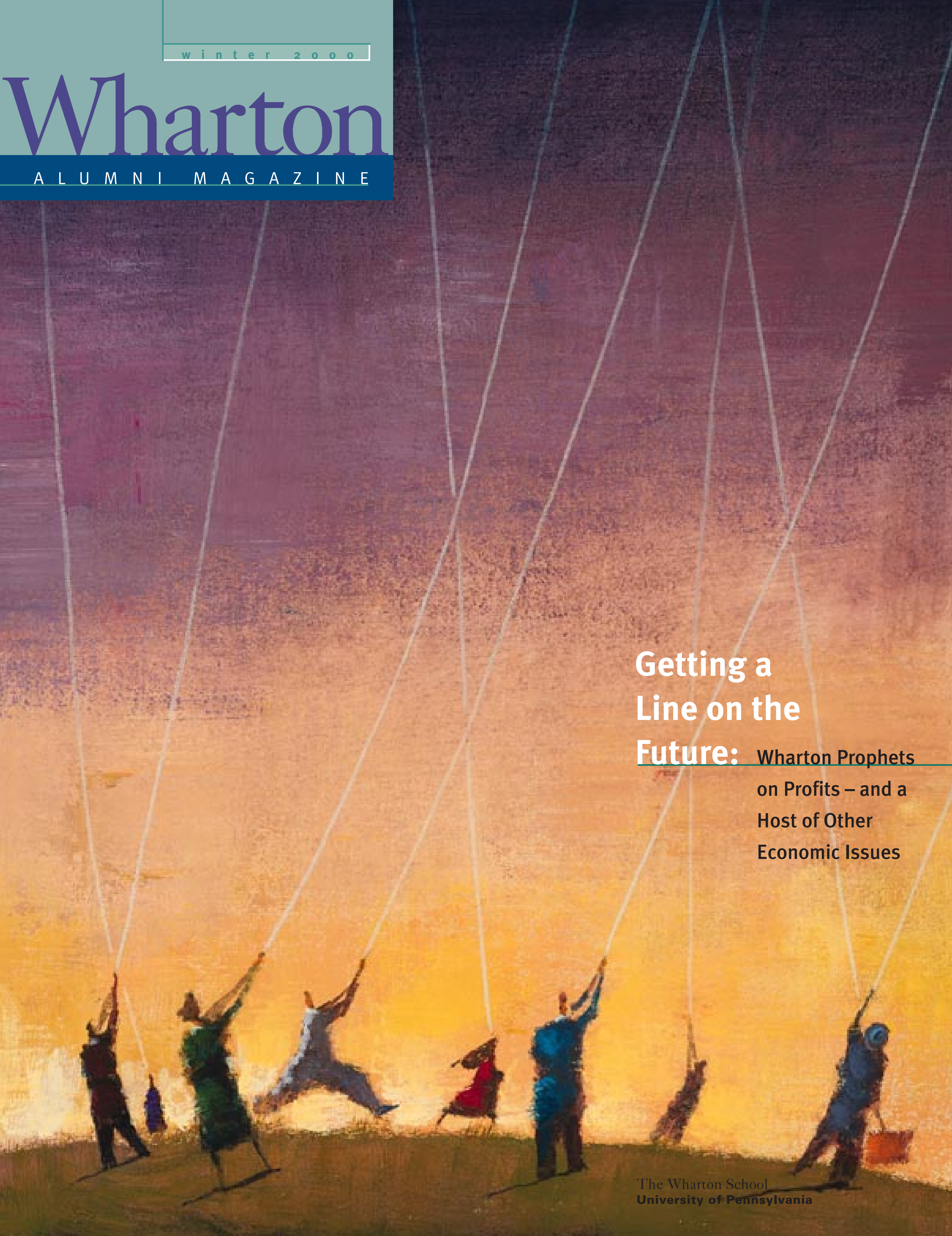
winter 2000

Wharton

ALUMNI MAGAZINE



Getting a Line on the Future: Wharton Prophets on Profits – and a Host of Other Economic Issues

The Wharton School
University of Pennsylvania

Calendar of Events

FEBRUARY 3

Zweig Executive Dinner Series
Michael Chu, President and CEO
Accion International
For further information, please contact:
Kimberly Young
Tel: 215.898.4968
E-mail: kdy@wharton.upenn.edu

FEBRUARY 18 & 19

Wharton Conference Series
Technology Conference
"The Net Millennium"
For further information, please contact:
Anna Levine
Tel: 215.732.4386
E-mail:
anna.levine.wg00@wharton.upenn.edu
URL: http://www.wharton.upenn.edu/wcs

FEBRUARY 22

Musser-Schoemaker Lecture Series
Lawrence Weinbach, chairman, president and CEO, Unisys Corp.
For further information, please contact:
Beth Hagovsky
Tel: 215.898.7613
E-mail: hagovsb@wharton.upenn.edu

MARCH 24 & 25

Wharton Conference Series
Lesbian and Gay MBA Conference 2000 – Philadelphia
Co-sponsored by Wharton and Columbia Business School
For further information, please contact:
Peter Allen via e-mail:
alpeter@wharton.upenn.edu
Tel: Alumni Affairs 215.898.8478
URL: http://www.wharton.upenn.edu/wcs

MARCH 30-APRIL 1

North American Regional Alumni Meeting
"Entering the Virtual Millennium"
San Francisco, California
For further information, please contact:
James K. Sokol, WG'95
Tel: 415.955.2670
E-mail: sokolj@wharton.upenn.edu

APRIL 11

Zweig Executive Dinner Series
Steven Covey, author of *The Seven Habits of Highly Effective People*
For further information, please contact:
Kimberly Young
Tel: 215.898.4968
E-mail: kdy@wharton.upenn.edu

APRIL 13

Zweig Executive Dinner Series
Robert Mondavi, Chairman
Robert Mondavi Winery
For further information, please contact:
Kimberly Young
Tel: 215.898.4968
E-mail: kdy@wharton.upenn.edu

APRIL 13 & 14

Wharton Conference Series
New Ventures in Health Care Conference
For further information, please contact:
Karin Magnuson
Tel: 215.546.3151
E-mail: magnusok@wharton.upenn.edu
URL: http://www.wharton.upenn.edu/wcs

2000

Wharton
ALUMNI MAGAZINE

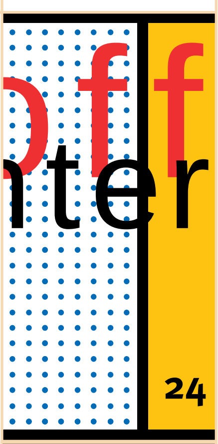
winter 2000

Features

Wharton Alums on the Road

Sifting Through the Fact and Fiction of the Technology Boom

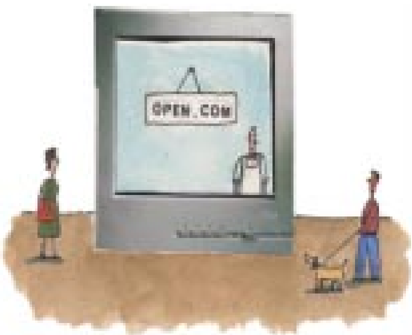
What's Coming and How to be Ready



The State of the Art in Massachusetts

Departments

New MBA Major in Electronic Commerce Offered



GARY CLEMENT.ILLUSTRATIONS

A new major in electronic commerce that will focus on designing and implementing effective electronic commerce strategies is now available for Wharton MBA students. Called "Managing Electronic Commerce," the program aims to provide an in-depth foundation for students interested in pursuing Internet ventures – from electronic retailing to defining the role electronic commerce plays in traditional firms.

With more than 50 faculty members across various disciplines participating, "Wharton is poised to address the whole breadth of issues relating to e-commerce," says Patrick Harker, Wharton's interim dean. "The Internet is impacting every aspect of business and, whether the context is legal, strategic, marketing or policy-oriented in nature, we have the resources and expertise to add value."

The major, administered through the marketing department, will have an interdisciplinary focus on several key areas, including advertising/communication, electronic retailing, information structures for large organizations, pricing, product and service design, and supply chain management. For specific instruction in a particular area of interest, students can choose one of five separate tracks within the major: business-to-business, electronic media and marketing, entrepreneurial, information–based strategy and economics, and supply chain management.

"This major is reflective of what is already happening here at Wharton and in the world," says David Schmittlein, Ira A. Lipman Professor and academic director of the e-commerce major. "Recognizing that our MBA students were already creating individualized majors with an e-commerce focus, this was a logical step. However, the nature of the Internet and e-business will continue to evolve and as that happens, so too will the requirements and electives of the major."

Software, the Internet and multimedia continue to impact employment choices of Wharton students, making technology-related industries the third highest industry employer. More than 18 percent of the Class of 1999 and 19 percent of the Class of 2000 accepted technology-related positions. Though the e-commerce major is offered solely to MBA students, an undergraduate concentration is also being considered.

Gerrity Leads Forum on Electronic Commerce

Former Wharton dean Thomas P. Gerrity has been named director of the Wharton Forum on Electronic Commerce, a business-to-business partnership focusing on e-business.

Established in 1996, the Forum on Electronic Commerce brings together corporate leaders with a team of more than 50 Wharton faculty members from various disciplines to share insights and conduct research on a range of e-commerce issues. The Forum's current research agenda includes studies on Web-based competition, Internet pricing strategies, emerging new models for Web-based enterprises, business-to-business e-commerce and online purchasing behavior. Among its initiatives, the Forum established the Wharton Virtual Test Market, which now has more than 18,000 panel members around the world participating in a large-scale behavioral study of Internet usage.

JERRY MILLEVOI

GERRITY

Forum members include: British Airways, Fannie Mae, Ford Motor Co., IBM, Johnson & Johnson, Kraft Foods, Scottish Widows and State Farm Insurance. Affiliate and research members include AnswerThink Consulting Group, CDNow, eBay, Flycast Communications, Media Metrix, Peter Max and US Interactive.

Gerrity, an early pioneer in the strategic application of technology, was founder and CEO of the Index Group, a leading information technology and management-consulting firm. Under his leadership as dean of Wharton from 1990 to 1999, the school attracted record numbers of applicants, unprecedented financial support and widespread recognition around the world for its leadership in management education.

Ford Gives $1.5 million to Wharton

In one of Wharton's largest gifts from a publicly traded company, Ford Motor Co. has given $1.5 million to the school to support a wide range of student and faculty programs.

The gift, part of a $2 million gift to Penn, will fund projects including minority programs and fellowships, a program for high school students from underrepresented minority groups, the Forum on Electronic Commerce,

JERRY MILLEVOI

NASSER

the Global Consulting Practicum, and the Environmental Management Program. Made possible through the Ford Motor Company Fund, the funds will be contributed to the School over a five-year period. The remaining $500,000 of the $2 million grant was awarded to Penn's School of Engineering and Applied Science (SEAS).

"Ford Motor Company's relationship with the University of Pennsylvania is a partnership in the truest sense, and Ford is committed to keeping it strong," says Jacques A. Nasser, president and CEO of Ford Motor Company. In October, Nasser spoke on campus as a part of Wharton's Zweig Executive Dinner Series. Named CEO of Ford in January 1999, Nasser is widely regarded as the driving force behind dramatic changes at Ford. For more on Nasser and Ford, see a related story on page 26.

Conference on Virtual Communities

Creating "virtual communities" is all the rage in e-commerce circles as a growing number of dot-coms strive to generate repeat hits by creating interactive, shared space on line. The best example of this trend is book-selling powerhouse Amazon.com, which posts customer book reviews, tracks shoppers' buying interests and suggests other titles based on previous purchases.

Wharton's Reginald H. Jones Center for Management Policy, Strategy and Organization, IBM's Institute of Knowledge Management and the Xerox Palo Alto Research Center will hold an April 7 conference on this issue at the Park Hyatt at the Bellevue Hotel in Philadelphia.

The conference will examine the economic, social, and educational implications of virtual communities, as well as ways that businesses and other organizations can leverage this new communications tool. For information on the conference, contact the Reginald H. Jones Center at 215-898-1095 or on-line at <http://www-management.wharton.upenn.edu/jonesctr>

WG'76

John Richards
Making Starbucks More Than Morning Coffee

With an annual growth rate of 25 to 30 percent that's charged by 370 new store openings a year, Starbucks is clearly more of a double espresso than decaf kind of company.

"We obviously have a real machine when it comes to finding and building and staffing new stores," says John Richards, WG'76, who became president of Starbucks $1.5 billion, 2,200-store retail business two years ago.

Richards, 51, who joined Starbucks after 10 years with the Four Seasons hotel chain, is the point man in the company's ambitious, multi-continent expansion plans and is also working to broaden the Starbucks' concept beyond just morning coffee. By the end of this fiscal year, Starbucks will have 500 stores serving gourmet "grab and go" lunches and other food offerings, Richards says. And officials hope that evening "coffeehouse" initiatives, now being test marketed, will entice customers to "hang out" and thus indulge in more coffee and a gourmet dessert or two.

Starbucks' new focus is largely Richards' doing. In addition to spearheading the consumer research behind these changes, he also created the company's first product development group, which acquires or develops offerings to enhance the company's core business.

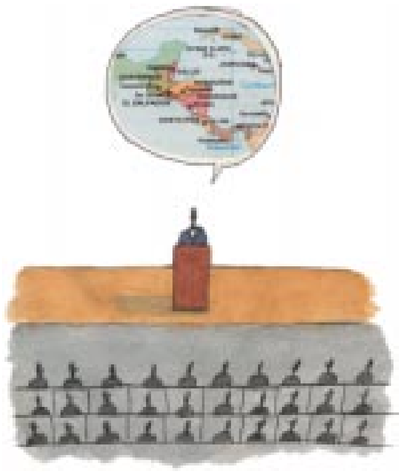
"We want to keep growing, and so it's incumbent on us to persist in evolving the concept of Starbucks so it continues to be relevant and interesting to consumers as we become more ubiquitous," Richards says. "In some ways, we are paranoid about this. We are extremely sensitive to issues of being too big and too common."

Richards says there's no reason to make comparisons between Starbucks and high-flying restaurant chains that got too big, too fast. Boston Chicken, for example, was once a Wall Street darling, but declared bankruptcy in late 1998 after expanding beyond its market. Richards, as well as several industry analysts, say such a scenario isn't likely for Starbucks. For one, the typical Starbucks store operates profitably in a very small trading area and doesn't grapple with the overhead issues that stymie many restaurant chains. Another critical point: Starbucks is an everyday business, with 10 percent of customers returning twice a day.

But it's vital, Richards says, to keep capitalizing on the Starbucks brand and seizing larger chunks of the country's $18 billion coffee market. One example of this: Barnes & Noble operates 375 cafes in its bookstores, all of which serve Starbucks coffee. "That's an example of us leveraging the brand and creating a different context for it. So the brand has two faces to it: the Starbucks store that we all know, and this thing called Barnes and Noble, which is really all about books and contemplation and weekends and evenings," Richards says.

After graduating from Bucknell University with degrees in sociology and history, Richards went to work for Procter & Gamble, then got his MBA at Wharton. After stints at McKinsey & Co. and the Royal Viking Cruise Line, he joined the Four Seasons hotel chain where he went on to become executive vice president of operations and led the chain's rapid expansion into 20 countries. Today, Richards lives in the Seattle area with his wife, Catherine, and their two daughters, Jacqueline, 14, and Jennifer, 9. In his spare time, he enjoys, golf, tennis, architecture, and of, course, coffee. "Doesn't everyone?" he quips, rhapsodizing about his favorite brew, Starbucks Anniversary Blend.

He sees many similarities between his work at the Four Seasons and at Starbucks. "But at Starbucks, we do many, many more projects, and they happen more quickly. Starbucks is high growth and very entrepreneurial. In that sense, I've made quite a shift and this role is exhilarating in a very different way." ◆



Wharton MBA Series Tackles Issues

Technology, media and entertainment and business in Latin America are among the myriad topics to be addressed at the 1999-2000 Wharton Conference Series, a high-profile program organized and run by Wharton MBA students. A highlight is the Whitney M. Young Jr. Memorial Conference on January 20-23, an event sponsored by the school's African-American MBA Association. This event is a forum for African-American achievement and opportunity in business and industry and is widely attended by students, prospective students, alumni, and industry leaders. See the Magazine's Calendar of Events on the inside front cover for information on several additional events. For more information, contact the Wharton Graduate Association at 215-898-4968 or visit the conference schedule online at <http://www.wharton.upenn.edu/wcs/index.html>

A Wharton Sophomore with an Arm

When Gavin Hoffman graduated from high school in Wayzata, Minnesota, in the western suburbs of Minneapolis, lots of folks figured he was four years away from quarterbacking in the National Football League. He set more than a dozen school records while leading Breck High School to the Class "B" state championship, throwing for 2,506 yards and 25 touchdowns in his senior year. He was the Gatorade Player of the Year for Minnesota and a USA Today honorable mention All-American. At 6-foot-6 and 233 pounds, his size and strong arm impressed Division I coaches everywhere.

Hoffman committed early to Northwestern University, one of the few schools that in his mind combined top-notch football with equally top education. Northwestern committed to him, too, and he started all 12 games last year as a freshman.

HOFFMAN

But a disappointing 3-9 season and a coaching change caused Hoffman to reconsider his future. "I decided that education was becoming more important to me," says Hoffman. "I looked at Ivy League schools, since being in (NCAA) Division I-A, they would let me play without sitting out a year. And when it came down to it, the chance to go to the best business school in the country won out."

The Wharton sophomore became the Penn Quakers' starting quarterback with the fall's first game against Dartmouth. Ivy League football, he said, is just as challenging as Big Ten football; it's just not as all-consuming.

"Football's football, wherever you go," he says. "But there is just not as much of a time commitment. Here there is an emphasis on the whole college experience. In Division I, you spend almost all of your free time doing football and nothing else. You work out in the off-season. You stay on campus in the summer to work out. Sometimes it seems as if that is all there is in life and that can be unhealthy."

Hoffman says he has no regrets about downsizing his collegiate football commitment. His interest in a business career is paramount now – though he still wouldn't mind that NFL contract.

"I think that is everyone's goal who plays at the college level," says Hoffman. "Plenty of players came from the Ivy League into the NFL. But if it doesn't happen, then I am prepared to go on with my life." – ROBERT STRAUSS

Alums Celebrate at MBA Homecoming Weekend

JIM ROESE

ALUMNI AND STUDENTS FACE OFF IN HOMECOMING SOCCER MATCH

A new Wharton tradition was born October 8th through 10th: the Wharton MBA Alumni Homecoming Weekend. The event brought together students and alumni to jointly celebrate the history, tradition and accomplishments of the school. The weekend's highlights included faculty speakers, an MBA pub on Friday evening, tours of campus museums, a career management workshop, and sporting events between alumni and current students. The weekend culminated with a Saturday night party under a tent on the Lehman Quad. The MBA Alumni Homecoming was held concurrently with the school's third Alumni Leadership Conference (ALC), which offered constituency-based training to a variety of Wharton volunteer groups.

Professor Howard E. Mitchell Dies

Howard E. Mitchell, UPS Foundation Professor Emeritus of Human Resources and Management, died September 30 at age 78 after a distinguished academic career. Mitchell's interests ranged from management, organizational behavior and human resources development to managing a diverse workforce and corporate social responsibility, among other areas.

Mitchell was a psychologist by training and initially joined the Penn faculty as an assistant professor of family study in psychiatry in the School of Medicine. In all, Mitchell spent 37 years at Penn, 18 of those at Wharton. His myriad accomplishments include a position as director of Wharton's Human Resource Center from 1974 to 1984, research on transportation management that influenced transportation agencies on a federal and local level, and a key role in planning, designing and staffing a children's village for dependent and neglected children in southwestern Arkansas. Mitchell also won numerous teaching awards and was known for his generosity in mentoring many undergraduate and MBA students.

"I first knew Howard in the early 1970s, first as the father of one of my law school colleagues, and then as a fellow faculty member," says Janice Bellace, Samuel A. Blank professor of legal studies and interim associate dean for Development and Alumni Relations. "But it was not until I was undergraduate dean in the early 1990s that I saw a side to Howard that was unknown to many. To say that Howard 'mentored' students does not convey the very substantial amount of time he spent advising, encouraging and challenging undergraduates, especially those who were having some difficulty in the program. They recognized that this senior, distinguished professor truly cared about them and wanted them to succeed, and the students felt they couldn't let him down."


ANTHONY B. WOOD

MITCHELL

Mitchell earned a degree in psychology in 1943 from Boston University. He came to Penn for his PhD, which he received in 1950 after serving in the U.S. Army in Europe during World War II. He later received the Presidential Award for Service for his contributions during the war. In addition to his teaching and scholarly research, Mitchell founded a consulting firm, Mitchell & Mitchell, with his wife, Nadine, a former Haverford College English professor. The firm went on to receive the U.S. Department of Transportation's Minority Business Enterprise Award. Mitchell consulted for Ford Motor Co., General Motors Corp., and the U.S. Department of Transportation, among other businesses and agencies.

Numerous scholarships and fellowships have been created in Mitchell's name. The Black Wharton Undergraduate Association established the Howard E. Mitchell Scholarship in 1986. In 1992, the Howard E. Mitchell Fellowships were created to award graduate fellowships and internships at sponsoring businesses. ◆

EDITORIAL STAFF

Editor
Nancy Moffitt

Editorial Board
Michael Baltes
Marti Harrington
Jacqueline Hobbs
Tom McMahon
Mukul Pandya
Robbie Shell

Editorial Assistant
Sandy Hsiao

Design
Warkulwiz Design Associates

Editorial Office
1030 SH/DH, 3620 Locust Walk
Philadelphia, PA 19104
215.898.7967 Phone
215.898.1883 Fax
alumni.affairs@wharton.upenn.edu
URL: www.wharton.upenn.edu/alum_mag/alum_mag.html

PAUL ZWOLAK.ILLUSTRATION

Getting a Line on the Future

Wharton Prophets on Profits – and a Host of Other Economic Issues

The signs are everywhere and they all point to the emergence of a truly global economy with slippery, never-before navigated slopes, entirely new rules, questions galore, and a pace that makes breakneck look sleepy.

So what do Wharton professors expect at the dawn of the 21st Century? We queried a group of key faculty on several critical areas – the stock market, banking, globalization, leadership, employment, entrepreneurship, e-commerce, retailing and marketing – and got answers, insights, and uncertainties aplenty. Their summarized comments follow.

Jeremy Siegel on the Market: Are Bears Inevitable?

PETER OLSON

SIEGEL

Stocks are the place to be in the long run, but Jeremy Siegel is much more cautious about the next five years than the last. Siegel, Russell E. Palmer Professor of Finance and author of the well-known book *Stocks for the Long Run*, says not to expect the spectacular rates of return that have marked the 1990s. And what of the spate of recently published books – from *Dow 36,000 to Dow 100,000* – predicting even greater run-ups in the Dow? Again, Siegel is skeptical.

"The Dow is going to hit 36,000 sometime, it's just not going to be in the next few years," Siegel says. "I don't believe it will even happen in the next decade, because that would be more than a tripling of stock prices. It's true that there has been a 10-year period in which stock prices have tripled – namely the '90s. But to expect that over the next 10 years we can have again these spectacular rates of return is just unrealistic."

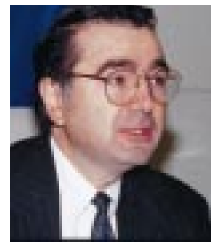
If the U.S. moves into a recession and global growth slows, stock returns could dwindle over the next five years. Siegel says there's a 50 percent chance of such a slide. And while he remains optimistic about the economy's strength and value of stocks, he believes a recession or slowdown is likely in the future. "We are already at the longest economic expansion in history. It's true that we have controlled the business cycle enough that a slowdown would not become a major disrupting factor the way it has in the past. But I wouldn't say it can't happen, because a lot of economic activity is built on psychology and through the centuries the human psyche has always had its ups and downs."

Despite his view that a slowdown is inevitable, Siegel also sees unprecedented global strengths. The communications revolution, driven by the Internet and other data communications technologies, will bolster productivity and continue to give some stocks above-average returns, he believes.

Are technology stocks overpriced? To some degree, yes, he says. Siegel is particularly skeptical that Internet stocks will justify their current sky-high valuations. Still, a select group of star performers, such as Cisco and Sun Microsystems, could continue to outperform other stocks even during an economic slowdown, Siegel believes. And despite their current high prices, Siegel remains a fan of big-cap growth stocks. "I believe they still have good value. They are pricey, yes, and you're not going to get the kinds of returns on these stocks that you've gotten in the last five years. Nonetheless, they can still provide leadership for you." Siegel suggests consumer brand stocks, such as Coca-Cola, that are currently out of favor but ultimately have the ability to rebound. As always, diversification is critical to long-term success, he says.

What about inflation? Siegel believes some edging up is likely, perhaps to the 2 to 4 percent range, but doesn't see the double-digit numbers of the late 1970s. "I don't think the public wants it or will tolerate it, and the Fed knows how to avoid it," he says. ◆

Anthony Santomero: Bigger, Fewer, More Multinational Banks and the Challenges of Managing Them



SANTOMERO

"Can banks remain competitive and efficient in local markets? I tend to think it will be very difficult."

It's tough to imagine, but banks are going to get even bigger and fewer. After two decades of unprecedented consolidation in the banking industry, Anthony Santomero sees even more consolidation coming, with one significant difference: regional and national consolidation will give way to international mergers. "The net result is an extraordinary consolidation the likes of which we've not seen since the 1920s," says Santomero, Richard K. Mellon Professor of Finance and director of the Wharton Financial Institutions Center. "In the financial services industry, we are clearly going to a global market with global investments and transnational firms."

In the U.S., wave after wave of local, then regional mergers have resulted in a truly national banking market. In Europe, country-by-country consolidations are taking place on the argument that a competitive balance can be maintained via nationalistic turf battles. "So for Europe in the next five or ten years, there's a question as to what the European market means, and this is accentuated by the introduction of the Euro," Santomero says.

The bottom line: a more transnational financial world with larger full-service firms, universal banks, and financial entities with assets of a trillion or more dollars. In the U.S., consolidations will continue, but American banks will lose their foothold as the world's largest banks.

"Can these large firms be efficient or will they stagnate?" Santomero asks. "Nobody's got a handle on that. The markets and the academic work consistently argue that scale by itself isn't sufficient. And in fact scale becomes a problem rather than a solution. Yet managers (positively) view the synergies or the potential synergies that consolidation can bring. But the sheer size of the market can get so large that you can't possibly adequately deliver across time and space and products. That's the big challenge," Santomero says.

This trend toward increasing economic nationalism, increasing globalization of markets and larger institutional players means it will be ever more important for organizations to keep entrepreneurship and innovation alive. "This is a fundamental challenge in the face of the need to consolidate and expand control. Can banks remain competitive and efficient in local markets?" Santomero says. "I tend to think it will be very difficult."

Santomero differs from popular opinion in his long-term view of globalization. He points out that the USSR's downfall was not a linear process; it was in fact an abrupt change that caught most people by surprise. He suspects that globalization will ultimately end in a similar radical reversion. "If you go back 100 years, 200 years, we had globalization followed by nationalism and reassertion of boundaries. So the question I have is, "Are we really going to Star Trek – one big world order? Or are we following this path until something disrupts it and we have national states vying for control again. My guess is it's the latter even though everyone is thinking it's the former," Santomero says.

"But if you really believe there will be these ups and downs in the process of globalization, it has devastating implications on how business planning and economic policy must proceed. It means one can't depend upon Japanese steel for U.S. cars, for example, because if and when we close borders again we're going to have no steel industry. That was the view that led to the subsidization of inefficient industries in the 1960s and 1970s – not a pleasant prospect," he points out. "So, although we're clearly moving toward this global world order, we also have to understand that there's a long history and it's likely to cause some disturbance that we don't fully understand. The results of these changes are not at all clear." ◆

Stephen J. Kobrin: Another View of Globalization

Stephen J. Kobrin, the William H. Wurster Professor of Multinational Management and director of The Joseph H. Lauder Institute of Management and International Studies, offers a different view of globalization: it's here to stay, thanks largely to the information revolution. The Internet has brought borderless markets where geography is much less relevant, and Kobrin doesn't see that changing. Having said that, he believes this new world economy is headed for a period of turmoil and uncertainty. Some reasons why:

Many kinds of "goods" are sold via the Internet – from a very tangible L.L. Bean field coat to a collection of songs that is downloaded and paid for with electronic cash. Given this new trend towards digital products and markets, Kobrin sees tax collection becoming more difficult. "It's not clear to me how any country can collect sales or value-added tax on transactions that are information for information. There are very real enforcement problems and a conceptual question of what jurisdiction means in cyberspace. I also wonder what corporate taxes will mean in a world where corporate headquarters could be a couple of servers that are very mobile," he says.

Regulation and taxation have historically been based on jurisdiction – where a product is sold or a firm is based. Kobrin predicts that as geographically defined national markets become less relevant, their regulatory and taxing powers will erode. In the long run, international coordination will become necessary, though Kobrin believes nations will resist this for as long as they can. The result: increasing discord between existing governmental institutions and the global economy. "Geographic jurisdiction doesn't map onto cyberspace. And until we manage to square that circle we are going to have a problem with governance: who taxes or regulates and how they do so."

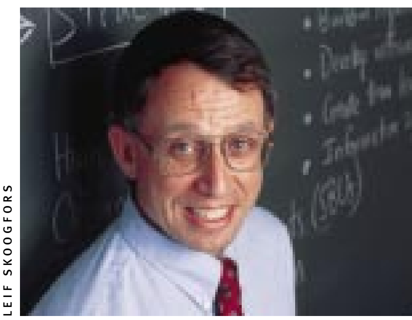
Kobrin worries about the viability of democracy in this new global environment. Democracies require meaningful participation by citizens and a degree of control over the processes that affect people's lives, Kobrin observes. But as localities and nation/states lose a degree of control of their economies, he questions whether these democratic processes will become challenging. He believes the world will ultimately move toward international organizations having more authority and power, but is uneasy about the difficulties of exercising democratic control over such organizations. "And as the scale increases, it's harder and harder to have democratic participation," he says.

Kobrin also has misgivings about the inequalities that have emerged with globalization and the information revolution. "Twenty years ago a poor country could build shoe factories and enter the world economy," he says. "Now you need to have infrastructure, educational systems and the wiring that lets you participate in a digital world economy. Is a world with inequality sustainable? I don't think so. Social instability is a virus that is easily transmitted across national borders."

KOBRIN

For managers, cross-cultural skills and an understanding of the global context of business will become increasingly vital. As they find themselves working together either physically or virtually, managers will need the ability to deftly interact with others from dissimilar backgrounds and who speak different languages. More and more of today's business problems require international solutions, Kobrin says. And cross-cultural differences are a barrier to such solutions. ◆

Michael Useem: The Challenges of Communicating Your Vision to a Global Audience



LEIF SKOOGFORS

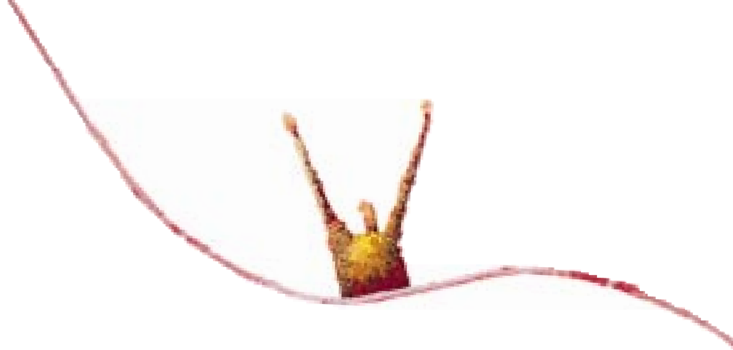
USEEM

An increasingly worldwide capital market means investment dollars are progressively moving beyond domestic markets, Michael Useem, professor of management and director of the Center for Leadership and Change Management, points out. As recently as 1995, most investors allocated the bulk of their assets within their home nation. But this is changing. For corporate leaders, then, Useem sees a slew of new challenges as they grapple with the reality of communicating strategy and vision to a tough-minded international investment community. "It's no longer the cozy club in New York and a few other financial centers," he says. "Whether you are an American or Chinese company, you have to convince investors worldwide that your business model is a winning one and that you will deliver the financial results."

So the fundamentals of leadership must change. Historically, executives have focused on leading those who report to them, something Useem calls "leading down." Today, however, "leading up" is also becoming the norm. "Leading up means that you have to be an effective leader with those who are ultimately your bosses: the investors. You always have had to have skills for leading downward inside the company, but now you have to add a capacity for leading up and outside the company too," Useem says.

"Company executives now need an ability to present the company's strategy to a constitutionally skeptical audience, and for this to occur several

continued on following page



classic virtues of downward leadership should also be in evidence, including accuracy, credibility and integrity," Useem adds. What does he suggest? "To build these capabilities, there's no substitute for regular dialogue with investors through road shows, executive visits to money managers and investor visits to the company."

Another key leadership challenge relates to the growing trend of outsourcing the management of internal operating functions – from information systems and human resources to food service and property management. Useem describes the resulting necessary skills as "lateral leadership:" managers must negotiate sourcing contracts and ensure the performance of outside vendors without having authority over them. "The manager has to guarantee that the outsourced services are delivered to the people inside the company, but the manager can't tell the providers what to do because they don't work for him or her," Useem says. To lead laterally without authority requires managers to develop an ability to think strategically, govern partnerships, and foster change.

But what Useem calls "the incredible shrinkage of time" is likely one of the most critical career issues facing most managers. Customer response and product development times continue to dwindle, loading ever-greater pressures on managers' backs. Toyota, for instance, last year announced it would produce made-to-order cars within five days.

What does Useem suggest to managers looking for ways to make themselves more adept at "leading with speed?" First, there's no place today for technophobia. "There isn't anything out there that is rocket science," he says. Second, Useem suggests attacking – rather than avoiding – projects with demanding deadlines. With practice, people can learn to think and work faster. "You have to do it repeatedly to get comfortable with it. You may be reluctant to try new technology or to put yourself in time-driven situations you've never faced before, but self development requires those experiences." The ability to drive a fast-moving organization and to move quickly and with agility, he says, will be an essential skill. ◆

Peter Cappelli and the New Realities of Employee and Employer

Like many areas of business today, employment is controversial, rapidly changing and promises many new pitches and swells, says Peter Cappelli, the George W. Taylor Professor of Entrepreneurial Studies and author of the book, *The New Deal at Work: Managing the Market-Driven Workforce*. The employee/employer relationship has undergone a fundamental change in recent years: long-term commitment and promoting from within have gone the way of the black and white television. Today, companies struggle to retain their most valuable employees in a tight labor market. Many mid-level managers and long-time employees, meanwhile, find themselves caught in a strange, new and largely insecure employment world.

Cappelli believes performance management will become a critical issue as companies increasingly recognize the vast differences in employee performance and continue to move toward incentive-based compensation. "Companies have to find ways to measure employees accurately, and that's a real challenge because while they may have a gut feeling that performance differs radically among employees, it's not an easy thing to measure," Cappelli says.

The bigger issue? Traditional internal equity issues are exploding. In the short term, highly productive employees have major advantages. And in the long run, as companies are better able to document employee productivity, employment terms and conditions will differ vastly. "Ultimately, this issue will drive the organizational structure of firms as they begin considering key questions of intellectual capital," Cappelli says. Companies are already moving in this direction, in some cases offering access to equity based on productivity.

As increasing numbers of star employees flee traditional corporate roles for high-flying IPOs and dot-coms, some companies are creating subsidiaries that, in a sense, give employees some of the perks that come with participating in a start-up. "Existing companies are going to have to find a way to respond to this because their intellectual capital is just going to walk out the door," Cappelli says. "It used to be that you could always walk out the door, but you couldn't do outside what you could do inside of a company. I could leave with an idea but I could never make it happen. Now, that's not the case."

Which employees will fare best in this workplace of the future? Those with specific skills that easily translate across the organization, Cappelli says. Generalists, people whose performance is difficult to measure, and employees who appear wedded to bureaucracy will have more difficulty. "As bureaucracies get leaner and leaner, the skills needed to manage those bureaucracies become less and less valuable," he says. Overall, inequality between employees will rise. "It's not so much education as it is skills that are in demand, and that will drive how employees are compensated and valued within organizations," Cappelli says. ◆

PETER OLSON

CAPPELLI

ANTHONY B. WOOD

MACMILLAN

Ian MacMillan: the Necessity of Entrepreneurial Transformation

Five-year plans have given way to five-month product cycles. Forecasting has been replaced by anticipation and positioning. Uncertainty is the norm. These are the new realities of business today, and the pace is only going to get more harried, says Ian MacMillan, professor of management and director of Wharton's Sol C. Snider Entrepreneurial Research Center.

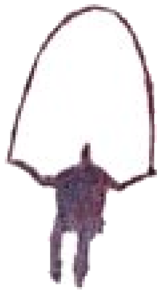
The dynamics of the new economy mean established businesses now face the same time pressures and ambiguity that have long characterized entrepreneurial businesses, MacMillan explains. "As competitive barriers come down and the velocity of technology change increases, the window of opportunity to extract profits is increasingly shortened. This wreaks havoc with traditional planning financial models because not only do you have a brief period to enjoy profits, but the demands of continually launching new businesses consumes even more of the profits derived from this short window," he says.

In order to prosper and survive these heightened challenges, a new strategic approach that follows the logic of entrepreneurial discovery will become necessary for all businesses, says MacMillan, who is co-authoring a book on the issue. This new managerial mindset draws on the skills of "habitual entrepreneurs" – people who have founded multiple successful businesses.

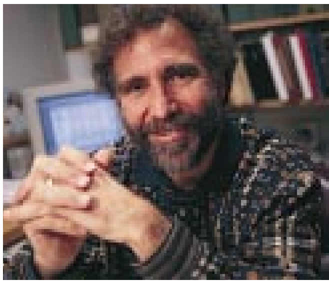
What can businesses of all sorts learn from habitual entrepreneurs? MacMillan cites three major characteristics his research has shown to be particularly vital. First, habitual entrepreneurs constantly look for and inventory high-potential new business opportunities, as well as new models for doing business. They often don't immediately pursue them, instead positioning themselves to act when the time is ripe. The second key behavior is a ruthlessness about time management. Habitual entrepreneurs, no matter how wealthy or influential, are spartan about how they focus their time and attention. "They have learned not to take on too much, not to squander money, and not to focus on anything but the most attractive opportunities that emerge from their register of opportunities," says MacMillan. Finally, habitual entrepreneurs execute rather than analyze, but execute adaptively. They revisit, question and probe opportunities and are fearless about taking action even in the face of uncertainty. But, they always maintain their ability to quickly change course.

"In conditions of uncertainty, truly effective managers create an entrepreneurial mindset among their entire workforce," MacMillan says. "They work to build a huge sensory mechanism where all members of the firm feel the right and obligation to spot opportunities to change the business model, then help poise the organization to quickly seize opportunities with the expectation that the competition will rapidly follow," MacMillan says. ◆

"As competitive barriers come down and the velocity of technology change increases, the window of opportunity to extract profits is increasingly shortened."



David Reibstein: Marketing, E-commerce and "Sticky" Sites



DAVID DEBALKO

REIBSTEIN

Like traditional retailing, e-commerce is increasingly about product differentiation and niche marketing, predicts David Reibstein, the William Stewart Woodside Professor and author of e-commerce-related studies and book chapters. And while retailers have typically served a regional customer base, e-commerce has globalized retail markets, a reality that has brought higher prices for products in short supply. What was once sold to neighbors at a garage sale, for instance, is now sold on eBay at a much higher price, Reibstein observes.

Another interesting Internet trend to watch: e-commerce has turned traditional supply-chain issues upside down. Supply chain processes historically include layers of businesses: companies provide materials to manufacturers, which assemble then sell complete products to distributors, who sell to consumers. Thanks to e-commerce, many manufacturers are cutting out the middleman and selling directly to the customer online, while others, concerned what this leapfrogging will do to longstanding vendor relationships, are not. A major consumer products company, for instance, decided not to sell contact lenses on-line despite the obvious potential for profit. Why? It would disrupt the company's

continued on following page

relationship with optometrists, who write brand-specific prescriptions and often sell contact lenses themselves.

"Without any question, more and more companies are going to be leapfrogging some of their supply chain but still trying to maintain some of these relationships in other ways," Reibstein says.

Beyond supply chain issues, most e-businesses are in a ferment over what makes an e-commerce site "sticky," or able to draw repeat traffic. Reibstein says accurate product representation, particularly when it comes to gift buying, is even more important than pricing. It's also vital to deliver what you promise when it comes to shipping and other services. Merchant tactics also make a difference. Most effective, according to Reibstein, are product search tools and express ordering. These convenience-related features are more important to the average buyer than offering featured sale items, discounted shipping and on-line coupons.

In their quest for return e-shoppers, Reibstein suggests companies not focus their energies on gimmicks such as product giveaways and deep discounts because marketing research has shown that "deal prone" customers aren't generally loyal. "They jump from deal to deal and brand to brand," Reibstein says. "People who go to a site because of its low price are easily lured away to other sites. So we can't lose sight of that reality in this new world of e-commerce."

Reibstein observes that while almost half of total e-commerce revenue for the first quarter of 1999 was generated from first-time buyers, repeat buyers generated nearly 75 percent higher growth. Companies who can keep customers coming back are likely to be those who "deliver at a level that the customer wants and monitor how well they are doing," Reibstein concludes. ◆

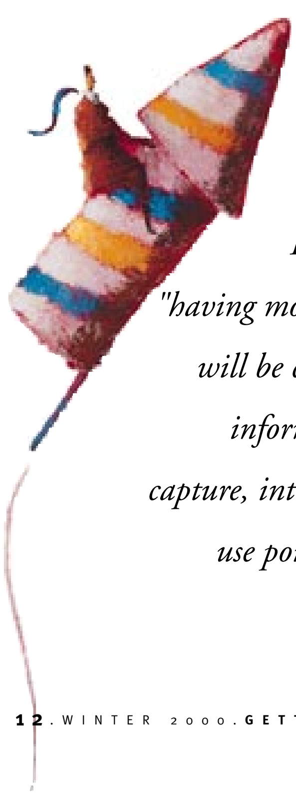
Marshall Fisher on the Imperative of Rocket Science Retailing and Barbara Kahn on the Benefits of Variety

Once upon a time, local retailers knew their customers' purchase patterns because, simply put, they knew their customers. Flexible local suppliers meant merchants were able to get what they needed when they needed it. But a massive consolidation of local and regional stores has meant an end to these personal relationships. And as more and more wares are purchased in Asia and other remote corners of the world, retailers have increasingly found themselves constrained to rapidly respond to changing customer interests. The result: a constant and costly struggle to match supply with demand.

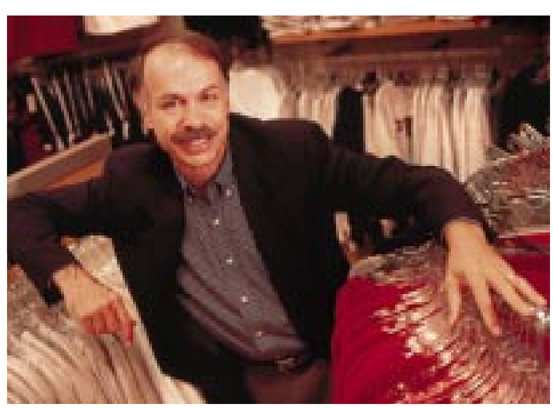
Marshall Fisher, professor of operations and information management and co-director of the Fishman-Davidson Center for Service and Operations Management, recently co-authored a multi-year study of 30 well-known retailers that examined how merchants are handling these challenges. The study, co-authored with Harvard's Ananth Raman and Wharton research associate Anna Sheen McClelland, and to be published in an upcoming issue of the *Harvard Business Review*, found widely disparate results in retailers' ability to accurately predict inventory needs.

"There are three ways retailers try to predict inventory needs," Fisher says. "One, to have lots of inventory on hand, which is easy but expensive. A second but tougher way is to actually accurately predict what people want. Another is to very quickly replace the goods you have sold. Most companies blend these three: some are very quick but don't predict well. All too many have a lot of inventory. Most just don't do a very good job managing these issues," Fisher says. In addition, many retailers are able to capture reams of electronic sales data, but most have yet to figure out how to use these data to more accurately gauge inventory needs.

And Fisher believes the competitive environment is only going to get tougher for retailers. Specialty stores will likely continue to batter their somewhat

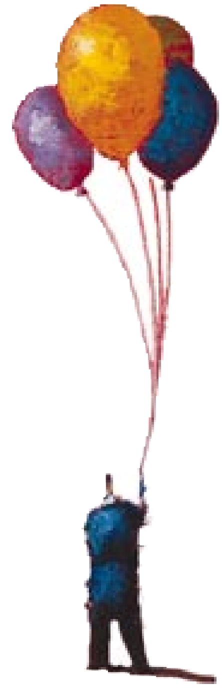


Exploiting speed and "having more of the right stuff" will be critical, as will using information technology to capture, interpret and effectively use point-of-purchase data.



DAVID DEBALKO

FISHER



calcified department store counterparts. Exploiting speed and "having more of the right stuff" will be critical, he says, as will using information technology to capture, interpret and effectively use point-of-purchase data.

How can retailers do this? Fisher and his co-authors propose the retail industry learn from the world of investment management, which in the late 1960s and 1970s, went through a transformation that culminated in the "rocket science" movement on Wall Street. Mathematicians and engineers were employed to create a more scientific approach to investing by developing program trading systems that went on to become the norm. "There's much retailers can borrow from this movement, including using transaction data to predict future demand, benefiting from more sophisticated ways to measure and manage risk and creating organizations that blend scientific approaches with traditional ones that rely on human judgement," Fisher says.

Specifically, Fisher suggests that retailers begin to measure stockouts, the resulting lost sales and gross margins, markdowns, inventory carrying costs, as well as customer satisfaction and employee morale. Also, retailers must work to blend new IT based systems with the knowledge and experience of existing managers. Today, in their haste to implement new inventory tracking systems, many retailers find themselves caught between old and new processes and have seen store performance decline as a result. "Retailers need a system that blends their merchants' knowledge with the computational efficiency of computers," Fisher says.

Retailers should also use early sales to guide replenishment, Fisher suggests. In practice, this process is not as simple as it sounds: it's important to know not just how much of a product was sold, but the conditions under which it was sold, including price and inventory availability. It's also critical, Fisher believes, for merchandising executives and MIS staff to improve their historically tense relationship. Without cooperation from both sides, retailing businesses are less likely to move toward a more scientific operating model.

Ultimately, given the competitive realities facing them, retailers will have to find a way to implement rocket-science retailing, Fisher says. "But it's not clear when, or how quickly, this transformation will occur."

"It's this notion of understanding people's need for individual attention and for having something different in their lives, then trying to create that perceived variety."

ANTHONY B. WOOD

KAHN

The Internet allows marketers to track customer interests, preferences and search behaviors in entirely new ways. At some point, says Barbara Kahn, the Dorothy Silberberg Professor, this will lead to increased microcustomization or "high-variety" strategy, a research area Kahn specializes in. Microcustomization creates products tailored to individual customers so that "over time you're building a relationship with that customer and really giving them what they want and need. And this is what the future holds: we record your data, we know what you want, we can create a customized product for you," she says.

What about today? Customization and variety are still key, though for businesses, lots of variety means lots of inventory – an expensive and often risky prospect. Still, there are opportunities. Kahn's recent research explores ways for businesses to offer greater variety without simultaneously breaking the bank. One way: standardize a product's components but customize its configuration. This strategy keeps costs down by using many of the same pieces in combination with other customized ones. Automakers rely heavily on this strategy, offering customers made-to-order options such as air conditioning and leather seats, while most other features remain virtually the same.

Brick and mortar retailers, meanwhile, can create an illusion of newness by simply rearranging existing inventory. "One of the things that brings people into a store is perceived variety, assortment, stimulation and excitement," Kahn says. And customer perceptions are key. "I've talked to financial services people who say that many people are genuinely pleased just to *feel* that you're giving them a customized financial services package even if it's essentially standardized," Kahn adds. "It's this notion of understanding people's need for individual attention and for having something different in their lives, then trying to create that perceived variety." ◆ NANCY MOFFITT

HAVE SPOUSE, Will Travel

MAINTAINING A HOME LIFE WHEN YOU'RE NOT AT HOME: MEET FIVE COUPLES WHO ARE MAKING IT WORK

After four years of managing a relationship and an intense professional travel schedule, strategy consultant Kelly Jirovec had grown accustomed to birthdays and Valentine's days spent on the road, often sans gifts and candlelight.

But this year, she got a surprise. During a business trip in Phoenix, Kelly received a dozen red roses from her husband, Todd, delivered to her hotel. She couldn't stand the thought of leaving them behind for her flight home to Dallas, so she carried her bouquet, vase and all, onto the airplane. "I noticed that people seem to be especially nice to you when you're carrying flowers," she says, laughing.

Jokes aside, Kelly, who is married to Todd Jirovec, WG'93, says it's just this kind of spontaneous gesture that helps ease the strain of a growing phenomenon: married couples who also juggle extensive professional travel schedules. Of the almost 44 million business travelers, nearly seven in ten are married, and half of those are raising at least one child at home, according to the Travel Industry Association of America. And more people than ever are traveling professionally: business travel has increased 14 percent since 1994, with frequent business travelers away from home an average 3.1 days per trip.

The Jirovecs, married for a year and a half of their four years together, both travel professionally, though Todd's work as a senior manager for Deloitte Consulting keeps him on a plane and away from home three to four days a week. The first nine months of their marriage, in fact, the couple lived apart, with Kelly, 26, in Boston and Todd, 34, in Houston, though they are now both based in Dallas.

"kelly will sometimes surprise me by sending a drink to my room late at night," todd says "and i've sent her a lot of virtual bouquets and cards. It's the little things that help ease the stress"

"The fact that we've always done it, I think, makes it easier," says Kelly, a consultant with Boston Consulting Group. But like most couples dealing with regular and prolonged absences, the Jirovec's have had their share of misunderstandings, especially early on.

Expectations for time spent together is a major issue cited by most of the couples interviewed for this story. One partner might prefer silently crashing in front of the television, while the other wants to talk about world events over a sit-down dinner. In the Jirovec's case, Todd, the quieter of the two, wanted an hour or so to himself to catch up on the week's mail and generally settle into being at home again. Kelly, who is very social, would "be all over him," wanting to talk and reconnect.

"It caused some arguments," says Kelly. "I would feel like I didn't see him for a week and he just wanted to read the mail. But he was wishing I would just give him a minute to himself. I find that when I do give him that time, he comes back and wants to talk. But you only learn those things by going through them."

Through trial and error, the Jirovecs have found other ways to ease the disconnected feeling that comes with spending more time apart than together. A daily telephone call is a key. "We have a rule that we talk every day, no matter where we are and what time it is," Kelly says. "And sometimes, you have to work real hard to make those conversations meaningful. That's not to say every conversation has to be stimulating and intense and that we can't just talk about what happened during our day, but we do try to do more than that when we can."

It's also critical not to let feelings of insecurity creep into the relationship, Kelly says. "It's important to assume that your partner really does want to be with you – that it's circumstances that are behind his absence. You have to believe and trust that the other person is just as frustrated as you are by not being together."

Having realistic expectations is also important. It's normal to feel a little uncomfortable with one another after being apart all week, Todd says. Couples need to understand this and not expect instant chemistry when they find themselves suddenly together again. "We have said that it takes until Saturday afternoon to really feel comfortable together again," Todd says. "If you accept this early on, it takes the pressure off."

Another important lesson the Jirovecs learned: trying to keep up with all of the household maintenance – from lawn care and landscaping to housecleaning – simply adds to already high stress levels. "You just end up dreading the weekend," Kelly says. The couple now contracts these tasks out, accepting the expense as an unavoidable consequence of their busy professional lives. Other suggestions the Jirovecs have found helpful:

- Don't expect to spend every minute of the weekend together. It's important to still have time to yourself and to be able to pursue your own hobbies and interests.
- Even though you're apart, try to connect in small ways. "Kelly will sometimes surprise me by sending a drink to my room late at night," Todd says. "And I've sent her a lot of virtual bouquets and cards. It's the little things that help ease the stress."
- Travel together when you can. Through their work, Todd and Kelly have gone on many trips together, including one to Australia. "We've taken advantage of the fun we can have with this travel," Kelly says.

Long-term, and particularly when they decide to have children, the Jirovecs believe their breakneck pace will have to slow. Realizing that this is a temporary stage in their marriage also helps keep things in perspective. "We both knew there would be tradeoffs, but we are committed to putting us first," says Todd.

the couple says the bottom line to making it work is a willingness to talk things over, be realistic, honest with each other and willing to make sacrifices.

The challenges are even greater for Marty and Esi DeWitt, who juggle Marty's hectic travel schedule as a consultant with Diamond Technology Partners, Esi's medical residency with the Children's Hospital of Philadelphia, and one-year-old baby Miles.

Marty, 34, WG'96, a principal with Chicago-based Diamond, joined the company a year ago after working in Latin America for two years with Bain & Co. He travels "four and one" – four days a week with the client and one day at the office or working from home. Esi, 30, meanwhile, is in her first year of a pediatric residency. Her schedule can be every bit as erratic as Marty's, with overnight duties and many weekends on call. The saving grace for this couple: Esi's parents, who live minutes away from the DeWitt's Wyndmoor, Pa. home and babysit their grandchild much of the time. "It's been a little tough, because Esi works a lot of nights as a resident, and I'm away, and her parents are still working too," Marty says.

The DeWitts, who have been married three years, lived apart for the first two years of their marriage when Marty, 34, was based in Latin America working for Bain and Esi was in medical school in St. Louis. "We tried to talk on the phone as much as possible," Marty says, explaining that the living arrangement meant the couple sometimes didn't see one another for up to two months. During the earliest months of Esi's pregnancy in 1998, Marty was still based in Latin America. He returned to the states about midway through the pregnancy, and the couple moved back to the Philadelphia area in early 1999 for Esi's residency and Marty's position at Diamond.

Their current situation, then, seems a vast improvement to not living together at all, Esi observes. "It's much better than before, but we're still working on it. We make a point to talk about how it's going," she says.

How have the DeWitts managed? Talking about their career expectations prior to getting married helped considerably, the couple says, because there were no surprises after the fact. Marty, also a graduate of Wharton/Penn's Joseph H. Lauder Institute of Management and International Studies, wanted to use his global training and Spanish language skills. Esi, meanwhile, knew she wanted to go to medical school and also understood the life of a consultant having worked as one after graduating from Harvard University with a degree in economics. "I can recall conversations we had even before we were engaged about the importance of each of our careers and what sacrifices would have to be made in order to follow through with our goals," Marty says.

The realization that "all this is temporary" has helped ease the incredible pace and near-constant rate of change, Esi says, adding that it's also important to make an effort to leave work-related stress at the office. "We try to make home a happy place," she says. "And we don't ever take the family for granted."

When they have a free weekend, the DeWitts have learned to strike a balance between family time and couple time. Each weekend they have together, they try to plan a "date," some structured family activity with Miles, and some private time for each of them. With all of this scheduling, it's often not possible to be spontaneous because "we have to plan things out so everyone is getting what they need." Sharing household chores is also important. "For a while, I felt like all my free time was spent running to the grocery store," Esi says. "Now, I have some time to myself when I'm not running errands."

The couple says the bottom line to making it work is a willingness to talk things over, be realistic, honest with each other and willing to make sacrifices. "Be honest with your employer too," says Marty, adding that sometimes that means saying no to working on weekends. Both Marty and Esi agree that their lifestyle will have to change, long-term. Once Esi's residency is completed in two years, the DeWitts will reevaluate their schedules, and hopefully, Esi says, come up with a less hectic solution.

"the kids are a wake-up call"
jeremy says.
"It's a small tragedy not to be there."

Susan and Jeremy Jonas got a bit of a reality check recently when their four-year-old son, Nicholas, started calling the guest room "Daddy's room."

Jeremy, WG'91, a consultant with McKinsey & Co.'s Montreal office, travels between two and four days a week for six month periods, often waking up at 5 a.m. or earlier to head to the airport. "I've just started sleeping in the guest room sometimes so I don't wake Susan up when I leave," he says. Jeremy, 35, has traveled heavily since joining McKinsey six years ago after working as a consultant in Australia and a software developer in Montreal. He consults for industrial companies in the resource and transportation sectors and manages a heavy international travel schedule, including recent trips to Sweden and New Zealand. Susan, also 35, is home full-time with Nicholas and Chloe, 18 months old.

Married for eight years, the couple returned to their native Montreal in 1996. And like most of the couples interviewed for this story, they find it most challenging to live up to one another's sometimes very different expectations for weekends. "Jeremy expects that when he gets home, everything will be handled and he can rest and recharge," says Susan. "And I expect him to be willing to play nanny to the kids and go to museums with me."

Along the way, the couple admits they've made a few mistakes. When Jeremy joined McKinsey in 1993 and began traveling extensively, he would rarely call Susan during the week while he was away. "We started to grow apart. Now, I call every day. It's important – we are able to touch base and talk about what happened during our day."

Through trial and error, both have learned to compromise. A key to limiting conflict, Susan says, is creating a fairly structured schedule for the weekend. While spontaneity suffers, both Susan and Jeremy know what to expect and thus disappointments are avoided. It's also important to schedule "couple time" before you really need it, Jeremy says, and to be creative about how you spend that time. Rather than the usual "dinner and a movie," the couple tries to incorporate a physically active activity into their weekend such as volleyball (they belong to a team) or working out together.

And instead of being relegated to neglected, absentee friendships because of his time-pressured life, Jeremy has again gotten resourceful: he often meets friends for breakfast on weekends, thus saving the bulk of the day for family. When the couple lived far from family and friends while Jeremy was at McKinsey's Cleveland office, Susan actively cultivated friendships with people whose spouses also traveled extensively. This support system of sorts, she says, proved invaluable with Jeremy sometimes gone the entire week.

Getting away is also a key. On a regular basis, the couple retreats to a cottage they own in the country and escape the telephone, bills and other realities of day-to-day life. They also try to take extraordinary vacations, such as a two-week trip to Tuscany and a planned trip to the Olympics in Australia. "You need to generate new memories," Susan says.

Susan and Jeremy hope for a less chaotic schedule long-term. To that end, Jeremy is working toward cultivating more local clients and more aggressively using technologies such as videoconferencing. "The kids are a wake-up call," Jeremy says. "It's a small tragedy not to be there."

As management consultants in the early 1990s, Cliff Porzenheim, W'85, and his wife Michal Clements, W'84, WG'89, once checked in to same Michigan hotel – and didn't even know it. "We practically bumped into one another there, thankfully in time to share a room though we still ended up paying for two," says Cliff. "It was one of those moments when we asked ourselves, 'Are we traveling too much?' "

Porzenheim, today vice president of corporate strategy for GATX Corp. in Chicago, and Michal, a partner at The Cambridge Group's Chicago office, have been married for nearly 15 years and have managed to successfully intertwine travel, marriage and family. It's never been completely painless, however, particularly during a two-year period of living in different

"you have to go into something like this with your eyes wide open" says cliff. "a person can do almost anything if you have a very strong sense of what your goals are."

cities in the early years of their marriage. During that time, Michal was earning her MBA at Wharton while Cliff was working long hours in New York City for Bank of America's investment banking area. The couple only saw one another on weekends, and had to work a bit harder to stay connected. "You don't have the kinds of things that you share over breakfast or while brushing your teeth," Cliff said. "So you have to try to build some of that more mundane, everyday interaction into your time together."

Later, both joined the consulting field – Michal at Booz Allen and the Cambridge Group and Cliff at A.T. Kearney and Boston Consulting Group. Along the way, Cliff and Michal have collected their share of travel war stories, such as one trip when Michal was staying in Nashville while Cliff was in Bowling Green, Kentucky. Cliff decided to make the 60-mile drive to Nashville to have dinner with Michal, then headed back to Kentucky afterward. But his rental car broke down, and he found himself on the side of an interstate late at night in the pouring rain. "At that point, I asked myself again, 'Am I traveling too much? Do I want to live this way?' " says Cliff, laughing. Ultimately, he managed to drive the failing car to a gas station, where it promptly died.

The bottom line in making it work, according to Cliff, is symmetry. "People fight when their expectations aren't aligned," he says. "We never fought about travel because we were in parallel situations – we both worked as consultants and we both traveled. We've both been on either side of the coin, so it's easier to be understanding."

Despite this, Cliff, 36, doesn't dismiss the strain that frequent absences can put on a relationship, particularly when children enter the picture. "It doesn't work in the long-term," he says. "It's somewhat workable but still deficient without kids, but with kids, it all falls apart."

After his son Christopher, 5, was born, Cliff stayed in consulting for two years, but ultimately found the frequent absences too difficult. Today, the couple also has a daughter, Mary Jane, 3, whose arrival was a key reason Cliff decided to leave consulting. "It's what you miss. It's not horrendous and it's probably easier for the kids to deal with than the parents, but I missed a bunch of things I wish I hadn't." Cliff's post at GATX still requires travel about 20 percent of the time, but is a vast improvement over his consulting days. Michal, 36, still travels one or two days a week. A nanny and Cliff's mother, who lives with the couple, help fill the gaps when long hours and travel are necessary.

What do Cliff and Michal recommend, as one of the most seasoned commuter couples interviewed for this story? Again, the answer comes down to symmetry. "You have to go into something like this with your eyes wide open," says Cliff. "A person can do almost anything if you have a very strong sense of what your goals are. It's important not to drift into something like this without understanding how it meets your personal and career goals, and a lot of people do that. You have to talk about it up front."

don't take life too seriously or yourself too seriously. try to consider yourself lucky.

Michal recalls trying to cram too many activities into weekends during their "pre-children" years, since she and Cliff were often apart all week and wanted to make the most of their time together. "The time management thing is huge. If you're exhausted Friday night after traveling all week, you sleep in on Saturday morning and you fly out on Sunday night, you can calculate the hours and see that there aren't a lot there. And when you have kids, you need to be around for them." Prioritizing is a key, she says, because "it's important to have down time together. Physically, you need to unwind and so something has to go."

That "something," Michal has also learned, should also include time consuming household tasks such as laundry and grocery shopping. Michal and Cliff farm out some of their domestic duties and grocery shop on-line so household provisions are delivered and weekends aren't spent running errands. Michal also suggests putting your travel time to good use. She recalls buying Cliff's father's day present at the Pittsburgh Airport one year, and makes a point to go on brief "power shopping" trips during business trips. Another great tool: Cliff and Michal independently bought the other Palm Pilots for Christmas last year and have found organizational stresses are fewer as a result.

"It's important to try to look for the silver lining," Michal says. "We've had some wonderful family vacations to Hawaii and other places using our frequent flier miles."

Bruce Golboro, W'78, can recall many times he felt like a stranger in his own home, particularly when his children were younger. A partner at Arthur Andersen LLP, Golboro has traveled extensively throughout his 20-year career, a pace that's only been heightened recently when his office moved to Washington, D.C. but home and family remained in the Philadelphia suburbs.

Golboro, 43, lives in a hotel much of the week, either in Washington or on the road working with clients. It's a lifestyle he, wife Susan, 42, and their three children have grown accustomed to over the years. "The kids are over the hump at this point and are used to this," Bruce says. continued on page 33

New Century New Leaders

The Wharton Family–Controlled Corporation Program Provides your Family Enterprise with a Competitive Advantage

The Managing Transitions in the Family Enterprise Program is focused on empowering the family enterprise for successful transitions in wealth, leadership, relationships and the corporate entity.

Change brings the need for transitions. Changes in the growth stage of companies, changes in generational ownership and management, changes in market conditions and strategic opportunities, and changes in family goals and financial needs, all create transitions in family enterprises.

The Successor and Senior Generation Workshops provide family business members the opportunity to:

- Learn how to become empowered leaders in their organization
- Think strategically about how to maximize business profitability and family wealth
- Consider strategies for building trust and agreement in the ownership group
- Discover how to create an open dialogue about future options for the family enterprise
- Explore changing roles as leaders of the company and family
- Understand how to manage the relationship transition from parent to business partner
- Explore the range of transition options open to the family ownership group
- Define a vision of family enterprise legacy
- Assess the long–run competitiveness capabilities of the family enterprise
- Develop strategies for long-run professionalized structures

The Successor Generation Workshop

April 5-8, 2000 — **Miami**

Nov. 8-11, 2000 — **Philadelphia**

The Senior Generation Workshop

Oct. 11-13, 2000 — **Philadelphia**

***Would you like more information?* We are happy to discuss your family business and leadership development needs and to provide more detailed program information. Please contact the Wharton Family-Controlled Corporation Program at 215-898-4470 or visit us on the web at http://www.fccp.com**

THE REAL STORY BEHIND THE IT Revolution

Is computer technology a giant black hole that drains corporate resources, demands ever-rising levels of expensive support staff and returns only negligible productivity increases?

Is the Internet driving down corporate profits as companies are forced to drop prices in order to compete in an arena where consumers can easily search for the lowest price?

Do e-commerce and the Internet mean an end to traditional competitive issues?

It's questions like these that have intrigued Lorin Hitt since the days he put himself through college at Brown University writing computer test code and software. Hitt, assistant professor of operations and management, studies the evolution of e-commerce, its influence on corporate performance, and the effect of information technology on productivity, among other trends. And in the largely uncharted waters of the IT revolution, it is information many observers believe can't be disseminated fast enough.

As corporate America's investment in and dependence on computer technology has mushroomed in recent years, some industry experts have called its value into question. A simple but provocative study by Morgan Stanley's chief economist Steven Roach first drew attention to this so-called "productivity paradox" in 1987, arguing that the tremendous increase in computerization has in fact had little effect on economic performance. Hitt, somewhat skeptical of such arguments, began searching for answers in the early 1990s.

After earning his bachelor's and master's degrees from Brown, Hitt worked briefly as an engineer, then spent three years as a strategy consultant for Oliver, Wyman & Co. where he focused on quantitative computer-based data analysis for the financial services industry. After growing weary of a near-constant travel schedule, he decided to pursue his PhD at MIT's Sloan School of Management, where his earliest research on IT and productivity began. Hitt joined Wharton in 1996.

What has his research on computers and productivity revealed? Working with Erik Brynjolfsson of MIT, Hitt examined data from 599 firms across a broad spectrum of industries, calculating productivity levels and growth from 1987 to 1994. Hitt and Brynjolfsson estimated the relationship between changes in productivity and changes in computerization and concluded that companies that invested heavily in computers were in fact more productive than their industry competitors. Further, these returns were two to five times greater over a seven year, versus one year, period. "Our results suggested that computers increase productivity both directly and by making new types of work structures possible over time," Hitt says.

But despite this overall positive trend, Hitt's research found huge variations across organizations: some spend aggressively on IT with great success, while others realize little benefit. What explains these differences? Hitt found that companies that combine decentralized decision-making processes, training, investment in employees, and customer-focused strategies are more productive technology users. Such companies, he notes, have many of the characteristics of "new organizations," a buzzword coined by management guru Peter Drucker to describe a less hierarchical corporate structure.

The bottom line: firms that couple IT investments with work practices that leverage the skills and education of their employees are about 5 percent more productive than those that don't. "Over the next

Wharton's Lorin Hitt Studies the Impact and Implications of the Computer Age

DAVID LETENDRE

decade, these decentralized and empowered organizations may begin to pull away from their industrial age counterparts … as they are better able to exploit increasingly inexpensive information technology," Hitt says. "These results suggest that it is becoming more important to organize in ways that leverage the value of IT." He warns, however, that companies should never assume that productivity gains are but a new computer system away. In fact, simply plugging in new technologies without simultaneous organizational change can actually have the opposite effect.

Researchers at MIT, for instance, studied one major consumer products company that spent millions on computerized flexible manufacturing technology to boost productivity at an underperforming plant. The new system replaced a traditional production line with individual manufacturing cells designed to allow employee teams to work on many different products with very little set-up time. But after the new equipment was in place, productivity actually fell. Workers, it seemed, were uncomfortable with the change and quickly learned to set the new system to replicate their old production methods.

Facing this unexpected paradox, the company was forced to re-examine its processes. Officials ultimately overhauled production incentives, paying employees based on team output rather than individual piece rates. Workers were also sent to training for basic problem solving and other "softer" skills and were given more authority to set their own production schedules and expectations. Over time, the plant become one of the company's most productive, Hitt says.

"Until very recently, the classic way of thinking about technology was that you put it in, and you get cost savings. Companies thought 'I'll put a new machine in, and I'll be able to get by with fewer operators and tenders.' Or, 'I'll automate my branch so I'm going to have fewer tellers.' That's the old story. It turns out that staff reduction is one possible strategy, but you don't get all the benefits you would get if you stepped back and decided to redesign the way your organization works," Hitt says. Why do so many companies remain wedded to a traditional, hierarchical structure? A plausible reason, Hitt says, is that major organizational changes are time consuming, risky, and costly. In many cases, they require throwing out practices that have been successful for decades in favor of relatively unknown, radically different ones.

But Hitt suggests companies reconsider their view of such change. Instead of warily regarding it as a cost, firms should adopt the view that major organizational change is a necessary long-term investment in a new asset.

e-commerce: What's it all about?

What about e-commerce and its effect on corporate profits? Are companies' profits threatened by customers' ability to search online for the lowest possible price? Another study co-authored by Hitt provides some surprising answers to these questions. In the study "The Nature of Competition in the Electronic Markets: An Empirical Investigation of Online Travel Agent Offerings," Hitt, Wharton's Eric Clemons and Carnegie Mellon's Il-Horn Hann examined the growing concern that customers' unlimited ability to search for the lowest possible price will diminish profits as prices converge. The researchers studied one of the fastest growing and most competitive online markets: the online travel agency industry, in which consumers are able to search for airfare deals and bid on unsold tickets in online auctions.

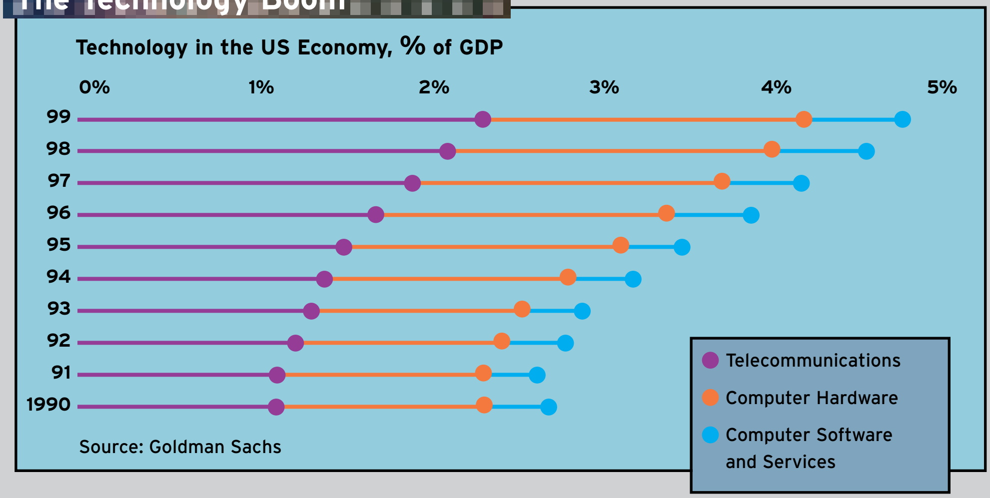
Hitt and his colleagues found that despite these new competitive realities, prices varied by as much as 25 percent for the same airline ticket. "Thus, we found no evidence that prices have converged in this market," Hitt says. Why the marked difference in prices? While it's often argued that consumer search costs disappear on the Internet, Hitt's study suggests that they are simply replaced with other transaction costs: the time it takes to sign up for an online agent, learn a new interface and enter flight preferences into multiple online sites. Faced with these tasks, most consumers choose not to spend the time necessary to find the entire range of market data. And online travel agents are still able to offer vastly different ticket prices without being put out of business by their rivals.

Another interesting finding: online travel agents sometimes use complicated web site designs to stall customers in their quest for the lowest possible price. A very complex interface design may be coupled with lower ticket prices under the assumption that a more computer-savvy customer will search harder for the best bargain. A very user-friendly interface, meanwhile, may be paired with high-priced tickets. The study also found that online travel agents tend to target specific types of travelers, thus differentiating their product.

What does this research tell us about e-commerce in general? A key finding is that many tried-and-true competitive strategies, such as product differentiation, still apply. Hitt's research also suggests that the Internet is far from a perfect competitive market. Customers may be willing to seek out different web sites in search of the best price, but they also seem to expect much faster results online. Hitt acknowledges that the Internet has brought many changes such as lightning-fast cycle times, an abundance of customer data and the ability for customers to interact with one another. But many business fundamentals have not changed.

"Consumers are willing to drive to another store to check a price, even if it takes another 30 minutes," Hitt says. "But no one is willing to sit and wait 30 minutes online to check a price. Preferences have changed in ways that some of the advantages of online channels have been dissipated because consumer expectations are that they will get faster, better service. So companies that will have long-term success are those that can play the old-style competitive games that have worked in the past: differentiating your product, locking in customers. All the things that mattered in the old economy matter in the new economy, they just look a little different."

The Technology Boom



"Today, Internet users are seen as a desirable group of high-income people with technical skills. But this is changing."

The Real Benefits of PC Banking

The financial services industry, particularly retail banking, has expanded its embrace of computer technologies for the perceived cost-savings that electronic distribution can offer. Today, most banks offer a variety of online products that allow customers to check account balances online, perform transfers, withdrawals, and pay bills. Banks hope such options will save them money, cutting down on face-to-face transactions between customer and teller. And some studies have borne this out: research by management consulting firm Booz-Allen & Hamilton, for instance, reported that the marginal cost of an online banking transaction is four cents, versus $1.44 for a teller-based transaction.

But Hitt's research indicates otherwise. "Online banking in the 1980s was a miserable failure because there wasn't an Internet and modems were expensive. Now the technology is cheap, and many banks have pursued the idea of offering online banking in order to cut costs," he says. "But it's not as simple as it sounds. We've found that, in its present incarnation, it's very difficult for banks to realize these cost savings, especially when such a small number of customers are using these technologies." Why? A study authored by Hitt and Harvard's Frances X. Frei found that online banking offerings are largely the same, making it difficult for banks to stand out from the crowd. Savings are further eroded by the high cost of creating and supporting the infrastructure.

But in spite of this somewhat grim outlook on cost savings, Hitt's research reveals other clear advantages to online banking which, to date, banks have largely not exploited. In their study, Hitt and Frei worked with seven banks with assets from $30 billion to $200 billion. The research looked at PC banking as an example of recent IT investment decisions, examining initial and ongoing costs, project timelines, reasons for the investment, and outcomes. Hitt and Frei also collected a large sample of customer records that shed light on demographic and product usage differences between customers who use PC banking and those who do not.

Their findings? While at present it has drawn only about a three-percent customer base, online banking was found to be disproportionately attractive to high-profit customers. Hitt and Frei found that customers who use PC banking are consistently wealthier, more likely to be married and own a home, and are two to six years younger than those who do not. They also tend to use more banking products and have larger asset balances. Thus, PC banking's primary value may be as a tool to retain a small but growing segment of high-profit customers.

Knowing this, banks have some new opportunities. Rather than focusing on the perceived cost savings of PC banking, "a bank could design products for this segment, create promotions and other things that are intended to target this particular group. All the while, they have a delivery channel for launching it," Hitt says. A small number of banks have already begun moving in this direction, he says.

Hitt believes the banking industry's experience with online banking portends a larger trend: like many e-commerce ventures, PC banking's profitability will likely decline long-term as more and more people own computers, gravitate online and the Internet population begins to reflect the overall U.S. population. "Today, Internet users are seen as a desirable group of high-income people with technical skills. But this is changing, and that's going to have implications for what these businesses are going to look like five years down the road when they are not serving a nice, profitable demographic slice, but instead are serving everyone," Hitt explains. Who will prevail? Companies that can move quickly to exploit current market forces, as well as those that, long-term, can make the transition to products or delivery systems with broader appeal.

Another general lesson to be learned from the banking industry's forays into online banking: pursuing cost savings via technology is not always the right strategy. "There's little competitive advantage to be gained by spending more on technology and more aggressively cutting staff – these moves are easily copied by competitors. A more promising strategy is to use technology to create value for your customers in new ways and to create new efficiencies by redesigning your organization."

◆ NANCY MOFFITT

Editor's note: Complete versions of several of Hitt's papers can be found at <**http://knowledge.wharton.upenn.edu**>

Modern Art with Mass Appeal:

Joe Thompson, WG'87, and the Rags to Riches Story of MassMOCA

If you call the Massachusettes Museum of Contemporary Art (MassMOCA), hope that you get put on hold. There's no Muzak, information or even classical music, the usual museum standby. And while there's little doubt you'll be perplexed and even entranced by what you hear, you won't know what it is you're actually hearing. Could it be chimes, or a faint, high-pitched gong? What *is* that sound?

"It's a recording of a sound art installation that Berlin artist Christina Kubisch did in our historic clocktower," explains Joseph Thompson, WG'87 and director of MassMOCA, located in the Berkshire Mountains of Western Massachusettes. "She went up into the clocktower and strummed and hammered and stroked the bells, recording

DARING

some 90 separate mini-compositions to computer memory. She then hooked up a series of solar cells to the computer, and the computer picked and combined a short selection of mini-compositions depending on the location and intensity of the sunlight. The bell tower now responds to the weather. When you're on hold, you hear a compilation of those sounds."

Being put on hold at MassMOCA, it would seem, is diagnostic of the larger MassMOCA experience: off-center, daring, provocative, and according to the critics, something to be admired. "I have seen the future, and it's MassMOCA," wrote Lee Rosenbaum, contributing editor of *Art in America* magazine, in a *Wall Street Journal* article.

MassMOCA is the largest center of its kind in the nation, a sprawling complex of 27 renovated, once-abandoned factory buildings – 220,000 square feet of space in all – with a dramatic array of on-loan art including a Rauschenberg that fills a gallery the size of a football field. It is the 13-year creation of Thompson, who stubbornly nurtured the $31.4 million project despite numerous setbacks, including a temporary loss of state funding and asbestos-laden buildings.

Open since last Memorial Day, MassMOCA has drawn 100,000 visitors at this writing, and many would say brought new life to the dusty, struggling river town of North Adams. The national media has largely taken a kind and admiring view of MassMOCA and its rags to riches evolution, as well as Thompson, 41, its feisty leader.

The idea of MassMOCA was conceived by Thomas Krens, then director of the Williams College Museum of Art in Williamstown, Massachusetts, who envisioned the country's largest museum for contemporary art. The original plan seemed simple enough: the state would fund the renovation of the striking but tattered buildings, while major private collectors would provide the art. But in 1988 this plan began to unravel. The Massachusetts economy took a nosedive along with Michael Dukakis' campaign for president, and Krens left to become director of the Guggenheim. Meanwhile, the project's initial partnerships fell through, and the state withdrew its support. Thompson was left "holding the baby," wrote *Time* magazine, adding that he "has proved a shrewd parent." Thompson restructured the highly politicized project from museum to arts center. Over a period of years, he raised millions in private funds, a condition of the state's continued financial support.

"The opportunity was so vast and so rare, so that even when the odds were long it seemed worth the risk and worth the work," Thompson says. "I think there were many times when the rational thing to do would be to quit, but there was never a graceful time to do it. Many people volunteered time. Many people gave money. And I think once you accept people's volunteer efforts and ask for donations, you take on a certain debt. It's not something you can just leave easily or lightly and I always felt that there was an implicit responsibility to turn over every last stone."

Today, this "work in progress," as the staff likes to call it, is promoted as a "supercollider for the arts" because it offers far more than paintings and sculpture: it's a venue for new art of all forms – performance, film, media, visual arts. Recent performances have included a 3-D Philip Glass and Robert Wilson opera and South African artist William Kentridge's work on "Animation and Apartheid." Its huge, light-filled spaces allow for massive works of art,

MassMOCA

off
center

some of which have never been exhibited publicly. Joseph Beuys' enormous sculpture "Lightning with Stag in its Glare," owned by the Philadelphia Museum of Art, has its own room at MassMOCA but is too big to be displayed in Philadelphia.

"It's a vast, open platform," Thompson says. "It's not a place that just shows finished work. We emphasize the making—our rehearsals are open to the public, and when a gallery is being refit by a visiting artist, the construction and fabrication process is very much available. I think that by showing in a very straight-forward way the continuum between conception, making, and presentation, the work just becomes more accessible. Contemporary art is challenging stuff – it has a way of swirling around in its own little closed universe, and this makes it more open. You can see work, and I think this metaphor for work is not a bad one for us," he says, referring to the site's 120-year history as a factory.

An important part of MassMOCA's mission and another key reason for Thompson's grit in bringing the project to life is the related economic redevelopment of North Adams, the struggling, blue-collar river town where the museum is housed. Long considered the poor stepsister to neighboring Berkshire hamlets such as Williamstown and Stockbridge, North Adams in the mid 1990s had about 25 percent unemployment, an abysmal real estate market, and a 70 percent retail vacancy rate, says Thomson. Today, 70 percent of the storefronts are full, and unemployment is down to about 5 percent.

"There's still room for improvement, but the catalytic effect has begun," he says. "There's a feeling of optimism now. There's often a lot of talk about community engagement by the arts and a lot of grantsmanship language that goes into how certain institutions can affect people's lives. But here it seemed like it could be real – real in the sense that the scale of the project in relationship to the scale of the town was of sufficient magnitude that it could play a redefining role."

MassMOCA occupies about one third of North Adams' business district, and Thompson believes the town's site amid a constellation of top-notch cultural institutions – Tanglewood Music Festival, the Norman Rockwell Museum, the Williamstown Theater Festival – will bring an art-hungry crowd. And in an interesting blurring of the lines between commercial and non-profit, MassMOCA has also brought new commerce to North Adams. Thompson saw the potential in the site's overabundance of space and decided to supplement operating expenses by renting office space to commercial tenants. To date, a Hollywood special effects company, several e-commerce companies, a local newspaper, and a web-publishing company have rented space in the fiber-optic wired, renovated buildings.

Thompson admits he never imagined his career evolving the way it has. Born in a small farming community in Oklahoma to a family of bankers, he assumed he would follow the family way. He went to Williams College and studied business, but a trip to Vienna stopped him in his tracks. He returned to Williams with a new passion for art and museums, and changed his major to art history his senior year. After graduating, Thompson took a job at the Williams College Museum of Art during its expansion continued on page 33

provocative

Knowledge@Wharton is an online business publication presenting business news, analysis and research to corporate executives, entrepreneurs, policy makers and academics. Beginning with this issue, the *Wharton Alumni Magazine* will run selected excerpts from Knowledge@Wharton. For complete versions of these and other articles, visit this free site at **http://knowledge.wharton.upenn.edu**

The Green Thumb Behind Garden.com

When Clifford Sharples and two partners created Garden.com in 1995, few people were talking about business-to-consumer electronic commerce. Sharples and his co-founders, all recent business school graduates, chose the gardening industry because it was large, highly fragmented, and information was the key to the consumer's experience. They not only had to create an interactive web site but also a national distribution network to move plants from the fields to customers' doorsteps. Sharples, now one of the successful "senior" executives of e-commerce, discussed the

strategy behind Garden.com during a recent board meeting of Wharton's SEI Center for Advanced Studies in Management, whose theme was "The Challenge of Leadership in the Global Information Age."

"Be Yourself. Be Your Own Brand."

Since taking the steering wheel at Ford nine months ago, CEO Jacques Nasser has launched a revolution at the 96-year-old auto giant. Ford is now the world's most profitable car company with $5.9 billion in net income, and some observers believe it could overtake General Motors as the world's No. 1 car company by 2001. Enormous changes in the auto industry have been fueled by the emergence of the Internet. "Cyber business is going to become part of everything we touch," says Nasser, who recently spoke before a group of Wharton students. During times of such wrenching change, companies need insightful leadership. According to Nasser, the key to cultivating leadership lies in recognizing leadership and using them to make a difference. "Be yourself," says Nasser. "Be your own brand."

MCI WorldCom Sprint: Good Connection or Static on the Line?

If approved by federal regulators, the proposed $115-billion acquisition of Sprint by MCI WorldCom would be the biggest corporate combination in history. It would give the new company, to be called WorldCom, a market value of some $200 billion, which is larger than that of AT&T. It would also significantly alter the hotly competitive telecommunications landscape. To assess the potential impact of the proposed acquisition, Knowledge@ Wharton spoke with two telecom experts: Gerald Faulhaber, professor of public policy and management at Wharton and a former manager at Bell Labs and AT&T, and G. Anandalingam, professor of information management at Wharton and National Center Professor of Systems Engineering at Penn's School of Engineering and Applied Science.

3 Pieces of Advice for Women Seeking Venture Capital: Network, Network, Network

The economy is booming, you've got a great idea for a new high-tech company, and you know that venture money is falling off the trees like autumn leaves. How do you get it? If the 'you' is a 'she', does that hurt your chances for success? A panel of five women – three entrepreneurs and two venture capitalists – shared experiences and advice at the 1999 Wharton Women in Business Conference. To summarize: crank up those credit cards, network like crazy and yes, women tend to be smaller than men, but that doesn't mean they can't make a big splash.

A Blueprint to Save Cities

Philadelphia Mayor Ed Rendell is widely credited with rescuing his home town from the brink of bankruptcy and reminding people just how vibrant a downtown area can be. The Philadelphia experience offers lessons to cities around the world that confront the challenge of renewal and development. But even Rendell is quick to note the huge problems that still exist in Philadelphia and other metropolitan areas, from the large number of low-income residents excluded from economic prosperity to the need for creative ways to keep businesses from relocating to the suburbs. Call it Le Bec Fin vs. McDonald's.

Leveraging Differences in an Increasingly Borderless World

As the world continues to shrink and the global marketplace grows, corporations increasingly look beyond their home countries for best practices. Executives are less concerned about where the ideas for improvements originate than they are about how to adapt a particular best practice to their unique corporate culture. Given the dominance American firms have had in the marketplace over the past decade (indeed, over the past half century), one might think that companies throughout the world would be eager to adopt the American model of corporate governance as unquestionably the best practice paradigm. Mauro F. Guillen, assistant professor of management at the Wharton School has found, however, that this is not the case. In fact, the opposite seems to be true, as he reports in a recent paper, "Corporate Governance and Globalization: Arguments and Evidence Against Convergence."

India: Going for Growth

On the eve of the new millennium, India appears to be poised for phenomenal growth. A strong education system, policy reforms and well-defined governmental checks and balances make the world's most populous democracy a promising place for overseas investors. Nonetheless, to date India has not been the darling of the foreign investment world. Several speakers and panelists at the annual Wharton India Economic Forum held in Philadelphia on December 3, discussed the current situation and addressed both challenges and potential opportunities.

"Perception is a large part of it," said Joseph Sutton, vice chairman of Enron, opening the conference as the morning keynote speaker. Enron, a leading electricity, natural gas and communications company, has invested nearly $3 billion in India, most notably in the Dabhol Power Project. Dabhol brings power and gas to an area on the west coast of India and is the largest infrastructure financing project ever done in the country. Phase One is now in commercial operation, and Phase Two financially closed this past year and is scheduled for operation by the end of 2002.

Sutton was bullish on India's prospects, but urged the country's government to continue the process of reform.

Risk Management: Adding Information to Intuition

Remember the S&L (savings & loan) crisis that necessitated a multi-billion-dollar taxpayer bailout? How about the near-meltdown of the Long Term Capital Management hedge fund? Or Caldor, Bradlees, and other retailers that filed for bankruptcy? The financial, retail and other markets are littered with the carcasses of failed firms, large and not-so-large companies that took big risks in search of big returns and flopped. But did they have to go under?

"There is always a tradeoff between risk levels and expected rewards," says John Hershey, professor of operations and information management at Wharton. "Today we are seeing more firms moving beyond risk assessment, into risk management. But in a high stakes, fast-moving environment, simple calculations are no longer possible. Instead, sophisticated analyses are needed to quantify risk before it can be mitigated."

In November, Hershey and two colleagues – deputy vice dean of Wharton's MBA Program Anjani Jain, and Ziv Katalan, professor of operations and information management – gave a three-day executive education program on Decision Models for Management.

Doing Well By Doing Good

The role of the business corporation in society has always been controversial. Some would argue that corporations exist solely to enhance the wealth of the shareholders and that they should not engage in any activity that does not directly add to the firm's bottom line. Others argue that corporations have a far larger role and can put resources to work to solve persistent problems far more effectively than government or nonprofit organizations. Among those who favor the second approach are Thomas W. Dunfee, who teaches business ethics at the Wharton School, and David Hess, a Ph.D. student at Wharton. The two researchers argue in a new paper that exemplary companies can and should go further by utilizing their core competencies to make humanitarian investments directly in needy regions. ◆

Global.Wharton.Connections

All numbers are area code 215.

Address Update

Moving to a new location? Changing jobs?
Notify Alumni Affairs at: 898.8478 phone, 898.2695 fax, e-mail: alumni.affairs@wharton.upenn.edu

Lifelong E-Mail

Lifelong E-Mail address is a single electronic mail address you can use throughout your career, even as you change jobs or open new e-mail accounts in the future. All mail sent to this address will be forwarded to your chosen e-mail address. No information is stored on a Wharton System. To register online for a Lifelong E-Mail address, visit the Alumni Affairs Web site at <https://admin2.wharton.upenn.edu/llemail/>

Career Services

Interested in making a career change or researching other job opportunities in your industry? MBA Career Management offers several ways to assist you. Contact them at 898.4383 or visit their Web page at www.cdp.wharton.upenn.edu

For information on undergraduate alumni career resources, call 898.3208. Web: www.upenn.edu/careerservices

Clubs

Network with alumni in your area and take advantage of opportunities to attend speaker events, seminars and club programs. A complete listing of clubs appears in the Wharton Alumni Magazine. Contacts and a calendar of events can be found on our alumni home page at <www.wharton.upenn.edu/alumni>

Fundraising/Development

Support Wharton's future by making a gift to The Wharton Fund. Get more involved by encouraging your Wharton friends to do the same, or to offer the School marketing support. Call 898.7868 or e-mail The Wharton Fund at waf@wharton.upenn.edu

Those interested in planned giving, call Greg Wolcott, director of gift planning, at 1.800.400.2948 or e-mail: wolcottg@wharton.upenn.edu

Executive Education

Build on your success by checking out courses offered by the Aresty Institute of Executive Education. For information on all programs, call 898.4560. E-mail: execed@wharton.upenn.edu Web: www.wharton.upenn.edu/execed

Admissions

For undergraduate admissions information, call 898.7507 or e-mail: Info@admissions.ugao.upenn.edu or contact our Web site at <www.upenn. edu/admissions>

Children of alumni can get on campus interviews by contacting the Alumni Council at 898.6888.

For MBA admissions information, call 898.3430 or e-mail to mba.admissions@wharton.upenn.edu. Webpage at <www.wharton.upenn.edu/mba>

For PhD admissions information, call 898.4877 or visit the Web page at <www.wharton.upenn.edu/doctoral>

Wharton Admit Network

Get involved in the admissions process and interview prospective students worldwide. Young alumni volunteers should contact MBA admissions at 898.3430.

Library Services

Access the wealth of resources that Lippincott Library provides for alumni. Check out the Library's homepage at www.library.upenn.edu/lippincott or contact the circulation department at 898.7566.

University Bookstore

Wharton is everywhere – on pens, sweatshirts, T-shirts, key rings and more. To order Wharton insignia products, call 898.7595, or browse through the mail order catalog featured at <www.upenn.edu/bookstore>

CLUB PRESIDENTS AND REGIONAL REPRESENTATIVES

UNITED STATES

ALBANY: Richard Cunningham, WG'62
181 Pinewood Avenue, Troy, NY 12180
B: 518-273-3822, F: 518-273-1566

ATLANTA: Bruce A. Hauptfuhrer, WG'94
Zeliff Wallace Jackson Investment Counsel
Suite 2050, 1100 Peachtree Street, NE
Atlanta, GA 30342
B: 404-873-2211, F: 404-873-6424
E-mail: mainleader@aol.com
URL: www.whartonatlanta.com

BALTIMORE: Gregory Paranzino, W'86
Alex Brown & Sons, Inc
One South Street, MS-1-13-2
Baltimore, MD 21202-3220
B: 410-895-2290
E-mail: pennbalt@aol.com

BOSTON: Jay Gardner, WG'85
Geac Computers, Inc.
Box 5150, 9 Technology Drive
Westborough, MA 01581-5150
B: 508-871-6936, F: 508-871-6850
E-mail: jayg@geac.com
URL: http://www.whartonboston.com

CALIFORNIA – NORTHERN: Jeffrey L. Goodman, WG'96
325M Sharon Park Drive, Box 331
Menlo Park, CA 94025
B: 650-574-1055, F: 650-574-1056
E-mail: membership@whartonclub.com
URL: www.whartonclub.com

CALIFORNIA -SOUTHERN: Steve Matthesen, WG'95
c/o The Boston Consulting Group
355 South Grand Avenue, Suite 3300
Los Angeles, CA 90071
B: 213-621-2772, F: 213-621-1639
E-mail: matthesen@bcgla.com

CHICAGO: John E. Hannsz, WG'75
Wharton Club of Chicago
P.O. Box 965, Westmont, IL 60559
B: 847-256-0733
E-mail: hannsz@aol.com

CINCINNATI: Joe White, WG'77
1242 Grace Avenue, Cincinnati, OH 45208
B: 513-321-9944, F: 513-533-2096

CLEVELAND: Herb Braverman, W'69
Walter & Haverfield
50 Public Square, 1300 Terminal Tower
Cleveland, OH 44113-2253
B: 216-781-1212, F: 216-575-0911

COLORADO: Mark J. Johnson, WG '86
1086 S. Dahlia, # I-508, Denver
CO 80246
B: 303-504-3264
E-mail: mjj10@aol.com
URL: http://www.dbseries.com/wharton1.htm

DALLAS: Bruce Aranoff, W'78
President, Aranoff Interests
2720 Royal Lane, Suite 228
Dallas, TX 75229-4724
B: 972-620-8854, F: 972-620-8868
E-mail: sez2975@worldnet.att.net

ENTREPRENEURIAL: Robert I. Herzog, WG'95
Wharton Entrepreneurial Club c/o The New York Club, P. O. Box 297-006,
Brooklyn, NY 11229-7006
212-962-7777 ext. 143
E-mail: robert.herzog.wg95@wharton.upenn.edu

EVENING SCHOOL: Gary Lindauer, W'92
Fidelity Graphics, 238 Holmes Road,
Holmes, PA 19043-1590
B: 610-586-9300, F: 610-586-6600
E-mail: glindauer@juno.com

HARTFORD: Ralph E. Little, III, WG'87
22 Pearl Street, Noank, CT 06340
B: 860-572-0149, F: 860-572-0327

HEALTH CARE: Tracy Johnson, WG'86
Health Strategies & Solutions, Inc
1429 Walnut Street
Philadelphia, PA 19102
F: 215-636-0399
URL: www.whartonhealthcare.org

HOUSTON: Jon Zagrodzky, WG'94
McKinsey & Company, Inc
2 Houston Center, Suite 3500
Houston, TX 77010
B: 713-650-1299, F: 713-650-1050
E-mail: jon_zagrodzky@mckinsey.com

LONG ISLAND: Adam Weisman, WG'78
Deloitte & Touche
2 Jericho Plaza, Jericho, NY 11753
B: 516-935-9000, F: 516-935-9056
E-mail: LIWharton@ibm.net

MICHIGAN: Jay Hansen, WG'85
The Oxford Investment Group, Inc
2000 North Woodward, Suite 130
Bloomfield Hills, MI 48304
B: 248-540-0031, F: 248-540-7501

MINNESOTA: Brian MacDonald, WG'90
4312 Abbott Avenue South
Minneapolis, MN 55410
B: 612-836-0701, F: 612-397-9953
E-mail: bmacdona@citilink.com

NEW YORK: Nigel Edelshain, WG'93
The Wharton Club of New York
P. O. Box 297-006
Brooklyn, NY 11229-7006
B: 718-627-1989, F: 212-869-8459
E-mail: nigel.edelshain.wg93@wharton.upenn.edu
URL: www.wharton-alumni-nyc.org

NORTH/SOUTH CAROLINA: Diana Poulos, WG'92
Bank of America
NC1-022-17-01, 201 N. Tryon Street, 17th Floor, Charlotte, NC 28255
B: 704-388-1891, F: 704-386-1932
E-mail: diana.poulos@bankofamerica.com

PHILADELPHIA: Thomas Culp, WG'74
c/o Chris Mucci
P. O. Box 38, Fairless Hills, PA 19030
B: 215-295-0729, F: 215-295-3652
E-mail: tccjr@aol.com

PHOENIX: Gil Laks, WG'94
655 W. Sierra Madre Avenue
Gilbert, AZ 85233
B: 480-539-7191, F: 480-539-7102
E-mail: glaks@isix.com

PITTSBURGH: Kara Gannon: Wharton Alumni Affairs
344 Vance Hall, 3733 Spruce Street
Philadelphia, PA 19104-6360
B: 215-898-8478, F: 215-898-2695
E-mail: alumni.affairs@wharton.upenn.edu

PORTLAND: Mike Barr, WG'82
Meta Mergers & Acquisitions
3220 S.W. First Avenue, 2nd Floor
Portland, OR 97201
B: 503-827-7021, F: 503-827-6300
E-mail: mbmeta@ibm.net

PUERTO RICO: Sila M. Gonzalez Calderon, WG'87
Chalets de Caparra 5, Ext Villa Caparra
Guyanabo, Puerto Rico 00966-1713
B: 787-749-0134

SAN DIEGO: David L. Unger, WG'75
2869 Burgener Blvd, San Diego, CA 92110
B: 619-276-6778, F: 619-276-6406
E-mail: david@davidunger.com

SOUTH FLORIDA: Yasmine Zyne, W'76
Office Depot
2200 Old Germantown Road- Mailcode 31B4061, Delray Beach, FL 33445
B: 561-438-4061, F: 561-438-1639
E-mail: yzyne@officedepot.com

VERMONT: Thomas S. Leavitt, WG'82
Merchants Bank
275 Kennedy Drive
South Burlington, VT 05403
B: 802-865-1859, F: 802-865-1891
E-mail: tleavitt@mbvt.com

WASHINGTON, DC: Alan Schlaifer, W'65
Wharton Club of Washington
8200 Wisconsin Avenue, Suite 616
Bethesda, MD 20814
B: 301-951-0117, F: 301-951-8450
E-mail: DCWharton@aol.com

WESTERN WASHINGTON: Contact: James K. Sokol, WG'95
Director, West Coast Regional Office
The Wharton School
44 Montgomery Street, Suite 500
San Francisco, CA 94104
B: 415-955-2670, F: 415-955-2672
E-mail: sokolj@wharton.upenn.edu

INTERNATIONAL

ARGENTINA: Sebastian J. Letemendia, WG'92
IMPSA, Madero 940, 1106 Buenos Aires
Argentina
B: 541-316-8854 , F: 541-316-8868
E-mail: sebana@lvd.com.ar

AUSTRALIA/NEW ZEALAND: Gordon Black, WG'90
11 St. James Road, Bondi Junction NSW 2022, Australia
B: 61 2 9386 4969
E-mail: blackmail@pigbond.com

BAHRAIN: Anmar Al-Arrayed, W'89
Bahrain Development Bank
P. O. Box 20501, Bahrain
B: 973-537-007, F: 973-534-005

BELGIUM: Guy F. Detrilles, WG'71
SA Egon Zehnder & Associates (International) NV
Franklin Rooseveltlaan 14
B-1050 Brussels, Belgium
B: 32-2-648-0083, F: 32-2-646-6719

BRAZIL: Rogerio Y. Tsukamoto, WG'88
c/o PRYT Consultoria – Ecotec
Rua Jesuino Arruda 168 - Suite 152
04532-080 Sao Paulo SP, Brazil
B & F: 55-11-3068-9272
E-mail: pryt1@ibm.net

CANADA (Montreal): Michel Jourdain, WG'72
1, Complexe Desjardins , South Tower, 28th Floor, Montreal, Quebec H5B1B3, Canada
B: 514-281-8605, F: 514-281-2875

CANADA (Toronto): Richard Hoffman, WG'87
c/o Shaindy Nathanson, 170 Atwell Drive, Suite 504, Etobicoke, Ontario M9W 5Z5
Canada
B: 416-250-3072, F: 416-675-6747

CHILE: Domingo A. Cruzat, WG'85
Watt's Alimentos S.A.
Av Presidente Jorge Alessandri 10501
Casilla 14271, Correo 21, Santiago , Chile
B: 56-2-558-2428, F: 56-2-540-3328

COLOMBIA: Alvaro Jose Puerta Casas, W'75
Cra. 13 #38-76 of 506, Bogota, Colombia

CYPRUS: Maria Erthivoulou, W'86
ZA Theodoras Street
Lakatamia, 2304 Nicosia, Cyprus
B: 357-2-468-826

CZECH REPUBLIC: David S. Coco, WG'91
Cranachstr. 23 , Berlin Germany 12157
49-30-85-60-26-86
E-mail: dcoco@T-online.DE

DENMARK: Erik Winther, GR'85
Glydenlundsvej 20
2920 Charlottenlund , Denmark
B: 45-3964-1032, F: 45-3634-3138
E-mail: EKW@monthor.dk

DOMINICAN REPUBLIC: José Miguel Bonetti, W'61
Sociedad Industrial Dominicana, C. por A.
Ave. Maximo Gomez 182, Santo Domingo
Dominican Republic
B: 809-565-2151

ECUADOR (Guayaquil): Humberto X. Mata, WG'97
Tracto Partes, Luis Urdaneta 212, P.O. Box 09-01-4848, Guayaquil, Ecuador
B: 593-4-564-268, F: 593-4-566-291
E-mail: hMATA@ecua.net.ec

ECUADOR (Quito): Richard H. Moss, WG'87
MACOSA S.A.
Alpallana 296 y Almagro, Quito, Ecuador
B: 593-2-564-444, F: 593-2-565-448
E-mail: rickmoss@macosa.com.ec

EGYPT: Aladdin Saba, WG'86
Hermes Fund Management
65, Gameat El Dowal El Arabia
Mohandissen - Giza - Egypt
B: 20-2-336-5960, F: 20-2-336-5589
E-mail: asaba@hermes.efg-hermes.com

EL SALVADOR: Ernesto Sol Meza, WG'61
Embotelladora Tropical, S.A.
AP. Postal 2014, San Salvador
El Salvador
B: 2-71-6001, F: 2-22-7346

FINLAND: Contact: Wharton Alumni Affairs
344 Vance Hall, 3733 Spruce Street
Philadelphia, PA 19104-6360
B: 215-898-8478, F: 215-898-2695
E-mail: alumni.affairs@wharton.upenn.edu

FRANCE: Bruno Lannes, WG'82
Bain & Company
21 Boulevard de La Madeleine, 75001
Paris, United Kingdom
B: 33-1-44-55-75-83, F: 33 1-44-55-76-00
E-mail: bruno.lannes@bain.com

GERMANY/AUSTRIA: Wolfram Nolte, WG'77
CKAG Colonia Konzern AG
Gereonsdriesch 9-11, 50670 Cologne
Germany
B: 49-221-1483-2668
F: 49-221-1483-2010

GREECE: Christian C. Hadjiminas, WG'83
European Finance Associates, Ltd.
7 Stratigi Street, 154 51 N. Psychico
Athens, Greece
B: 30-1-672-8610, F: 30-1-672-8624
E-mail: efa@mail.otenet.gr

HONG KONG: Mr. Joseph W. Ferrigno, W'67
President and Chief Executive Officer
Prudential Asia Infrastructure Investors (HK) Ltd., Alexandra House, 32nd Floor, 18 Chater Road, Central Hong Kong
B: 852-2844-1015, F: 852-2521-9815
E-mail: joseph.ferrigno@prudential.com

INDIA: Atul Bansal, WG'86
Tata Financial Services
Bombay House, 24 Homi Mody Street
Mumbai 400 001 , India
B: 91-22-204-9131, Ext. 7350,
F: 91-22-204-6690
E-mail: abansal@tata.com

ISRAEL: Shai Braverman, W'93
Tidhar Construction & Development Ltd
140 Wingate Street
Herzliya Pituach 46752, Israel
B: 972-9-9586-610 F: 972-9-9574-615
E-mail: shai_b@netvision.net.il

ITALY: Paolo Alberoni, WG'92
Piazza Sant'Ambrogio 4, 20123 Milan, Italy
B: 39-0-2-86-55-09
F: 39-0-2-76-01-87-47
E-mail: wharton.italy@alberoni.inet.it

JAPAN: Keisuke Muratsu, WG'75
Activity International, Inc
3-3-2 Minami Azabu , Minato-ku
Tokyo 106, Japan
B: 81-3-3456-4141, F: 81-3-3456-4382
E-mail: shimanuk@mxc.mesh.ne.jp

KOREA: Jwa-Jeen Choi, WG'80
STC Corporation
32 2 Ka Mullae-Dong, Youngdeungpo-Ku
Seoul 150-093, Korea
B: 82-2-675-0607, F: 82-2-672-4437
E-mail: jjchoi@suttong.co.kr

MALAYSIA: Donald Lim, W'86
Hotel Equatorial, Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
B: 60-3-261-7777, F: 60-3-261-9020
E-mail:
donald.lim.wh86@wharton.upenn.edu

MEXICO (Mexico City):
Antonio Carrillo, WG'93
Carriera Tualnepanila
Cuauttilan 9756, Mexico City 54900
Mexico
B: 52-5-918-1741, F: 52-5-918-0164

MEXICO (Monterrey):
Everardo Garcia, WG'82
Rio de la Plata 106 Ote., Col. Del Valle
Garza Garcia, N.L. 66220, Mexico
B: 52-8-378-0806, F: 52-8-335-6781
or 335-4811

NETHERLANDS
Kara Gannon: Wharton Alumni Affairs
344 Vance Hall, 3733 Spruce Street
Philadelphia, PA 19104-6360
B: 215-898-8478, F: 215-898-2695
E-mail:
alumni.affairs@wharton.upenn.edu

NICARAGUA: Duilio J. Baltodano, W'70
Comercial Internacional Agricola, S.A.
Aptdo. Postal No. 736
Km. 61/2 Carretera Norte
Managua, Nicaragua
B: 505-2-249-0049, F: 505-2-249-2090

NORWAY: Tore Borthen, WG'88
Analytica Investment Management AS
Kolderups Vei 6B, N-0587 Oslo, Norway
B: 47-22-090-735, F: 47-22-090-736
E-mail: tore@analytica.no

PAKISTAN:
Ahsan Iqbal Chaudhary, WG'86
Chief Coordinator/Minister of State
Prime Minister's Pakistan 2010
Programme, Ministry of Planning and
Development Division, Room No. 202,
"P" block, PAK., Secretariat
Islamabad, Pakistan
B: 92-51-921-1147, F: 92-51-920-1777

PEOPLE'S REPUBLIC OF CHINA
Professor Wang Xi (Ethan Wang), WG'47
Vice President and Chief Representative
Shanghai Representative Office
General Reinsurance Corporation
Room 655 (East Tower), 1376 Nanjing
West Road, Shanghai 200040, China
B: 862-1-6279-8125
F: 862-1-6279-8127

REPUBLIC OF PHILIPPINES:
Rene U. Golangco, WG'80
TW Investors Inc.
Rufino Pacific Tower, 21/F, 6784 Ayala
Avenue, Makati City, Metro Manila,
Philippines
B: 63-2-811-0139, F: 63-2-811-0140

POLAND: Coen Potters, WG'91
Amsterdam Management & Investment
Services, Ltd.
Ul. Pomorska 53, 05-500 Piaseczno,
Poland
B & F: 48-22-756-9803
E-mail: coen@pol.pl

PORTUGAL:
Eduardo Fernandez-Espinar, WG'88
SOCI SA, Rua José Estavao, 87-4, 1100
Lisbon, Portugal
B: 351-1-311-3503, F: 351-1-353-9870

REPUBLIC OF CHINA:
Harvey H. W. Chang, WG'77
Taiwan Semiconductor Manufacturing
Co., Ltd, No. 121, Park Avenue III
Science-Based Industrial Park
Hsin-Chu, Taiwan, Republic of China
B: 886-3-578-0466, ext. 2075
F: 886-3-578-3096

RUSSIA: Benjamin Wilkening, WG'93
AIG-Brunswick Capital Management
BRS 379, 208 East 51st Street, Suite 295
New York, NY 10022
B: 7-095-961-2043, F: 7-095-961-2001
E-mail: wharton-russia@egroups.com

SAUDI ARABIA: Hassan Yamani, WG'83
Tamlik Limited
P.O. Box 30641, Jeddah 21487
Saudi Arabia
B: 966-2-651-5100, F: 966-2-651-1343

SINGAPORE: James Sim, WG'94
Egon Zehnder International Pte. Ltd.
#17-01/02, 6 Battery Road
Singapore 049909
B: 65-225-0355 , F: 65-225-0352
E-mail: jamessim@ezi.com.sg

SPAIN: Carlos Trascasa, WG'88
Boston Consulting Group
Alcala 95-5 , Planta 1
28009 Madrid, Spain
B: 34-91-520-6100, F: 34-91-520-6222
E-mail: trascasa.carlos@bcg.com

SWEDEN:
Lennart J. A. Engstrom, WG'85
JAB Industrivarden
P.O. Box 5403 , 1184 Stockholm , Sweden
B: 46-8-666-6400, F: 46-8-661-4628

SWITZERLAND: Christophe Orly, WG'92
Vice President & CFA
Lombard Odier & Cie
11, rue de la Corraterie, 1204 Geneva
Switzerland
B: 4122 709 21 76, F: 4122 709 34 02
Orly@smile.ch

THAILAND: Sukum Navapan, WG'51
Siam Commercial Bank pcl.
9 Rutchadapisek Road
Ladyao, Jatujak, Thailand
B: 66-2-544-1212, F: 66-2-937-7712

UNITED KINGDOM:
Stephen F. Pirozzi, WG '99
Associate, Enron Europe Ltd.,
Four Millbank, England
London SW1P 3ET
B: 0171-970-7262
E-mail: Stephen.Pirozzi@enron.com

UKRAINE: Geoffrey Berlin, WG'88
Privatization Partners, Ltd
Suite 6/1, 30 B Khmelnitskovo Street
Kiev 252030, Ukraine
B & F: 38-044-224-2123
E-mail: gberlin1@aol.com

URUGUAY: Fabian Mendy, WG'92
PriceWaterhouseCoopers
Cerrito 461, Piso 1 , Codigo Postal 11000
Casilla de Correo 73, Montevideo,
Uruguay
B: 598-2-916-04-63
F: 598-2-916-06-05
E-mail: fabian.mendy@uy.pwcglobal.com

VENEZUELA: Francisco Neri Plazola, WEV'83
Torre Humboldt, Av. Rio Caura
Piso 4, Ofic. 04-01, Prados del Este.
Caracas 1080, Venezuela
B: 582-975-2293, F: 582-975-0529
E-mail: fnerip@ven.net

VIETNAM: Sesto E. Vecchi, Esq, W'58
Russin & Vecchi, LLP
OSIC Building 15/F, 8 Nguyen Hue Blvd,
Q1, Ho Chi Minh City, Vietnam
B: 84-8-824-3026, F: 84-8-824-3113
E-mail: rusvec@hcm.vnn.vn

REGIONAL REPRESENTATIVES

ASIA: Minako Shimanuki
Office Manager - Asia
The Wharton School
Toranomon Kotohira Kaikan, 5 Fl
1-2-8 Toranomon, Minato-ku
Tokyo 105, Japan
B: 81-3-3508-4757, F: 81-3-3592-2606
E-mail: shimanuk@mxc.mesh.ne.jp

GREATER CHINA:
Injay W. Tai, WG'79
Regional Director – Greater China
The Wharton School
SMEC Media & Entertainment
Corporation
12F-1, 100, Sec. 2, Roosevelt Road
Taipei, Taiwan R.O.C.
B: 886-2-2369-0011 Ext. 100
F: 886-2-2369-6780
E-mail: injaytai@smec.com.tw

KOREA: Seung-Mi Jung
Regional Coordinator- Korea
The Wharton School, c/o STC Corporation
32, 3-Ka, Mullae-Dong, Youngdungpo-ku
Seoul 150-093, Korea
B: 82-2-639-2523, F: 82-2-672-4437
E-mail: smjung@suttong.co.kr

THAILAND: Weerawat Sridama
Regional Coordinator - Thailand
The Wharton School
c/o Siam Commercial Bank Pcl.
9 Ratchadapisek Road, Ladyao, Jatujak
Bangkok 10900, Thailand
B: 66-2-544-1216, F: 66-2-937-7712
E-mail: weerawat f@telecom.scb.co.th

WESTERN UNITED STATES:
James K. Sokol, WG'95
Director
West Coast Regional Office
The Wharton School
44 Montgomery Street, Suite 500
San Francisco, CA 94104
B: 415-955-2670, F: 415-955-2672
E-mail: sokolj@wharton.upenn.edu

WHARTON ALUMNI ASSOCIATION EXECUTIVE COMMITTEE 1999-2000

Chairman
Rich S. Pirrotta, WG'91
General Manager, e-commerce
Fiera.com, 1770 Bay Road, Miami, FL 33139
B: 305-534-9224 ext. 226, F: 305-534-7828
H: 954-454-4528
Email: Rich_Pirrotta@compuserve.com

President
Peter Borchardt, WG'73
President, The Borchardt Group
101 Bay Street, Easton, MD 21601
B: 410-822-9016 , F: 410-822-1478
H: 410-822-5738
Email: bgroup@dmv.com

Director
Marguerite A. Harrington, WG'76
Director, Alumni Affairs, The Wharton School
University of Pennsylvania
344 Vance Hall, 3733 Spruce Street
Philadelphia, PA 19104-6360
B: 215-898-8478/1281, F: 215-898-2695
Email: harringm@wharton.upenn.edu

Vige Barrie, WG'76, Communications Director, Cox School of Business, Dallas, TX

Michael J. Bennett, WG'99, Associate, McKinsey & Co., Cleveland, OH

Gordon S. Black, WG'90, Director, IPOH Limited, Sydney, Australia

Robert Z. Bliss, W'82, Managing Member, Windmill Capital, LLC, New York, NY

Bruce Brownstein, W'80, Director of Advertising Sales, eBay Inc., San Jose, CA

Joy E. Butts, W'98, Marketing Manager, Cendant Corp., Stamford, CT

Mike Carrel, WG'97, CFO, ZAMBA, Minneapolis, MN

David Feldman, Esq., W'82, Senior Partner, Feldman & Associates, New York, NY

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

Riccardo Guglielmetti, WG'93, Vice President, Dresdner Kleinwort Benson, New York, NY

Bruce A. Hauptfuhrer, WG'94, Portfolio Mngr., Zeliff Wallace Jackson Investment Counsel, Atlanta, GA

David A. Kaufman, W'92, WG'94, Kaufman's Wedding World, Altoona, PA

Chairman Emeritus, Dana Michael, W'82, Principal, Ernst & Young, New York, NY

Carlos Niezen, WG'95, Associate, A T Kearney Inc., Mexico, Mexico

Alan Schlaifer, Esq., W'65, Principal, Law Offices of Alan N. Schlaifer, P.C., Bethesda, MD

Robert C. Schneider, Esq., WG'79, Of Counsel, Cuddy & Feder & Worby, LLP, New York, NY

Robert Shalayda, WG'80, Manager, Lucent Technologies, Whippany, NJ

Michelle Smith, W'96, Assistant Treasurer, Dresdner Kleinwort Benson, New York, NY

Rich Stein, W'81, Vice President, Research & Information and Economist, Ben Franklin Technology Center of Southeastern Pennsylvania, Philadelphia, PA

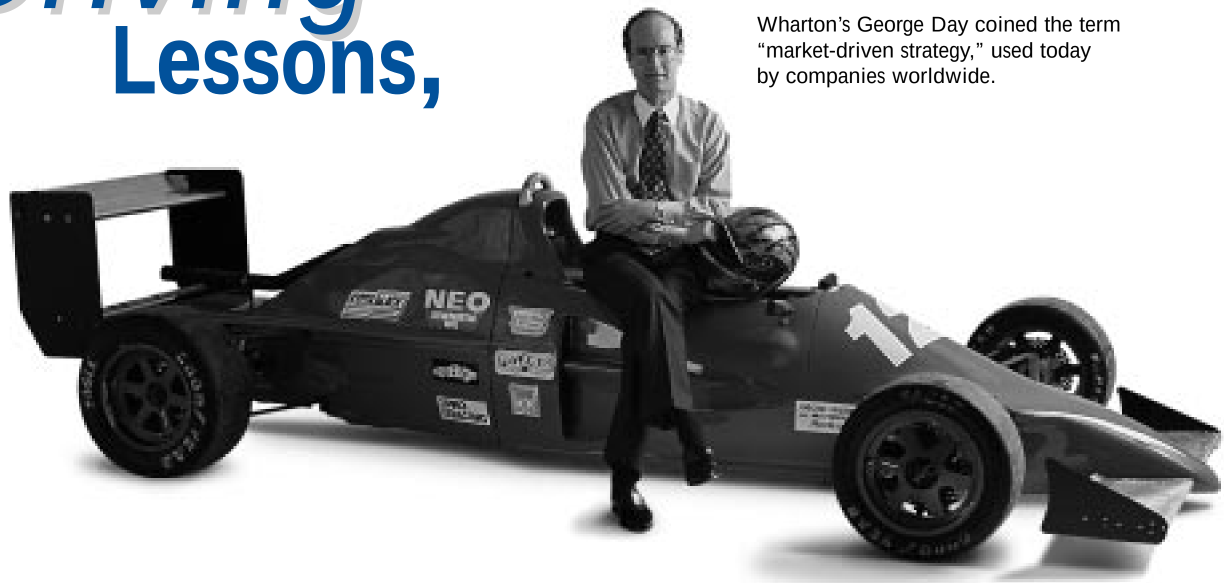
LeAnne Stewart, WG'97, Vice President, Financial Planning & Analysis, Nash Finch Company, Minneapolis, MN

Sajan K. Thomas, WG'88, President & CEO, S.S. Thomas & Associates, L.L.C., Gig Harbor, WA

Rick Wien, W'79, Economic Growth Group, New York, NY

Paul T. Zantzinger, WG'67, Real Estate Representative, Dollar General Corporation, Atlanta, GA

Driving Lessons,



Wharton's George Day coined the term "market-driven strategy," used today by companies worldwide.

Wharton *style.*

To successfully drive your business, you must be competitively focused and customer focused. It's a lesson too many people forget.

Not George Day, Wharton marketing professor. He introduced "market-driven strategy" to the business vocabulary – only one of the many innovative ideas developed by our world-class faculty.

As the oldest business school in the world, Wharton has been at the frontier of finance, international business, management, strategy and marketing. Driven by a faculty with unparalleled depth and breadth, Wharton continues to help organizations negotiate the tricky turns of our increasingly global environment.

This rich tradition of innovation is the foundation for our executive programs, which incorporate a unique blend of scholarly excellence and real-world pragmatism. These insightful, dynamic courses offer the opportunity to refocus and refuel.

Are you running low on new ideas? Come to Wharton Executive Education. You'll put what you learn into action and quickly pull away from the field.

Advanced Management Program
January 30–March 3, 2000
June 4–July 7, 2000
September 24–27, 2000
January 28–March 2, 2001

Executive Development Program: The Transition From Functional to General Management
January 16–28, 2000
May 7–19, 2000
September 3–15, 2000
October 29–November 10, 2000

Essentials of Management
May 21–26, 2000 *(week 1) and*
June 25–30, 2000 *(week 2)*
December 10–5, 2000 *(week 1) and*
January 21–26, 2001*(week 2)*

Wharton Direct:
The Market Update with Jeremy Siegel:
Understanding Economic Issues and Financial Markets
This internet-based course involves 5 one-hour live webcast classes, with intervening lectures on demand
February 21–March 20, 2000 *(Mondays 4:30–5:30 ET)*
May 8–June 5, 2000 *(Mondays 4:30–5:30 ET – except Tuesday, May 30)*

Visit us on the web or call us to learn more about our complete portfolio of courses and our new state-of-the-art interactive distributed learning program, Wharton Direct.

Aresty Institute of Executive Education
215.898.1776 or 800.255.EXEC ext. 2469
215.898.2064 fax (attn. dept. 2469)
http://wh-execed.wharton.upenn.edu/2469.cfm
execed@wharton.upenn.edu (e-mail)

Visit Knowledge@Wharton
The Ultimate Business Websource
http://knowledge.wharton.upenn.edu/

Wharton

The Wharton School
University of Pennsylvania

Will Travel continued from page 18

But during the early years of the Golboro's marriage, it wasn't so easy. Susan recalls feeling so isolated after she, Bruce and their young daughter Amy moved to the Philadelphia area that she banged her shopping cart – on purpose – into another young woman's cart in hopes of striking up a conversation with her. During that time, Bruce was working for a Texas-based real estate firm and was traveling several days a week.

need to be involved in the specifics and never take anything for granted," Bruce says.

Susan, who graduated from Penn's nursing school in 1979, has always immersed herself in volunteer work, the family's synagogue and her neighbors and friends. Having a full life of your own is a key to managing feelings of isolation and loneliness, she says. Even when Bruce was away, she would get a

bruce carries an 800-number beeper that only susan knows because "she sometimes has no idea where i'm going to be"

"don't sit at home if your spouse isn't there. being on the 24-hour mommy track when you're mommy and daddy can wear thin"

Later, Bruce was assigned to an eight-month project in San Diego and was gone every other week. After a couple of months, two-year-old Amy stopped asking about and for her father. "It was as if he wasn't a part of our life," Susan says. Bruce too acknowledges that the frequent travel was "very, very difficult when the children were young." But today, after years of vacations courtesy of their father's frequent flier miles, the children keep track of Bruce's trips and remind him when he's not earning enough miles. And after 20 years of marriage, the couple reports few problems with Bruce's long and continuing history of being away much of the week, though Susan admits that it still "drives me crazy" when Bruce won't cut the tether to the office, even on vacations. On a surprise trip to Bermuda to celebrate her 40th birthday, Bruce checked in with his office three times a day, Susan says. "That's the most annoying thing, because there's no sense of real time off. We don't have time that is totally our own."

But despite his schedule, Golboro has gone to great lengths to stay involved in his children's day-to-day lives. He has always assisted with homework duties and often has his daughter Stacy, 13, who likes him to help her with writing projects, fax reports to his hotel. "You can do homework mobile," Bruce says. He's also taken each of his children, individually, on business trips: Stacy, now 13, accompanied Bruce on a trip to San Francisco two years ago; her twin brother, Peter, joined his parents at a convention in San Antonio and Amy, 17, went college shopping to Boston with her father. "They will never forget those times," Bruce says.

Bruce carries an 800-number beeper that only Susan knows because "she sometimes has no idea where I'm going to be." It's also important not to allow nightly, on-the-road phone conversations with your spouse to drift into generalizations. "When the twins were little, I would say 'How did the six o'clock feeding go?' or 'Did they take the new food today?' You

baby sitter and go out to dinner with other couples and friends. "Don't sit at home if your spouse isn't there," she says. "Being on the 24-hour mommy track when you're mommy and daddy can wear thin." Knowing that time is short, the couple has gotten creative when it comes to socializing with other couples. A favorite and much less time-consuming way to catch up, Susan says, is going out for dessert with friends.

"There's no secret to making it work," Susan says. "You just need to have a sense of humor and realize that things could be a lot worse. Don't take life too seriously or yourself too seriously. Try to consider yourself lucky." ◆ NANCY MOFFITT

Modern Art continued from page 25

and renovation in the early 1980's and in 1984 was awarded a residency at the Smithsonian Institution in Washington as the James Webb Fellow for excellence in the management of cultural institutions. He then came to the University of Pennsylvania, where he earned simultaneous master's degrees from Wharton and the Graduate School of Fine Arts.

"I think the University's willingness, and even encouragement, to cross over disciplines that seemed to have little crossover was encouraging to me, and that's the reason I chose the University of Pennsylvania and Wharton particularly," says Thompson, who lives with his wife and two-year-old son in Williamstown. "What I learned has been essential, because this project is also probably the largest real estate development project in western Massachusetts at the moment." Indeed, the MassMOCA project required private philanthropy, public investment, and private financing, and "those are all skills that one picks up at a place like Wharton. You don't find a lot of that studying Marcel Duchamp." ◆ NANCY MOFFITT