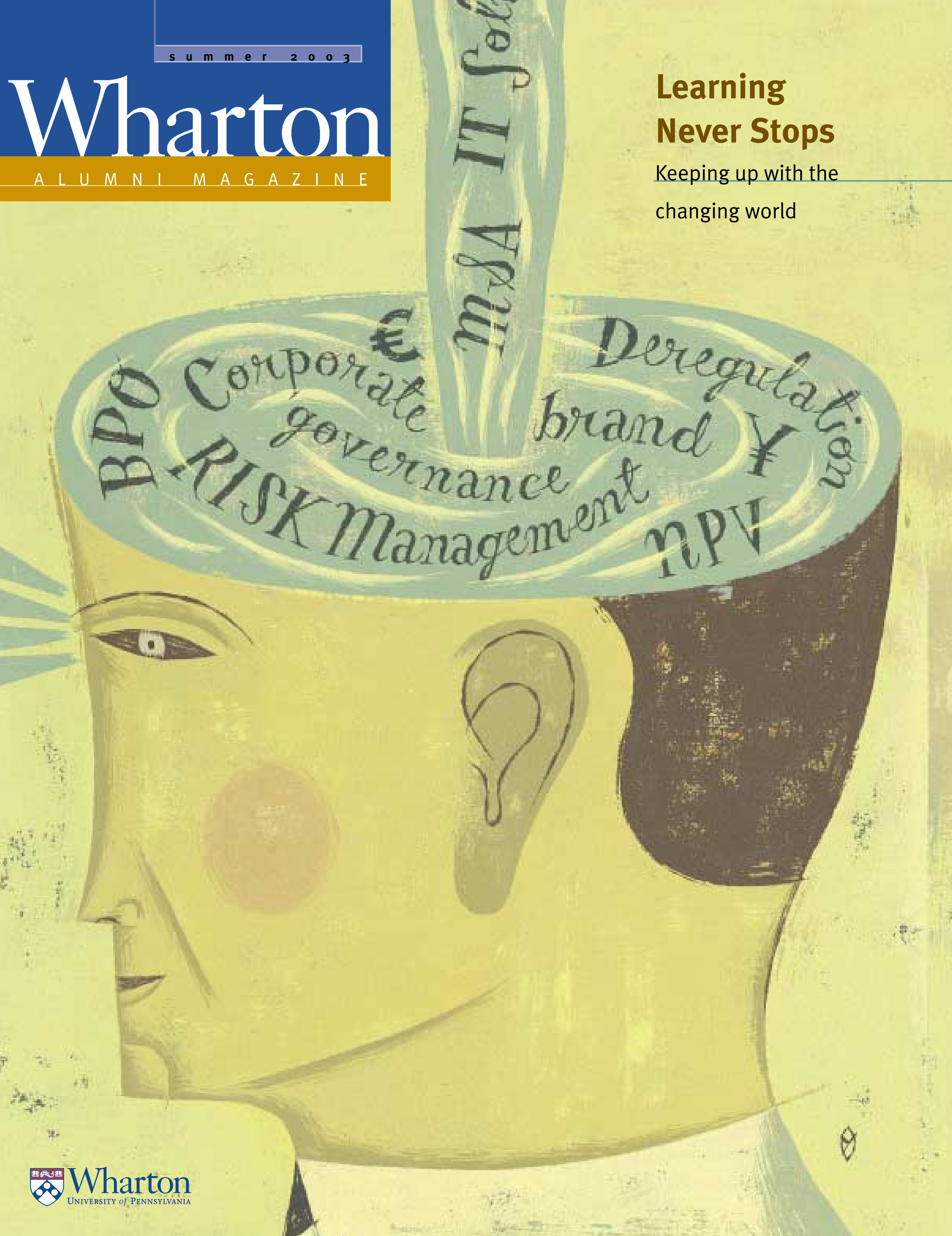
summer 2003

Wharton

ALUMNI MAGAZINE



Learning Never Stops

Keeping up with the changing world

Wharton UNIVERSITY of PENNSYLVANIA

TOMMY LEONARDI

Welcome new alumni!

Save the Date

MAY 20-21, 2004
Regional Alumni Meeting*
Moscow

JUNE 3-6, 2004
Regional Alumni Meeting*
Shanghai

JUNE 24-25, 2004
Regional Alumni Meeting*
Mexico City

* See back cover for details.

COVER ILLUSTRATION. **BRAD YEO**

Wharton

ALUMNI MAGAZINE

Summer 2003

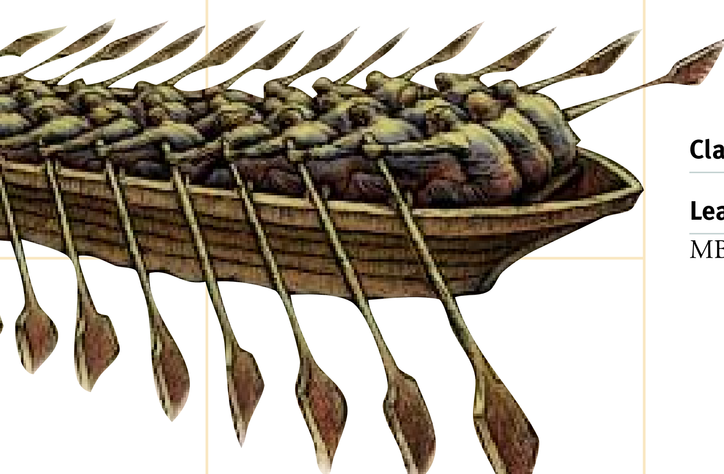
Features

18

Food, fun, and catching up with one another.

8

The challenge of keeping up with a changing world.



28

Is there a downside to takeover defenses?

Departments

DUCKWORTH

Duckworth,WG'79, Speaks at MBA Commencement

Connie Duckworth, WG'79, one of the nation's most influential women's business leaders, was the featured speaker at the School's MBA Commencement on May 18. Duckworth is a founding partner of 8 Wings Enterprises, through which she and three other partners serve as business advisors to, and selectively invest in, early-stage, women-led companies.

Prior to forming 8 Wings Enterprises, Duckworth had a successful 20-year career with Goldman, Sachs & Co., where she was the firm's first female sales and trading partner. She also served as co-head of the Municipal Bond Department, head of Fixed Income in Los Angeles, co-head of the firm's Chicago office, and regional head of Fixed Income Sales in a 20-state area.

Duckworth is also the chair of the Committee of 200, a professional organization of preeminent women entrepreneurs and corporate leaders. The organization capitalizes on the power, success, and influence of businesswomen in the global economy. She also has been active in Renaissance Ventures in Boston, the Center for Women's Business Research (formerly the National Foundation for Women Business Owners), and the Forte Foundation. She serves on the advisory boards of the business schools of the University of Michigan and the University of Texas, as well as the Graduate Executive Board of the Wharton School.

She is the recipient of numerous awards, including being named in 1997 to Working Mother magazine's first annual list of the 25 Most Influential Working Mothers in America. In 2000, she received the Kathleen McDonald Distinguished Alumnae Award from the Wharton Women in Business club.

All three of Wharton's degree-granting divisions celebrated the graduation of the 2003 classes in separate ceremonies that day. The Undergraduate Division held its Commencement program in the morning and the Graduate Division in the afternoon, both at Franklin Field. Later that evening, Wharton Doctoral Programs held their ceremony at the University Museum.

MBA Class Gift Sets New Record

The MBA Class of 2003 raised $470,539 for their class gift, the highest amount ever raised by a graduating class. Despite the difficult economy and tough job market, 98 percent of the class of 757 students participated in raising money for their unrestricted class gift.

"I congratulate this year's class on their historic achievement in the class gift campaign," stated Wharton Dean Patrick Harker. "Their accomplishment in setting this most impressive record in class giving mirrors the great spirit they have brought to the School over the last two years. Their record will serve as a shining example for both the classes that follow and the entire alumni community."

Please see page 81 of this issue for our Leadership Spotlight profile of the MBA Class of 2003.

JIM GRAHAM

SAMMUT

Wharton Private Equity Boot Camp

For some Wharton students, the week after spring finals is time to hit the beach. But for more than 300 Wharton undergraduate and graduate students, it was time for "Boot Camp" – the Wharton Private Equity Boot Camp.

The rigorous program, which took place May 12-13, consisted of nearly 20 hours of sessions such as "Due Diligence Strategies," "Emerging Markets," and "Ethical Responsibilities of the Private Equity Professional."

A partnership of Wharton Entrepreneurial Programs (WEP) and the Wharton Private Equity Alumni Network (WPEN), the program's sessions featured faculty – led by WEP Academic Director Raphael "Raffi" Amit – providing instruction alongside some 40 visiting alumni private equity professionals. Stephen Sammut, WG'84, who also teaches private equity at Wharton, was among those instrumental in the Private Equity Boot Camp's development. Sammut took the lead in tapping his fellow WPEN club mates so that students could both learn from and mingle with private equity practitioners representing firms like Sycamore Ventures, Goldman Sachs, and Mellon Ventures.

"WPEN sees this program as a way to help students gain a baseline of knowledge before they enter the industry," said Dean Miller, WG'99, principal of PA Early Stage Funds and president of WPEN. "But also we want to encourage relationships between students and Wharton grads working in private equity, since those contacts are such an important element to success in the private equity business."

KROOGLIK & BENNETT (REAR); THE ASHTONS WITH BODEY

PAWS Pet Insurance Wins Business Plan Competition

PAWS Pet Insurance, whose business plan is aimed at providing accident and illness pet health insurance to pet owners in the U.S., won the Wharton Business Plan Competition Grand Prize, worth $20,000. The prize was awarded at the annual Wharton Venture Fair on April 28 where, in all, students received more than $45,000 in cash prizes and access to capital.

With its focus on the well-being of dogs and cats, PAWS bucks a trend of Grand Prize winners focused on life sciences; a life science concept, Biogenomix, won second prize.

This year's Venture Fair, the culminating event of the year-long Competition, took place at the School's new academic facility, Jon M. Huntsman Hall, and attracted nearly 300 venture capitalists, business leaders, faculty, and students. Distinguished judges at the Venture Fair came from The Goldman Sachs Group, Johnson & Johnson, Flatiron Partners, Business 2.0, Flagship Ventures, Thomas, McNerney & Partners, and Anthem Capital Management.

An anorexic house cat named "Bodey" inspired its British owners, husband/wife Wharton MBA students Chris and Natasha Ashton, to launch PAWS. After spending $5,000 for Bodey's treatment, the Ashtons, along with teammates Alex Krooglik and Laura Bennett (an actuary), came together to tap a dearth of pet health insurance options in the U.S. Their insurance products are targeted at segments of the 99% of U.S pet owners who do not own pet health insurance.

For the second year, students were able to enter an "industry track" in partnership with Penn's Graduate School of Education, as part of its goal to encourage participation by all entrepreneurial-minded students at the University of Pennsylvania. The education track is sponsored by The Goldman Sachs Foundation, which is also a Gold Sponsor of the Competition itself.

Alumni in the News

Roger H. Ballou, WG'73, president and CEO of CDI Corp, was awarded the prestigious Ellis Island Medal of Honor on May 17th, which was created in 1986 to honor ancestral groups who through sacrifice and success helped build our nation. *(PR Newswire, 5/19/03)*

Gwendolyn Pointer, W'94, was mentioned in an article about her goal to one day own a sports franchise. She is currently working with the minor league team, the Brockton Rox, where she is doing everything from ushering fans to seats to making deals with sponsors. *(The Boston Globe, 5/15/03)*

Tarun Tahiliani, W'84, a fashion designer, was mentioned in a *New York Times* article about emerging fashion trends from India. (5/13/03)

Susan Firestone, WG'81, former vice president of financial products at ACE Limited, was mentioned in *Forbes Magazine* regarding starting up her own silk importing business. (5/12/03)

Bob Ziegelbauer, WG'75, Wisconsin state representative, was mentioned in an article concerning Wisconsin's pension plan for its retired population. *(The Milwaukee Journal Sentinal, 5/4/03)*

Eric Adler, WG'96, executive director of the SEED (Schools for Educational Evolution and Development) foundation, was mentioned in *Fast Company* regarding the SEED Public Charter School of Washington, DC, that he co-founded and his plans to start another SEED school. (5/1/03)

Umber Ahmad, WG'02, was featured in the film "Risk/Reward." The film is a documentary of four women on Wall Street, one of which is Ahmad. *(Toronto Star, 4/29/03)*

Jacob Wallenberg, W'80, WG'81, was featured in an article about running the Wallenberg family empire with his cousin, Marcus. *(The Wall Street Journal Europe, 4/22/03)*

Isabelle Benton, WG'83, was featured in a *Philadelphia Inquirer* article about her role at the Philadelphia Stock Exchange. Benton has been elected to the exchange's board of governors. (4/21/03)

Marco DeBenedetti, WG'88, was featured in an article about the European cell phone market. De Benedetti is CEO at Telecom Italia Mobile, a mobile telephone company. *(The New York Times, 4/8/03)*

Donald Trump, W'68, was interviewed on the "Today" show about his new reality TV series, "The Apprentice." The show will have contestants trying to survive New York's corporate jungle, with the ultimate prize being a year-long job with Trump. *(NBC News: Today, 4/8/03; BusinessWeek Online, 4/23/03)*

Badal Pandhi, W'02, was quoted in a *Wall Street Journal* article about business school case competitions. Pandhi commented that participating in a case competition helped him land his investment-banking analyst job at Legg Mason, Inc., a Baltimore financial services company. (4/8/03)

M. Rashed Hasan, WG'87, was featured in an article about preventing teen drug abuse among Muslims. Hasan is the education director for the Muslim Community Center of Greater Pittsburgh, where a pilot workshop on prevention was held. (*Pittsburgh Post-Gazette*, 4/2/03)

Anil Ambani, WG'83, was featured in an article about his father, Dhirubhai Ambani, the former chairman of Reliance Industries in India. The younger Ambani now oversees the company's finances. *(World Trade, 4/1/03)*

Phil Smith, WG'97, was profiled in "Today's Spotlight" as vice president of corporate development at Vital Images, Inc., a company that develops, markets, and supports three-dimensional medical imaging software. *(Star Tribune, Minneapolis-St. Paul, 3/23/03)*

Jeff Zaun, WG'00, was featured in an article about his experience as a prisoner of war during the Gulf War. He and 16 other former POWs have filed a lawsuit against Iraq seeking damages for their imprisonment while held captive. *(Associated Press Newswires, 3/21/03; The New York Times, 3/26/03)*

Risa Lavizzo-Mourey, WG'86, was mentioned in a CNN broadcast about uninsured Americans. According to Lavizzo-Mourey, one out of two personal bankruptcy filings are related to medical bills. *(CNNfn: Markets Impact, 3/12/03)*

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

Announcing Online Class Notes

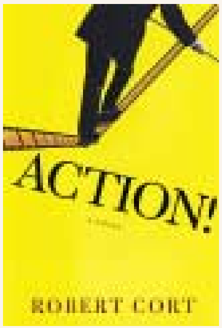
An online class notes service is now available to the alumni online community, WAVE <wave.wharton.upenn.edu>. Let your fellow alumni know about the promotion you just achieved, that fabulous trip you took around Asia last month, your new baby son, daughter, or pet! Post your message on the new class notes section of WAVE so other alumni can know all the up-to-the minute news in your life.

There are two separate sites – Grad and Undergrad – and notes in each are searchable by class year. There are categories for news about career, travel, family, general information, and a special section for those celebrating MBA reunions.

The "Undergrad" section covers alumni of the day and evening undergraduate programs, as well as the Extension Finance program. The "Grad" section covers the MBA program, the WEMBA program, PhDs, alumni of the Advanced Management Program, and the Wharton Management Program.

You must be registered for WAVE to use online class notes; visit the site at <wave.wharton.upenn.edu> to register.

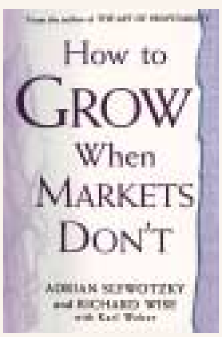
Recent Alumni Publications



Action!: A Novel

By Robert Cort, C'68, G'70, WG'74
Random House (2003)

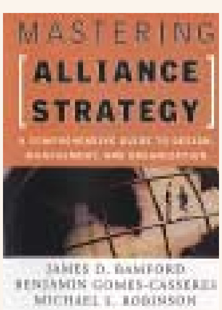
"With his gift for good old-fashioned storytelling, Robert Cort has written a great novel you can't put down. Kirk Douglas once said that you tell more of the truth in fiction than in an autobiography. And that's what Cort, a movie producer, has done, with all the Hollywood giants playing themselves."
–Lesley Stahl



How to Grow When Markets Don't

By Adrian Slywotzky and Richard Wise, C'86, WG'92 (with Karl Weber)
Warner Business Books (2003)

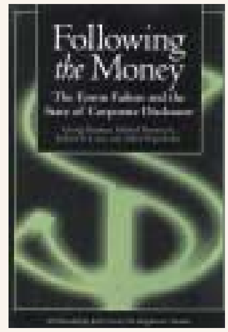
"a thought-provoking prescription to revive the top line."
–BusinessWeek



Mastering Alliance Strategy

By James D. Bamford, Benjamin Gomes-Casseres, and Michael S. Robinson, WG'95
John Wiley & Sons (2003)

"Provides a wealth of concrete and practical insight and advice on how to get the best possible results from strategic alliances."
–Yves Doz, Professor, INSEAD

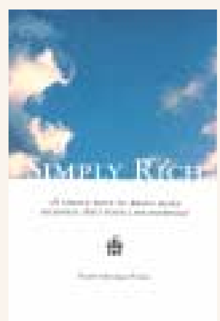


Following the Money: The Enron Failure and the State of Corporate Disclosure

By George Benston, Michael Bromwich, Robert E. Litan, W'72, and Alfred Wagenhofer
AEI Brookings Joint Center for Regulatory Studies (2003)

"Using the Enron case as a point of departure, the authors argue that the major problem lies not in the accounting and auditing standards themselves, but in the system of enforcing those standards."
–Publisher

Simply Rich: 28 Simple Ways to Bring More Richness Into Your Everyday Life



By Dante Monique Pirouz, WG'92
Modern Living Media (2003)

"…gives readers inspiring and simple-to-use ideas for giving voice to their inner creativity while helping them cope with stress, change, loss, and/or setbacks."
–Publisher

Managing High-Tech Services Using a CRM Strategy

By Donald F. Blumberg, EE'57, WG'58
St. Lucie Press (2003)

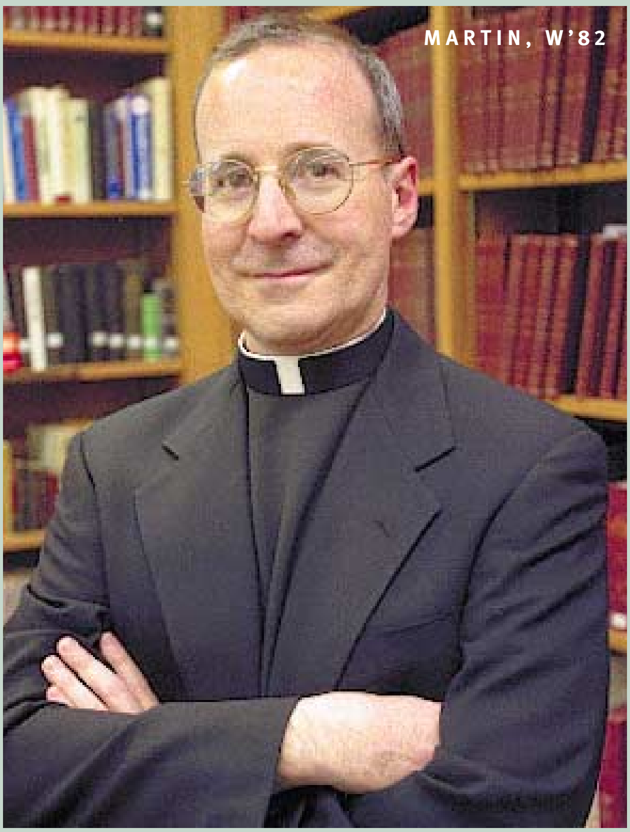
"[Blumberg] demonstrates how CRM can give you the tools you need to get and stay ahead in today's hypercompetitive business environment."
–Publisher

James Martin, W'82: Business of the Spirit

BY PETER NICHOLS

On a bright morning in 1989, James Martin, W'82, was kneeling in a puddle on the broken-tile floor of a communal bathroom, part of a hospice run by the Missionaries of Charity, the religious order founded by Mother Teresa. The sisters, clad in blue-and-white saris, often carried back those who would otherwise die on the streets and garbage heaps of a surrounding slum in Kingston, Jamaica. Martin hefted the sad and silent man he'd just showered and dressed him. There were still a dozen dying men who needed to be washed, shaved, dressed, and have their nails clipped.

When Martin told friends that, after four years at Wharton and six years moving up General Electric's corporate ladder, he was about to leave it all behind to become a Jesuit priest, their responses were pretty much the same: "You're kidding, right?" Bobby, a boy from a Lower East Side school where Martin later taught for a while, made the same point but without the incredulity. "Man," he told him, "you're crazy!"



JOHN TOOLAN

Today, Father Martin works out of a Manhattan office building. In 1999, he was ordained a Catholic priest and is now doing a stint as associate editor for the Jesuit's national magazine, *America*. On weekends, he celebrates Mass, preaches, hears confessions, and runs book clubs and parish retreats at St. Ignatius Loyola Church on Park Avenue.

"I love being a priest," he says. "It's a gift and a joy." As a priest, he finds himself being invited into people's lives in surprisingly intimate ways. "The collar predisposes them to trust in you... and they'll talk about the big topics – death, birth, marriage, confession. It's incredible to be able to accompany people in that way."

Martin is a fine-featured and gentle man, but he retains a businessman's earthiness in some of his expressions. He has on a black suit and shoes, and a black clerical shirt with a little square of Roman-collar white at his throat. Once in a while, he'll be startled on the street, catching a glimpse of his white-on-black image in a shop window. "Wow!" he says. "I'm a priest. How'd that happen?"

A finance major with extensive training in accounting, Martin became an intern in GE's Financial Management Program and eventually moved from international finance to human resources with GE Capital. "When I started, it was the fulfillment of all the dreams I had at Wharton, which were to get a good job at a high-powered company, to make a good salary, and to have unlimited opportunity for advancement."

It took six years of hard work and promotions for Martin to understand that the dream of success was, for him, far sweeter than its fulfillment. By that time, he was working most weekends, and as an HR manager, he had become disillusioned by what he saw behind closed doors. It was the era of Jack Welch's ambitious quest to generate spectacular profits by making GE "lean and mean." It was also the era of Reaganomics, and the tough corporate culture that trickled down from the top was not congenial to him. "It was all about the bottom line," he remembers. If you failed to make your numbers, you were out. In time, his ample bank account could no longer compensate for the migraines, stomach troubles, and depression. "I couldn't figure out the point of what I was doing with my life," he wrote in his memoir, *In Good Company*. "Something basic was missing."

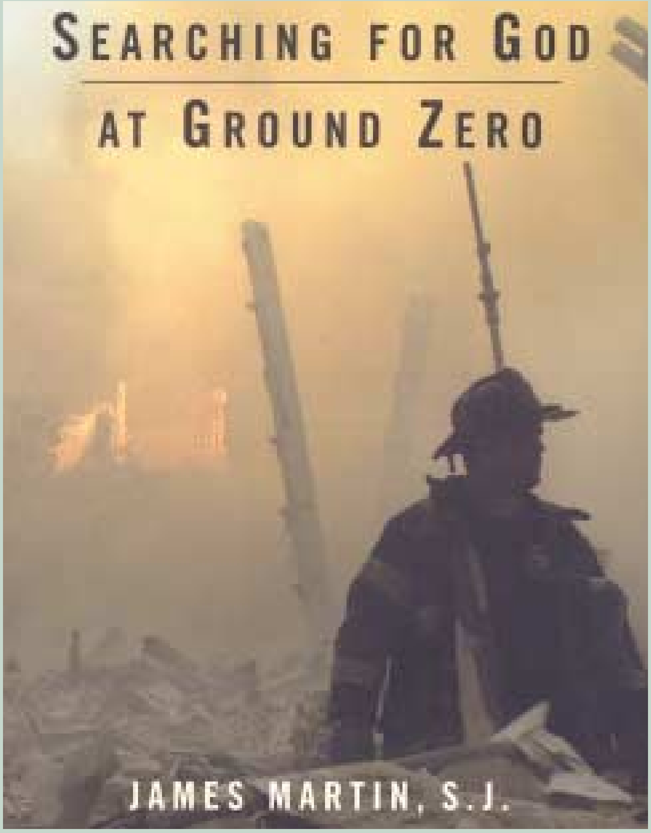
That "something," he soon discovered with a slight shock, was religion. All along, he'd been reading in secret about the religious life, but it wasn't until he'd become completely miserable at GE that he was able to feel a deeper attraction to the "holiness" and "peace" the Jesuits seemed to offer.

It was a romantic notion, he admits – sort of an infatuation – but “that was the call.”

New Jesuits undergo a rigorous, ten-year program of preparation, which includes prayer, philosophy, and theology studies and some kind of work, often a social-service ministry. Before being ordained, Martin spent two years (1992-94) with the Jesuit Refugee Service (JRS) in Nairobi, which helped care for Kenya’s three million displaced people, who were fleeing the grinding cycle of wars and famines that afflict east Africa. “[N]othing was as I expected it,” he wrote in *This Our Exile*, the story of his experiences there. “And my life changed totally.”

Uprooted from their homes with little more than the clothes they wore, up to 100,000 refugees lived in the squalid slums on the outskirts of Kenya’s capital city. “The sight of women standing in long snaking lines waiting for water and men wearing tattered clothes picking through garbage dumps was profoundly sorrowful,” he wrote.

Many of the refugees came from their homelands with marketable skills, and JRS offered grants to help individuals and groups start up businesses that would make them self-sufficient. The refugees invested the $1,000 in seed money (a substantial sum) for material and equipment for dress-making businesses, bakeries, restaurants, basket weaving and other craft projects, small dairy or chicken farms, hairdressing salons, and other ventures. Martin took over the program and founded the Mikono Centre, which consisted of a shop that sold refugee crafts and wares, and an office with a wooden chair and desk, where he disbursed the grants and brainstormed over business ideas.



About half of the new undertakings failed. The refugees toiled doggedly at their enterprises, but many succumbed to illness or violence or another of the plenitude of misfortunes that plagued their tenuous existence. Martin was delighted when businesses prospered, which meant the owners’ families had enough to eat and a roof over their heads. “I had to rejigger my notions of what success and failure are,” he explains. “I had to trust that God would somehow use [my] efforts to succeed and flower in some place I might not see.”

For those who failed, he stayed in touch, offering encouragement, counsel, some prayer, and sometimes a little cash. Some of the refugees still write and mail pictures, and he still sends along some money in his replies.

Continued on page 35

EDITORIAL STAFF

Editor
Steve Guglielmi

Editorial Board
Michael Baltes
Rosemary Connors
Karuna Krishna
Meghan Laska
Tom McMahon
Nancy Moffitt
Mukul Pandya
Robbie Shell
Peter Winicov

Editorial Assistants
Mark Natale
Samantha Rudolph

Contributing Writers
Rosemary Connors
Joanne Spigonardo

Design
Warkulwiz Design Associates

Production Assistant
Martin Thibodeau

Editorial Office
1030 SH/DH, 3620 Locust Walk
Philadelphia, PA 19104
215.898.7967 (phone)
215.898.1883 (fax)
magazine@wharton.upenn.edu
<www.wharton.upenn.edu/alum_mag/index.html>

ADMINISTRATION

Patrick T. Harker
Dean and Reliance Professor of Management and Private Enterprise

Kathleen McClave
Associate Dean, Communications and Business Development

Steven Oliveira
Associate Dean, External Affairs

Leslie Arbuthnot
Director, Alumni Affairs and Annual Giving

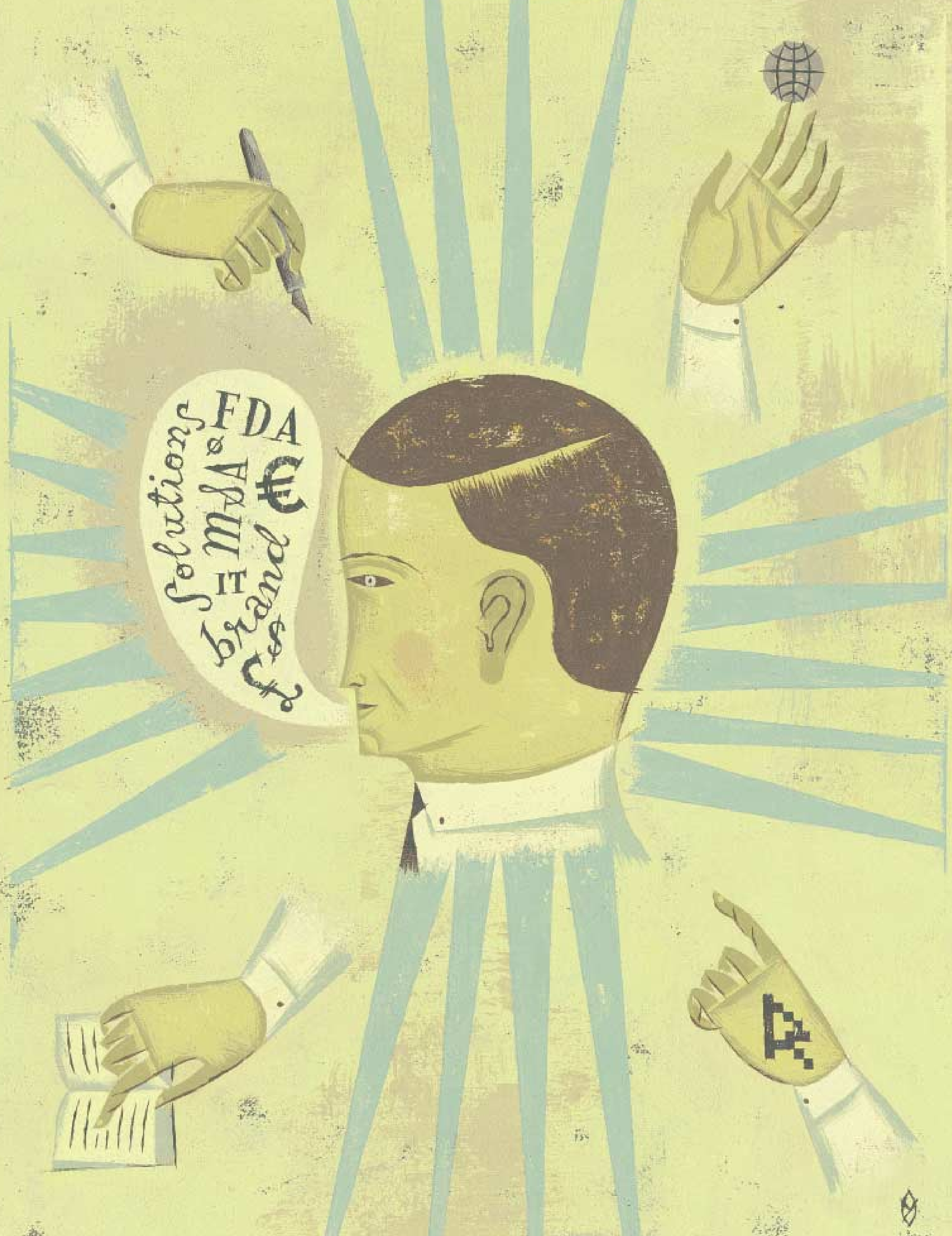
ADVISORY BOARD

Joan Walsh Cassedy, WG’82
Executive Director, American Council of Independent Laboratories

Jay A. Dubow, W’81
Partner, Wolf, Block, Schorr and Solis-Cohen

Ellen Yin, W’87, WG’93
Proprietor, Fork Restaurant

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


Solutions
FDA
M&A
IT
brand

Learning never stops

After Earning their Degrees, Wharton Alumni Find Ways to Keep Learning.

BY ROBERT GUNTHER

ILLUSTRATION.BRAD YEO PHOTOGRAPHY.TOMMY LEONARDI

When Mike Rechtiene, WG'93, joined Wharton classmates for a 10th reunion dinner on the top floor of the new Huntsman Hall in May, they marveled at how much the world had changed since graduation. Most of them had left Wharton ten years earlier without Palm Pilots, cell phones, laptops, or e-mail addresses. Technological changes over the decade have accelerated life, work, and learning.

"We have to continue learning just to keep up with what is going on in the business world – or just the world – since we have been in school," said Rechtiene, now Executive Director of Immunology Sales at Centocor, talking on his cell phone while crawling along in a traffic jam on the Pennsylvania Turnpike.

Rechtiene felt the full impact of these changes when, at the height of the Internet boom, he was asked to figure out an e-business strategy at Centocor. "I had spent eight years in marketing but had very little technology or technology strategy background," he said. This new challenge brought him back to Wharton's classrooms to join an innovative executive program called The Wharton Fellows, which was then focused on e-business.

He also has carried his passion for learning to others. Starting in March 2002, he has brought more than 70 managers from Johnson & Johnson (Centocor's parent) to Wharton's campus for a custom executive education program in marketing. He also has taught introductory marketing in Wharton's Management Program for more than seven years.

"The foundations don't change, but you need to interpret the foundation for your current environment."

At Centocor, Rechtiene now finds himself in the midst of another fast-moving, emerging technology. "There is a high need to innovate in a business sense as well as a scientific sense," he said. "For example, as these new biotechnology products hit the market, they create new challenges for reimbursement. There are tremendous business challenges around forecasting new therapies and making decisions about plants and equipment to build them. It is living with ambiguity."

What became of his MBA degree? "I find I still use my MBA on a regular basis," he said. "Those foundations don't change. In fact, when new things come along like the Internet, a solid foundation in marketing, economics, and other areas allows you to innovate around those changes even better. The foundations don't change, but you need to interpret the foundation for your current environment."

The Grail: Lifelong Education

The very term "master" in Master of Business Administration implies a certain finality to the achievement. Yet with rapid shifts in technology and globalization, and even faster shifts in careers, earning a degree – graduate or undergraduate – is often just the beginning of a learning process. While the need for ongoing education has become increasingly clear over the past few decades, solutions are still emerging. Over the past few decades, lifelong learning has become the Grail of executive education, and, like the Grail quest, the goal has sometimes been vague and the path to it a winding one. As the Economist observed in 1998, "As an ideal, 'lifelong learning' is up there with peace, justice, and motherhood. Turning this fine idea into practice, however is not simple."

Through a variety of formal and informal channels, Rechtiene and many other Wharton alumni are continuing to learn after earning their formal degrees. Some tap into

How do you keep up with new knowledge?

"You have reached a point in your career where you want to accelerate your knowledge about business, and the MBA gives you a jump. After a period of time, you need another burst of acceleration."

networks at work or among classmates. Some find that 10 or 15 years after earning their degree, they need a "refresher" to stay ahead of business innovation or prepare for leadership roles in their organizations through programs such as the five-week Advanced Management Program (AMP). Wharton has experimented with new models and technologies to meet the needs of executives in developing new educational platforms such as the Fellows program and channels such as distance learning.

Why is ongoing education needed? Technology is advancing rapidly. Information is expanding. Globalization has created demands for new knowledge about cultures, languages, and business practices. What is perhaps even more significant, however, is that the work we do is changing far more rapidly than in the past. "Organizational change happens faster so there is a very good chance you will be doing different jobs," said Peter Cappelli, George W. Taylor Professor of Management and Director of Wharton's Center for Human Resources. "Within the same job, you are asked to do a broader range of things. Companies change directions more quickly. The big consensus is that if you let your own skills become obsolete, if you become a 'legacy employee,' you are in trouble."

While shifting work responsibilities sometimes requires retooling of knowledge in new areas, sometimes what is needed is more perspective. This is one of the reasons why executives come back for a program like the AMP. "They are often people who are making career changes within the same organization," said Cappelli, who is one of three academic directors of the Wharton AMP. "They are getting ready to go into senior management positions and need to broaden their perspectives because they have been in silos. In this case, it is not keeping skills up to date as much as broadening perspective."

Knowledge Through Networking

"I think you gain knowledge through networking. I learn from a couple of professional organizations, including a treasurers club and an private equity CFO organization. The CFO organization has its own website so if someone has a question, they can send it out to members. After a couple weeks, it comes back with all the responses. When I was at Wharton 25 years ago, people didn't have PCs. I was one of the lucky ones to have a financial calculator. In these times, learning is more important than ever."

ROBERT M. HANNON, WG'78
Vice President, Finance and Administration, Ticonderoga Capital
Wellesley, MA

What Happens Next? Answering His Own Question

The world was quite different when Bob Mittelstaedt, Jr., earned his MBA at Wharton in 1972. There was no Steinberg Conference Center on the corner of 38th and Spruce. There was no Aresty Institute of Executive Education bringing thousands of managers to campus every year. There was no Wharton AMP. There was no Fellows program.

There was just an unanswered question.

As Mittelstaedt finished his degree, he visited two of the faculty members he had worked most closely with during the preceding two years – Gerald Hurst and Bill Hamilton. Sitting in each of their offices, he asked them a parting question: "This MBA program has been a terrific experience, and I've learned a tremendous amount; but how do I keep up after this?" The answers he received more than a quarter century ago were fairly "mushy." He was told to read articles and watch certain journals. "In no case did the idea that five years from now you should take an executive education course get mentioned," he said.

Back then, the early executive education programs that did exist, such as Wharton's very successful Finance and Accounting for the Non-Financial Manager, were designed primarily for working managers who had never gone to business school. "As an engineer, I felt this experience of earning my MBA had opened up my mind in a whole bunch of different directions I hadn't thought of before," Mittelstaedt said. "I knew that I was leaving an environment where there is all this stuff to be soaked up. I knew I'd go away and get focused on a job and would not be likely to continue to learn in that way."

Today, the set of answers to Mittelstaedt's question of how to continue to learn has become much richer (see box). Without consciously setting out to, he has helped to answer his own question. After continuing his formal and informal education at Wharton and in industry, he returned to campus in 1990 as vice dean and director of executive education. Under his leadership, Wharton has built one of the largest executive education programs of its kind, with more than 8,000 participants annually.

Today, there is a stronger sense that a degree is not the end of the learning process, but the beginning. "You got the best MBA in the world, but if it is more than 15 years old, even the best is outdated," said Mittelstaedt, who still has books from his MBA courses on a shelf in his office. The core frameworks and knowledge from an MBA course in finance, for example, are still very relevant. "The difference today is that there are so many more vehicles available for financing and approaching a project, such as using reinsurers and financial instruments and techniques that didn't exist thirty years ago," he said.

A lot of learning still occurs on the job, but education can accelerate that learning process by creating a context for the new knowledge. "The MBA degree is a career accelerator, whether students recognize it or not," Mittelstaedt said. "You have reached a point in your career where you want to accelerate your knowledge about business and the MBA gives you a jump. After a period of time, you need another burst of acceleration. Through executive education, you can accelerate the learning and improve the clarity of it. We provide deep insight and perspective."

Keeping Ahead

"From '83 when I graduated until '95 or '96, there were no major changes in the way business was taught. After the Internet and the bubble, the world changed, so I decided to join the first Wharton Fellows class because I realized I had to understand what was going on and keep ahead. In 1994, I also was invited to join the Wharton Latin American Board, which has kept me involved with what is happening at Wharton and the University. Nowadays, the biggest challenge is time to digest all the information available and use it in one's favor. You need to plan ahead and beat competition. When I add it all up in my mind, I need a piece of paper to remember and act fast. I even keep a pen and paper beside my bed."

CLAUDIO ENGEL, WG'83, FELLOWS '00
Managing Director, F.H. Engel, SA
Santiago, Chile

"As the needs of the world change so dramatically, it is tough to provide the right education in the bounds of a traditional program."

You Never Graduate

Jerry Wind, Lauder Professor and professor of marketing, first started teaching at Wharton in 1967, back when the Soviet Union was still a world power and man had yet to set foot on the moon. Over the years, he has helped initiate a series of educational innovations at Wharton – including the executive MBA program for working managers, the Lauder Institute for international studies, and reforms of the MBA curriculum, as well as founding and directing the SEI Center for Advanced Studies in Management, the first "think tank" on the future of management education.

His current brainchild, the Wharton Fellows, arose directly out of discussions with senior executives about the difficulty of keeping up with new knowledge and business transformations such as e-business and biosciences. The Fellows represents one of the most ambitious and creative attempts to develop a true platform and network for lifelong learning. There is pointedly no graduation ceremony for the Fellows program. "You don't graduate from the Fellows," Wind said. "You are inducted into the Fellows. The Wharton Fellows is built around a collaborative process between faculty and Fellows. About half of the 100 executives who have joined the Fellows are involved in continuing to refine both the content and structure of the program. "The network of Fellows is two way," he said. "We tell them about new research we are coming up with, and they identify challenges important to them so we can work together to develop solutions. We put together Fellows, faculty and experts. There is not an assumption that faculty know everything. This is a different concept of what education is."

True to its focus, the program itself has been completely transformed since its inception – several times – in response to the input of executives and changes in the business environment. It started as a series of three, one-week foundation sessions focusing on e-business transformation followed by a series of shorter programs held in locations around the world. The Fellows program has evolved into a continuous series of short "masters classes" targeting

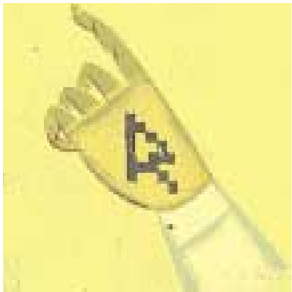
Pulling out the old textbooks

"There is so much turnover in the job market right now, I learn a lot from my colleagues. Once a quarter, they organize seminars at work where one person will talk about a problem they had and how they fixed the problem. I still use my MBA... I never thought I would use so much of it. I still have my text books, and I have used them in the past year."

SUEZANN HOLMES, WG'98
Alvarez & Marsal
London, England

pressing emerging business topics, and offers members resources via an ongoing decision support network. "The objective and focus are the same, but the structure and content are changing dramatically," Wind said. "As the needs of the world change so dramatically, it is tough to provide the right education in the bounds of a traditional program."

Online education, like everything else on the Internet, was supposed to transform the way we live and learn.



Why the Virtual University Hasn't Gone the Distance

In January 1995, speakers at a conference on the "virtual university" sponsored by Wharton's SEI Center and Penn's School of Engineering said the university was a dinosaur and that these academic institutions should pack up their ivy-covered walls and go home. Online education, like everything else on the Internet, was supposed to transform the way we live and learn. Like most of the dot-com hype, there was an element of truth in these insights, but the truth was much smaller and less dramatic than its proponents originally thought.

For lifelong education, new technology-based educational platforms – such as distance learning through Internet and satellites and interactive CD-ROM courses – were particularly promising. Part of the challenge of ongoing education for managers is that they need to take time away from work and family to travel to a program on a schedule dictated by the teacher, not the student. Distance learning offered the promise of learning that was close at hand, when you needed it. Like new lean manufacturing approaches to managing inventory, this would be "just-in-time" learning. Instead of stockpiling knowledge that you might need years later, you'd have the knowledge on tap when and where you needed it. Learning could be fluid and continuous.

Most leading universities created distance learning programs, and private firms crowded onto the educational landscape, bankrolled by streams of venture capital. Wharton created its own experiment in this area called Wharton Direct. Recognizing the value of classroom interaction, it was built around a set of local classrooms across the United States, linked by technology to teachers in a studio at Wharton. While Mittelstaedt expected this would be a small venture, the slow or disappointing results of all these online initiatives surprised everyone. "What we learned was

Gaining Deeper Knowledge **"I went on to earn my PhD in finance and then taught at universities for 17 years, so I continued learning. I left the university to join a hedge fund in 1998 and then started my own company. At NYU, I designed a six-semester MBA curriculum to provide time for more depth. In the MBA, I learned the vocabulary of business, but the PhD was at a completely different level."**

JAMIE CUEVAS DERMODY, PH.D., WG'78
Principal, Financial Engineering LLC
Delray Beach, FL

that it is possible to produce an extraordinary product in terms of quality and interaction, yet you simply can't duplicate the in-person experience in networking, the absorption of learning, structure, and process," said Mittelstaedt. The level of engagement is not there in online education, particularly in a closed office. It is like what happens during a conference call, where participants check e-mail or look at papers during the call. Coming together in the same room is a completely different experience.

Interactive learning technologies still have valuable roles to play. For specific knowledge, technology-based programs can offer a low-cost alternative to classroom learning. They can bring a dispersed pharmaceuticals sales force up to speed on a new product very quickly, for example, but aren't the ideal platform for learning about advanced thermodynamics, English literature or leadership.

Technology now provides a valuable supplement to in-class learning through pre-program education or post-course interactions and networking. The technology continues to develop, with the spread of broadband, development of Internet 2, and design innovations such as the simulations, Web-based exercises, and interactive programs developed at Wharton's Alfred P. West, Jr. Learning Lab. The products of the lab, established in 2001 to explore new approaches to learning, allow students to engage in interactive experiences such as securities trading, setting airline prices, or managing oil production in developing countries.

There is still much more work to be done, and there will be new developments in technology and design that will change education and learning. Early experiments in technology-based education, however, indicate that it may not be the solution it was thought to be to the challenge of lifelong learning. An unanticipated byproduct of this work is that it has given educators and students a new appreciation for the classroom. This was an emphatic demonstration that the process of education involves much more than transferring information from teacher to student. It is built upon immersion, interaction, and engagement. The context for education is as important as the content.

Technology offers platforms for collaboration.

Learning as a Way of Being

While the formal channels for lifelong education have continued to develop, much of the learning that goes on after undergraduate and MBA degrees is informal. Graduates tap into networks of peers from school, work, or professional associations. Meetings such as the Wharton Regional Alumni Meeting in Berlin in late May help alumni keep up with current business issues, and other alumni. "Having the forum in Berlin was a timely reminder of how important the political sphere can be for business success," said William Erb, a 1989 Lauder Institute graduate and Executive Vice President and Regional Director-Japan of Amersham Health in London. "I welcomed the opportunity to get insights into successful corporate strategies of companies like Fujitsu-Siemens, Beiersdorf, and Deutsche Post. Many of the speakers at the conference seemed concerned that Germany could risk squandering the wealth that

sharing ideas **"I learn through networking with other people in the field. We also have an association that meets several times per year. It is a good way to get to know your counterparts and share ideas."**

LYNN RAWLINGS, WG'83
Assistant Treasurer, Laclede Gas Company
St. Louis, MO

it has created since war (with negative consequences for all of Europe and beyond) unless German political leaders showed courage in tackling the structural problems with the economy."

Many alumni pursue even more informal channels for education. After working in consulting, Jerry Michalski, WG'85, became a reporter for Esther Dyson's Release 2.0, giving him a ringside seat on the development of the Internet and other emerging technologies. He is also an eclectic learner and traveler, and some of his most memorable courses at Penn were on topics such as the ethnography of speaking and the history and theory of urban design.

Technology offers platforms for collaboration. Michalski points to the wikipedia (www.wikipedia.com) as an example. It is an interactive encyclopedia project in which anyone can add entries. Online interactions through multiparty weblogs are another source of learning. "My community of friends online is my most important source of new ideas," Michalski said. "If you haven't found a multiparty weblog in your area of interest, you should build one. Weblogs are some of the best sources of random interesting things, like the stories you see in the newspaper that are next to the story you are interested in."

Among his semi-formal learning activities is "Jerry's Retreat," an annual invitation-only, agenda-free event that he has held since 1996. He invites about 400 people to the gathering based on two criteria: that he experienced some kind of "aha" moment with them and that they have "good intent." One of the standing features of the activity is for participants to bring a book to share that has changed their thinking. The event grew out of a realization that a lot of learning goes on in the white spaces of formal conferences. "We'd spend a year producing a conference and realized afterward that the coffee breaks were the best part," Michalski said. "So we designed a conference that would be like the coffee breaks."

What has Michalski learned since graduation? If you are really interested in the answer to the question, you can look inside his "brain" yourself. He has organized his knowledge of the past five years through a visual software program called "The Brain," which he published online for all to see (follow the links at <www.sociate.com>). He notes that this visual format is not for everyone, but having some way to gather knowledge, forge connections among different ideas, and access it quickly is important to continuing the learning experience.

Learning About Learning

The options for lifelong learning continue to expand as Wharton itself keeps learning about learning. Wharton's undergraduate and MBA degrees have been shaped and reshaped, and new opportunities for post-degree learning continue to be developed. "There is no single solution to lifelong education," said Wind. "Wharton has engaged in developing a portfolio of options, and we continue to develop new options. We are creating a decision support system that will help participants to address issues 'just in time' instead of 'just in case.' As Benjamin Franklin says, we combine the theoretical with the practical. We are also looking at more ways of linking these different programs together to meet the needs of managers throughout their careers." ◆

Freelance writer Robert Gunther wrote about Wharton's Risk Management and Decision Processes Center in the Spring '03 issue of the magazine.

A continuous process **"I think of learning as a continuous process. I spent eight years in management consulting, which is a great place for continuous learning because it puts you in different environments and different industries. At the end of the day, your job is to focus on how to help the client solve a problem. I now learn through staying current on my reading and actively engaged in management discussions, networking with my peers who are in different industries and environments, leveraging learning, and always looking for better ideas that may be applicable. We have an active learning network in our organization, including about 20 Wharton alums who have gotten there through different paths."**

TRACEY G. AMOS, WG'93
Director, Single Family Mortgage Business, Fannie Mae
Washington, DC

Learning never stops

A Full Spectrum of Learning

Formal Degrees: Undergraduate and MBA degrees provide a broad foundation for understanding key principles and approaches to learning, as well as core tools of management. Doctoral programs provide greater depth in specific disciplines. The Wharton Executive MBA degree offers the same program as the traditional MBA on a schedule designed for working managers.

Senior Management Programs: A range of programs for senior managers expand perspectives and fortify leadership skills, including the Wharton Fellows Master Class and Executive Network, the five-week Advanced Management Program (AMP) and two-week Executive Development Program (EDP), as well as programs such as CFO: Becoming a Strategic Partner and Directors' Consortium.

Executive Education Programs: These programs, which generally run three to five days, offer specific knowledge in areas such as mergers and acquisitions, negotiations, finance, marketing, leadership, and management. Managers can create their own educational program by taking four programs to earn a Certificate of Professional Development from Wharton.

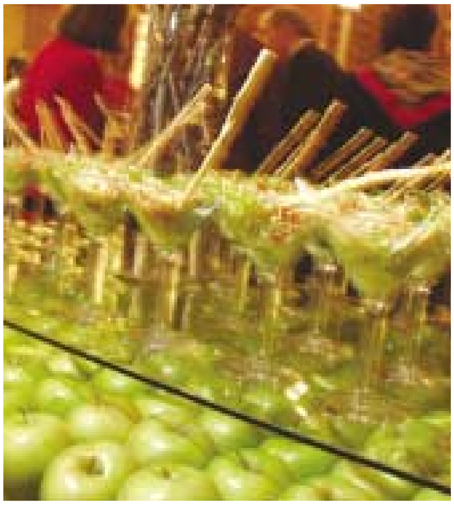
Custom Programs: Customized programs offer an entire organization or business unit the skills needed to address specific challenges. Working with the organization, Wharton faculty and designers create and deliver more than 200 tailored programs per year to meet specific business challenges, such as integrating mergers and acquisitions, change management, marketing strategy, or globalization.

Books, Journals, and Newspapers: These offer valuable sources of new knowledge and ideas. Wharton's biweekly, online publication Knowledge@Wharton has grown to more than 272,000 subscribers by offering current research and perspectives on business challenges from Wharton faculty, executives, and other thought leaders.

Networking: From industry associations to regional alumni meetings to informal networks of classmates and co-workers, the network forms a powerful basis for real-time support and insight. This networking can be supported by tools such as online newsgroups and weblogs, or through more formal networking channels such as the Fellows program.

For more information on all Wharton programs, visit <www.wharton.upenn.edu/programs.html>.

Reunion 2003



More than 1000 alumni and guests attended this year's Reunion festivities in May. Highlights of the weekend included an all-alumni reception in the Patty and Jay H. Baker Forum of Jon M. Huntsman Hall; presentations by faculty, including Professor Mike Useem; and a packed alumni/faculty exchange featuring Peter Lynch, WG'68, and Professor Jeremy Siegel. MBA reunion dinners were held at The Philadelphia Zoo (Class of '98), the Colloquium in Jon M. Huntsman Hall (Class of '93), and The Ballrooms at the Inn at Penn (Classes of '88, '83, '78, '73, '68, '63, '58, '53, '48, '43, '38, and '33).

Despite the unusually chilly weather and the threat of rain, alumni, guests, and children enjoyed the food, presentations, and the opportunity to catch up with one another. In the pages that follow, we offer some images of the weekend, along with profiles of individuals who took the time to speak with us about what they've been doing since they left Wharton.

PHOTOS BY.TOMMY LEONARDI

RICHARDS

Diplomat to the Stars: David Richards, WG'93

David Richards, WG'93, always had a hunch he would have a career in the theater. But acting left him flat.

"The epitome of being an actor is to do the same role on Broadway over and over," says Richards, 36, who traveled from New York City to attend Reunion. "I'd been performing all my life; I just knew I didn't want to do it for a living. I wanted more influence over the arts – to be where the decisions were made."

Richards started to tackle the trade of managing productions as an intern while earning his undergraduate degree in mathematics, economics, and music from Duke University. He grew more confident about this management niche during his stay at Wharton. "As much as the temptation was there to make money," says Richards, now a general manager for Broadway and off-Broadway productions, "I never had an interview during my time at Wharton."

Instead, he started out answering phones for $400 a week in New York City. "Thus definitely bringing down the average starting salary of our class," he jokes.

But in 1997, he formed Richards/Climan, Inc. (RCI), with colleague Tamar Climan, to manage the Broadway revival of "Annie" starring Nell Carter and its post-Broadway tour starring Sally Struthers. RCI also managed "More to Love" at the Eugene O'Neill Theatre; the pre-Broadway production of "Finian's Rainbow"; the off-Broadway hit "Dinner with Friends," which won the Pulitzer Prize in 2000; and "Me and Mrs. Jones," starring Lou Rawls. The national tours of "Jelly's Last Jam," starring Maurice Hines and Savion Glover, were also under Richard's management, as well as "Deathtrap" starring Elliot Gould and Mariette Hartley and "Ain't Misbehavin'" starring The Pointer Sisters.

Handling so much star power calls for a delicate yet determined style. "A lot of what you are is a diplomat," says Richards, who regularly caters to celebrities' whims. If their contracts require a satellite dish, luxury suites, or particular Chablis, it's his job to make sure they get it. The formula for a successful show, says Richards, is a happy cast. His behind-the-scenes role in major productions means Richards has to glide expertly between temperamental performers, edgy investors, and pushy marketing folk. That means navigating serpentine budgeting contracts, too – on Broadway there are close to 15 unions.

It's an emotionally stressful job, admits Richards. "There is a lot of tension that can appear with 200 people working on a show. Tempers and emotions can run high." His day starts at ten and ends when the curtain rises. "But it's exciting to work with such diverse people, even if they do throw tantrums. What I love about the job is the problem solving. And then some days the phone doesn't ring, and you can actually get your work done."

–Kate Campbell

Innovation Is the Key:
Lucinda Kasperson, WG'53

Lucinda Kasperson, WG'53, often thinks about a favorite aunt who worked until age 100. That familial drive, she says, still inspires her in her own vibrant life, career, and international charity work.

"The principles of banking I learned fifty years ago are still valid in 2003," says Kasperson, whose wide-ranging careers included roles as a researcher, economist, educator, politician, computer consultant, and, most recently, banker in Bosnia.

"The flexibility to accept new challenges came from my Wharton training," says Kasperson, who graduated from Mount Holy Oak with a degree in math and economics before arriving at the School. "I love installing computer systems, diagnosing problems, and teaching customers how to use them. It keeps me in touch with the current technology and is a link to the next generations. The key to life as in business is innovation of process or product."

At Wharton, Kasperson majored in finance and dreamed of working as a bank loan officer after graduation. "But they didn't hire women for those jobs then," says Kasperson, who is married to Richard (Dick) Kasperson. They have two sons.

Her career began with the National Association of Bank Loan Officers as a research officer for Robert Morris Associates. Three years in the research department of the Federal Reserve Bank in Chicago followed. After her children were born, Kasperson taught as a professor of economics at Loyola University in Chicago for eight years.

"My education at Wharton had a great deal to do with nearly all of these careers," she says. "The teaching of research skills was paramount as a basis for all of them. This enabled me to be elected to public office, to assist my children with their needs, and to obtain positions of responsibility in business and education."

Kasperson was elected Village President (Mayor) of her Northbrook, Illinois, community, serving from 1981 to 1985. She's been a part of the city council there for 18 years. Along with her public service stateside, Kasperson has been involved in an international project that included setting up a special residence for young women of a hill tribe in northern Thailand so that they can attend high school. She and her husband have traveled to 64 countries, 39 in the last three years.

In 1987, Kasperson formed a computer consulting firm. When one of her customers learned of her background in finance, Kasperson was asked to help start a bank in Bijeljina, Bosnia. She jumped at the chance and arrived in Bosnia in August 2001 and stayed for nearly a year. "I was president of the bank and worked full time with my own translator," says Kasperson. The 113-year-old Semberska Bank was the first to be privatized in Bosnia. "It was a treasure and wonderful to be in another country where the people were so passionate," she adds.

–Kate Campbell

KASPERSON

'03 Alumni REUNION


Welcome Back !

SMART

In Good Company: Michael Smart, WG'88

When Mike Smart returned to Wharton this year as chair of his class's fifteen-year reunion, he had plenty to feel thankful for. He is happily married to Jodi Clement Smart and has a two-year-old daughter, Caroline. And, after many successful years in private equity, he is in the midst of creating his own firm, Williams Capital Partners.

He's in particularly good company: "Two of my three partners are Wharton alums, Joli Cooper, WG'88, and Carl Cordova, WG'89," he says proudly. The partners will focus on their areas of expertise – consumer products, manufacturing, and distribution – to build a new kind of private equity firm. "We will be taking a slightly different approach. Before looking at the numbers, we will be looking at the company itself and ask, how can we enhance the operations strategy?" he explains.

Williams Capital Partners is a spin-off of First Atlantic Capital, where Smart has worked for the past two years. Previously, Smart spent nearly a decade at Merrill Lynch, first in the corporate finance department, specializing in private equity and leveraged buyouts, and later as managing director.

Smart's interest in private equity dates back to his pre-Wharton days, when he worked on a number of leveraged buyouts. His employer at the time felt that an MBA would take him even further, and Smart agreed that Wharton was the premier place to earn his degree.

"As a Wharton graduate, I think I'm capable of doing just about anything if I focus on it and commit myself," he says. His recognition of the many benefits of his Wharton degree has led to a high level of involvement as an alumnus, culminating in chairing the reunion this year.

Smart worked with the Office of Development and Alumni Affairs to organize his class's fundraising and marketing efforts. The result was $206,000 in pledges – including a large pledge from Smart – as well as a great weekend with former classmates. "I like to lead by example, and by setting an example for the students who are at Wharton now, we can ensure that they will do their part in the future," he says.

–Juliana Delany

Citizen of the World: Stephanie Wong, WG'98

Shortly after arriving at Wharton, Stephanie Wong felt herself powerfully drawn to the field of international management. For Wong, who had lived in Hong Kong, Berlin, and throughout the U.S., it was a natural fit. She custom-designed a degree called international and financial management and has never looked back.

After graduation, Wong landed a job as a consultant at McKinsey, first in the U.S. and then in Berlin. "McKinsey was amazing in that it not only reinforced, but continually refined, the 'tool kit' we received at Wharton," she remembers. In 2002, she decided to test the advice she had been giving her clients at McKinsey and co-founded a marketing consultancy and advertising firm called Fusion. As the venture moved ahead, it led to an even greater entrepreneurial opportunity, and now Wong is working with two Omnicon companies, one in the U.K. and one in Germany, to build and run a marketing strategy consultancy.

"I believe we will be one of the first major agencies, at least in Europe if not more broadly, to achieve a truly integrated strategic and creative offering," she says with excitement. "This would be both a powerful proposition to clients and a true competitive advantage."

Even with all of the demands of an international startup, Wong didn't think twice about coming back to Wharton for her five-year reunion. "Although it was a somewhat long trip for a weekend, it was never a question that I would attend," she explains. Was it worth the trip? "I'm sure this will sound corny," she says, "But it was much more nostalgic than I ever expected, and absolutely worth every minute." One of the best moments, she reports, was the enjoyable and informative Jeremy Siegel/Peter Lynch lecture.

When asked about her favorite memory of her Wharton years, Wong replies, "I'm lucky to be very up to date with lots of Wharton people, in particular my cohort, for whom I act as alumni cohort rep. So Wharton doesn't seem like a memory for me – rather, it is very much ongoing."

–Juliana Delany

In A Good Place:
Perry Steiner, WG'93

"Reconnecting with old friends," says Perry Steiner without hesitation, when asked to name the best thing about his tenth-year reunion. "People came back from all over the world. I stay in touch with a small number of close Wharton friends on a regular basis, but this was a chance to see lots of others."

Steiner made it a point to attend the reunion despite the demands of a busy life in Washington, DC. He is married to Leslie Morgan Steiner, WG'92 (who was unable to attend her husband's reunion because of a high school reunion she was hosting on the same weekend.) The couple, who met after they left Wharton and were both working at an ad agency, live in Georgetown with their three children, Max, 6; Morgan, 4; and Tallie, 1. Both have high-profile jobs – Perry as a fund manager at Arlington Capital Partners, and Leslie as general manager of the Washington Post Sunday magazine section. "Spare time? There isn't much, and what we do have is kid time – tee-ball, soccer, dance, and art classes," he says.

For the past ten years, Steiner has worked almost exclusively in private equity, except for what he describes as a "wild Internet ride" that began in 1998, when he became president of Digital River, a Minneapolis Internet company. "I was about six months ahead of the curve, and people thought I was crazy," he remembers. "Then, everything took off, including Digital River. When the tech bubble burst, most companies came crashing down, but Digital River was, and still is, very well run. I'm still on the Board of Directors."

Today, Steiner works as a partner in a middle market buyout fund whose clients include media, information technology, aerospace, and defense companies. "I have the best of both worlds – banking and management," he explains. In his career as well as his family life, Steiner is in a very good place.

–Juliana Delany

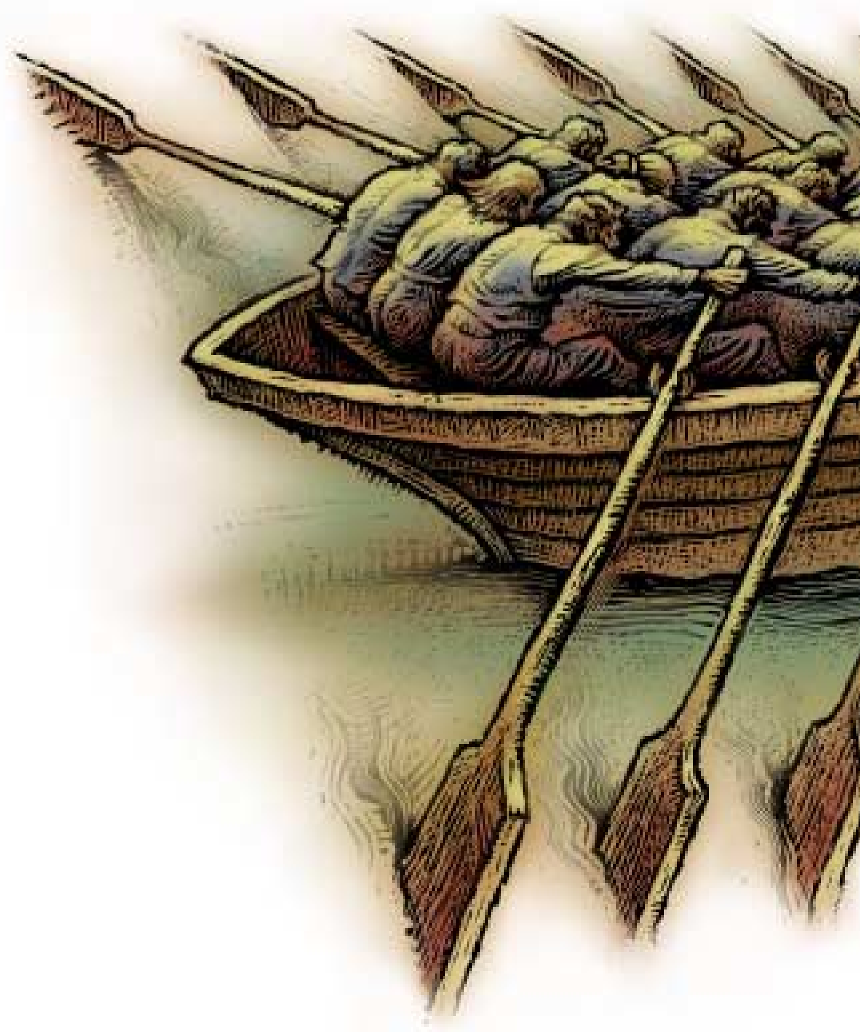
Who Knows Best When It Comes to Protecting Shareholders?

Wharton's Andrew Metrick has some surprising answers.

BY NANCY MOFFITT

It was a time of near-constant proxy fights, leveraged buyouts, and corporate raiders, of once indomitable firms like Texaco, TWA, and Revlon, mired in costly, historic battles with men like T. Boone Pickens and Ivan Boesky, men who told business students that greed was a good and healthy thing.

The 1980s forever changed corporate America. Mergers, historically a gentlemanly process, become a battlefield that ultimately affected every industry: by 1985, 3,000 transactions took place, worth a record-breaking $200 billion.



Firms were broken into pieces that were spun off, layoffs were rampant. "The 1980s looked like a game of Monopoly come to life," wrote one business writer. A lot has changed since those Wild West days. Throughout the 1990s, the takeover frenzy receded. And today's takeover attempts are typically more strategically motivated, often involving an interloper hoping to dash a proposed takeover, or simply trying to acquire a competitor. Nonetheless, a key remnant of the 1980s remains: the arsenals of anti-takeover tools, from poison pills and golden parachutes to staggered boards that many companies put into place during the late 1980s, are quietly intact – and often given nary a strategic thought.

But a study co-authored by Wharton finance professor Andrew Metrick could change that. Metrick's study of 1,500 companies and their performance throughout the 1990s, published this February in *The Quarterly Journal of Economics*, found that firms that protected management rights with anti-takeover provisions significantly under performed those that gave more power to shareholders. Shareholders, not management, Metrick's study finds, best protect shareholders. "If I were a large institutional shareholder of a company, I would insist they dismantle their takeover defenses," says Metrick, an associate professor of finance. "They don't seem to be doing much good, and they might be doing a lot of harm. Our research suggests

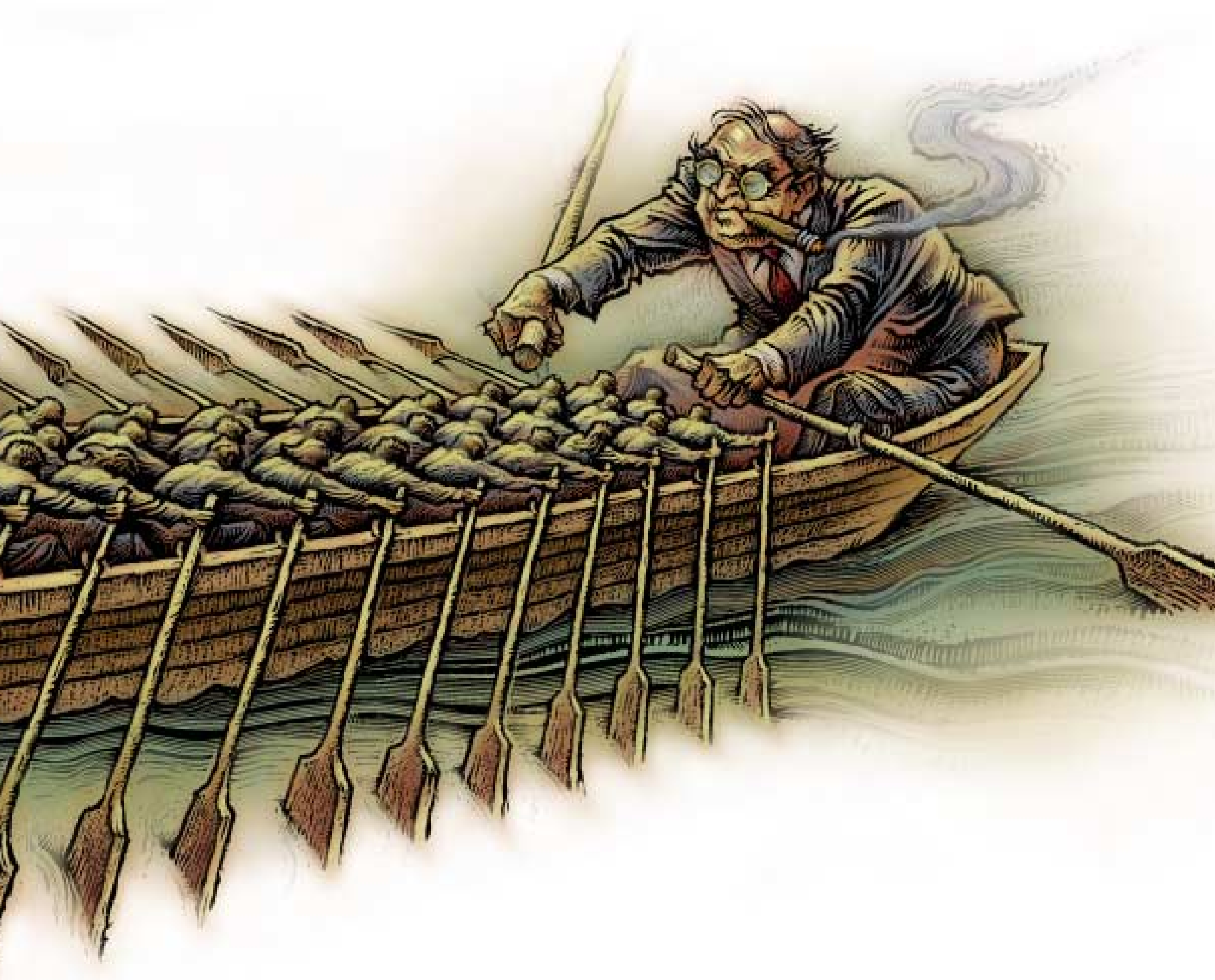


ILLUSTRATION.PHIL FOSTER

that there's some chance that this would unlock a tremendous amount of value in an organization."

The study found a striking relationship between corporate governance and equity prices but also found that firms with weaker shareholder rights were less profitable, had lower sales growth, and higher capital expenditures and made more acquisitions than other firms in their industry. Co-authored with Harvard Professor Paul Gompers and Harvard graduate student Joy L. Ishii, the study garnered international media attention, including writeups in *The New York Times*, *Financial Times* and *The Economist*.

"When venture capitalists are forming young companies, they work very hard to write contracts with entrepreneurs that make the entrepreneurs really beholden to the shareholders and make them have to listen to the shareholders," Metrick says. "There's a reason for this – they want effective governance. I think that in public companies we've gotten a little away from that – from management and directors being beholden to shareholders, having to report back to them; and if they don't do a good job, the company will get taken over, and they will get fired. It's not that we want people walking around every day worrying about their jobs, but I think the pendulum has swung too far toward entrenching them."

Working with a massive database of companies, Metrick used 24 different provisions, including takeover defenses such as poison pills, golden parachutes, and staggered boards, to build a "governance index" for about 1,500 firms per year. He then studied the relationship between the index and several performance measures during the decade of the 1990s. Each year from 1990 to 1999, the shareholderfriendly or "democratic" firms outperformed the S&P's 500 by 3.5 percentage points, while the pro-management or "dictatorship" group lagged by about 5 points. Hewlett-Packard, IBM, Wal-Mart, and DuPont were among the most shareholder-friendly firms found, while pro-management firms included Kmart, GTE, Waste Management, Woolworth, and Time Warner.

Given such striking differences, should investors seek out these "democratic" firms? Metrick says no. "When people ask me, 'When should we start the mutual fund,' I tell them, '1990,'" he says. "If you had started in 1990, you'd have done really well. But today, people pay a lot more attention to corporate governance, and the things that we look at are most likely priced in the market."

Instead, the study's long-term value, Metrick argues, is in helping firms organize to increase value, profits, and sales. "Nothing is supposed to predict the stock market, but we find that these things did predict the stock market, suggesting that the market underestimated or underappreciated the importance of these organizational differences," Metrick says. "This is where the work has to be going forward – to understand better what the things are that companies can do – how can they change the way they organize themselves to lead to better performance. We think that there are a lot of things that go into creating a pervasive corporate culture. Corporate culture matters," Metrick says.

"If I were a large institutional shareholder of a company, I would insist they dismantle their takeover defenses."

He points to Enron and Tyco as recent examples of what happens when corporate culture collapses. "You can't have this going on if people are all on the same page and thinking they need to serve shareholders," he says. Going forward, Metrick applied for and received a grant from the National Science Foundation to expand his corporate governance research and answer the many questions the study's conclusions raise.

Interestingly, Metrick and his co-authors happened across their findings somewhat by accident. After completing a separate study on institutional investors, Metrick and Gompers became interested in the growing impact of institutional shareholder activism on corporate governance. In searching for data to investigate this relationship, they discovered a rich and untapped source – The Investor Responsibility Research Center – with detailed information on shareholder rights. They saw that most variation in shareholder rights came about in the 1980s, thanks to the anti-takeover strategies many firms adopted and the laws passed by many states giving firms further takeover protection.

The end result was a wide range of governance structures among U.S. firms, making it possible to study the differences between firms that operated as democracies and those that operated as dictatorships. The team ran a long-term experiment similar to a medical experiment, "just to see what happened," says Metrick. "Now you can say, 'OK, what happened in the 1990s?' It's very similar to saying 'OK, some people started eating a lot of vegetables, and some didn't. Was there any difference in their life expectancy?' There was no reason to know at the beginning which one of these strategies was going to be right."

"But we found this monstrous relationship. And nothing we could do would make it go away," he says. "We didn't really think it was real when we first saw it. But no matter what we did, it was there, and then it was there in a lot of other contexts like stock performance and stock valuation, and capital expenditures. It was pretty exciting." But just like most long-run medical studies, Metrick says, "It is diffi-

TOMMY LEONARDI

cult to prove causality. What we have instead is a very strong and economically important correlation. If this were the medical study, the results would still be enough to get me to eat my vegetables."

Metrick's other research has examined a broad range of issues, from a study on the Internet's effect on stock trading to another that used the television game show "Jeopardy!" to investigate the choices people make during times of uncertainty. He's most excited, though, about a book he's begun on venture capital valuations – work that came about during classroom discussions with Wharton students. In trying to teach corporate finance, he learned that standard valuation tools are often lacking, designed largely for manufacturing companies trying to decide, for instance, when to build a factory or replace a large piece of equipment. "There are some big differences between corporate finance for manufacturing companies and corporate finance for innovative technological companies," Metrick says. "And when you are considering making a venture capital investment, standard valuation tools that have been developed for traditional industries are only marginally useful." Metrick hopes his book, based almost entirely on his lecture notes, will fill some of these gaps.

Obsessed with Numbers

Andrew Metrick's fantasy vacation has nothing to do with beaches, mountains, or French food. The self-described "data nut" finds Nirvana in thick books of statistics – on any subject. "When I was a kid, my favorite books were the baseball encyclopedia and the World Almanac," says Metrick, 36. "I would open up the almanac and begin to organize the numbers by category – I'd look at the biggest buildings in the world, for example, then categorize them based on the year they were built, what city they were in – things like that." "I was not a great mathematician; it's not that kind of thing," he says, commenting on his life-long love for numbers. "They are deeply logical, analytical people. I just liked rows and rows of numbers. I liked to look at them, I liked to hold them, and I liked to know things about them."

As a teen, Metrick spent an entire summer building models to predict how well baseball players would perform, typing most of the baseball encyclopedia into the family computer. In graduate school, instead of writing his dissertation, he worked thousands of hours categorizing and scrutinizing basketball statistics – and graduated a year later as a result. "Yeah, I'm a little bit of a crazy person, " he says, laughing. "I wanted to work with big data sets and try to make sense of them."

His work has bounced to and from a variety of disciplines, from economics to a range of finance issues, but it is all linked by interesting, unexamined sets of data. "That's where the passion for research is for me. A lot of my work has been driven by the fact that suddenly I'll become obsessed with a certain kind of data." In recent years, Metrick has learned to channel this tendency, focusing his energies on projects that will lead to useful conclusions "instead of typing baseball statistics. It's only as I've gotten older that I've realized that this is what I need to do," he says.

Metrick grew up in a community on Long Island, a land of doctors, lawyers, and executives, with only a vague sense of what a professor was. It wasn't until he went to college that he found himself drawn to academia. As an undergraduate at Yale, he worked as a research assistant for James Tobin, a Nobel Prize-winning economist who died in 2002. "He was an extraordinary man. You see someone like that, and you say 'I want to be like that.' It's kind of an impossible standard, but you're always striving," Metrick says. His summers on Wall Street reinforced his academic leanings. "It seemed like hard work," he says, laughing. "I thought, 'Gee, being a professor seems like a lot of fun. You don't have to work all night, and you don't have to wear a suit."

He was inspired, he says, by different elements of his parents. His father, who recently retired as an investment banker at Bear Stearns, also worked as a CFO for a Fortune 500 company. "He's a great, natural economist, largely

Continued on page 35

Knowledge@Wharton, the School's online research and business analysis journal, currently has more than 272,000 subscribers in 189 countries. Registration is free.

Board Members Facing Public Scrutiny Should Bone Up on Finance, Accounting

What you don't know can't hurt you. That old adage may be true some of the time, but not for people serving on boards of directors and audit committees in the wake of recent scandals that have tarnished the reputation of corporate America.

If nothing else, the never-ending page-one stories of accounting shenanigans have underscored how financial decisions – both the questionable and the downright illegal – can ruin a company. Moreover, board members who do not understand the increasingly complex financial transactions that companies engage in are placing their firms, and possibly themselves, in serious legal and financial jeopardy, according to faculty members at Wharton and the University of Chicago's Graduate School of Business.

There is another, perhaps more subtle, message stemming from these scandals as well – that aggressive accounting, even the keeping of different "sets of books," does not always constitute fraudulent behavior. Robert E. Mittelstaedt, Jr., vice dean and director of Wharton Executive Education, says that the news media, shareholders, the public, and even some board members do not realize that deciding what should go into a financial statement is typically anything but objective and clear cut.

"Rarely are there exact, agreed-upon numbers reflecting annual and/or quarterly revenue and profits," Mittelstaedt says. "If you're running the proverbial lemonade stand, it's clear what you spent on supplies and what your revenues were. It's a pure cash business. But if you are manufacturing capital, goods like ships, airplanes, or large computers, and you design a new product, how much of that design cost do you amortize across the expected production over the next five or 10 years? The assumption you make about how many units you might sell affects how much you expense during any given period. If the sales environment changes, it may mean you have to change your financial statements."

In the minds of most people, saying that a company is "keeping two sets of books" is merely another way of saying that the company is engaged in wrongdoing – that one set of ledgers represents the truth, while the other represents creative legerdemain for shareholders or the IRS. Yet it is not uncommon at all for companies to juggle two or more sets of books at the same time, all of them valid but telling a different story.

> **"People who have served on corporate boards have vision, wisdom, strategic insight, people skills and good decision-making skills, but they are not necessarily technically adept," Weil says.**

"Companies always keep several sets of books," says John Percival, adjunct professor of finance at Wharton. "To most people, that sounds like companies are 'cooking the books,' but most people don't realize the limitations of trying to measure, in a scientific way, the outcomes we're talking about here. GAAP [generally accepted accounting principles] tells you to keep records one way, tax law another way, and regulators a third way. And sometimes, to be honest, you may keep even another entirely different set of books for internal purposes. It's not that you're trying to hide something, but you have to measure things in a way that accurately reflects [financial transactions]. None of this is well understood by business writers, and it's not well understood even by many managers."

Roman L. Weil, professor of accounting at Chicago, is a stern critic of the lack of accounting and finance knowledge held by board members, especially members of audit committees. Weil also has been critical of CEOs who do not demand that some board members exhibit a willingness to learn more about finance and accounting. Weil says that he, in turn, has been criticized by chief executives for insisting that board members work to attain a certain level of financial expertise.

"People who have served on corporate boards have vision, wisdom, strategic insight, people skills, and good decision-making skills, but they are not necessarily technically adept," Weil says.

'Technical Nerds' vs. Marquee Players

CEOs, Weil adds, want other chief executives on their boards because of their experience and their name-recognition value. But he says most board members, even those who are accomplished executives, "are not interested and not trained to understand" important accounting issues. "The CEO says, 'I don't want a technical nerd on my board.' I tell CEOs there are about 1,500 [unemployed] former Arthur Andersen people who understand these issues [and would love to serve on boards], but their names don't have marquee value. I believe there are plenty of people who could do it."

Arthur Andersen, which served as auditor for Enron, itself went out of business as part of the scandal that toppled the Texas energy company.

In Weil's view, board members do not require the deep, technical expertise of accountants, but he says they should know more than they typically do.

"Here's what I say all board members are responsible for: first, you need to understand business transactions that require that judgments be made. Second, you need to understand the accounting issues raised by transactions: 'What is a cash-flow hedge? Is it an operating lease or a capital lease? How long is the asset going to last?' Also, when management announces the judgments it has made about transactions, the board needs to understand the rejected alternatives. 'What could management have done but didn't do?' I get a lot of pushback from corporate America saying that it is too much to ask. [My views] on the subject are not popular."

New Rules for Corporate Governance

Audit committees have come under increased scrutiny in the aftermath of the accounting scandals involving companies like Enron, Tyco, Global Crossing, and WorldCom. In 2002, a committee appointed by the New York Stock Exchange issued a report with a set of recommendations intended to improve corporate governance. Among other things, the NYSE said that members of audit committees should be independent and financially literate. It also said that the chair of an audit committee "must have accounting or related financial management expertise."

"While it is not the audit committee's responsibility to certify the company's financial statements or to guarantee the auditor's report, the committee stands at the crucial intersection of management, independent auditors, internal auditors, and the board of directors," the NYSE report said. It went on: "Because of the audit committee's demanding role and responsibilities, and the time commitment attendant to committee membership, we urge each prospective audit committee member to evaluate carefully the existing demands on his or her time before accepting this demanding assignment."

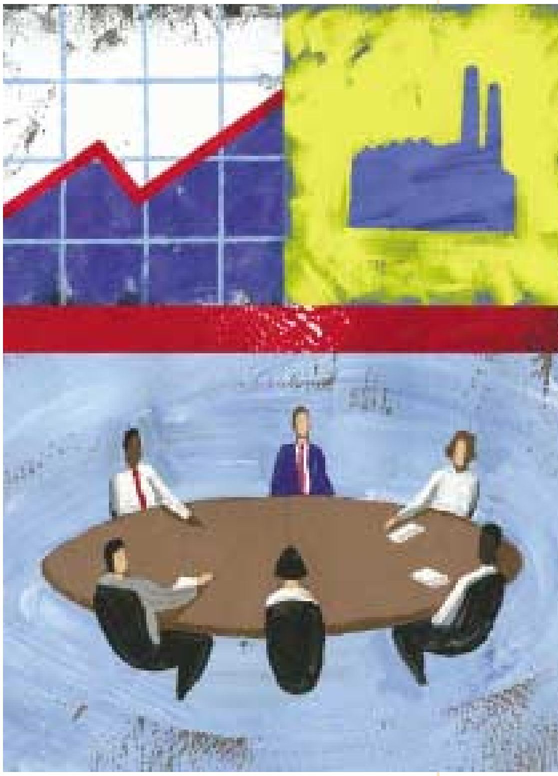
The Sarbanes-Oxley Act of 2002, which was passed by Congress on the heels of the NYSE report, has cast an additional spotlight on boards and audit committees and the standards they should meet. As directed by Sarbanes-Oxley, the U.S. Securities and Exchange Commission in April 2003 adopted a rule requiring the nation's stock exchanges to prohibit the listing of any security of a corporation that is not in compliance with the audit committee requirements mandated by Sarbanes-Oxley. These requirements relate to the independence of audit committee members, the committee's responsibility to select and oversee its company's independent accountant, and procedures for handling complaints regarding corporate accounting practices.But Sarbanes-Oxley does allow an audit committee member to retain the services of an "expert" who can offer advice on finance and accounting rules and concepts.

Weil says he often tells committee members: "'You don't deserve to hold the job now given what you have in your head.' But they say to me, 'Under Sarbanes-Oxley, I can hire someone.' I say, 'You must understand this as you go along. You have to understand why [a certain financial transaction] is OK.'"

"Suppose the audit committee sees there's a transaction underway that's so complicated they can't understand it," says Richard Rosett, a former dean of Chicago's Graduate School of Business who has served on numerous boards. "That's the point at which you need to get an expert to come in and look at what it's all about and what the effects are… The standard has always been that members of a board have a right to rely on expert knowledge, either from management itself or an outside expert. That's one reason why you have outside auditors."

One requirement of Sarbanes-Oxley is especially stringent – beginning in 2004, every public company must report to the government whether its audit committee has at least one "financial expert" sitting on it.

"I'm reasonably knowledgeable, but I'm not going to be able to qualify under the Sarbanes-Oxley definition of 'financial expert,'" says Mittelstaedt. "And most accounting professors wouldn't qualify either because the regulations define a financial expert as someone who has been an auditor or a CFO or CEO of a public company of similar size and has had responsibility for signing off on financial statements. I'm sure there are a lot of boards looking hard at their audit committee members to see who will meet those qualifications."



The faculty members say it is important for directors to become more knowledgeable about accounting and finance because it is not always easy to figure out whether a company is engaging in legitimate aggressive accounting or outright fraud. Along these lines, Mittelstaedt, Percival, Weil, Robert W. Holthausen, and others are teaching a new Wharton Executive Education course titled "Finance, Audit and Risk Issues for Board Members."

Poster Child for Fraud

Mittelstaedt calls WorldCom the "poster child for dishonest accounting." Items that should have been treated as ordinary costs were treated as capital expenditures, he explains. This allowed the items to be charged off over a long period of time, and it meant that on its current books WorldCom had one-fifth the expense of the items that it should have had. "Everyone agrees that this was clearly over the line. The company had to be able to say it booked those charges, but it made the company look more profitable than it really was."

At Tyco, the situation was different. "Tyco for years was accused of using improper accounting as it related to some of its acquisitions," says Mittelstaedt. "The reality was that some of Tyco's problems were related to [former CEO Dennis Koslowski] stealing from them. What Tyco did in accounting for its acquisitions may have been extremely aggressive but may not have been illegal. Some of Tyco's accounting issues remain to be resolved."

As for Enron, Percival recalls how positive press coverage of the company during its go-go days helped lead shareholders – and perhaps even responsible, well-intentioned directors – to ignore potential warning signs of disaster. "Part of the problem was there was real complexity in the transactions that Enron entered into," Percival says. "The popular press sang the praises of this company, saying it was innovative and aggressive and a model for what all companies should be. There's a temptation on the part of board members who read this to [accept it at face value]."

An Open Door to Auditors

Holthausen, professor of accounting and finance and management at Wharton, says the general lessons to be learned from the various scandals is that "people high up in the organizations knew a lot about what they were doing and that they were, at a minimum, stretching the credibility of their financial statements. Some financial statements that were filed were within the parameters of GAAP, and others were outside those parameters. But even when they were within the parameters, the companies worked hard to undermine the purpose of the principles."

The scandals make it clear that audit committees need unfettered access to company accountants and auditors, according to Holthausen. "From a corporate governance point of view, the audit committee needs direct, intimate contact with auditors – not through senior management. The audit committee needs a direct line to accountants and to the internal audit staff. If you've got top management filtering access, the audit committee is not going to be able to do its job. People on the internal audit staff have to feel comfortable enough to call the audit committee at any time" if they need to discuss an issue.

"The popular press sang the praises of [Enron], saying it was innovative and aggressive and a model for what all companies should be. There's a temptation on the part of board members who read this to [accept it at face value]."

If board members need to be persuaded of the benefits of brushing up on their finance and accounting knowledge, they do not have to go back as far as Enron and Tyco to get motivated. Consider some events of recent days. Three top executives at Freddie Mac resigned in June amid allegations of questionable accounting practices and the launch of a formal investigation by the Securities and Exchange Commission. At issue is whether Freddie Mac, a government-sponsored mortgage-finance company, made accounting decisions designed to "smooth out" its earnings. Freddie Mac said the SEC had been conducting an informal inquiry since January, when the company disclosed that it would restate financial results for 2000, 2001, and 2002. The restatements involved the way Freddie Mac accounted for complex financial instruments known as derivatives. Separately, the Office of Federal Housing Enterprise Oversight, which regulates Freddie Mac, is looking into accounting practices and possible employee misconduct at the lender.

Meanwhile, in an indictment unsealed on June 11, three former accountants at Dynegy, a Houston energy concern, were charged by a federal grand jury with fraud and conspiracy in connection with a series of transactions that boosted the company's profits and cash flow in 2001.

On June 17, former Rite Aid CEO Martin L. Grass pleaded guilty in federal court to two counts of conspiracy in connection with an accounting scandal at the Harrisburg, PA-based drug-store chain, becoming the first former chief executive to plead guilty in a major accounting fraud case since Enron's demise. On June 5, Franklyn M. Bergonzi, a former chief financial officer at Rite Aid, pleaded guilty to his role in the fraud. A third former executive at Rite Aid was awaiting trial. In 2000, Rite Aid restated its results for fiscal 1997, 1998 and 1999. The $1.6-billion restatement was, up to that point, the largest accounting revision ever in the United States.

In addition, a decision by a Delaware Chancery Court judge in a high-profile case involving Disney and its former president, Michael Ovitz, may be causing directors to sit up and take notice. According to a June 14 story in *The New York Times*, Judge William B. Chandler III ruled that a five-year-old shareholders' lawsuit against Disney and its directors could proceed to trial. The suit alleges the directors had little say in Ovitz' hiring in October 1995 or his departure little more than a year later when he left the company with $38 million in cash and options said to be worth $100 million. The judge said the allegations, if proven true, suggest that the directors were "consciously indifferent" to the terms of Ovitz' contract – or as Chicago's Weil puts it, "asleep." The *Times* said the ruling is "the first to allow a case to stand against directors simply accused of failing to uphold their duties without any suggestion of self-dealing."

The Bottom Line

The bottom line on all of these developments is that board members are "extremely worried," says Holthausen. "All the scandals and the passage of the Sarbanes-Oxley Act have put additional pressures not only on boards as a whole but on audit committees in particular."

It can be difficult, he adds, for even the most responsible board members to catch on if management and its accountants are intent on wrongdoing, which makes it essential to know as much about financial transactions as possible. "In some of the scandals, there was out–and–out fraud going on. That's going to be a really hard thing for anybody to catch, even an audit committee. If you've got people committing fraud, they can create a document trail that looks right. They know the tests that auditors do. They know the whole system of controls. I'm sure some of the companies where bad stuff happened had boards filled with cronies and others had boards who were diligent and who were floored when they found out what was going on."

According to Percival, there should be "some minimum requirement for board members for reading a set of financial statements. The word 'reading' is important. When you read a novel, there's a bunch of words and grammar. But there's also a story. It's important not to get bogged down by the words. You have to grasp the story that's being told." ◆

Martin, W'82 continued from page 7

"In the end," he says, "it was all about being with them."

By the time the World Trade towers were swept away on September 11, Martin was already a priest and working at *America* magazine in Manhattan. The attack laid bare the refugee status – the fragility and danger, the impermanence and departure, the pain and death – that underlies the human condition, even in the Wall Street district. For several weeks after 9/11, he went downtown to accompany police, firefighters, ironworkers, and rescue teams in their grim tasks. His most recent book, *Searching for God at Ground Zero*, chronicles what he witnessed.

Mostly he just listened to volunteers telling their stories, feeling their feelings, and grappling with the big questions the experience raised for them. His clerical collar was an invitation for them to open up or to ask for a blessing, but just as often he found the volunteers solicitous of what he too must have been going through. He celebrated an outdoor Mass there with a group of weary, ash-covered workers. "It was once again an experience of knowing that I was somehow in the right place at the right time," he says.

The "somehow" of Father Martin's priestly vocation haunts him when he thinks about it. Somehow he set out on a lifetime career in business and ended up a priest – almost despite himself. "Divine Providence," the theologians call it. "If I had tried to design a perfect background to work at the Mikono Centre," he observes, "I could not have done as well as I did by accident." ◆

Peter Nichols, CGS'93, is editor of Penn Arts & Sciences.

Who Knows Best continued from page 31

self-taught," says Metrick. "His background was in engineering and law, and he kind of taught himself economics and finance and has fantastic intuition. Growing up talking to him was a great way to learn." His mother, meanwhile, had "an amazing capacity for work and self-sacrifice for her family." His parents divorced when he was young, and while his father lived nearby, Metrick's mother "took care of three kids, then earned a degree, then took care of three kids and worked" – a fact he finds all the more astonishing today as he and wife Susie struggle to juggle day-to-day life, work, and 18-month-old David. "My parents were both late bloomers in a way," Metrick says. "In my family, we seem to be that way. So I'm looking forward to finally getting my act together." ◆

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

Who Are You? *Recognizing and Building Your Affinities with Wharton*

When you look at your connection with Wharton, what frames the picture you see? From how many different perspectives do you regard the totality of your Wharton experience and how it has shaped your life?

What was your academic major, the division of the School which you attended, your cohort or learning team? Who are the friends you made and kept - or would like to get back in touch with? What extracurricular activities were you involved in? Were you an international student or a member of a minority constituency? And since graduation, where have you lived, and in which professions have you been employed?

Through a myriad of opportunities, the alumni network reflects the many facets of the Wharton experience. Events like Alumni Weekend and the Follies reunion in New York City, or online services on WAVE <wave.wharton.upenn.edu> such as the alumni directory and the new Class Notes section enable people to better stay in touch. One of the greatest strengths of the alumni program has been the club network: in 30 cities and regions around the U.S., and in 42 other countries around the world, alumni gather for professional and personal networking.

There is also a growing trend to develop clubs that reflect other affinities that people feel to the School. There are groups organized for alumni by industry, academic programs, and minority constituencies, and several more are in the pipeline. While contact information for all of these groups is listed on the WAVE website and at the end of this article, the following is a profile of two of these affinity groups, which reflect the breadth of the interests with which these groups are engaged: one is the oldest ongoing affinity club, and the other is "the new kid on the block."

WHARTON EVENING SCHOOL ALUMNI SOCIETY

Once upon a time, when students attended classes in Logan Hall and trolley cars ran above ground through campus on Woodland Avenue, an organization was formed to recognize the achievements of a pecial group of Wharton alumni. In many cases, these individuals had received their Wharton degrees in the light of challenges that would have daunted many lesser men and women. The Wharton Evening School Alumni Society (WESAS) was formed to mark the special experience of those who had earned their degrees through a program that began almost at the very inception of Wharton itself (the School was founded in 1881; the Evening School began in 1904).

More than half a century later since the start of the alumni group, the Evening School Alumni Society represents the interests of over 5800 graduates, making theirs one of the largest alumni bases in the club network. While the majority of the graduates of the program live in the Philadelphia area, alumni of the program can be found on five continents. The Evening School Alumni Society reaches out to these graduates with a mix of social and educational programming, a newsletter, and an annual brunch which brings together alumni from across the decades and recognizes outstanding achievement among graduating seniors. This year's event, held in June at La Terrasse, found newly-minted alumni from the class of '03 mixing with Wharton peers from as far back at the 1950s. While their Wharton experiences were quite different, they shared the mutual pride in achieving a Wharton degree while juggling full-time jobs, families, and in most cases, a severe lack of sleep.

Gary Lindauer, W'92, president of the Society, recently reflected on the future of the group: "We have always enjoyed the enthusiastic participation of our traditional Evening School alumni. But now, we are looking to expand our ranks by reaching out to the management and marketing certificate programs. In the years to come, their inclusion could be the new lifeblood of our organization." Blending the traditions of the past with the present-day evening program ensures that the Society will continue recognizing the achievements of all its graduates.

WHARTON WOMEN'S TASK FORCE

The Wharton Women's Task Force was initially formed in 2001 by two

WESAS PRESIDENT GARY LINDAUER, W'92, PRESENTS THE ROBERT L. MACDONALD AWARD TO AMIE MARSTON, W'03, AT THE SOCIETY'S SPRING BRUNCH. THE AWARD IS GIVEN TO A GRADUATING SENIOR WHO DEMONSTRATES HIGH SCHOLASTIC ACHIEVEMENT AS WELL AS OUTSTANDING SCHOOL SPIRIT.

students, Kiara Berglund, WG'02, and Andrea Remyn, WG'03, who were reviving the Wharton Women in Business Conference. As their work continued, they met with Wharton alumnae, student women's groups, faculty and administrators, all of whom felt the need to come together to respond to the needs of all Wharton women. Although a very diverse group, they quickly discovered many common aspirations, interests and challenges in their careers and lives. As Wharton women, they are promoting and encouraging the leadership and success of each other and of a broader community of Wharton constituents.

Members of the Task Force came together on campus in November 2002 to meet one another, engage in goal setting, and discuss ways to communicate better with one another and with their fellow alumnae. Task Force members have participated in two management conferences sponsored by the Wharton Alumni Association to meet with other volunteer leaders and learn best-practices. The Task Force continues its close relationship with the student Wharton Women in Business Conference to leverage the participation of future alumnae in the network (the 2003 conference will be held on October 31 – see<www.whartonwomen .org> for details).

At a grassroots level, the Task Force did a survey which addressed the issues faced by alumnae; this effort received extremely positive and overwhelming response from 10% of the overall alumnae population. The Task Force is also actively engaged with the geographically-based alumni clubs around the world to leverage the strengths of these existing organizations and bring women together on the local level. For the last year, the Philadelphia alumni club has modeled such a partnership through their "Wharton Women's Network." The Philadelphia Network addresses the special interests of working women and promotes networking in a more intimate setting. Programs have included a work-life balance discussion, leadership skills development, and informal "coffeehouses" for alumnae.

Wharton is continuing to build affinity groups to help strengthen the relevancy of the School in the lives of its alumni. Leslie Arbuthnot, director of alumni affairs and annual giving, notes that the growing trend in these kinds of clubs is evidence of an increasing trend in alumni affinity to the School as a whole: "As we continue to develop the means by which alumni better connect to one another and the School, more and more graduates will want to come together based on how they see themselves and their relationship to Wharton. We welcome alumni ideas and energy in developing these programs."

WHARTON ALUMNI ASSOCIATION EXECUTIVE BOARD

CHAIRMAN
Peter Borchardt, WG'73
President, The Borchardt Group
101 Bay Street
Easton, MD 21601
B: 410-822-9016
E-mail: pete@borchardtgroup.com

PRESIDENT
David N. Feldman, Esq., W'82, L'85
Managing Partner, Feldman Weinstein LLP
Graybar Building, 420 Lexington Avenue,
Suite 2620, New York, NY 10170-1881
B: 212-869-7000 ext. 102
E-mail: dfeldman@feldmanweinstein.com

Vige Barrie, WG'76, Media Consultant, Hamilton College and Colgate University, Clinton, NY

Robert Bliss, W'82, Managing Member, Windmill Capital, L.L.C., New York, NY

Theresa Boyce, WG'85, General Management Executive, Dallas, TX

Joy Butts, WEV'98, Marketing Manager, Mutual Funds Magazine, New York, NY

Teo Forcht Dagi, MD, WG'95, Managing Partner and Managing Director, Cordova Ventures, Atlanta, GA

Ellen Desmarais, WG'02, Corporate Marketing, The McGraw-Hill Companies, New York, NY

Kyle Duarte, W'98, Woodinville, WA

Craig Enenstein, WG'95, G'95, Chief Investment Officer, Omninet Capital, Beverly Hills, CA

Adam Fein, GRW'97, President, Pembroke Consulting, Philadelphia, PA

Matthew Greene, WG'89, Managing Director, Utendahl Capital Partners, LP, New York, NY

Carter Henderson, W'52, Ponte Vedra Beach, FL

Brendan Hoffman, WG'97, President and CEO, Neiman Marcus Direct

Lorrie King, WG'91, President, Simple Ideas, LLC

Dana Michael, W'82, Vice President-Risk Management, Swiss Reinsurance, Armonk, NY

Christophe Orly, WG'92, Morgan Stanley, London, UK

Rich Pirrotta, WG'91, Syntegra, Birmingham, MI (Chairman Emeritus)

Stephen Sammut, WG'84, Chairman and Chief Executive Officer, Buttonwood Venture Advisors, LLC, Wynnewood, PA

Bob Shalayda, WG'80, Summit, NJ

Barry Singer, WG'95, Vice President, Online and Offline Marketing, Discount Car & Truck Rentals, North York, Ontario, Canada

Navin Valrani, W'93, Executive Director, Al Shirawi Group of Companies, Dubai, United Arab Emirates

Adam Weisman, G'78, Managing Partner, Deloitte & Touche, Jericho, NY

Dawn Wilson, WG'93, Vice President, Goldman Sachs & Company, New York, NY

The following is a list of existing affinity groups and their contact information:

Evening School
Gary Lindauer, W'92
wesas@juno.com

Health Care
Gretchen Mills WG'86
gretchen.mills@kmhp.com
www.whartonhealthcare.org

Private Equity Network
Dean E. Miller, WG'99
dmiller@paearlystage.com
www.wpen.org

Women's Task Force
Roz Courtney, WG'76
roz@rozcourtney.com
<www.whartonwomen.org/ taskforce.asp>

If you are interested in the possibility of starting an alumni affinity group, contact the Office of Alumni Affairs and Annual Giving at alumni.affairs@wharton .upenn.edu. ◆

WAVE

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

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

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

Address Update

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

Career Services

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

Clubs

Network with alumni in your area, and take advantage of opportunities to attend speaker events, seminars, and club programs. Contacts and a calendar of events can be found on our alumni website at <wave.wharton.upenn.edu>.

Fundraising/Development

Support Wharton's future by making a gift to The Wharton Fund. Get more involved by encouraging your Wharton friends to do the same or by offering your marketing expertise to the school. Call 215.898.7868, or give online at <www.wharton.upenn/edu/development/wf.html>.

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

Executive Education

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

Admissions

For undergraduate admissions information, call 215.898. 7507, or e-mail Info@admissions.ugao.upenn.edu.
Our website is <www.upenn.edu/admissions>.

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

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

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

Wharton Admit Network

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

Library Services

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

University Bookstore

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

Knowledge@Wharton

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

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

Leadership Spotlight

MBA CLASS OF 2003

Despite the difficult economy and tough job market, the MBA Class of 2003 raised $470,539 for their class gift—the highest amount ever raised by a graduating class. Ninety-eight percent of the class of 757 students participated in raising money for the gift.

Associate Dean of External Affairs Steven Oliveira stated, "The Class of 2003 has set a remarkable new standard for future generations of Wharton students and alumni. Ninety-eight-percent participation is a stunning achievement at any time, but it is even more significant during an economically challenging time. No school of our size has achieved this level of participation."

The class gift is unrestricted and goes toward the Wharton Fund. The Wharton Fund provides resources to fund high-priority initiatives of the School: it helps invigorate the School's innovations in academic programs and student services; it builds competitiveness in attracting the best students and faculty; and it provides the flexibility to pursue new opportunities at the moment they appear. The Wharton Fund also helps to bridge the gap between the actual cost of educating an MBA student at Wharton and the income generated from tuition and endowment.

Each year, the School invites an alumnus or alumna to participate in the class gift campaign by providing a challenge gift that gives students additional incentive to donate to the campaign. This year, an anonymous donor agreed to be the challenge donor, giving $75,000 to the campaign. The challenge gift was structured on the basis of participation—the more students that pledged, the more money that the campaign received.

Motivating further participation was the theme of this year's class gift, which strived to capture the cultural diversity represented at Wharton. The theme was: "757 Individuals, 59 Countries, 1 Gift." Students from 50 countries spanning the world reached 100 percent participation.

Corinne Chao, WG'03, and Katie Mensch, WG'03, co-chairs of the 2003 MBA Class Gift Committee, wrote in a recent letter to their class: "We graduate this month into a world where the business climate is challenging, where many, many of our classmates don't have jobs. Despite this—because of this—we gave. We gave because we know the impact that Wharton is going to have on the rest of our lives, in good economic times and in bad. We gave because we are in this for the long haul. We are invested, literally and figuratively, in making Wharton a better place so our graduates can go out, like you, and make their mark in their communities around the world. We gave because we just don't say we are a community of leaders here at the School, we step up and dare to be counted." ◆