spring 2008

Wharton
ALUMNI MAGAZINE

The New World Order

Developing Country Multinationals Blur the Boundaries Between Haves and Have-nots

Wharton
UNIVERSITY of PENNSYLVANIA

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Spring 2008

ALUMNI MAGAZINE

10
Changing the global economy

22
Could they start a business from scratch?

18
An interesting way of looking at the world

Features

Departments

COVER . PEP MONTSERRAT

JOHN CARLANO

WHARTON PROFESSOR MICHAEL USEEM

Wharton Faculty in the Global Classroom

Bill Gates thinks that business and government can do more to help the world's poor. In his plenary address at the World Economic Forum (WEF) in Davos, Switzerland in January, Gates offered his expanded version of corporate social responsibility, which would harness the self-interest of free markets to benefit the world's neediest people. Gates calls his new idea "creative capitalism."

Listening to Gates that day were Wharton professors Howard Kunreuther and Michael Useem, who joined more than 2,000 of the world's leading business and political figures at the 38th annual WEF meeting.

"This event has come to serve as one of globalization's best classrooms," said Useem. "For me and many others, Davos constitutes an unrivaled personal window into the global issues of the moment." At the WEF, Useem moderated a session on "The Rising Influence of Minority Shareholders" and served on a panel about "The DNA of Effective Boards." Kunreuther participated in three panels: "The Threats of Biotechnology," "Global Risk," and "Organizational Risk and Resiliency."

Based on their seminal research at Wharton's Risk Management and Decision Processes Center, Kunreuther and Erwann Michel-Kerjan, managing director of the Risk Center and a WEF Young Global Leader, along with Wharton professor Witold Henisz, were asked to develop risk scenarios for the WEF's Global Risks Report 2008. This is the third consecutive WEF global risk report to which the Wharton Risk Center has contributed. "The WEF is interested in mitigating global risks — in preventing the domino effect of a catastrophic event," says Kunreuther. "Because of interdependencies between nations and industries, catastrophic hazards are only going to get worse."

Indeed, the Global Risks Report 2008 warned of the highest levels of political and economic uncertainty in a decade, expressing fears about a U.S. recession and its effect on world economies, the future security of the food supply, and concerns about energy supplies and the need for cleaner energy. For more information, see **www.weforum.org**.

New External Affairs Associate Dean

Ken Manotti, Wharton's new associate dean of external affairs, brings extensive fundraising and alumni relations experience from Penn as well as other universities in the U.S. and abroad.

Manotti initially came to Penn in 1978 as a coordinator in the Middle East Center. During his 14 years at the university, he held various positions including assistant director of the Wharton Applied Research Center, manager of operations for on-campus recruiting, director of development operations in Wharton External Affairs, associate director of alumni giving, director of 25th reunion programs, and director of development and corporate relations for the Joseph H. Lauder Institute.

He left Penn in 1992 to join the development staff at Columbia University. During his tenure at Columbia, Manotti was part of a team that developed and implemented fundraising strategies for a $1-billion campaign. Most recently, he served as vice president of institutional advancement at the American University in Cairo, where he was responsible for leading a $100-million capital campaign, targeting donors in the United States, the Middle East, and Europe.

Manotti holds a BA in English and political science with a concentration in Latin American studies from Dickinson College. In addition, he took graduate courses in international relations, Latin American relations, and Middle Eastern history and politics at Penn.

Wharton Leadership Conference Named a Top Executive Gathering

A top slate of influential speakers, from news analyst and White House advisor to

STUART WATSON

WHARTON PROFESSOR PETER CAPPELLI

four U.S. presidents David Gergen to American Express CEO Ken Chenault, will converge at Wharton this June for the 12th annual Wharton Leadership Conference. The June 18 event was cited in a recent Forbes.com article as the second most popular and beneficial executive-level "must-attend" event based on the number of all-star CEO speakers, second only to the *Fortune* Innovation/*Fortune* iMeme conference.

This year's event — which will also include William Weldon, chair and CEO of Johnson & Johnson; Colleen C. Barrett, president and corporate secretary for Southwest Airlines; and Wharton professors Peter Cappelli and Michael Useem, among other high-level executives — focuses on "Emerging Trends in the Search for Leadership." For more information or to register for the event, call 215.898.5605 or see **http://leadershipconference.wharton.upenn.edu**.

Siemens' Loscher Speaks at Leadership Lecture

Peter Loscher openly acknowledges that his first and most difficult task after taking the job of CEO of global conglomerate Siemens AG last July was dealing with the aftermath of a scandal that included allegations of bribes to foreign governments and union leaders.

During a recent Wharton Leadership Lecture Series talk, the 49-year-old talked about these and other challenges he faced as the first outsider to lead the 161-year-old engineering and health care giant. "Corruption exists in the whole world; but it's not in our marketing plan," Loscher told the Wharton audience in explaining his moves to aggressively change the firm's culture and standards. "It is not the business we are interested in, and it's not a sustainable business model, either."

In addition to Loscher, speakers at recent Wharton Leadership Lectures include Carter Roberts, president and CEO of the U.S. World Wildlife Fund; Kevin Roberts, CEO of Saatchi & Saatchi; and Dieter Zetsche, chairman of the board of management at Daimler AG.

Julie and Ken Moelis Give $5 Million to Wharton Sports Business Initiative

In one of the largest contributions ever given to support research on the business of sports, alumni **Julie Taffet Moelis**, W'81, and **Kenneth D. Moelis**, W'81,WG'81, recently gave a $5-million gift to support the Wharton Sports Business Initiative (WSBI).

Led by Wharton professor Kenneth Shropshire, the WSBI is a research and executive education think tank that focuses on the sports industry through educational programs, corporate partnerships, student consulting assignments, global outreach, and research. WSBI also partners with Wharton Executive Education in running the NFL Business Management and Entrepreneurial Program, which assists NFL players in preparing for their post-playing careers. One hundred and fourteen NFL players from teams across the nation recently participated in the program.

"Through their gift, the Moelis family will help us to take our research to the next level, which will enhance the School's position as a global thought leader in this field," Shropshire said.

The Moelis family has a strong legacy at Wharton. Ken currently serves on the School's Board of Overseers and is chief executive officer of Moelis & Company, an investment bank he founded in July 2007. Ken's father, **Herb**, W'53, and two siblings, **Ron**, W'78, and **Cindy**, W'83, also graduated from Wharton. Currently, the couple's eldest sons, **Jordan** and **Cory**, attend the School. In 2002, Julie and Ken Moelis made a substantial contribution to support the construction of Jon M. Huntsman Hall. More recently, they established an endowed scholarship for Wharton undergraduates.

JULIE TAFFET MOELIS, W'81, AND KENNETH D. MOELIS, W'81,WG'81

COURTESY OF KEN MOELIS

Prof. Raffi Amit Helms Wharton West Panel on VC Trends

Venture capital is thriving at the moment — top firms are flush with money, and they're moving ahead smartly with investments. But in some ways, the sector and the technology firms that it funds are still haunted by the bursting of the tech bubble in 2001.

So said a panel of experts who gathered before reporters in February as part of the Wharton Seminars for Business Journalists at Wharton West, the Wharton School's campus in downtown San Francisco. "Last year was very good in North America," said Raffi Amit, academic director of Wharton's Goergen Entrepreneurial Management Program and an expert in entrepreneurship and venture capital. "There was $30 billion invested — the highest amount since the bursting of the bubble. About half of that was invested in information technology and a third in health care."

Money is gushing into start-ups because venture capitalists are sitting on a trove of cash at the moment — more than $80 billion, Amit pointed out, and a wealth of IPOs and mergers has created a virtuous circle, encouraging even more venture investments. In other words, psychology matters in venture capital, as it matters in any market. When people feel good about the prospects for their industry, they invest more. For more of Amit's comments on venture capital, see Get it Started!, the online newsletter of Wharton Entrepreneurial Programs, at **http://wep.wharton.upenn.edu/gis/**.

Professor Awarded Sloan Fellowship

Management professor David Hsu has been named a 2008 Sloan Industry Studies Fellow. Hsu, an assistant professor, was one of five young researchers cited by the Foundation for ground-breaking investigational work. Sloan Fellows receive a $45,000 grant to pursue any line of research they choose. Hsu, the Edward B. and Shirley R. Shils Term Assistant Professor of Management, joined Wharton in 2002. His research looks at start-up innovation, strategies for commercializing technological innovation, venture capital, and intellectual property rights.

New Strategies on the Art of Negotiation

Former Chrysler chairman Lee Iacocca once noted, "You can have brilliant ideas; but if you can't get them across, your ideas won't get you anywhere."

JOHN CARLANO

WHARTON PROFESSOR G. RICHARD SHELL

In their new book, *The Art of Woo: Using Strategic Persuasion to Sell Your Ideas*, Wharton legal studies and business ethics professor G. Richard Shell and management consultant Mario Moussa provide a systematic approach to idea selling that addresses the problem Iacocca identified.

The word "woo," the authors note, has many meanings, but all of them relate to focusing on the person you are trying to persuade more than on your own needs and fears. "There is the obvious meaning related to courtship and romance," says Shell, "but there is also the more general idea of wooing people to seek their support." However "woo" is defined, the authors argue that effectively selling ideas — using persuasion rather than force — is one of the most important skills that everyone from CEOs and entrepreneurs to team leaders and mid-level managers need to learn if they want to be effective in their organizations.

Other recent books by Wharton faculty include:

Being Sugar Ray: The Life of Sugar Ray Robinson, America's Greatest Boxer and First Celebrity Athlete, by Kenneth Shropshire

Marketing That Works: How Entrepreneurial Marketing Can Add Sustainable Value to Any Sized Company, by Howard L. Morgan, Shellye Archambeau, and Leonard Lodish

Stocks for the Long Run, 4th edition, by Jeremy Siegel

Talent on Demand: Managing Talent in an Age of Uncertainty, by Peter Cappelli

UBS/Wharton Program Helps Women in Career Transition

How can professional women who have interrupted their careers for family or other personal reasons jump back into a challeng-

Events Calendar

APRIL 2008

April 17
Wharton Leadership Lecture: Donald Humphreys, Senior VP & Treasurer, Exxon Mobile Corp.
Location: Jon M. Huntsman Hall, Philadelphia
www.wharton.upenn.edu/whartonfacts/news_and_events/calendar

April 24
Wharton Club of Atlanta: Entrepreneurship Panel
Location: Atlanta, GA
www.alumniconnections.com/olc/pub/WRN/events/WRN2100225.html

April 24
Wharton Club of Philadelphia: Strategic Persuasion Workshop, Professor G. Richard Shell to speak on his new book, *The Art of Woo*
Location: Pyramid Club, 1735 Market Street, Philadelphia
www.alumniconnections.com/olc/pub/WRN/events/WRN2105177.html

April 27 - May 2
Executive Education: Essentials of Marketing
Location: Philadelphia
http://executiveeducation.wharton.upenn.edu

April 28 - May 2
Executive Education:
Essentials of Management
Location: Philadelphia
http://executiveeducation.wharton.upenn.edu

MAY 2008

May 1-2
Impact Conference: The Future of Public Employee Retirement Systems sponsored by the Pension Research Council
Location: Philadelphia
www.pensionresearchcouncil.org

May 4-7
Executive Education: Leading Organizational Change
Location: Philadelphia
http://executiveeducation.wharton.upenn.edu

May 16-18
Wharton Reunion Weekend
Location: Philadelphia
www.wharton.upenn.edu/alumni/reunion/2008/

May 19-22
Executive Education:
Building Relationships That Work
Location: Philadelphia
http://executiveeducation.wharton.upenn.edu

May 30-31
Wharton Global Alumni Forums 2008:
Vietnam – Star on the Rise
Location: Ho Chi Minh City, Vietnam
www.whartonhcmc08.com

JUNE 2008

June 9-13
Executive Education:
Competitive Marketing Strategy
Location: Philadelphia
http://executiveeducation.wharton.upenn.edu

June 16-20
Executive Education: Investment Strategies and Portfolio Management
Location: Philadelphia
http://executiveeducation.wharton.upenn.edu

June 18
12th Annual Wharton Leadership Conference sponsored by the Center for Human Resources, the Center for Leadership and Change Management and Wharton Executive Education
Location: Philadelphia
http://leadershipconference.wharton.upenn.edu

June 23-27
Executive Education:
Creating Leading High-Performing Teams
Location: Philadelphia
http://executiveeducation.wharton.upenn.edu

June 26-27
Wharton Global Alumni Forums 2008:
The Importance of Leadership
Location: Cape Town, South Africa
www.whartoncapetown08.com

JULY 2008

July 20-25
Executive Education:
Executive Negotiation Workshop
Location: Philadelphia
http://executiveeducation.wharton.upenn.edu

July 21-25
Executive Education:
Creating Value Through Financial Management
Location: Philadelphia
http://executiveeducation.wharton.upenn.edu

July 28-Aug 1
Executive Education: Finance and Accounting for the Non-Financial Manager
Location: Philadelphia
http://executiveeducation.wharton.upenn.edu

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

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ing career? For the second consecutive year, UBS and Wharton Executive Education partnered this April to help a group of former professionals navigate the obstacles of returning to the workforce.

In a unique program that reflects big companies' increased hunger for talent, the full-to-capacity "UBS Career Comeback: A Fellowship Program for Professional Women Re-Entering the Workforce" gave participants specific tools to ease their transition back to work, such as updates on recent technological advances and regulatory changes as well as specific tips on managing a smaller professional network and increased family responsibilities. After two days at Wharton, participants attended an additional day of training at UBS in New York City, where they paired with peer coaches.

The program was facilitated by academic director and Wharton adjunct faculty member Monica McGrath, whose 2004-2005 study of women in the workforce found that 43% of women surveyed stayed out of the workforce longer than they expected. Those who did return often joined smaller companies, shifted industries, and in general faced a difficult transition.

Entrepreneurial Education Program Launched for Women in Developing Countries

Wharton Executive Education will offer a significant leg-up to aspiring women entrepreneurs in China, India, and Egypt through a program launched this March. The Women Entrepreneurship Education Initiative is a part of The Goldman Sachs Group's 10,000 Women initiative, a project with partner schools around the world that will provide business and management education to 10,000 under-served women, largely those in developing and emerging markets.

"Business schools can be a force for good in the world, and this collaboration is an excellent way of fulfilling that promise," says Wharton Dean Thomas S. Robertson. The Initiative will offer a Certificate of Professional Development for Women Entrepreneurs, providing participants with essential business knowledge to build and lead successful businesses. Wharton Executive Education will design the program and deliver it in collaboration with local partners such as the American University in Cairo, Egypt, and the Indian School of Business in Hyderabad, India. It will also use classroom sessions, workshops, and distance learning modules coordinated through Knowledge@Wharton.

And the (Almost) Winners Are...

A soothing sock for amputees and a sustainable approach to bottled water were among the 25 semi-finalists of this year's Wharton Business Plan Competition (BPC). These semi-finalists will next compete for up to $70,000 in prizes and the chance to present their business plan at the annual Venture Finals on April 30.

A part of Wharton Entrepreneurial Programs, the BPC this year celebrates its 10th anniversary (see related feature story on page 22). This year 344 students participated in early phases of the competition, with Internet concepts dominating the field once again. Ideas centered on IT, life sciences, and consumer products were also popular in the early rounds. For the semi-finals, judges chose ventures — medical devices, regionally focused services, disease management therapies — serving specific market niches. Only one energy related concept was selected.

The Venture Finals will bring together eight finalist teams selected from among the 25 semi-finalists. These eight will face off with 20-minute presentations to judges drawn from the business and venture capital community. For more information on the BPC, see **http://bpc.wharton.upenn.edu/**. ◆

Global Consulting Practicum in Kenya: Students Arrive Just as Election Riots Begin

Over winter break, five Wharton MBA students — **Sushant Mukherjee**, WG'09, **James Hogarth**, WG'09, **Jennifer Akpapuna**, WG'09, **Kathy Park**, WG'09, and **Sachin Kaushik**, WG'09 — went to Kenya for their Global Consulting Practicum project and found themselves in the midst of the country's dramatic post-election events. Sushant Mukherjee describes his team's trip in the following article, which first appeared in the *Wharton Journal*.

The Wharton team had converged on Nairobi from locations as far-flung as Kathmandu, Minneapolis, London and New York, to begin work on our Global Consulting Practicum (GCP) project. Our clients were Philip and Katy Leakey, members of one of the most famous families in Kenya. Our task was to grow the U.S. sales of the Leakey Collection, thereby promoting its sustainability as a business and its ability to make an enduring impact on the lives of the Maasai people.

The Leakey Collection is a rural social enterprise employing more than 1,000 Maasai women who make stylish contemporary jewelry from drought-resistant grass beads. For the Maasai, the enterprise provides a valuable alternative source of income while allowing them to retain their traditional lifestyle. Philip and Katy Leakey have a longstanding association with the Maasai. Philip's parents, Mary and Louis Leakey, are renowned archaeologists whose discoveries in the Olduvai Gorge of Tanzania were critical in establishing human evolutionary development in Africa. Their work brought them in close contact with the pastoralist Maasai people.

As luck would have it, we arrived in Kenya on the evening of Election Day. We had known about the elections, but hadn't dwelt on potential dangers, based on Kenya's reputation as a bastion of stability in an otherwise politically troubled region. Nonetheless, from the window of the taxi, the normally bustling city of Nairobi seemed unnaturally calm.

The next day, with the election results still up in the air, we flew to Malindi on the Indian Ocean coast, and then made our way down the coast to the sleepy beach resort town of Watamu where the Leakeys had arranged for us to unwind prior to the business end of our trip. As we drove up and down the potholed road looking for the right house, a lithe Maasai warrior loomed in front of us, holding a wooden club with a heavy knob at one end. He motioned us towards a rusty iron gate, beyond which a dirt trail led town to a thatch beach house, which was to be our home for the next five days. In Watamu, we spent our time soaking up the sun, swimming and snorkeling. But in the back of our minds, there was always unease about what was happening in other parts of the country. On New Year's Eve, the chairman of the Electoral Commission announced that the incumbent, Mwai Kibaki, had narrowly won the election, and half an hour later he was sworn in for a second five-year term. That day, laid-back Watamu was galvanized into activity. When James Hogarth and I went to the local grocery store to stock up on supplies, the parking lot was overflowing with others who were preparing for the worst. Inside the store, we foraged for whatever supplies we could, while tense expatriates exchanged the latest rumors and warnings.

The next day, we departed for Malindi airport in the hope of catching flights back to Nairobi to finally meet with the Leakeys, only to be informed that the flight had been overbooked and we were unable to board. It was the beginning of an exhausting, interminable vigil at the airport. When we finally arrived in Nairobi, the Leakeys were waiting for us. We squeezed the whole team into their vehicle and set off for their tented camp near the Tanzanian border, called Olkerii. On the way, as dusk fell, we entered the legendary Great Rift Valley, with its endless plains, punctuated by shimmering lakes and acacia trees, with thickly woven weaver nests hanging from the branches. The election riots seemed a world away.

We stayed in the Leakey's bush camp for the four days, talking with them at length about their ideas on rural enterprise and the future of their business. We examined their production facilities, which included gas-fired kilns to make porcelain, and workshops for cutting the grass beads. We watched the Maasai women at work under the acacias, chatting animatedly as they strung beads onto elastic strands. We spent

SETTING OUT FOR A MAASAI NEW YEAR'S CELEBRATION.

INSIDE A MAASAI BOMA.

one memorable afternoon as guests at a Maasai barbecue, where a goat was slaughtered in our honor — even Sachin, a lifelong vegetarian, duly chewed on a small piece of meat to acknowledge their hospitality.

One moment during our stay at the Leakey camp remains particularly vivid. In the middle of an intense discussion on the difficulties of shipping products from Kenya to the U.S., James broke off in mid-sentence, and shouted, "Look — the volcano is erupting!" Sure enough, across the valley, near the Tanzanian border, the volcano Lengai was spectacularly spewing smoke and ash. It was a magical moment, one that poignantly captured the natural beauty of our surroundings.

The next day, after exploring various departure options which included the possibility of being airlifted from Olkerii, we finally received word that it was safe to return to Nairobi by road, in time to catch our flights. We flew home from Nairobi the following morning. ◆

'A Midsemester Night's Dream' by the Follies 2008

Whether it be professors, competing business schools, or second-year students, no one escapes the rapiers of the Wharton Follies.

This year's production, "A Midsemester Night's Dream," seemed to poke the most fun at Graduate Division Vice Dean Anjani Jain. BPUB, the required class of Business and Public Policy, got its comeuppance in a parody of the Amy Winehouse hit, "Rehab," while the decisions and assessments of the Myers-Briggs career assessment earned ribbing in "The Buy Side," a take-off on The Killers' "Mr. Brightside."

The Yale School of Management was another target. In one skit, pre-schoolers represent various top business schools, and Yale does not make the cut. In another, Follies players mocked Yale as "second tier" for its "stealing" of former Wharton finance professor Andrew Metrick.

There also was plenty of student self-deprecation. Skits and videos mocked aspects of Wharton courtship. One male student applied what he had learned in his Strategic Analysis class to figure out which date was better for his future, while in another sketch, a Romeo and Juliet pair tried to pursue a romance doomed by their association with different cohorts.

Favorite professors were treated a little more kindly, and the admissions office got its jabs, with a parody of the Home Box Office show, "Entourage." In this skit, director of MBA Admissions and Financial Aid Thomas Caleel, WG'03, became devious agent Ari Gold, doing anything to keep a handsome Vinnie Chase character from going to Stanford Business School, even granting Wharton admission to Vinnie's underqualified brother and friends.

If you missed the show and want to see the performance, you are in luck. The 2008 Wharton Follies DVD is available for sale online at **http://clubs.wharton.upenn.edu/wfollies/snapshots.html**. ◆

– Robert Strauss

PHOTOS . JERRY MILLEVOI









ILLUSTRATION . PEP MONTSERRAT

THE NEW WORLD ORDER

BY STEVE ROSENBUSH

Just three years ago, IBM was known for making some of the most coveted laptops in the world. The sleek, black ThinkPad, with its fold-out keyboard, was a status symbol in corporate conference rooms and on the business class section of airplanes.

That's why it was so surprising to some in 2005 when the U.S. tech giant sold its PC business for $1.75 billion to a relatively obscure Chinese computer maker called Lenovo. Big Western corporations had come to view China and other parts of the developing world as low-cost sources of manufacturing and labor. But suddenly a young company from an emerging market was looking to play a vastly different role, using strategic M&A to carve out a position of global leadership. Lenovo even promised to open a self-styled Innovation Center in Research Triangle Park, N.C., a sign that the company intended to lead on a global scale.

Such deals, where a multinational corporation or investment fund in an emerging market acquires assets in the U.S., Western Europe, and other developed markets, have accelerated sharply during the last year, and are becoming larger than ever. Consider the following:

- In January, Chinese metal producer Shenzhen Zhongjin offered to pay $4.4 billion for Australian miner Herald Resources.
- India's Tata Group in February announced a $1 billion takeover of U.S.-based General Chemical Properties Inc.
- Brazilian mining company CVRD in November closed an $18.7 billion acquisition of Canadian mining company Inca Ltd.
- Mexican cement giant Cemex last July closed a $16.7 billion acquisition of Australian construction company Rinker.
- Saudi investment fund SABIC last May acquired GE's GE Plastics business for $11.6 billion, while OAO MMC Norilsk Nickle Group of Russia bought LionOre Mining International Ltd. of Canada for $6.3 billion.

Wharton alumni from across the globe are involved in every aspect of this new direction in cross-border M&A. Some are heads of companies making bids for U.S. and European businesses, while others are working, post-merger, to integrate operating divisions with very different cultures and styles. Others are assisting from the sidelines as consultants.

"It's a really big phenomenon. And I think it's going to change the global economy," says Mauro F. Guillén, the Dr. Felix Zandman Professor in International Management and director of the Joseph H.

JEROME GOLDMAN, WG'74

DANIEL GOODRICH

Lauder Institute for Management & International Studies.

The sheer volume of emerging market acquisitions in the developed world is soaring. In 2005, the year of the Lenovo deal, there were 462 such instances, according to market researcher Dealogic. Those deals had an aggregate value of just $53 billion. In 2007, there were 718 such deals, worth a total of $189 billion. That's still just a small fraction of the $4.5 trillion global M&A market, but it reflects a qualitative change. State-controlled sovereign wealth funds, with $2.9 trillion in assets under management, have likewise invested $69 billion recently in Citigroup, Merrill Lynch, and other companies that need capital to offset losses in subprime credit.

These new developing country multinationals are challenging global economic relationships that go back to colonial days, when the U.S. and the great powers of Europe put down stakes in Asia, Africa, Latin America, and other regions. Since this time, the global economy has largely been divided into clear strata. It was clear who was on top, and the rest of the world was playing catch up, at best. Now the boundaries between the haves and have-nots are starting to blur. Wealthy nations such as the U.S. are badly shaken by the widening crisis in the credit markets, and it's not clear how, or even if, all the damage can be corrected.

At the same time, economies such as China, India, Mexico, and Brazil are taking off, closing centuries-old gaps in standards of living. Western Europe, Canada and the U.S., and Japan, known as the triad, controlled 80% of world trade in the 1980s and 1990s, according to Guillén. Now their share is down to 60%, and it will continue to decline.

"Fifty years from now, when we're reading world economic history, it's conceivable that this period of time, right now, will be viewed as a watershed historic event, the beginning of a shift in financial infrastructure, to a more global marketplace," says **Jerry Goldman**, WG'74, a tax partner and global vice chairman with Ernst & Young.

The M&A market is helping to shape those global changes. From China to India and Russia, developing economies are using M&A to ensure that they have the physical and intellectual resources they need for the next stage of development. "Once these developing markets have secured the necessary resources through M&A, they will start building more internally," Goldman says. Some developing markets, such as Brazil, have already moved on to that next step, upgrading ports, roads, and other infrastructures, he adds.

While such changes in the global economy aren't necessarily a zero-sum game, the net effect is likely to benefit emerging markets, according to Guillén. As leadership of certain industries shifts to emerging markets, high-paying decision-making jobs will move. Over the next 20 or 30 years, that will affect the standard of living in the U.S. and Europe, as well as the global standing of cities.

THE HOWS AND WHYS

What's behind this phenomenon? For one, the dollar's decline has made U.S. assets a relative bargain. Pressure on the U.S. financial sector, meanwhile, has made it more difficult for large private equity firms to fund deals, and that has opened the door for cash-rich buyers from other parts of the world, which is, according to Goldman, "where capital is being generated."

The global economy grew by about 4.9% in 2007, according to projections by the International Monetary Fund. Advanced countries grew about 2%, while the developing world outperformed. China set the pace with 11.2% growth, with India a close second at 9%. Rising prices for oil and other commodities helped fuel the growth. Regulatory changes

“IT’S A REALLY BIG PHENOMENON. AND I THINK IT’S GOING TO CHANGE THE GLOBAL ECONOMY,” SAYS MAURO F. GUILLÉN.

in regions such as China and Russia have helped create a middle and upper class, which has attracted investment.

“The flow of capital over the last three decades shows it will go where the opportunity is. Excess money is being generated in many parts of the world where it has never been generated before, and smart people are looking to deploy it,” Goldman says.

Regional forces are also driving M&A. In India, multinational corporations such as Tata Group, which has been remarkably aggressive in the M&A market, are looking to the West for exportable brands and focusing on a range of sectors from steel to autos and hotels. Last December, for instance, Tata emerged as the winner in the auction of Ford’s Jaguar and Land Rover luxury brands, with a bid of about $2 billion. In 2006, it closed a $13 billion acquisition of Corus, a British steel company. Similarly, in early 2007, the Taj hotel company of India took over the Ritz-Carlton in Boston.

In China, M&A deals are largely driven by the country’s need for resources and know-how, not an interest in buying Western brands. The Lenovo deal included rights to the ThinkPad brand, but Lenovo was quick to drop use of the well-known name as soon as it was able to — three years ahead of schedule. Deals are instead focused on crucial areas such as mining, with Aluminum Corp. of China’s $14.4 billion bid for British miner Rio Tinto Group the largest example to date.

Chinese companies and government-backed investment funds also are making investments in other parts of the developing world, particularly Africa and the Middle East. In October, the Industrial and Commercial Bank of China, China’s largest bank, invested $5.5 billion in the Standard Bank of South Africa — a bet on rising growth and standards of living in sub-Saharan Africa. The 20% stake was the largest direct foreign investment in the history of South Africa. More deals are likely. ICBC is the largest bank in the world, with a market cap of $319 billion. It recently raised $22 billion in listings in Hong Kong and Shanghai, giving it plenty of capital for investments around the globe.

In Latin America, multinational corporations are looking abroad for brands as well. In 2004, Brazilian brewer Companie de Bebidas paid $7.25 billion for Interbrew, the maker of Canada’s iconic Labatts brand. “There have been tremendous changes in the last 10 years. Companies have evolved from being regional players to truly global companies,” says **Julio de Quesada**, WG’76, Managing Director of Grupo Financiero Banamex, Mexico’s second-largest bank. Banamex, based in Monterrey, Mexico, is owned by Citigroup. Quesada recently led a delegation of Mexican corporations to China in an effort to expand trade between the two countries, a sign of Mexico’s emergence as more than just a regional economic player.

Latin American companies also scour the global market looking for efficiency. Tortilla maker Gruma recently became the first tortilla maker in China, opening a manufacturing plant in Shanghai. Grupo Bimbo, the Mexican baker, has made acquisitions in Texas and Argentina. And Monterrey-based cement giant Cemex closed its $16.7 billion acquisition of Australian construction products company Rinker in July.

“It’s a truly global world, now. I was recently on vacation in Egypt, and I could see the Cemex trucks on the street. I have seen them in Southeast Asia as well,” de Quesada said.

COURTESY OF JULIO DEQUESADA

JULIO DE QUESADA, WG’76

THE DEVELOPING WORLD 101

The entire world is developing all the time, so just what do bankers mean when they use the term? The developing, or emerging world includes Africa, the Middle East, North and Southeast Asia, and Latin America, according to Dealogic. Northern Asia is generally understood to mean the Asian part of Russia or the former Soviet Union. That can include regions from Siberia to some Central Asian countries such as Uzbekistan. Southeast Asia, for Dealogic's purposes, can include countries such as Cambodia and Thailand. Dealogic also includes China in its compilation of emerging market deals. The definition can differ from source to source, though. Bustling Singapore, for example, is in Southeast Asia. But it hardly fits the definition of an emerging economy. For M&A purposes, the emerging world sets aside the Caribbean. While the regional economy may fit the profile of the developing world, it is home to many off-shore U.S. companies such as Bermuda-based serial telecom acquirer Global Crossing.


JILL S. DAILEY, WG'98

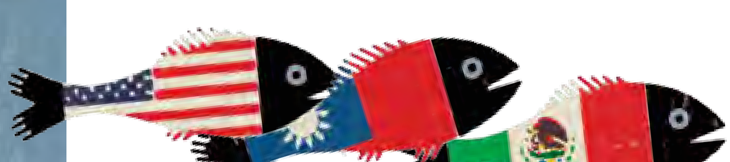
In the Middle East, deals are often driven by the need to invest oil profits and to diversify beyond the oil industry itself. For example, Kuwait Petroleum in December said it would pay $6 billion for five Dow Chemical units, a logical extension of its oil business. In 2006, Dubai Ports paid $6.8 billion for British transportation company Peninsula and Oriental Steam Navigation Co.

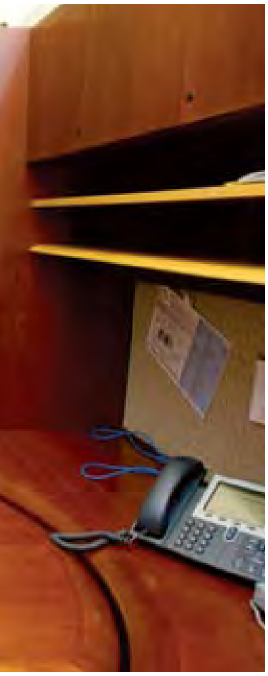
For investment bankers reeling from the implosion of the credit markets, this emerging M&A market has created a growth opportunity. While global M&A deals fell 28% in the U.S. in January, according to analyst Meredith Whitney of Oppenheimer & Co., U.S. M&A activity fell 54%. Yet deal volume in Asia, excluding Japan, rose 37%. And deal volume in Latin America soared 137%. That has created a boom for certain banks such as Citigroup, which has a strong presence in Asia and other emerging markets.

LEADING ACROSS CULTURES

Such cross-border deals can be particularly challenging, difficult to negotiate and execute. Differences in corporate culture, social norms, political interests, regulatory regimes, and currency values add layers of complexity. "Integration of cross-border deals that bridge the developed and developing worlds take longer, and you have to figure that into the agreement," says **Jill S. Dailey**, WG'98, an M&A partner with consultant Accenture.

The Lenovo deal faced many such issues. Jean Manas, vice chairman of M&A in the Americas at Deutsche Bank, said that as a rule of thumb, cross-border deals "take twice as much time to negotiate and are twice as hard to pull together. When you are working with two companies from the same country, they usually know how to value one anoth-





DANIEL GOODRICH

er. That often isn't the case with cross-border transactions," said Manas, who worked on the Lenovo deal when he was a banker at Goldman Sachs.

Integrating the combined companies was similarly complex. "The number-one reason why a merger succeeds or fails is culture," says **Deepak Advani**, WG'98, chief marketing officer and senior vice president for e-commerce at Lenovo's North Carolina office. "We had to tackle that issue head on. Many people assume that there will be country culture issues in such a deal. But people underestimate the role of corporate culture, which is also very powerful."

To smooth the way, Lenovo senior management emphasized a corporate culture based on trust, respect, and compromise. A global corporate exchange program was instituted, with the idea of exposing people to different cultures within the company. Nonetheless, challenges arose.

Last year, a design meeting in Raleigh brought on unexpected cultural differences. Advani and 12 others from Lenovo design centers in Raleigh, Beijing, and Yamato, Japan were brought together to develop a unifying concept, such as the old ThinkPad brand, to give Lenovo computers a unique look and feel. But cultural differences were apparent as the two-day discussions got under way, Advani recalls.

"A lot of colleagues from the East, and from China in particular, tend to think more and speak less. Our Chinese colleagues tended to form a point of view before expressing it. A lot of us in the West tend to think out loud. We tend to talk through issues as we are thinking," says Advani. The group addressed the differences by resolving to gather input from everyone at the table, one by one, and listening more.

Still, the meeting led to a misunderstanding. The Western-based team said that the Lenovo product line should have a consistent look and feel, or what it described as "a common icon." The design team from China disagreed. A debate went on for several hours, and people became angry, Advani recalls.

In the end, the group realized that language was their stumbling block. The Western team used the word "common" as a synonym for universal, while the team from China understood the word "common" as a synonym for ordinary. The group eventually resolved the misunderstanding and went on to develop the concept of the IdeaPad, a lower-priced laptop that was launched earlier this year.

Despite such cultural glitches, Advani believes that, overall, the Lenovo/IBM deal is a successful one. Lenovo has been profitable, shown growth, and taken market share in all geographies for four quarters straight, according to Advani. And the stock, which debuted in Hong Kong at $2 a share, has risen as high as $8.50 a share, although it has fallen back to $5.50 a share as global financial and economic concerns have increased.

Like Lenovo, Bramco Group, the Bahrain-based stone mining giant, faced cultural differences when it acquired assets from German company Hansgrohe, known for its Grohe faucets, says **Kanika Dewan**, W'98, president of the Bramco's Natural Stone Depot, a Metuchen-N.J.-based decorative stone division. Bramco did the deal because it wanted Grohe's existing design expertise, which is crucial in the increasingly competitive high-end architectural and building sector. The developed world has lots of companies with valuable brands that make good acquisitions for emerging market companies that want to expand beyond their own borders, she says.

Dewan, who was born in India, raised in Bahrain, and educated in London and the U.S., says the cultural complexities of the deal surfaced immediately. "The developing world works in a less structured environment. While that brings flexibility to systems across all levels, the approach in Germany is very different, because employees are used to a less free-wheeling workplace. Employees and clients in Germany can't work in that environment," she says. The new division, known as Bramco Grohe, has used rotational training to bridge cultural differences, with German employees training in Bahrain and vice versa.

Bramco's acquisition strategy also reflects the developing world's

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LENOVO VICE PRESIDENT AND CHIEF MARKETING OFFICER DEEPAK ADVANI, WG'98, SPEAKS TO THE MEDIA DURING A PRESS CONFERENCE ANNOUNCING A GLOBAL PARTNERSHIP BETWEEN THE NBA AND LENOVO.

KANIKA DEWAN, W'98, PRESIDENT OF NATURAL STONE DEPOT, A UNIT OF BAHRAIN-BASED STONE MINING GIANT BRAMCO GROUP. BRAMCO RECENTLY ACQUIRED ASSETS FROM GERMANY'S HANSGROHE.

COURTESY OF THE NATURAL STONE DEPOT

need for resources and raw materials. Dewan says the company noticed that recent samples of Uba Tuba, a popular green granite from Brazil, were lined with cracks. So Bramco acquired a mine in India that produced a similar stone of higher quality.

AN EVOLVING FINANCIAL INFRASTRUCTURE

Despite its breakneck growth, the developing world still accounts for just a tiny fraction of the world's overall M&A market. And while that percentage is bound to grow, it will be many years before the outbound deal volume from Latin America or China or India begins to rival that of the developed world, experts say. "There's no question that China and Russia need to do more to regulate corporate activities," says Goldman of Ernst & Young.

A multi-polar M&A market also requires deeper capital markets to support it. As the recent crisis in the U.S. and British capital markets shows, it can be risky to rely on the developed world to finance deals. More markets need to follow the lead of Hong Kong and Shanghai, and develop their own stock exchanges and credit markets.

There's some evidence that such a financial infrastructure is evolving. In Mexico, for instance, companies such as Telmex can now issue 30-year debt denominated in pesos. "That was unheard of 10 years ago," says de Quesada.

Political opposition is another reality that impedes foreign investment in developed markets. In 2006, for example, The Committee on Foreign Investment, an interagency group in the U.S., opposed plans by Dubai Ports to buy P&O, a British company that managed ports in the U.S. Dubai Ports was eventually pressed by Congress to sell the British company's U.S. operations to U.S.-based AIG.

"There is a certain protectionist reaction in the United States, and this isn't new," says Stephen J. Kobrin, William H. Wurster Professor of Multinational Management. "There always has been a lot of xenophobia about foreign companies buying American firms," he said, adding that anti-Chinese and anti-Middle Eastern sentiment in M&A deals involving U.S. targets may not be entirely irrational and can effect whether such deals can close.

But outside of deals that tread into defense, telecommunications, or other industries that can be closely linked to national security, most deals are allowed to proceed without much fuss. In fact, some M&A buyers from the developed world say it's actually easier to invest in the U.S. than it is to invest in emerging markets. "Overall, there's less regulation in the U.S. than there is in many developing markets, which have stricter controls over importing and exporting goods and foreign ownership of companies," says Dewan of Natural Stone Depot.

A few years ago, emerging markets accounted for just a handful of companies in the Fortune Global 500. Now 10% of the world's biggest corporations come from developing markets, if South Korea and Mexico are included in the tally, according to Dailey of Accenture. This number would be even higher if it included Western companies that have roots in the developing world. Mittal Steel, which is based in London but has its roots in India, acquired rival Arcelor of Luxembourg in 2006. The $22.7 billion deal was launched by **Aditya Mittal**, WG'96, son of Mittal founder Lakshmi Mittal, who is now president of the combined companies.

The rise of emerging market M&A captures the state of the global economy at a crucial point. Western economies face slowing growth, if not outright recession, thanks to their bursting credit bubbles. Their assets are cheap, especially in the U.S. where a weak dollar has put the economy on sale. The West needs capital, especially in its troubled financial sector. Cash-rich investors from Asia and other emerging markets are happy to oblige them, making investments in banks and private equity firms and acquiring a range of corporate assets. This has brought a new relationship between the developed and the developing world, one of slowly but steadily closing gaps in wealth, power, and influence. It's a dynamic that is here to stay. ◆

Steve Rosenbush is a freelance writer based in New York. He has covered finance and technology for BusinessWeek*,* USA Today*, and other publications.*

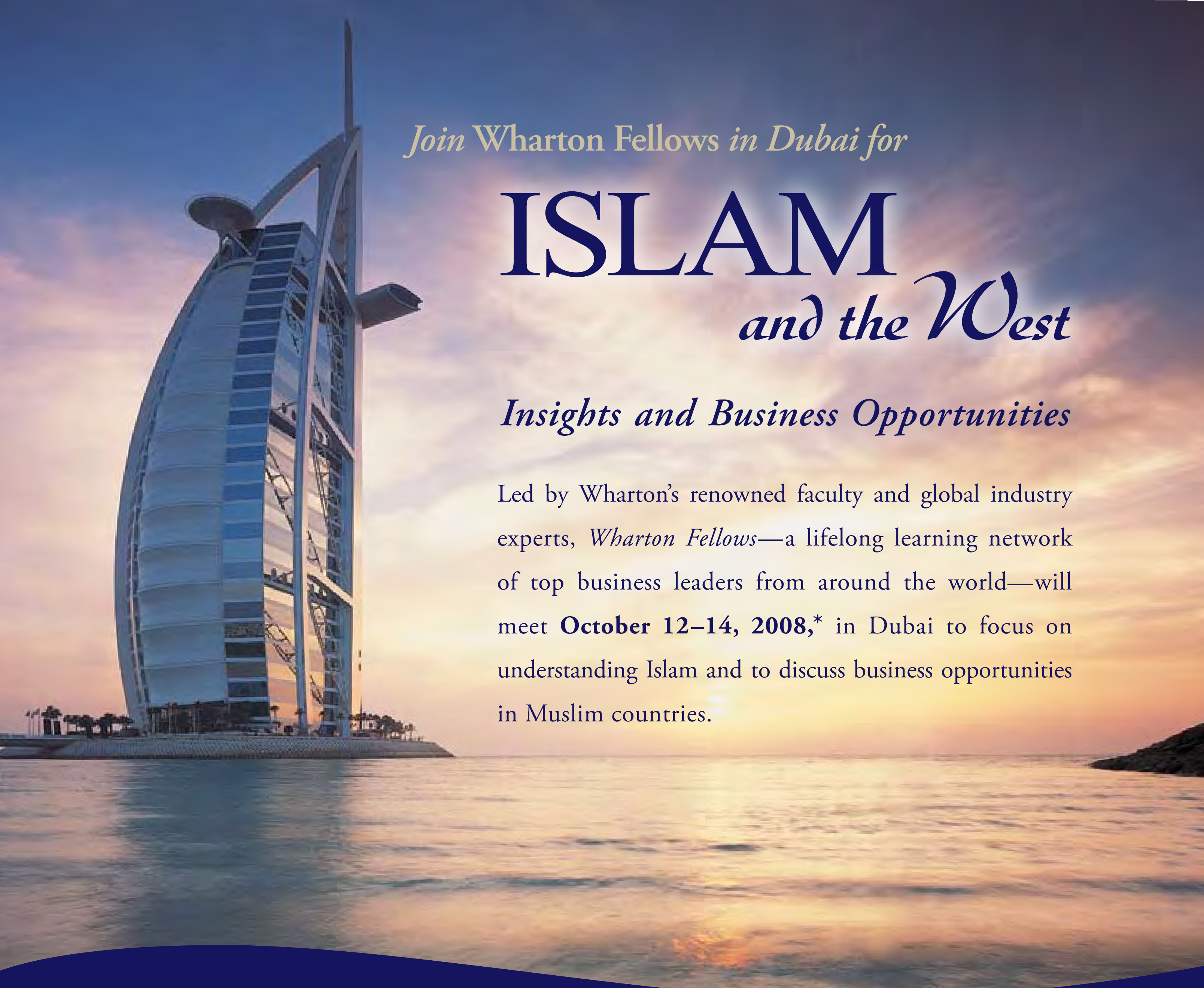
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PHOTO . RYAN DONNELL

A WORLD OF PERSPECTIVE

WHARTON'S MAURO GUILLÉN ON THRIVING IN EMERGING ECONOMIES

BY MEGHAN LASKA

At a recent meeting with Indian CEOs in Mumbai, Professor Mauro Guillén was asked to put the decline of the U.S. dollar into perspective. "Wouldn't you want to be able to write checks that nobody deposits because people keep them in a safe place as a store of value?"

This simple yet cogent reply is typical of Guillén, the Dr. Felix Zandman Professor in International Management, Professor of Management and Sociology, and the new director of Wharton's Joseph H. Lauder Institute for Management & International Studies.

When Guillén is not teaching and running the Lauder Institute, he is researching issues related to multinational corporations and the global economy. Guillén is author of the noted book, *The Rise of Spanish Multinationals: European Business in the Global Economy*, as well as many op-eds and articles on the subject. Increasingly, his advice and commentary are sought around the world.

Guillén's next book will focus on emerging companies from emerging economies in Latin America, China, and India — and what makes them succeed or fail. Guillén, a native of León, Spain, is also studying international investments by U.S. venture capital firms. A"fun" project he is revisiting in this year of the summer Olympic Games looks at why some countries do better at sports than others.

"If you only know one country then you know no country because you have no perspective," says Guillén, who knows many countries through his extensive international research. The Guggenheim Fellow won in 2005 the Fundación Banco Herrero Prize for best Spanish Social Scientist under the age of 40. "I've always thought that an interesting way of looking at the world is by comparing countries."

Emerging Companies in Emerging Economies

For the last 15 years, Guillén's work has scrutinized successful businesses in countries one might not think of as breeding grounds for world-class companies, work that began with a focus on Spain when it was still regarded as an emerging economy. He has since expanded his focus to Latin America and plans to further expand it to China and India.

"When I started this research, there were very few Spanish companies that were world-class, but now Spain is one of the top 10 economies in the world and is the fourth largest acquirer of companies in the U.S.," he says. "I analyzed how those companies managed to establish themselves in a global economy and not just in their home country."

Guillén explains that, for many years, industry observers looked for some unique aspect that explained the success of companies from developing countries. What he has found, however, is that these companies share many of the same traits as their successful American or European counterparts.

"The twist is that many of these firms have expanded in the world not with consumer products, but with infrastructure industries like construction firms, port operators, or telecommunications, which are very political and regulated by governments," he says.

Successful companies learn how to anticipate governmental changes and view such changes in a positive way. For example, says Guillén, if a company wants to build a profitable turnpike in Chile, it needs to make a long-term commitment, entering into a license with the government for 20 or even as many as 99 years. While the company may hope to have a long relationship with the government that granted that license, it also needs to be realistic and recognize that governments come and go, even in democracies.

"You have to not sell your soul to the current government only to see whatever terms you have negotiated with that government become negated after the next election or coup d'état," he says. "This is a unique capability that companies from emerging economies have in infrastructure industries where the government plays an important role. Successful companies have been able to use this as a skill to help them compete in foreign markets. Once they learn how to deal with the government and anticipate changes, it gives them a set of procedures that will help them in any market around the world. It's something that's difficult to learn and only a few firms learn it well and can use it across multiple markets."

Another of Guillén's findings is that emerging companies in infrastructure industries tend to make a very specific mistake. "Companies know that they will be more profitable if they strike a deal with the government that will prevent many other firms from entering the market or gives them a sweet deal like the ability to charge higher prices," he says. "They assume these deals will be in place for 20 years and do not realize that if there is a change in the government a few years down the road, the new president will have every incentive to try to renegotiate the deal."

Guillén describes this as a "systematic error." It's a mistake for companies to prioritize relationships with countries in which the governments are more willing and able to provide a good deal for entering companies, he argues. "The appropriate country to enter is one in which the government has less autonomy and has to go through more channels to change a deal, such as having Congress approve a special deal for foreign firms."

While it seems like a catch 22, he says, it is important for firms to learn that if a government can make a good deal, then it can also take that good deal away when administrations change. "This has tremendous implications because companies lose a lot of money this way … which leads to high tensions for both the company and consumers."

VC Investors' Leap of Faith

Guillén is also looking at the largely unstudied area of venture capital outside of the U.S.

"This issue has become of great interest recently because there are just not enough good entrepreneurs to give money to in the U.S., but there are a lot of opportunities in other parts of the world," he says. "The problem for venture capital firms is that they have to keep a close eye on the ventures they are funding, which is hard to do when the venture is a six-hour or more plane ride away."

Guillén says, "It is a leap of faith to give money to an idea and most of these investments end up with nothing. However, out of every 10 or 15 investments, there may be an IPO or trade sale and they make a lot of money — which compensates for all of the other losses. And when you go abroad, the risks multiply and are so much more difficult to monitor."

Guillén says that when firms invest outside of the U.S., they tend to put their money into ventures in Canada, Britain, France, Japan, and to a lesser extent into China, India and Latin America. "It is amazing that they are supposed to know how to manage risk, but are incredibly risk averse at a country level," he says.

Another finding is that well-known and successful U.S. venture capital firms also tend to do well outside of the U.S. "It shouldn't be surprising that good firms here are good firms elsewhere, but venture capital firms don't usually invest alone," he says. "They invest with other firms, governments, banks, or forms of syndicates. You have to persuade the coinvesters that you are reliable, which is easier for prestigious firms. So it is a kind of rich-get-richer dynamic and rarely will you see small venture capital firms invest abroad."

Guillén has also found that U.S. venture capital firms tend to rely quite heavily on "ethnic links." He explains that "if a company has a lot of Indians working for it or it is located in a part of the country with a lot of Indian migration, then it tends to invest more in India.

"This explains why places like Israel, Ireland, India, China, Taiwan, and South Korea, for example, receive more investments from the U.S. than others."

In recent years, Wharton students have become so interested in this phenomenon that a course called Private Equity in Emerging Markets, taught by lecturer Stephen Sammut, has been added. Guillén's own Global Strategic Management course for MBAs and Multinational Management course for undergraduate students offer similar insight.

"YOU HAVE TO NOT SELL YOUR SOUL TO THE CURRENT GOVERNMENT ONLY TO SEE WHATEVER TERMS YOU HAVE NEGOTIATED WITH THAT GOVERNMENT BECOME NEGATED AFTER THE NEXT ELECTION OR COUP D'ÉTAT," SAYS GUILLÉN.

An Olympic-Sized Study

While studying the Olympics may seem far afield to topics like emerging economies and venture capital, Guillén says that his sports research is actually an extension of his globalization work.

After the 1996 Atlanta Olympics, Guillén sorted the medal results by country to see if he could explain the differences. He found some interesting patterns: Richer countries earned more medals, countries with governments that intervene more in the economy also earned more medals, and democracies on average earn more medals than non-democracies.

"Some would say that this is an indication of the power of the free spirit and that individual initiative is more important than governments telling people what to do," he says. "I haven't had time to compile more data on all of the Olympics since then, but that is what I intend to do in the future. I want to know to what extent the wealth of a country plays a role and I want to look at the interplay between how much a country can do to make it more competitive and its actual ability to win medals. Can governments do anything about it and to what extent is individual initiative playing a role?"

Since all this plays out in the Olympics — and in individual sports like tennis and golf in general — Guillén plans to study the question with several undergraduate Wharton students.

New Directions

Given his love of working with students and his focus on globalization, Guillén's new role as director of the Lauder Institute is a perfect fit. As he looks ahead, a primary goal is to make the Institute even more relevant.

"When Lauder was created in 1983, it was extremely innovative, as it was well before business schools were even thinking about incorporating globalization and emerging economies into their curricula," Guillén says. "Back then, Lauder students were getting something that other MBA students were not," he says, adding: "There is a need to redefine the Institute's mission in such a way that it continues to be as relevant today as it was 25 years ago."

He plans to achieve this goal by helping students integrate what they learn at the Lauder Institute, which combines a Wharton MBA with a master of arts in international studies. The Institute also offers a masters/JD joint degree. Lauder students receive high-level language and culture training, a two-month in-country immersion and coursework from both Wharton and the School of Arts and Sciences.

"We are going to better help our students integrate everything they learn by creating new hands-on projects around the world," says Guillén. Such projects include students traveling to Senegal or Cape Verde to help local entrepreneurs launch businesses by teaching them how to use basic accounting and marketing principles in areas such as agriculture for export, tourism, health care, and even credit unions. Another project will compile emerging companies' databases in China and India. And a third project, in conjunction with Knowledge@Wharton, will allow students to travel the world to gather data, conduct interviews, and compile materials for a series of reports on topics such as family businesses.

He notes that his biggest surprise as director has been the high level of commitment from Lauder alumni, of whom there are more than 1,100 around the world, as well as the active involvement of the Lauder family, and in particular **Leonard Lauder**, W'54, who co-founded the Institue with his brother, **Ronald Lauder**, also W'54.. "I get an e-mail from Leonard every week or sometimes every other day. He has been very generous not only in endowing the institute, but also with his time. He provides advice and a fresh perspective from the outside. It's great to have someone on his level who is very smart and knows how to anticipate changes." ◆

Frequent contributor Meghan Laska is a senior associate director for Wharton Communications.

TALES FROM THE TRENCHES

ILLUSTRATION . MICHAEL MORGENSTERN

Catching up with Wharton Business Plan Competition winners – Where are they now?

BY TIM GRAY After four years of toil, **Chris** and **Natasha Ashton** had earned the right to celebrate. Revenue at their company, PetPlan USA, was surging. The Humane Society of the United States had endorsed their pet health insurance policies, and they'd begun hiring employees. They were even the parents of a new baby boy.

Then the life that they'd cultivated since winning the Wharton Business Plan Competition in 2003 nearly ended.

Last summer, a railing across a window at the back of their house in New Jersey gave way as Chris was leaning against it. He tumbled 15 feet to the concrete patio below, smashing his leg and breaking two ribs. He endured four months of recuperation and a patchwork of screws and plates in his ankle before he walked again. Twice, blood clots sent him back to the hospital. "The accident took me out completely," he recalls. "I was in the hospital for a bit, and I was in immense pain for a couple of months. Thank God for my Blackberry and health insurance."

Four years earlier, when the Ashtons, both WG'03, won the Wharton Business Plan Competition (BPC) with two classmates, **Laura Bennett** and **Alex Krooglik**, they little imagined the twisting path their lives would take. In the wake of winning the BPC, PetPlan's future seemed assured. But shortly after graduating, they split with their partners, who left to start their own competing company, Embrace Pet Insurance. That forced the Ashtons to divide their former colleagues' duties. They then had to crisscross the country in search of investors and an insurance underwriter to back their policies. And, just as all of the pieces were coming together, Chris fell.

To the Ashtons' credit, their fledging business survived and today is growing smartly. Chris has returned to work, and the Ashtons expect that their staff of 11 will grow to 20 by the end of the year. Winning the BPC has helped in each step of their journey, they say. "It's opened doors for us," Natasha says.

The details of the Ashtons' odyssey may be unique, but the rollercoaster ride they experienced is shared by Wharton BPC winners. Victory brings elation and lofty expectations, inevitably followed by the hard, time-consuming work of starting a business or launching a career. Winning, Natasha says, "gives you a rose-tinted view of the world. We thought we'd be up and running within six months."

"If you'd asked me when I got to Wharton if I was going to win the Business Plan Competition, I would've thought you were insane," says Bennett, also WG'03. "I didn't know what a business plan was. The BPC changed my life."

The annual competition, celebrating its 10th anniversary this year, is the signature event sponsored by Wharton Entrepreneurial Programs, the School's interdisciplinary research and teaching center. "It's the largest outreach program that we do," says Emily Cieri, WEP's managing director. "It's open to any student at the University of Pennsylvania — graduate, undergraduate, PhD, or medical school." Each year, the contest touches hundreds of students and Wharton alumni, who act as mentors and judges.

In the fall semester, about 150 teams submit executive summaries of plans for proposed businesses. Judges winnow those down to 25 semi-finalists, who then must submit full-fledged business plans. From the semi-finalists come the

RYAN DONNELL

CHRIS AND NATASHA ASTON, WG'03

eight finalists. The competition culminates each April with the Venture Finals, where the "Great Eight" present their plans to a panel of judges and an audience of their schoolmates. The top three teams receive not only prize money — a total of $35,000 in 2007 — but also in-kind donations of services from Philadelphia-area lawyers, accountants, and business consultants.

Cieri says that professors and staff at WEP like to see competitors start businesses based on their proposals but believe that what students learn from writing and, if they're lucky, presenting their business plans matters more. "The reality is we see 150 business ideas a year, and those aren't all going to get started," she says. "But the educational process is valuable whether the students take corporate jobs, become venture capitalists or start companies." As this year's Wharton BPC enters its final phase, the *Wharton Alumni Magazine* tracked down some of the competition's top winners from the past 10 years to see where they are today.

DAN MORGAN

LAURA BENNETT AND ALEX KROOGLIK, WG'03

For Bennett, of Embrace, business school offered a way to escape the drudgery of a job at a life and health insurance company. Like many students, she and her husband, **John Burchard**, also WG'03, went to Wharton looking for a new start. During their first year, Bennett met the Ashtons, who were already working with Krooglik, an engineer with database expertise.

By the time the next year's Wharton BPC rolled around, the team had broken up, partly because of differences over how to divide ownership of the company. The Ashtons stayed in Philadelphia, while Bennett and Krooglik moved to Cleveland, Ohio, where Burchard had landed a job with Progressive Insurance. There, Bennett and Krooglik launched Embrace.

They faced the same obstacles as their former teammates — raising money and finding an underwriter. Their Wharton BPC victory helped with both. "Raising money is a marathon, and the first presentation is the hardest because you have to really think about what investors want," Bennett says. "The Business Plan Competition made us do that."

Plus, the experience of pitching to the judges prepared them for the challenge of confronting venture capitalists and other investors, Krooglik says. "You get a first-hand appreciation for what it's like to stand in front of a room of people and sell," he notes. "I've lost count of how many times we've stood up in front of investors, and the questions you get at the BPC are the same style."

If there's a key difference between the two audiences, it's that the Wharton BPC judges give contestants feedback at each stage of the competition. In the real world, investors only offer critiques if they decide to invest. Otherwise, the entrepreneur will hear either a polite no thanks or nothing at all. "Potential investors don't really tell the truth," Bennett says. "No one tells you that you have an ugly baby. They always say that it's not the right baby for them."

Insurance underwriters are an even tougher audience, she adds. They come from a tradition-bound industry and are paid to avoid risk. (Venture capitalists, in contrast, get compensated for taking risk.) Even so, Bennett and Krooglik managed to land a prestigious underwriter in Lloyd's of London. "At Lloyd's, they're very impressed with credentials," she explains. "The fact that I was an actuary, that we had Wharton MBAs and had won the competition, all of that mattered to them. It gave them reassurance because they were partnering with a start-up."

And Embrace, like PetPlan, isn't without risk. Pet insurance is a promising market — it's growing at about 20 percent a year — but also an increasingly crowded one. The

“If we hadn’t won the BPC, there’s a good chance that we never would’ve started,” says Ben Doranz. “Winning definitely gives you the confidence to get going and validation that you’re doing something worthwhile.”

coverage, long popular in England, has lately begun to catch on in the United States. Embrace estimates that less than one percent of America’s cats and dogs carry coverage, while, in contrast, about half of pets in Sweden do. About 10 companies, all of them small and none with a commanding market share, offer policies in the United States. But more competition is on the way, with Purina, the pet-food maker, laying plans to sell policies. Both PetPlan and Embrace believe that, thanks to their unique advantages, they can compete even with a behemoth like Purina. PetPlan has partnered with the leading pet-insurance provider in the United Kingdom, and Embrace has, in Bennett, America’s first pet-insurance actuary.

BPC winners typically focus on raising additional money, as PetPlan and Embrace did, not celebrating the cash that they receive with their victory. After all, a few thousand dollars doesn’t go far for a money-hungry startup. But for **Ben Doranz**’s company, Integral Molecular, which won in the BPC in 2001, the $25,000 prize money was a real boost.

“Our primary source of start-up funding was grants through places like the National Institutes of Health,” says Doranz, WG’01, who also has a doctorate in microbiology from Penn. “That money only funds the research and can’t be used for things like patents or marketing. So the $25,000 filled in the gap while we raised more money. It went quite far for us.”

Today, Integral Molecular is developing and selling drug-discovery tools for pharmaceutical researchers. The company began as the combination of two business plans that Doranz had entered into the Wharton BPC — one was called ProtoCell, and the other, ViraCore. The ProtoCell plan won, but ViraCore turned out to be easier to commercialize. Doranz ran into a legal pitfall with ProtoCell about a week after his win. While thumbing through a scientific journal, he came across news of a patent for a technology that closely resembled his.

COURTESY OF BEN DORANZ

BEN DORANZ, WG’01

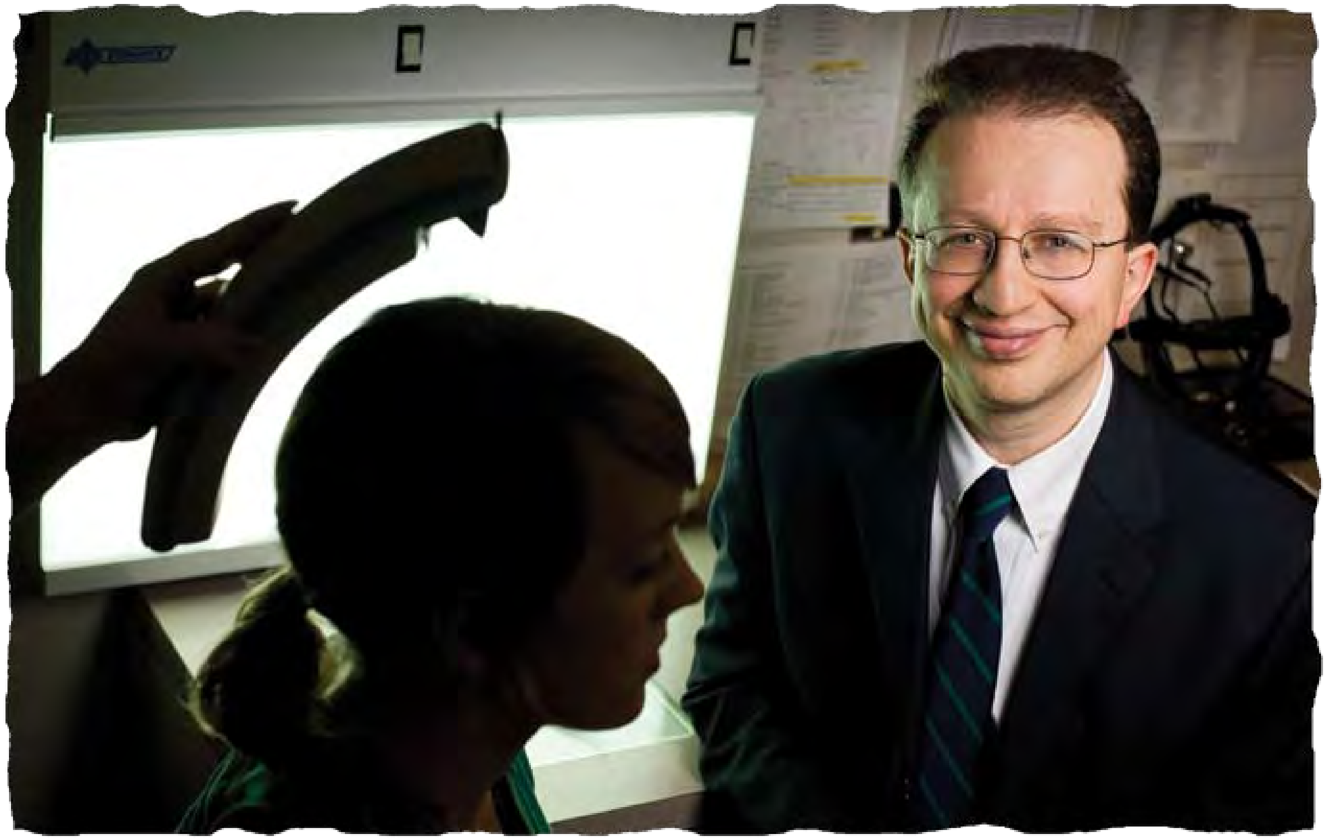
“We got scooped,” he says. “It definitely put a bump in the road. I almost licensed the competing technology. Then a competing company started, and I almost joined them. But in the end, I decided to take a chance and start ViraCore.” He continued to work on distinguishing ProtoCell’s technology from the competing one and, once he did so, staked his legal claim to it. After that, it became Integral Molecular’s second product line.

Biotech firms like Integral Molecular need time to bring their products to market, and keeping a company alive while its technology matures typically requires pitching to outside investors. Like the founders of PetPlan and Embrace, Doranz found that his Wharton BPC win gave him credibility in those discussions. “You’ve been vetted in a sense,” he says. “It doesn’t get you a check from a VC, but it does give you an opportunity. It’s like an introduction from a colleague for a job. It’ll get you the interview but not the job.”

Today, Philadelphia-based Integral Molecular, which employs about 20 people, is selling the ViraCore technology and getting ready to launch the ProtoCell line. The company still depends on scientific grants to fund its operations. Doranz predicts that it will see its first significant sales this year and, by next year, should bring in more money through product sales than grants.

“If we hadn’t won the BPC, there’s a good chance that we never would’ve started,” he adds. “Winning definitely gives you the confidence to get going and validation that you’re doing something worthwhile.”

RYAN DONNELL



BARUCH BEN DOR HOPES BY THIS SUMMER TO BE ABLE TO MARKET INFRASCAN IN THE U.S. AND EUROPE.

Unlike Doranz, Baruch Ben Dor already had the confidence to run a company when he won the Wharton BPC in 2004; he'd done so in his native Israel. What he didn't know was whether he could start one from scratch.

He'd come to Penn as a visiting researcher, hoping that he might find a technology that would serve as foundation of a new firm. His doctorate in physics led him to the laboratory of Britton Chance, an emeritus Penn professor and pioneer in the field of biophysics. There, Ben Dor found what he sought. Chance's lab had developed a means of using near-infrared light to pinpoint brain bleeding. In theory, it could help physicians and paramedics diagnose brain injuries more quickly and thus speed treatment.

Thanks to his business experience, Ben Dor was able to write a draft of a business plan on his own. But when he heard about the Wharton BPC, he realized that it offered a way to polish his proposal. He decided to try to enlist the help of Wharton students. Soon, he met **Sandeep Naik**, WG'04, and **Sammonoi Banerjee**, WG'05. Naik and Banerjee reworked the plan, which proposed a company, called InfraScan, to develop handheld brain scanners. Naik and Sammonoi did the final presentation before the judges. Like other winners, the team got cash and a blue-ribbon endorsement, which helped in raising money. But Ben Dor says a greater benefit might have been the legal services that winners receive. "The attorney who we met was [Philadelphia lawyer] **Steve Goodman**," he says. "He has been one of the most critical elements in building the company. At some of

Looking back on the BPC, Ben Dor says that it forced him to grapple with just the sorts of issues that he has ended up confronting as an entrepreneur. "We've basically done what we laid out in the business plan," says Ben Dor.

the most critical decision points, I don't know if we would've survived if he hadn't been there."

Goodman, for example, smoothed the negotiations that enabled InfraScan to license the technology from Chance's lab. When the talks turned thorny, Goodman's long relationship with the lawyer across the table made the difference. "Steve had been the teacher of the attorney that represented the other side," Ben Dor explains. Goodman, W'62, L'65, is a partner in the Philadelphia office of Morgan, Lewis & Bockius.

In the end, Naik and Banerjee elected not to join InfraScan, which is based in Philadelphia. Like many MBAs, they had school loans to repay and wanted a more certain future. Today, Naik works for Apax Partners, a private-equity firm, while Banerjee is a managerial consultant with McKinsey. They've stayed in touch with Ben Dor and help out occasionally on special projects.

InfraScan, for its part, has begun to sell its scanner in the developing world and hopes, by this summer, to receive regulatory approval to market it in the United States and Europe. It has already completed its U.S. clinical trials, which are mandated by the U.S. Food and Drug Administration, and, over the winter, was preparing to make its application for final FDA certification. "Once we get our FDA approval, we'll do a large round of funding," Ben Dor says.

Looking back on the BPC, Ben Dor says that it forced him to grapple with just the sorts of issues that he has ended up confronting as an entrepreneur. "We've basically done what we laid out in the business plan," he says. "It took longer than I thought it would — I thought we'd be able to do it in two years, and it took three — but I did it with half the money — $2.5 million, instead of $5 million."

Like Naik and Banerjee, plenty of BPC winners opt not to start companies based on their business plans. Sometimes, they don't intend to, seeing the competition as an educational experience, not a commercial springboard. Other times, they try to launch a firm, but obstacles thwart them. And occasionally, team members simply have different goals. That was the case with NP Solutions, which won in spring 2007.

Serena Kohli Lal, WG'07, led the team, which proposed a treatment for degenerative spinal-disc disease. Neil Malhotra, MD, a Hospital of the University of Pennsylvania neurosurgeon, conceived the technology but didn't want to devote himself to commercializing it. "Neil wants to be a doctor, not an entrepreneur," Kohli Lal says.

But participating in the Wharton BPC cemented Kohli Lal's desire to join a technology company after graduation, and she went to work with Callidus Software in New York last summer. Callidus develops and sells software that helps companies manage their incentive-compensation plans. Kohli Lal manages a team of sales people and says that she regularly calls on skills that she acquired through the Wharton BPC.

COURTESY OF SERENA KOHLI LAL

SERENA KOHLI LAL, WG'07, LED THE WINNING TEAM IN 2007.

She met her BPC teammates through the university's biotech club and its technology-transfer office. None of them were business students or had business backgrounds. "They were PhDs and doctors and wanted to do that with their careers," she says. Leading them meant learning to manage people without business training. "They didn't know what an executive summary was or how to do financials, though they picked it up quickly," she says.

"What you have to do for the Business Plan Competition touches on every single class that you take at Wharton. I'd love to do a start-up of my own someday. Because of the BPC, I can taste it. It feels so much more real, and I feel that I could do it." ◆

Writer Tim Gray is a frequent contributor to Knowledge@Wharton. *This is his first article for the* Wharton Alumni Magazine.

The Power of a Dedicated Workforce and Adaptive Leadership

Two new titles from Southwest's James Parker and former Wharton Dean Russell E. Palmer

Do the Right Thing: How Dedicated Employees Create Loyal Customers and Large Profits

James F. Parker

People matter most. It's a familiar mantra for many businesses. But when push comes to shove, all too many companies would rather slash costs, cut headcount, replace well-paid employees with lower-paid employees or outsourced workers, and reduce customer service. And after all of that, many fail.

But it needn't be that way, writes James Parker in *Do the Right Thing: How Dedicated Employees Create Loyal Customers and Large Profits*. By focusing on "doing the right thing," Parker argues, your company can remain profitable and growth-oriented for decades.

If anyone can make this case, it's Parker, who served as CEO and Vice-Chairman at Southwest Airlines through 9/11 and its challenging aftermath. Before taking the reins in June 2001, he'd spent 16 years as its general counsel, helping to build Southwest's unique culture of respect, resilience, and a commitment to doing what's right.

In *Do the Right Thing*, he describes how after 9/11 Southwest made three pivotal decisions: no layoffs, no pay cuts, and "no-penalty, no-questions-asked refunds" for any customer wanting them. The result: Southwest's revenue passenger miles for the fourth quarter of 2001 dropped by only 0.5%, and its market cap soon exceeded all of its major competitors combined.

These decisions grew naturally from Southwest's culture, which Parker details in the book, focusing on how its principles can strengthen any team, organization, or company. *Do the Right Thing* also reveals how to build an environment where teamwork comes naturally — where people know how to have fun while they're consistently outworking and outsmarting their competitors.

In one of the world's toughest industries, Southwest has stayed profitable for 34 straight years. *Do the Right Thing* is about learning the lessons it can offer to any business.

A hiring lesson from *Do the Right Thing*:

Southwest is legendary for its philosophy of "hiring for attitude and training for skills." But what about roles where strong skills are indispensable, like the role of pilot? In the following excerpt, Parker discusses how Southwest's culture drives its unique approach to hiring pilots, too.

Pilots must have a high degree of self-confidence. Nobody would want to fly with a pilot who was consumed with indecision or self-doubt. At Southwest we wanted pilots who possessed a high degree of self-confidence, without letting it spill over into arrogance or intolerance.

In some parts of the world, airline cultures are akin to old-time command and control military structures. The captain's authority and decisions are unquestioned, like that of a military dictator.

Safety experts know that some aircraft accidents are the result of avoidable pilot error. The likelihood of such an error is greatly enhanced in a culture where offering unsolicited information to the captain is viewed as insubordination. Indeed, several well-publicized crashes have been shown to be preventable, if only the first officer had more forcefully brought information to the captain's attention or insisted on following established safety procedures.

While we wanted pilots who were self-assured and willing to make instantaneous decisions, we also wanted pilots who were receptive to input. There is no such thing as a zero-defect human being. True cockpit discipline requires that even the most junior first officer or flight attendant must speak up when safety is at issue, and that even the most experienced senior captain must encourage such openness.

One pilot came to us with superb references and a gold-plated resume. He had great flying experience, and had been promoted quickly through the ranks of the military. He had experience commanding people, and had flown every kind of airplane imaginable. On paper, he looked like exactly what any airline would want in a pilot.

Several days after his interview, when he received notice that he had not been selected, he was shocked. He had to call to see if a mistake had been made. He was assured it was no mistake. "But, why?" he wanted to know. He was told the truth. He was not selected because he had been rude to the receptionist when he arrived for his interview.

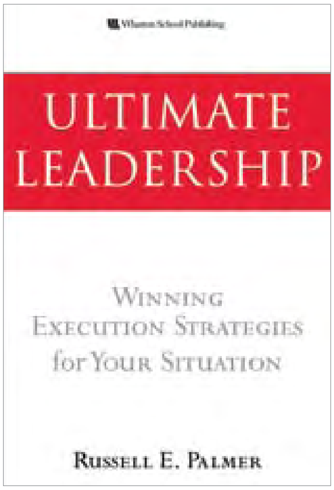
Ultimate Leadership: Winning Execution Strategies for Your Situation

Russell E. Palmer

To succeed, leaders must understand and apply the core principles of leadership — but they also must shape their approach to fit whatever situation they are facing. Too many leaders, says author and former Wharton Dean Russell E. Palmer, don't know how to do that — and that's why they fail. Palmer's *Ultimate Leadership* shows how to adapt the principles of leadership to virtually any challenge, context, or organization.

Palmer himself has had three very different, highly successful careers. At Wharton, he was called upon to lead fundamental change in an institution with widely diverse, highly influential stakeholders. Ultimate Leadership includes lessons learned during those years at Wharton, as well as others from his time running one of the world's largest accounting firms, and as an entrepreneur. But the book also draws deeply on his interviews with other extraordinary leaders — from former U.S. Marine Corps Commandant Gen. P.X. Kelley to Honeywell's Larry Bossidy.

Palmer's goal is to help readers identify the leadership model most appropriate for their environment, and then lead accordingly. He provides better ways to lead equals, weather crises, transform culture, lead entrepreneurial or global organizations, and even lead non-profits and academic institutions.



For a classic "top down" organization, Palmer shows how to exercise strong authority without falling victim to ego or closed-mindedness. He also offers guidance for driving changes in organizations of peers, where competing power centers resist pulling together. *Ultimate Leadership* also offers instruction on "leading troops" without getting too far in front of them, recognizing the implications of your role as a symbol, and making cultural change stick by reconnecting structures, processes, and strategies with new realities.

Organization in Crisis: Turning Danger into Opportunity

By 2000, Xerox was a company in crisis. To lead a turnaround, Anne M. Mulcahy was named as President, then became CEO in 2001, and chairman in 2002. In Chapter 5 of Ultimate Leadership, *Palmer tells about how Mulcahy turned the company around.*

Mulcahy undertook the painful task of reducing the number of employees at Xerox from 80,000 to 58,000. During the worst of times, though, Mulcahy made sure that Xerox did not cut funding for R&D. She saw it as "the light at the end of the tunnel" — and she was right. By 2005, three-quarters of revenues came from products introduced during the previous two years. Under her leadership, Xerox went from a loss of $273 million in 2000 to a profit of $1.2 billion in 2006.

At Wharton, Mulcahy was asked about her approach to leadership. She said: "It's most important to play to your strengths and not conform to someone else's image of leadership. It allows you to have integrity of style and consistency of character. I don't think I'm a different leader today than in my first management job. I'm very direct. I'm less into management than I am into working with teams and solving problems. I'm very engaged and involved, but also, I encourage others to have fun. Even during our darkest days, I'm big on, 'It's a job, so lighten up and don't confuse life and work.'"

Mulcahy said what made the cost-cutting work was that employees around the company participated directly and enthusiastically. "There was a real consciousness about symbolic things," she said. "There was no longer any free coffee. There were no free meals for 18 months. But we made it consistent throughout the company, up and down. There weren't 'haves' and 'have nots.'"

Mulcahy took clear command, but she also understood that to drastically change the organization she needed to engage key workers in teams that attacked and solved problems, and bring key players into the process of change.

The Xerox crisis taught an important truth: Don't view every crisis merely as something to be overcome. Crises can also make you and your organization better. They are times of great opportunity.

Leadership during a crisis is a solidifying and revealing event. You never know fully about people until you have seen them under fire. During a crisis, leaders really see whom they can count on and whom they cannot. It is telling how different some people become when they see the company's and their own future in danger — as any leader who has been through "the fire" will tell you. *It is an illuminating, bonding experience.* ◆

Online Marketing Is REDEFINING the Chief Marketing Officer's Job

Americans spend an average of 14 hours a week online and 14 hours watching TV. But marketers spend 22% of their advertising dollars on TV and only 6% online, according to data compiled and analyzed by Google.

"Of all the advertising platforms, the Internet is one of the few on an upward trend," says Wharton marketing professor **Patti Williams**. "But if you look in terms of the sheer amount of time most consumers are spending online and the amount of dollars being spent to reach them, it is still probably way under what it should be."

Indeed, as computer screens, mobile phones, and other devices offer what amounts to billboard space for display ads, video, and tie-ins to Internet searches, the advertising landscape is undergoing a major transformation. New media is growing at a fast pace, but industry analysts and Wharton faculty say senior marketers still lag in adopting the Internet and other digital technology to reach their customers.

Spending on Internet marketing is expected to grow 13.4% in 2008, but that will only add up to 7.2% of the total amount spent on all U.S. advertising, which is expected to hit $153.7 billion, according to TNS Media Intelligence.

Williams says that while the Internet provides advertisers with the ability to closely track consumer response to ads by measuring clicks or other online behavior, their reluctance to embrace the Internet may be due to uncertainty about how well it can shape broader brand messages.

"It's not clear how Crest should leverage search advertising," says Williams. "How many people are going online to search for toothpaste? It's not [obvious that] a little ad on the screen is going to attract them. For the biggest bulk of media spending, online is just hard to figure out. The Internet is not that good at big brand-building objectives, so there are a lot of companies struggling with a way to take advantage of the tremendous opportunity Google and other searches offer."

It Takes a Village

According to Wharton marketing professor **David Reibstein**, another obstacle to moving advertising online is the difficulty of reaching a broad audience with an efficient media buying operation. When three television networks dominated the advertising world, it was easy for mass advertisers and their agencies to place commercial messages. Now, they are confronted with a complex web of options, including the Internet, which itself is highly fragmented, in-store promotions, social networking, and mobile phone technology as well as traditional media.

"Each one of the pieces is effective, but that effectiveness is overwhelmed by management of the pieces," says Reibstein, adding that many small start-up companies are going into business to help advertisers reach specific markets online, but that may only stymie advertisers more. An advertiser's response to these companies and their promising technology "is likely to be, 'Great, but I would have to deal with 10,000 of you. I would need a manager to manage this interface and that becomes an overwhelming task.' To some degree, the beauty of the new technology is its narrow, focused audiences," Reibstein notes. "The downside is that it takes a village of these before we can have an impact."

According to Wharton marketing professor **Peter Fader**, the possibility of a recession may further retard advertising's move online. In an economic slump, he says, marketers should move spending toward Internet platforms because they are more targeted and customer-centric, with easily measured results. "Here's the irony," he notes. "When bad times come, people say, 'We can't abandon the brand. We can do those customer-centric things next year.' The CMO will stay with the skills and responsibilities that he has traditionally relied upon."

Donovan Neale-May, executive director of the CMO Council, a marketing executive trade group, says some of the lag in acceptance of digital advertising is due to advertisers' long-term relationships with ad agencies, which focus on creative, brand-building messages, and with traditional media companies. "The media itself has yet to evolve their offerings," he says. "What's going on today with the big media companies is they are all scrambling to figure out their strategy for what advertisers want."

Differences in attitudes toward advertising online exist, depending on the specific company or industry sector, Neale-May adds. Not surprisingly, new companies — those without a legacy of traditional advertising — and web-based businesses are embracing digital technologies faster than other firms. "The larger global companies are works in progress. In many cases, institutionalized cultures, agency relationships, and media relationships are still limiting them."

Gopi Kallayil, who leads Google's AdSense marketing team, which works with Internet publishers, says CMOs now have a tremendous opportunity to communicate with and influence audiences by leveraging Internet marketing.

"The Internet gives advertisers the opportunity to build mind share more effectively by targeting the right context at the right time, ensuring their messages are relevant to the people they are trying to reach," Kallayil says. "Advertising networks have proven very effective in building brand awareness and generating demand. In addition, the Internet gives marketers more precise, measurable accountability for their ad spending than do traditional media. Demand fulfillment has never been more accurately measured."

Large and small companies are able to use new media to engage in what Kallayil calls "mass micro marketing." Marketers can use the Internet to target specific, well-defined audience segments, yet reach a large audience scaling across many markets. By using the Google network, Kallayil contends, advertisers could reach 80% of the estimated billion people around the world who use the Internet.

Solid Data and Gut Feel

According to Chris Moloney, CMO of Scottrade, an Internet brokerage firm, senior marketers need a better understanding of how relationships between offline and online advertising work. For example, he says, a company might run a television ad geared toward brand building that encourages a viewer to visit the company's web site. "It's hard to tell if TV or the Internet was the driver," he says. "The Internet gets credit for activity that might come from watching CNN. In some ways, the Internet causes TV to look less impactful, but in order to continue to do a mixture of both, you need to use a combination of very solid measurements and total gut feel."

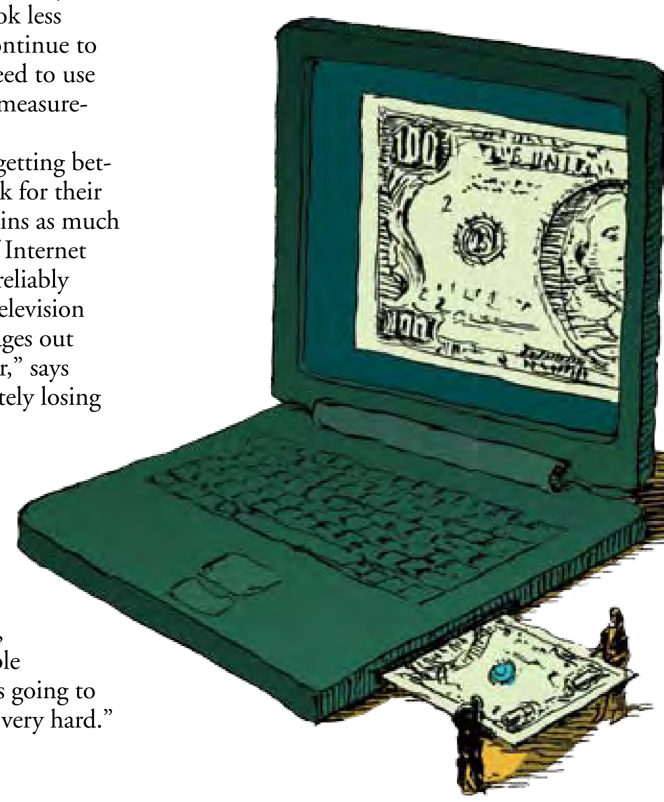
And while advertisers are getting better at quantifying the payback for their investment, advertising remains as much art as science: About 75% of Internet advertising spending can be reliably tracked while the figure for television is closer to 25%. "That averages out to 50%, but it's getting better," says Moloney. Television is definitely losing appeal to marketers particularly with the medium's current rate structure. "There's a [sense] of arrogance in the TV world — [an attitude] that their product deserves a premium price when, in fact, you can get a more measurable return on the Internet. That's going to make the road ahead for TV very hard."

Despite declining circulation, newspapers are still a good advertising buy because their demographics are strong with well-educated, high-income readers, Moloney states. "Newspapers deliver good results. While it is a smaller audience than in the past, it is very focused and has very attractive demographics. We get good results from newspapers."

At the moment, he says, the industry is focusing heavily on Internet search advertising offered at major sites such as Google and Yahoo. Indeed, potential advertising revenue is a motivation behind Microsoft's $44.6 billion bid to acquire Yahoo.

Mobile and wireless devices are also beginning to have a place in the market, adds Moloney, but many remain cumbersome. He cites the Apple iPhone as one device that has "leapfrogged" other devices in accessibility. "The opportunities with the iPhone are endless because it is a flexible software platform." Apple software, he notes, allows the creation of small applications, or "widgets," for weather or stock information that can become prime advertising vehicles because they are targeted, but not bothersome.

"Many people think of Internet advertising as an



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intrusive, interruptive experience with dancing aliens jumping across the screen and perpetual pop-up windows," Moloney says, adding that Scottrade favors ads that provide information that is meaningful to customers, such as a real-time stock chart it offers through an ad on Yahoo. "The opportunities on the Internet are in providing relevant content that is not intrusive personally," he says, warning Internet marketers not to target customers too closely even though current technology allows them to do so. "Never overwhelm the customer with a feeling that you know too much." For example, if a company notices a person is researching college loan packages, it would be off-putting if the firm then approached the customer with loan information over the Internet using the name of that person's high school-aged son or daughter.

Kallayil says marketers these days are using the Internet to generate awareness, educate customers, and complete sales. There are several points of touch with their audience — when they are searching online, when they are researching and pursuing passions, and when they are spending time online engaged in other activities, such as social networking or watching videos. "In this new age of real-time advertising, it's not about eyeballs," he notes. "Marketers now have a tremendous amount of transparency and control. They know where their ads run and what their audience was doing at the moment when their ads were viewed."

For example, he says, an advertiser for yoga vacations can display ads when the customer is searching for yoga vacations, reading an article about yoga vacations, browsing a web site on holistic health or watching an online video on stress reduction.

CMOs now have more creative options online beyond text ads, including image, video, and interactive ads, Kallayil says. "The kind of richness of ads that is possible on television is now increasingly becoming possible and available [online], while a few years ago it was restricted mostly to text."

Best Time to Fertilize Crops

The Internet is only part of an evolving digital landscape. In addition to search and display advertising, marketers are also using the Internet and other techniques to generate word-of-mouth or "buzz" marketing, says Neale-May.

One new idea he points to is digital printing. Companies can produce mailers, or any other literature, from a central computer, then use printers in different countries to produce exactly the number of mailers needed — tailoring them to whatever regulatory or cultural restrictions exist. The companies thereby save time and money on warehousing and shipping costs. Another new technique is using text messaging to help customers. For example, a fertilizer company in Europe can send text messages to farmers about the best time to fertilize crops and pharmaceutical companies can text patients when it is time to update prescriptions, says Neale-May.

> **"The opportunities on the Internet are in providing relevant content that is not intrusive personally," says Chris Moloney.**

Moloney estimates that about half the CMOs he knows are extremely knowledgeable about the Internet and prepared to take advantage of what it can offer over traditional media. "It's going to be impossible for a CMO in the next three to five years to do their job effectively and not understand Internet metrics very well. The Internet has influenced the way we look at television. It has impacted the way we look at all advertising."

Part of CMOs' lag in moving advertising to the Internet may be generational, Fader adds. "It takes time to get up the organizational chart and they were raised on skills that are different. As time goes by they will take on the customer-centric mindset and skills, but it's not happening real fast."

He also says there are cultural reasons for delays in adding digital technology to the marketing mix. CMOs tend to give more visibility to staff focused on branding and creative work while those assigned to customer-centric, data-based work are viewed as "analytical geeks," says Fader.

Some of the lag may also be due to the nature of the CMO job itself, he adds. "When you think about it, the CMO is a relatively new position that didn't exist 10 years ago. The jury is still out on whether it is a C-level position that contributes to the firm the way other C-level positions do." There are many unrelated jobs that tend to fall under the CMO's authority — from marketing to brand building to sales — which creates tension in the marketing ranks that may lead to the delay in moving to digital technology, he says. "What makes you a good, warm and fuzzy creative team is very different from what makes you a good sales manager and what makes you good at interactive marketing."

Too often, Fader notes, CMOs delegate their web-oriented customer-tracking initiatives. He has a set of test questions about customers that he often asks marketing executives, "such as, 'What is the distribution of repeat purchases across your customer base?' or, 'Of all the new customers you acquire this year, what percent will be with you a year later?' Many proudly reply that they have systems in place and can get the answer in a few moments. That's not good enough," says Fader. "You need to know it. If a CMO does not have a good sense of this, all the talk about customer centricity is just lip service." ◆

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Georgette Chapman Phillips,
David B. Ford Professor of Real Estate;
Professor of Legal Studies and Law;
Vice Dean, Wharton Undergraduate Division

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Alumni Association Update

Engaging Through Our Global Alumni Forums

TOMMY LEONARDI

TAMA L. SMITH, WG'90

DEAR ALUMNI,

As alumni of one of the world's best business schools, we are privileged to have some of the most unique alumni gatherings across the globe each year — our Global Alumni Forums.

World-Class Business Forums: Celebrating Our Global Alumni Community

Over the last 16 years, Wharton has hosted over 31 annual Global Alumni Forums on three continents: Europe, Asia, and Latin America. Each forum attracts hundreds of Wharton alumni and industry leaders. This year, in addition to Latin America's forum in Lima, Peru, and Asia's forum in Ho Chi Minh City, Vietnam, Wharton is holding its first forum on the continent of Africa. This forum will be held in Cape Town, South Africa.

The Global Alumni Forums were created in 1993 by the Wharton School under the leadership of Associate Dean for International Relations Jeffrey Sheehan.

The purposes of the Forums are to:

- Encourage and facilitate personal and professional networking among all Wharton alumni
- Strengthen the ties between the School and all its alumni
- Raise the School's visibility in vibrant centers of global commerce
- Enable global thought leaders to speak about matters of concern and interest to senior management
- Provide Wharton faculty with opportunities to visit countries where they conduct research or to introduce Wharton faculty to new and growing markets worldwide
- Increase the School's global presence.

Over the years, the forums have taken place across the globe, including: Hong Kong, Costa Rica, Zurich, Mumbai, Istanbul, and Rio de Janeiro. More than 10,000 alumni are estimated to have attended the Forums since their launch. The forums are open to all alumni regardless of their place of residence. Indeed, many alumni choose to make the forum locations part of their annual travel itinerary.

Some of the benefits of attending a Global Alumni Forum include:

- Continued lifelong learning
- Country market or company research
- Business development
- Connecting with fellow alumni around the world
- Holiday and family travel… and fun.

Strengthen Our Community: How You Can Make Our Alumni Forums Even Better

The Global Alumni Forums are a major asset in engaging and strengthening our alumni community. There are four ways to support the Global Alumni Forums:

1. Register and attend a Forum **www.wharton.upenn.edu/alumni/forums/2008**
   – Ho Chi Minh City, Vietnam, May 30–31, 2008
   – Cape Town, South Africa, June 26–27, 2008
2. Volunteer to organize a new Global Alumni Forum
3. Sponsor a 2008 and future Global Alumni Forum
4. Serve as a speaker at a Global Alumni Forum.

We look forward to seeing you this year in Ho Chi Minh City and Cape Town. And after you attend, we would love to hear your alumni connection stories! Feel free to send me an e-mail or send your comments to **magazine@wharton.upenn.edu**.

Until,

Tama L. Smith, WG'90
Board Chairwoman, Wharton Alumni Association
President, Tama Smith & Associates, Inc.
E-mail: tsmith@tsassociates.com

Make the Connection with New *Wharton**Connect***

Connect with one of the strongest global business communities — Wharton alumni — through the School's new online alumni community.

What is WhartonConnect?

*Wharton**Connect*** is Wharton's new alumni online portal, which will enable alumni to better connect with each other and with the School. The new system replaces WAVE, our existing online alumni platform.

Alumni volunteers have been heavily involved in the selection and tailoring of *Wharton**Connect*** for alumni. This process has ensured that the needs of both individual users and alumni clubs will be met through this easy-to-use system. Many thanks are due to those alumni volunteers who expended time and effort to ensure that we developed the best product offering for Wharton alumni.

How is WhartonConnect different from WAVE?

*Wharton**Connect*** has several features that did not exist in WAVE. One such feature is a new single sign-on designed to eliminate the need for multiple usernames and passwords within Wharton club sites and the main online community.

Other benefits to alumni include an enhanced search capability, making it easier to navigate through an extensive alumni network to find classmates and to contact fellow alumni. Searches can be performed by name, region, alumni club membership, industry, or specific program. In addition, personal profiles can be managed with greater ease, making networking amongst alumni more up-to-date and dynamic.

Whether alumni travel nationally or internationally they may wish to take advantage of the many Wharton activities that occur across the globe. The Calendar of Events featured on *Wharton**Connect*** allows the user to view all Wharton-related activities taking place throughout the year. Prior to traveling, alumni can log on to *Wharton**Connect*** to find out about the next gathering of this powerful network. Once logged on, alumni can register for the events of their choosing.

What about career management?

We're all interested in what our next career move might be. It could be promotion within an existing field or a complete change in direction. With more than 82,000 Wharton alumni, the likelihood is high that someone in the alumni network will have experience of the sector in which the user is interested. With *Wharton**Connect*** career decisions can now be better informed through the help of fellow alumni. And on the recruitment side, jobs can be posted.

What if alumni prefer not to disclose some information listed in the WhartonConnect online directory?

The choice is entirely up to our alumni. When alumni log on to the site, they will see general profile information, which has been compiled from Wharton's database. The data will include name, year of graduation, major, business information, contact details, work history, student activities, interests, photos, and so forth. This information can be updated and fields for inclusion or exclusion can be selected; or alumni can opt out of having their profiles in the directory altogether. Any information changed by the graduate will automatically synchronize with the School's database and vice versa (e.g., if the user contacts Wharton with a change of address, once the change is added to the database, the new information will be reflected in the profile on *Wharton**Connect***).

Is there a cost for this new alumni service?

No. *Wharton**Connect*** is free to all Wharton alumni. Wharton recognizes the value of alumni being able to connect with one another and with the School in an efficient and effective manner. That is why the School has invested heavily in this product to deliver a tangible benefit to its alumni community. Upon first logging in, users will be asked to comply with standard terms and conditions for using the site.

How can alumni ensure that their privacy will be maintained?

Access to alumni information is provided via a secure server and only alumni users with approved user IDs and passwords will be permitted to view data. Alumni have complete control over what is visible on their profiles, and we encourage all users to regularly check their profiles to ensure that the content is current.

For those alumni already registered on WAVE, will they have to re-register for WhartonConnect?

No. All existing Wharton accounts and profiles will be seamlessly migrated to *Wharton**Connect*** without any need for action, other than routine updates to ensure that your contact information remains up-to-date.

What about Wharton alumni who have never used the Wharton online portal? How can they sign up?

Wharton alumni who are new to the online community should log on to **www.whartonconnect.com** and follow the "Register for a New Account" link. There, alumni will find directions for how to establish, review, and modify a profile.

Will technical support be available?

Yes. Wharton Alumni Affairs has a customer support team that is available to provide assistance to ensure that alumni receive the maximum benefit from *Wharton**Connect***.

How do I sign up?

Please visit **www.whartonconnect.com**, log on, and review your profile.

We hope you enjoy this great new resource designed exclusively for the Wharton alumni community.

Israel Club Gala Hosts 200 Attendees

Continuing a tradition, the Wharton Club of Israel and the local Harvard Business School alumni club celebrat-

WHARTON EXTERNAL AFFAIRS

YOROM ARAD, WG'95, EYAL KAPLAN, WG'90, ISAAC DEVASH, W'88, AND ELLI STREIT, WG'65, AT THE ISRAEL CLUB'S 2007 GALA DINNER.

WHARTON EXTERNAL AFFAIRS

EYAL KAPLAN, WG'90 AND KEYNOTE SPEAKER SHAI AGASSI.

WHARTON EXTERNAL AFFAIRS

WHARTON CLUB OF ISRAEL'S 2007 GALA DINNER.

ed their sixth annual Gala Dinner on December 26, 2007. To date, this was the largest event of its kind for the local alumni club, hosting 200 people, including many business and community leaders.

The keynote speaker was Shay Agassi, one of Israel's best-known entrepreneurs, who had sold the software company he founded to SAP and went on to become SAP's Deputy CEO. These days, Agassi is promoting the adoption of a nationwide network of electric outlets in Israel, in which drivers can recharge their electric car battery anywhere. The total cost of this project is set at $200 million. The existence of such a network would make it possible for everyone to switch from a conventional gasoline-powered car to an electric-powered one. Agassi has already secured the funds as well as the cooperation of Renault-Nissan and the State of Israel.

Every year at the Gala Dinner, the Organizing Committee rewards a community organization for their exceptional achievement in building a "critical mass" of young leaders who will impact society. This year, a not-for-profit organization called LEAD was chosen. Founded by self-made billionaire Morris Kahn, the organization has taken upon itself the task of encouraging and developing youth leadership in Israel. The goal is to mentor 120 young adults every year, training each according to the most advanced leadership techniques and concepts. LEAD's purpose is to make an impact on the next generation of leaders throughout government and business across in the country.

– Yarom Arad, WG'95

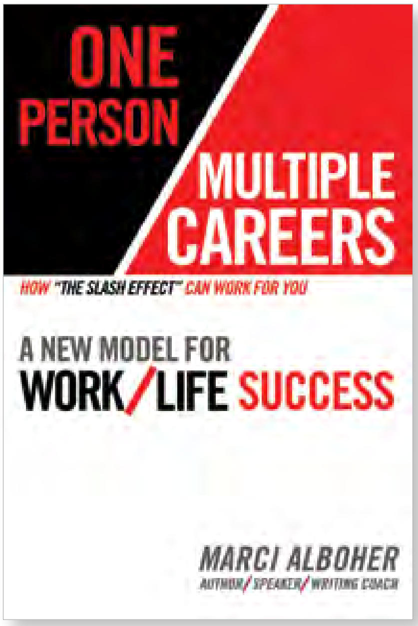
New York Club Explores 'Slash' Careers During Author Speaker Series

After a long day in their offices, on October 4, 2007, a group of about 20 people, including three men and 17 women of all ages and career choices, came to the 15th floor of J.H. Cohn to network over sandwiches and wraps and prepare for an interactive question–and-answer session with **Marci Alboher**, C'88, and **Dale Kramer Cohen**, W'76. Alboher, author of *One Person/Multiple Careers*, sat down for a candid interview with Dale.

Alboher, who left the practice of law to become a freelance journalist, now writes the Shifting Careers column and blog for *The New York Times*. She is also a sought-after speaker and a coach to aspiring writers and professionals. Cohen is the chief marketing officer of the Leaders Edge and president of PennNYC.

Some in the audience came because they were feeling overworked and wanted to find a balance in their careers. Others came because they were burned out and wanted to be inspired to follow their passions. Still others came because they have read Alboher's book or articles in *The New York Times* and wanted to know firsthand if multiple professions and multiple identities are possible and how they can be achieved.

Alboher began the evening going around the table asking participants to introduce themselves, revealing a "slash" in their description — something beyond their day jobs. The results were quite interesting: Some were gourmet cooks; one, a race car driver; another, an army reservist. Still others said they have come for the session in search of a slash. After this interactive roundtable, Cohen began to question Alboher on a wide range of topics, from leaving the practice of law to embarking on a career in journalism to the inspiration for her book and lastly to her latest project



WHARTON EXTERNAL AFFAIRS

MARCI ALBOHER, C'88

— a daily blog and bimonthly column, exploring the changing landscape of careers for *The New York Times*.

After about 40 minutes of questions and answers, Alboher again went around the room asking all participants to recall something from their youth that they did habitually, whether it was constantly talking as Alboher confessed, or perhaps sewing or acting. These activities, suggested Alboher, might contain the seeds of a future slash or identity

By 8:30 p.m., all headed off to Penn Station, Metro North, or their apartments. They took with them thoughts planted that evening on how their chosen paths could accommodate new identities and become more fulfilling, and how can this slash concept might play out in their own lives.

– Jennifer Gregoriou, W'78

Philadelphia Club is Guest of Tiffany & Co. for a Gala Reception

The Wharton Club of Philadelphia's focus is "Get Connected. Stay Connected. Keep Your Edge." This theme reflected the club's diverse and enhanced schedule of events, new membership outreach, and resulting expansion, which doubled membership in the last year.

One marquee event was a Special Evening at Tiffany & Company's October Reception in Philadelphia. The members-only event completely sold out, drawing more than 150 members and guests, including Chairman & CEO of Tiffany & Co., **Michael J. Kowalski**, W'74.

Tiffany & Co. opened its Walnut Street Philadelphia store especially for the club. Members and guests were personally greeted when they entered by Michael Kowalski and Ray Raybe, Philadelphia and MidAtlantic Region Director of Tiffany & Co.

The crowd heard comments by Kowalski, who spoke of his career and recalled his time in Philadelphia at Wharton. He answered questions and spoke about an unexpected turn of events that brought him to Tiffany's just before the management buyout in the 1970s.

We enjoyed a special showing of Tiffany's extraordinary collection of

WHARTON EXTERNAL AFFAIRS

MICHAEL KOWALSKI, W'74, CHAIRMAN & CEO OF TIFFANY & CO., SECOND FROM LEFT, MIXED WITH PHILADELPHIA CLUB MEMBERS AT TIFFANY'S WALNUT STREET STORE.

WHARTON EXTERNAL AFFAIRS

GLORIA RABINOWITZ, WG'78, PRESIDENT OF THE WHARTON CLUB OF PHILADELPHIA, WITH MADLYN POWELL, WEV'04, VP OF PROGRAMMING, AT THE TIFFANY EVENT.

signature jewelry by Frank Gehry; Elsa Peretti, Paloma Picasso, and Jean Schlumberger, accompanied by live music, hot hors d'oeuvres, and desserts.

It was a fabulous evening culminating a year of work by Wharton Club of Philadelphia Vice President of Programming, **Madlyn Powell**. Every guest received a special iconic gift from Tiffany's — a china gift box in signature aqua.

–Gloria Rabinowitz, WG'78

Alumni Association Update

Club News in Brief

Support for Environmental Issues in Mexico

On November 14, 2007, the **Wharton Club of Mexico City** held a cocktail party and art auction to support Global Healing AC, a not-for-profit organization that is focused on environmental issues in Mexico. "The assistance was great and we remember the events of a very active year of the Mexico City Club in 2007," wrote Club President **Oscar R. Diaz Flores**, WG'96.

Alumni of Multiple Business Schools Converge for Mixer in India

An alumni mixer, the first of its kind, with alumni from Harvard, Wharton, Chicago, Stanford, and MIT (Sloan), was held at The Dome, Hotel Intercontinental, Mumbai on July 27, 2007. **The Wharton Club of India** took the lead in getting the other clubs to participate. Building on the success of the event, a second mixer was held for alumni of the same business schools as well as Kellogg at The Wink, Hotel President, Mumbai on January 25, 2008.

In between those two events, the club held an interesting panel discussion on "Implications of the Emergence of India" on October 25, 2007, at Oberoi Hotel, Mumbai. Visiting leaders from Wharton shared some of the exciting new initiatives at Wharton and also their perspectives on emerging India. The panel included Wharton management professor Michael Useem, Vice Dean of Executive Education Tom Colligan, and Executive Director and Editor-in-Chief of *Knowledge@Wharton*, Mukul Pandya.

New Jersey Hosts Improv Workshop

On Tuesday, January 29, members of the Wharton Club of New Jersey (WCNJ) and their guests gathered for an out-of the-box event that entertained and enlightened all. The program, Improv for Business, received ratings from those in attendance that were among the highest in the club's six-year history. Led by learning development consultant and master of improvisation Eric Brunner, participants loosened their ties, removed their jackets, and interacted in ways they (most likely) never had before — à la the popular improvisational TV program *Whose Line Is It Anyway?* According to **Ken Wolf**, W'87, WCNJ President and event co-chair, "Eric brought out the hidden thespian in all of us, but in a way that had direct applicability to our professional lives. He helped us find ways to be more creative, spontaneous, and accepting and encouraging of others in the workplace, with the goal of producing more positive business outcomes. And he did so in a highly participatory way, resulting in what most would agree was our most uproarious event ever."

Many WCNJ events focus on hard skills like finance, management, and marketing. However, it's often the events that cater to the softer side of business that are the most interactive and memorable. "Increasing member-to-member interaction is one of our primary goals as a club," said Membership Vice President **Jess Germansky**, W'80, EMTM'02. "Events like these are critical to meeting those goals and helping our members to build stronger relationships."

WCNJ highly recommends this event to other clubs looking for an evening of fun, interaction, and professional development — all wrapped up in one.

Connections in Action: A Hotbed in Houston

With a busy slate of Deal Flow Lunches, Speakers' Forums, and Career Networking Groups, the Wharton Club of Houston (WCH) has become a major catalyst for deals and career advancement in the Houston region. Following is a selection of success stories from alumni.

Opportunities in Houston…and Around the World

In early 2004, the WCH established the Career Networking Group to assist members with hiring, job hunting, and career development. At one meeting, WCH member **Ron Orsini**, WG'90, mentioned to **Brian Swain**, WG'90, that Reliant, which Orsini had just left, was looking for a product manager. Swain was interested and qualified and asked for the names of several Reliant vice presidents, whom he called. By the following afternoon, Brian was interviewing for the position, which he received a week later.

Aristide Tchamdjou, WG'01, was searching for a job in the energy sector that would expose him to his native West Africa. A regular attendee at WCH events, Tchamdjou learned during one event of an opportunity with Tenaris and contacted WCH member and Tenaris Manager, **Emmanuel Toutain**, WG'04. Toutain put Tchamdjou in contact with the head of the group that was hiring. Tchamdjou was called in for an interview and offered a job on the West Africa team.

A Chance Question, a New Client, and a New Job

At a Deal Flow Luncheon, a retail store chain owner made a pitch for funding for expansion. WCH Board Member **Mary Jo Martin**, WG'75, asked the owner a follow-up question regarding the importance of marketing data on new store location decisions. In so doing, she gained a new client for market research and analytics, which will help the company to better understand its customer base.

Houston native **Anh Dang**, W'00, returned home after eight years of banking in New York City. Dang began coming to Wharton meetings, including the Career Networking Group. Dang wanted to make a switch to commercial real estate and received industry referrals and contacts from many of the Wharton alumni she met. Martin introduced her to a friend, who introduced her to a former Wulfe & Company broker who had started his own company. He then introduced her to Ed Wulfe. Several weeks later, Dang was offered a job by Wulfe & Company.

Connections with Friends, a Buyer for a Business, and $110 Million in Funding

At the WCH UBS Speakers' Forum Luncheon featuring Dynegy CEO Bruce Williamson, club member **Jim Sorenson**, WG'03, mentioned that his client, Triad Pipe & Steel, was looking to sell. Club President **Evan Betzer**, WG'99, introduced Jim to club member **Chris Krummel**, WG'03, CFO of Enventure Global Technology (EGT), at a private lunch a few weeks later, which ultimately led to EGT's acquisition of Triad in October 2006.

Over drinks at the 2002 holiday party, **Steven Vosko**, W'75 learned of a deal that WCH member and investment banker Betzer was putting together to acquire a paper mill and referred him to a Canadian fund that supplied a $25-million equity commitment.

Another transaction involved the funding of an $85-million real estate project that was pitched to the Deal Flow Lunch by a WCH real estate developer **Jim Noteware**, WG'76, and funded by an attending investment banker from the investment bank of WCH member **Charlie Elliott**, WG'60, Howard, Frazier, Barker, Elliott (HFBE). Noteware has followed this project with others and has continued collaboration with HFBE.

Great Friendships, Consulting Projects, and a Pipeline Deal

Joan Gallagher, WG'92, and **Marla Driscoll**, WG'01, served on the board of the Wharton Club of Houston together for nearly two years. Soon after Gallagher joined El Paso as vice president of human resource for their Exploration & Production business, the president asked her to spearhead a project to review and redesign business processes. Gallagher asked Driscoll, a business process design specialist, to submit a proposal. Driscoll's firm competed in the process with several larger firms and was selected to perform the assignment.

During her previous employment at Torch Energy, Gallagher attended a speaker's breakfast and mentioned during introductions that her company was looking for pipelines to invest in. The next day, WCH member Evan Betzer had a meeting in the offices of Stoneworth Financial with a pipeline deal promoter. The two were introduced and several months later, Torch Energy closed on the deal.

– Evan Betzer, WG'99

Wharton Leader

Bruce Becker, C'83, WG'06

Breaking News as Vice President, Washington Bureau Chief, FOX Business Network

The FOX News Washington Bureau is on the fifth floor in a building with views of Union Station and the Capitol rotunda. Bruce Becker's office faces the set where on-air segments are filmed for FOX Business Network (FBN), and he has three TVs right on his desk so he can stay on top of things. As bureau chief of FBN, Becker is thoroughly engaged in all aspects of the business, from hiring all staff to approving stories to consulting with FOX News in New York on company-wide direction for Washington coverage.

The onetime Penn English major (C'83) and soccer player credits his degree from the Wharton MBA Program for Executives program with helping him move into this leadership position at FBN, which launched last fall.

"I felt that an understanding of how businesses operate would be critical to coverage of Washington for a business channel," Becker says. He also sought to make himself "more viable as an executive, not only a journalist, in the company."

His entire career has been centered on Washington news, first on a local level and then nationally. Born in Chicago, Becker grew up in Bethesda, MD, just outside DC. After graduating from Penn in the mid-'80s, he returned to the nation's capital and worked as a news writer at WTTG-TV, Channel 5. Shortly thereafter, Rupert Murdoch bought the station and it became a FOX affiliate.

FOX BUSINESS NETWORK

Becker moved up to become a producer of, among other things, documentaries and a nightly program called "City Under Siege." Then he worked briefly at WETA-TV, Washington's PBS affiliate, until the recession of the early 1990s negatively affected their funding. It was then that he returned to FOX, and rose to executive producer for its affiliate news operation.

He was there for the founding of FOX News Channel in 1996, and oversaw the network's Washington, DC, editorial newsgathering operation as executive producer, then deputy bureau chief and acting bureau chief. Becker played an integral role in the coverage of news stories from elections to 9/11 and the war in Iraq.

The September 11 attacks stand out for him, he says. "For the first time in my career, I felt that people under my care and supervision were in actual physical danger. We had FOX staffers working at the Pentagon when it was hit by one of the hijacked planes, and there was a real belief that the hijacked plane in Pennsylvania was headed for the U.S. Capitol, where we had producers and camera crews, and which is very close to our bureau... So, under very difficult circumstances, we had the biggest news story of our lifetime unfolding in front of us, and every single person on our staff understood that and performed their jobs extremely well."

A few years ago, Becker started becoming more interested in covering business, with a particular interest in finance, something he says Wharton does especially well. He says the demands and rigors of the Wharton MBA Program for Executives are comparable to those of a traditional MBA at Wharton, and he appreciated the mandatory maximum completion time of two years.

From May 2004 to May 2006, Becker left Washington every other Friday on a 6:00 a.m. train bound for Philadelphia, arriving just in time for his first class at Wharton. Many of his classmates took the train with him, and now he meets up with fellow alumni about once a month. "It gives us a good forum to bounce ideas around and solve problems," he says.

Does being from the Washington, DC, area give Becker a special advantage for covering Washington that transplants may not have? Somewhat. He sounds a refrain that perhaps only those who live in Washington can understand: Because of the nature of politics, he says, "Faces change... being here over 25 years doesn't help."

But, he says, "Having covered Washington for so long allows me to see patterns developing sooner. Members of the news media often run in packs, and I like to think I can see when the pack is running in the wrong direction and avoid that mistake." Also, he says, "knowing how these things played out in the past helps you anticipate what might happen in the future."

— Scott Shrake