to you again as Chairman of the Wharton Alumni Association Board of Directors. In the last issue, I talked about our mission and goals. In this message, I want to give you a glimpse as to how the Alumni Association Board, which represents all of you, is integrated into the Wharton community.

The President of the Alumni Association and I meet regularly with Dean Harker and other administration leaders. In addition, I serve on a steering committee of the Joint Boards, which includes the chairmen

of the School's Board of Overseers and other Boards. The purpose of this steering committee is to ensure that all of our activities are coordinated and working toward the same purpose. The Alumni Association also conducts annual Alumni Leadership Conferences with the regional and affinity club presidents, to hear their concerns and challenges, and we meet regularly with student representatives. Finally, in an important development resulting from Dean Harker's leadership, our full Alumni Association Board meets twice each year with each of these other Boards.

Why are all of these meetings and activities important? Because they give a real voice to the rank and file alumni who make up our 77,000 living Wharton graduates. They ensure that our voice is heard by the Dean and the other key leaders of Wharton. The good news is that you can

be part of that voice, in any number of ways. If you participate in your local Wharton club, or join an affinity club tied to your industry, you can help your club leaders determine what we should be focusing on for our graduates throughout the world.

So my message to you is this – get involved, and make your voice heard. Getting your message heard is my mission, and the mission of my dedicated Alumni Association colleagues who lend their time and talent to make Wharton the great institution it is – but we can only do that with your participation.

Thanks for listening. I look forward to our next issue.

Best regards,

David N. Feldman,
W'82, L'85

Enhanced *CareerConnect* Services for Alumni

Wharton has expanded the number of services available to alumni through *CareerConnect* <www.wharton.upenn.edu/alumni/careerconnect>. The *CareerConnect* team's approach has always been to view managing a career as an ongoing and lifelong process, and that long-term view has become especially important in the current economic environment. The *CareerConnect* website reflects that approach, focusing on successfully navigating through the career management process – including career transitions. You will find the site to be the gateway to a number of resources and information, specifically designed to help Wharton alumni manage their job search process.

Following are the highlights of Wharton *CareerConnect*:

THE WHARTON ALUMNI/ STUDENT NETWORK

Whether you're influencing the next generation of business leaders—or lending an ear to a fellow alumnus—make the connection, and participate in the Wharton Alumni/Student Network,

an online initiative enabling alumni and students to identify career development resources within the alumni base.

SERVICES FOR MBA ALUMNI :

EXECU-PLANET CAREERTOOLS

A comprehensive, user-focused career resources portal that helps you through the process of accomplishing your career goals—be it a new job, career change, or career management.

CAREERSEARCH

An extensive database that includes over one million companies along with contact names, addresses, phone numbers and company background information. The database can be searched according to industry type, location, and keywords. It is a flexible list-generation source for a direct campaign.

FACTIVA

A comprehensive collection of business data compiled by Dow Jones and Reuters. Data is easily available in compiled reports of your choosing.

BRIEFING SESSION

Coaching session with a Career Management Advisor.

ALUMNI JOB BOARD

Populated with over 2500 job opportunities across the United States and around the world.

SERVICES FOR UNDERGRADUATE ALUMNI :

(Available through the Penn's Career Services office)

CAREER COUNSELING

Wharton alumni are welcome to make an appointment to speak individually with a career counselor. Call 215-898-7533 for an appointment.

GRADUATE AND PROFESSIONAL SCHOOL ADVISING

Alumni considering graduate or professional school can speak with a graduate/professional school advisor about this option and get assistance in preparing application materials. Call 215-898-1789 to schedule an appointment.

RESUME AND COVER LETTER REVIEW

Career Counselors review cover letters and resumes for alumni. Reviews can be conducted via fax, e-mail, or during an individual appointment with a counselor.

ON-LINE JOB LISTINGS

Career Services provides

on-line job listings for Penn students and alumni through PennLink. While many of these listings are for relatively recent graduates, there are some listings for experienced professionals. The job listings can be accessed from the main Career Services web page <www.vpul.upenn.edu/careerservices>. Please call 215-898-7533 to request a password. *(Note: If you are seeking to hire a Penn student or graduate, you may post the position on PennLink. It is free and easy to do. Access the employer site by visiting the Career Services website and clicking on Employers and then PennLink.)*

ALUMNI JOB LISTSERV

Occasionally employers ask us to e-mail job announcements to students and alumni, instead of posting them on PennLink. Please e-mail Barbara Hewitt at hewittb@pobox.upenn.edu if you would like to be added to the alumni career listserv. (It is best to use a non-work e-mail address when subscribing to this list.)

JOB FAIRS

Penn alumni are invited to participate in our annual business career fair, CareerLink, to be held on September 22, 2004. Alumni interested in technical opportunities may

want to attend Engineering Career Day to be held on September 23, 2004. A list of employers attending each fair will be available on the Career Services web page in late September.

PENN CAREER NETWORK

The Penn Career Network provides the opportunity for students and alumni to network with over 4000 Penn graduates who have volunteered to speak with you about their career field, particular company, etc. The database is searchable by industry, job field, geographic location, undergraduate major or keyword. This is a terrific way to learn more about a particular career field or company. We also welcome Penn graduates to serve as network members. An on-line registration form is available. Please call 215-898-7533 to request a password.

CAREER LIBRARY

Career Services has an extensive, searchable career library with over 2000 resources.

CREDENTIALS SERVICE

Career Services maintains letters of reference for alumni. Credential files can be opened at any time.

Register at: <<http://accounts.wharton.upenn.edu/alumni/registration>>.

Committee Spotlight:

THE ALUMNI ASSOCIATION'S STUDENTS COMMITTEE

The mission of the Students Committee is to encourage students to become active members of the alumni network. In order to accomplish this, undergraduate, MBA and WEMBA student representatives work with alumni on the Students Committee to generate and implement ideas. The Students Committee is focusing on two projects this year. First it is conducting an inventory of all student-alumni programs that currently exist, in order to identify which programs are working and which ones have room for improvement. The Committee will then work with Alumni Affairs and student representatives to implement the resulting suggestions. For the second project, the Committee is working with MBA students to encourage student clubs to set up advisory boards of alumni. Based on the successful example of the WWIB Alumni Advisory Board, Anne Kalin, WG'90, of the Alumni Association Board is working with students and administration to create best practice guidelines. With all of these projects, students

and alumni work hand in hand to implement these projects, bridging the gap from active students to active alumni.

Club Spotlight:

WHARTON CLUB OF NEW YORK

The Wharton Club of New York is one of the largest alumni clubs and has a full slate of activities and programs for New York alumni. The Club has also extended an invitation to all alumni whose travel plans take them to New York to join any events that may be happening during their visit. Given the long list of Club activities, chances are that if you are in New York, the Club will have something going on, whether it's a President's Forum, an event in the Entrepreneurs' Speaker Series, or simply a Happy Hour. Check out the calendar at www.whartonny.com.

In addition to being one of the largest clubs, the New York Club has also been a leader in developing new programs and resources for its members:

- Networks to support New York Club members develop their business are running full throttle under the lead-

ership of Robert Herzog, WG'95. Two business Lead Councils meet twice a month to ask for and provide qualified "hot" leads. The 20 to 30 members of these non-competitive councils are all from different industries and have been quite successful in sourcing new business. At Peer Advisory Group meetings, business owners obtain input on how to grow their businesses from other Wharton alumni who are encountering similar situations. In the future, Business Development Programs will also include a CEO Support Group and a mutually beneficial Mentorship Program.

- New York Club members who own or run a business now have a venue to access private equity investors by presenting to WIRE (Wharton Investment Resource Exchange), a group of approximately 20 private equity professionals who are also Wharton graduates. Since the first session in September of 2003, one-third of the presenting companies are in continuing discussions with WIRE members, most of whom manage a private equity fund or their own capital. Presenting companies must have at least \$1MM in revenue and be within one year of profitability.

Pointed feedback enables the presenters to learn from the investors, and WIRE members have a network to exchange ideas and source leads.

To learn more about these or other programs the New York Club has developed, visit www.whartonny.com.

For information on upcoming Wharton Alumni Club events, visit WAVE
wave.wharton.upenn.edu.

Recent Events:



WHARTON CLUB OF ATLANTA, JANUARY 2004: DAVID ARMENTO, WG'86, CO-PRESIDENT; JOHN HUNTZ, FUQUA VENTURES; TEO DAGI, WG'95, CORDOVA VENTURES; BRUCE HAUPTFUHRER, WG'94, CO-PRESIDENT; JOHN YATES, MORRIS, MANNING & MARTIN.



WHARTON CLUB OF NEW YORK, PRESIDENT'S FORUM, FEBRUARY 2004: KEVIN POLLOCK, W'92; KENNY BECK, WG'87, PRESIDENT; JIM HEWITT, WEV'82; STEVE FORBES, PRESIDENT & CEO, FORBES, INC.; NIGEL EDELSHAIN, WG'93, CHAIRMAN, WCNY; ALLEN LEVINSON, W'77, WG'78.



WHARTON CLUB OF JAPAN, SCHOOL INTERVIEWER DINNER, MARCH 2004: TOSHIHIKO OKIAYU, WG'00; ERIC CHAMBERS, SENIOR ASSOCIATE DIRECTOR OF ADMISSIONS; MINAKO SHIMANUKI, OFFICE MANAGER, ASIA; YOSHINORI SATO, WG'96; KAORU MOCHIZUKI PARKINSON, G'99, WG'99.

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Global.Wharton.Connections

WAVE

The Wharton Alumni Virtual Experience (WAVE) offers Wharton alumni:

- a password-protected, searchable alumni database, which offers full control over your individual information;
- password-protected message boards;
- career management services;
- lifelong e-mail;
- electronic mailing lists for alumni to create and join; and
- links to information from throughout the School, including the Alumni Club Network, online publications, reunions, and alumni conferences.

Visit WAVE at <wave.wharton.upenn.edu>.

Address Update

Moving to a new location? Changing jobs? Notify Alumni Affairs at 215.898.8478 (phone) or 215.898.2695 (fax) or via e-mail at alumni.affairs@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. Contacts and a calendar of events can be found on our alumni website at <wave.wharton.upenn.edu>.

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 give online at <www.wharton.upenn.edu/development/wf.html>.

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.

Leadershipspotlight

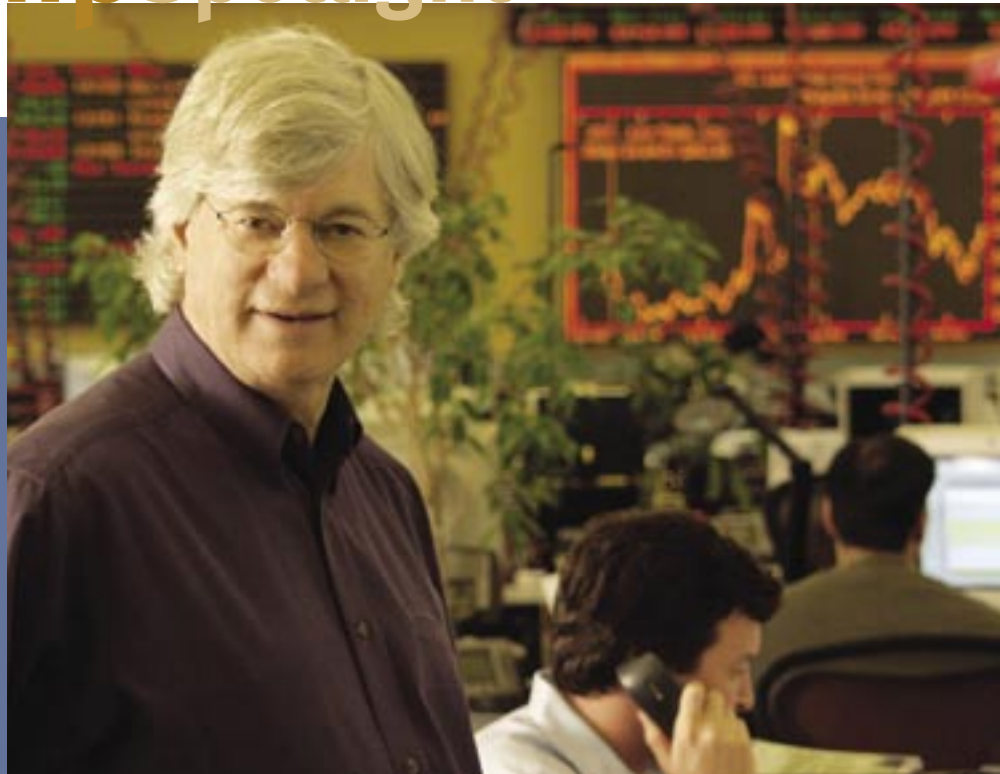
ALFRED P. WEST, JR., WG'66

The bird sits on Al West's desk as if weathering an arctic blast, its black and gray body hunched, its dark eyes narrowed. "It's a vulture," says West, WG'66 and chairman and CEO of SEI Investments, of the life-sized wooden sculpture. "It used to perch over us in the conference room at our old headquarters to remind us not to have long meetings. I don't like long meetings."

Aside from the buzzard, West's minimalist black desk is exactly like every other in the wide-open, cubicle-free room, one of many at SEI's headquarters in Oaks, PA, its base since 1996. There are no offices, secretaries or private parking spaces, even for the chairman. In SEI, West has stripped away the traditional layers of bureaucracy that often interfere with completing the task. The result is a workplace that is both casual and crackling with energy, far from the mahogany-and-Oriental rug formality of much of the financial services world.

Employees work from desks on wheels, their computers and phones connected to red and black coils of cable spiraling from the ceiling, a set up that allows for constant movement as priorities change. The floors, made of recycled tires, are quiet and soft underfoot and the massive windows that line every workspace open during the summer so fresh air can circulate. The walls everywhere are hung with more than 2,000 pieces of edgy modern art, from giant ceramic mushrooms climbing up a concrete wall to a 15-foot, papier-mâché polar bear, his stomach branded with an enormous eye. The collection, chosen by West's daughter, Paige, and paid for by West, features young or lesser-known artists and includes the "Hot Hall," where controversial art is hung and employees are invited to comment on its merits, or lack-there-of.

The egalitarian and creative setting is West's doing, a "visual statement of who we are. Workstations are open and flexible so people don't get set in their ways. This is what



TOMMY LEONARDI

our culture is about – constant change. There are no boxes here. You are empowered – you can move anywhere you want. The setting is a small thing, but it sends a signal. You have to continually not be enraptured with what you are doing."

West, 60, a down-to-earth native of Brooksville, FL, a town founded by his great-grandfather, was the oldest of three siblings and studied aeronautical engineering at Georgia Tech. Bad eyesight dashed his dream of becoming a fighter pilot, and West co-founded SEI at Wharton in 1968 as a technology-outsourcing partner to bank trust departments. Today, SEI is an asset management and investment technology provider that administers \$254 billion in mutual fund and pooled assets, manages almost \$90 billion in assets, and processes almost \$50 trillion in investments transactions each year from 22 offices in 10 countries.

At Wharton, West donated \$10 million to bring his passion for the unconventional to the classroom via the Alfred West Jr. Learning Lab, created in 2001 to "rethink the learning paradigm." West is also a member of the School's Graduate Executive Board and chairman of the SEI Center for Advanced Studies in Management, where the idea for the Learning Lab began. "I didn't like class – it seemed a slow way to learn," West says, laughing. "People learn things by doing them." ♦

—NANCY MOFFITT