summer 2005

Wharton

ALUMNI MAGAZINE

Always Changing, Always Wharton

Returning alumni welcome new graduates to the fold

Also: Adaptation Skills for Global Lives and Careers

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ALUMNI MAGAZINE

Summer 2005

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GOSALIA AND GOODSPEED

FibrinX Wins Wharton Business Plan Competition Grand Prize with Wound Care Derived from Fish Plasma

Student team FibrinX, whose tissue sealant provides a safer and cheaper adhesive to prevent excessive bleeding during surgery or after traumatic injury, won the $20,000 grand prize of the Wharton Business Plan Competition (BPC). The prize was awarded at the School's annual Venture Finals in April 2005, when student finalists received a total of $75,000 in combined cash prizes, access to capital and in-kind legal/accounting services.

This year's Venture Finals, the culminating event of the year-long Wharton BPC, attracted scores of venture capitalists, business leaders, faculty and students. The Venture Finals judges who selected the winning teams represented a range of organizations including First Round Capital; Perseus Group, LLC; Arzu, Inc.; Arboretum Ventures; Sienna Ventures and Johnson & Johnson Development Corporation, a Platinum Sponsor of the Wharton BPC.

The students of FibrinX include Dhaval Gosalia, a University of Pennsylvania School of Engineering PhD candidate from Bombay, India, and Jonathan Goodspeed, WG'05, a second-year Wharton School MBA student from Greenwich, CT. They say that unlike traditional mammal-based sealants, their proprietary application of Atlantic salmon blood plasma is less expensive, reduces blood loss and decreases the risk of mammalian-borne viruses. The team's technology is protected by six patents and has already received U.S. Army and Navy funding for pre-clinical trials. In fact, use in combat situations is one of the market segments FibrinX is targeting. Others include emergency rooms, hospital surgeries and dental offices.

Second-place team IntuiTouch, which was marketing a handheld device for portable, at-home breast cancer detection, not only won $10,000 for their overall finish, they also won the Frederick H. Gloeckner Award of $5,000 for the highest-ranking Wharton undergraduate team in the Wharton BPC. The winner of the $5,000 third prize was Dynamic BioSystems, a developer of fast, "scarless" wound healing without special storage requirements targeted for military, travel use.

Knowledge@Wharton Chinese Version Launched

In March 2005 Knowledge@Wharton launched a free Chinese version, called China Knowledge@Wharton. Wharton created the new site, which is published in Chinese, to meet the demands for online research and business analysis by management leaders in Chinese-reading populations worldwide.

MARTIN THIBODEAU

The Chinese version will provide articles and research papers in its database from existing Knowledge@Wharton content as well as articles uniquely created for the new version. Published from Shanghai, the site is funded by donations and corporate sponsorships. Founding sponsors of China Knowledge@Wharton include RGM International, Ta Ya Group, Yageo and Asia Pacific Telecom Group.

The first Chinese edition included a special interview with Haier Group CEO Zhang Ruimin as well as a Boston Consulting Group and Knowledge@Wharton special report, "Overcoming the Challenges in China Operations." The report includes experts at BCG and Wharton who weigh in on issues including developing management talent, R&D operations, sourcing of high-tech and traditional goods, and logistics. In addition, the CEO of TCL, one of China's largest companies, discusses his company's experiences in the global marketplace.

Published biweekly, Knowledge@Wharton captures and reports knowledge generated at Wharton via research papers, conferences, books and interviews with faculty on current business topics, and distributes that knowledge online to a global business audience. Prior to the Chinese-edition launch, Knowledge@Wharton had more than 450,000 subscribers. In addition to English and Chinese, K@W also publishes in Spanish and Portuguese in collaboration with Universia.net. To access China Knowledge@Wharton in simplified Chinese (requires Chinese character fonts), visit **<http://knowledge.wharton.com.cn/index.cfm>** or China Knowledge@Wharton in English: **<http://knowledge.wharton.com.cn/index.cfm?languageid=1>**.

Alfred West Jr. Learning Lab Introduces Two New Learning Simulations

Students need to solve real-world problems to learn about business. So how to include practical business experiences in classroom learning? Two recent learning simulations developed by Wharton's Alfred West Jr. Learning Lab involved MBA students in hedging foreign currency risks and innovating entrepreneurial products.

In HEDGE, used by students in International Corporate Finance classes, students simulate being international financial managers who face different kinds of foreign exchange risk. They then have to decide how much currency to hedge and which financial instruments to use for specific situations. The simulation, explained Finance Professor Karen Lewis, allows "students to experience an actual outcome. A whiteboard does not allow them to get directly involved in a scenario and quickly see the causes and effects of their decisions."

Wharton's Innovation Toolkit simulation — used by students in Innovation and Entrepreneurship courses under the leadership of Professor Ian MacMillan, director of the Sol C. Snider Entrepreneurial Research Center — gives students a framework to think through each step of a new product's lifecycle. It provides online course modules based on MacMillan and Rita MacGrath's book *The Entrepreneurial Mindset*, leading students through such stages as product design, business design optimization and competitive market segmentation.

"These simulations push the envelope in terms of how professors can teach and what students can learn," said Deirdre Woods, chief information officer and associate dean of the Wharton School. "Without Learning Lab simulations, many types of learning would be off-limits to students, since the concepts require real-time interaction. These new interactive offerings will help solidify Wharton's position as the leader in creating and disseminating business knowledge through the use of technology."

Innovative learning simulations are also central to Wharton's executive education programs, in which they help executives learn practical lessons that they can take right back to their workplaces. "We can create something that is more lifelike and bring a more realistic element to market simulations," said Professor Robert Holthausen, academic director of Wharton's executive program in Mergers & Acquisitions.

Simulations allow managers to go back and change strategies after they see the results of their original decisions. This experience often gives them a new appreciation for the complexities of acquisitions and the strategies that can lead to success.

"The reason for the simulation is to get the participants to understand that there are many facets of an M&A process that normally are treated as independent, but all these things are interdependent," explained Holthausen. "They realize the integration decisions that lead to higher value or lower returns."

Wharton's Alfred West Jr. Learning Lab, founded in 2001 with a $10 million gift from alumnus Alfred West Jr., WG'66, creates innovative learning simulations to involve Wharton students in real-world business decision making. The technology has now been licensed to dozens of other schools, and has already been used by more than 6,000 students at Wharton. To date, 25 Wharton professors have worked with the Lab to develop simulations for their classes.

Record MBA Class Pledge Creates a Legacy

For the third year in a row, the graduating MBA class set a new record for class gift — hitting seven figures for the first time. Raising the bar for the next generation of students is something of a Wharton tradition, but the goals of the 2005 Class Legacy were loftier than mere competitive spirit.

"During the campaign, we never said our goal was to raise a lot of money," said Andras Forgacs, WG'05, who co-chaired the committee along with Mona Bijoor, also WG'05. "Our goal was to get people to become active alumni. We believed that if we could do that, we would have a successful campaign."

The strategy worked. A total of $1,133,767 was pledged by the combined traditional and executive MBA classes. The class pledge total includes 98% overall participation, with $883,284 contributed by the traditional MBA and $304,483 from the MBA Exec students. The combined total is believed to be the largest class gift in dollars among U.S. institutions of higher education.

In true Wharton fashion, the committee used quantitative analysis to make the marketing message more effective. Eighty volunteers submitted data on their Wharton contacts, and the committee used linear optimization to assign 10 individual prospects to the committee member who would most successfully ap-

RODNEY MCLAUCHLAN, WG'78, THIRD FROM LEFT, INSPIRED SECOND-YEAR MBA STUDENTS TO GIVE TO THEIR CLASS PLEDGE WITH A $50,000 CHALLENGE GRANT AND A VISIT TO MBA PUB.

proach them. By limiting their contacts, each volunteer was able to give more personal attention to the students who they were assigned.

Other innovations contributed to the success. This year's Class Legacy project was the first to use an interactive e-mail marketing campaign and to implement online giving with real-time updates through a student-created website. On the low-tech, high-touch side, the committee expanded the campaign's supporting social events, sponsoring a casual barbecue on Koo Plaza, an MBA Pub night and a cocktail party held at Vesper on Boathouse Row. The events were supported by alumni speakers Phil Darivoff, W'79, WG '85, Gloria Rabinowitz, WG'78, and Alfred West Jr., WG'66.

The committee made sure alumni involvement was a two-way exchange. "We wanted to inspire alumni too," said co-chair Bijoor. "Our pledge shows them that we're committed to the school — we feel that it's important to invest in it."

In fact, the campaign was boosted by two challenge grants from alumni. First Rodney McLauchlan, WG'78, pledged up to $50,000 in increments beginning at 70 percent class participation. When pledges approached the 95 percent level achieved the previous year, a second alumnus, Ronald S. Haft, W'81. WG'82, chipped in an additional $1,000 for every percentage point approaching 100 percent. The total challenge grant added another $54,000 to the hefty total.

This year the campaign also involved closer collaboration with the MBA Program for Executives class gift, emphasizing that both programs form one graduating class. The MBA Exec class pledge, co-chaired by Steven Shea and Andrea Kirk in the east and Greg Chow and Michael Ashburn in the west (all WG'05), achieved a nearly perfect 99.4% participation.

"It's not about the money — it's about creating a culture," Bijoor insisted. "Wharton has always done a lot with a little. Now it's time we do a lot with a lot."

Wharton Students Consult on Sustainable Industry for Peruvian Rainforest

Building a product distribution network in the rainforest is hard enough. It doesn't get any easier when the only bridge into town is washed out.

This was just one of the challenges faced by six members of the Wharton Global Consulting Practicum (GCP) during a recent trip to Peru's Palcazu Valley. There, the students met the indigenous Yanesha people, a growing community of artisans working to build a sustainable lifestyle in the rainforest.

In January 2005, the GCP team traveled to Lima, Peru, and its surrounding rainforest to consult for the nonprofit Partnerships and Technology for Sustainability (PaTS). PaTS aims to preserve the forests of the Palcazu Valley by creating sustainable industry for the indigenous Yanesha people who call the valley their home.

The group teaches the Yanesha to use the rainforest — their most abundant natural resource — to create furniture, housewares and accessories. It's a far cry from just a few years ago, when the Yanesha lived as subsistence farmers and sold off their trees to logging companies.

"Now not only are they able to sustain the forest," reported trip participant Lisa Linn de Barona, "but they're able to send their children to school, invest in community buildings, and do all kinds of things they couldn't do before."

The team spent nine days in Peru, meeting the Yanesha artisans and their families and studying how they made and distributed their product. These experiences helped them understand firsthand the obstacles — especially the difficulties of travel in the Palcazu valley — that the Yanesha must overcome to build and ship their product.

Now back in the States, the students have to find new ways of getting the Yanesha goods into stores, translating the artisans' craftsmanship into a marketable brand.

In the Wharton Global Consulting Practicum, Wharton MBA candidates engage with the real world of consulting for international companies. The companies gain a North American business plan, and the students learn valuable lessons about creating and implementing a business strategy.

Student-Founded Partnership Aids South African Education

"When other people start to fall over with leg cramps, you have to wonder what's going to happen to you." So said Rush McCloy, WG'05, who recently ran the 35-mile Two Oceans Ultra Marathon in Cape Town, South Africa, to raise money and awareness for Students4Students, the student-run nonprofit group that he co-founded in 2003.

Students4Students is a partnership of business school students and alumni committed to creating sustainable educational vehicles throughout the developing world, focusing on one region at a time in partnership with educationally focused non-governmental organizations. With members at Wharton, Harvard, Columbia and the University of Cape Town, Students4Students plans to expand to other business schools over the next several years.

Co-founder Sarah Ryerson, WG'05, started the organization out of gratitude for her own educational opportunities. She explained: "I would really like to see the organization be a true representative of business school students around the world, so that this is the one organization where business students feel like they can really give back through education."

As part of a five-year commitment to South Africa, Students4Students is working with the Ubuntu Education Fund, a Port Elizabeth-based nonprofit dedicated to education and health. The fund was founded in 1999 by Penn graduate Jacob Lief, C'99, who stresses that it is "not a charity. We build sustainable programs with tangible goals."

"We live in the communities where we work, we understand their needs, and, together with the community, we create sustainable development projects that truly empower people. Our success relies on our commitment to giving people the means to improve their own community."

Lief spent time in South Africa as an undergraduate, when he had an eye-opening visit to a school in Port Elizabeth, "There were 90 kids in the classroom, but everyone was quiet — they just wanted to learn. It was very inspiring." Still an undergraduate, Lief held a raffle on Locust Walk to buy office supplies and opened shop in his dorm room.

Six years later, with offices in Port Elizabeth and Manhattan, Ubuntu serves 40,000 children each month and 13,000 adults each year. The Fund has helped develop community learning centers and health-education initiatives to teach responsible health practices in a country where more than a fifth of the adult population is infected with HIV or AIDS.

Students4Students has pledged to raise funds for Ubuntu's Mpilo-Lwazi health education program, which reaches more than 55,000 people through health education classes in 24 township schools, including youth counseling, community outreach workshops, and sustainable food gardens.

While in the townships, the Students4Students group also attended AIDS awareness workshops where health educators discussed sexually transmitted diseases and AIDS prevention. "The area is characterized by high unemployment and health issues," explained Javis Gqamlana, the director of the Clover County School, "but education is the passion that we want to spur because these kids are the future of our nation."

Ahead of next year's marathon, Students4Students organized a gala New York City benefit on May 12 toward an overall five-year goal of raising $5 million for education in South Africa.

Wharton Global Family Alliance Conducts First Gathering in Dubai

Every family business faces unique challenges of succession and leadership, but what happens when a family business is actually a multinational corporation worth billions? The Wharton Global Family Alliance (Wharton GFA), a research partnership between Wharton and leading global business families, aims to address the key questions major family firms face. In March 2005, the alliance held its first conference in Dubai, United Arab Emirates (UAE), to

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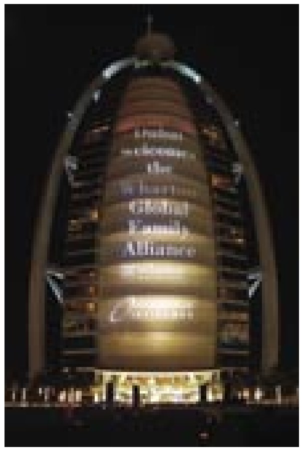
bring together Wharton researchers and more than 300 family business leaders from around the world.

The three-day Dubai conference created a forum for discussing economic trends affecting its members, with a particular emphasis on issues specific to the Middle East. Wharton professors Ian McMillan, Richard Herring, Bulent Gultekin, Janice Bellace, and Raphael (Raffi) Amit moderated panels on such topics as "Capital Markets and Investment Opportunities," "Creating Societal Wealth," "Entrepreneurship and Capital Flows," "Valuing Private Companies" and "Managing Family Succession." Keynote speakers included H.E. Dr. Mohamed Khalfan bin Khirbash, UAE Minister of State for Finance and Industry, and Sultan Ahmed Bin Sulayem, executive chairman of Dubai's Ports, Customs & Free Zone Corp.; chairman of Tejari.com, a B2B marketplace; chairman of the property development company Nakheel; and executive chairman of Istithmar, a Dubai-based investment holding company that was the lead sponsor of the conference.

"The conference demonstrated the power of combining Wharton's research capabilities with a deep network of family business leaders," said Wharton GFA Executive Director Todd Millay.

Thirty-five percent of the S&P 500 is family controlled, and 15% of the world's largest 1,000 businesses is family owned.



WHARTON'S FIRST GLOBAL FAMILY ALLIANCE CONFERENCE CONCLUDED WITH A GALA DINNER AT DUBAI'S FAMOUS BURJ AL ARAB HOTEL.

Worldwide, more than half of the private sector works for family firms. WGFA is a first-of-its-kind collaboration between Wharton and CCC Alliance that allows global families with businesses at the highest levels to collaborate for their mutual benefit and for the betterment of society as a whole. Led by Wharton management professor Raffi Amit, the chairman of the Wharton GFA Executive Committee, WGFA is focused on research into, and the sharing of, best practices of globally influential family enterprises.

Recent Wharton GFA research includes a major study on the added value derived from family firms run by founders and a case study on Kohler, the closely held family-run plumbing fixtures firm with annual revenues in excess of $2 billion.

Alumnus Thomas Caleel Named Director of Wharton School MBA Admissions and Financial Aid

Following an extensive search, Thomas Caleel, C'94, WG'03, has been named Wharton's director of MBA Admissions and Financial Aid. Caleel previously worked for Silicon Valley private equity firm Cagan McAfee Capital Partners, where he served as a financial analyst for portfolio companies and raised public and private funds for the energy, recycling and life sciences sectors.

"As a successful entrepreneur, venture financier and chief executive, Thomas Caleel's professional experience has been wide ranging and internationally diverse," said Anjani Jain, vice dean of the Wharton School's MBA Division. "As an alumnus, he now returns to Wharton with great enthusiasm for the opportunity to help shape the School's future."

Caleel began his career in 1995 as director of the Moscow Representative Office at Heritage Finance & Trust, a private financial group based in Geneva, Switzerland. Between 1998 and 2001, Caleel was a co-founder of BCI Private Capital, a holding company in Denver, CO. While at BCI, Caleel played a role in acquiring or founding several new product lines and new businesses and served as the interim CEO of a Russian-Swiss technology venture that delivers medical information and mobile phones to remote disaster areas.

While a student at Wharton, he was a leadership fellow, co-chair of the ethics committee, a graduate assistant in the MBA Admissions Office and a member of the Dean's Graduate Student Advisory Committee.

Wharton Alumni Magazine Under New Editor

In May 2005 Kelly Andrews became the new editor of the *Wharton Alumni Magazine*. Wharton's associate director of publications for the past three years, Andrews previously worked on School outreaches, including the 2004 web-site re-launch and MBA Admissions' award-winning integrated marketing communications strategy. Prior to coming to Wharton, she served as managing editor at CDNOW and as senior editor at *Target Marketing* and *Entrepreneurial Edge* magazines. Andrews holds an undergraduate degree in humanities from Johns Hopkins University and a master of liberal arts degree with concentrations in writing and literature from the University of Pennsylvania.

Send Magazine feedback or School and alumni news to **<kelly.andrews@wharton.upenn.edu>** or call her at 215.746.2296. ◆

Recent Alumni Books

Winners Never Cheat: Everyday Values We Learned as Children (But May Have Forgotten)

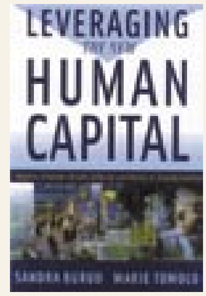
By Jon M. Huntsman, W'59, H'96
Wharton School Publishing (2005)

"Nothing could be more timely than this provocative book from one of America's foremost business and civic leaders about the urgent need for greater ethics in our public and private lives."
– *Andrea Mitchell, NBC News*

TOMMY LEONARDI

DARIUS HARIRI

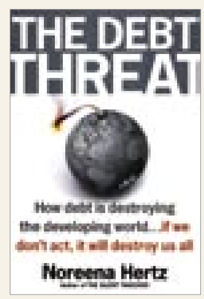
JON M. HUNTSMAN SPOKE ABOUT HIS NEW BOOK AND GREETED ALUMNI AND STUDENTS AT BOTH WHARTON CAMPUSES – (TOP) OUTSIDE THE PHILADELPHIA BUILDING THAT BEARS HIS NAME DURING ALUMNI WEEKEND ON MAY 13, AND (BOTTOM) AT WHARTON WEST IN SAN FRANCISCO ON MAY 27.



Leveraging the New Human Capital

By Sandra Burud and
Marie Tumolo, WG'91
Davies-Black Publishing (2004)

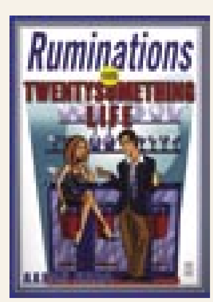
"Infuses much-needed breakthrough thinking into the discussion of human capital. The authors refuse to let anyone who manages people ignore the basic truth about leveraging humans as capital: You can't manage people as assets without respecting them as the whole beings they are."
– *Anne C. Ruddy, Executive Director, WorldatWork*



The Debt Threat: How Debt Is Destroying the Developing World

By Noreena Hertz, WG'91
HarperBusiness (2005)

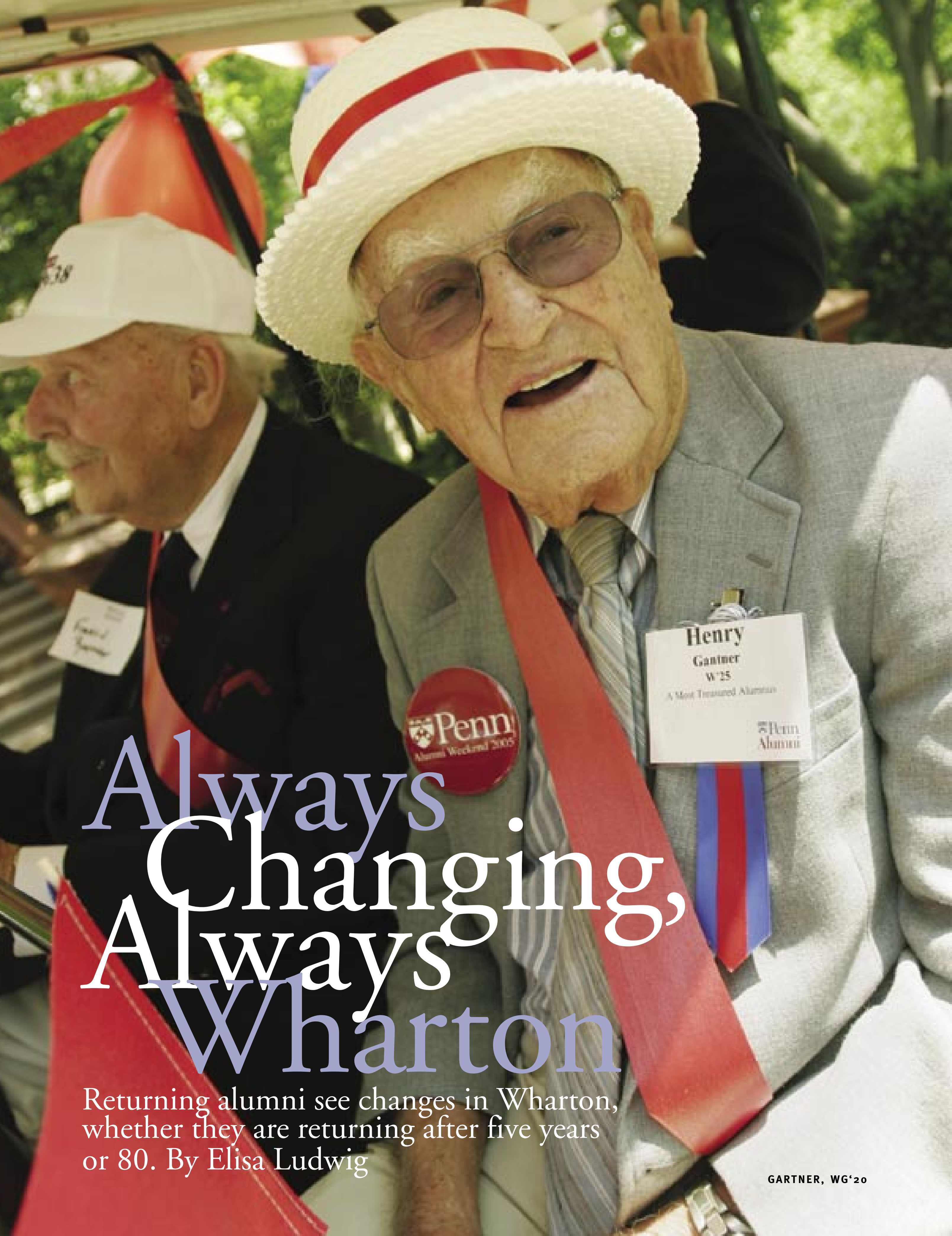
"*The Debt Threat* should not go unnoticed. Its message must reach the highest corridors of power and the masses of the marginalized poor who carry the burden of debt through joblessness, increasing user fees for basic services, hunger, malnutrition, and inadequate access to health care and education."
– *Archbishop Desmond M. Tutu, winner of the 1984 Nobel Peace Prize*



Ruminations on Twentysomething Life

By Aaron Karo, W'01
Fireside (2005)

"*Ruminations on Twentysomething Life* examines those awkward and absurd moments we all have after college but are afraid to admit. If Jerry Seinfeld and Candace Bushnell had an illegitimate child, its name would be Aaron Karo."
– *Farrah Weinstein,* New York Post



Always Changing, Always Wharton

Returning alumni see changes in Wharton, whether they are returning after five years or 80. By Elisa Ludwig

GARTNER, WG'20

PHOTOS.TOMMY LEONARDI

Before group study rooms, cohorts, learning simulations and the core curriculum, there were lecture-driven classes with little student discussion, professors smoking pipes in class, and punch-card computers. On campus for the 2005 Alumni Weekend, former students had a chance to reflect on Wharton academics through the past eight decades. And because Wharton's most pervasive tradition is innovation, even the most recent graduates reported changes to the campus, curriculum and learning style.

Henry Gartner W'25

Few alumni can appreciate Wharton's history like 101-year-old Henry Gartner, who was in town for his 80th reunion. "I'd say the campus has changed about as much as automobiles have changed since the invention of the original model T," he said.

Gartner, who hails originally from Newark, NJ, came to Wharton for undergraduate study in the 1920s because he was looking for an accounting background. "At that time, the school was very well known for its accounting department," he said.

Gartner put himself through school by working — most often at a local A&P supermarket — and his after-school jobs cut a considerable chunk out of his study time. "I took classes until 3 p.m. and I worked until 10 p.m. I basically ate on five dollars a week. Then, in the summer, when the other supermarket managers went on vacation, I would take their place."

Yet Gartner has vivid memories of his academic experience, particularly attending lectures in the school auditorium. "My favorite classes were Professor Young's class on the constitution and another on the insurance of stock markets. Those are the two I seem to carry with me through the years."

Gartner parlayed his scholastic interests into a successful entrepreneurial career. He met his future wife while at Wharton, and after graduation they moved to Atlantic City where he got a job in an accounting firm. In the 1940s, he founded the Garwood department store, one of the first of its kind in the region. Later, he started an early predecessor of today's dollar stores in a trolley-car storage shed. He eventually expanded the Discount Shopping Center to four locations in South Jersey.

An active member of the local Jewish community, Gartner founded a synagogue and country club and served as president of both organizations. He also served as president of the local merchants' association before retiring more than 30 years ago. Today he has two children, six grandchildren and 12 great-grandchildren. (One is currently considering applying to Penn.) At home in Boynton Beach, FL, Gartner still enjoys playing golf four or five times a week.

GROSSMAN, WG'80

> "Wharton took me from a provincial French view of the world to a new international level of thinking...."

Before the 2005 Alumni Weekend, Gartner had last been on campus for his 75th reunion, when, he recalled, it literally rained on the parade. This year was different story. Leading the Old Guard in Saturday afternoon's Parade of Classes, the sun was shining and Gartner was enthusiastic to be back at Wharton. "I never expected to attend my 80th reunion," he said. "It's absolutely overwhelming, but I'm thrilled."

Catherine Bonnier Grossman WG'80

Catherine Bonnier Grossman began the MBA program in 1978 after completing an undergraduate degree in economics at the Sorbonne in Paris. While Wharton has been international from the very beginning — the first four-person graduating class in 1884 included a student who became a member of the Japanese Diet and another who became U.S. ambassador to Brazil — Grossman was one of the first French women to attend Wharton. At the time, fewer women and international students attended U.S. business schools, but Wharton attracted more than its share.

"When I came to Wharton there were not many students from around the globe, though at the time it seemed incredibly diverse," she said. She recalled that one November she woke up to discover the campus was largely empty, save for a handful of other international students who did not know about the American holiday Thanksgiving.

While at Wharton, Grossman, now a vice president in the Capital Advisory Group at JP Morgan in New York, first discovered her passion for international business. "I was fascinated by my Comparative Management class. We had a fabulous Italian professor who introduced us to different management practices and cultural differences in countries around the world. It was so interesting that I toyed with the idea of pursuing a PhD on the topic," she said. Later, in a finance class, Grossman wrote a term paper on French banks' strategies in the United States. While interviewing executives in New York, Grossman recalled that she got to sample lunch at the city's best restaurants. "I thought, if this was banking, I definitely wanted to make a career of it."

As a student, Grossman taught herself Spanish and joined the Wharton Latin American Association (WHALASA). The region has since become the focus of her entire banking career.

Grossman was in Philadelphia earlier this year with her son Jared, a junior in high school who is considering applying to Penn. A tour through Jon M. Huntsman Hall revealed just how far Wharton's learning facilities have evolved. "There is an incredible amount of advanced technology at the students' fingertips. When I visited the campus with my son we were impressed with the group study rooms where students can use the smart boards and download the information on their personal computers — it's a great way to facilitate the sharing of ideas," she said. "I still remember the huge computer in Vance Hall to which we used to feed punch cards. I typed my term papers on a mechanical typing machine with carbon paper — the electric ones were still pricey at that time."

She also noted how the environment for international students has changed since the 1970s. "With the Lauder Institute, there is even more of an international presence at Wharton, and students there are actually obligated to spend two months abroad, which is something they did not do often when I was a student."

Grossman began celebrating her reunion at the WHALASA-sponsored mixer at World Café Live on May 13th. Over the weekend she met up with some international classmates she had not seen since graduation: Isabel Alvarez,

CHAPMAN-WILSON, WG'85

PHOTOS.TOMMY LEONARDI

Carlos Zaldivar and Jean Jacques Bienaime. Twenty-five years later, she is glad she toughed out that first lonely November holiday. "Wharton took me from a provincial French view of the world to a new international level of thinking that I would never have gotten otherwise."

C. Donna Chapman-Wilson WG'85

Though Donna Chapman-Wilson has been back to Philadelphia regularly for recruiting trips and the annual Whitney M. Young Conference, she had not stepped foot in Jon M. Huntsman Hall before the African-American Alumni reception held there on May 14th.

"When you're here for two years, Wharton is your whole world, but coming back gives you perspective," she said. "Seeing these study rooms, the computers — I'm just amazed. When I was a student, we had Vance Hall. There was really no technology to speak of. We typed our papers on typewriters. I have to keep asking, 'Where am I?'"

Before applying for her MBA, Chapman-Wilson got her undergraduate degree at Hampton University in Hampton, VA, and worked at the Federal Reserve. "I was probably pretty naïve going into it, but the school's diversity of students — both in terms of geography and interests — opened me up to a whole new world."

Partner and head of product management for structured products in the U.S. at Invesco in New York, Chapman-Wilson credits her success in the corporate world to the MBA program. "Its academic rigor prepared me to juggle the high-volume demands of my job," she said.

At the same time, she's found that the management lessons she learned at Wharton have been invaluable throughout her career. "After a few years, the quantitative lessons go away and what stays with you are the life lessons. Some of the classes I quote most often have nothing to do with my discipline, but have more to do with working with people." She recalls a five-day management class taught over the winter break that was known as an easy way to get a course credit. "That class was supposed to be a quick pass, but in fact, it had a tremendous lasting effect on me. I learned about people skills, negotiation, shareholder value — all of which help me now in my work with clients."

After graduation, Chapman-Wilson joined JP Morgan in securities sales and later moved into investment management. Over the years she has been active in recruiting Wharton students and she believes that today's students who enter Wharton with a greater degree of work experience are more attractive to employers when they graduate. The younger generation she's seen is also more versatile. Chapman-Wilson remembers that 20 years ago, most of her classmates were drawn to accounting and finance. "When I was at Wharton, you got a job on Wall Street or as a consultant, or if you were in marketing you looked for a big powerhouse firm. Today it seems there is more of an emphasis on other industries, and there are many more entrepreneurs coming out of the program."

Chapman-Wilson, who is married and has one son, initially helped organize the reception with the hope of bringing together her former classmates. "I started calling people to come simply because we'd lost contact with each other. I noticed that the African American MBA Association (AAMBAA) started an online network, and since most of my classmates were not yet in it, I wanted to help them reconnect." The reception grew to include all the African-American alumni attending the 2005 reunion, and Chapman-Wilson hopes that the reception will become an annual event.

It may look different these days, but Wharton is still an important part of Chapman-Wilson's life. "Everybody I talked to over the weekend said that this school changed them. At Wharton everything just expands — your relationships, your knowledge, your outlook."

Assaf Tarnopolsky WG'00

Only five years out of Wharton, Assaf Tarnopolsky's memories are of a recent vintage. Even so, he has enough distance to offer an historical perspective on the way Wharton was back during the heady era of the dot-com boom. "It was a crazy time to be at Wharton. Businesses were growing at an unbelievable rate and it was exciting to be at this incredible school alongside bright, motivated people."

Tarnopolsky has stayed actively involved with those bright, motivated people; he was one of the organizers of his five-year reunion during Alumni Weekend. At the reunion, Tarnopolsky attended his Saturday-night class dinner, met with several hundred of his classmates and even got a chance to relive his graduate student days by eating pancakes and sausage at Little Pete's at 5 a.m. In his view, the school hasn't changed all that much in half a decade. "I think it was world class when we were here, and it's world class now," he said.

As an undergraduate, Tarnopolsky studied law and society at University of California — Santa Barbara. He then got a high-ranking job at an Israeli-based startup, but found he lacked the business knowledge he needed to feel confident in that role. Fortunately, Wharton's core curriculum brought him up to speed. "For someone like me who came from a nontraditional background, Wharton offered a solid base of fundamentals. I had never encountered statistics before, and I came away with the ability to perform complicated analysis."

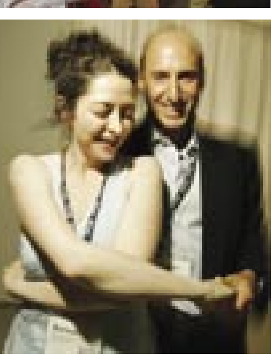
Tarnopolsky's memories of learning at Wharton are not entirely rose-tinted. In fact, he failed an accounting class early on. "I had not taken math since high school, and I struggled mightily with the quantitative coursework. I had to retake accounting the next semester. The silver lining was that I got a second chance to learn the material and developed a good relationship with the professor."

At Wharton, Tarnoposky met his future wife, Natalie Poon Tarnopolsky, WG'00, now a vice president in strategy at Wells Fargo. They live in San Francisco with their 1-year-old son, Max, and they are expecting a second child. After graduating, Tarnopolsky worked as director of international development at *The Industry Standard*, and when the magazine folded three years ago, he started his own business, Metro Crepes. As an entrepreneur, Tarnopolsky has been able to use his negotiation, marketing — and yes — accounting classes on a daily basis. He is now considering a return to the corporate world, possibly in media with an international focus.

Mary Ellen Overbay WG'70

Alumni Weekend was an especially meaningful experience for Mary Ellen Overbay, who was in town for both her 35th reunion and her daughter's graduation. Overbay, an economics instructor at Seton Hall University, marched in the Alumni Procession with Elizabeth, WG'05, on Sunday, May 15th.

In fact, many of Overbay's classmates were not in attendance — she originally matriculated with the class of 1971 but ended up graduating in December 1970. While she was



TARNOPOLSY, WG'00

"...it was exciting to be at this incredible school alongside bright, motivated people."

OVERBAY, WG'70, AND OVERBAY WG'05

PHOTOS.TOMMY LEONARDI

at Wharton, Overbay was president of Wharton Women, whose total membership included 12 students. "We could meet in somebody's living room," she said. At the time, though, she took it for granted that she was the only woman in most of her classes. She was simply pursuing a subject she was interested in. Her minority status was no more remarkable than the fact that her classmates wore jackets and ties to the lecture hall.

In addition to Wharton Women, Overbay was active in the International Business Club and held a seat on the MBA Association. Overbay was also selected to be part of a Harvard-Wharton exchange committee, where she worked with 10 students to compare the two business schools' curricula. At the time, case studies were not used frequently at Wharton, and the exchange committee was instrumental in bringing that teaching style to the program. Now case studies are only one of the teaching tools faculty employ, with Wharton's team-based projects, Leadership Ventures, and technology-enabled simulations forming the new wave of business learning methods.

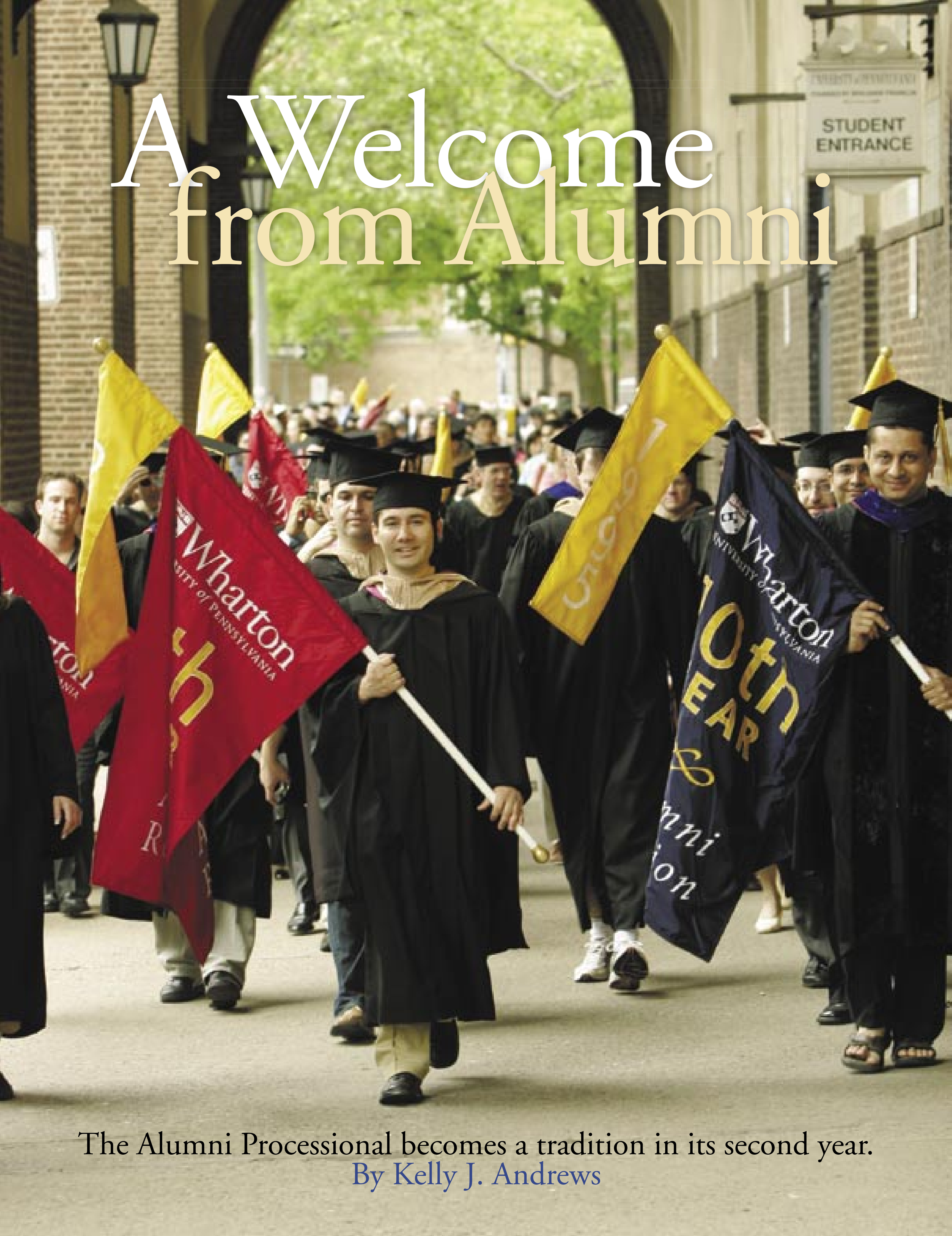
The then-advanced technology used by Wharton students in the late 1960s seems primitive by today's standards, but the skills Overbay learned have stayed useful. "We didn't have calculators — we used adding machines, while some of the engineers used sliding rules. One of our requirements was computer language, so if we wanted to do something analytic, we wrote our own program," said Overbay. "We used keypunch cards that could be read by the university system, and we formatted the information into a spread sheet. Essentially, we were making our own Excel documents, and I'm not so sure it wasn't easier. It was time consuming, but we had more control over what the computer actually did." Overbay recalls that between classes, students would take their meals from vending machines and wait in line to use a single microwave — it was the first one she can remember ever using.

At Wharton Overbay focused her studies on finance and international business. After she completed her degree, she worked for Citibank in corporate lending, and later left to raise three children.

As a teacher and a mother of a recent MBA graduate, Overbay has seen the way business education has evolved. She believes the current cohort system at Wharton provides better opportunities for student interaction and group work, and that the exposure to prominent speakers is an added improvement to the MBA program. Still, Overbay knows her daughter chose Wharton for the same reason she did 30 years earlier. "It's an excellent program with top names. That hasn't changed." ◆

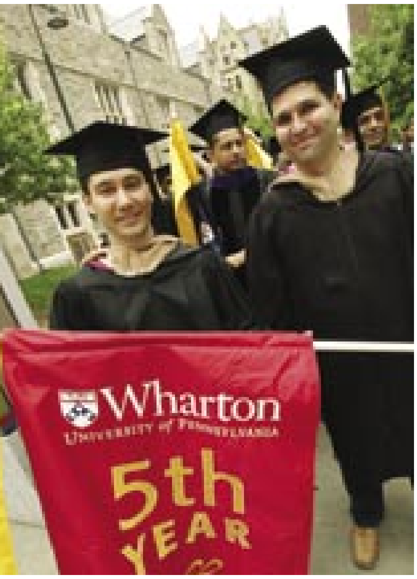
Elisa Ludwig is a Philadelphia-based writer. She also covered the 2004 Alumni Weekend for the Magazine.

A Welcome from Alumni



The Alumni Processional becomes a tradition in its second year.

By Kelly J. Andrews



PHOTOS.TOMMY LEONARDI

Gerardo Hamilton, WG'80, waited 25 years to walk onto Franklin Field wearing a cap and gown. At Wharton's graduation on May 15, 2005, he finally got his chance. He marched as part of an Alumni Processional to welcome the newest Wharton MBAs into the ranks of alumni. In its second year, the processional is a tradition in the making, linking generations of Wharton graduates on the most joyous day on the academic calendar. Sixty alumni — representing every reunion class from 1950 to 2000 — donned mortarboards and black robes to march from Houston Hall to Franklin Field and greet the class of 2005.

Hamilton, the director of MX Promo, an advertising specialties firm in Mexico City, completed his coursework during the summer of 1980, so he just missed participating in the May ceremony with his 1980 MBA classmates. He always regretted it. In Philadelphia for his 25th reunion, Hamilton said, "For me, it's like I'm graduating from Wharton 25 years to the day when I should have been there. As life goes on, you need these memories."

At an alumni brunch before the procession, friends Tony Asmann and John Kaufman, both WG'55, flipped through the graduation program Asmann had carefully preserved. In 1955, the University of Pennsylvania's graduation unfolded on a hot, steamy day in the Civic Center. They recalled how they sweltered in their academic regalia, waiting for their class of about a hundred new MBAs to stand together and be recognized as a group at the University-wide ceremony. Now friends for 50 years, the two men returned to Wharton from Chester County, PA, to march again.

Helen Lowe Eliason, of Wilmington, DE, and Lorene Myers Southworth, of Allentown, PA, both WG'50, came to see the changes in Wharton. They recalled that as the only women in their MBA class, they encountered resentment from classmates and faculty alike. Said Eliason,

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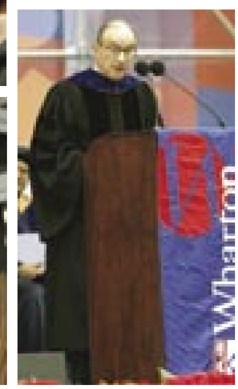
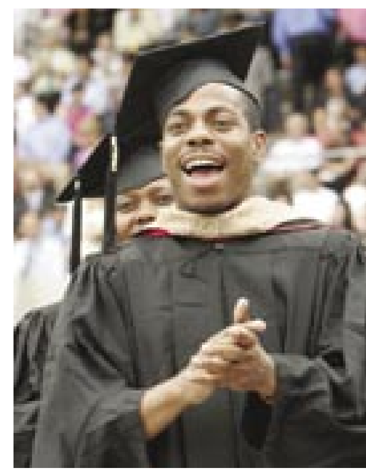
A Challenge to Lead

Dean Patrick Harker and Fed Chairman Alan Greenspan exhort graduates to lead responsibly



PHOTOS.TOMMY LEONARDI



On May 15, 2005, at the University of Pennsylvania's historic Franklin Field, Wharton graduated nearly 600 undergraduates and 900 MBAs (from both the traditional MBA program and the MBA Program for Executives). A week earlier, 84 graduates of the Wharton West MBA Program for Executives were honored at a San Francisco commencement.

Diverse in age, experience and background, and some separated by a continent, these graduates comprised the single Wharton School Class of 2005 — the latest addition to the ranks of alumni.

"We expect you — as Joseph Wharton did — to be leaders," said Dean Patrick T. Harker, speaking before graduates, alumni, faculty, family, and friends. "By definition, leaders are not just in it for themselves. Leaders are in it for others." Harker continued: "Leaders are not defined by the authority they have, but by the responsibility they take for those without authority, for those who have entrusted their well-being — by choice or by circumstance — to others."

After Harker's remarks, Alan Greenspan, chairman of the Board of Governors of Federal Reserve and recipient of the Dean's Medal, addressed MBA recipients, elaborating on the importance of trust and fair-dealing in business. He was pleasantly surprised that the Sarbanes-Oxley Act of 2002, which gives chief executives greater accountability regarding their company's financial records, has functioned as well as it has. "Rules exist to govern behavior, but rules cannot substitute for character," he said. "In the years going forward, it will be your reputation — for integrity, judgment, and other qualities of character — that will determine your success in life and in business."

Greenspan added: "Material success is possible in this world, and far more satisfying, when it comes without exploiting others. The true measure of a career is to be able to be content, even proud, that you succeeded through your own endeavors without leaving a trail of casualties in your wake."

Duane Bernt, WG'05, selected as a student speaker from among the MBA Program for Executives cohort, echoed this theme, calling upon his classmates to be "champions of integrity" throughout their lives and careers. ◆

Continued from page 15

"If there were two empty seats in the lecture hall, they were on either side of us." Standing in line next to them to receive her academic gown, Lawana Weldon Dumas, WG'85, a marketing director from Haverford, PA, remembers that few such divisions existed by the time she graduated. Wharton's student body — then, as now, highly diverse — had ensured that everyone was open to new ideas.

Thomas Sebring, WG'55, bypassed other reunion events, but took the train from Paoli, PA, to participate in graduation. "When I was invited, I thought it was a wonderful idea," he said. "It's very meaningful to make connections across generations." Standing along Franklin Field, he held the satin banner for his class as Wharton's new MBAs streamed past. From a distance, it was hard to tell who had graduated that day and whose student days were a half-century in the past, or even who was female or male. Only the colors stood out — black robes adorned with gold, red, and Wharton blue. ◆

ILLUSTRATION: DAN PAGE

Cultural Fluency for Global Lives

Wharton and Lauder alumni trade countries of residence, using adaptation skills in both work and life. By Sharon L. Crenson

Christine Bourron Tchelikidi pauses, taking a moment to consider the question: What are some of the small daily details of living abroad that make the fabric of her life different than if she had simply settled in her native France? After a few seconds, Bourron, WG'95, G'95, begins to laugh. She's an entrepreneur who has lived and worked in four countries, but the first thing that pops into her head has nothing to do with business.

Her first child, Chloe, was born in the United States while Christine and her Russian-born husband, Ilia Tchelikidi, WG'94, were living in New York City. One of her strongest memories of Chloe's first days is the warning a nurse delivered as the new mom and daughter left the hospital. "No matter what," the woman said, "if you don't remember anything else, remember to keep the site of the umbilical cord dry. It must stay dry to heal."

Less than two years later, that warning echoed in Bourron's head as she left a hospital in France with daughter number two swaddled in her arms. The attending nurse commented mildly that Bourron wouldn't need much advice since this was her second child. "Oh yes," Bourron told her. "And what we remember most is to keep the belly-button dry! We remember that very well." The French nurse was aghast. "You don't know anything," she exclaimed. "You must wash it every day to guard against infection!"

Bourron smiles as she recounts the story. The most important lesson she has learned living in France, Ukraine, the United States and now Moscow is to listen to everyone's opinions, make her own decisions and be smart enough to sometimes keep them to herself.

"I think I know now that it is very important to adapt to a new place," Bourron says. "Just to adapt and not try to compare." She says that because of her extensive travel, she isn't held back by the certainty of her own customs.

Indeed, talk to a dozen expatriates and a few patterns emerge. People who are able to make their lives work in foreign countries simply tick differently. They are braver. They are inherently more adaptable. Often they don't question why people in different countries behave differently — they simply embrace the differences.

Flexibility and open-mindedness are traits shared by hundreds of Wharton graduates who live and/or work across cultures, says Sherrill Davis, managing director of the Lauder Institute at Wharton, the School's pioneering program in management, international studies and language.

One graduate says the program teaches "a cultural toolkit of tolerance, patience, listening and interpretation skills."

Davis says Lauder tends to attract students who grew up with a parent or other family member who lived and worked abroad. Other applicants studied in foreign countries during their high school or undergraduate years. She calls them Wharton's "global nomads."

Like a passel of other Lauder alums, Bourron was first introduced to the program by its graduates. She met Nancy Nicholl-Hasson, WG'91, G'91, while the two worked for Procter & Gamble in France. Bourron had just finished her finance degree at Ecole Supérieure de Commerce de Paris and wasn't ready to return to the classroom. But Hasson's praise of Wharton stuck with Bourron. Later, when Bourron met Steven Minsky, WG '91, G'91, on a project in Ukraine, she realized she needed an MBA.

Minsky was directing CDV Apple Computer's launch in the former Soviet satellite. "Whatever problem we were facing — and there were so many of them — nothing was impossible to him," Bourron recalls. "It was really an attitude that 'I can do it and if I can't do it, I will find someone who can help me do it.'"

It was a vastly different mindset than she remembered from her business classes in France, and it was infectious.

Today Bourron is the founder and CEO of PaintingsDIRECT.com, a New York-area company offering for sale over the Internet more than 10,000 paintings, photographs and limited editions prints from about 500 artists. Its website allows visitors to search for artwork by style, medium, price, size or subject.

Although the prospect of buying art without being able to put your nose next to the canvas and, as Bourron likes to say, "smell the oil," may not be for every buyer, PaintingsDIRECT compensates by offering information not available at most galleries. The site includes artists' biographies, their motivations, information about other works they have produced, even a nifty feature that allows shoppers to see their purchases in different frames before they buy.

Bourron launched the business while living in Boston in 1997, then moved to New York — where the money and artists are — the following year. She and her husband visited Moscow often, but felt it was too dangerous a place to live.

Then on September 11, 2001, they lost both Bourron's office and their apartment. Bourron was nine months pregnant, unable to run from the chaos of Lower Manhattan. Instead she lumbered. Afterward, when they were allowed to return home and the business was relocated to new headquarters across the Hudson River, the couple was left with the sense that no place was really safe. The family relocated to Moscow where Tchelikidi works as an investment banker and Bourron settles herself in a section of their sprawling home each day to work on her art business. Her business partner, Pamela Ponce Johnson,WG'91, G'91, also a Wharton and Lauder alum, holds down the fort in the company's New York-area office.

Every morning Bourron rises with CNN, then tunes in the Russian news, shifts to the Internet to see what's happening in France, then moves on to *The New York Times* online.

"I am in Russia, but I could be anywhere as long as you give me an Internet connection," she says, adding that she relishes the extra jolt that comes with living in a city where so much is happening in business. "There are so many needs to be fulfilled," Bourron says. "It's a dream place for entrepreneurs."

"You feel like you are an actor — a very small actor — in this great human drama."

Davin MacKenzie, Betting on the Yuan

Davin MacKenzie, WG'89, G'89, feels the same bubbling sense of possibility in Beijing as Bourron has found in Moscow.

"What I enjoy about it is that the place is so dynamic. There's a tangible sense of growth and change and it's just really exhilarating to be a part of," MacKenzie says. "You feel like you are an actor — a very small actor — in this great human drama. When you look back at the 21st century, whatever happens to China is going to be an important part of it."

Canadian-born MacKenzie and his Chinese-born wife, Leslie, considered moving to the states a few years ago when he was preparing to leave his Beijing-based job with the International Finance Corporation, a member of the World Bank Group that promotes private sector investment in development countries.

The couple knew they could return to the picturesque Bethesda, MD, house on the leafy suburban street where they had lived after MacKenzie graduated from Wharton and the Lauder Institute. They knew it would be a very comfortable place to raise their two children.

Ultimately, however, they thought they would simply not be as happy as they are in the bustle of Beijing, where it sometimes seem a new skyscraper can rise almost as quickly as a foreigner can learn to correctly pronounce "ni hao" (hello).

They decided to stay put. MacKenzie partnered with fellow Wharton alum John Ying, WG'89, G'89, to launch a boutique merchant bank they called iVentures (recently renamed Peak Capital).

The family has since made their home in a large contemporary house in a gated community some distance from Beijing's polluted, overcrowded center. MacKenzie says he believes his children, a daughter, 14, and son, 12, will benefit from the family's cross-cultural lifestyle. They converse easily in English with their father and just as smoothly in Chinese with their mother. They attend one of Beijing's international schools, spend summers in the states and enjoy the kind of vacations Indiana Jones might envy. A recent Friday morning, for example, found the family on the edge of the Gobi Desert poised to mount camels as they visited century's old Buddhist grottos.

"I think they will be the better for it, for having grown up in this kind of culture," MacKenzie says.

Both he and his wife know firsthand the joys and growth that come from living outside one's own culture. Although MacKenzie was born in Canada, he moved to Princeton, NJ, at the age of 12, when his father was transferred there by Johnson & Johnson. He studied French in high school and college and spent a semester in France before taking up Chinese at Dartmouth College.

MacKenzie doesn't seem to give his cross-cultural life a second thought. Even learning the language came relatively easily. Once a person has mastered the tones, he says, the grammar is very simple. "Go store," for example, is a transliteration of perfect Chinese for the sentence: "I am going to the store."

"I don't think Chinese is as difficult a language as most people think," MacKenzie says. "It's certainly not as difficult as the Chinese like to think."

Barb Coffin Spurling, WG'90, Mom on the Move

Barb Coffin Spurling, WG'90, G'90, says there are a few simple things she misses about living in her native United States: The Today Show on NBC, Super Wal-Mart, wide parking spaces, and of course being closer to her extended family.

But when she married her British-born husband Martin, an international manager with HSBC who is part of a permanently mobile group of senior executives, the two decided his career would be their primary professional commitment. So far, that has meant pulling up stakes and moving to a new foreign city roughly every three years.

The couple met in Tokyo when Barb Coffin, as she was known then, was working for The Mac Group, a management consulting firm that has since morphed into Cap Gemini Ernst & Young. It was her second international position, the first being a short stint in London with Mac right after she graduated from Lauder's Japanese program. Her position in Tokyo included projects in Japan, the Philippines, Hong Kong, Indonesia, Thailand, India and Pakistan.

Then HSBC moved her husband to Hong Kong. Now known as Barb Coffin Spurling, she went with him, but continued to commute to Tokyo while managing an onsite project in the Philippines.

Not surprisingly, the international commute ultimately proved untenable. She took a position with Merrill Lynch in Hong Kong, working for the next four years as their business manager for Asia Pacific Corporate Finance, then as manager of training and recruiting for the Asia Pacific region. It was while living in Hong Kong that Spurling gave birth to Carter, her first son. With the family's next move — this time to Karachi, Pakistan — Spurling decided the position of full-time CEO of the Spurling household was the job she wanted most.

"When I left Wharton, I was very career minded, and I found the jobs I was doing to be very rewarding. However, after we started a family I wanted to be able to give my best time to my children and to be available for them as my first priority. I sometimes miss the corporate world, but I also think I'm very lucky to have the opportunity that I have," she says.

"Since we move on average every three years, I spend a great deal of time either closing down or setting up house," she says. After two years in Karachi, it was off to Jersey, Channel Islands, for four years, then to Taipei, Taiwan, in January of 2004.

It all means learning about new communities and new cultures and making new friends on a regular basis. As soon as the Spurlings find out where they are slated to go next, they start researching it, which includes talking to as many people as they can find who have had experience in the country. The Internet, of course, makes such research much easier than it was 15 years ago.

Once they arrive, Spurling tries to get involved in the community as quickly as possible. In Karachi she immersed herself in the British Women's Association, including chairing the Christmas Bazaar Committee, the association's biggest annual fund-raiser. In Jersey, she served first as secretary, then chairperson of a local privately run mother and toddler group. And after less than a year in Taipei, she was elected to the school board for the British Section of the Taipei European School. She serves as the board's treasurer, and also runs a Saturday soccer group for about 100 kids.

"I'm very happy with my choice to be a full-time mom, but I still like being able to do analysis and manage projects," she says. "Community and volunteer roles are great because I can usually do them on my own time and feel like I'm making a real contribution."

It's not all fun and games, however. Spurling says she sometimes finds volunteering frustrating because of the lack of accountability among unpaid workers. There is really no recourse if someone in a critical role doesn't pull his own weight or proves unqualified. And then there are the cultural challenges specific to each location. In Karachi, for example, she never knew from day to day whether she would have electricity, water or telephone service.

20 Years of Leading International Business

During the 2005-2006 academic year, the Joseph H. Lauder Institute of Management & International Studies will graduate its 20th class of joint-degree recipients prepared to take on the challenges of international business.

More than two decades ago, the Lauder Institute launched with only 50 students. Today the alumni base includes about a thousand graduates working around the world in fields from finance and consulting to consumer goods and nonprofit management. Leonard Lauder, W'54, and Ronald Lauder, W'65, established the Institute with a gift of $10 million in honor of their late father, Joseph H. Lauder, who with their mother, Estée Lauder, founded the Estée Lauder Companies. As an international concern, Estée Lauder needed talented business people with the skills to conduct negotiations in languages other than English and cultures other than the United States. The Lauders hoped the new academic program would help solve the company's difficulty in finding qualified executives.

Dr. Richard Herring, Wharton professor and director of the Lauder Institute, agrees that "too many American MBAs were exclusively domestically focused, without an international perspective, lacked language skills, and were unable to deal with cultural differences." The Lauder Institute offers a program that prepares leaders for the world of global business. Four past Lauder students now sit on the Institute's Board of Governors: Janifer M. Burns, WG'86, G'86, managing director, Debt Capital Markets, BBVA Securities, Inc.; David Trachtenberg, WG'88, G'88, president and CEO of Glowpoint; Shiv Khemka, WG'90, G'90, director, Sun Group Companies (Russia); and Thomas Bendheim, WG'90, G'90, former CEO, Rheingold Beer.

Graduates of the Lauder program earn an MBA from Wharton and an MA in International Studies from the University of Pennsylvania School of Arts and Sciences. In addition to the full MBA curriculum, the program includes advanced applied language, coursework in international and regional studies, a master's thesis, and a two-month, in-country immersion during the summer preceding the start of Wharton's MBA program. To be considered by Lauder, a student must be admissable to Wharton and demonstrate non-native proficiency in one of languages offered by the Institute: Arabic, Chinese, French, German, Japanese, Portuguese, Russian and Spanish.

After 20 years, the Lauder program is more relevant than ever. Lauder's newest track is Arabic, begun in 2002 amid turmoil in the Middle East. The program has graduated four alumni who are all working in and with the Middle East, fostering business connections at a time when they are sorely needed. ◆

There were other challenges as well. Take the Christmas Bazaar in Karachi, for example. Among the many exacting tasks was to plan the stall layout down to the centimeter. There were tents and carpets to be arranged, all by 8 a.m. of opening day, then set up of tables and chairs.

But when Spurling arrived that morning, the slow-moving work crew was only about 25 percent finished tearing down the previous evening's event.

She fetched the English-speaking hotel manager and convinced him to call in more workers. Somehow the stalls went up in time, but hardly according to the painstaking map.

Now when she knows there is a language barrier, she takes precautions and builds in an extra time cushion. The bazaar in Karachi ultimately raised a record sum, but now Spurling says a little extra planning would have allowed her to manage with less anxiety.

In any case, Spurling says the skills of time management, problem solving and networking that Wharton taught her have turned out to be invaluable, as has Lauder's focus on cross-cultural awareness and sensitivity. "We all have cultural biases," she says. "The trick to assimilating in a foreign culture is to check your own cultural baggage at the door and try to understand what other people are carrying."

Soo Han Magyar and Dominik Magyar, both WG'90, G'90, a Power Couple Changes It up

Soo Han and Dominik Magyar are like the Dynamic Duo of Wharton alumni. They graduated with MBAs from Wharton and MAs through the Lauder program together in 1990. They hopscotch around the globe taking turns holding fast-track jobs. They banter breezily about their careers, children and life philosophy with a quick-wittedness worthy of television's "The West Wing."

The Korean-born, American-raised mom and Swiss dad currently live in London, where they are re-writing the rules for their high-powered careers.

Soo now heads a planning and research group she built from the ground up for the Diamond Trading Company. Dominik runs a small independent school on the grounds of an old Victorian vicarage which the couple purchased as a means for Dominik to downshift from the demanding Booz Allen Hamilton consulting job he held for a decade.

"We had certain aspirations about bringing up our children," Dominik says. "Continuing on this Booz Allen partner track didn't make sense."

There was a time when their roles were much different.

Soo and Dominik met at Wharton and Lauder, moving to London after graduation. Dominik landed a plum offer from Booz Allen, and Soo took a position in brand management for Procter & Gamble. They were happy — and in a way, too comfortable. They always intended to travel the world and live in a variety of countries. They didn't like the thought of getting so settled in London — or anywhere — that they would hesitate to leave. Dominik requested a transfer to shake things up.

It was off to Tokyo — Dominik with Booz Allen, Soo first with Cartier, then Kellogg's. The change suited them well, even if Soo's Japanese colleagues were a bit, well, perplexed when she became pregnant and continued to work.

"When a woman gets to be about seven months pregnant in Japan, she disappears into her family's home. It is considered unsightly to see her in the street, and I worked until one week before delivery," Soo says. She even suspects that coworkers might have been poking into her office more often than necessary just to see if she had delivered the baby at her desk.

They were even more surprised when she returned to work a few months after the child was born. That surprise bordered on shock after Soo had her second child and also returned to the office after a short maternity leave. She later stayed at home with the children for a few years, but was antsy to return to work afterward. In Japan, she says the support services available to expats made the decision to keep working relatively easy. There was even a nursery for the children with a ratio of one caregiver for every two babies.

"I think that if you are an expatriate in Japan or a foreigner, you have access to a very special community, a support network," Dominik says.

Not so when the family moved to Chicago in August 1998. It was less than a year before Dominik asked to be transferred back to Europe. He was already beginning to think about buying a small business, and says now that he might have done so in the United States, but Soo is adamant that Chicago was too difficult a place for her to be a mom, a wife and an executive all at once.

A move back to London was soon in the works. Soo was itching to rejoin the corporate workforce after more than three years as her children's primary caregiver, and Chicago just didn't seem as accommodating as London.

Today she calls her current four-day-a-week job "fantastic" and revels in the challenge of growing the market for diamonds and diamond jewelry because the products have, as she puts it, "no practical use whatsoever … it's just about people's dreams." She manages 10 employees in London and another 10 scattered across such far-flung locales as Hong Kong and India.

As a marketer, she likes to say that "everybody wants their shampoo to give them clean and nicely smelling hair, their toothpaste shiny white teeth, their breakfast cereal a healthy, filling start to the day. But how you communicate with people so that your product achieves this varies greatly across cultures."

The idea has huge implications for market research and advertising, not to mention how to run a meeting, give a speech, or behave in a team while working in a foreign country, and the skills learned at Lauder have helped.

Dominik illustrates the point by recounting an ad campaign by HSBC Bank. Displayed in airports around the world, the ads feature a common item with a caption explaining its significance in different countries. One showing a grasshopper, for instance, says it is a pest in the United States, a lucky charm in Thailand, an appetizer in China.

Keeping these cultural differences in mind has helped Dominik succeed both in his former consulting job and now in running a nursery and pre-prep school in London. The transition seems huge, but Dominik believes it was a logical lifestyle choice.

He set out looking for a small business to buy, something that would allow him to be the boss and at the same time make it possible to be with his family more. Those two objectives would have been at odds with one another in many businesses. After all, the buck stops with the boss.

But the Herne Hill School presented a special opportunity. Because Dominik had worked in management consulting all over the world, he was well prepared to parachute into an unfamiliar business. And schools by their very nature wind down mid-afternoon, allowing a certain flexibility in work hours. The choice also offered an opportunity for Dominik to continue using his skills in finance, accounting, advertising and insurance management. He especially likes roaming the halls as 250 children, ages 3 to 7, call him by name.

"Now I'm a big fish in a small pond. I particularly like that aspect, I must say. I get to make all the decisions, and there are no politics."

Soo likes to joke that there is no "exit plan." They even bought a house for the first time in their lives, a quintessential semi-detached London home they have filled with antiques collected around the world. Asked if they plan to stay, the couple says they have made a five to 10 year commitment to themselves, but who knows?

> "The trick to assimilating in a foreign culture is to check your own cultural baggage at the door and try to understand what other people are carrying."

"Our story is that we have made a pretty radical change in our 40s. I honestly don't believe it was a mid-life crisis," Dominik says. "It was the next logical progression into something more controllable in terms of how we spend our time, and that is to spend our time with our children."

Robert Torretti, WG'00, G'00, Chasing his Childhood Dream

While Wharton parents raising children abroad all seem to believe strongly in the benefits of doing so, Robert Torretti, WG'00, G'00, says his parents' decision to raise him in just one country, in just one city, likely contributed to his wanderlust.

His father, a medical professor, and mother, a social worker, were Chilean but had settled in Syracuse, NY, via Baltimore and New Haven, CT, by the time Torretti was born. His older siblings had the opportunity to live elsewhere — including in Chile. But Torretti grew up primarily in one house just outside Syracuse. Although the family spoke a lot of English at home, he still learned Spanish from his parents and visiting relatives while listening intently to his family's stories of Chile.

"Since I'm the only one that never grew up abroad, I felt the pull," he says. He majored in international relations at Johns Hopkins University, and spent a summer working at a family-related company in Santiago before his senior year.

After graduation, Torretti took a job with American International Group member ALICO. The position was based in Wilmington, DE, but included work in Switzerland and Uruguay before he headed to Wharton's Lauder Institute in 1998.

After graduation, he worked as an investment banker advising on insurance mergers and acquisitions in the United States, Canada and Latin America, then returned to AIG in 2002 as the company's regional investment officer for insurance operations in Mexico, Central America and the Caribbean.

In the spring of 2004, Torretti got the phone call asking if he wanted to move to Europe. At first, it was supposed to be Spain, but when his superiors ssaw that his resume included Portuguese, a language he learned entirely thanks to Lauder, it gave them other ideas. While Spanish speakers are fairly easy to come by, not so for Portuguese. He moved to Portugal late last year.

Torretti says that while living in London, Paris or other world capitals would likely have led him directly into the arms of fellow Wharton or Hopkins alumni, choosing a slightly less trafficked country made meeting people more difficult. He did make one social connection through the Wharton grapevine — a friend of a Lauder classmate working on a hotel project in Lisbon. He was gracious enough to introduce Torretti around town. So far, the friends he has made are mostly other expatriates, but the only Americans are ones with connections to the embassy. His Portuguese acquaintances tend to be through work or people who are romantically linked with other expats.

Still single, Torretti seems intensely focused on work, concentrating on AIG's direct marketing business. He notes that the lifestyle in Portugal is different than New York. Never is this more evident that at lunchtime, when most everyone in the office still enjoys a full lunch hour, not like the quick bite at a desk in New York.

With less than a year in residence, he says he's still working on his language skills, looking for more Portuguese friends, and adjusting to the things he can't find in a society as homogeneous as the one where he's working. Oddly, he says one of the things he misses most about the states isn't American at all, but rather a byproduct of America's status as the world's melting pot. The thing that Torretti misses most, other than his friends, is dim sum. ◆

New York-based writer Sharon Crenson is a frequent contributor to the Magazine.

MORAL HAZARDS & FATAL FLAWS

Wharton Health Care Systems Professor Marc Pauly delves into contrasting problems in health care insurance in the developed and developing worlds.

By Meghan Laska

Thousands of people lost their lives in the December 2004 tsunami. Billions of dollars were pledged in emergency relief. And although aid distribution efforts were hampered by the isolated terrain, officials said that it did slowly make its way to victims.

While the tsunami triggered an international crisis, health care systems professor Mark Pauly says that the main health care catastrophe in these developing countries wasn't caused by a natural disaster, but triggered by more "mundane" things that don't make the headlines. For example, the major killers of children, such as diarrhea and infectious diseases like malaria, in developing countries are more ever-present. "The irony — and I feel this myself emotionally — is that we now say we want to do something to help the tsunami victims, but people should have been doing that a long time ago," Pauly says.

Pauly points out that more people in Indonesia died over the last 10 years as a result of poor health care and lack of insurance than died in the Banda Aceh tsunami. "The actual health consequences of the tsunami are so far relatively contained in that people either died or they didn't," Pauly says. He adds that he hopes that an end result of this disaster will be an increased focus on the quality and availability of health care for people in developing countries — something to which he has devoted much attention.

PHOTO.TOMMY LEONARDI

Searching for the Fatal Flaw

These days, Pauly's focus on developing countries is through the lens of health insurance. He quips that his "esoteric theoretical" writings on insurance captured the attention of the World Bank, which then asked Pauly to take a look at the situation in developing countries to see if there are any fatal flaws to the emergence of insurance. After a trip to Ghana last summer and research on the issue, the short answer is "no."

"The silver lining is that it seems like they could offer insurance," Pauly says. "But at a practical level, you run into problems of trust. The idea of someone asking for money and in exchange giving you a piece of plastic which entitles you to health care seems crazy. They say, 'Why should I believe you?' How do you get people past that distrust?" And if the insurance program is run by the government, corruption is also a risk, as well as an inherent limitation of choices by the people. These are the challenges.

So when the World Bank invited Pauly on a mission to Ghana to assist in redesigning its overall health insurance system in the summer of 2004, he joined the team. What he saw in Ghana was worrisome.

Pauly explains that the majority of developing countries such as Ghana have a system of free medical care, but the financing is often woefully inadequate. "People may lack care because the Ghana health service can't pay doctors enough to locate away from the big cities. People who need care end up paying out of pocket, using money they were going to spend on buying seeds for their crops or for fees to send their children to school." He explains that Ghana realistically concluded that, since people were paying out of pocket for health care, they would call their system a "cash and carry system," but then officials became concerned with the financial choices this forced people to make. The World Bank project asks whether instead of making big, occasional payments, perhaps people would pay smaller amounts periodically for insurance.

So after a firsthand look at the system in Ghana and researching what other countries have done, Pauly says there is reason to be optimistic. "I wouldn't have recommended what Ghana ultimately chose to do [local government-run insurance program] to all countries, but it is admirable because at least it carries forward the principle of having insurance," he says, adding that the government was planning to sign people up for the program last fall. "We can be optimistic because the alternative is worse and there is only room for improvement."

Despite the many challenges, models of success exist in other developing countries, Pauly notes. An area in India, for instance, created a primitive health insurance system where people contributed money to a community plan that paid for some health care and medicines that otherwise would not have been available.

Singapore, meanwhile, has implemented a modern health insurance system. "It has become the poster child for a country that started with the British health system model, which was free but low quality, and they put in place a system of insurance and spending accounts to create quite a well-functioning health insurance system." While Singapore is a small country that has emerged from poverty, it nonetheless serves as a hopeful example, Pauly says.

Recently, the World Bank has asked Pauly and colleague Peter Zweifel of the University of Zurich to write papers using high-level insurance theory to analyze whether there is a fatal flaw in efforts to provide real private and public health insurance in developing countries. "There may be a lot of practical problems and people have to make judgments about whether those can be overcome, but we determined that there are no logical reasons why we can't have real health insurance. We have Singapore and other cases suggesting that it is not hopeless." He explains that, while he doesn't think the private insurance that emerges will be perfect, it will be much better than the alternative of a poorly funded, low-quality public system that causes people to prefer to pay out of pocket for effective care, with adverse consequences like "not sending your kids to school or not being able to plant a crop. But it's a hard message to preach — that you can do the most good by doing a little even if it's not perfect," he says.

In March 2005, a Wharton Impact Conference called Voluntary Health Insurance in Developing Countries took a stab at preaching that message. Organized in collaboration with the World Bank, the University of California at Berkeley and the University of Zurich, the conference presented the preliminary work from a large international review of the potential role of private health insurance. In addition to professors such as Pauly, participants included policymakers from developing countries, leaders from the health insurance industry, and international development partners. Participants discussed topics such as the economics of voluntary health insurance at low income levels, the role of the health insurance industry and the World Bank Group, and ways to apply theory to practice.

Setting the Dials

Before Pauly, a two-time chair of the Health Care Systems Department, began working in the field in developing countries and researching health insurance there, his research was largely focused on U.S. health insurance issues — a subject that hooked him in 1967 when he was looking for a PhD thesis topic as a graduate student at the University of Virginia.

At that time, Medicare had been established, and government research money was plentiful. Pauly, who had strong interests in the role of the public sector and government in the private market economy, chose medical care seemingly by accident. "But once I got into it, I got stuck to it," he recalls, adding that he thought at the time that having to learn something about insurance would be a real bother. "But it turns out that health insurance is endlessly fascinating and, when it comes to health care, insurance has a much greater impact on the health care market than, say, collision insurance has on auto-body repair or homeowners' insurance has on the market for repairing homes." Pauly notes that there are reasons for that and trying to understand those reasons and do something about them provides motivation for research. And over the years, the increased spending on health care also has provided motivation, as it has created a multitude of issues to study.

In addition to his interest in health insurance issues in developing countries, Pauly has also focused recent research on private health insurance in the U.S., in particular the issues surrounding administrative costs and moral hazard.

"Administrative costs don't sound exciting, but they are," he insists, explaining that these are the costs involved in processing claims and determining how much will be paid on each claim. Administrative costs, Pauly says, actually deserve the blame for why many people remain without health insurance today. "If you don't have access to health insurance from a large employer, it will be a lot more expensive for you because you'll have to pay more to cover those administrative costs and that extra amount is substantial," he explains.

Pauly's other research angle, called "moral hazard," is the reality that when insurance pays for medical care, it can cause people who are insured to change their behavior in ways that actually increase the average amount of loss. "When people have health insurance, they will — just because they are human and not because of morality — take advantage of it," he says, calling it "endlessly fascinating and frustrating to look at the ways people have tried to work against this kind of natural inclination."

So what is the solution to administrative costs causing people to be uninsured and moral hazard driving up costs? Pauly admits to being a bit "wishy washy" in that he sees no single way to fix such problems. He says that the two main things that have been done — which are still being debated — are referred to as "demand and supply side."

He explains that on the demand side, one way to prevent a person from overusing medical care is to require people to pay more out-of-pocket costs. "The current version of this is consumer-directed health care and medical savings accounts. We know that it works when people have to spend more money out-of-pocket because they will use less, but the adverse consequence is that you subject yourself to more financial risk and the whole point of insurance is to protect yourself from financial risk," he says. "So the question is where to set the dial."

Then there are "supply side" strategies such as managed care. "People pay almost nothing out of pocket, but the plan controls moral hazard by employing doctors and owning hospitals and offering incentives to those doctors and hospitals to be frugal and not do everything that patients want," Pauly explains. He maintains that "the policy debate about consumer-directed health plans and controlling health care spending turns on trying to control moral hazard by either having people do it themselves by giving them more financial risk or having somebody in managed care or the government say how much you can supply of health care."

"Medicare may have to get a lot worse before politicians are motivated to make it get better," says Professor Pauly.

What's the solution? Pauly believes an effective system would incorporate features of a private health plan, with some supply-side aspects such as preferred provider arrangements and pretreatment approvals, with some demand-side aspects such as out-of-pocket payments by consumers. "We know much more about where not to set those dials than about where to put them," he says. "My message is that trying to find a painless solution is foolish and doesn't exist. What we really ought to do is find out what the tradeoffs are in between these different ways to control health care spending and then let people choose. We could have the government or a panel of experts decide, but I'd rather give consumers the power to choose among health plans and adopt a variety of different strategies."

Pauly sometimes refers to this as the full-choice model: Consumers can choose a costly plan that lets them go to any hospital or doctor, or opt for an economical option — the HMO — with more restrictions on doctors. "It's like buying a car — if you want the leather and side air bags then

TOMMY LEONARDI

NAME: Mark Pauly

TITLE: Bendheim Professor; Professor of Health Care Systems, Business and Public Policy, Insurance and Risk Management, and Economics, Past Chairperson of the Health Care Systems Department

RESEARCH AREAS: Medical economics; health policy; health insurance

ACADEMIC POSITIONS: WHARTON: 1983-present (Chairperson, Health Care Systems Department, 1997-2004; Vice Dean and Director, Doctoral Programs, 1995-99; named Bendheim Professor, 1990; Chairperson, Health Care Systems Department, 1990-94; Robert D. Eilers Professor of Health Care Management and Economics, 1984-89).
UNIVERSITY OF PENNSYLVANIA: 1984-present (Professor of Economics, 1983-present; Executive Director, Leonard Davis Institute of Health Economics, 1984-89).

PREVIOUS APPOINTMENTS: Northwestern University; University of Virginia.

VISITING APPOINTMENTS: International Institute for Applied Systems Analysis, Laxenburg, Austria; International Institute of Management, Berlin, Germany

FAMILY: Wife (Kitty), three children

feel free to choose that, but if you have a lower income then there are things you can forgo to save money," he says.

Medicare is another major component of Pauly's research. Pauly recently finished serving on the Medicare Technical Review Panel which reported to the U.S. Secretary of Health and Human Services. The purpose of the panel was to give advice to the Medicare trustees about how to estimate future costs for Medicare. "Once you look at the costs it's hard not to think that something needs to be done to save it in the future. Medicare may have to get a lot worse before politicians are motivated to make it get better. Ironically, the 'good news' is that it will get a lot worse pretty soon."

He notes that it's not just for the poor, as it is an insurance system that employees pay into over time like Social Security. But Pauly maintains that compared to Medicare, Social Security is in "wonderful shape. It's not so much that Medicare will go broke, but that if you extrapolate the trends in Medicare spending, the taxes that will support older people could consume more than a third of wages," he says.

One alternative Pauly has researched would require financially secure elderly to pay for more of their Medicare. "The future of Medicare is gloomy or we wouldn't be talking about this," he says.

Sifting Through Medical Waste

During a recent sabbatical in Ann Arbor, MI, Pauly shifted his research focus a bit to look at the quality of health care as opposed to health insurance, examining medical waste in terms of spending. "I looked at Medicare data from different cities that show there is enormous variation in what Medicare spends per elderly person even after you control for race, income and age. The places where they spend a lot, such as Miami, generally don't get better outcomes than places where they spend a little, such as Bismarck — and that is evidence of waste in some places but not in others," he explains, saying he suspects this has as much to do with social environment as it does with the health care system. He has gotten so far in this new area as to have titled a book he plans to write — *Medical Waste*.

When he returned from sabbatical in May, Pauly continued his other research areas, especially an extension of a pilot project in South Africa. Two years ago, Pauly and other researchers visited South Africa to collect data on the impact of poor health, especially AIDS, on micro and small businesses. A survey showed that these very small businesses such as market stalls are largely owned by women, and if the owner gets sick, then the business collapses. "We were trying to provide a case to the South African government and the world that improving people's health would have economic benefits," says Pauly, noting that this stratum of business owners in South Africa is of major importance to the country's overall economic activity. He notes that they concluded that visit trying to propose some sort of health insurance arrangement for these small business owners. Now, Pauly would like to see the project continued.

So for someone who says he got into the study of health care by accident, Pauly has certainly made a long-term career out of it. "It's dirty work, but someone has to do it," he says, quoting health economist Victor Fuchs. ◆

Do You Know Where Your Identity Is? Personal Data Theft Eludes Easy Remedies

ChoicePoint, a consumer data vendor, handed the personal information of least 145,000 people to criminals posing as small businesses. Hackers swiped the personal information of 32,000 people who use the database Lexis-Nexis. Bank of America lost backup tapes containing 1.2 million federal employee records. Every day, it seems, a new identify theft incident is reported (or occurs, without being reported) followed by new rounds of questions: Should data vendors be regulated? Can identity theft hurt e-commerce? How do individuals protect themselves? Unfortunately, suggest Wharton faculty and others, no simple answers are available, especially when personal information is so easily available through search engines.

The cost of identity theft continues to escalate. According to a Federal Trade Commission survey released in September 2003, the latest year available, nearly 10 million Americans have been victims of some form of identity theft, resulting in $47.6 billion in damages accruing to businesses. Victims spent an average of 30 hours trying to fix the damage and suffered losses totaling $5 billion.

Those figures are likely to grow in the future, given the number of incidents reported so far this year. In addition, because a recent California law requires any company that operates in the state to disclose when personal information is lost, incidents continue to surface at a rapid clip: On March 8, for example, DSW Shoe Warehouse reported the theft of purchase information and credit card numbers from shoppers at 103 stores. Separately, California State University at Chico disclosed that hackers lifted personal information, such as names and Social Security numbers, from a housing and food service information system.

"Without that California law, we would not have heard of any of these breaches," says Kendall Whitehouse, senior director of information technology at Wharton.

Meanwhile, Senator Diane Feinstein, Democrat from California, proposed a bill on January 24 that would require companies nationally to disclose when customer data has been breached. Modeled after California's state law, the bill was proposed in the last Congress, but never made it into law, says Howard Gantman, director of communications for Feinstein. This time, he adds, "We are hopeful of passage." Indeed, notes Wharton operations and information management professor Eric Clemons, the bill stands a good chance of getting through because of the increasing incidents of identify theft and the public's frustration with the fallout. "You must have recourse against the people responsible for the theft," says Clemons. "There has to be data responsibility."

At the same time, some observers worry that a law targeting firms that peddle data could end up restricting commerce. John A. Greco, Jr., CEO of the Direct Marketing Association, noted in a statement that "a delicate balance must be struck" to prevent identity theft, yet allow customers of data vendors to get information needed to issue credit, verify data and process transactions quickly.

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Others, however, predict that better security won't hurt the speed of commerce. If anything, says Wharton legal studies professor Dan Hunter, a decrease in identity theft will actually help commerce. That's because as companies increasingly disclose data breaches, identity theft may start to hinder online purchasing. "The spate of ID thefts is hardly likely to convince my grandmother that she really needs to start buying online," says Hunter.

But for now, consumers are not yet annoyed enough about identity theft to push for tighter regulation. Consumers see identity theft as "just one of those things," says Hunter. "As long as it doesn't happen to them, they assume it won't."

"You must have recourse against the people responsible for the theft," says Wharton Professor Eric Clemons. "There has to be data responsibility."

The Need to Disclose Breaches

According to Clemons, the security breaches at ChoicePoint and Lexis-Nexis could tip the scales in favor of Feinstein's bill. Indeed, while Clemons initially wasn't in favor of a national law on identity theft disclosure, he now believes one is necessary. Without a law forcing disclosure and/or penalties for data leaks, companies aren't going to worry about protecting data, he suggests. Why? Because companies that currently leak information aren't responsible for damages. Financial institutions pick up most of the tab for bank fraud, stolen credit card numbers and the like. "If 100% of the damages were paid by the guy who allowed the data to be stolen, there would be a different attitude about security," says Clemons. "Disclosure makes sense, and some financial sanctions would probably be appropriate as well."

Hunter agrees that a law is necessary, but notes that legislation will have a tough road given resistance from marketing companies that rely on building profiles for their business. And companies like ChoicePoint, which are largely unregulated today, are not going to welcome laws governing their security policies. In addition, Hunter says, attitudes about personal data integrity need to change. "We have this bizarre idea that data collected by companies is their 'property' based on the theory that they collected or bought it. Therefore, they can do what they want with it. Yet if we took a moment to recognize the sorts of social and individual costs that entirely blameless people have to bear when their identity is stolen, we would institute higher standards on security, access and editing of people's personal identifying information."

Clemons says a national law is warranted for three reasons: First, identify theft is becoming financially significant and a matter of grave concern to consumers. Second, disclosure gives individuals and their financial institutions time to protect themselves and can provide fair warning for these parties considering that the bulk of the financial risk is carried by them. Indeed, Whitehouse notes, giving consumers time to react to identity theft is one of the biggest reasons to pass Feinstein's law. "I think consumers need to be informed quickly," so they can "report the theft to credit agencies and thereby minimize the risk of danger. Without disclosure you only find out when the fraud happens. That's too late."

Third, there is no downside to disclosure aside from the embarrassment suffered by companies that have to admit leaks. A disclosure law would at least reassign some of that risk by tarnishing the reputation of the parties that either caused the damage or allowed it to occur.

For example, since ChoicePoint's security problems surfaced, the company has exited a business selling data such as Social Security and driver's license numbers unless there is specific consumer-driven transaction or benefit, or unless the products support federal, state or local government and criminal justice purposes. ChoicePoint has also appointed Carol A. DiBattiste, currently deputy administrator of the U.S. Transportation Security Administration, to be the company's chief credentialing, compliance and privacy officer. "These changes are a direct result of the recent fraud activity," said ChoicePoint CEO Derek Smith in a statement.

Identity Theft: Easy and Often

So why does identity theft seem like a snowball rolling downhill? Because it's so easy. Once personal information hits the Internet, it doesn't go away. According to Hunter, a little time spent on Lexis-Nexis can turn up property records, taxes paid and other personal information. "Until we recognize that personally identifying data is valuable as an aspect of an individual's life, not just as part of the bottom line of companies like Reed-Elsevier (the parent of Lexis-Nexis), we are going to wake up to a new violation approximately every three days," says Hunter.

But the real issue is, who needs a Lexis-Nexis account when Google is available? Joshua Pennell, CEO of IOActive, a Seattle-based security company, was recently at a law enforcement conference illustrating how easy it is to find personal identifiers using Google. "With Google, it doesn't matter if you are an evil hacker," says Pennell. "Anyone can do it." He turned up more than 1,000 records, in addition to such documents as corporate personnel reviews, Excel spreadsheets and scanned passports. How did this data get to the web? Companies, or individuals, put the documents there assuming no one would see them. "What we have here is a cultural issue," says Pennell. "You can have all the firewalls in the world, but if you post documents on the web they will be seen. Security is lax."

That's why Pennell says a law could boost security. "To bring cultural change, we are going to have to make companies air dirty laundry. Who wants to tell the world they lost your information?"

sumers have to watch their data." On the consumer side of the equation, Farber echoes many others who have advised individuals to shred documents and refrain from giving out personal information. He uses one credit card for online transactions so that he has to cancel only one when his security is compromised. He also doesn't respond to emails asking for information such as credit-card and Social Security numbers, and he checks credit reports regularly.

Until either data aggregators become more secure, or legislation forces companies to be more vigilant about data, the onus is on the consumer to protect personal data. Clemons says if a consumer gives out just one nugget of information,

"To bring cultural change, we are going to have to make companies air dirty laundry. Who wants to tell the world they lost your information?" says Joshua Pennell, CEO of IOActive.

David Farber, a former University of Pennsylvania professor of information science who is now at Carnegie Mellon, says the Internet makes it easy to pick up little bits of information and piece them together to assume someone's identity. Personal data on the web is like the genie that won't go back into the bottle. "The fact that we are living in a networked world makes this a lot harder to deal with," he says.

Fixing the Problem

Because identity theft is a) easy, and b) the result of lax corporate procedures, consumers and companies with personal data have to meet each other halfway to prevent ID theft, says Farber. "Corporate procedures need to be changed, and con-

a thief can build on it. "A thief can use simple, readily available information like a Social Security number, phone number or parent's name to establish" an identity, and "then get increasingly more sensitive information very easily."

On the corporate side, it's unlikely there will be much movement without regulation on the federal level, Clemons suggests. Why? In the absence of penalties tied to data mishaps, there's not a big return on investment to justify beefing up security. "There was no return on investment on pollution control until legislation and litigation reassigned much of the cost of pollution back to the pollution creators," says Clemons. Similarly, investments to "plug holes" will be made "the first time that a data aggregator is assessed the full financial damages caused to banks and credit card issuers by its failure to protect data." In economics, the current setup for data aggregators is known as an "externality," says Clemons. "One party enjoys the benefits while another bears the costs."

Technology as Magic Bullet?

Although technology has arguably made identity theft easier, can it also be better used to secure information?

Not really, says Whitehouse. The key to protecting identity is building a system with multiple layers of security. To get to data, someone should have to go through tiers of security procedures. Adding more security would require two things: consumer acceptance and new procedures for financial transactions. The rub is that this solution isn't popular, especially if, for example, it takes a little longer to get credit approved. Clemons explains that something as simple as losing a password would become more inconvenient. "Since it would be harder to establish that you are you, it would be harder to establish your right to your password," he says.

Other solutions would be to no longer use Social Security numbers as identification, to frequently change passwords and to use virtual credit card numbers that change with each online purchase so that real numbers aren't revealed. If all of those solutions are integrated with information systems, the value of leaked data approaches zero, says Clemons.

Since those solutions aren't going to happen overnight, consumers are left with little to ease their pain, except maybe a prayer that their identity isn't stolen, says Hunter. "This area is a genuinely filthy can of worms. And it's not going to get better anytime soon." ◆

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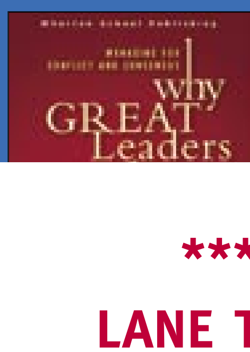
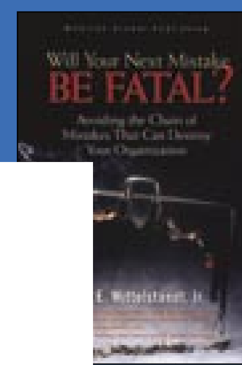
New and selected titles: Spring/Summer 2005





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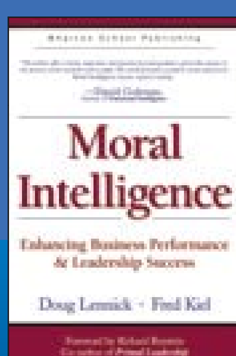
e Chain of Mistakes That Can Destroy Your Organization
Robert E. Mittelstaedt, Jr.



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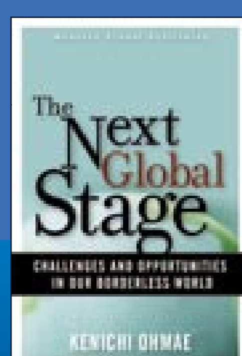

The Next Global Stage
Challenges and Opportunities in Our Borderless World
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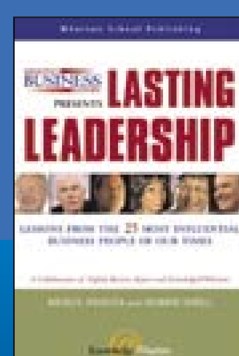

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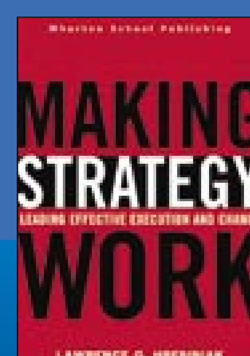

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Giving Employees What They Want

David Sirota talks about how companies earn huge returns through policies that boost employee morale.

David Sirota, co-author of *The Enthusiastic Employee: How Companies Profit by Giving Workers What They Want*, believes far too many managers stifle employee enthusiasm across the board by using bureaucratic or punitive techniques that should be reserved for a troublesome few.

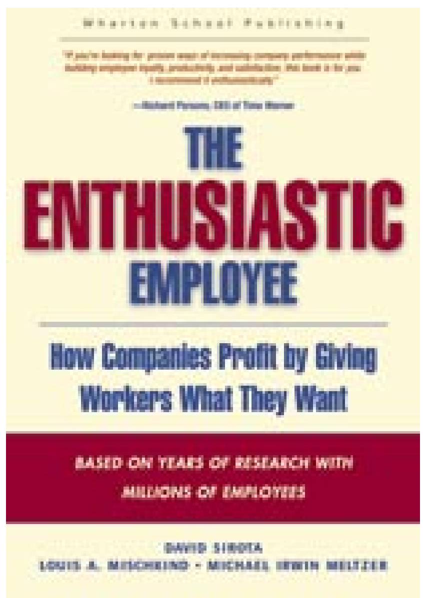
Yet his book, written with Louis A. Mischkind and Michael Irwin Meltzer, finds that firms where employee morale is high — such as Intuit and Barron's — tend to outperform competitors. The authors' research is based on the results of 2.5 million employee surveys taken since 1994.

For example, out of 28 companies employing 920,000 studied by Sirota Consulting, the share price of 14 companies — those considered to have high morale — increased an average 16% in 2004. Those prices were then compared to the companies' industry averages, where the increase was just 6%. Six "low morale" companies saw their prices increase, on average, by 3%, as against an overall industry average of 16%. Industry comparisons were based on data from 9,240 companies.

In an interview with Knowledge@Wharton, Sirota says managers should rely on common-sense principles that allow workers to take pride in their work. He urges them to reject trendy, get-tough tactics that were promoted in the late 1990s, such as trimming staff even at healthy companies in order to improve shareholder value.

Knowledge@Wharton: What do employees want?

Sirota: We find there are three basic goals of people at work. First, to be treated fairly. We call that equity. Employees want to know they are getting fair pay, which is normally defined as competitive pay. They want benefits and job security. These days, employees especially need medical benefits, so



those have become significant. On the non-financial side, employees want to be treated respectfully, not as children or criminals. Equity is basic. Unless you satisfy those needs, not much else you do is going to help. If I feel underpaid and if I feel that the company is nickeling and diming me, or wants to pay as little as possible, there is not much else an organization can do to boost my morale. This runs contrary to what a lot of people in my field say — that pay is not that relevant. Baloney. It's terribly, terribly important.

Second, employees want a sense of achievement from work. The key element is to be proud of what you do and proud of the organization for which you are doing it. People don't want to work for an organization that's run by a bunch of crooks. The third element is camaraderie. This is also not mentioned much in our field, but it's key — not only in the sense of having a friend, but working well together as a team. That is a tremendous source of satisfaction for people.

Knowledge@Wharton: Do you see a difference in attitudes among different kinds of employees or organizations?

Sirota: We find these three elements are nearly universal. There is all this talk of new generations — for example, that Generation X does not care about job security. We find absolutely no evidence of that. We find no difference across countries, between men and women, or in the new economy versus the old economy. One reason a lot of these new economy companies imploded is they forgot about basic management. Our research indicates you don't tamper with some of the basics. All this talk about flattening the organization to eliminate hierarchy is nonsense. There are certain traditional management principles that are important and valid. There are also traditional management principles that are very disruptive, like not giving people a say in the way they do their jobs.

Knowledge@Wharton: Your research shows most workers are happy at a new job for about six months before the honeymoon ends. What goes wrong?

Sirota: We are often asked how to motivate employees. Our response is, that's a silly question. The real question is: 'How do you keep management from destroying motivation?' When we look at the data we find that people coming to a new job are quite enthusiastic. Most of them are very happy to be there and looking forward to meeting their new coworkers. But as you study the data you find morale, or enthusiasm, declines precipitously after five or six months. One theory is that there is a natural honeymoon that is bound to end. And yet we find that in 10% of companies the honeymoon continues throughout a worker's entire career. So there are organizations that are able to maintain enthusiasm.

As a general proposition it is hard to be enthusiastic about an organization that is not enthusiastic about you. Let's look at a few specific things. One is job security. We expect employees to be enthusiastic, loyal and engaged in an organization, but with the slightest downturn or prospective downturn we get rid of them. They are expendable. They are treated like paperclips. How can you be loyal and committed to an organization that seems to have absolutely no concern about your job?

According to one of the trendiest notions so popular during the booming 1990s, job security is not important to people, particularly young people in high tech, because if they lost a job in tech, they could just walk across the street and get another one. But with the collapse of the high-tech companies, surveys found that job security went to the top of the list. Take a high-morale company — Southwest Airlines. After 9/11 it said: 'We will take a hit in our stock price and not lay off anybody.' That's putting your money where your mouth is.

Other things that suppress enthusiasm are obstacles to performance, such as insufficient training, poor equipment or findings that fit under the general heading of "bureaucracy." These include useless paperwork and the inability to get a decision made, or a decision made on time.

Conflicts across the organization are another obstacle. Some of the most negative findings were between IT and their internal customers, the employees. [The two sides] often find themselves in a battle. Conflict between functions is debilitating. People don't come to work to fight.

Finally, there is the status structure of companies that treat employees as second-class citizens. Consider, for example, the distinction between hourly and salaried workers, as if two different categories of human beings exist. Salaried are professional, the thinking goes, and hourly are the ones you have to watch out for. There are status symbols, such as the parking lot. At large factories in the Midwest, salaried employees have one set of parking spaces and God knows how far away the parking lot is for the hourly workers. The high-morale companies have eliminated a lot of this stuff, which has nothing to do with conducting business. All it does is feed the egos of some people at the expense of the self-esteem of the bulk of the workforce.

Knowledge@Wharton: You acknowledge that some employees are "allergic" to work. How should managers deal with them?

Sirota: About 5% of every workforce is allergic to work. These employees are shirkers. But managers in many companies, especially where there are large numbers of blue-collar workers or back-office operations such as call centers, treat the entire workforce as if it is the 5%. They set up rules and punitive measures for taking too long a rest break, etc. There is close supervision, so people who come in wanting to work, and hoping to take pride in their work, find themselves treated as if they are children or criminals.

About 16% of the companies we deal with have a hostile workforce. But the bulk of the problem is not hostility. It is that people have become indifferent. That is the silent killer. There are people who just don't want to work for whatever reason. They become troublemakers and you have to deal with them in a very tough way. You have to focus on them. But you don't then generalize from them to the rest of the workforce. The mistake we make is we feel we have to be consistent, that we have to have the same rules for everybody. So companies are consistent in treating everybody as a child or a criminal. That's very, very destructive.

Knowledge@Wharton: Workers indicate to you that immediate managers are not the problem. Who is?

Sirota: The conventional wisdom is that if there is a problem, it occurs on the front line. Our data shows that large percentages of employees are quite positive about their immediate bosses. The biggest problem is not the first level of supervision. It tends to come from the middle. Workers see the problem at the levels above the immediate manager. They often consider their own bosses as buffers to middle management. Workers say, 'I like my boss.' Morale goes down when it comes to middle management, then goes up again at the senior level. The top guy can do no wrong. That's a fairly common response. What workers don't realize is that all the pressure is coming from the top. They are the ones telling the middle what to do. The villain is viewed as middle management, but the real villain is senior management.

Knowledge@Wharton: What happens when workers have top managers who are dishonest and greedy?

Sirota: The employees at Enron are not only out of a job, but also out of their pensions and IRAs. Yet what we find in the analysis of the data and in focus groups is concern not just about the hanky-panky we have seen in the last three or four years, but also about cheating the customer. Employees want to be proud of the quality of the work they and their company do. When I was in the auto industry in the 1970s, the unions and the workers were blamed for poor quality. When we interviewed them, they said they felt terrible about the garbage they were producing. They said all management wanted was to get the cars out the door. Workers have a strong need to feel they have done something and done it well.

Knowledge@Wharton: What can managers do to boost enthusiasm?

Sirota: First, provide security. Laying off people should be the last resort, not the first thing you do. Some companies use a ring of defense. If the business is having difficulties, they retrain workers or bring work inside from subcontractors. There are a number of steps you can take before laying people off.

> **"Workers have a strong need to feel thay have done something and done it well," says David Sirota.**

Second, where there are difficulties in getting work done, we talk about self-managed teams. Toyota, which has been an incredibly successful company, is an example. In the 1970s, Toyota wanted to know how to enrich the job of assembly workers and thought about having groups of employees build an entire car. But that would have been so inefficient. Toyota said instead it could have a team of workers manage part of the assembly line. The team could look at quality and at what kind of maintenance and support were needed, and it could decide how to rotate workers. As opposed to the usual top-down management, this approach is tremendously satisfying for workers, reducing the need for bureaucracy because the people essentially are managing themselves.

Recognition is also important. Employees do not have to be told that you love them, but you want to be appreciative of good work. It sounds very corny, but people are corny. People need this kind of feedback. A lot of rewards don't work, including the employee-of-the-month one. Organization-wide awards should be like the Nobel Prize, where peers are involved in the selection of the individuals who receive the award for outstanding achievement, not day-to-day work. Some things are so basic it's embarrassing to talk about, but in many focus groups, workers — when evaluating management — will say, 'He comes in and he doesn't even say hello to me.' That's the kind of comment we get.

As for systems, we find the traditional merit pay systems with an appraisal and pay increase are quite negative. Workers feel no relation between what they do and their pay increase. A reward has to be felt as a reward. Research has verified a system such as 'gain sharing' in which a group of workers judges its performance over time. If productivity goes up 20% and the workforce increases 10%, then that means there is greater efficiency. That result should be shared with the workers 50% and management 50%. This has a tremendous impact on productivity and morale.

Knowledge@Wharton: All of these recommendations seem so soft-hearted. Are you ever criticized for being naïve?

Sirota: Yes, all the time, mostly by hard-line managers and human resource managers. They are cynical about workers. But there are managers and CEOs who look at this and really run with it. They tend to be optimists and give people the benefit of the doubt.

Knowledge@Wharton: Given the evidence, why do managers continue to choke off enthusiasm?

Sirota: What I think happened is that in the 1980s and 1990s we had a reaction to particular forms of management. We talk about four kinds. First there is paternalism, where workers are treated as children. Then there is adversarial, where workers are the enemy. Then there is transactional, where workers are like ciphers. Management does not know what they are like as individuals. The attitude is, 'We paid you, now we are even. We don't owe you anything.' That's where most companies have gone today. Loyalty is dead.

The fourth is what we have been talking about, which is the partnership organization. It does not mean that because I paid you, we are now even. You don't treat partners that way because you might need them to help you out sometime, and they might need you. It's more like a relationship between mature adults — not like children or enemies, but allies. ◆

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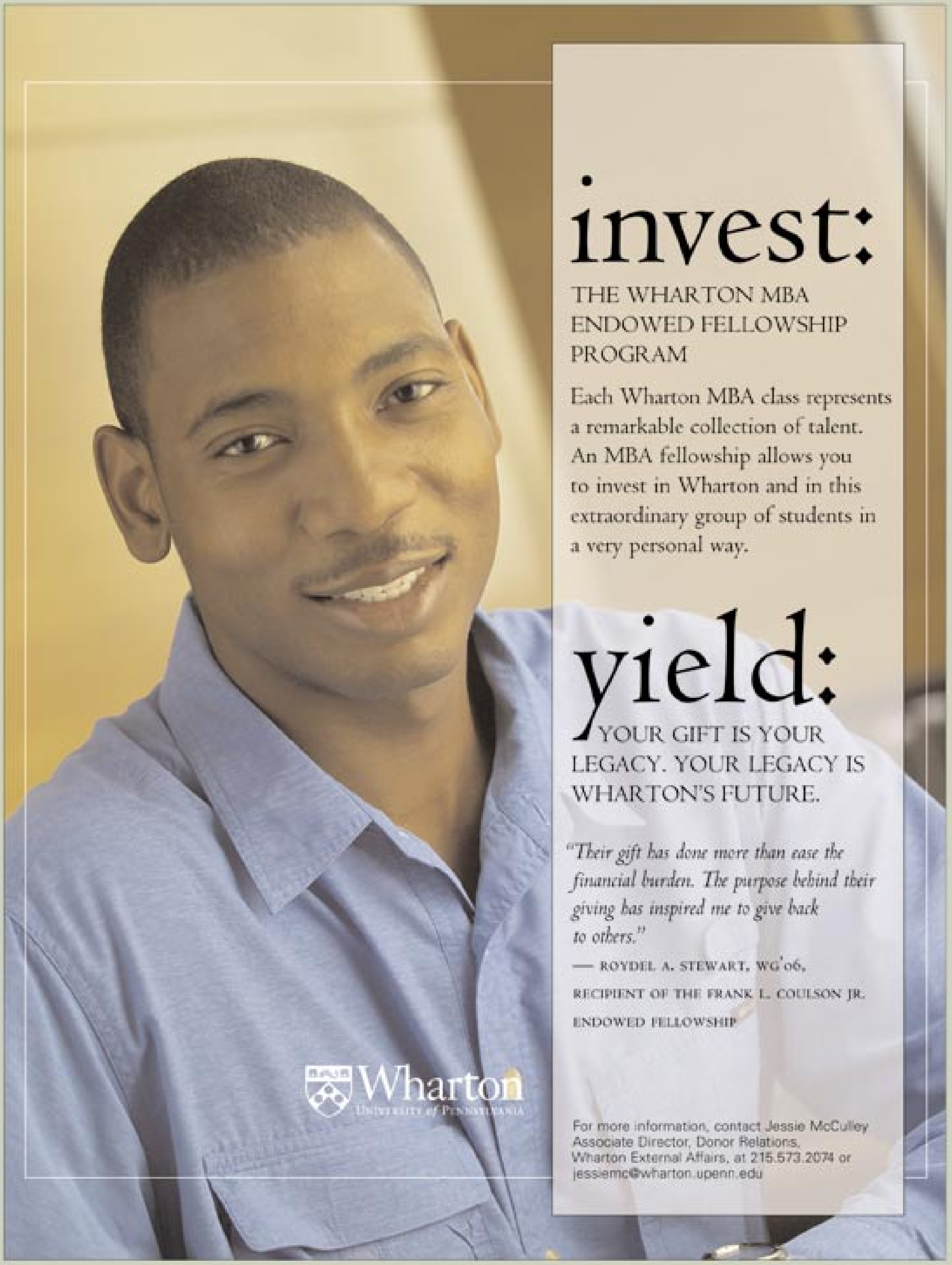
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Alumni Association Update

New Leadership

TOMMY LEONARDI

VIGE BARRIE, CW'74, WG'76

DEAR FELLOW ALUMNI:

I feel very honored to step into the position of chair of your Alumni Association Board of Directors. My predecessor, David Feldman, W'82, L'85, created an impressive legacy, establishing bonds between students and alumni as well as between geographic and affinity clubs and the school through dynamic programming.

In the next two years I hope to build upon his achievements by continuing to strengthen the Wharton brand worldwide. In that process I welcome your input, suggestions and engagement. It is only through alumni commitment and support that the Wharton network will grow.

Occasionally I am asked how I became involved in this board. My path has been a typical one. As a graduate of Penn's College for Women (CW'74) as well as Wharton (WG'76), I served on both the Penn and Wharton club steering committees in Dallas over a 20-year period. Ultimately I assumed the presidency of the Dallas/Ft. Worth Wharton Club in the mid-1990s. Shortly thereafter I was elected to the alumni association board, on which I have chaired committees responsible for communications, marketing and career management issues. Two years ago I became the board president.

My professional background is not that of a typical Wharton graduate. Most of my career has been focused on marketing and media relations primarily in the nonprofit sector. I am also a practicing artist and illustrator. Despite my non-traditional career path, the Wharton brand has always provided me with an added level of credibility and professional stature. For this I will always be grateful and committed to maintaining and extending that brand.

Over the last two years our board has paid special attention to creating systems and templates that can be duplicated throughout the Wharton network. Tama Smith, WG'90, our board's incoming president, has reinvigorated the Alumni Leadership Conference (ALC), an annual forum for club presidents during which best practices from around the globe are shared. Other members have researched the elements essential to establishing the strongest alumni ties. Having identified reunions as key to building these ties, board member Craig Enenstein, WG'95, took on his own 10-year reunion and recruited 10 times the average number of classmates to participate in an outstanding weekend-long celebration. His planning process will serve as a guide to all future reunions. Other members have forged new bonds between alumni and students via alumni advisory club boards, led student/alumni colloquia and created an editorial calendar for the alumni pages in this magazine.

In the next two years we will be building on these and other initiatives with a commitment to identifying and employing the best practices possible to expand our reach. We also plan to add an additional committee dedicated to examining and researching technology issues and opportunities.

Ultimately, however, our efforts are only successful with your involvement. If you are interested in getting involved and would like to find out more about volunteer opportunities, please contact the alumni office at **<alumni.affairs@wharton.upenn.edu>** or go to **<www.wharton.upenn.edu/alumni>** where you can sign into the alumni community, access career services or look up contacts for the Wharton club nearest you, among many other things. And please feel free to e-mail me directly with questions, concerns or suggestions.

Sincerely,

Vige Barrie,
CW'74, WG'76
Chairman, Wharton
Alumni Association
315.859.4623 office
315.725.7597 cell
vbarrie@hamilton.edu

Club Spotlight:

HEALTHY CONNECTIONS: THE WHARTON HEALTH CARE MANAGEMENT ALUMNI ASSOCIATION

The management of health care is among the biggest societal challenges faced by developed and developing nations — and it's also one of the most dynamic industries. Members of the Wharton Health Care Management Alumni Association (WHCMAA) have been leading in the diverse health care industry for more than 25 years.

An affinity club of the Wharton School, the Club was started in 1979 by a group of alumni from Wharton's MBA program in Health Care Management (which was founded in 1973 as the first program of its kind). The Club's charter members wanted to work together toward a set of common goals: to provide professional development opportunities for Health Care Management alumni; to help members build professional and personal networks; to make contributions to the health care field through service and leadership; and to support Wharton's health care programs.

Today, members work in all parts of the health care field. Full membership in the WHCMAA is open to all 1,200 Health Care Management MBA graduates, as well as PhD graduates. Affiliate memberships are available to non-Health Care MBA Wharton grads who work in the health care industry.

The Club has been very active in partnering with MBA students, Wharton faculty, the health care industry, and the international community. The WHCMAA hosts regional social and professional events for alumni throughout the country (including Boston, New York, Philadelphia, Atlanta, San Francisco and Washington, DC), often with notable speakers in the field — among them, Tony Buividas, WG'79, the recipient of the Club's 2005 Alumni Achievement Award. Buividas, the Head of Health Care Delivery for Aetna, oversees provider network contracts, medical management and quality management nationally.

The WHCMAA annually reconnects with the School, holding two career seminars for alumni and students. The career seminars feature successful alumni as well as executive recruiters and coaches. The WHCMAA website **<whartonhealthcare.org>** provides a job posting service in addition to news of alumni, articles of interest about the Program faculty and graduates, and much more. The Club annually sponsors two scholarships for outstanding Health Care Management students.

WHCMAA members also demonstrate their commitment to health care issues through an active service program. One of the WHCMAA's most rewarding programs offers international opportunities for alumni and students to consult on health care issues in poverty-stricken communities. For the fifth year, members of the Club and current students will return to Cape Town, South Africa, for a two-week consulting engagement with the public health care system. This year, the Club is launching a new project in Argentina to assist a maternity clinic to study process efficiency and recommend improvements, among other goals. Both trips will occur in the Summer of 2005.

For complete information and calendar updates, visit<**www.wharton.upenn.edu/alumni/**> *and select "Alumni Event Calendar" from the menu on the left.*

FIVE YEARS OF HEALTH CARE PARTNERSHIP IN SOUTH AFRICA

In August 2005 members of the WHCMAA will make their fifth trip to South Africa to volunteer with the cash-strapped Cape Town public health system. Over a half-decade, the consulting project has created deep connections within the South African health community and provided real assistance to the HIV-stricken region.

The project was founded by Fran Kelleher, WG'84, in 2001 while she was pursuing a doctorate in Ethics and Society at Emory University. Kelleher worked as a teaching assistant for Archbishop Desmond Tutu during the year he spent there as a visiting professor at Emory.

When Kelleher read about the HIV crisis in South Africa, she put two and two together. "I could see that even if you provided the South African health system all the drugs they needed for free, they didn't have the infrastructure to manage the distribution and delivery of the treatment to their HIV-positive population on a consistent basis. The Wharton Health Care alumni were the perfect pool of talent to address the need — 1,000 of the best-trained health managers in the world."

Archbishop Tutu put her in touch with Dr. Ivan Toms, who now serves as the director of the City of Cape Town's public health care system, to help initiate the first Wharton alumni consulting project in South Africa. Since then, a total of 60 participants have volunteered their time and expertise.

Kelleher credits the Health Care Management department and the alumni infrastructure for the success of the project. "It was easy to get in touch with everyone," she said. "One e-mail was all it took … We had Wharton alumni who work for competing pharmaceutical companies work side by side in Cape Town to help figure out how much it was costing to treat various patients or why the TB drug costs were increasing."

She continued, "As Dr. Toms has learned more about what we can do, the types of projects have become more diverse and sophisticated … By adopting one health system and sticking with it, we are providing the kind of consistent support they need to make changes."

2003 WHCMAA VOLUNTEERS WITH ARCHBISHOP DESMOND TUTU. Front Row: Devi Ramanan, WG'04, Holly Chang, WG'04, Allison Cuff, WG'04, Anjali Kalyani, WG'04, Philip Toh, WG'04, Elizabeth Miller, WG'04, Nkam Mongawa, MNA'02, Amy Mosser, WG'93. Second Row: Stephanie Gampper, WG'04, Julie Murchinson, WG'98, Molly Harper, WG'04, Jackie Shen, WG'04, Fran Kelleher, WG'84, Sally Stephens, WG'89, Archbishop Tutu, Jane Boswick, WG'90, Gayle Squires, WG'03, Murielle Thinard, WG'03, Courtney Guyer, WG'04, Walter Lin, WG'04. Back Row: Brien Ackerly, WG'04, Jason Kim, WG'04, Rebecca Schwietz, WG'04, David Wenkart, WG'04, Zachary McCarroll, WG'04, Howard Horn, WG'04.

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Leadership Spotlight

PHIL DARIVOFF, W'79, WG'85

The medieval rabbi and philosopher Maimonides wrote that we might anticipate charity by preventing poverty. Teaching someone a trade, for example, can prevent poverty and, in turn, the need for charity.

BETSY MARKS DARIVOFF, C'79, AND PHIL DARIVOFF, W'79, WG'85

For Phil Darivoff (W'79, WG '85), whose grandparents came to America from Russian and Eastern Europe to find greater opportunities for his generation, these words have personal significance. Indeed, they are a guiding principle in his professional and philanthropic life.

"I often think about what we Wharton graduates do when we succeed, and the leveraged contribution that a successful business person can make to our society," says Darivoff. A partner and managing director at Goldman Sachs, Darivoff has made his own contributions through a consistent and active commitment to Wharton.

Darivoff was himself introduced to Wharton by a like-minded alumnus, Morris Nunes, C'70. Nunes encountered the teenage Darivoff in a Fairfax, VA, hardware store and suggested that he consider applying to Wharton. Darivoff took this passing advice to heart, and enrolled in 1975. As an undergraduate, he met his wife, Betsy Marks Darivoff, C'79, discovered a passion for finance and decided to pursue his MBA. "Wharton was absolutely a transforming opportunity for me," Darivoff says.

After graduation, Darivoff joined Goldman Sachs as an associate in mortgage securities, a job he believes he would not have been offered without his Wharton degree. "When I came into the firm I understood corporate strategy, which allowed me to think more like a senior executive than a technician," he says. Two years in, he was promoted to vice president. Today, in addition to his roles as partner and managing director, Darivoff is chairman of credit capital markets.

Darivoff's interest in philanthropy developed in tandem with his career. "I got to a point where I looked back and reflected on the initial sacrifices of my parents and grandparents and the great opportunity I had been given to go to Penn and Wharton," he says. Darivoff has been offering the same opportunities to others by leading Goldman Sachs' recruitment effort at Wharton for nearly a decade. He currently sits on Wharton's Board of Overseers and serves as a co-chair for the 20th reunion of his MBA class.

In addition, the Darivoffs have recently honored their grandparents by naming a study room in their honor in Jon M. Huntsman Hall and endowing the Rebecca and Morris Marks Professorship in accounting. Darivoff sees all of this as part of a larger effort to "anticipate charity" and encourage others in the business community to give back. "It is difficult to repay the people who have helped you, except by honoring them in some way, and in doing so, you hope you can also help others." ◆

– ELISA LUDWIG