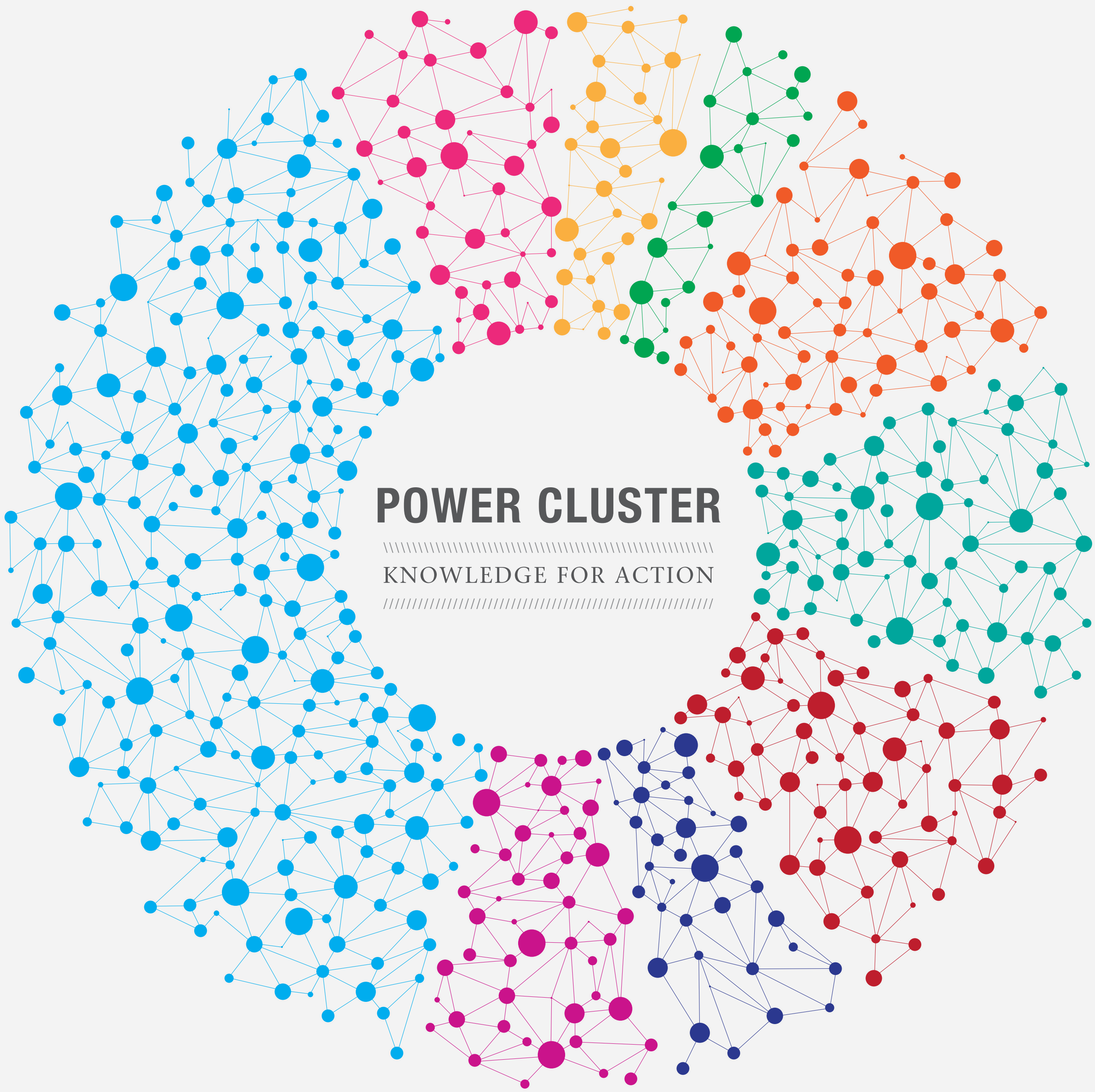
WHARTON

MAGAZINE



EDITION TWO | SPRING 2012

88,000 alumni | 150 countries | leading across industries

The Power of Wharton Knowledge, p.26

Wharton turns the brand lens on itself.

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Laurie Phillips

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FARAZ KHALID, WG'12

Wharton Follies did it again in 2012, captivating the audience with a blend of comedy, music and dance. The club performed at the Annenberg Theater from Feb. 23 to 25.

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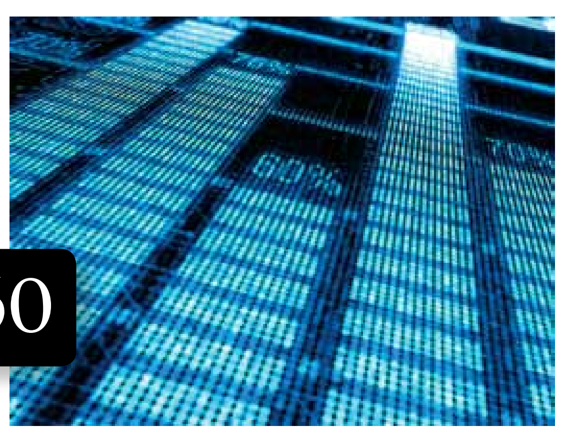

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EDITOR'S LETTER

Knowledge Empowered

Perhaps no better example of the power of Wharton knowledge exists than **Corrado Passera, WG'80,** picked by Prime Minister Mario Monti to join his cabinet and steady the Italian economy. If Italy were to go the way of Greece, the Eurozone would wobble, and the world's financial markets would tremble with it. Best not to think about it and instead wish Minister Passera as much luck as he might need.

Dr. Boediono, GrW'79, is also steering a country through economic trouble; the vice president of Indonesia champions a harmonious economic policy in his home country of Indonesia and across Southeast Asia. As you'll find in reading our preview of the upcoming Global Alumni Forums (for which Passera and Boediono are playing prominent roles), numerous Wharton alumni are applying their Wharton educations toward real-world consequence as public servants.

Alumni are attempting to right the U.S. healthcare system, innovation by innovation. Read more about it in "A Wharton Prescription for Health Care."

And as we might expect from Wharton, alumni are having impact in the worlds of banking, private equity, technology and consulting in New York, London, Hong Kong and Dubai, as well as across all fields and national borders.

These leaders of industry, finance, philanthropy and government at once strengthen the Wharton brand and exemplify it, and benefit from it. Their stories are at the heart of a new brand platform focusing on Wharton knowledge and its consequence in the world.

It is with much excitement that we share the genesis of the "Knowledge for Action" campaign in our cover story "Knowledge and Consequence."

Matthew Brodsky
Editor

A MESSAGE FROM THE DEAN

When Benjamin Franklin presented his vision for the institution that would become the University of Pennsylvania, he proposed that "true merit" in human endeavor should be viewed as "an Inclination join'd with an Ability to serve Mankind." This quality, he argued, was instilled and expanded by education, "and should indeed be the great Aim and End of all Learning."

At Wharton today, we hold fast to Franklin's values. The aim and end of all our learning here—whether in the classroom, in our research centers, or in our collaborations with government and industry—is to create knowledge with consequence for the world.

Wharton's comprehensive brand and identity initiative certainly revealed as much (see story on page 26). Rigorous research and self-analysis has unearthed a powerful, flexible theme of which we can all be proud. "Knowledge For Action" draws upon the great qualities that have always been in evidence at Wharton—rigorous research, dynamic thinking and thoughtful leadership—and catalyzes them for a powerful amplification of our brand.

Innovation, global presence and social impact still form the foundation of all that we do at Wharton, but now with this brand communications platform, we have some exciting new ways to tell our distinguished and ongoing story.

Thomas S. Robertson
Dean and Reliance Professor of Management and Private Enterprise

ON THE WEB
The Dean's Blog
More from Dean Robertson at whr.tn/FromTheDean.

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THE INBOX

Like Inuits, Please

Here in Canada and also in Greenland, the term "Eskimo" has fallen out of favor, as it is sometimes considered pejorative, and has been replaced by the term "Inuit." In fact the Canadian Constitution Act of 1982, Sections 25 and 35, recognized the Inuit as a distinctive group of aboriginal peoples in northern Canada. (See the letter "Like Eskimos—Really?," P. 7, Fall 2011.) [The letter writer's] comment, "You can't teach morality or legislate it," has some truth, but if he ever patronized a Yellowknife bar on Friday night and used the word "Eskimos" to describe a group of diamond miners from north of Great Slave Lake, he might get an earful or, worse, end up, to the embarrassment of his family, as a news item in the *Yellowknifer*, the local newspaper that services the Northwest Territories.

Ross S. Preston, C'62, G'67

An Energy Policy Thought Leader

Reading "What Is the Real Cost of Cheap Energy?" (Winter 2012, P. 66-70), I was dismayed that **Jeremy Rifkin, W'67,** the senior lecturer at the Wharton's Executive Education Program who has been influential in shaping public energy policy around the world, was not mentioned. Rifkin may be controversial in this country, but his ideas are being put to the test in Germany, where energy use has achieved 20 percent green sourcing, and in many other countries. I am thrilled that Rifkin is teaching at Wharton, and sorry you missed the chance to let *Wharton Magazine* readers become aware of his ideas in your otherwise excellent article.

Daniel Turner, WG'65

Editor's note: We may have missed this opportunity, but we did profile Rifkin in our Winter 2008 issue.

Path of Glory

It was an interesting article in the Fall 2011 edition on sustainable business practices ("Sustainable Survival in a Volatile Economy," P. 18-24). The article was predicated on a sense of market rhythm equated with an entertainer's nonconsensus path, nontraditional performance; the goal of long-run, strong financial returns despite undermining prevalent short-term strategies; and courage of convictions and patience to consider all diverse stakeholders, a requisite particularly in economic stress times. They are a proxy for quality business management strategy, perhaps even fantastic results.

William Boyd Katz, W'60

Send your letters via email to letters@whartonmagazine.com or via traditional mail to: Letters, Wharton Magazine, Wharton External Affairs, 344 Vance Hall, 3733 Spruce Street, Philadelphia, PA, 19104-6360. Letters may be edited for clarity or brevity.

Debrief

Bound to Survive

A Wharton-inspired charity is preparing to summit new heights.

Mike King, WG'10, atop Mount Kilimanjaro during a previous ascent.

ON THE WEB
Support the mission at www.survivorsummit.org.

Mike King, WG'10, and his three brothers held an informal innovation tournament on a roof bar in Austin, TX. The brothers King had just finished a LIVESTRONG Challenge in honor of their father and Wharton instructor **Paul King,** who had been diagnosed with prostate cancer. The Kings brainstormed over "what can we do to take our fundraising and support to another level," and Mike's answer was Survivor Summit Foundation.

This June, the charity will take 20 people, many of them cancer survivors, on a trek to the top of Mount Kilimanjaro in Tanzania. Participants must raise at least $10,000, with all proceeds going to the Lance Armstrong Foundation.

Survivor Summit officially launched in late December 2011, yet its first venture is fully booked. Its success can be traced, in part, to its rare partnership with LIVESTRONG—this is only the fifth time the charity famous for its yellow bracelets has agreed to such a relationship. On the day of Survivor Summit's launch, both the CEO of LIVESTRONG and Lance Armstrong tweeted about it. (King was the first-ever Wharton MBA to intern with LIVESTRONG. See "The Road Less Traveled," *Wharton Magazine,* fall 2009, P. 21.)

On that first day, people from 72 countries visited the Survivor Summit website. King watched the Web traffic trend up like a "hockey stick."

"This overwhelming response was a powerful reminder of how many cancer affects," he says.

King has also been powered by Wharton. If the Kilimanjaro trek sounds similar to Wharton Leadership Ventures (WLV), that's because it is. King participated when he was a student. He also took courses from **Karl Ulrich**, CIBC Professor of Entrepreneurship and eCommerce, vice dean of innovation and proponent of the innovation tournament concept.

"When I think that Mike is using skills and inspiration that he learned at Wharton from professors like **Jeff Klein** and Ulrich for Survivor Summit, I feel a great sense of optimism that Wharton is helping to shape leaders who have a strong sense of social responsibility and who will make our world a kinder and better place," says his father Paul.

Wharton's influence extends beyond King's two-year MBA. He contacted Ulrich by email when he was getting the Survivor Summit site off the ground, and Ulrich responded with advice.

"Which I, in essence, followed to a T," King says.

He also reached out to Klein, director of Wharton's Graduate Leadership Program whom King met while participating in WLV.

"My first reaction when he told me his plan was, 'He'll pull this off,'" Klein says. "In launching the Survivor Summit, Mike has incorporated key [Wharton] lessons from strategy, negotiations, operations management, entrepreneurship, marketing, finance and leadership."

Klein helped provide a "stress test" for the Survivor Summit business plan, and he put King in touch with Chris Warner, famed mountaineer, proprietor of Earth Treks and frequent leader on WLV trips. Warner will head the Kilimanjaro trip and aided King in programming a "leadership and educational component" into the venture, King says.

With this year's expedition already taking care of itself, according to King, he is looking toward the future. More than a dozen people are on the list to participate in 2013. He also eyes the possibility of expanding the charity's "What's Your Summit?" initiative, through which survivors identify their own goals or challenges to overcome. He foresees an expansion of trek offerings and outreach to other survivors, such as military veterans or individuals who have overcome diseases other than cancer.

Whatever King does, he plans to continue taking it to "another level" through his charity's three goals: to provide hope and inspiration, to shatter stigma and to raise funds for innovative charities. King is joined on the charity's board by his father; brothers Paul, Brian and Matt; and friend Chris Callahan.
—By Matthew Brodsky

Resolution and Hope in Post-Genocide Rwanda

PETER TATRAI, WG'13/DAN BAKER, LPS'10, WG'12

An executive of MTN, Africa's leading telecom provider, says goodbye after meeting with the class.

Seventeen years ago, Rwanda was consumed by chaos. Radical Hutu elements slaughtered nearly 1 million people—Tutsis and moderate Hutus—in only 100 days. Today, Rwanda is considered one of the safest African countries. It is an incubator of entrepreneurship and innovation. This January, 27 Wharton students traveled to its capital Kigali for three days to find out how this transformation occurred.

Led by **Katherine Klein,** the Edward H. Bowman professor of management, these students took part in Management 893, a Global Modular Course titled "Conflict, Leadership, and Change: Lessons from Rwanda." Klein created the course after seeing Rwanda's metamorphosis for herself last year.

Klein was struck by the magnitude of the country's transformation and its unique applicability to a number of management issues taught at Wharton, such as intergroup conflicts, prejudice, conformity to authority, transformational leadership, procedural justice, organizational change and visionary leadership.

"All of these things, as I reflected on Rwanda, are present in the extreme," she says.

She teamed up with **Eric Kacou, WG'04,** born in the Ivory Coast, who leveraged his significant Wharton network on the African continent to develop three days packed with site visits, discussions and meetings with Rwandan leaders.

The first day dealt with the conflict of the 1994 genocide and the ensuing efforts toward reconciliation. The group visited the Kigali Genocide Memorial, where they heard testimony from a genocide survivor, and discussed the controversial and innovative gacaca system—a network of community courts through which accused genocidaires are tried by their fellow community members.

Liz Dahan, a first-year MBA, said that hearing the survivor's story was particularly touching.

"First of all, how courageous of him to be able to share it," she says. "That's something that I think we were all really hungry for as witnesses to this transformation."

The second day focused on leadership, and students had the opportunity to meet with the ministers of defense and gender. The topic of leadership was of special interest to second-year MBA **Soumya Pati.**

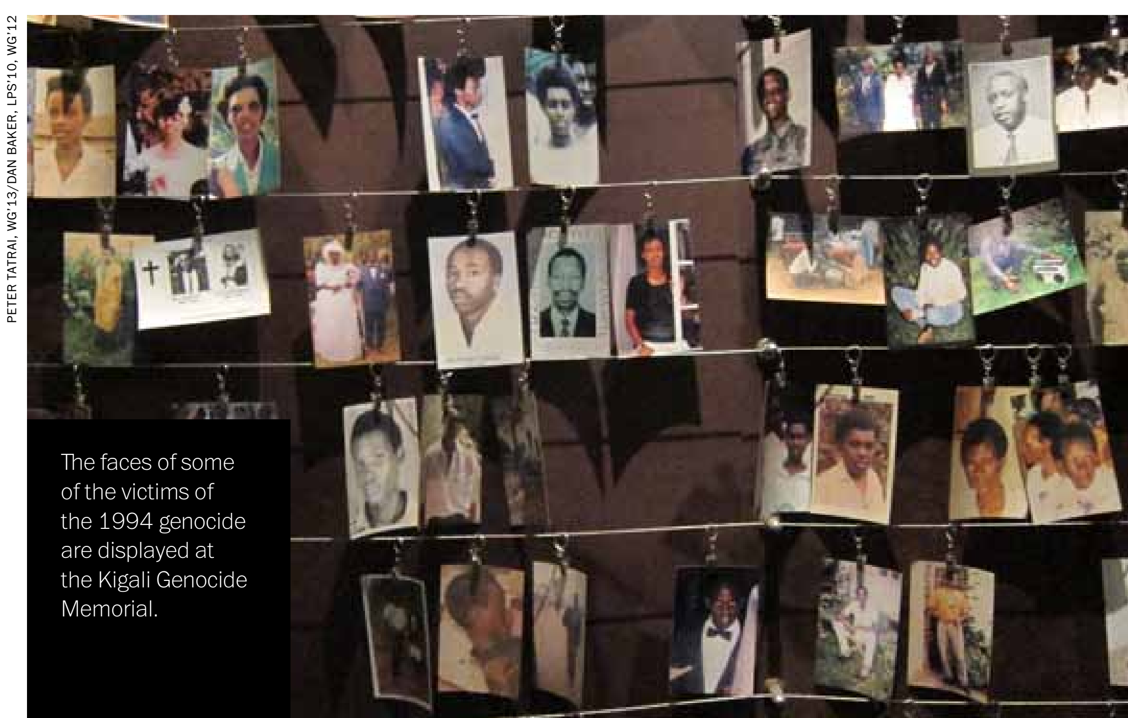
"There's a vision which is decided upon at the highest level, they come up with a plan on how to implement it, and then it is communicated through all the different levels right down to the village level," she said.

Day three emphasized Rwanda's economy and featured meetings with local and foreign business leaders. Participants like Dahan and Pati left the country invigorated to become ambassadors for Rwanda and to spread the word of its impressive transformation. Yet Rwanda's future is not set in stone.

"Rwanda touches my heart and my head," Klein says. "I think it's impossible not to be incredibly moved by the genocide and the sense of hope in the place, and that's all the heart. And the head is, can this last? And how effective is this? Yes, we see tremendous amount of change, but what's it going to look like in 10 or 20 years?"

Klein hopes to repeat this modular course on an annual basis, where she and her students will continue to wrestle with these complicated and thought-provoking questions.

Global Modular Courses expose students to a unique firsthand exposure to business challenges and opportunities in regions undergoing rapid change.
—By Paul Richards, C'10



PETER TATRAI, WG'13/DAN BAKER, LPS'10, WG'12

The faces of some of the victims of the 1994 genocide are displayed at the Kigali Genocide Memorial.

SHIRA YUDKOFF

Minding The Gap in Business Education

Keith Weigelt, the Marks-Darivoff Family Professor in Wharton's Management Department, decided to do something about a gap that he sees in American education—the absence of a business curriculum for high schools. Although some schools offer accounting or other business-related classes, no comprehensive package of instruction exists to prepare teenagers for college courses or their professional lives. Weigelt reasoned that such a curriculum would be especially useful in schools serving underprivileged neighborhoods near the Penn campus.

"I got all of the approvals, so I just went to West Philadelphia High School and started teaching," he says.

When the class started four years ago, it was an after-school program. After two years, West Philadelphia High School slotted Weigelt into the regular school day. He taught decision-making, negotiation and sales presentation, and he brought the students to Wharton to impress upon them the value of a college education. At present, his financial literacy course has been taught at three high schools and two elementary schools.

"I want to build on Wharton's legacy as the first business school for undergrads by being the first to offer a business curriculum for high schools," he says.

Working in inner-city schools also is a way for Weigelt to pursue his long-standing commitment to social justice. As a young man, Weigelt was involved in the civil rights movement.

"I've been following the disparity between the wealth of blacks and wealth of whites since the 1960s," he says. "The disparity has been growing. I decided to ask if there is there anything we can do about it."

Sherryl Kuhlman, director of the Wharton Program for Social Impact and the Wharton-Netter Center Community Partnership, has assisted Weigelt in translating his ideals into action.

"Keith is incredibly dedicated," Kuhlman says. "This is his vision, and he is leading the charge."

With help from his high-school students, Weigelt is fine-tuning his curriculum with the hopes that it can be used at any high school in the United States, or even around the world. His class at University City High School also built a Facebook page and a website for the venture.

"The students know the language kids speak and what kids want much better than I do," Weigelt says.

The curriculum will involve six courses. He has completed and piloted four: financial literacy, entrepreneurship, decision-making, and negotiation and sales presentation. Two more—leadership development and marketing—are in the works for next school year. When the curriculum is introduced to a new school, Weigelt plans to teach the classes the first year while teachers observe. The next year, the school's faculty will take over.

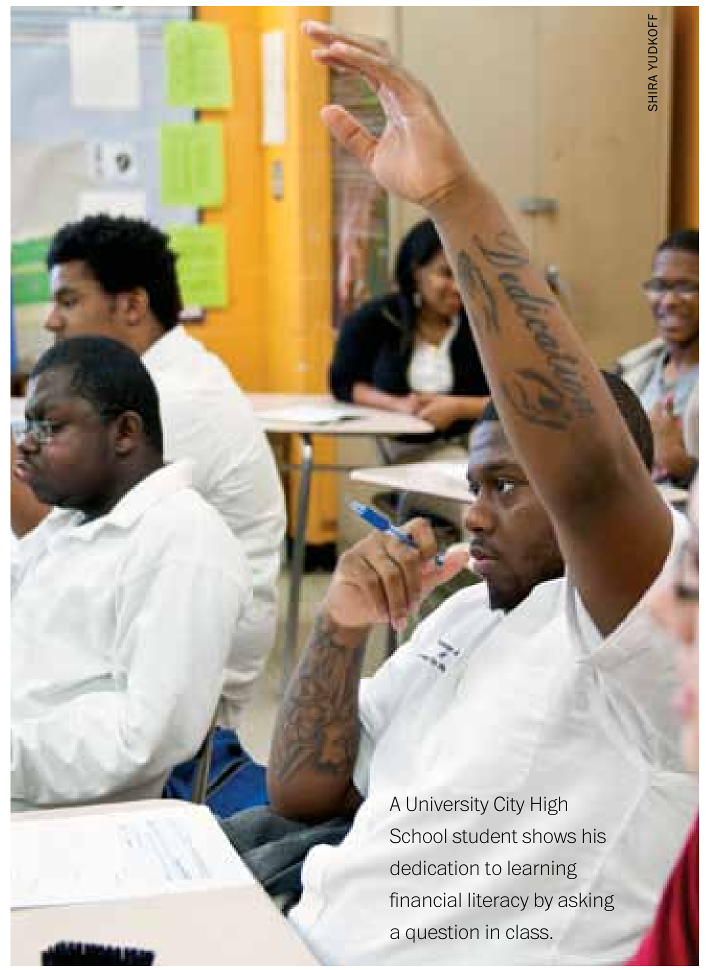
Wharton undergraduates have assisted Weigelt with his work in the high schools.

"The undergrads are very valuable. The more you can get one-to-one relationships, the better students learn," Weigelt says.

Wharton students want to be part of ventures like this, Kuhlman adds.

"Our students want to learn in the community. They want to make a difference," she says.

—By Robert Preer



SHIRA YUDKOFF

A University City High School student shows his dedication to learning financial literacy by asking a question in class.

Greatly Missed

We remember three valuable members of the Wharton faculty.

At the end of 2011, Wharton lost three influential faculty members: **Morris Hamburg, C'43, GR'52,** professor emeritus of statistics and operations research; **Robert J. House**, professor emeritus of management; and **Howard V. Perlmutter,** professor emeritus of social architecture and management.

Committed Teacher With Wide Impact

A renowned and often-honored teacher and mentor, Hamburg impacted generations of students, including **Paul E. Green**, professor emeritus of marketing, whom he advised during his early development of conjoint analysis, a statistical method for determining how consumer value different features of one product or service.

Hamburg earned his undergraduate degree from Penn and began teaching at Wharton in 1946 while earning his Ph.D. under Economics Nobel Laureate Professor Simon Kuznets. Hamburg's principal fields of research were managerial decision analysis, forecasting and planning, economics, securities markets, and industrial basic and applied research.

He directed studies on urban economic planning and managerial information systems for universities and large public libraries. In the 1980s, he was chairman of an advisory committee to the U.S. Department of Energy, for which he was commended for his service.

Colleague **Abba M. Krieger,** Wharton's Robert Steinberg Professor, remembers Hamburg as an extremely wise person often used by the university to negotiate and work through difficult situations.

"He would have been a wonderful dean," Krieger says, "but as Morris often quipped, 'The best title in a university is professor.'"

Morris Hamburg died on November 14 at the age of 89.

On Global Organizational Behavior and Leadership

House was a dedicated scholar who was committed to D.O. Hebb's maxim that "a good theory is one that holds together long enough to get you to a better theory." House held several faculty appointments prior to joining Wharton in 1988 as the Joseph Frank Bernstein Professor Endowed Chair of Organization Studies.

House's research into the role of personality traits and motives related to effective leadership and organizational performance led him to develop his theory of "charismatic leadership." He was the principal investigator and founder of the Global Leadership and Organizational Behavior Effectiveness (GLOBE) Research Program beginning in 1993, which examined 62 societies for 10 years for the impact of cultural and societal difference on organizational behavior and leadership. Colleague **Steve Kobrin,** the William H. Wurster Professor of Multinational Management, noted, "It was a very ambitious undertaking that has made a major contribution to the field."

Robert J. House died November 1 at the age of 79.

Visionary of Globalization

Nearly 40 years ago, soon after starting teaching at Wharton in 1969, Perlmutter predicted the development path of multinational institutions in a paper that is considered the foundation for globalization scholarship.

According to colleague **Mauro F. Guillén,** the Dr. Felix Zandman Professor of International Management, Perlmutter's most important contribution was the concept of "mindset" in the context of the multinational firm.

"Howard so simply and elegantly captured the mindsets of multinationals that his work will remain one of the most fundamental readings in IM," Guillén says.

Perlmutter was also known as an approachable person whose legendary ability for connecting with listeners earned him the nickname "the Pearl." He was the founder and director of the Worldwide Institutions Research Center and chairman of the Multinational Enterprise Unit. He served as an adviser to the Canadian and U.S. governments; the World Health Organization; and numerous firms, universities and municipalities.

"He had an amazing mind and an ability to focus on big issues," Kobrin says. "He really wanted to make the world a better place."

Howard V. Perlmutter died November 8 at the age of 86.

—By Kelly Andrews

In Support of the Expat Experience

Today's companies operate within a global context and serve diverse, international constituencies. Executives and leaders within these organizations are expected to understand the needs of these communities and respond to them.

According to Mike Wittman, vice president of supply chain at Mars Chocolates, business leaders can gain the soft skills needed for this task by living and working abroad. The experience, he said, could result in "much greater appreciation [of the] value for the diversity of the cultures, and within the culture the diversity of the people [and] the diversity of the market place."

Wittman went on to say that his continued work abroad gives him "a whole new lens to look at the world."

Wittman shared his insight with eager MBA students during Wharton's 2011 Management Conference. He served as part of the panel on the "Importance of Global Experience," which also featured Wharton alumni **Mark Wright, WG'03,** director of controlling at BASF Corp., and **Oliver Engert, W'86,** director at McKinsey & Co. **Witold J. Henisz, HOM'05,** the Deloitte & Touche Associate Professor of Management in Honor of Russell E. Palmer, moderated the panel.

Answering the unspoken question in the room, the panelists discussed how it can be difficult to move abroad due to family and personal constraints. Still, they concluded, the benefits outweigh the costs.

As Wright stated, "There are always lots of reasons you can come up with not to do it … [but] there are a lot of opportunities at every stage of life to [move abroad], and I would certainly encourage people to take that risk."

Moving often, however, can create an added level of difficulty when maintaining business networks. To help maintain connections, Engert had three clear recommendations for MBA students, as well as any globe-trotting businessperson: reach out and celebrate successes that are beneficial to both parties, ensure that your relationship is not only about business but also has some personal ties and actively work to maintain your network even after leaving a location.

"Be active in keeping your face and name in front of the decision-makers," Wright added.

—By Amanda D'Amico

NEWS BRIEFS

Partnership With Ernst & Young to Provide Insight on G-SIFI Destinations

Knowledge@Wharton teamed with Ernst & Young to release a video series titled "SIFI Rules are Recasting Global Banking" to discuss how G-SIFI designations could impact international finance and where the opportunities may exist. The global financial crash has set off a raft of new financial regulation at the local and international levels. One particularly notable development is the move to identify the largest global banks—those capable of causing the most damage to the global financial system should things go wrong—and then to tailor risk-reducing regulations for them. The new rules for these systemically important financial institutions (SIFIs) set more stringent capital and liquidity requirements, which are causing the largest global banks to restructure their businesses in important ways.

Wharton Executive Education Program to Help Business Leaders Identify Foreign Growth Opportunities

The Aresty Institute of Executive Education at the Wharton School announced a first-of-its-kind executive education program, Leading in Foreign Markets, which has been developed to meet the needs of business leaders working in foreign countries and cultures. The week-long program, held in April 2012 on the Wharton School's Philadelphia campus, addressed every aspect of leadership in an unfamiliar environment. Leading in Foreign Markets provided the knowledge and tools leaders need, including new perspectives on marketing, internal management issues, accounting and finance. The program was designed to help participants overcome cultural and language barriers, as well as navigate new regulations, marketing environments, incentive issues and business acumen. Leading in Foreign Markets offered a unique opportunity to learn from world-class faculty and a network of global peers how to lead, manage and motivate people in a different culture or country.

Economic and Social Turmoil Risk Reversing the Gains of Globalization, Report Warns

The world is vulnerable to further economic shocks and social upheaval undermining the progress that globalization has brought, warns the World Economic Forum in its Global Risks 2012 report. The experts at the Risk Management and Decision Processes Center at Wharton participated in the report, which includes findings from a survey of 469 experts and industry leaders. The report indicates a shift of concern from environmental risks to socioeconomic risks compared to a year ago. Chronic fiscal imbalances and severe income disparity are the risks seen as most prevalent over the next 10 years. These risks in conjunction threaten global growth because they are the potential drivers of nationalism, populism and protectionism at a time when the world remains vulnerable to systemic financial shocks, as well as possible food and water crises.

FROM THE VAULT

They don't make Reunions like this anymore. The Class of 1887 paraded through campus during their 20-year celebration dressed as the Three Musketeers. Included in the photo, somewhere, is philanthropist and Wharton alumnus **Samuel F. Houston,** who played football and baseball and rode crew while at Penn. The Class of 1887 were captured again in photo in 1948. Houston is seated at the far right. The off year—it was their 61-Year Reunion—could explain why only six gentlemen attended.

According to *The Record,* the undergraduate yearbook from 1887, the "cream of the Class entered the Wharton School." Out of 109 students in the Class of 1887, 15 finished with undergraduate degrees from Wharton.

"The collection is interesting, and worth a moment's study," the yearbook's authors wrote. The Wharton class included: "the late Mr. Smaltz, so called for his way of coming into recitations after the hour had begun; Brock, who probably entered a School of Finance and Economy, thinking that he could economize in study; … Young, the great champion of Henry Clay, particularly of his private life; … MacLean, a lamb-like boy, who, for all the drilling of the Wharton School, will never make a bull or a bear; … and Sam Houston, who, owing to heart troubles, has not done himself justice the present year."

Defining Business

KWHS launches a way to help young students decipher business jargon in a fun and engaging way.

Launched in March, a video glossary of business terms on the *Knowledge@ Wharton High School* (KWHS) website helps teens who might be tripped up by an unfamiliar concept while reading articles posted on the site.

"When you are introducing high-school students around the world to the basics of business, one of the biggest challenges they face is learning the vocabulary," says **Mukul Pandya**, executive director and editor-in-chief of *Knowledge@Wharton*, who conceptualized the video glossary.

Rather than posting a simple dictionary on the site, Pandya added a novel twist: Wharton professors were recruited to produce videos explaining various business terms related to their particular field of study. When readers come across an unfamiliar term in an article posted on the site, they can click on the term to open a new window for the video glossary.

"This makes it more memorable for them, and it plays to the strengths of the Wharton faculty," Pandya says.

Shawndra Hill, assistant professor in the Operations and Information Management Department, has defined terms for the glossary related to her research in predictive modeling in social network data, using humor to better catch the attention of young people. For instance, in the video glossary, Hill defined "data mining" as "the process of extracting novel, interesting and useful patterns from usually large scale data. An urban legend says that data-mining techniques helped stores learn that on Friday afternoons, young American males who buy diapers are also likely to buy beer."


Glossary

← Return to Glossary

Bear/Bull Market

Gavin Cassar, Professor of Accounting
The Wharton School

"A bear market is a general decline in a financial market over a period of time, usually applied to stock markets. The recent bear market has resulted in substantial losses for investors. A bull market is a general upward trend in a financial market over a period of time, usually applied to stock markets. The recent bull market has resulted in substantial gains for investors."

And her definition of "online privacy" is a valuable lesson for students:

"Online privacy involves the ability to control what information you reveal about yourself over the Internet, and to control who could access that information. Protect your online privacy. Don't ever put anything online that you wouldn't want to show up on the front page of *The New York Times,* or that you wouldn't want your grandmother to see."

Hill is gratified to participate in a project that exposes young people to potential business fields in a way that excites them.

"It was great to have an opportunity to put some color into these terms, to help the students learn more about business as a potential area of study for them," she says.

Currently, the glossary contains 270 business terms, and 80 more are in production, says **Diana Lasseter Drake**, editor of *Knowledge@Wharton High School*. Her team hopes to post hundreds more.

"This is a great way for students to demystify business jargon that gets used often in business articles," Drake says. "It also showcases the wonderful faculty at Wharton and their depth of knowledge."

The next phase of production will also feature video explanations from high-profile business figures, she says.

KWHS is a member of the *Knowledge@Wharton* global network.

—By Katie Kuehner-Hebert

ON THE WEB
Visit the glossary at whr.tn/KWHSGlossary.

WHARTON FOLLY

Fueled With Knowledge for Action

MICHAEL WITTE

Update Your Email Address

Keeping your email address up to date with Wharton is easy. Simply visit us online at whartonconnect.com and follow this four-step process.

1. Log in with your Wharton alumni username and password.*
2. Click the "My Profile" link and then click the "Edit" icon next to "Contact Info."
3. Enter your new address.
4. Finally, click "Save Changes."

*If you do not know your Wharton alumni username and password, please contact Alumni Relations at alumni.relations@wharton.upenn.edu. Please note: In order to maintain security, we cannot give out passwords by phone.

Bottom Line

Wharton undergraduate and MBA students are having success with their post-graduate career plans, according to the latest career statistics. The following numbers are based on the MBA Careers 2011 and Wharton Undergraduate Class of 2012 Career Plans Survey reports.

$66,412 Average salary of a Wharton undergrad degree recipient coming out of school, up from $59,852 in 2009.

638 Number of MBA Class of 2011 reporting job offers, out of 661 seeking employment.

1/3 Nearly the ratio of undergraduate students who completed a dual-degree program.

12.4 Difference in percentage points between undergrads and MBAs accepting jobs within the U.S. Nearly 90 percent of undergrads accepted jobs in the U.S., while 77.6 percent of MBAs accepted offers within the U.S. The second top location was Asia (Hong Kong specifically for undergrads).

85.8 Percentage of undergraduates who were employed full time after graduation, up from 82.8 percent in 2009.

$120k The overall average starting salary for 2011 MBAs.

ON THE WEB
See the full Power Series lineup at whr.tn/WhartonPowerSeries.

Dining With Alumni Du Jour

Wharton MBA students gain perspective on future career paths through the Wharton Power Dinner Series.

What's the hot dining trend at local restaurants in Philadelphia this year? Wharton alumni breaking bread with MBA students. Called the Wharton Power Dinner Series, the new program held 13 events during the fall and has plans for at least another 10 this spring.

More than 340 students have already participated, meeting alumni from such diverse firms as ESPN, Comcast, Godiva, Google, Guardian Capital Partners, NBC Universal and the Trump Organization. Some dinners involve one alumnus and 12 students (and a long waiting list), while other events feature a "speed dating" style of discussion among multiple alumni and as many as 30 students.

In December, **Leah LaPlaca, WG'01,** vice president of programming and acquisitions at ESPN, dined with about a dozen students.

"It was a nice way as an alumna to reconnect with the school and a nice way for students to interact with someone within a certain industry who came from Wharton—a friendly face," LaPlaca says. "The questions were top notch, the students were very smart, and they knew a lot about the sports and media industries."

One topic of particular interest was how ESPN was going to leverage the increasing use of technology, she says.

"It's really about making sure we are able to feed content to any platform—Internet, mobile, TV, audio," LaPlaca says. "Fans are consuming content anywhere, using the best available screen."

Nimish Jain, a first-year MBA student who attended that dinner, enjoyed the "free-for-all" questioning that LaPlaca fielded about her time at Wharton, taking advantage of all that the School offers, navigating the recruiting process in the sports and media industries, and what it's like to be a woman in her field.

"I thought it was great to have someone in a nontraditional field speak to us," Jain says.

Dave Marberger, WG'00, senior vice president and chief financial officer at Godiva, enjoyed connecting with current MBAs in a "relaxed, less formal setting." His dinner conversation spanned classroom questions, practical business and career advice, and inquiries from Godiva chocolate fans.

"The questions they asked me about the business were excellent and stretched my thinking," Marberger recalls. "I left the dinner rejuvenated by the excitement of these MBAs," he says, adding that he looks forward to doing it again.

The dinners are part of the overall Wharton Power Series developed by the Student and Young Alumni Engagement Initiative, and includes speaking engagements by alumni luminaries and virtual panels.

—By Katie Kuehner-Hebert

"It was a nice way for students to interact with someone within a certain industry who came from Wharton."

How to Have Simulated Success in Business

The new Wharton Senior Capstone course gives undergraduates a hearty taste of real-world pressures.

Zachary Lyons, a Wharton senior who lives in the Bahamas, gave up five days at the beach to come back to campus in early January to take part in a new pilot course, the Wharton Senior Capstone simulation.

"It was worth it," says Lyon, who is concentrating in marketing and management with a minor in history. "I think it was really an intense experience, which you don't really expect coming in, but it was good to see how much of the knowledge you were able to use. It kind of showed how much we learned, how far we had come in four years at the School."

The pilot was so successful that efforts are being made to add the course permanently to the curriculum in 2013.

The half-credit, pass-or-fail program (WH 398X) involved 52 seniors, divided into six teams: three manufacturing companies and three service providers. Over four days, the students formulated business strategies as they dealt with interteam and intrateam dynamics, various challenges and crises, and potential merger-and-acquisition negotiations. The simulation played out in four rounds, each round equaling one year.

To succeed, the students leveraged their finance, management, marketing, accounting, operations and leadership abilities in their attempts to increase their companies' market share, profits and total shareholder value. They also considered social responsibility, all while experiencing the time pressures of a real-world-like setting.

Georgette Chapman Phillips, vice dean of the undergraduate division, says the simulation "touches on all of those crucial academic areas and puts them into experiential light. ... It was real-time decision-making without disciplinary boundaries."


KENDALL WHITEHOUSE

Phillips, who also serves as Wharton's David B. Ford Professor of Real Estate and a professor of legal studies and law, found the simulation at Wharton Executive Education.

"The [Capstone] hits on exactly the right skills that we hope for the undergraduates to hone in on," she says, adding that Wharton's Graduate Division also assisted with the Capstone.

"This [simulation] had never been done with an undergraduate population before. It had only been done with corporate executives, high-level executives," says **Hoi Ning Ngai,** associate director of academic affairs and advising.

The simulation, says participant **Bahja Johnson,** a senior who is concentrating in marketing and legal studies, is a way for students to "get into the nitty-gritty of the program and not be worried about a grade."

"For me, I would do it again in a heartbeat, and I would encourage everyone to do this," she says, adding that the program also included fun social activities.

In addition to strategy and decision-making, students reflected on their teams' dynamics and cooperation, according to **Aviva Hirschfield Legatt,** associate director of the Undergraduate Leadership Program, who served as a project manager for the Capstone with Ngai.

The program also demonstrates the Undergraduate Division's agility in developing new coursework. The Capstone came together quickly, Ngai explains. Initial discussions occurred during the summer of 2011, with plans ramping up over the fall and culminating in the simulation pilot, which took place from Jan. 7 to 10, 2012.

—By Anne Freedman

Debrief

THE BOOKSHELF

Just a few of the newer books on the market written by Wharton alumni.

On Equal Terms: Redefining China's Relationship With America and the West

BY ZHENG MINGXUN, WG'61

Currently a board member and advisor to companies in China and elsewhere in Asia, **Zheng Mingxun, WG'61,** has enjoyed a storied career that spanned the globe and the corporate, public and political sectors. Classmates and other Wharton constituents might recognize him by his Anglicized name, Paul Cheng. With his latest book, he applies his vast experience toward large and noble ambitions, to "offer a foundation for greater understanding between China and the West," as he writes, an important goal given the multipolar geopolitical world he sees us entering. He tackles the task with snappily titled chapters—like "The Chinese Piggy Bank" and "Guns and Roses"—that help to explain China's form of government, why relations could be rocky for the coming decades, the U.S. trade deficit with China and how China has become a major player in alternative energy, among other topics. Also look for a foreword by Wharton School Dean **Thomas S. Robertson**.

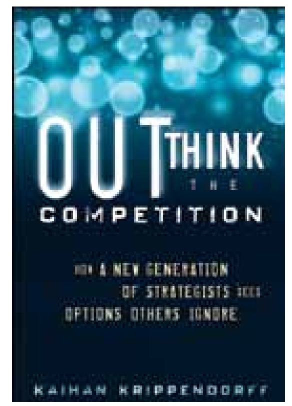
Demand Better! Revive Our Broken Healthcare System

BY DAVID B. NASH, WG'86, AND SANJAYA KUMAR

What are the 11 common myths about the U.S. health-care system? Why do they persist, how does the quality of health care (or lack of it) come into play and how can we move past them to an improved system? **David Nash, WG'86,** and co-author Sanjaya Kumar provide answers in an easy-to-digest 224 pages.

Outthink the Competition: How a New Generation of Strategists Sees Options Others Ignore

BY KAIHAN KRIPPENDORFF, ENG'94, W'94



The fourth book from consultant, strategist, investor and Fast Company blogger **Kaihan Krippendorff, ENG'94, W'94,** *Outthink the Competition* is a culmination of 10 years of work with more than 5,000 executives and entrepreneurs. The book is a guide to following Krippendorff's "Outthinker Process," in which business leaders toss the old rules of the game and create their own rules in today's disruptive and revolutionary environment.

SAM LUNDQUIST

A CAMPUS WITH A VIEW

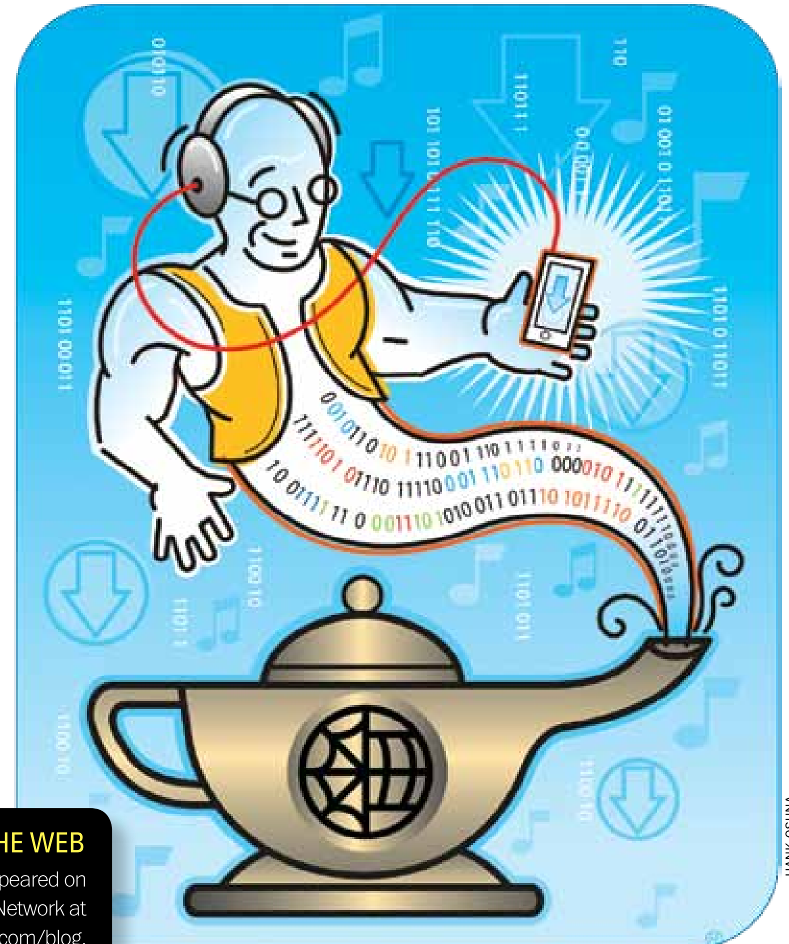
The view of the Bay Bridge from one of the windows of the Hills Brothers Building, new site of the Wharton | *San Francisco* campus.

WHARTON BLOG

BY KEVIN WERBACH

Digital Content: The Half-Full Glass

Digital distribution is a success, although proposed legislation in Congress might make you wonder if Internet downloading has been a giant disaster for businesses involved.


HANK OSUNA

ON THE WEB
This article first appeared on the Wharton Blog Network at whartonmagazine.com/blog.

Among the pleasures of teaching and researching in a fast-moving field like Internet law is seeing predictions meet reality. When I began teaching at Wharton in 2004, Facebook was only a few months old and Google was still a private company. There was no iPhone or YouTube, let alone Groupon or Wikileaks. Seven years later, many of my old hypotheticals have become real companies.

What surprises me are the examples in which the facts have changed, but the debates haven't.

A decade ago, the music industry sued Napster and other peer-to-peer file-sharing services for facilitating copyright infringement, claiming they represented an existential threat. Some warned that the campaign against file-sharing would harm legitimate innovations, but the music companies did have a point. Back then, no legitimate digital content market existed. The record labels argued that, until free file-sharing was beaten back, a licensed market would never emerge.

Fast-forward to today. Napster and its ilk were sued out of existence. The promised market for licensed music developed. Apple parlayed iTunes into a multibillion-dollar business. Other services such as Hulu, Netflix, Pandora, Rhapsody, Amazon and Spotify are monetizing digital content in unique, creative ways, while sending licensing fees back to the record labels and other content owners. Even licensed mobile ringtones are a $2 billion global business.

No one could possibly claim that authorized digital-content distribution isn't a great Internet success story.

And yet, that's what the content industry is doing.

Proposed U.S. legislation such as the PROTECT-IP Act and the Stop Online Piracy Act (SOPA) would dramatically expand liability for companies such as search engines and online payment providers for their role as facilitators of infringement. [Both bills are currently in the House and Senate.] It would require blocking of foreign websites at the technical level of Internet domain names, which top experts criticize as a grave threat to Internet stability. By weakening the "safe harbor" provisions in current U.S. law, it would place grave burdens upon intermediaries and innovators. It would also undermine America's global agenda of Internet freedom by deploying the same content monitoring techniques we criticize repressive governments for using.

Reading this bill, one would think that no one pays for digital content. Yet we know empirically that the market is thriving. Anecdotally too. Ask a roomful of college students if they've obtained digital content through unauthorized means. Every hand might go up. Then ask whether they also pay for those very same forms of content. You could get the same response.

It's false to assume that every infringing download is a lost sale. The market isn't perfect, but it's much better than you would think from listening to the music industry.

It is a challenging time to be in any kind of content industry. We must accept, however, that the Internet genie will never go back in the bottle. It's time to build upon the successes of digital distribution, rather than imposing ever wider spheres of legal liability. ■

__Kevin Werbach__ is associate professor in the Department of Legal Studies and Business Ethics and founder of the Supernova Group.

FROM THE COHORT

BY JAMIE PEACE

Welcomed to Wharton

As I work on the committee that is planning this year's Winter and Spring Welcome Weekends for the future members of the class of 2014, I realize that a year ago I was making arrangements to attend the Winter Welcome Weekend. It was January 2010, my former Marine Special Operations Team had just returned to Afghanistan without me and I was headed to ... Philadelphia.

When I walked into Huntsman Hall's Dhirubhai Ambani Auditorium, I immediately found myself feeling wildly out of place. I was experiencing the most apprehensive moment of my decision to pursue an MBA.

As I looked around the auditorium, not only did everyone already seem to know each other, but they all seemed as if they were best friends. People I met said they were in banking, consulting and private equity; I didn't even really know what private equity was.

What was I doing here? Did I belong? Why wasn't I headed back to Afghanistan?

As conversations progressed during the event, I eventually had to reveal that I recently left the Marines. Reactions from my future classmates were mixed. Some had no idea what to say, while others clearly had a genuine interest. But this did little to improve my sense of belonging.

While I had been out of the Marine Corps for only about six months when I arrived for Welcome Weekend, in my own mind I had already successfully made the transition to "civilian life." Little did I know my journey had barely started. My arrival at Huntsman stirred up a mixture of confusion, excitement, apprehension and guilt. I have numerous friends who made the transition from the military to business school, and each service member's transition is uniquely their own. Yet my feeling of isolation is certainly not uncommon.

I awkwardly continued through the morning, joining my weekend cohort for our next session. As our Welcome Committee members went through their introductions and "fun facts," my morning markedly improved. In his introduction, one of the committee members stated that he had been in the Navy and said, "If there are any veterans in the room, come find me after this session."

> "During my Welcome Weekend, I quickly realized that, like the Marines, Wharton MBAs are a group of extremely driven individuals who exude a supreme level of confidence.

I was not alone.

On the surface, the company and camaraderie that I left behind in the Marines could not be more different from that which I was now joining at Wharton. The first was a band of warriors who fancied themselves modern-day Spartans, masters of their craft and embodying the credo of "no better friend, no worse enemy." The second was a well-dressed and ambitious group of future business titans who can do DCFs and complex financial models in their sleep.

The commonalities of the groups were harder to see, but they have become integral to my finding a place in the Wharton community. During my Welcome Weekend, I quickly realized that, like the Marines, Wharton MBAs are a group of extremely driven individuals who exude a supreme level of confidence, competence and proficiency without the need for arrogance.

The humility that served me so well as a leader in the Marines is the same humility with which Wharton students carry themselves—confident never cocky in their ability to overcome great obstacles in order to achieve greater success and relishing the opportunity to be challenged or underestimated.

Despite my initial shock and apprehension upon arrival, Welcome Weekend allowed me to begin building a greater understanding about my place in the Wharton community. That one veteran grabbing me at the end our session allowed me to come into Wharton with an open mind and embrace the community and network that truly set Wharton apart. ■

__Jamie Peace,__ a first-year MBA, majors in Finance and is pursuing a career in oil and gas. From Chestertown, MD, he graduated from the U.S. Naval Academy in 2001 and spent more than nine years in the Marines as an infantry, reconnaissance and special operations officer, including multiple deployments to Iraq and Afghanistan. Jamie left the Marines in the summer of 2010 and briefly served as Deutsche Bank's program manager for the Veterans on Wall Street Initiative.

FROM THE QUAD

BY LILIAN CHEN

Realizing the Power Of Women at Wharton

NATALIE FRANKE PHOTOGRAPHY

"Even if we were only able to convince a single girl about the value of a college education, all of the time and effort put into Dollar Diva over the previous six months would be worth it.

"We need to convince her to go to college."

These were words that caught my attention. Although I had spent the past six months working with a team of three other students to plan the Dollar Diva Conference, it was not until this moment in the middle of the conference that I realized the true value of this day. Those words were spoken by the principal of a Philadelphia high school in reference to a high-school senior who sat at our table. The girl was unsure about attending college. Her principal brought her to Wharton Women's Dollar Diva Conference to show her the value of a college education.

Every November for the past nine years, Dollar Diva has brought high-school girls to Penn's campus for exactly this reason: to show them the possible benefits of a higher education. This year, more than 150 girls from five different Philadelphia high schools participated in mock interviews, panels, lectures and more.

As the organizers, we hoped our outreach would make a difference. Even if we were only able to convince a single girl about the value of a college education, all of the time and effort put into Dollar Diva over the previous six months would be worth it.

When I began at Penn in 2009, I searched for an outlet to connect with the community. My parents have engrained in me an appreciation for what I have. It is important for me to give back, as I have as much to learn from the community as I can give.

When I ran for Wharton Women's executive board in my fall semester of 2010, I thought hard about which position I would want. The organization is well-respected for its support of the personal and career development of females in business through education and networking, but I realized that I wanted a position in the club that would not only give me an ability to influence the experience of Penn students. I also want to offer our members a chance to connect with the community.

So I became Wharton Women's vice president of philanthropy. In the process, I have realized the value of our organization and the power that a group of motivated women can have.

The potential for what can be accomplished reaches far and wide when women at Wharton congregate for one cause. Being a woman at Wharton stands for many virtues, including strength, perseverance and, most importantly, support. Today, looking around at my peers, women have been able to accomplish just as much as men on campus, and sometimes even more. The journey to achieve such merits, however, has been long. Wharton was established more than 130 years ago, yet women have only been at Wharton for more than 50 years.

The women at Wharton have always been a support community for each other, even before the founding of Wharton Women 40 years ago. As our community on campus has slowly grown, the fighting spirit of women at Wharton has endured. With our roots stemming from this type of energy, it is not surprising that, when women at Wharton come together, the dedication and motivation exist to help us accomplish much more than imagined.

Through my leadership role with Wharton Women, I have realized that this access to our community not only gives me power to impact the experience of students at Penn. It gives me the invaluable opportunity to impact the lives of women in the community and around the globe. ■

***Lilian Chen** is a junior at Wharton, concentrating in Operations Management and Finance, with a minor in Chinese. She now serves as Wharton Women's vice president of alumnae relations. Lilian is also on the executive board of Chi Omega and serves as a Finance 101 TA. She resides in Macau but grew up all over the Midwest.*

GUEST COMMENTARY

BY EGE CANSEN

One Size Debt Does Not Fit All

Last summer, there was a fake "debt crisis" in the United States. The talk of the town was that the U.S. government had reached its statutory borrowing ceiling; therefore, the government would soon become insolvent. Then, like in a Hollywood melodrama, all of a sudden the crisis ended happily. Or did it? As I write this, a congressional "super committee" announced its failure to agree on debt reduction.

Will the United States ever be able to live happily ever after?

Or the European Union? By the time of this publication, it might be crumbling, Greece first, broke open by the sovereign debt crisis it tried to prevent with its Maastricht Criteria for nations looking to adopt the euro, one of five being that national public debt should not exceed 60 percent of gross domestic product (GDP).

Yet the standard public-debt-over-GDP ratio does not work at all because it has no scientific base. It is not like a baseball cap that claims "one size fits all."

Without taking the cumulative current account deficit and total national wealth of a certain country into consideration, this ratio is worthless.

INCOME VS. WEALTH

Consider that GDP, or national income, is a "flow" figure, while public debt is a "stock" figure. Flow is measured between two dates and thus should be compared with other flows such as budget size or budget deficits.

But public debt is a cumulative magnitude. If public debt is measured and presented as a percentage of GDP, the timing discrepancy between these two magnitudes will cause interpretation problems. The comparison of GDP growth rate and real interest paid on public debt is much more of a meaningful ratio. Or public debt should be compared with public wealth.

What is public, or national, wealth? Though national income is a household economic term, the term "national wealth" is almost nonexistent in the economic jargon. Probably this is because national wealth is very difficult to define and measure. National income is created by two factors of production: labor (muscle and brain power) and capital (physical and financial assets). Two countries with nearly the same national income may not have the same accumulated capital (national wealth).

Poor countries started to accumulate capital long after Western countries. With their labor-intensive production systems, they have smaller public wealth compared with their national income than the rich countries, with their capital-intensive economic structures.

So for rich countries, with more financial and physical assets relative to their GDP than poor counties, it is natural that their national-debt-over-GDP ratio is higher—and it does not imply that their economies are weaker or, worse, closer to a dangerous macroeconomic imbalance.

PUBLIC VS. PUBLIC

To understand "public" debt and wealth further, let us try to define the meaning of "public" in the following phrases: public debt, public opinion, public sector, public transportation, public domain, public administration and public toilet. We can easily recognize that "public" has at least two different and somewhat contradictory meanings. It either means the government or the state; or, it means just the people, especially low-income earners, who, in its true sense, are "the public."

When economists write about "public debt," which is also known as "government debt" or "national debt," they mean the debt of the sovereign. As a matter of fact, one definition of public debt is the "debt of the public sector to the private sector (parties)."

IKER AYESTARAN

Budget surplus is not the only source of cash necessary to lower public debt-to-GDP ratio. The indebted government has two other means of paying back the interest and the principal of the debt. One: the government may have assets that are marketable and can be sold to raise cash. Two: Real interest paid to public debt is negative and there is either insignificant or no budget deficit. This first method of payment has been used by many emerging countries like Turkey when they have experienced financial crises. This had been suggested as a solution for Greece's debt problem. Finally, the government also has the power to tax the wealth of the public (households and companies) when necessary.

It is obvious that in this case, the taxpayers who pay the debt of the sovereign also receive money because they are the lenders to the government.

The equation assumes, however, that "public debt is also a public asset," which is only true when the country has no cumulative current account deficit. If there is a cumulative current account deficit, then the taxpaying people of that sovereign will not receive the full amount in the event of full or partial payback of the public debt.

Therefore, the problem of public debt in Germany or Japan, which are both surplus generators, is essentially different from the problem in deficit-generator countries like Greece or Italy—or the United States, for that matter.

Also mind that the bond holders who will receive money are always a minority, while the taxpaying people who do not have meaningful investments in government debt are the majority.

Therefore, in the final analysis of the public debt, even though both the creditors and the debtors are "public/people," they are not one-to-one the same people. So the real problem is not in the public debt per se, but it is in the income and wealth distribution within that country.

This is why United States had a "Wall Street Spring"—the Occupy Wall Street movement—launched last autumn in New York. ■

Ege Cansen, WG'66, *is a leading business columnist in Turkey and writes for the newspaper* Hurriyet.

ALUMNI ASSOCIATION

update

Graduating Into the Best Business Network

Dear Wharton Alumni,

It's spring, and we will soon have a fresh batch of Wharton graduates expanding our 88,000 strong alumni community. As a Wharton graduate, I encourage you to welcome these new alumni into our vast global network. It was through the help of other Wharton alumni that many of us are where we are today. Let's all "pay it forward" and help these new graduates be successful as they take the next steps in their careers.

One of the best ways we can strengthen our network is to hire other Wharton alumni. Encourage your businesses to recruit on campus, be an advocate for Wharton graduates in your interview processes, and help Wharton graduates by taking their phone calls and spending a few minutes to put them in touch with others in your network. The benefits of the Wharton brand are strengthened for all of us by this shared commitment to assist each other.

Although most of the Class of 2012 already have outstanding jobs lined up, it's not too late to hire exceptional graduates. If your company is considering adding anyone at the undergraduate or MBA level, please reach out to the Wharton Career Center at whr.tn/WhartonCareerCenter.

You may not realize this, but as alumni, regardless of graduation date, we still have many Wharton career management services available to us. Wharton alumni have access to career fairs, online job listings, career planning sessions and much more. This is just one more benefit the School offers to help alumni excel throughout their careers.

To the new graduates reading this as alumni for the first time, welcome to the Wharton alumni network! Your Wharton experience does not end with graduation. You are now a member of an extensive and unparalleled international alumni community. Throughout your life and career, your affiliation with the School and fellow graduates will be immensely beneficial, both professionally and personally. You can remain connected with the School in many simple but valuable ways. Discover them through WhartonConnect at whartonconnect.com. Join one of the School's 80 alumni clubs, attend an alumni forum and take advantage of one of the numerous Lifelong Learning resources available to our graduates.

Rob Newbold, WG'99
Chairman, Wharton Alumni Executive Board

BRANDING

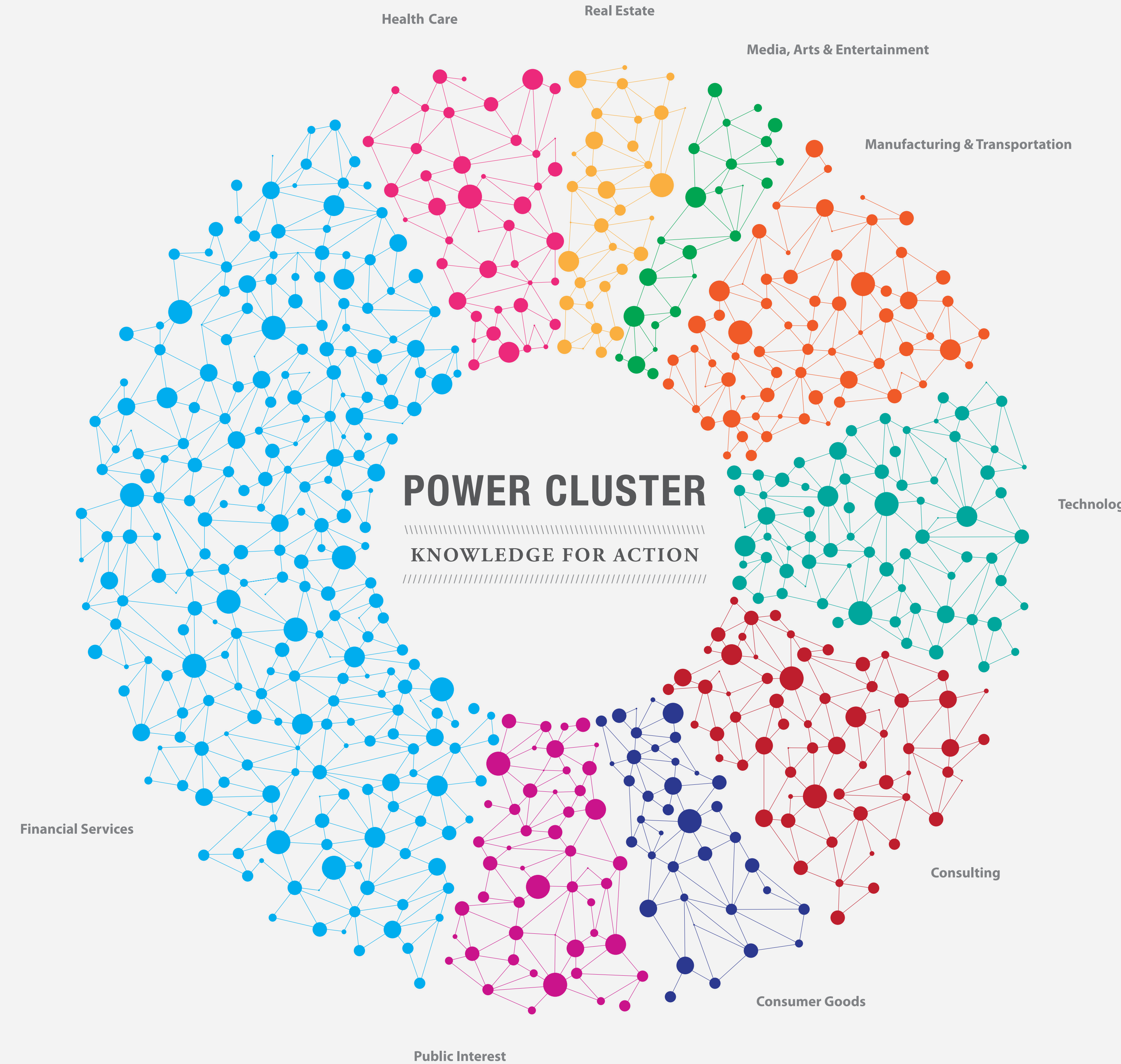
KNOWLEDGE AND CONSEQUENCE

WHARTON TURNS THE BRAND LENS ON ITSELF AND FINDS THAT "KNOWLEDGE FOR ACTION" SETS THE SCHOOL APART.

Knowledge developed at Wharton reaches millions of students and professionals each year in every field of business or entrepreneurial enterprise. Wharton has one of the most published faculties among business schools worldwide, the largest global alumni network and six language editions of *Knowledge@Wharton* with more than 1.8 million subscribers.

All of this shared acumen is a vital brand component for Wharton, but it is how that knowledge is translated into action that is the real brand story—often untold.

Wharton knowledge, certainly unmatched in scope, combined with a passionate, entrepreneurial community, creates a very special dynamic: a place where knowledge fuels action—and where its reach and impact are ever-expanding.



Wharton alumni bring thoughtful leadership and exponential change to global industries.

Dot size represents number of alumni in top sectors

90 80 70 60 50 40 30 20

An extensive exploration of Wharton's identity led by Dean **Thomas S. Robertson** and a team of committed faculty revealed just how central the creation, dissemination and impact of knowledge is to the Wharton brand.

Recently, many business schools have unveiled new positioning campaigns, each one seeking authentic relevance and differentiation in a large, diffuse marketplace. It's competitive at the top.

Wharton began its own self-examination and analysis in 2009, with a brand and identity initiative to unearth what makes Wharton one of a kind. The result: a shared communications platform that will help us tell the Wharton story in a collective, sustained and effective way—in turn, enhancing and strengthening the Wharton brand.

> Wharton knowledge, certainly unmatched in scope, combined with a passionate, entrepreneurial community, creates a very special dynamic: a place where knowledge fuels action—and where its reach and impact are ever-expanding.

FINDING CONVERGENCE

When Dean Robertson began his tenure, he had a clear vision: to continue Wharton's position as the top business school in the world by anticipating the needs of tomorrow's business leaders. To deliver this level of excellence, everyone within the Wharton community—faculty, students, administrators and alumni—would need to share an understanding of the institution's core strength.

"A strong entrepreneurial and innovative spirit enables us to be nimble, but it also has a tendency to pull us in different directions," says Robertson. "I wanted to spark the common understanding of purpose and energy that comes with brand clarity."

The project started with a faculty steering committee chaired by **George Day,** the Geoffrey T. Boisi Professor of Marketing and co-director of the Mack Center for Technological Innovation. The committee embarked on a rigorous two-year process to assess Wharton's positioning, including: a competitive analysis; a review of Wharton's existing messaging; in-depth interviews with faculty, students, administrators, alumni and recruiters; and an online survey sent to more than 4,000 stakeholders.

The committee engaged the knowledge of Wharton alumni at the branding firm Prophet, where **Kevin O'Donnell, WG'91; Phyllis Rothschild, WG'93;** and **Chiaki Nishino, WG'00,** are partners.

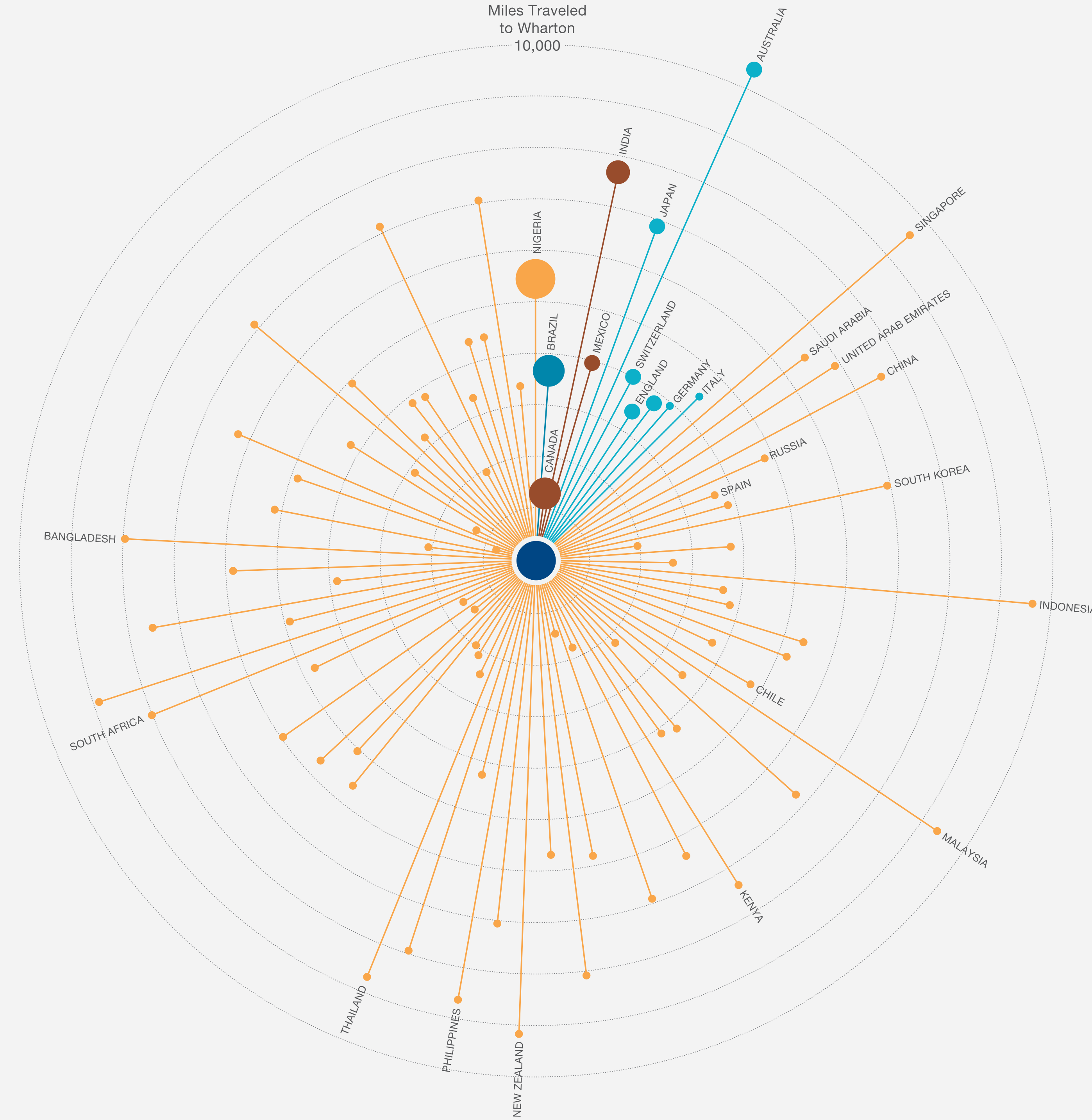
"It was important to be comprehensive," says committee member **John Kimberly,** Henry Bower Professor of Entrepreneurial Management and co-author of *The Soul of the Corporation,* a book on managing the identity of a company. "We explored Wharton's organizational culture and listened to the views of our stakeholders to find what resonates across audiences."

"We heard consistencies in how people think of Wharton," says **Katherine Klein,** Edward H. Bowman Professor of Management and a member of the committee. "We heard terms like 'knowledge,' 'analytics,' 'rigor.' At the same time, we heard that Wharton faculty and students are diverse, that we have impact, and we're global."

Adds **Patti Williams,** Ira A. Lipman Associate Professor of Marketing, "It was a remarkable exercise to turn the lens on ourselves. We brought the same rigor and analysis we bring to our research, gathering and then filtering many perspectives and experiences to get to a shared set of Wharton values."

To find an expression that would authentically capture the Wharton experience, the branding team turned to the community for inspiration. With the help of **Karl Ulrich,** CIBC Professor of Entrepreneurship and Ecommerce and vice dean for innovation, the branding team launched a crowd-sourcing tournament modeled on the methods put forth in Ulrich's recent book *Innovation Tournaments.* Students and alumni were asked to submit taglines and themes. Not surprisingly, the submissions were as varied and diverse as the community itself, but one idea rose to the fore: Wharton knowledge creates consequence in the world.

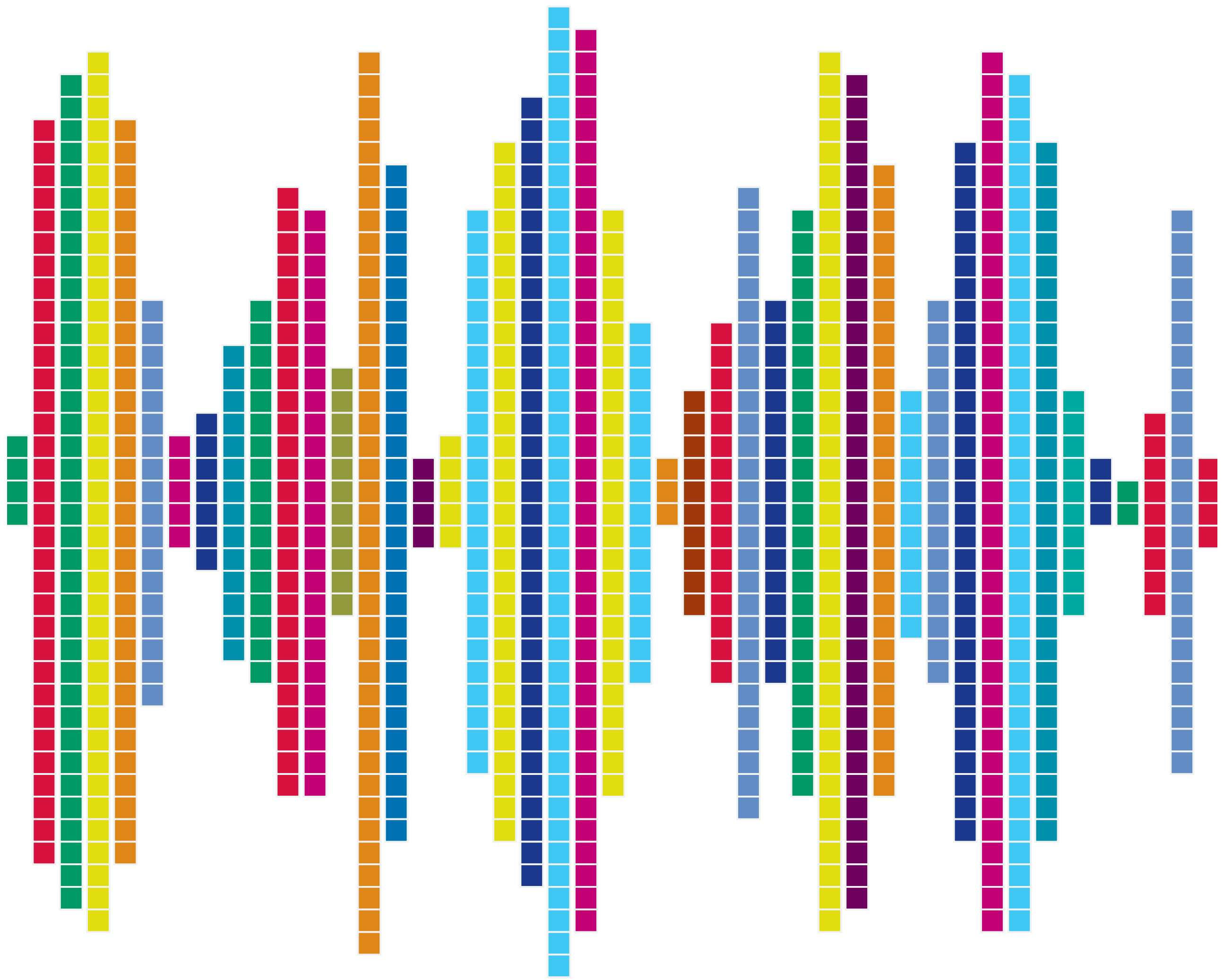
To deliver this idea simply and powerfully, the team settled on a flexible message platform that could be adapted to meet the needs of all our stakeholders. To stay targeted, they defined a set of themes that place emphasis on the impact



Educational Pull

Wharton Executive Education participants come from 88 different countries and travel 3.8 million miles annually.

Number of Participants: 80 - 100 | 60 - 79 | 40 - 59 | 20 - 39 | 01 - 19



Finance Frequency

Wharton's finance professors bring more than 1,000 years of collective teaching experience.

Each ■ equals one year of experience. Each column represents a faculty member in Wharton's Finance Department.

created by Wharton knowledge—and the meaning Wharton makes in the world at large, including: Knowledge for Action, Knowledge for Global Impact, Knowledge for Innovation and Knowledge for Life.

"This messaging works because of our scale and scope," says committee chair Day. "Wharton has the greatest breadth of knowledge of any business school in the world, and we see it applied every day across the world and in our community."

KNOWLEDGE FOR ACTION

The faculty know firsthand that Wharton knowledge is rooted in evidence and developed in a dynamic culture that inspires leadership—thus, leading to real consequence in the world, just as founder Joseph Wharton envisioned.

Wharton faculty are committed to knowledge born of complex research and careful analysis. Using a great deal of gathered data and analyses from a variety of perspectives, they use their expertise to come to conclusions—and expect the same from students. They possess the broadest and deepest expertise on business knowledge, reaching across disciplines as diverse as public policy, health-care management and ethics. Their work allows business leaders to act on evidence, not just instincts.

One example is Klein's research about how to get the most out of teams. Klein's research revealed that, when dealing with diverse values, task-oriented leadership yields greater team effectiveness than relationship-oriented leadership.

"It's not about which management style is in vogue," she says. "It's about what works."

Alumni have built their careers on an evidence-based approach leading to innovation. Wharton alumni, **Bruce I. Jacobs, G'79, GrW'86,** and **Kenneth N. Levy, WG'76, G'82,** celebrated 25 years of their firm last year. At its inception, the firm emphasized a then revolutionary notion that the investment world should act on research that stems from academic concepts and tools.

"An increasingly complex world requires the tools that quantitative research can provide," Jacobs told *Wharton Magazine* (see "Calculating the Impact of the New Quant Finance Center," Fall 2011, P. 28-33).

KNOWLEDGE FOR INNOVATION

Wharton has a unique and differentiating "personality": driven, dynamic and entrepreneurial. Wharton encourages students to pursue their own interests and passions, and creates an environment that celebrates experimentation, entrepreneurship and innovation.

Adam Stein, WG'05, values the synergy that happens at Wharton when people and knowledge come together. Stein started his MBA with experience at Silicon Valley startups and graduated as a full-fledged technology entrepreneur. While still a student, he and some classmates launched TerraPass, a clean-tech company.

"It's not only about what you learn, but how you learn and who you learn it with," says Stein.

For his newest company, Gridium, an energy management company, Stein says he relied on his business-school education to make fundamental decisions about pricing, market-entry strategy and product design, as well as more creative decisions like choosing a name and marketing.

"Wharton shows you how to put it all together and work with others to make something new," he says.

Introducing a new product or entering a new market may seem risky in today's volatile economy, but a new course hosted through Wharton's Aresty Institute of Executive Education emphasizes the importance of action in the face of uncertainty. **Harbir Singh,** Mack Professor of Management, co-director of the Mack Center for Technological Innovation and vice dean of global initiatives, notes that the global nature of the economy increases an organization's opportunities, which also increases complexity and ambiguity.

"Decision-makers must be able to position their firms to

DEVELOPING THE COMMUNICATIONS PLATFORM

Once Wharton's new core positioning was established, according to committee member **Patti Williams,** who teaches marketing strategy and branding as the Ira A. Lipman Associate Professor of Marketing, "the next challenge was to take the concept from abstraction to something that we could use across the School in our communications."

The committee established a two-part communications platform: a defined set of messages and a graphical treatment. The messages can be used for different audiences while conveying the same shared theme. For example, the phrase "knowledge for global impact" can be used when addressing Executive Education clients, "knowledge for life" is relevant for a Lifelong Learning event and "knowledge for innovation" describes the work of the research centers.

"Rather than a one-size-fits-all tagline, we have a flexible system for expressing Wharton's brand," says Williams.

The second element of the communications platform is a series of meticulously designed infographics that use quantitative and qualitative data to depict the impact of Wharton knowledge.

"The power of an infographic is that it takes otherwise seemingly dull or disparate information and creates a visually appealing product that fosters an understanding of the story. Each Wharton infographic is an ownable expression of data that contains layers of information, showing the unparalleled consequence that the institution has in the world—a perfect representation for a brand built on rigorous analysis," says **Ira Rubien,** executive director of marketing and communications for the School, and committee member.

Karma, a Philadelphia-based communications agency, designed the campaign. The differentiating new infographics were created by award-winning graphic designer Carl DeTorres. It will become a signature look for Wharton across all School communications.

assess advantages and challenges that might develop anywhere in the world," says Singh, who serves as the academic director of the new Global Strategic Leadership Program.

"Your strategic approach and how you work with others may have to change, but you can't wait to know everything before moving forward. The successful business is the dynamic one," Singh says.

> "I wanted to spark the common understanding of purpose and energy that comes with brand clarity."

KNOWLEDGE FOR THOUGHTFUL LEADERS

Many people take on leadership roles and then lead in a way that makes no tangible, measurable difference. When Joseph Wharton put forth his vision for a school of finance and commerce that would educate "Pillars of the State, whether in public or private life," he laid the foundation for the Wharton School to train thoughtful leaders who would instigate positive, dynamic change in their organizations and in the greater society.

"When you talk about knowledge for action, it's really about using knowledge to lead," says **Janet F. Clark, WG'82,** Marathon Oil executive vice president and chief financial officer. "The biggest thing I got out of Wharton was learning leadership skills."

Clark says she grew into taking on leadership roles as a student, first in smaller groups before becoming more confident and vocal in the classroom. Today, she is one of only a handful of women in top leadership positions in the energy industry.

"Wharton trains values-centered, action-oriented leaders who understand that success is about translating knowledge into desired results," says Clark.

Leadership learning is central to the Wharton experience. All first-year MBA students start with cutting-edge leadership learning in a required core course in teamwork and leadership. MGMT 652 uses technology to create an online simulation experience, allowing students to act as senior management at a fictitious startup. Undergraduate students also begin with leadership learning in MGMT 100, in which students work in teams on consulting projects with local nonprofits. Lessons learned from unexpected situations each student team faces, as well as the experience of consensus-building and decision-making, are directly applicable to the real world.

KNOWLEDGE FOR LIFE

"Joseph Wharton had the radical idea of founding the world's first business school more than 130 years ago, and we have to continue to think proactively to stay on top," Robertson says. "By reconfiguring the MBA curriculum and launching the Lifelong Learning initiative, we are ensuring that Wharton remains at the vanguard of business education."

In the Lifelong Learning initiative, currently being piloted, alumni will continue developing skills and knowledge—sharing insights in one of the largest and most powerful business networks in the world. Educational offerings and experiences that leverage alumni practitioners, expert faculty and scholarly research will create new opportunities and value for alumni as their careers progress. The knowledge they gain will be the same high-caliber knowledge they received as students at Wharton.

Similarly, the new curriculum for the MBA program, launching in August with the incoming class of 2014, will prepare students to lead in an uncertain and complex global marketplace. The new curriculum offers greater flexibility for students to follow their career paths, transforms leadership education with a 360-degree feedback and coaching program, and is built on a structure that allows for quicker development of courses in the face of new global opportunities and challenges.

Meanwhile, the highly lauded *Knowledge@Wharton,* now with 1.8 million subscribers, continues to serve the broader business community with analyses of trends, interviews with industry leaders and articles based on the latest research. A singular vision and clarity of purpose keep it growing and appealing to new audiences, for instance, with the launch of *Knowledge@Wharton High School*.

"What makes Wharton such a global powerhouse is its people," says Robertson. "Our faculty, students and alumni collectively develop the knowledge and abilities that enable organizations to run effectively and efficiently."

He adds, "This productivity leads to greater economic and social welfare, making business a 'force for good.'"

The ultimate measure of Wharton's success is how its broad and deep knowledge transforms industries around the globe. With 88,000 alumni in 150 countries, and 225+ faculty teaching 5,000 students every year, it seems the potential of knowledge for action is limitless. ■

Scan the QR code to view the *Knowledge for Action* brand video or visit whr.tn/knowledge-for-action.

Feeding The Cycle Of Business Education

How a continuous interaction among alumni, faculty and the Wharton Innovation group empowers Lifelong Learning to produce the most meaningful and timely educational programming.

Wharton's MBA alumni now have even more opportunities to leverage the knowledge of faculty—and fellow alumni—as they navigate through each stage of their careers with the Lifelong Learning program. What sets the program apart and increases its value no matter an alumnus' educational needs, is the give and take among the alumni, administrators and faculty.

Discourse shapes the programming and improves of the educational opportunities through a cycle of feedback from alumni, according to **Laura Zarrow, GED'95,** senior project director of Wharton's Innovation Group and chair of the Lifelong Learning Core Team. This feedback loop was launched in the winter with the MBA Reunion Idea Tournament.

"It's not just to figure out how to run reunion programming, but it's a pilot on how to get alumni input, so we can better implement programming that will serve them well," Zarrow says. "We desperately need this cyclic process of planning, implementation and assessment. Alumni input drives planning, and their feedback on the experience is assessment, which then shapes the next round of planning in concert with new input regarding needs and preferences."

The Lifelong Learning team is thus engaged in an ongoing process of working with alumni to deliver what they need.

Sizeable for All

The cycle of feedback endows the program with flexibility and adaptability. And as **Cara Costello**, senior associate director, alumni services, at Wharton MBA Career Management, says, perhaps the real value of the Lifelong Learning program is that it is not one-size-fits all.

"Alumni have needs for different learning models at different times in their life," she says. "It can add tremendous value doing their day-to-day work activities, which can add both short-term and long-term value to their firms."

Maryellen Lamb, director of MBA Career Management, says the key to all of the various components of the Lifelong Learning program is their collaborative nature.

Currently, the Lifelong Learning team is planning opportunities for alumni to meet and engage with Wharton faculty at the global Knowledge for Action: Lifelong Learning Event series, scheduled for later this year. Moreover, the Wharton Alumni Coaching Exchange (ACE)—the peer-to-peer coaching network—and crowd-sourced learning component of the MBA 2012 Reunion are also in development. Customized content is already being developed in response to alumni input.

The Innovation Group, in conjunction with other departments, was charged by Dean **Thomas S. Robertson** to develop the Lifelong Learning program as an extension of the MBA curriculum revision, which is being implemented in fall 2012. To determine how alumni could benefit from an expanded learning program, the Innovation Group conducted a needs analysis and interviewed alumni at various stages of their careers, according to Zarrow. (For the full details of this needs assessment, see "Lifelong Learning is …," Winter 2012, P. 30-31.)

Suited for Transitions

One crucial takeaway from the needs assessment process is that Wharton must tailor learning opportunities to serve alumni at each career stage, Zarrow says. These stages are accompanied by distinct needs and opportunities for growth.

The first career stage is "post-undergraduate," made up of highly motivated professionals in entry-level positions eager to partner with each other via "crowd-sourced learning" opportunities. They are "digital natives" who can create a "global community" through technology, she says. Alumni at this career stage express the need for just-in-time learning and shared information.

"Usually two to five years after students have received their MBA, they are making their next move," Lamb says. "They come for advice on how to do that, so it's still very tactical."

Another important transition, according to Lamb, occurs when MBA graduates make their move to their first real management role.

Early- to mid-career MBA graduates have highly sought-after technical skills, but little, if any actual managerial experience, Zarrow says. As such, they need to develop their "soft skills" in negotiation and leadership management. They are also positioned around the globe and in a stage of their personal and professional lives that leaves very little free time, making crowd-sourced online learning or regional events ideal delivery methods.

People re-entering the workforce at any stage or age would also benefit from lifelong learning programming, says Costello.

"We also often find this need in people who are in a career transition—women or men re-entering the job market after taking care of children or an elderly parent, or retirees going back to work due to financial reasons or just that they want to find productive work, picking up a skills set in addition to managing people," Costello says.

For those in their mid- to late-career stage, they tend to be at the helm of their organizations, seizing opportunities and building partnerships "They are also past the point of needing an executive education class. They are making change happen," Zarrow says. "As such, they look for pointed information that facilitates their work. They also want to talk to their peers about the issues that are unique to leaders at that level."

No matter what stage alumni are moving through, the feedback, exchange and adaptation to alumni input inherent in the design of the Lifelong Learning initiative give alumni a way to tell the School what they need. The feedback loop helps Wharton help alumni to be successful professionally through meaningful educational opportunities.

"Because it's coming out of the Innovation Group, it means we can approach this as an ongoing process that will continue to evolve from input. It's not a project that gets finished; it's a process of continual innovation and adaptation," Zarrow says. ■

ON THE WEB

Have potential Lifelong Learning topics, models or locations to recommend? Contact Laura Zarrow directly at lzarrow@wharton.upenn.edu.

BRICK by BRICK KING by KING

How to build a successful, sustainable privately held enterprise, and why it will hold advantages over its publicly held counterparts.

BY SUSAN MCDONNELL

Kongō Gumi was the world's oldest privately held business, with an impressive history dating back to 578. Business students studied its success. *The Guinness Book of World Records* lauded its achievements. And its succession plan was used as a model for independent organizations worldwide. When it was absorbed as a subsidiary of Takamatsu Corp. in 2006, its demise sent shockwaves through the business world. How could a business that survived 1,400 years of wars, natural disasters and economic fluctuations suddenly shutter its doors?

Analysts have pointed to two primary reasons. First, poor investment decisions at Kongō Gumi led to excessive debt. Second, a reduced demand for temple construction during the late 20th and early 21st centuries significantly cut revenues—temple building had been the company's bread and butter since its founding.

Which leads to a second question: What lessons can managers of privately held organizations glean from Kongō Gumi's decisions, both good and bad, about managing a successful, independently owned organization so it can survive for 50, 100 or even 1,400 years?

"The oldest companies in the world are privately owned for a reason," says **Ethan Mollick**, the Edward B. and Shirley R. Shils Assistant Professor of Management. "As a private company, you're able to keep focus on what matters to you and maximize your long-term viewpoint."

The world's largest privately owned companies are often structured similarly to publically held corporations. They face similar challenges, such as rising costs of commodities and labor, and are vulnerable to shifts in the market. But there are some important differences that are unique to managing a privately held company—some are advantageous, some are challenges to overcome.

TO BE KING, FOREVER?

In describing leadership of privately held organizations, Mollick cites research completed by Harvard professor Noam Wasserman, which has shown that founders of such businesses typically fall into one of two categories: they either aim to be rich or to be king.

"You want to make as much money as possible, or you want to have as much control as possible," Mollick clarifies.

Those founders aiming for higher earnings are often willing to cede a large portion of their control, either to management, venture capitalists or private investors, in order to grow quickly.

On the other hand, founders who wish to maintain control of an organization with less input from investors—on such matters as overall direction of the business, corporate culture and management structure—may not see the same kinds of financial returns. Those organizations that aim to remain

YUTA ONODA

privately held or family owned for many generations often fall into the latter category.

Todd Simon, W'86, senior vice president of Omaha Steaks, the nation's largest direct-response food company, notes that maintaining private ownership of a fifth-generation, family-owned company allows his organization to focus on his "steakholders"—the company's customers and employees, and the future of the company itself.

Todd's cousin **Bruce Simon, WEV'80,** Omaha Steaks' president and CEO, elaborates. Sustainability, he says, is the organization's priority, rather than quick fixes or fast profits.

"The decisions that we make are always for the long term and not just a quick fix," he says. "We don't have to answer to shareholders beyond our family, nor is our success tied to a quarterly earnings release. So we have the flexibility to try new things and to move forward quickly when new opportunities arise. That's a real advantage."

Publically held companies, on the other hand, must focus on shareholder value. Because management is under pressure to hit quarterly targets, leaders must maintain a more short-term perspective. Privately held companies' drive toward long-term viability puts them at an advantage, says **Virginia Vanderslice**, who is affiliated faculty within Penn's Organizational Dynamics program and president of Praxis Consulting Group.

It is this type of mentality that has benefitted such companies as D&H Distributing, a large, privately held technology distributor based in Harrisburg, PA. Co-presidents **Michael** and **Dan Schwab, W'85** and **W'91**, respectively, say maintaining a long-term business perspective helped them to not only survive but thrive during the recent recession. When the recession hit and the overall IT distribution channel shrank by 10 percent in 2009, D&H managed to grow in double digits by investing more in advertising and employees and increasing customer lines of credit.

"We zigged when everyone else zagged," Dan Schwab says. "In working with many large public companies, we often find that a lot of times quarterly performance goals drive unnatural behavior, which is not in the long-term interest of the company."

A FLEXIBLE FIEFDOM

But while private companies do have the clear advantage in looking at business over the long term, says **Jorge Born, Jr., W83,** the lack of shareholders in the organization can also lead to obstacles.

> "I have found that private companies have a clear advantage when quick decisions are needed."

Born is president and CEO of Buenos Aires-based Bomagra S.A. He says that securing funding for expansion plans is his company's greatest challenge; the fact that the company is based in South America magnifies this problem.

"The capital markets are significantly underdeveloped, and macroeconomic cycles are very pronounced, both in their direction and in their magnitude. Therefore, our balance sheet structure needs to be significantly more conservative, and our leverage has to be much less than is the case for public companies with access to foreign and more liquid capital markets," he explains.

Access to quick credit is a challenge for privately owned companies of all sizes across the world—remember that debt is cited as one of the primary causes of Kongō Gumi's closure—and a severe lack of credit was detrimental during the height of the recession, when banks tightened their purse strings and dollars from private investors dwindled.

Publicly owned companies enjoy easier access to capital, increasing their ability to survive during economic downturns.

It is during these times, therefore, that a privately held company's ability to be flexible is instrumental to its survival. Here, Kongō Gumi stands yet again as example: don't be caught as a temple builder in an age when skyscrapers are emperor. Kongō Gumi not withstanding, they tend to be more nimble than public companies.

"I have found that private companies have a clear advantage when quick decisions are needed, as their lines of decision-making are often shorter and less densely populated," Born says.

He points to his company's involvement with grain storage in Uruguay as an example of its ability to move quickly. Bomagra read signs that the Uruguay was on its way to becoming a significant grain-producing state and was able to move very quickly to build the country's leading grain storage and logistics operation.

"As a private business, we could look at the long-term opportunities and accept the risks of stepping into the market too early, whilst our publicly traded competitors could not meet their internal investment hurdles so early in the cycle," Born says.

It's important, reiterates Michael Schwab, to be aware of what's happening in the market, and try to be a step ahead. While D&H sales were focused on Whirlpool appliances and RCA TVs in the 1980s, for instance, the company has broadened its focus as technology has evolved and is now a leading distributor of vastly different products, from cellphones to HP servers to Cisco networks to video games.

"Always look for new, innovative ideas, because you have to challenge yourself and continue to reinvent yourself before the markets force you to do so," he says.

BENEVOLENT DICTATORSHIPS

Adam Grant, an associate professor in Wharton's management department, agrees that broadly this type of quick decision-making is more common in private organizations. Managers of these businesses have more discretion over the choices that are being made; rather than waiting for analysts and approval from various levels of hierarchy, they may be able to integrate new initiatives into their organizations more rapidly.

"Many private companies have been more quickly and nimbly working toward initiatives concerning social responsibility and environmental responsibility, initiatives that can be a little harder for publically traded companies to justify," says Grant.

According to the 2011 Grant Thornton International Business Report, which analyzed data from privately held businesses worldwide, responding companies cited several reasons for undertaking such initiatives. Approximately 75 percent of reporting companies said the health and wellbeing of staff, 64 percent flexible work schedules, and 64 percent the promotion of diversity and equality. In terms of environmental initiatives, 60 percent noted that they have improved energy efficiency in recent years, and 58 percent cited better waste management techniques. Eighty-eight percent of businesses in Canada and the United States reported donating to charity or other philanthropic causes.

And there are many benefits to such initiatives. While such programs may not necessarily yield financial gains, they do enhance the company's working environment—and the culture of a privately held organization is considered one of its most appealing attributes.

Indeed, 56 percent of the respondents in the Grant Thornton report stated that brand-building and recruitment and retention of staff are influencers that shaped their corporate and social-responsibility priorities.

"Often, privately owned organizations, especially those that are employee owned, have a higher drive toward developing cultures where people can have more control over their work, have more say in the company and a sense of themselves as part of the bigger picture," Vanderslice says. "Could public companies do this and do some see this? They do. But I think it's a matter of where you see it more, and you see more of it in smaller companies where people feel their impact much more greatly by the various contributions that they make."

Many organizations that have gone public in recent years have attempted to maintain a unique, private-style culture. Grant points to Yahoo! as an example. Since the company went public, it has attempted to maintain the grassroots feel of employee involvement through such initiatives as the Yahoo! Employee Foundation. The foundation offers matching funds to employee contributions and provides support to employee-selected charitable organizations.

"It's an incredible opportunity for the employer to channel resources to the community, and really gives employees a feeling of attachment and commitment to the company," he says.

Yet the retention and recruitment effects of a corporate culture in which employees feel as though they are valuable contributors only go so far for less-visible businesses.

"Obviously, top recruits have heard of companies that are in the S&P 500, and I would imagine that recruiting senior-level, experienced people is much easier if you're Apple or Pepsi," Michael Schwab says.

An organization must consider how its culture will attract top talent from its conception, says Mollick. Beyond offering competitive salaries to top-choice candidates, private companies strive to provide them with more than financial benefits, whether it's a break to go surfing at lunchtime or increased face-time with company leadership. At Omaha Steaks, Bruce Simon goes to great lengths to ensure that employees are aware that little separation exists between the front line and the executive team. He regularly hosts a president's lunch and invites employees from all levels. At one recent luncheon, he recalls, an employee from a distribution center voiced his opinion about a better way to pick and pack products for shipping.

"I immediately called our IT department, and we had a meeting to discuss the idea later that day," Bruce says. "Within 30 days, we had the employee's suggestion completely implemented into our process. The results have been amazing, with an increase of 26 percent in efficiency and productivity."

Business leaders agree that a strong employee base is a key to running a successful privately held organization.

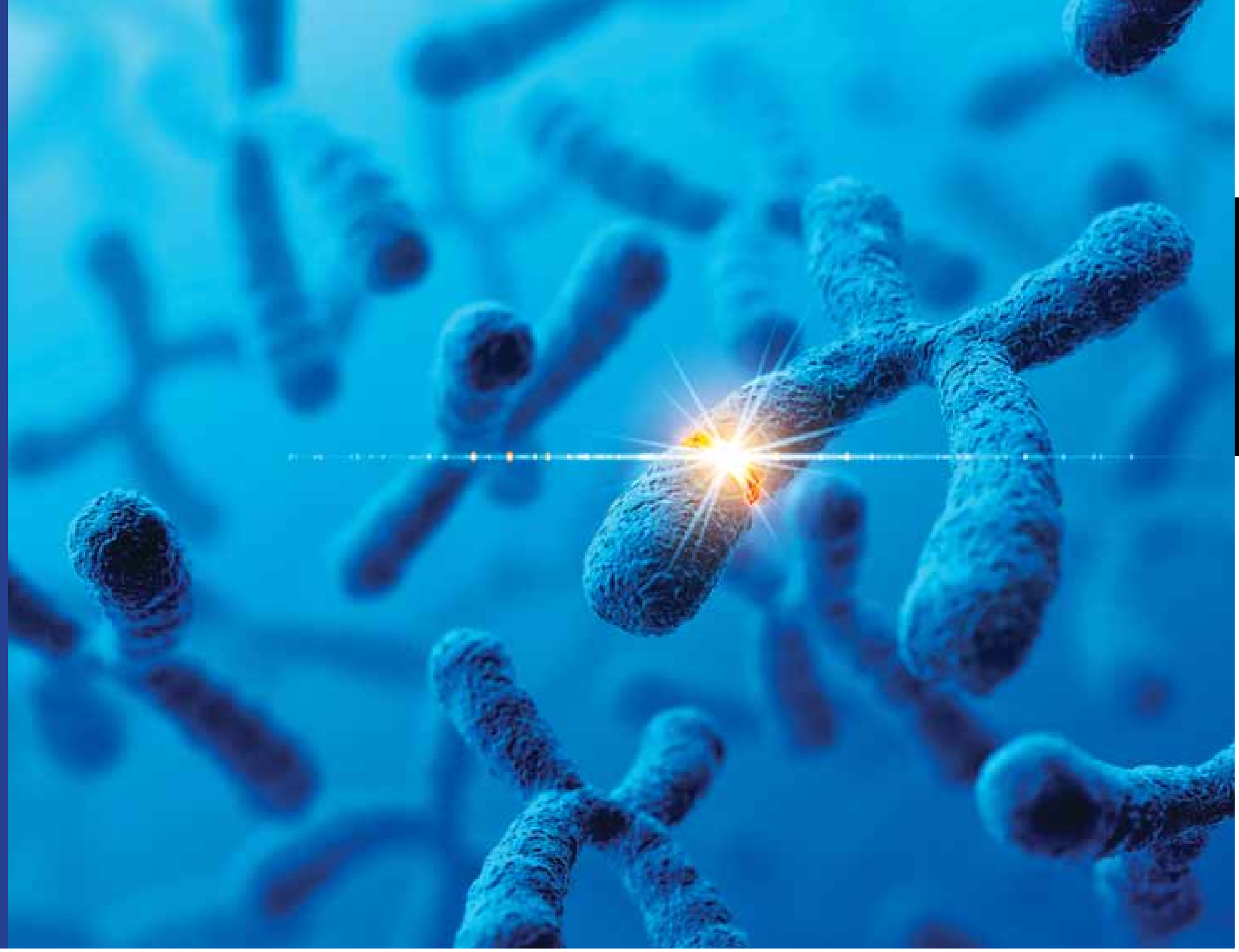
"The best people make the best companies, and our challenge is to remain an attractive harbor for talent," Born says.

There is one final key to success for privately held businesses. Bruce Simon sums it up: "It's really quite simple: honesty and integrity in everything you do. That's the way we've done business for five generations."

His words are exemplified by Hōshi, a privately held Japanese hotel that has replaced Kongō Gumi as the world's oldest organization. Since its storied founding in 717, Hōshi has committed itself to providing its guests with personalized, cultural experiences and maintaining traditions of courtesy, fair judgment, prudence, civil and personal responsibility, and trust and commitment to employees, according to *Centuries of Success: Lessons from the World's Most Enduring Family Businesses*, by William T. O'Hara.

These values, clearly, have led to overwhelming and lasting success. ■

A Wharton Prescription for Health Care



HEALTH CARE

Against a backdrop of spiraling health care costs, Wharton's alumni create and embrace innovative strategies to transform the industry.

BY COELI CARR

Health-care costs in the United States in 2010 topped out at $2.6 trillion, which represented 17.6 percent of GDP, according to the Centers for Medicare & Medicaid Services (CMS). During the next 10 years, CMS projects that health-care spending adjusted for inflation will grow by 51 percent, taking an even larger bite of GDP—19.8 percent. In contrast, the economy is expected to grow by only 31 percent during this period.

Formulating a national health-care policy that might successfully keep these costs in check has been a decades-long, rancorous and complex ordeal. It is uncertain whether the latest legislative attempt at reform, the 2010 Affordable Care Act, will be effective or even remain in effect after the 2012 presidential elections.

Mark G. Duggan, professor of business and public policy at the Wharton School, suggests an alternative strategy.

"The hope is that small businesses and entrepreneurs will come up with innovations that push back against the incentives to spend and, in turn, improve the quality, lower the costs and increase the efficiency of medical care," he says.

This market-based solution comes from the former senior economist for health-care policy at the White House Council of Economic Advisors and current research associate at the National Bureau of Economic Research.

Mark V. Pauly, Wharton's Bendheim Professor and a professor of health-care management and business and public policy, doubts that one "silver bullet" innovation will slow down the growth of health care spending.

"It's much more likely that a transformation will come from small companies and entrepreneurs making changes, which, when added together, may amount to a big change," says Pauly, who also served as co-editor of the second volume of the *Handbook of Health Economics*.

Not surprisingly, several Wharton alumni are leading this cumulative charge by creating technological, medical and operational strategies that address both the efficacy and delivery of health care.

Drugs to Match Your Genes

THE RIGHT DRUG can help a patient avoid costly surgery and leave the hospital sooner. The trick is finding an appropriate drug from the beginning of treatment, rather than wasting time and resources testing medication.

"It's more cost-effective to give a drug than it is to keep patients in an intensive care unit post-surgery, if a drug can provide the same effect," says **Mark C. Rogers, WG'91**, a physician and former CEO of the Duke Hospital and Health Network who is also the founder and major stock holder in Linus Oncology, a cancer-drug development company in Miami.

The strategy behind Linus Oncology is to profile and categorize patients by their genetic code and then assess which drugs are good DNA matches. For example, the efficacy of certain kinds of breast-cancer drugs is determined in part by whether the patient's genetic material aligns well with the medications.

"We look at [patients'] markers, which reveal how they metabolize drugs genetically and pharmacologically," Rogers says.

Rogers also notes that, in addition to saving lives and money, this protocol can prove a drug's efficacy during clinical trials. Many drug-development companies already try to match the DNA of trial participants with the drug in question

"During trials, you'll obviously get better results if the participants' conditions improve," Rogers says. "The key is to have participants who are good genetic and pharmacological matches with the drug you're testing."

Data Rush

IN MANY MEDICAL SCHOOLS outside of the United States, students are typically taught how to analyze data from research done on medical procedures and devices. Data-mining of medical literature is also slowly catching on in this country. **Jeff Voigt, WG'85,** principal of Medical Device Consultants of Ridgewood in Ridgewood, NJ, is an advocate of comprehensively gathering, analyzing and combining data and has built his company around this discipline.

"A huge initiative in health care in this country is something called comparative effectiveness, which is what medical data-mining measures," Voigt says. "It's a tool that can help reduce costs in a meaningful way."

Voigt's clients are predominantly drug and medical-device manufacturers that want to get their products in front of decision-makers at hospitals, insurance companies and medical practices.

Start-up device or drug companies typically don't have the skillset in house or the financial resources to analyze the available research on their product.

Yet that research might put their product "on top of the efficacy list," according to Voigt. Insurance companies, for example, rely on product research and data assessment to write treatment coverages that in many cases are "quite poor," says Voigt. What's needed is well-documented proof of the benefits of a product or procedure.

"The greater the value and cost-effectiveness of the product that our research is able to show, the greater the chance that the product or technology can be more widely adopted," Voigt says.

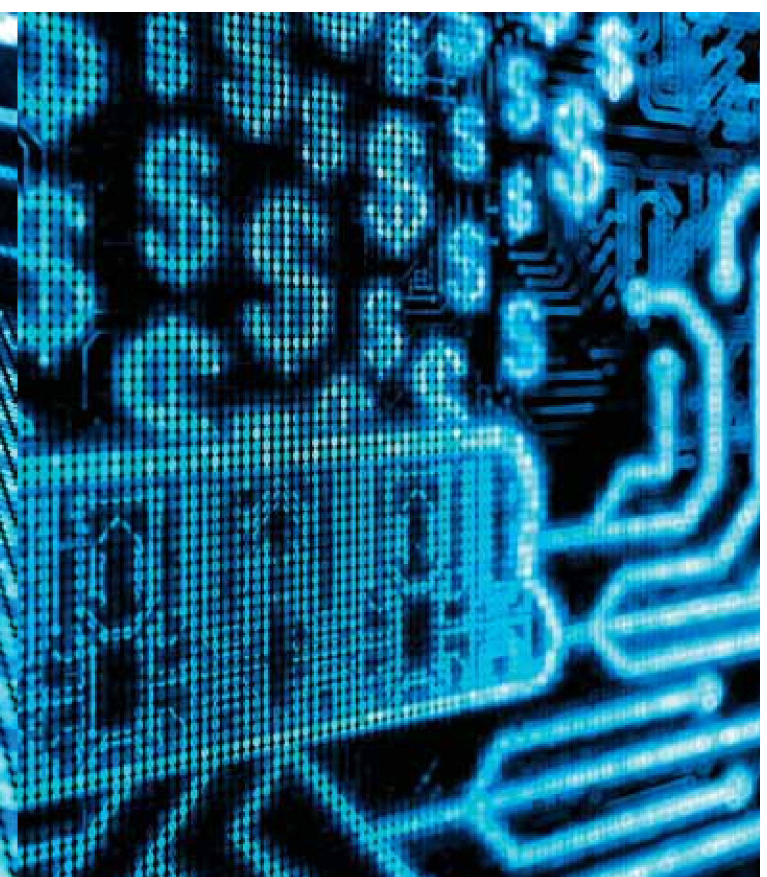
So these small startup companies hire Voigt. For one client, Voigt demonstrated that antibiotics, delivered within a narrow 30-minute window prior to a surgical incision being made to implant a cardiac electronic device, cut the rate of systemic infection exponentially; this type of infection costs the U.S. health-care system $1 billion annually.

"Over several years, that's billions of dollars in cost savings, simply by addressing problems that are extremely simple to solve, which are the first issues that should be addressed," Voigt says.

Clients often use Voigt's research to tweak their products before marketing them.

"We can look critically at high-quality studies, combine them with other similar studies, such as clinical trial results, and then arrive at meaningful outcomes that affect how care is delivered," he says.

Investors looking to find a value opportunity—a way to provide better therapies at lower cost—also come to Voigt, who can connect appropriate parties for their mutual benefit.



Doing Business Development Better

BIO-PHARMACEUTICAL STARTUPS may seek to lower costs, too, through outsourcing of the startup's business development.

Corporate and business development advisory firm Locust Walk Partners—named by co-founders **Jay Mohr, WG'91,** and **Geoff Meyerson, WG '07** for Penn's famed campus pathway—helps fledgling life-sciences companies partner with pharmaceutical companies interested in their particular research and product.

"And, of course, we seek out funding opportunities," says Mohr, who serves as Locust Walk's managing director.

When a drug has demonstrated efficacy, Mohr explains, that product's investors generally want to realize value by hiring a partner to further develop this asset. Clients typically hire Locust Walk to work with a specific drug that's either in the pipeline or undergoing clinical trials. An imprimatur from the ideal partner—a large pharmaceutical company—carries tremendous weight in validating the drug and may even lead to funding by big pharmaceutical companies.

Mohr concedes that, although some players in the industry saw the benefits of virtualization a decade ago, many emerging firms still hold traditional views. "They feel they need to have all their core functions under one roof," he says.

A shift is occurring, however, with even larger pharmaceutical companies using contracted research organizations to help supplement their own in-house resources. At emerging bio-pharmaceutical companies, the scientists and former academics who run them realize they lack business development expertise and prefer to keep their firms lean.

"It's a much more capital-efficient way to create value by allowing young drug companies to continue to develop life-saving products," he says, adding that the increased efficiency then can lead to less cost being shifted to employers and health-care consumers.

Cost Comparison for All

SKY-ROCKETING HEALTH-CARE COSTS to businesses—which on average increase 10 percent a year—have hit the workforce hard. As employers require their workers to pay proportionally more toward their health insurance premiums, employees find themselves becoming more conscientious health-care consumers as they join higher-deductible plans and other programs with more out-of-pocket costs. Some companies, eager to help their workers cope with these seismic shifts, are providing technological tools to help them make more cost-efficient medical choices.

"Health-care transparency is a very hot space at the moment," says **Ethan Prater, WG'04,** vice president of product marketing at Castlight Health in San Francisco.

Companies license Castlight's technology for workers in their medical plan, and then employees use the tool to compare out-of-pocket medical costs for specific treatments and procedures across providers at hospitals, out-patient clinics and private medical practices. Most of Castlight's clients are self-insured companies with 3,000 or more employees who are eager to help their workforce save money.

The out-of-pocket payment for the same medical procedure may be 15 times higher in one facility versus another because insurance companies negotiate different payment rates with different providers, Prater explains.

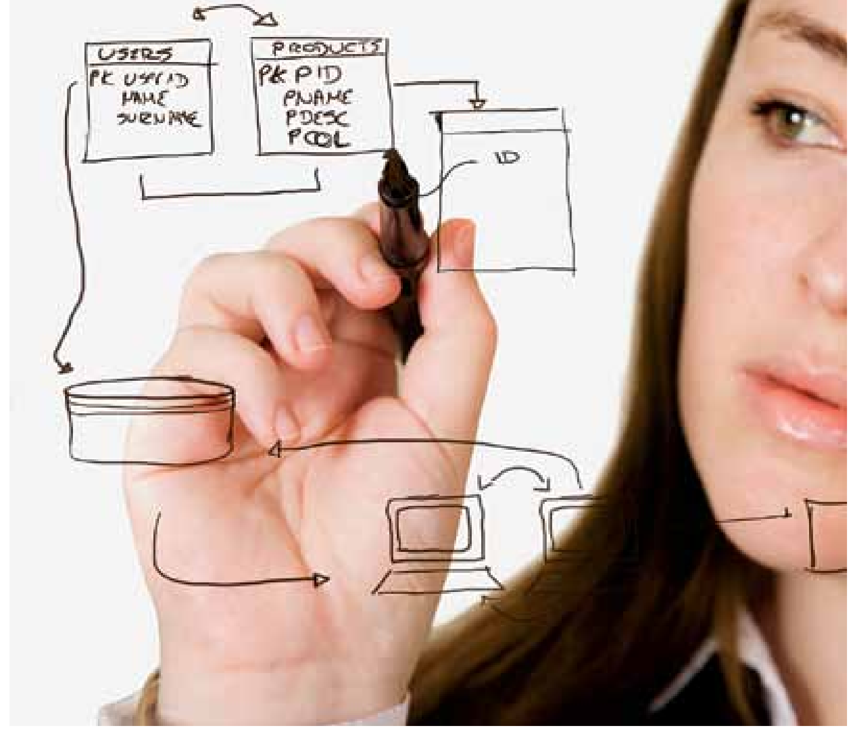
Using the Castlight tool, a consumer could realize that his out-of-pocket expenses might be half the price at one hospital over another and then opt for the lower-cost facility.

"There's a strong financial incentive for the patient to have the procedure done more cheaply," he says, noting that Castlight also reveals the rate that the insurance company negotiated with the health-care provider.

But health-care consumerism is not based on price alone, Prater underscores. Castlight also encourages its users to compare hospital and provider quality, based on patients' reviews, data from government agencies like CMS and all other available quality metrics.

"As workers are required to pay more out-of-pocket expenses in these consumer-directed plans, they're simultaneously having to become more accountable about better understanding costs and quality," Prater says. "The upside is that this process of comparing data also helps them become more empowered."

Entrepreneurs to the Rescue?



EXPERTS DON'T FORESEE a slow-down for health-care spending. The best-case scenario, they say, is a slowing down of annual cost increases from an out-of-control gallop to a more manageable trot.

"There's a huge national imperative to lower health-care costs and improve efficiency," Duggan says. "With even a small reduction in cost growth—as little as a one percentage point a year—the impact on savings over the long term can be huge."

"Those on the front line—the entrepreneurs and small business owners—may be better equipped to think outside the box," he adds.

For Pauly, the solution lies in better government incentives.

"You need to put into place programs that foster and reward relatively small improvements and changes to save money," he says. "But it's not just about saving money."

"Some health procedures save lives, but not money, and that's why we don't necessarily want the level of spending on care to fall. We want it to grow at a manageable pace, which allows a better health return—in terms of lives saved—on increased spending," Pauly says.

For insurers and policy-makers who are open-minded enough to accept this new health-care model, Wharton entrepreneurs are part of the vanguard, keen to help transform a failing system. ■

WHARTON:

At the Corner of Business Economics And Public Policy

BY AMANDA D'AMICO

How two of the Wharton School's most prominent alumni are shaping public policy around the world, and will be talking about it at our upcoming Global Alumni Forums.

Photo: Galleria vittorio emanuele at piazza del duomo in Milan, Italy.

GLOBAL ALUMNI FORUMS

The story of modern Greece is quickly becoming a parable that could go down in European lore with the tale of Odysseus, but Greek politicians might not find their way home this time.

After the global financial crisis, Greece, a member of the Eurozone, required assistance. In May 2010, it received its first injection of funding, €110 billion. During the following two

Corrado Passera, WG'80, (right) with Prime Minister Mario Monti

years, Greece received additional injections of cash and forgiveness of its debt. These bailouts have put an economic and political strain on the member states of the European Union. Given that the European market accounts for 25 percent to 30 percent of the global economy, markets the world over have felt the stress too.

In November 2011, international analysts feared that Italy—the world's eighth largest economy—would soon follow Greece. A bailout for Italy, with a gross domestic product (GDP) of more than $2 trillion—as compared with Greece's GDP of $305 billion—would prove an even greater challenge for Europe and increase turmoil in the world's financial markets.

New Italian Prime Minister Mario Monti chose a Wharton alumnus to address the problem. He named **Corrado Passera, WG'80,** as Italy's minister of development, infrastructure and transport in November 2011 and charged him with righting the Italian economy. One of the most prominent members of Monti's technocratic cabinet, Passera was selected because of his high-profile past successes and technical skill, and his ascension to this position has been praised by international economists.

Passera has righted a troubled ship before. In 1998, he took on the responsibility of leading the Italian postal service. At the time, the organization was failing. Postal rates were high, it took five days for the average domestic letter to reach its destination, and the system only had two months of cash and substantial debt.

Decreasing the cost of mail by 67.6 percent, Passera was still able to ensure that overnight delivery was increased. Now 80 percent of domestic mail reaches its destination the next day. He computerized the postal service, drastically reduced the postal service's debt and instituted the single-file customer service line.

After leaving the postal service in 2002, Passera took his expertise and skills to serve as managing director and CEO of a major Italian banks, Intesa Sanpaolo, before being called upon to serve in Monti's cabinet.

This most recent assignment may prove to be his most challenging. In the month of Passera's appointment, the jobless rate rose to 30 percent among the young—those 15 to 24 years old—according to the Italian National Institute of Statistics. According to the prime minister, the Italian economy suffers from "insufficient competition, inadequate infrastructure and too much red tape."

Passera is prepared to tackle these issues and more. Armed with his extensive experience and Wharton knowledge, Passera has taken a long-term and wide view of the issue.

"We cannot keep looking for single things, silver bullets," he was quoted as saying in the *Financial Times*. "If you want to build the wide consensus that is needed, we have to share sacrifices and benefits among all the segments of society with a balanced set of actions and with the right mix of austerity and development programs."

THE LONG-TERM VIEW IN JAKARTA

Wharton alumnus **Dr. Boediono, GrW'79,** has also taken a long-term view of the financial downturn. As vice president of the Republic of Indonesia, elected in October 2009, Boediono has not only helped to steer Indonesia through the current crisis, but remains vigilant and is preparing for future downturns. Addressing a CEO Forum in December 2011, Boediono stated, "The government is ready to anticipate any eventuality."

Boediono has argued that there should be "harmony" between economic and political policy and has sought it in Indonesian policy. He has urged regional partners to do the same.

Addressing trade ministers of the Member States of the Association of Southeast Asian Nations, Boediono said, "We all have to be vigilant and be prepared with national policy responses, as well as regional policy responses and cooperation."

Dr. Boediono, GrW '79

Boediono and his approach are widely respected. Indonesian President Susilo Bambang Yudhoyono has called Boediono "honest, modest, consistent and tolerant" and stated that Boediono can help "in weathering the economic crisis."

Certainly, Boediono's background lends itself to this assertion. Boediono previously served as the governor of Indonesia's central bank, Indonesia's coordinating minister for economic affairs and its minister of finance.

Boediono is credited with helping to change Indonesia's financial system in 2001 and persuading the International Monetary Fund to resume a debt program with the country.

His career successes led the *Jakarta Post* to call Boediono "one of Indonesia's most highly respected economic policymakers."

The strategy that Boediono has helped to implement appears to be working. Since Boediono took office, Indonesia has attracted significantly more foreign direct investment (FDI).

According to the *Wall Street Journal Asia*, in 2010, FDI expanded by 20 percent, reaching $19.3 billion. In addition, Indonesia's GDP keeps growing. GDP has expanded by more than 5 percent in seven out of the past eight years. This growth is expected to continue.

Our Global Alumni Forums

For nearly 20 years, the Wharton Global Alumni Forums have brought Wharton knowledge to your doorstep.

All told, more than 14,000 Wharton alumni, friends and industry leaders have attended these international events. Notable speakers have included **Jacob Wallenberg, W'80, WG'81,** chairman of Investor AB of Stockholm; **Donald D. Humphreys, WG'76,** senior vice president and treasurer of Exxon Mobil Corporation; and **Alfredo Carvajal, W'59,** former president of Carvajal S.A.

In 1993, 100 people gathered in Manila for the first Forum. Through lecture, discussion and collaboration, guests of the Forum explored pertinent international business topics. This event enabled Wharton alumni and dedicated business professionals to seek answers to questions they faced every day in their careers, as well as debate long-term global issues.

Three years later, the Forum crossed continents, when 150 gathered in London for the first Global Alumni Forum in Europe, Africa and the Middle East.

Finally, in 2000, Latin America hosted its first Global Alumni Forum, as 200 attended the event in Buenos Aires, Argentina.

Each of these three events marked the beginning of Wharton's growing global outreach. To date, more than 25 different cities on five continents have hosted the Global Alumni Forums, and two more cities—Milan, Italy and Jakarta, Indonesia—will host the Forums in the coming months.

With such the opportunity to gain from the insights of global business luminaries, as well as the venue for networking and collaboration, it is easy to see why the Forums continue to grow in popularity.

Plans are already underway for future Forums. The 2013 Global Alumni Forum will be held in Tokyo from May 24-25, and the 2014 Global Alumni Forum will be held in Panama City. We look forward to seeing you there.

—Amanda D'Amico

Jakarta

Wharton's Public Servants Abroad

A list of some of the other Wharton alumni who are serving or have served in prominent international public-policy positions:

Yaseen Anwar, C'72, W'72, Governor, State Bank of Pakistan

Jadul Apichatabutra, WAM'04, Deputy Permanent Secretary, Thai Prime Minister's Office

Tan Sri Dato' Dr. Zeti Alchtar Aziz, G74, GR'78, Governor, Bank Negara Malaysia

Ernesto Perez Balladares, WG'70, Former President of Panama

Jose Cuisia, WG'70, Ambassador to the United States of America for the Republic of the Philippines

Anna M. Cullinan, WG'85, Director General, Government of Canada

Pridyathorn Devakula, WG'70, Former Governor, Central Bank of Thailand

Dr. Farouk El-Okdah, WG81, GR83, Governor, Central Bank of Egypt

Hajime Ishizu, WG'84, Director General, Ministry of Land, Infrastructure and Transport, Japan

Michel R. Kohner, WG'80, GEE'81, Head of Unit, Central Finances, European Parliament

Vincent MK Liu, WAM'04, Principal Assistant Secretary, Hong Kong SAR Government

Amedee Prouvost, WG'90, Senior Adviser to the Group CFO, World Bank

Manuel Roxas II, W'79, Former Secretary of Trade and Industry of Philippines and current Senator, The Republic of the Philippines

Chanthol Sun, WAM'97, Senior Minister and Vice Chairman, Council for the Development of Cambodia

COMBINING BUSINESS AND PUBLIC POLICY

It is no coincidence that both Passera and Boediono will lead Wharton's upcoming Global Alumni Forums. Passera is the chairman of Wharton Global Alumni Forum, Milan, which will take place May 17 and 18. He will give a much-anticipated speech on the morning of Thursday, May 17.

Boediono serves as the honorary chairman of Wharton Global Alumni Forum, Jakarta, which will be held June 22 and 23. Audience members on the morning of Friday, June 22, will surely be listening attentively when the vice president gives his keynote address. (For details about the two forums, please see the side story on P. 69.)

After all, economic policy has taken center stage in today's domestic and international political debates. On campus, Wharton has made a concerted effort to organize and consolidate its public-policy efforts. Wharton faculty members in Management, Finance, OPIM and other departments, are now seeking to leverage the work they do at Wharton to have a more potent impact on the political sphere, as well as better prepare Wharton students. After testing various models of public-policy instruction throughout the past 30 years, the School has found a new model that suits its students and research pursuits. Wharton has become a haven of fact and rigorous research and an overall resource for policymakers.

And an increasing number of Wharton alumni play a direct role in public policy. (See the abridged list of alumni in public service, left.)

Robert Inman, Wharton's Richard King Mellon Professor of Finance and Professor and Department Chair of Business & Public Policy, argues that the careers of many Wharton students will cross between private and public organizations. Some career paths will take students to corporations that work with government entities; other students will lead careers that weave between private and public organizations.

Inman estimates that up to 20 percent of the MBA student population has long-term public-policy dreams. The remaining 80 percent shouldn't ignore public policy issues. From real estate to entrepreneurship, an understanding of public policy is essential for success.

According to Inman, Wharton has demonstrated that it understands this Wharton constituency with its public-policy-focused coursework, which will assist graduates in evaluating the public-policy sphere in an "intellectual, analytical way." The School is not strictly focused on creating government practitioners.

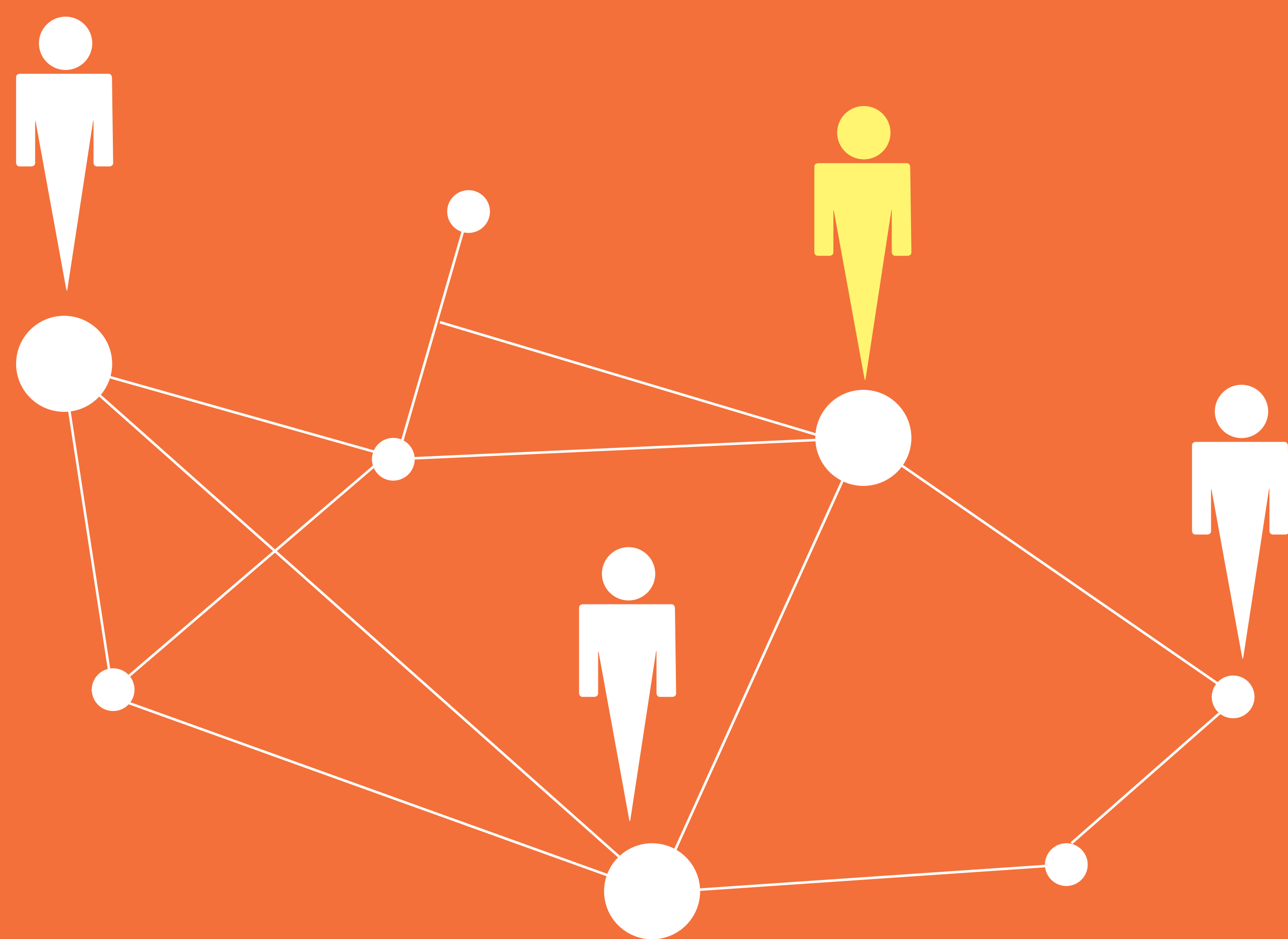
In addition to coursework focused on the public sphere, Wharton is seeking opportunities to increase students' exposure to government. The Business & Public Policy department hopes to increase the number of summer internships available in government organizations to both undergraduate and graduate students. In addition, longer-term internships, between one and two years, may also soon become a possibility for students.

While maintaining their primary area of focus, Wharton professors can help to shape government for the better. Wharton faculty members already produce research and advise organizations to help increase efficiency, whether those organizations are private or public companies, nonprofits or government institutions.

Inman, who advises government entities in finance, states that there is no substantive difference between what he does and what another faculty member would do for a private company. The difference only lies in the recipient of this information.

By using skillsets learned through academic prowess in finance, or human resources or management, faculty members and students can help government become more efficient and effective. These efforts help to fulfill the School's mission.

As Dean **Thomas S. Robertson** stated, "Since our founding in 1881, Wharton has been dedicated to enhancing social and economic welfare around the world. A renewed commitment to enhancing public policy is merely a natural extension of that founding ethos, and it couldn't come at a more critical time." ■



NETWORK DRIVERS

Wharton alumni in the business of helping professionals network are enjoying more success than ever.

BY SAMANTHA DRAKE, CGS'06

Dale Kramer Cohen, W'76, teamed up with Princeton alumnus Chris Colvin to launch IvyLife, the online business networking community in 2009, just as the economic turmoil reached its pinnacle. It was a time when the prevailing approach to professional networking, to simply try to sell yourself, was losing favor. People were beginning to realize they need to help each other to succeed, says Cohen, chairperson of PennNYC, Penn's alumni association in New York City, and a member of the Trustees' Council of Penn Women.

"The economy has made people realize, 'I have to think about what I'm doing in a different way. My connection to other people matters more,'" Cohen explains.

IvyLife gained traction quickly thanks to this shift in attitude and has 40,000 members worldwide. The firm creates a comfortable atmosphere in which people can get to know each other as whole individuals, not just as business personas. It also hosts regular networking events for its members. Alumni who attend an IvyLife morning coffee meeting can expect three questions with their caffeine: who are you, what are you passionate about and how can you help others in the room?

The question about passion can take some people aback, but finding common ground and shared values around accomplishments is integral to building relationships, Cohen says.

CEO BUSINESS IS BOOMING

"The relationship has to be based on something other than, 'I need this,' and should be based on 'I like you,' or 'I can help you'—a connectivity other than a pure business need," says **Kenneth Beck, WG'87.**

"The reality is you are building relationships so that if you need something, you are comfortable talking to that person," he adds.

Too many people perceive networking as a business card exchange, with little follow-up, Beck believes. "I'd rather get to know five people and get to know them well than collect 150 business cards and never talk to them again."

Like Cohen, the entrepreneur Beck has made a business out of helping others network. He is co-founder and CEO of CEO Connection, founder and CEO of Beck Enterprises, and president of the Wharton Club of New York. And like Cohen, Beck's business is doing well through the downturn.

Beck and **George Bradt, WG'85,** started CEO Connection in 2005 to focus on the rarified CEO level at midsize companies, an underserved, and underconnected, population. "They can't talk to their boards, they can't talk to their employees," he says. "Only another CEO understands what they are going through."

CEO Connection helps top executives bond through forums, dinners and boot camps. Beck says he and his staff are in regular contact with approximately 5,000 CEOs from industries across the board.

Beck says that CEO Connection has been conducting boot camps for about seven years with no sign of slowing down. About 250 CEOs in total have gone through the boot camps, which are designed to foster peer relationships while exploring issues of transformational leadership, stewardship, human capital and communications. Participants sign a nondisclosure agreement, ensuring everything discussed is off the record, he adds.

In good economic times, the networking exercise is a "want" for executives, while in bad times it becomes a "need," Beck explains.

Like CEOs, the behavior of board members is dependent upon the economic climate. **Julie Hembrock Daum, WG'79,** co-leader of the North American Board & CEO Practice at Spencer Stuart, a global executive search firm, says that during this economic downturn board members are largely staying put. Daum works with corporate boards to recruit board members and CEOs. Individuals who want to be on a

'Take the Call'

One of the key reasons for the success of the Wharton Club of New York is the willingness of alumni to help other alumni. **Kenneth Beck, WG'87,** entrepreneur and president of the club, coined the phrase "Take the Call."

It's a concept based on three premises:

- Wharton alumni should buy from Wharton people.
- Wharton alumni should hire Wharton people.
- Wharton alumni should help Wharton people.

Define "help" here as advice, direction, friendship, referral, or essentially any favor within reason and the law to other Wharton alumni. The Wharton connection should be the deciding factor.

As Take the Call is based on a "help to be helped" morality, the other half of the logic is that the Wharton Alumni Network is a tool for business, career, social and intellectual growth, and alumni should take full advantage of it.

Testing the Limits of Social Networking

Has social networking impacted, perhaps even democratized, the formal business of professional recruiting? Our experts diverge in their views.

"I feel like social media is a gift. It makes people more accessible," says **Ruth Golan, WG'01,** who believes everyone needs a professional online presence.

Dale Kramer Cohen, W'76, co-founder of the online networking community IvyLife, concurs, though she warns that too much reliance on social media can also be alienating. Communicating solely via social media can reduce people to faceless text, thwarting the development of a real personal connection.

"Technology is an incredible enabler to bring people together, but it's not where the power resides," she says.

Kenneth Beck, WG'87, co-founder of CEO Connection and president of the Wharton Club of New York, takes a cautious approach to social media. He only connects with people on Linkedin if he actually knows them, for instance.

"It's interesting how best to use social media in networking, and I'm not sure there's a right answer yet," he says.

Regardless of exactly how it is accomplished, balanced networking efforts that result in more meaningful relationships will be more successful and satisfying than scattered, superficial interactions.

"We want to connect and cultivate life-long relationships," says Cohen. "Networking should be a permanent fixture in your personal and professional life."

—*Samantha Drake, CGS'06*

board also approach her firm, usually through an intermediary. Regardless of the job market, a good contact can always open the door to more opportunities, she explains.

"If the person isn't credible, people won't pay attention," Daum says.

EXECUTIVE ASSISTANCE

Executive recruiting overall has returned to an upward trend. According to year-end numbers from the Association of Executive Search Consultants (AESC), which represents firms employing more than 8,000 search professionals worldwide who handle approximately 70,000 senior executive searches each year, executive search consultants saw their third best year on record in 2010. The industry grew 28.5 percent in 2010, versus its 32.5 percent decline in 2009. The average number of searches started jumped 24 percent, and average revenue per consultant increased by almost one-third. The industrial and financial sectors still held the top market share for searches (25.6 percent and 21.9 percent, respectively), with consumer products and technology following (17.2 percent and 14.6 percent, respectively).

Based on the latest data available from the AESC for the second quarter of 2011, the recovery in executive recruiting continues. Average revenues per consultant in the second quarter of 2011 increased 9 percent over the same quarter in the previous year and the average number of searches started by 5.4 percent.

Still, the economy has impacted the type of candidate on the other end of these searches.

Due to the economy, says **Jane Bierwirth, WG'77,** managing partner at Higdon Braddock Matthews, an executive search firm for the financial services industry, about a quarter of the viable candidates she talks to are currently unemployed. That number has grown significantly in recent years. Being unemployed has less of a stigma than it used to, Bierwirth adds, but candidates still need to know what they want and have a plan to achieve it.

Bierwirth has to know what she and her clients need in a candidate. Executive recruiters rely on networking to find potential candidates for their clients.

"My network is incredibly important," Bierwirth says. "I have to judiciously use my time to talk to people and find potential candidates."

Looking at a resume doesn't tell you about a person. Bierwirth digs deeper to tell if the candidate would be a good fit for a client.

"It's like being a reporter. You have to find the story, find the thread that holds the career together, and crack the nut," she explains.

WHARTON NETWORKING

Networking within circles of Wharton alumni makes it easier for others to understand this story. At the Wharton Club of New York, of which Beck is president, Beck launched the Business Leads Council, a group of noncompetitive club members who meet regularly to help each other generate new business. Beck explains how he has created a more relationship-driven club through small, interactive events that encourage members to help each other while promoting their own interests.

Within less than a year, Beck himself generated $1.5 million in sales for the furniture business he had at the time based on contacts he made through the council. Today, the club has 220 volunteers, 35 committees and 200-300 events, meetings and activities a year.

Adding networking sessions to Wharton's 10-year reunion in May helped make the event one of the school's most successful reunions.

"While the intention was for people to reconnect, we thought, 'Why not give people the opportunity to network?'" says **Ruth Golan, WG'01,** the reunion chair. "We wanted to deliver more value to the reunion."

As a WG'01 Class Ambassador and Alumni Representative, Golan says, it was a natural fit for her to chair the reunion.

"I really wanted to deliver a great experience for my classmates and make the weekend meaningful for alumni personally and professionally," she says.

The networking sessions gave alumni the opportunity to meet others in their field or geographic region and took a variety of formats, from panel discussions to more informal gatherings, notes Golan, an entrepreneur with an investment banking and private equity background.

Recruitment of alumni with star power to host the sessions, including **John Sculley III, WG'63,** former Apple CEO and president of PepsiCo, certainly didn't hurt either. Approximately 1,000 people participated in the networking portion of the reunion.

Golan also made all participants' profiles on Wharton***Connect***, the global network for alumni and students, available to facilitate introductions.

A potentially valuable contact could be sitting two seats away from you and you wouldn't know it, she explains.

"Wharton has such a strong network and we need to encourage people to use it more," Golan says.

Golan also points to resources like Wharton***Connect***, the Global Alumni Forums, the Wharton Alumni Handbook and the Wharton Alumni LinkedIn group.

"All of these great resources and tapping into the Wharton network can be accomplished in just a few clicks," Golan says. ■

RESEARCH @ Knowledge Wharton

Concierge Medicine: The Doctor Is (Always) In, If You Pay Enough

For anyone who has ever waited days or weeks to see the doctor, concierge medicine sounds appealing: For an additional fee, patients typically enjoy same-day appointments and 24-hour access, more face time with the doctor and extra preventative care. Doctors who offer concierge medicine say the practice frees them from the constraints imposed by insurance providers and allows them time to give patients the individualized attention they need. Skeptics argue that concierge medicine promotes a two-tiered system, improving health care for a few but worsening it for everyone else.

"It's an attempt to formalize two-class medicine," says Wharton professor of health-care management **Mark V. Pauly**. "Those who can pay will get better treatment with a smile, and those who can't will have to wait."

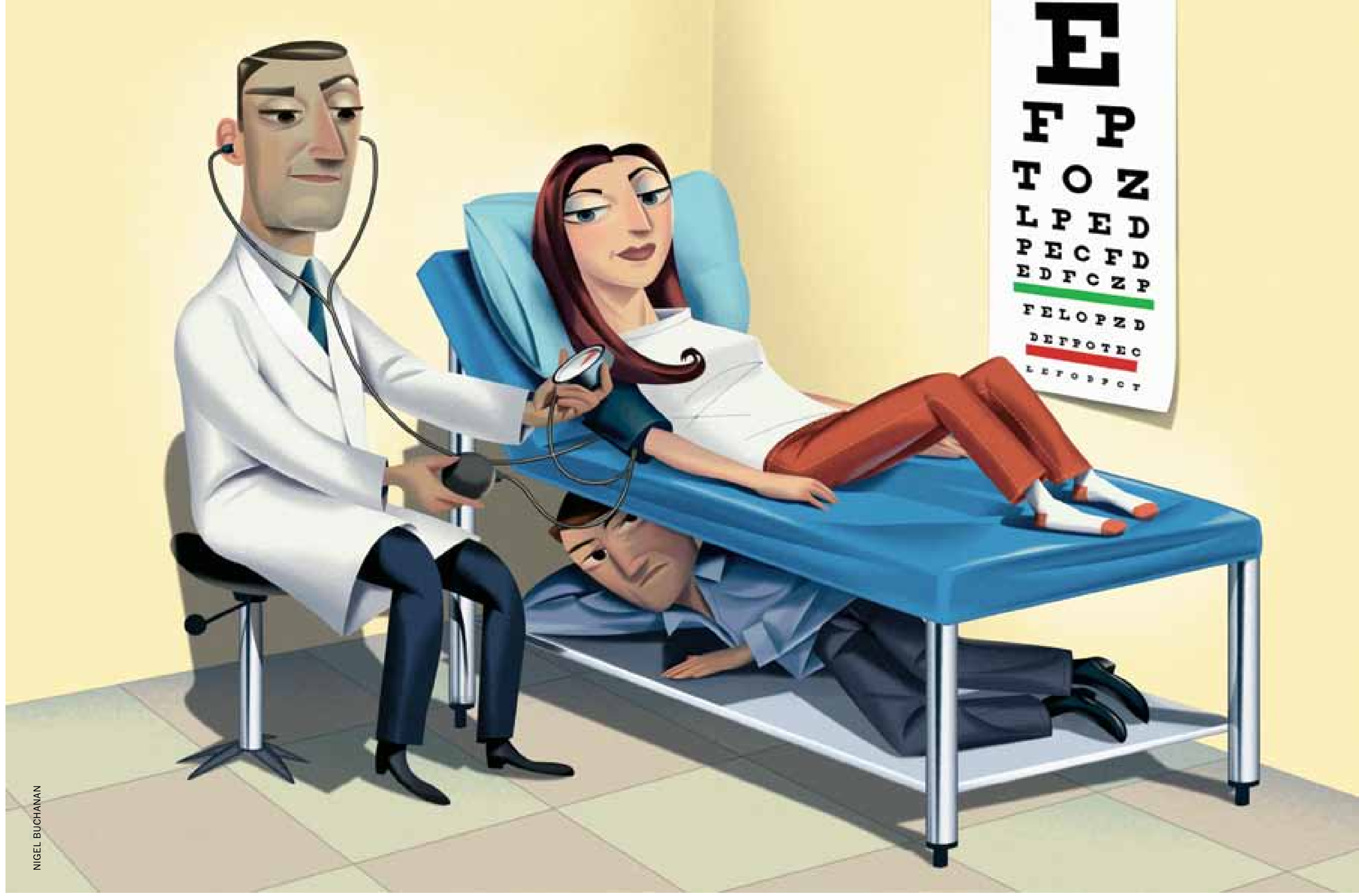
Sometimes called boutique medicine, retainer-based medicine or direct care, concierge medicine is a small but growing practice. It started in Seattle in 1996, when Howard Maron, a former team doctor for the old Seattle Supersonics professional basketball team, left his traditional practice of about 3,000 patients and launched a program called MD2, providing exclusive medical care to about 50 families for a retainer. Today, concierge doctors in the United States serve almost a million patients, according to the American Academy of Private Physicians (AAPP), a national association of physicians who provide concierge medicine and fee-for-service health care. The Academy estimates there are about 3,500 concierge doctors nationwide, up from about 2,400 just 18 months ago. It expects the number to double every 12 to 18 months for the next three years.

Concierge medicine comes in many different forms, according to Tom Blue, the academy's executive director. About 75 percent of concierge physicians hold on to their traditional practice, but take additional fees from a small number of patients who receive special perks, priority treatment and services not covered by traditional insurance. On the other end of the spectrum, doctors forgo relationships with Medicare, Medicaid and insurance carriers entirely, building their practice exclusively on patients willing to pay annual retainer fees for care. Depending upon the services, fees range from as little as $60 per year up to $30,000 per year. The majority of patients still carry health insurance to pay for specialized services that their concierge doctor is unable to provide.

For doctors, concierge medicine isn't necessarily less work, but more satisfying work that allows them to build a more profitable practice. Unlike traditional doctors, a concierge physician builds up an income stream from patient contracts, much like the business of an insurance agent or retainer-based financial planner. That makes the practice potentially more profitable when it is finally sold. "Certainly, they are much more in control of their own destiny," Blue says. "There's actual equity in the practice and the patients."

For patients, the much-touted benefit of concierge medicine is that the doctor has more time and can provide them greater access. Concierge doctors "have 80 percent to 90 percent fewer patients, so they can do other things that other physicians simply can't," Blue adds, such as house calls, email consultations, and more extensive exams and preventative tests that insurance won't cover.

Prevention is concierge medicine's most important benefit, according to Randy Baggesen, a concierge physician in Richmond, VA, who says he often



NIGEL BUCHANAN

catches disease in early stages because his practice focuses on cutting-edge preventative care. Baggesen charges $3,300 annually for his services, which on top of routine care also include tests such as a carotid intima-media thickness (CIMT) measurement, a type of ultrasound to detect plaque in artery walls. Sometimes described as a mammogram for the heart, the test is usually not covered by insurance if a patient is deemed low-risk, so most people don't get it. The problem, according to Baggesen, is that using current national guidelines, 88 percent of heart attack victims would have been deemed low to moderate risk on the day before their heart attack, 75 percent of all victims have normal cholesterol, and 86 percent would have passed a stress test. "Heart attack and stroke should be a preventable issue," he says. "We catch subclinical vascular disease all the time."

> "It's an attempt to formalize two-class medicine."

Concierge medicine could grow as the country's population ages and wealthy baby boomers demand more extensive care, notes Wharton health-care management professor **Jonathan Kolstad**. Physicians, constrained by mounting paperwork, may also find the concierge option increasingly appealing. A study published in *Health Affairs* in August 2011 found that the average physician in the United States spends $82,975 per year to process insurance claims, coverage and billing, and that a physician's staff spends 20.6 hours per physician per week interacting with health plans.

"The amount of time spent coding and documenting purposes is quite staggering," Kolstad says. The growth of concierge medicine reflects "both a demand and supply effect. As more people want this kind of access, physicians see it as a way to gain autonomy."

"Off the Grid"

One of those physicians is Steven D. Knope, a concierge physician in Tucson, AZ, who runs a full-retainer practice that is "completely off the grid" of third-party payers such as Medicare, Medicaid and insurers. He charges an annual fee of $6,000 per individual or $10,000 per couple for full services.

> “The bottom line is, people are not going to make an investment in medical school and their training to make a terrible living at it.”

He began his practice in 2000 after spending 10 years in a traditional practice and becoming increasingly frustrated with insurance companies. “When HMOs dominate the practice, for all intents and purposes, you work for them. They set the rates; they tell you what to order,” he says. “They owned 55 percent of my income stream. … It just really demoralized me.”

When a few of his patients approached him and suggested he shift to concierge medicine, “I said, ‘No, this sounds elitist. It sounds unethical.’” Over time, he changed his mind. “What was unethical was managing this third-party system of companies rationing care.”

Today, Knope sees 12 to 15 patients per day instead of 30 or 40, giving him time for pro-bono work with veterans and the elderly. His practice consists of about 300 patients—half of whom pay the fee, and half “who either pay nothing, or sometimes give me a chicken.” A few of his long-time patients, in their 90s or older, cannot afford the annual fee but insist on paying him $5 per visit. “There’s nothing unethical about taking care of the rich because all of us who do this take care of the poor as well,” he notes. “I have this amazing commodity called time.”

Knope believes concierge medicine holds part of the answer to the country’s growing shortage of primary-care physicians. “I think the only way you can make primary care attractive is to do some sort of fee-for-service medicine,” he states. “The bottom line is, people are not going to make an investment in medical school and their training to make a terrible living at it. … It’s logical to me that we go back to our roots and we act like any other professional—like a dentist, like a lawyer [and say,] ‘These are my rates; this is what I cost.’”

Arnold “Skip” Rosoff, a Wharton professor of legal studies and business ethics, disagrees. He says the spread of concierge medicine could numb people to the problems in the country’s health-care system. Patients who can afford concierge medicine and doctors who choose to offer it will naturally become less interested in finding a solution that benefits the country as a whole, he suggests. “It’s going to devolve into a two-class system of care. If we don’t address the fact that we don’t have primary-care physicians and all we do is put a Band-Aid on it for people who have concierge medicine … you have just shifted the problem.”

A “Gun to the Head” Model?

Concerns about concierge medicine have grown as it has spread. Some insurance companies have dropped concierge doctors, saying the model violates insurance contracts. Several states have questioned whether concierge medicine goes against their insurance laws. The Office of Inspector General of the U.S. Department of Health and Human Services has warned concierge doctors that charging Medicare patients “an ‘access fee’ or ‘administrative fee’ that simply allows them to obtain Medicare-covered services” could be considered double billing.

Pauly worries about what will happen if increasing numbers of doctors see concierge medicine as an alternative to taking Medicare patients. Medicare is in financial trouble and is reducing its payments to physicians, making Medicare patients less desirable. A survey by the American Medical Association of more than 9,000 physicians in May 2010 found that 17 percent were restricting the number of Medicare patients in their practice. Among the top reasons: 85 percent said Medicare payment rates were too low, and 78 percent said the ongoing threat of future payment cuts makes Medicare an unreliable payer.

“The great majority of doctors still take Medicare patients, but more are refusing to take new Medicare patients,” Pauly says. “If Medicare continues to tighten the screws on doctors … some will react by saying, ‘I’m just fed up with the whole thing.’” And if more doctors shift away from traditional practices to concierge medicine, it could exacerbate the physician shortage because there will be fewer doctors to go around, he adds. That could make it increasingly difficult for nonconcierge patients to find a physician.

The hybrid model of concierge medicine may offer a solution, says Wayne Lipton, founder of Concierge Choice Physicians. The private company, based in Rockville Centre, NY, helps physicians incorporate both concierge and traditional medicine under a single practice. Physicians usually keep about 2,000 patients but transition 75 to 100 patients into a concierge class that pays $150 to $200 per month extra for enhanced care. That is far less drastic than shifting an entire practice of 2,000 patients to the full concierge model, which accommodates about 350 patients on average.

Lipton calls the full-fledged concierge practice the “gun-to-the-head” model for patients, who must choose between having to pay the concierge fee and losing their doctor. “To me, that’s inherently troubling,” says Lipton. “If we were to promote that as a solution, it becomes a have and have-not environment.”

The hybrid model, Lipton notes, “rebalances the system.” Patients have the option to try out the concierge service without having to change doctors, and physicians are able to create a new revenue stream and ease into a less hectic practice without turning patients away. Patients also have a choice to stop paying for the concierge service if they can no longer afford it or decide they don’t want it anymore. “They’re not hooked in forever,” Lipton says. “They can go back to being a regular patient.”

Wharton health-care management professor **Guy David** is skeptical. While models that trim fees down to $100 or $200 per month may make concierge medicine affordable for the middle class (that’s less than what many people shell out every month for Starbucks coffee, he points out), it’s unclear how much better care a physician could offer concierge patients on top of a full practice. It’s simple mathematics, David says. “What can a physician who has a very full clinic do for those priority patients?” David speculates that becoming a concierge patient in a hybrid practice might be like moving to zone 2 from zone 5 on an airplane—rather than upgrading from coach to first class. “If the effect on the nonconcierge patient isn’t big, the effect on the concierge patient isn’t big.”

Another possible outcome: Nonconcierge patients in the practice might suffer. Sometimes when firms try to differentiate services, instead of making higher-priced service better, they simply make the lower-priced services worse.

David points out a classic case from 18th century France, when a train company ripped the roofs off its low-priced cars to encourage customers to buy more expensive tickets. Might concierge doctors begin to resent patients who don’t pay for the extra service and skimp on health care as a result?

David wonders: “Once you have this class system in your practice, what’s going to stop [such] behavior?”

David emphasizes that concierge medicine is neither good nor bad, but a natural response to problems in the health-care system. He does not consider it a solution for the country.

“I don’t see concierge medicine being the new model for 300 million Americans,” he notes. Most people can’t afford to pay retainer fees on top of taxes and health insurance premiums.

“When you think about something that is sustainable at the national level, it’s very clear that concierge medicine will not work,” David says, returning to his airline analogy: “You can’t have everybody sit in zone two.” ■

ON THE WEB
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Final Exam

In each issue of *Wharton Magazine,* we'll test your knowledge with a question straight from an actual Wharton exam or course, crafted by one of the School's esteemed faculty members. Submit the correct answer and you'll be entered into our drawing for a fabulous prize—tuition-free attendance at a Wharton Executive Education program. This Final Exam challenge comes from **Eric T. Bradlow, W'88,** the K.P. Chao Professor; professor of marketing, statistics and education; co-director of the Wharton Customer Analytics Initiative (WCAI); and vice dean and director of Wharton Doctoral Programs; and **Elea McDonnell Feit, C'94,** lecturer in the Marketing Department and WCAI research director.
Good luck!

Winner of the winter issue Final Exam challenge:
Brian Connelly, WEV'04
Congratulations, Brian!

The Basics:

I have a jar with a random number of quarters in it. The random number of quarters follows a normal distribution with mean 160 and standard deviation of 60.

The Question:

What is the number of quarters in the jar? Exactly 160, something higher or something lower?

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