

w i n t e r 2 0 0 1

Wharton

A L U M N I M A G A Z I N E



The Battle of the Bulge Bracket

Weighing in on
Investment Banking's
Heftiest Mergers

The Wharton School
University of Pennsylvania

Calendar of Events

FEBRUARY 15

Wharton School Club of Washington, D.C. E-Commerce Series with Smithsonian Associates "Beating the Market"

For additional information, please contact:
Wharton Club of Washington
Tel: 202.357.3030
E-Mail: DCWashington@aol.com

FEBRUARY 15-16

Wharton Conference Series Technology/Media & Entertainment

For more information please contact:
Anhna Vuong
Tel: 215.898.8834
Or Jason Yip
E-mail: jayip@wharton.upenn.edu

FEBRUARY 15, 16, 17

Philadelphia Wharton Follies - 25th Anniversary Show

Independence Seaport Museum,
Penn's Landing
For additional information, please contact:
Alumni Affairs
Tel: 215.898.6637
Or Sumit Sood
E-mail: ssood@wharton.upenn.edu

FEBRUARY 23

New York Wharton Follies - 25th Anniversary Show

Tribeca Performing Arts Center, New York
For further information, please contact:
Alumni Affairs
Tel: 215.898.6637
Or Jane Xiao
E-mail: cjxiao@wharton.upenn.edu

MARCH 1

Zweig Executive Dinner Series Tom Siebel, chairman, Siebel Systems

For additional information, please contact:
Kimberly Young
Tel: 215.898.4968
E-mail: kdy@wharton.upenn.edu

MARCH 11-13

Middle Eastern Regional Alumni Forum "From High-Tech Start-up to Global Success"

Tel Aviv, Israel
For additional information, please contact:
Wharton Alumni Affairs
Tel: 215.898.8478
E-mail: alumni.affairs@wharton.upenn.edu

APRIL 12-13

Wharton Conference Series New Ventures in Health Care

For additional information, please contact:
Anhna Vuong
Tel: 215.898.8834
Or Lauren Krotzer
E-mail: lakrotz@wharton.upenn.edu

APRIL 21

Wharton Club of New York Annual Spring Gala charity event

Penn Club
30 West 44th Street, NY, NY
For additional information, please contact:
Arline Isaacson
E-mail: wcny11229@aol.com

MAY 3-4

European Regional Alumni Forum "Europe in the Virtual Economy"

London, England
For additional information, please contact:
Wharton Alumni Affairs
Tel: 215.898.8478
E-mail:
alumni.affairs@wharton.upenn.edu

New Deal,
or Raw Deal?

18



The Glory and Heartbreak
of Sydney

6



Features

Wharton Olympians Show Their 'Medal'

6

Meet a Wrestler, a Rower and a Fencer
Who Report on Victory and Defeat in Sydney

The Battle of the Bulge Bracket

10

Key Players in Investment Banking and
Financial Services Weigh in on the Industry's
Heftiest Mergers – and What Could Happen Next

The Death of the Man in the Gray Flannel Suit

18

Wharton's Peter Cappelli Chronicles the
Dramatic Changes Underway for America's
Employees – and Employers

Departments

Wharton Now

2

Wharton Goes West

MBA Grads Still Choose Tech Careers

Helen Frame Peters, PhD'79, from Rocket Science to Academia

Knowledge@Wharton

24

Excerpts from Wharton's Online Source for
Business News and Analysis

The Campaign for Sustained Leadership

25

Happenings and News on Wharton's Fundraising Campaign

Global Wharton Connections

30

Resources for Alumni

Class Notes

34

Updates and News About Your Classmates

A Look Back

57

Global Alumni Events

Back Cover

10

Is Bigger Better?



MBA Grads Still Have High-Growth/Technology Fever

Despite stock market gyrations and other turmoil in high-tech fields, more than 25 percent of the MBA class of 2000 chose to join, start or fund a technology company or high-growth venture. Of that 25 percent, about 18 percent joined a technology company, while 6 percent chose venture capital/private equity and 5 percent started their own business. Those joining a company with fewer than 50 employees almost doubled, reaching about 10 percent. And, over 30 percent of the Class of 2001 accepted similar positions for the summer. Additional details follow:

Wharton Adds 16 New Faculty

Sixteen new faculty have joined Wharton. Arriving from such places as Melbourne, Australia; Silicon Valley; Frankfurt, Germany; Chicago and New York, they will further augment Wharton's existing expertise in accounting, finance, law and technology, human resource management, electronic commerce, marketing, multinational management, and operations and information management.

The new professors are: **Krishnan S. Anand**, PhD, Stanford University, joined the Operations and Information Management Department. Anand's research focuses on strategic e-commerce issues and the

challenges of developing incentive systems for supply chain management.

Heather Berry, PhD, UCLA, joined the Management Department. Berry studies multinational management and strategy, foreign direct investment, trade policy and competitiveness.

Lisa Bolton, PhD, University of Florida at Gainesville, joined the Marketing Department. Bolton's research focuses on behavior forecasting and new product development.

Brian J. Bushee, PhD, University of Michigan, joined the Accounting

Department. Bushee studies institutional investors, corporate disclosure and stock market anomalies.

Gerard P. Cachon, PhD, Wharton, joined the Operations and Information Management Department. Cachon studies supply chain



XIA



REED



BERRY

inventory control and capacity allocation strategies in supply chains.

Martin James Conyon, PhD, University of Warwick, joined Wharton's Management Department. Conyon's research focuses on corporate governance, boards of directors and executive compensation.

Hulya K.K. Eraslan, PhD, University of Minnesota, joined the Finance Department. Eraslan studies bankruptcy, corporate reorganizations and delegation in bargaining.

Dan Hunter, PhD, University of Cambridge, joined the Legal Studies Department. Hunter's fields of interest include artificial intelligence and cognitive science models of law and international electronic commerce regulation.

Thomas Y. Lee, PhD, Massachusetts Institute of Technology, joined the Oper-

Class of 2000 Industry Choices

Percent of Class			Annual Salary Range	Median	Median Sign-On Bonus
1999	2000	Industry			
31.9	31.8	Consulting	60,000 – 126,000	100,000	20,000
26.5	21.7	Investment Banking	65,000 – 150,000	80,000	25,000
10.8	17.2	High-Tech/Telecommunications	50,000 – 140,000	90,000	20,000
3.6	5.5	Venture Capital	75,000 – 150,000	100,000	20,000
5.1	4.7	Investment Management	75,000 – 160,000	87,500	20,000
5.1	3.0	Diversified Financial Services	70,000 – 100,000	80,000	25,000
3.2	1.9	Commercial Banking	72,000 – 110,000	80,000	25,000
3.2	1.9	Consumer Products	75,000 – 130,000	75,000	20,000
1.9	1.3	Pharm/Biotech/Health Product	78,000 – 90,000	82,500	20,000

ations and Information Management Department. Lee's work focuses on data management and information technology.

Christian Leuz, PhD, Johann Wolfgang Goethe-Universität (Frankfurt), joined the Accounting Department. Leuz studies international earnings management and the economic consequences of increased disclosure, among other issues.

Americus Reed II, PhD, University of Florida at Gainesville, joined the Marketing Department. Reed's research interests include the effects of attitudes on consumer decisions and the impact of social influence mechanisms on brand preference.

Nancy P. Rothbard, PhD, University of Michigan, joined the Management Department. Rothbard's research focuses on organizational behavior, including emotion and identity and groups and teams.

Maurice E. Schweitzer, PhD, Wharton, joined the Operations and Information Management Department. Schweitzer's research addresses deception and trust in negotiations, goal setting and behavioral decision research.

Skander J. Van den Heuvel, PhD, Yale University, joined the Finance Department. Van den Heuvel examines how monetary policy affects macroeconomics.

Patricia Williams, PhD, UCLA, joined the Marketing Department. Williams studies emotions, consumer

memory, persuasion and cross-cultural comparisons.

Yihong Xia, PhD, UCLA, joined the Finance Department. Xia's research interests include asset allocation and portfolio choice theory and international finance.

Global Business Forum Draws Nearly 2,000

Corporate restructuring in Asia, M&A in Europe and funding and investment in Africa were among the topics addressed at the Wharton 2000 Global Business Forum, held in November. The forum brought together more than 1,800 students, business and government leaders, alumni, and scholars



whose interests and expertise spanned six regions of the world. Through a series of speakers, panels and interactive debates, the three-day forum addressed emerging business themes and opportunities and investigated recent technological developments and their global application. Condoleezza Rice, chief foreign policy adviser to President-elect George W. Bush, was the forum's keynote speaker.

Helen Frame Peters is the first to admit she's always enjoyed swimming against the tide, starting with her decision to pursue a PhD in finance at Wharton during the 1970s – a time when professors were apt to compare the peaks and valleys of economic models to bikinis and mini skirts.

"Yes, I felt very conspicuous as the only woman in class," says Peters, PhD'79. "But it pushed me to work harder."

Peters' resolve became a hallmark of her atypical career, from her early days as a "rocket science" Wall Street star who was profiled by national media including Business Week and U.S. News & World Report to her current post as dean of Boston College's Carroll School of Business. Says Peters, 51, who as dean of Carroll is only the third female dean of a top-50 business school, "It's important to follow your instincts and ignore the view of the crowd."

Indeed, Peters has. First, as one of a tiny number of female graduate students at Wharton in the 1970s, she worked full-time at the Federal Reserve Bank of Philadelphia while raising her young son and completing her doctoral dissertation. After finishing her graduate work in the late 1970s, Peters took a "real world" job despite warnings from professors that she would never work in academia if she did. She became an assistant vice president at the now-defunct Philadelphia Savings Fund Society (PSFS) to put her research on mortgage-backed securities – the subject of her dissertation – into action.

Peters then decided, having led a joint venture between PSFS and Solomon Brothers in the early 1980s, that the best way to apply her work on mortgage-backed securities was not at a savings bank like PSFS, but on Wall Street. "At that time, PhDs really weren't welcome on the trading side of big Wall Street firms, just the research side," Peters says. "But I felt very strongly that the work I was doing really needed to coordinate with traders. I wasn't willing to be pushed into research."

After turning down research jobs at the largest and most prestigious firms on Wall Street, Peters ultimately found the job she was looking for at Merrill Lynch. "Merrill at that time was not the prestigious firm that it is today. It was considered a retail brokerage firm, but it was growing and developing, and the firm took off," she says.

The mortgage market exploded in the early 1980s, and Peters' brand of quantitative investment strategy was also about to take off. After heading Merrill Lynch's mortgage securities unit, she was scooped up by Security Pacific Bank to become president of its new quantitative investment group. "Quant" divisions and the brainy PhDs who worked in them – dubbed "rocket scientists" by colleagues and the media – became all the rage in the 1980s for their number crunching wizardry. Their work set early standards for what would become common investment practice: using computers and mathematical analysis, rather than hunches, to spot market trends.

But in spite of her soaring career, Peters and her family were growing weary of the Wall Street lifestyle. She and her husband, Judson Garrett Parker, W'70, WG'74, faced a daily commute of more than an hour each way, and were not seeing much of their two children. In 1991, the couple looked for and found jobs in Peters' native Boston: Parker as CFO of the Risk Management Foundation of the Harvard Medical Institutions and Peters as CIO at Colonial Management Associates, where she initially oversaw \$6 billion in fixed income assets – and again found herself swimming against the tide.

continued on page 33

Wharton's New e-Business Initiative

The Internet is revolutionizing business, driving a boom in online entrepreneurship and transforming bricks-and-mortar companies around the world. While the risks and opportunities are undeniable, experts say the winners in this new economy will be companies whose leaders can embrace and create change. For business schools, the new economy brings its own set of challenges: technologies that question traditional teaching models, forcing faculty to examine what they teach, how they teach and whom they teach.

To tackle these issues, Wharton recently launched the Wharton e-Business Initiative (WeBI), a partnership of business leaders, faculty and students designed to generate and disseminate knowledge about e-business



through research, academic programs and a range of corporate programs. WeBI harnesses the school's faculty expertise and strengthens existing e-business initiatives, including the e-Fellows Program and the Forum on

Electronic Commerce, by combining them into one umbrella organization.

Through WeBI, Wharton will conduct research in partnership with a varied group of companies, from Global 2000 firms to dot-coms. Lessons learned and best practices identified will be integrated into Wharton's curriculum and used to develop new executive education programs.

Raphael Amit, Robert B. Goergen Professor of Entrepreneurship, and former dean Thomas P. Gerrity, director of the Wharton Forum on Electronic Commerce and professor of operations and information management, are directing WeBI.

"Business leaders today must be prepared to manage the many challenges of the e-business marketplace, an environment that is increasingly competitive and evolving at Internet speed," says Amit. "No one has all the answers right now, but by bringing together academics, industry leaders, government officials and policymakers in various forums, Wharton is able to identify and address the critical e-business issues virtually as they emerge, allowing our partners to maximize their potential in e-business."

WeBI recently formed a research alliance with Gartner Group, Inc. to expand its coverage of consumer online buying behavior. In addition to covering the worldwide B2C market, Gartner and WeBI are expanding into the B2B market.

WeBI also co-sponsored several conferences recently,

including the "Competitive Strategy in the New Economy: What Changes?" with the Management Department, "Winners and Losers in the e-Commerce Shake-out" with the Mack Center for Technological Innovation, and "Business-to-Business e-Commerce and the Supply Chain" with the Fishman-Davidson Center for Service and Operations Management.

Alums Recognized for Distinguished Service

Argentinean businessman Roberto G. Mestre, WG'72, and Marc J. Rowan, W'84, WG'85, a principal at New York-based Apollo Management LP, received The Alumni Award for Distinguished Service last October at a gala and conference launching Wharton's Campaign for Sustained Leadership.

Mestre, a charter member of Wharton's Latin American Executive Board, was cited for "working tirelessly to promote the Wharton School in Latin America" and for his efforts in leading the first Latin American Regional Alumni Meeting in Buenos Aires last year.

Rowan, a member of Wharton's Undergraduate Executive Board, was recognized for his leadership in reaching out to young alumni of the school. Rowan also serves as co-chairman of the Leadership Gifts Committee for Wharton's Campaign for Sustained Leadership.

New Endowed Professorship at Real Estate Center

John Bucksbaum, CEO of one of the largest owners and managers of shopping centers in the U.S., is not a Wharton alum. Nonetheless, Bucksbaum was the driving force behind a recent \$2 million gift to Wharton's Zell/Lurie Real Estate Center.



The Martin Bucksbaum Endowed

Chair in Real Estate is named for John Bucksbaum's uncle, who was also not a Wharton alum, but was an active member of the Real Estate Center's Advisory Board, as is his nephew today. The chair was established via gifts from two Bucksbaum family foundations and is held by Joseph Gyourko, professor of real estate and finance, chair of the Real Estate Department and director of the Zell/Lurie Real Estate Center.

John Bucksbaum is CEO of General Growth Properties, a NYSE-listed company and a member of the Real Estate Center's executive committee. The new endowed chair's namesake, Martin Bucksbaum, is credited with helping to create the concept of the modern shopping center in the 1950s.

"The idea of seeking a chair in the real estate department came up for discussion in an executive committee meeting, and I thought it would be an excel-

lent opportunity to link Martin's name, in perpetuity, to the finest Real Estate Program in the country," says John Bucksbaum.

The Bucksbaums' non-alum status is nothing new to the Zell-Lurie Center, which has a long history of benefactors whose relationship to the center is their only connection to Wharton. Neither Samuel Zell, who provided the \$10 million permanent endowment of the center, nor Max Farash, who funds the Farash Distinguished Lecture and the Max M. Farash Real Estate Roundtable, are alumni of Wharton or Penn.

The Zell/Lurie Center promotes and funds cutting-edge, scholarly research of interest to academics, policy makers, and real estate professionals. Results are reported through the Zell/Lurie Working Paper Series, the *Wharton Real Estate Review*, and other scholarly publications.

Wharton School Goes West

Wharton has launched a groundbreaking series of initiatives on the West Coast, including a California-based executive MBA degree, courses for traditional MBA students, internships for undergraduate students, expanded executive education offerings, and faculty research projects.

The initiative, called Wharton West, includes the following:

- A San Francisco-based executive MBA (WEMBA)

program is scheduled to begin this fall. The MBA will include a flexible schedule to accommodate traditional, full-time executive MBA students as well as fully employed ones.

- The opportunity for Philadelphia-based students to spend a semester in California as Wharton increases its course offerings. Philadelphia students will also have the option to complete their MBA requirements while relocating to California.

- Expanded West Coast MBA student summer internship opportunities that will give students hands-on leadership experience with West Coast start-ups and venture capital firms.

- Increased access to Wharton undergraduate students, including students from the Jerome Fisher Management & Technology Program, via stepped-up West Coast internship efforts for undergraduates.

Executive Education will also boost its West Coast offerings. Specifically, senior faculty will be available to conduct on-site, customized executive training for firms seeking the latest knowledge for successful practice in the new economy.

Additionally, Wharton has launched a new platform for executive training through the Wharton e-Fellows program. This initiative, which includes a week-long component in Northern California, offers focused study on electronic commerce in a format that allows students to continue their full-time management duties.

Wharton West will also heighten West Coast-based faculty research. Leadership development programs will be designed and presented by senior Wharton faculty, bringing focused expertise to practitioners in the region's fastest-growing and most-promising companies and providing faculty with opportunities to study management practice and test emerging theories.

The initiative also encourages direct partnership between Wharton faculty and West Coast firms. Individual faculty or multidisciplinary faculty teams will work directly with executives and managers to analyze data, product design and management processes to strengthen technology-based companies' performance.



"With Wharton West, the school is responding directly to market forces," says Dean Patrick Harker, "by bringing the best of Wharton's resources to emerging markets and developing industries. We recognize that our faculty, students and programs must be able to work first-hand on the West Coast, and this gives us a historic opportunity to expand our leadership in business education and service in one of the world's most important markets." ♦

EDITORIAL STAFF

Editor

Nancy Moffitt

Editorial Board

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

Editorial Assistants

Dorothy Gillam
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
<www.wharton.upenn.edu/
alum_mag/index.html>

ADMINISTRATION

Patrick T. Harker

Dean and Reliance Professor of
Management and Private Enterprise

Robert E. Mittelstaedt

Vice Dean and Director, Aresty Institute of
Executive Education; Interim Associate Dean,
Communications and Business Development

Marti Harrington, WG'76

Director of Alumni Affairs

ADVISORY BOARD

Joan Walsh Cassidy, WG'82

Executive Director, ACIL

Jay A. Dubow, W'81

Partner, Wolf, Block, Schorr and Solis-Cohen

Ellen Yin, W'87, WG'93

Proprietor, Fork Restaurant

Change of Address: The Wharton School
Office of Development and Alumni Affairs,
Alumni Address Update, 344 Vance Hall,
3733 Spruce Street, Philadelphia,
PA 19104-6360. Telephone: 215.898.8479.
Fax: 215.898.2695. <www.wharton.upenn.
edu/alumni/update.html>



Wharton

Olympians Show Their “Medal”

A Wrestler, a Rower and a Fencer
Report on Victory, Defeat and
Lessons Learned

By Robert Strauss

Brandon Slay was in an emotional quandary as he lay on Bondi Beach in Sydney a couple of days after the Summer 2000 Olympics.

On the one hand, the 25-year-old Slay, W'98, had only days before won the silver medal in the freestyle wrestling 167 1/2-pound weight class, a wonderful culmination of a lifetime of sweating, pain and determination.

But the silver medal came with a lot of frustration. Slay felt he lost in the finals to Alexander Leipold of Germany, 4-0, because of a series of bad calls by officials. And when the referee grabbed for Slay's hand at the end of the match, Slay refused to let him raise it in the usual Olympic salute. For that slight of sportsmanship, international competitors and coaches chided him, and the *New York Times* headline about the story read, "Forget the Close Calls: The U.S. Team Finds It Hard to Be Gracious in Defeat."

"I have to admit I didn't get over it initially," says Slay, who spent the time after the Olympics with Brandon Brown, his best friend from his hometown of Amarillo, Texas. "My friend and I talked a lot and I asked God to help me figure out what I should learn from the experience."

When Slay arrived back in Amarillo, there was a town parade down the main streets for him. High school bands and cheerleaders led the way.

"That was wonderful. That's what showed me how true the support was in my hometown," says Slay. "Even if I would have come back without a medal, that would have been there."

SLAY

And then an amazing thing happened. On Oct. 23, more than three weeks after he fought his final match, Leipold was declared ineligible because he had tested positive for performance-enhancing drugs. Slay was awarded the gold medal. Though Slay says he surely would have rather won the medal on the mat, he also saw positives in winning it this way.

"I get excited when I speak at high schools now," says Slay. "This drug situation allows me to tell children that if you break the rules, you can lose your life, certainly. But short of that, you can also lose your life-long dream of being an Olympic champion. This man worked for 19 years, and then he lost his dream because he broke the rules."

Two other men from Wharton also competed in the Sydney games, and while they didn't come away with a medal, as Slay did, they says the experience was extraordinary. Garrett Miller, W'99, was part of the United States eight-man rowing boat, which came in fifth in the finals. Cliff Bayer, a Wharton senior from New York City, lost in the second round of the foil fencing competition to the eventual gold-medal winner, Kim Young Ho from South Korea.

"I'd be lying if I said I wasn't disappointed," says Miller, who grew up in Erdenheim, Pa., a Philadelphia suburb, and now lives in Princeton and works for Mount Lucas Management, a managed futures hedge fund. "I was expecting us to win and it can be pretty disappointing when it doesn't work out. I guess we just all hit a slump at the worst time."

Miller and the rest of the rowers on the team trained in Princeton with Olympic coach Mike Teti. Most of them had taken part-time jobs in the area so they could do several training sessions a day. At 23, Miller was one of the youngest on the team in a sport where primetime is in a competitor's mid-to-late 20s. "Currently, I say I'm retired, but that could be an emotional decision," he says. "At 23, I still could go on. I just need a little time to sort things out."

Teti chose the Olympic eight team through a series of trials and physiological testing. Miller, who usually rowed in the middle seats – the strength positions – during his career at Penn, rowed in the seventh seat, the prime position for keeping the rhythm of the rowing for the rest of the boat, during the Olympics.

**"I went from 170 to 220,
so that ended cross country.
But it was great for rowing."**



MILLER



HARRY HELEOTIS, PHOTOGRAPHS

**“Now, maybe they will say,
‘There was an American who
could win a major tournament.’ ”**

In reaching the finals, the Olympic eight won its second preliminary heat by a mere two-tenths of a second. But during the final race, the boat got off to a bad start, and after 500 meters of the 1,500-meter race was effectively out of it, finishing at least three seconds behind the medal-winning boats.

“Something just didn’t click,” says Miller. “It’s hard to pinpoint it, but the whole week, we just weren’t on. In an Olympic year, everyone turns it up a notch, so it was a inopportune time.”

Because the preliminary race was so close, Miller and his boat mates got more TV face time than the usual rowers.

“I think they replayed it a million times because it was so close,” he says. “But I wish they were able to get us on the air with a gold-medal win.”

Miller went to LaSalle High School in Philadelphia, where 150 of the 800 students in the school were rowers. “It was very big there. But after a while some kids drop out. I just fell in love with it,” he says. Early on in high school, Miller was also a cross-country runner, but in his junior year, he gained 50 pounds and grew several inches. “I went from 170 to 220, so that ended cross country. But it was great for rowing.” Miller’s brother rows for the United States Naval Academy and his sister was a varsity rower at

Clemson University. “I’m not so sure she isn’t the best of us,” he says.

Miller tried not to let himself feel too down after the loss.

“We spent a week in Australia after it. Did all the usual tourist things,” he says. “My parents rented an apartment downtown and I moved in there. We went to an opera, to the Blue Mountains. I did have a really good time. But it still would have been nicer to win.”

Bayer had taken a year’s leave from Wharton to train for the Olympics. He traveled the world for major tournaments, as selection for the Olympic fencing competitions is based on accumulating points from world competitions the previous year.

Though he trained with his coaches at the New York Athletic Club in Manhattan, Bayer also went to places like Cuba, China, France and Germany to compete. He went from 85th in the world foil rankings to as high as 8th, winning one gold medal in a tournament in St. Petersburg, Russia, along the way. He was the only American to qualify for the foil competition at the Olympics, with only one other foil fencer, a Venezuelan, coming from the Western Hemisphere. “It was going to be difficult, but I thought I would do well,” says Bayer. But Kim was the one man he feared and when Bayer found out

he would have to face him in the second round, he was a bit worried. "He has a different style. He is very quick. I only wish I could have faced him later, after a few other bouts. But he beat me and that is that."

Bayer hopes his experience over the last year helps to improve the image of American fencing. "Before, they would say, 'Well, Americans aren't very good,'" he says. "Now, maybe they will say, 'There is an American who could win a major tournament.'"

Like Miller, Bayer has a family legacy in wrestling, his brother having been on the Princeton team. Bayer is spending the rest of the year in New York, working for Convergence Advisors, a venture capital firm, and will return to Wharton this fall. And like Miller, he is retired – for now. "The Olympics is an amazing experience," he says. "It's not like tennis, where you have three or four major tournaments a year that everyone goes to. Basically, this is it – once every four years – and you have to work really hard to get up for it. We'll just have to see about the future."

Slay has the same sentiments.

"Right now, I'm leaning toward ending my wrestling career. But things are just moving around me so quickly and I'm just 25, so I don't want to leap and cut off other things," says Slay. He's had job offers in San Francisco and is considering starting a business with Brown called More Than Gold that would focus, via camps and speaking engagements, on motivating children toward seemingly unreachable goals. He's also had feelers from Hollywood for acting and writing possibilities.

"But I go back to those hours on Bondi Beach," he says. "That's when I started realizing that joy and happiness doesn't have to come from winning and losing, but giving a complete effort to work toward a goal. I may have that gold medal now, but I didn't then," he says. "So it gave me a chance to know that losing only comes from missing out on that opportunity to learn and grow, which gives you the motivation to get that opportunity to succeed for future challenges. That is what it is all about." ♦

Lock In Your Capital Gains

With the strong performance of the US stock market in recent years, many individuals are astounded at the appreciation their investment portfolios have enjoyed. They also ask the question, how can I protect my capital gains?

Wharton is pleased to offer a secure alternative – the charitable gift annuity. The gift annuity provides a way to lock in capital gains and take advantage of an attractive rate of fixed annuity payments.

Benefits include:

- Fixed income for the lives of one or two beneficiaries
- Annuity based on market value of assets contributed
- Current income tax deduction
- Capital gains tax savings
- Low minimum gift of \$10,000 per annuity
- Choice of monthly, quarterly, semiannual or annual payments
- Significant, donor-directed support for Wharton
- Each annuity contract backed by the total assets of the University of Pennsylvania

For more information or a personalized illustration with no obligation, call Greg Wolcott, Director of Gift Planning, Wharton External Affairs at 1.800.400.2948 or 215.898.1638.

Sample Rate Chart for a \$10,000 One Life Charitable Gift Annuity

AGE	RATE	DEDUCTION*	ANNUITY
55	6.1%	\$3,377	\$610
60	6.6%	\$3,384	\$660
65	7.0%	\$3,638	\$700
70	7.5%	\$3,972	\$750
75	8.2%	\$4,327	\$820
80	9.2%	\$4,722	\$920
82+	9.5%	\$4,995+**	\$950

* Charitable deduction will vary slightly with changes in the Federal Discount Rate.

** Annuities with an income beneficiary above 82 will receive a higher income tax deduction depending on the age of the beneficiary.

Note: Gift annuities are not available in all states.





The Battle of the Bulge Bracket

Key Players in Investment Banking and Financial Services Weigh in on the Industry's Hottest Mergers – and What Could Happen Next

Frank Quattrone is an intense guy in an intense business. If you ask him why investment banking is consolidating like crazy these days, the head of Credit Suisse First Boston's Technology Group will shift into overdrive.

The three high-margin areas where investment bankers make money — equity underwriting, high-yield bond underwriting, and mergers and acquisitions — are concentrating in the hands of fewer and fewer firms, says Quattrone, W'77. And if you want to play ball with the world's top investment banks — Goldman Sachs Group, Morgan Stanley Dean Witter and Merrill Lynch — you must be big and broad, with an array of capabilities. A firm can develop and strengthen those capabilities either from within — or via acquisition.

"Clients want to deal with winners," Quattrone says. "It's hard for investment banks not ranked in the top five or even the top three to win the important business that drives market share. If you look at market share of the top five or three in equity, high-yield and M&A, they're becoming increasingly concentrated in those hands. If you can't compete, you have to do something. So, why bang your head against the wall?"

Why, indeed.

If you are Zurich-based Credit Suisse Group, parent of CSFB, you don't try to grow organically — you buy Donaldson Lufkin & Jenrette and merge it with CSFB. If you are UBS, another Swiss banking giant, you acquire PaineWebber Group. Or, if you happen to be Chase Manhattan Bank, you buy J.P. Morgan. These three deals, announced within months of one another in 2000, shook the increasingly intermingled world of investment banking, commercial banking and brokerages, and left Wall Street wondering who would be next.

In recent years, consolidation has changed the automobile, telecommunications and defense industries, and, of course, financial services.

Wharton alumni, faculty members and industry analysts

say it is likely to continue as banks and securities firms in the

United States and Europe jockey to

put together the right combination of people, products and assets to achieve competi-

tive advantage and boost global market share. In the investment banking business, that means attaining or retaining "bulge bracket" status — Wall Street jargon for the most elite investment banks.

And consolidation is affecting all of financial services, not just investment banks. The merger of Citicorp and Travelers Group in 1998 created the quintessential business model for the super-big, one-stop-shopping, universal-bank for customers seeking everything from underwriting to insurance to credit cards. The Chase-J.P. Morgan deal will create a similar giant.

Robert J. Hurst, WG'68, vice chairman of Goldman Sachs, cites several key factors in commercial and investment banks' drive to seek partners.

"Commercial-banking consolidation has really come about because banking was a fragmented industry nationwide and globally," says Hurst. "And it has been a relatively slower growth industry, and so consolidation has made a lot of sense. In general, in banking acquisitions, there has been a little loss of revenue and lots of synergies and overlap, which means cost cutting and expense savings. On the investment banking side, consolidation has been driven by a different set of factors. Acquisitions have happened to create scale, to strengthen product areas and to become global or increase capital. But it's not driven by the need to offset slower growth with expense takeouts."

BY STEPHEN J. MORGAN



Hurst and others say that, in general, it's OK to be big and OK to be a small, boutique firm with a well-defined niche. But middle-of-the-pack firms, they say, are finding themselves in the most difficult competitive position: They may be too big to be nimble but too small to offer the variety of services major clients demand.

Tanya Azarch, a Standard & Poor's analyst, says the current wave of consolidation began in the late 1980s. "It waxes and wanes," she explains. "When stock prices are high, firms will sell out. When the stock market falls, there's less compulsion to do that." A consolidation "crescendo" took place in 1997, when Chase Manhattan Bank merged with Chemical Bank. A brief hiatus followed.

"Now," she says, "we're starting to get different kinds of consolidations, across industries more. I would characterize Chase and J.P. Morgan like that. There's been a convergence between corporate banking and investment banking in terms of products. Chase has proven that you can do it all, from soup to nuts, and that puts pressure on investment banks to provide bank loans and banks to provide underwriting of securities. The pressures are felt both ways. There's a sense that commercial banks all these years have not developed an investment-bank franchise [of sufficient capability], as J.P. Morgan proved. It's terribly difficult and expensive to develop equity underwriting."

Is Bigger Really Better?

Rightly or wrongly, bankers believe that bigger is better, Azarch says. "There is a sense that [firms] want a commanding market share. And as the business globalizes, the business gets bigger, so [each firm feels it has to] get bigger." Hence, European and American financial institutions have been scrambling for acquisitions. "U.S. investment banks are more successful than any investment banks in the world, and everybody wants to buy them," says Azarch. "There's almost a frenzy because there's almost nothing left to buy."

Finance professor Anthony Santomero, who took a leave of absence from Wharton last summer to become president of the Federal Reserve Bank of Philadelphia, has analyzed consolidation in a research paper titled "The Determinants of Success in the New Financial Services Environment." Santomero and co-author David Eckles of the Wharton Financial Institutions Center found that size does indeed give financial institutions advantages that can boost profits.

Large institutions enjoy certain economies of scale, he says. Plus, diversification across businesses provides some earnings

stability. If an institution only sells mutual funds, for instance, the whole company will suffer if the fund business turns sour. But if that same firm also has a brokerage business, revenues and earnings from that operation can soften any blow from the fund side. Big firms can also leverage distribution channels to cross-sell products and services.

But the article, which appeared in the October 2000 issue of *Economic Policy Review*, a publication of the Federal Reserve Bank of New York, says size is no guarantee of success. In fact, there are several reasons why a universal bank-style institution may actually become less stable. For one, a firm's brand name will become associated with all of its products; if something bad happens to one business segment, the whole franchise may get a black eye. Further, a firm may deceive itself into thinking it is diversifying into different businesses when in fact it is not. For example, the article says, third-world lenders became emerging-market trading houses only to court disaster. A firm offering many products also becomes more complex, and complexity can cause management to be sluggish in reacting to changes in the market.

"It is not automatically the case that size will overwhelm the more focused institutions," Santomero says. "It may be the case that the midsize firms are the ones having the most difficulty because they're big enough to have management problems but are not big enough to leverage their scale. As a result, small, agile firms tend to be more successful. Firms in the middle end up being vulnerable and merge into other organizations. That's what we're seeing in almost every aspect of the financial markets."

Where does that leave the industry? "Individual firms will be in lines of business which will at times require high scale and at other times small scale to be reactive [to competition]," Santomero says. "Essentially, one size doesn't fit all. The question every organization has to ask itself is this: What are my core competencies and how do I leverage them in an effective way?"

Finance professor Richard Herring says financial services consolidation is driven in large measure by the expanding needs of the clients the industry serves. "Bigger clients need bigger financial-services firms," Herring says. "If you are an investment bank that wants to offer services to other industries in a meaningful way, you have to have a bigger balance sheet. You have to have enough capital to take the underwriting risk when you underwrite securities for very large firms. Some of these mergers are also aimed at distribution capacity, the ability to deal securities worldwide; the riskier the underwriting, the riskier the distribution."

Garrett Moran, WG'82, vice chairman of DLJ's Banking Group, says the combined CSFB and DLJ entity



“It’s hard for
investment banks not
ranked in the top five or even
the top three to win the
important business that
drives market share.”

brings together
the complemen-
tary strengths of
two very different
firms.

DLJ brought to
the table a large mer-
chant banking business, a
successful telecommunications
practice, strong high-yield and private-equity businesses, a
broad presence with middle-market clients, the DLJ Direct
brokerage operation and 500 brokers, says Moran, who plans
to begin a six-month leave of absence in March. For its part,
CSFB contributed a top-rated technology practice, headed by
Quattrone, robust M&A and equity research capabilities, a
larger balance sheet than DLJ’s, large corporate clients and an
international footprint.

According to Institutional Investor Magazine, the com-
bined company last fall ranked first in U.S. equity research,
first in high-yield research and underwriting, third in global
M&A, third in primary debt issuance and fourth in primary
equity issuance.

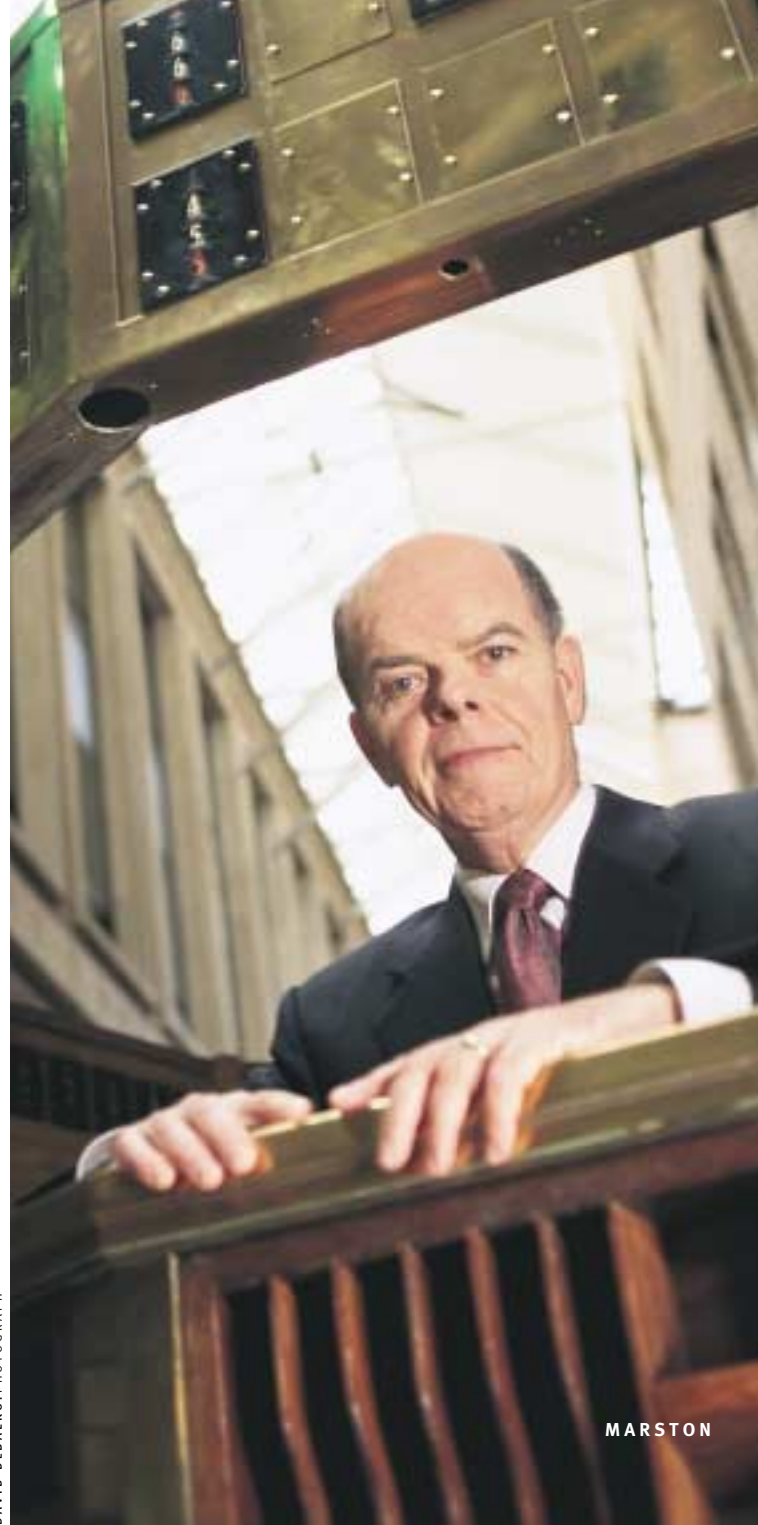
“It’s more and more useful to have a global brand,” Moran
says. “You might be the best at a certain kind of execution.
For example, we are the top high-yield-bond underwriting
firm in the world. Now, when the high-yield market begins
to open up in Asia, it will be easier for us to build our posi-
tion there. Brand has advantages.”

The Talent Factor

Alumni and faculty agree that cultural issues are important
in ensuring that consolidation works.

“When you buy into an investment bank, you’re buying
people,” says finance professor Richard Marston, director of
the George Weiss Center for International Financial Research.
“If you can’t retain the key players, you’re not going to have
a successful acquisition. That’s true of Deutsche Bank buy-
ing Bankers Trust or UBS buying PaineWebber. PaineWeb-
ber consists of talented people in the investment area. If they
were to lose a good portion of those people in this acquisi-
tion, UBS would end up with a hollow shell. UBS is aware
of that and it is structuring reward to PaineWebber people
who stick around.”

To illustrate this point, Marston points to General Elec-
tric Chairman Jack Welch’s decision to call on Geoffrey Boisi,



MARSTON

DAVID DEBALKO, PHOTOGRAPH



QUATTRONE

YAKUB MOSUR, PHOTOGRAPH

Who Needs New York, Anyway?

Taking Wall Street to the Alaskan Tundra

By Nancy Moffitt

About 10 years ago, Bob Gillam gave Wall Street the cold shoulder. As in subarctic.

In 1990, Gillam, W'68, founded McKinley Capital Management Inc. in Anchorage, Alaska. Gillam had grown up largely in Alaska, and knew he wouldn't be happy surrounded by skyscrapers and subways.

Though he initially worried that McKinley's location might be a liability to the money management firm, Gillam felt there was no reason – thanks to technology – that he couldn't make it work.

Indeed he has. Today, McKinley, with about \$5 billion under management, has racked up impressive returns year after year, catching the eye of the *Wall Street Journal* and other major media, as well as a growing cadre of institutional investors. Even during last year's tumultuous market climate, all but two of the firm's investment products outperformed the benchmark indices: McKinley's growth-equity portfolio, for instance, had a one-year return of about 65 percent as of September 30, outpacing the Russell 3000 Growth and the S&P 500. Its global growth product gained 21 percent for the year, versus 8 percent for the Morgan Stanley All-Country World-Free. A variety of reporting databases, including Nelson's Directory of Investment Managers, rank the firm in the top 1 percent to 5 percent for all of its investment products.

And Gillam, 54, can trade in the morning – there's a four-hour time difference between New York and Alaska – and fly his float plane or fly fish in the afternoon after the market has closed. McKinley's Northern Exposure locale has, surprisingly, turned into a selling point: the firm has attracted a core of young investment gurus who are drawn to the wilderness lifestyle and low cost of living. It's also part of a growing trend among money management firms: Technology has made it possible for investment companies to set up camp just about anywhere. Today, many of the nation's largest investment/money management companies are far from Wall Street, from Colorado-based Janus to Boston's Fidelity.

But it wasn't always so easy for Gillam, who tackled some unique challenges during McKinley's infancy.

For one, leasing the high-speed telephone lines necessary for coast-to-coast data transfer – timely data is the lifeblood of investment firms – was too costly an option for the then three-man firm. While the going rate was \$600 to \$900 a month elsewhere in the U.S., McKinley's Anchorage base meant the lines would cost "several times that amount," Gillam says. "Since accessing data is so vital to our business, we were forced to seek out alternatives. As a result, we were one of the first asset management firms to use the satellite for data transfer. We discovered then what we all know now – that streaming data from space was a cheaper and more reliable way to go."

McKinley also faced indifference from Alaskans, who believed that "you've got to be from out-of-town to be any good," Gillam says. So during its first five years in business, the firm didn't market its services in its home state.

"This meant that that our next closest market, Seattle, was 1,300 miles from our primary location," Gillam laughs. "But initially, I looked for clients in Texas or the West Coast, starting very small. And we grew, we picked up business across the U.S., including here in Alaska, and also in Europe and Asia." Today, about 80 percent of the firm's business is institutional, with clients including Bell South and Volkswagen of America.

As McKinley Capital has grown, its Alaska base has become less of a challenge and more of a way to give the firm a distinct, memorable persona of sorts. The entry page of the company's website (www.mckinleycapital.com), for instance, shows a suit-clad man giving a presentation to an audience of attentive brown bears backdropped by Alaska's snow-topped mountains. The slogan? "Our location at the top of the world means only one thing. A better view."

"The lifestyle here is incredible," Gillam says. "And I don't just say that because I was raised here. Most of our

employees live within a 10-minute drive to the office. And other than property taxes, there are no taxes in Alaska. There's no state income tax and no sales tax. Housing is really, really cheap. The cost of fuel, as you might expect, is low. And the recreational opportunities are immense. If you're a fly fisherman, if you like to ski, if you like to hike, boat, all of those things, you can't do any better." Gillam's son Rob, W'94, and one of five children, is also a portfolio manager at McKinley, which now has 75 employees.

An avid big-game hunter, fly fisherman and float plane pilot, Gillam lives his pitch. In recent years, he completed a 15,000-square-foot private lodge/retirement home overlooking the Lake Clark National Park and Preserve. No roads exist anywhere near the area, so Gillam built a 3,500-foot runway to service the more than 100 cargo planes that brought in over 50 loads, a million-plus pounds, of building supplies to the site. It took four years to build the lodge, where brown bears stroll through the front yard.

After earning an undergraduate degree from Wharton, then an MBA at UCLA's Anderson School of Management, Gillam joined the brokerage business, working for two Pacific Northwest firms that ultimately merged with larger financial services organizations. In the late 1980s,

after weathering the second merger, Gillam decided he'd had enough of being sold – "slavery is illegal," he jokes – and decided to open his own money management firm in his hometown of Anchorage. He bought four computers and hired Ted Gifford, a computer science professor at the University of Alaska, to help create programs that would turn Gillam's market theories into market returns.

McKinley Capital was born in 1990 with three employees and a quantitative, computer-focused investment style that's typi-





“Our location at the top of the world means only one thing. A better view.”

cally atypical. The firm's computers calculate and link a series of mathematical functions that search for and evaluate stocks based on earnings surprises and expectations. Gillam's strategy, called Modern Portfolio Theory, zeroes in on stocks the computer models find will likely grow faster than Wall Street expectations. As of last fall, for instance, McKinley had sold its holdings in large technology stocks such as Microsoft, Dell and Cisco in favor of smaller, secondary technology shares flagged by the firm's mathematical computer models as the next growth powerhouses.

Despite the swift consolidation underway in the financial services industry, McKinley remains independent, with about half of its employees holding equity in the firm. “It's my observation that the majority of mega mergers bringing together banking, brokerage, investment management and insurance firms have not worked very well,” Gillam says. “But there is a learning curve, and I think that many of the mergers that are underway today might work. There will likely be a large pile of rubble as history is written, but a number of the mergers will be successful, particularly the merger of banking, investment management and brokerage, versus banking and insurance.”

Asked about McKinley's likely future independence, Gillam says that, for now, the firm intends to stay its present course. “We don't need, at the moment, any additional marketing channels. We don't need any more capital or young motivated people. So, at least for this little firm, being independent is just dandy.” ♦



“Commercial-

banking consolidation has

really come about because bank-

ing was a fragmented industry

nationwide and globally.”

WG'71, to provide advice on GE's bid to acquire Honeywell in October. Boisi, a former partner at Goldman Sachs, left Goldman years before to form his own boutique, the Beacon Group. Chase bought Bea-

HURST

con in July 2000 for a reported \$450 million. And Boisi, who is head of investment banking at Chase and will be co-chief executive of investment banking at the combined company, soon began playing a pivotal role not only in guiding the acquisition of J.P. Morgan, but in advising Welch.

“When corporate executives are looking for financial advice, what they really want is a bright individual,” says Marston. “They're not always looking for the largest organization. Welch called upon Geoff. He wasn't calling upon an institution but an individual to give him advice. Geoff would have been called upon even if he were with the firm prior to Chase. In investment banking deals, many times the institution helps tremendously, and the resources of a J.P. Morgan Chase will be enormous. It was a coup to attract [Boisi] to the firm. But when push comes to shove, the key players have to be good in their own right, which is why Jack Welch called on him.”

Hurst of Goldman Sachs says, “Three things have made a difference in deals that have worked. First, move quickly in terms of the integration. Second, remove uncertainty with regards to people. Third, be very focused on the areas that are strategic and build those up, and prune or divest the non-critical businesses.”

Of the three big mergers in 2000, the one that was “easiest to justify in terms of synergy” was UBS's acquisition of PaineWebber, Herring says. “PaineWebber has a wonderful high-net-worth client list and UBS is the preeminent provider of private-banking services worldwide.”

In the case of Chase and J.P. Morgan, “success will depend on whether executives can keep the best people,” Marston says. “I believe Chase, with the success it has had in the past with mergers, will be careful to keep the best of these organizations. But it's going to be a difficult task, and it will take a lot of time to make the merger successful because there's an awful lot of overlap.”

One threat to any successful consolidation is differences in compensation, particularly if commercial banks are acquiring investment banks, says management professor Harbir Singh, who studies mergers and acquisitions. For instance, if bankers



HERRING

DAVID DEBALCO. PHOTOGRAPH



HURST

LOUIS LANZANO. PHOTOGRAPH



POTTRUCK

YAKUB MOSUR. PHOTOGRAPH



at one company know that people in the firm being acquired are earning a lot more than they are, management may find employees bolting for the exits or, if they stay, feeling resentful.

"In the best-case scenario, the acquired firm sees the acquiring firm as having access to customers in international markets, some cross-selling opportunities and maybe depth in financing," Singh says. "But the negative is all the other excess baggage. The acquiring banks often are not used to living that high, so there's a culture clash."

In the "war for talent," Moran says, "people can be overpaid because firms feel they have to over-pay to get people. It's hard to do lateral hires from competitors. Every time you hire someone, you pay a ridiculous figure. You tend to attract the most mercenary people and end up disenfranchising the most loyal people in your organization. Consolidations will succeed only if they are places where people like to work."

"The most important thing to get right," says Quattrone, "is the culture."

It is also true, says S&P's Azarch, that "in investment banking where your assets are your people, you don't do hostile mergers. It would be suicidal."

Size is another hurdle to be overcome by merging firms. "Size offers as many challenges as advantages," says Dave Pottruck, WG'72, President and Co-CEO of Charles Schwab, which last June completed its merger with U.S. Trust. Over the past several years, Schwab has also acquired online and discount brokerages in Canada, Australia and the United Kingdom and has bought a 401(k) administrative firm which now has over \$35 billion in client assets. "None of those deals involved layoffs," Pottruck says. "We now have 25,000 people in our company; only two years ago we had 11,000. We are struggling to recruit the kinds of people we need but not dilute our culture."

Many consolidations, Pottruck says, "have been driven by the balance sheet and income statement; driven by companies wanting to achieve financial efficiencies. Frankly, that's a gruesome path to success and something I don't think I'd be very good at. The reason you merge is you think that at the end of the day you'll have more value for customers and shareholders than at the beginning. There are some people who merge because they think bigger is better. But once you've gotten a certain degree of critical mass, being bigger does not at all make you better or more successful."

All of those interviewed say consolidation will continue. The cocktail party chatter, though, is about whom will merge with whom.

Here's Azarch's assessment: "If anybody wants to make the next big move, it will take a bulge-bracket firm: Morgan

“You have to
have enough capital to
take the underwriting risk when

you underwrite securities for
very large firms.”

HERRING

versal bank would want one of those to fill out their investment-bank franchise.”

In a report to clients, Bear Stearns analyst Amy Butte says European financial institutions are “best positioned to win bidding wars.” One reason these firms, relative to U.S.-based institutions, can afford to pay more for acquisitions is “reduced public scrutiny,” which may give them “incremental flexibility in producing results for shareholders,” she says. Butte identifies HSBC, ING Barings and ABN Amro as potential buyers.

Throughout last year, speculation on mergers remained intense. An official of Deutsche Bank, which acquired Bankers Trust in 1999 and was said to have had J.P. Morgan on its wish list, reportedly told analysts in November that it was going to take a break from shopping for an investment bank. Instead, the official said, the Frankfurt-based giant, not unlike other institutions, wanted to focus on strengthening its asset-management and private-bank operations.

Today’s securities environment is far different from when Quattrone, son of a clothing factory worker from South Philadelphia, broke into investment banking with Morgan Stanley in 1977.

“Back then it was like a gentlemen’s club where each firm had its own clients and nobody tried to take clients away,” he recalls. “There was fragmentation in the market, and Morgan Stanley and First Boston and White Weld had blue-blood clients. Some upstarts like Goldman and Salomon Brothers were trying to crack the Fortune 500.”

But even then, consolidation was occurring. At the same time, high technology firms that are now household names emerged – manufacturers of personal computers, software and silicon chips. In 1981, Quattrone was part of the group that began to build Morgan Stanley’s technology practice. Nine years later, he took a company called Cisco Systems public. Since then, he has advised on hundreds of initial public offerings, common stock and convertible offerings and M&A transactions for such firms as 3Com, Amazon.com, America Online, Netscape, Intel, Intuit and Oracle.

“The business has become more capital intensive,” Quattrone says. “The clients who are driving our business are glob-

Stanley, Merrill or Goldman. I don’t see a merger between them.

They have co-existed for a very long time.

It’s more likely that a uni-

al enterprises. Companies want complete, global solutions and a narrow number of vendors to be complete suppliers of all products. Hambrecht & Quist, Montgomery Securities and other specialist firms have all disappeared [by being acquired]. They couldn’t cut it anymore, either capital-wise or full-service-wise.”

Being big, says Quattrone, allows firms to pursue what he calls “elephant” deals — transactions in the tens of billions of dollars. Of the combined CSFB-DLJ, he says: “If we can go out in the world and say we’re working harder and that we’re in the top three in every product, region and industry sector, more people will want to deal with us because we’ll have the stature to get their business.” ♦



PRIVATE WEALTH MANAGEMENT PROGRAM

AUGUST 5-10, 2001

INSTITUTE
for
PRIVATE
INVESTORS

Wharton
The Wharton School
University of Pennsylvania

TO INQUIRE:

Institute for Private Investors
74 Trinity Place
New York, NY 10006
Tel: (212) 693-1300
Fax: (212) 693-2797
www.memberlink.net



Managing Without Commitment

Wharton's Peter Cappelli and The New Deal
– Or Is It a Raw Deal – At Work

By Nancy Moffitt

Employee A has worked as a manager at a major consumer products company for the past 20 years. He realizes – as he sees the swirl of young and technologically adept colleagues coming and going – that his future is not secure.

Employee B has seven years of varied corporate experience as an up-and-coming software manager. He fields about a call a day from recruiters offering salary and stock options packages that always seem to be rising, and enjoys being in the driver's seat with few long-term obligations.

Employee C works for a “professional employer organization” and is currently leased to a mid-sized medical products manufacturer that has decided it no longer wants the expense and liability of its own employees. Instead, the company's top executives have contracted to rent an entire staff, thus eliminating commitments, maternity leaves, benefits and pensions.

Whatever happened to taking a corporate job, working your way up the chain of command over many years, being rewarded for your loyalty with steady promotions and pay increases, and retiring at age 65 after a long career with one company, or at a minimum, one industry?

There's no denying that jobs – how we find them, what they mean to us and what they mean to our employers – are not what they used to be. Today, a quiet revolution is underway in the employment world that has all the elements of a good drama: abrupt power shifts, big money, risk and uncertainty, and, for some, payoffs galore.

Peter Cappelli, professor of management and director of Wharton's Center for Human Resources, is fascinated by the changing landscape of employment, and by many accounts is the only academic in the nation to so closely study and chronicle its evolution.

Over the past two years alone, Cappelli's research has tackled issues including downsizing and performance, market-driven approaches to employee retention, and the so-called shortage of information technology workers (see sidebar). On a broader level, a spring 2000 research paper, called Managing Without Commitment, offered an abbreviated glimpse of Cappelli's 1999 book, *The New Deal at Work: Managing the Market Driven Workforce* (Harvard Business School Press), the first book of its kind to reveal just how much things have changed between employee and employer.

“The traditional employment system of secure, lifetime jobs with predictable advancement and stable pay is, by most accounts, dead – even in large organizations,” says Cappelli, 43.



KATY BARTHOLOMEW, ILLUSTRATION

Consider the following:

- Staffing firms that provide “leased” employees to companies are booming, including Professional Employer Organizations, which take on nearly all the legal obligation of being an employer for their clients.
- A recent survey of employee expectations found that job security ranked only fifth out of 10 attributes in importance.
- Employee poaching, even team poaching, has become a common recruiting method. The head of Coopers & Lybrand’s Madrid office, for instance, recently took his entire, 90-person team to Ernst & Young.
- The online recruiting industry has become a \$3 billion powerhouse that includes sites such as Monster.com, which has 6.3 million resumes and nearly 500,000 job postings on its site.

How and when did all of these changes occur? The death of the man in the gray flannel suit began in the 1980s, when the nation was taken aback by a phenomenon that had previously affected only blue-collar jobs: widespread layoffs. Company after company, citing the need to “restructure,” fired thousands of white-collar, mid-level managers throughout the decade. It was a time of fear for many professionals, who realized for the first time that despite their education and years of experience, they were now perceived as expendable. A recession in the late 1980s fueled the insecurity, and resentment and mistrust toward corporations grew.

In the early-to-mid 1990s, data show that white-collar job displacement continued, particularly for long-time employees, even as the economy took off. Cappelli cites a Conference Board survey showing that 84 percent of large companies polled acknowledged efforts to articulate a new relationship with employees, one explicit in its intent to eliminate long-term commitment to employees and the responsibility for identifying and developing their skills.

But by the end of 1996, labor markets had significantly tightened and the “deal,” as Cappelli calls it, had once again begun to change. This time employees had the power, as firms realized their problem was not getting rid of workers, but finding and keeping them. Companies such as GTE Corp., for instance, shifted toward marketing themselves as “employers of choice” with perks and professional development opportunities designed to lure and keep talented employees.

Problems for Management

Not surprisingly, the “new deal” has brought problems and perks to both employer and employee.

Employees with the right skills have options galore during tight labor markets. But generalists and mid-level managers who have not kept up with the technology boom or who lack a specific, unique talent face a much more tenuous future.

Employers, meanwhile, have great flexibility to quickly rearrange the skills of their workforce based on market forces and can limit long-term obligations and costs,

Today, a quiet revolution is underway in the employment world that has all the elements of a good drama: abrupt power shifts, big money, risk and uncertainty, and, for some, payoffs galore.

“What’s important about all of this back and forth is that it’s now clear that employment has become market driven,” Cappelli says. “And the most important connection employees today have is not to their employer, but to the market.”

“So the new employment relationship is an uneasy dance,” Cappelli says. “It’s an open-ended relationship that is constantly being shaped by the pull of the market. When labor markets are slack and jobs are more difficult to find, employees become more loyal to their employers and assume most of the pain of a restructuring. When labor markets tighten, the tables turn: employee commitment drops and employers are more willing to invest in employees again.”

For all of their angst during the 1980s, today’s employees appear to have adjusted to the new realities of the employment market better than their employers, according to Cappelli’s paper. He cites the recent survey of employee expectations that found that “secure employment” ranked only fifth out of ten attributes in importance, after interesting work, open communications, opportunities for development and realistic performance management. Employers, meanwhile, still struggling against a tight labor market, listed commitment and trust as most important. And another survey by Towers Perrin revealed that most employees believe that lifetime employment is not realistic or even desirable. It also found that middle managers now see little difference between themselves and hourly workers when it comes to their relationship with their employer.

Cappelli says. But they also face a host of new challenges, from employee poaching to cultivating loyalty in a workforce that’s quickly learned to put its own interests first.

The practice of employee poaching from competitor firms, for example, has become rampant in recent years. A Wharton study of 70 leading life insurance companies found that competitor firms are considered the most important source of new recruits, and team poaching, as in the case of the Coopers & Lybrand executive, has also become common.

What have companies done to counter this trend? “Golden handcuffs” – compensation or stock options packages that can only be accessed after a certain time period – are one way companies have tried to keep employees from hopping from offer to offer. But recruiting firms have more recently responded to these packages with “golden hellos” – programs that simply buy out the incentives.

In the end, compensation-based retention tools are only a marginally effective solution since they are easily copied by competitors. “The better option is to create unique ties to the organization that can’t easily be duplicated,” Cappelli says. North Carolina-based SAS Software has an annual turnover of about 4 percent, while the industry average for software is six times higher. Cappelli cites the firm’s ability to create a strong community among employees with meaningful perks and benefits, such as discounted prices for home sites and childcare, as the reason.

Similarly, firms with a strong interpersonal focus also struggle less with retention issues. A team orientation and work climate that fosters respect of and among employees seems to result in lower turnover. “Employees more easily develop commitments to other people than companies, so the best way to keep them is to develop good social relations at work between employees. On the other hand, organizations that focus largely on tasks and task performance at the expense of relationships have higher turnover,” Cappelli says.

Commitment and loyalty – shown in a wide-ranging body of research as vital to organizational success – are also casualties of today's new employment contract. In fact, today's combination of empowered employees and diminished commitment is one of the biggest dilemmas modern companies face, Cappelli believes.

What can companies do to increase commitment among this mobile and wary workforce? Cappelli's paper makes several recommendations, including giving employees auto-

The Human Capital Management Industry

Cappelli's most recent research interest involves the human capital management industry – made up of search/recruitment firms and staffing firms that provide temporary or leased employees. In a few scant years, the industry has become a \$95 billion powerhouse that's expected to double in size within the next five years. Nonetheless, this young field – barely 10 years old – is still relatively unknown.

Cappelli attributes much of the industry's rapid growth to technology. The booming online recruiting sector

The online recruiting industry has become a \$3 billion powerhouse



PETER OLSON.PHOTOGRAPH

my, showing genuine appreciation and support for employees, making employees feel needed and that they are making an important contribution, and offering training and other investments in employees.

"Very simply, people are more committed when there is reciprocity," Cappelli says. "When employees believe their employer is supportive of their well-being, they are more committed. The more valuable they feel, the more they see themselves as attached to the organization. The more their employer invests in them, the more they will feel a sense of reciprocal responsibility."

includes a slew of job-related services, from job boards to recruiting services to support services, and has allowed employers to interface directly with potential applicants, dramatically lowering the cost of employee searches. Similarly, job seekers have a host of free online options.

Already a \$3 billion industry that's expected to grow sevenfold within the next five years, the online recruiting industry includes powerhouses such as Monster.com, which has more than 6 million resumes on its site – more than 5 percent of the U.S. adult online population. Cappelli points out that on its peak day (Monday), Monster estimates more than 4 million job searches take place on its site, and the company reports it is growing by 15,000 resumes a day.

Beyond the job boards, however, are a dizzying variety of online firms that offer new ways to match workers and jobs. Some provide ways for applicants and employers to supply portfolios of information such as videos of interviews. Others offer extensive tests to measure the skills of applicants.

IT Workers Need Better Handling

IT Workers Are Out There, but Companies Don't Know How to Find Them, Pay Them or Manage Them

It's common for companies across America to complain about a shortage of information technology workers. The reality, however, is that there is no widespread lack of workers, but a shortfall in the ability of companies to recruit IT employees, to assess their talent and make their jobs rewarding enough to keep them from quitting, according to a recent study by Peter Cappelli.

The unhappy truth, the study points out, is not that there are few people available to do IT work, but that once they are hired they are often poorly managed. In addition, many IT jobs are ill-designed and boring, leading many employees to become dissatisfied and leave.

"What's really unusual about this situation is that so many people are quitting the IT profession," says Cappelli. "The number of workers who quit the programming field every year, for example, exceeds the number of new programming jobs. It's peculiar to have a field that's thought to be so hot, yet where so many people are leaving in droves."

In the study, prepared for McKinsey & Co., Cappelli finds that employers are not entirely mistaken in feeling confronted by a lack of IT workers – even if the shortage amounts to little more than what an economist would view as a temporarily tight labor market. There are indeed many occasions when it is hard to find the right people to fill jobs, especially high-end IT positions such as software architects and sophisticated programmers. And it is frustrating that organizations cannot hire more people than they find – even after spending a lot of time and money on searches and offering prospects prevailing wages.

Such frustration can leave companies desperate for both an explanation and a solution.

As for an explanation, companies tend to assume that new workers must not be entering the field and that this is preventing the market from adjusting to what appears to be skyrocketing demand, according to Cappelli. But what often turns out to be the case is that an unusually large part of the demand for new hires focuses on just a few key workers where bidding wars raise wages and search costs sharply.

In addition, employers frequently seem unwilling to consider hiring older, experienced IT workers. The attention that employers give to recruiting college graduates disproportionately focuses on just a handful of jobs. Moreover, many employers treat IT employees poorly and undervalue their contributions to companies. For instance, programmers typically find themselves working in isolation on fragmented tasks that do not allow them to see the larger purpose of a project or to interact with other people. It may be of no small consequence that the offices of IT employees are often in a company's basement, the study notes.

If there is a crisis in the IT labor market, Cappelli says, the crisis is a narrow one. But it would be wrong to believe that the cause of the crisis is an inherent shortfall in the supply of workers. The supply of college graduates trained for IT careers has been responsive to market conditions, even though that supply lags demand by several years and can create problems for the labor market.

Cappelli makes several recommendations to companies seeking to understand and address the issues surrounding the so-called shortage. For one, employers must improve recruiting practices. Companies should take some of the resources spent on trying to hire small numbers of people with top academic credentials and

instead develop ways to predict which employees will succeed. At present, most companies have no systems in place to make such assessments, the study notes. As a result, firms set pay rates based on average expected performance, which probably leads them to underpay their best people and overpay the least competent.

"An employer that could do a better job of judging talent would have no difficulty attracting the best workers because it could afford to pay them a lot more," Cappelli says.

In addition, companies should redesign IT jobs, especially programming positions, to reflect their true contribution to the business. The shabby treatment of workers contributes to high turnover rates and can lead to higher costs, since IT workers may demand more wages in exchange for doing tasks that offer few rewards of other kinds.

"IT has a culture of its own, and it's a culture that's usually detrimental to keeping workers happy," Cappelli says. "It's amazing that IT management practices simply run counter to how human resources people feel employees in all other kinds of jobs should be managed. Organizations should apply basic management principles to keep IT people satisfied and engaged in their jobs."

Finally, organizations should learn to measure job performance better and link rewards to performance. If the most talented people are essential to the IT industry, they should be identified and paid top dollar. Better performance management may also reduce the prejudice against older workers, which is widespread in the IT sector, despite laws against age discrimination. ♦

This story first ran in Knowledge@Wharton, the School's online source for business news and analysis.

Not a Traditional Academic

"These online developments have important implications for finding jobs, for employment relationships and more generally, for broader society," says Cappelli. "Again, we see that these trends make it easier for employees to be less committed to their employer because it's so quick and easy to find jobs online. On the employer side, 90 percent of North American companies now recruit candidates on the web, with 60 percent posting their job openings online."

"And the monopoly of information about jobs and careers that employers once had has been eliminated. Companies like Vault.com offer inside information about what jobs in specific companies are really like. Salarysource.com tells you what you should be making in a particular job in a particular location. All of this adds up to a fascinating change," Cappelli says.

Another interesting development is the growing use of staffing firms that provide temporary or leased employees, including Professional Employer Organizations, relative newcomers that take on many of the legal obligations of being an employer for their clients. Temporary help firms, meanwhile, "create an opportunity and a market for part-time work," Cappelli says.

Cappelli joined Wharton in 1985, serving as chair of the management department from 1995-1999 and as director of the Center for Human Resources from 1990 to the present. His work, he admits, is not traditional scholarly research. "It's a bit of a stretch from the traditional academic work, which is organized around academic themes rather than practice," he says.

Cappelli grew up the son of a local attorney in upstate New York and always assumed that he, too, would become a lawyer. But when his father died young while Cappelli was an undergraduate at Cornell, he decided against a career in law. He chose instead to go graduate school at the University of Oxford, where he studied labor economics. The 1970s were an interesting time to study labor economics in England, because research was conducted by going out into communities to collect data, rather than relying on government databases, as is the practice today. "I think those early experiences account for my more topic-driven approach to my work," Cappelli says. "I don't really fit neatly between the various disciplines – economics and sociology and psychology."

His interest in recent employment trends happened largely by accident. Cappelli was working with two

"What's important about all of this back and forth is that it's now clear that employment has become market driven."

"When you look at the growth in all of these different areas that make up the human capital management industry, you realize that everything needs to be examined," he adds. "So little research has been done, even on industries like executive search that have been around for awhile."

Ultimately, Cappelli hopes for a Wharton-based research center that will focus on the mushrooming human capital management industry. He believes now is the time, as the new market-driven world of work and several years of tight labor markets have, finally, made employment a crucial issue for corporate America.

"The mainstream business community has historically paid no attention to this whole area of employee management – it's been a topic that people paid lip service to but nobody really cared much about," Cappelli says. "And in a slack labor market, you can be a terrible manager and you still get things done because everybody's glad to have a job and they're scared of losing their job. But in a tight labor market like the one we've had for many years this stuff really starts to matter. And now people are interested – out of necessity."

co-authors on a 1997 book called *Change at Work* that focused on the corporate restructuring wave of the 1980s and 1990s. As his work on the book progressed, Cappelli caught a glimpse of the "new deal" – the unfolding of a market-driven employment system.

But his co-authors wanted to maintain the book's initial focus, and so *Change at Work* didn't address the fundamental changes underway. Cappelli's next book, *The New Deal at Work*, tackled the issue head on. "As I got into it, the story really did seem right to me. And with this my research got pushed more in the direction of what was actually happening in the world," he says. "Since then, the issues have been exploding around us with this tight labor market and are so obvious and important. Even though nobody else seems to be looking at these questions, they are so important that I feel driven to keep looking at them." ♦

Knowledge@Wharton is an online business resource presenting business news, analysis and research to corporate executives, entrepreneurs, policy makers and academics. Following are selected summaries of articles that have appeared in Knowledge@Wharton. For complete versions of these and other articles, visit this free site at <http://knowledge.wharton.upenn.edu>

Human Resources

Who's Watching the Kids? The State of Child Care in America



In a country where some child care workers undergo less professional training than manicurists, it's not surprising that the quality of child care is a pressing issue for parents, policy makers and businesses. A recent conference at Wharton entitled, "Caring for the Young Children of Working Parents: A Call for Private and Public Sector Leadership" drew participants from government, the corporate world, the child care field and academia. Speakers raised a number of questions about child care conditions in this country: Solutions to the financial and educational dilemmas posed by the current system, or lack of one, were more elusive.

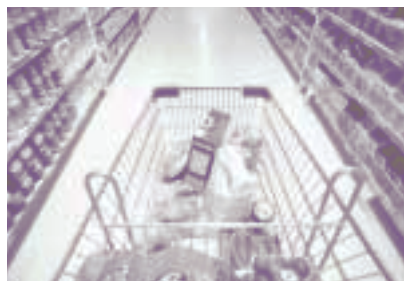
Leadership and Change Are Women Natural Leaders, and Men... the Opposite?

In a world where powerful corporate women are still comparatively rare, a book that profiles 14 of today's most

successful businesswomen is especially welcome. But *Why the Best Man for the Job is a Woman: The Unique Female Qualities of Leadership*, by Esther Wachs, doesn't just profile these individuals; it goes on to suggest that men have been made obsolete by the modern "feminized" workplace, and worse, are genetically incapable of acquiring true leadership skills. Is this the time for a cease-fire?

Marketing Taking Stock of Supermarket Retail Performance

To shoppers at a typical supermarket, it might appear that new merchandise always appears to replace the old in time for their weekly visit. But a lot is actually going on behind the scenes. Food and other consumer goods manufacturers know that more than 70% of purchase decisions are made in the stores. They want to be tuned into retailers' marketing and selling strategies. On the flip side, retailers have a job to do – sell products. They, too, benefit from measurements of their sales performance. A new paper from Wharton marketing professor Stephen J. Hoch, marketing professor Sanjay K. Dhar at the Graduate School of Business, University of Chicago, and Nanda Kumar, a professor at the University of Texas at Dallas, ana-



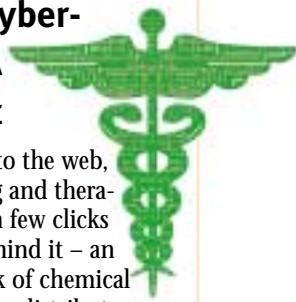
lyzes the factors that determine which retailers are doing better in terms of unit and dollar sales and why.

Marketing That Elusive Customer Loyalty: How to Build It, Learn From It and Profit From It

In an article on Oct. 9, 2000, in the *Financial Times Mastering Management series*, Wharton marketing professor Barbara Kahn writes about the importance of turning customers into advocates who will not only develop loyalty to your company's product or service but will also spread the word to other potential buyers.

Health Economics Hunting Snake-Oil Sales- men Through Cyber- space: The FDA vs. the Internet

To anyone with access to the web, a dizzying array of drug and therapeutic offerings is just a few clicks away. And the force behind it – an intricate global network of chemical and drug manufacturers, distributors and buyers – may be threatening the ability of the U.S. Food and Drug Administration to provide its traditional public health "safety net" for Americans. Last month FDA commissioner Jane Henney spoke about the agency's attempts to protect consumers from "misleading information, disreputable web sites and dangerous products." ♦



Wharton

THE CAMPAIGN *for*

S U S T A I N E D

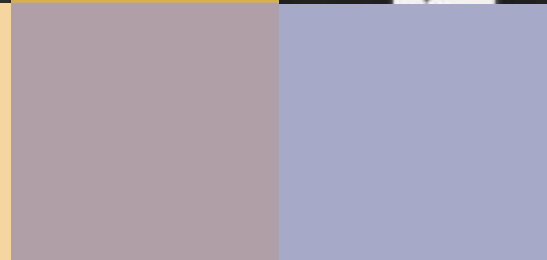
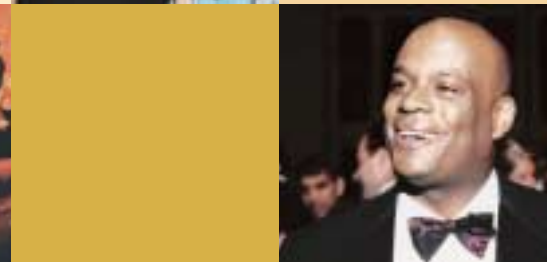
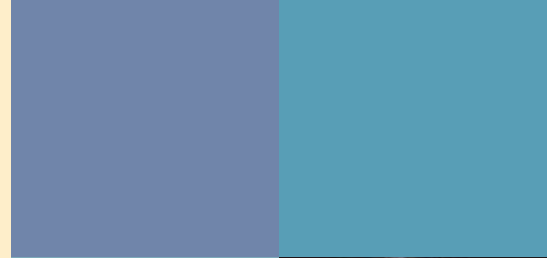
Leadership

\$425 Million Campaign for

Sustained Leadership Sets Sail

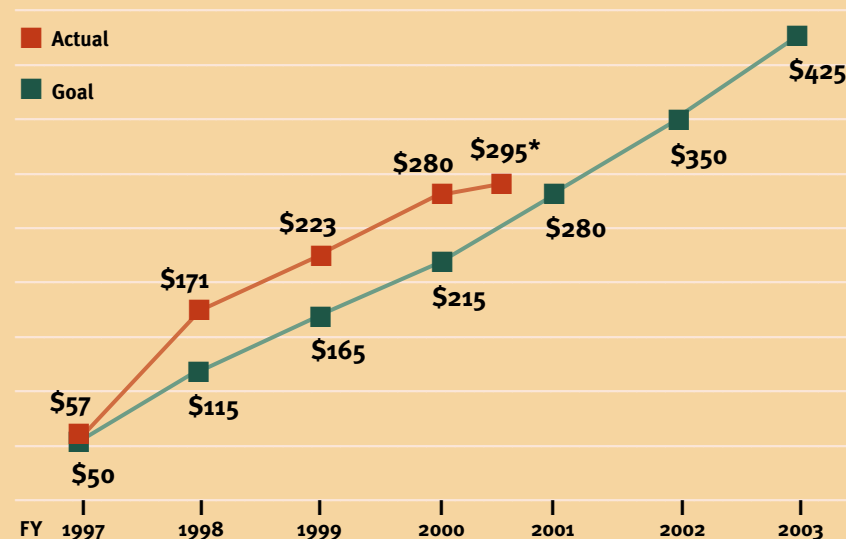
AT A HIGH POINT IN THE WHARTON SCHOOL'S SUCCESS, more than 600 alumni and friends of the School gathered on October 26 to raise the bar. "I'm proud that we've been named Number One four times in a row, but it also doesn't matter," Dean Patrick Harker said during a kickoff celebration for Wharton's Campaign for Sustained Leadership. "What got us there is our willingness to take risks. And that never stops."

Wharton's commitment to taking risks has been demonstrated by the more than \$295 million that was raised before the big event, which took place at the U.S. Navy Base's Cruise Ferry Terminal in Philadelphia. From huge banners on one wall, an image of the School's founder, Joseph Wharton, looked out through a cascade of 17,000 names of donors who had already contributed to the Campaign. Many of these leading donors were present at the black-tie dinner celebrating the Campaign's progress, and they recommitted themselves to its successful completion.



Campaign Progress: Projections vs. Totals Raised

By Millions



* Total as of 10/31/00

www.wharton.upenn.edu/development

WHARTON ALUMNI MAGAZINE 25

Defining Wharton's Future

Dean Harker stressed that the Campaign will define Wharton's future. "I see the Campaign for Sustained Leadership as our shared opportunity to build the foundation for the next generation of Wharton's leadership. We have set an ambitious goal: we will raise \$425 million for Wharton's future – by far the largest fundraising initiative in our history. And I am confident we will achieve this goal with the help of the people in this room tonight and the worldwide Wharton alumni community."

Penn President Judith Rodin noted that Wharton as a community can achieve far more than any individual within it. It is "greater than the sum of its extraordinary parts," she said. Referring to the setting of the Navy Base, Rodin noted a comment by University of Pennsylvania founder Ben Franklin, who said that no ship is ever designed, built and sailed by a single person.

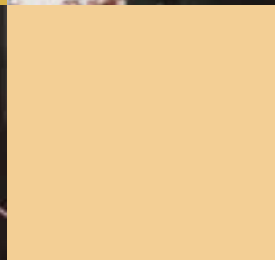
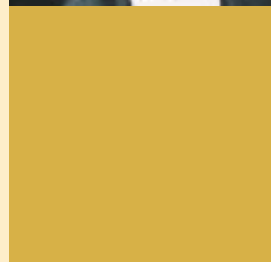
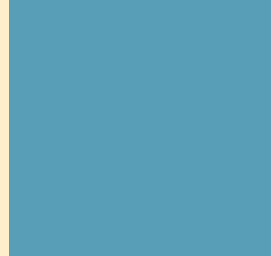
"All innovations come about only through purposeful engagement and partnership," she said. "No one of us, formidable as our individual talents may be, has the capacity by ourselves to preserve Wharton as the gold standard of business education, research and practice. It is only your involvement and leadership that leverage this support into dominance."

Lift Our Sights Dramatically

Campaign Chairman Jon Huntsman, who was unable to attend the Campaign kickoff, commented in a letter that was read by his son-in-law, Richard Durham, W'87: "During the next two years, we must lift our sights dramatically and far surpass our rather modest goal of \$425 million. The desire of my heart is that each one of us will make a significant contribution as an expression of gratitude for the Wharton School providing us with the foundation to be successful in our respective endeavors."

Huntsman thanked contributors to the Campaign and urged all alumni to consider the impact Wharton has made in their careers. "I have no greater love, except for my own family and faith, than that which I have for the Wharton School," he wrote. "It has given all of us a source of strength, inspiration, personal initiative and the opportunity to compete aggressively in the marketplace. Without Wharton, many of us would not be where we are today."

**Sailing toward the goal: 17,000 donors,
\$295 Million raised so far.**



A Legacy of Giving

When Jon Huntsman made his unprecedented \$40 million gift to Wharton as a cornerstone of the Campaign, he was carrying on a tradition of giving that affected him personally. As a student, Huntsman received a scholarship established by the Zellerbach family, which enabled him to attend Wharton.

After graduation, Huntsman went to see William Zellerbach, W'42, to ask for a job at the Zellerbach family company. "In my interview with Jon," Zellerbach recalled in an interview on *The Campaign for Sustained Leadership* video, "I said, 'Jon, you do not want to go to work for a large corporation. You have too much on the ball. Go to work for yourself.'"

Huntsman was crestfallen. "I almost cried. Here was a company I was planning to spend my life with. Here was the chairman of the board of that company telling me I would be better off somewhere else. It took me years to understand and appreciate the greatness of Bill Zellerbach. He gave me much more than a scholarship."

Zellerbach was not mistaken in his assessment of Huntsman's potential. Huntsman went on to build the largest privately held petrochemical and plastics business in the world, proceeding to carry on the legacy of contributing to Wharton's future. "Wharton was lucky enough to get a man of that caliber," Zellerbach said, "and Wharton was lucky enough that that man wanted to give back to those who helped make him a success." ♦

Huntsman



Zellerbach



Panel Discussion: Creating Leaders for the Global Community

The day of the Campaign kickoff was a time to celebrate leadership and to consider what it means to be a leader. In a panel discussion before the dinner, a group of distinguished global business executives assembled in the Annenberg Center's Zellerbach Auditorium to offer their views on leadership. The panelists – David S. Pottruck, President and Co-Chief Executive Officer of The Charles Schwab Corporation; Sir Paul R. Judge, Chairman of Isoworth, Ltd.; and Manuel V. Pangilinan, President and CEO of Philippine Long Distance Telephone Company – engaged in a discussion moderated by CNBC's Maria Bartiromo.

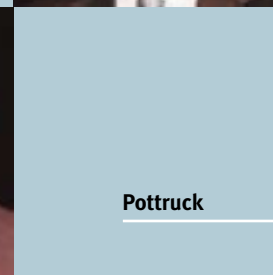
True leaders “are people and institutions that really care,” said Dean Patrick Harker in remarks at the opening of the panel. “[Wharton has] a passion for creating these leaders, a passion for innovation and a passion for constant renewal.” ♦



Judge



Pangilinan



Pottruck



Why Do We Need a Campaign?

What is it that drew this distinguished group of alumni and friends to Philadelphia to celebrate the School's Campaign kickoff?



"Wharton definitely needs this Campaign. It takes a lot of resources to sustain the continuing quest for knowledge, to be a leader in facilities and technology, to bring in new faculty, and to support students in the right environment and learning experiences. We need the resources to continue to be a world leader in educating, training and creating world business leaders."

Sam Gorman, W'66, WG'67



"If we want to maintain our pre-eminence, it takes resources. Our physical assets on campus are depreciated, and we have a lot of competitors. If we are going to stay number one, we need to invest in the future."

Ron Rosenfeld, W'61

During a reception before dinner, we asked some of the attendees why they believe the Campaign is necessary.



"It is easy to get complacent when you are on top, but we need to be thinking about what we can do to renew ourselves. For me, it is very personal. Wharton opened up the world to me. I believe much of my personal and professional success can be traced back to my years at Wharton and Penn. When I've come back to campus, I've been impressed with the students at Wharton. They are such terrific and talented people. It is exciting to be part of attracting this kind of talent."

Beth Kaplan, W'80, WG'81



"I am a big believer in education and schooling. That is the means to elevate bright people and give them a chance to develop and contribute to society. I went to Wharton, my kids went to Wharton. I love this school."

Jim Anchin, W'65, WG'66

www.wharton.upenn.edu/development

For more information about the Campaign, please contact
Kristen Rozansky,
Director of Donor Relations,
at 215.898.0122.

Wharton

"My only regret about my time at Wharton was that I didn't have the time to take the Negotiations course, which everybody told me was one of the most valuable in the curriculum. When I realized this course was available, and with Professors Diamond and Shell instructing, I immediately signed up.

The results were immediate and tangible. The knowledge I gained helped me to realize several million dollars of incremental value in my acquisition and divestiture negotiations during the past six months. Every Wharton Alum that missed this course in school should take it now."

Jeff Schaffer, WG'96
*Managing Director of Mergers
and Acquisitions*
The United Company

Wharton Executive Education gives you the chance to experience courses you might have missed. From Finance and Marketing to Leadership, Negotiations and E-Commerce, our courses are drawing alums back to campus in increasing numbers. Join us — and experience the best that Wharton has to offer.



Executive Education That Works... ...For Alums.

<http://wh-execed.wharton.upenn.edu/2639.cfm>

Executive Negotiation Workshop

March 4–9, 2001
July 22–27, 2001

Critical Thinking

April 8–11, 2001
November 18–21, 2001

Decision Models for Management

May 29–June 1, 2001

E-Commerce Strategy

March 18–23, 2001
August 26–31, 2001

Web Metrics: Making the Most of Your E-Commerce Data

June 17–20, 2001
November 18–21, 2001

Marketing High- Technology Products, Software, and Services

June 24–29, 2001
December 2–7, 2001

Global Market Management

February 11–16, 2001
August 19–24, 2001

For more courses and information,
please contact a course consultant at:
215.898.1776 or 800.255.3932 ext. 2639 **phone**
215.898.2064 **fax** (attn. 2639)
execed@wharton.upenn.edu **e-mail** (subject 2639)
wh-execed.wharton.upenn.edu/2639.cfm **Web**

Wharton

Aresty Institute of
Executive Education
The Wharton School
University of Pennsylvania

Global.Wharton.Connections

Address Update

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

Lifelong E-mail

A lifelong e-mail address is a single e-mail address you can use throughout your career, even as you change jobs. All mail sent to your lifelong e-mail address is forwarded to your existing work or personal e-mail address. To register online for lifelong e-mail, visit WAVE at wave.wharton.upenn.edu

Career Services

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

Clubs

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

Fundraising/Development

Support Wharton's future by making a gift to The Wharton Fund. Get more involved by encouraging your Wharton friends to do the same, or by offering your marketing expertise to the school. Call 215.898.7868 or e-mail The Wharton Fund at waf@wharton.upenn.edu

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

Executive Education

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

Admissions

For undergraduate admissions information, call 215.898.7507 or e-mail: Info@admissions.ugao.upenn.edu. Our web site is www.upenn.edu/admissions

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

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

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

Wharton Admit Network

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

Library Services

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

University Bookstore

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

Knowledge@Wharton

Stay informed of Wharton research, faculty, conferences and speakers. Browse Wharton's free business Web site, Knowledge@Wharton, at knowledge.wharton.upenn.edu

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

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: 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:
jeff.goodman@wharton.upenn.edu
URL: www.whartonclub.com

CALIFORNIA - San Diego:

Ellen Chang, WG'98
10124 Wateridge Circle, #111
San Diego, CA 92121
B: 619-847-1343
E-mail: ellen@aviara-inc.com

CALIFORNIA - SOUTHERN:

Tama Smith, WG'90
Tama Smith & Associates Inc.
1800 Century Park East, Suite 600
Los Angeles, CA 90067
B: 310-229-5951
E-mail: tsmith@tsassociates.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

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
E-mail: HLB@Walterhav.com

COLORADO: Mark J. Johnson, WG'86

Veelcom, Inc., 6400 S. Fiddler's Green
Circle, Suite 710, Englewood, CO 80111
B: 303-874-1361, F: 303-874-1125
E-mail: mjohnson@velocom.com
URL: www.whartoncolorado.com

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
B: 212-962-7777 ext. 143
E-mail: robert.herzog.wg95@whar-
ton.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:

Phillip G. Schrodel, WG'73
ECG Management Consultants
401 Edgewater Place-Suite 640
Wakefield, MA 01880-6210
B: 781-246-2900, F: 781-246-2016
E-mail: Pschrodel@ecgmc.com
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: Mailbox@LIWhartonclub.com

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
E-mail: Jhansen@oxinvest.com

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 Edelshtain, WG'93

The Wharton Club of New York, P. O.
Box 297-006, Brooklyn, NY 11229-7006
B: 212-535-2947, F: 212-535-5385
E-mail: nigel.edelshtain.wg93@whar-
ton.upenn.edu
URL: www.whartonny.com

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: Gil_Laks@hotmail.com

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

SOUTH FLORIDA:

Yasmine B. Zyne-Coleman, W'76
Office Depot, Inc., 2200 Old
Germantown Road- Mailcode 31B4061
Boca Raton, 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
URL: www.whartondc.com

WESTERN WASHINGTON:

Sean P. Kelly, C'92
2017 Eastlake Avenue East, #303
Seattle, WA 98102
B: 425-670-3236
E-mail: skellz@msn.com

INTERNATIONAL

ARGENTINA:

Ezequiel A. Huergo, WG'96
ProSitio, Talcahuano 778, 8th floor
Buenos Aires (1013), Argentina
B: 5411 4145 7184, F: 5411 4314 9333
E-mail: ezequiel.huergo@prositio.com

AUSTRALIA/NEW ZEALAND:

Gordon Black, WG'90
11 St. James Road, Bondi Junction NSW
2022, Australia
B: 61 2 9386 4969
E-mail: gsblack@bigpond.com

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: 32-2-640-6110
E-mail: guy.detrilles@ezi.net

BRAZIL:

Rogério Y. Tsukamoto, WG'88
c/o PRYT Consultoria e Eventos Ltda.
Rua Jesuino Arruda 168 - Suite 152
04532-080 Sao Paulo SP, Brazil
B & F: 55-11-3168-9272
E-mail: pryt1@attglobal.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
E-mail: Michel.F.Jourdain@ccd-des-
jardins.com

CANADA - TORONTO:

Richard Hoffman, WG'87
c/o Shandy Nathanson
170 Atwell Drive, Suite 504, Etobicoke,
Ontario M9W 5Z5, Canada
B: 416-367-6818, F: 416-863-4592
E-mail: richard.hoffman@fmc-law.com

CZECH REPUBLIC:

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

DENMARK: Erik Winther, GR'85

DAKO A/S, Produktionsvej 42, DK
2600 Glostrup, Denmark
B: 45 44 859-735
E-mail: erik.winther@dako.dk

DOMINICAN REPUBLIC:

José Miguel Bonetti, W'61
Sociedad Industrial Dominicana
182 Avenida Maximo Gomez
Santo Domingo, Dominican Republic
B: 1-809-541-1804
E-mail:
jose.bonetti.wg61@wharton.upenn.edu

ECUADOR (Guayaquil):

Humberto X. Mata, WG'97
Fuerza Ecuador, Box 09 01 4848
Guayaquil, Ecuador
B: 593 4 564 268
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: 503-2-71-6001, F: 503-2-22-7346
E-mail: ernesto.solmeza.wg61@whar-
ton.upenn.edu

FINLAND: Patrik Sallner, WG'99

McKinsey & Company
79, Avenue des Champs-Elysees
75008 Paris, France
B: 33 1 4069 1312, F: 33 1 4069 9393
E-mail: sallner@yahoo.com

FRANCE: Frederic D. Dubois, WG'73

Managing Partner
Sante Investissement
7 Rue Royale, 75008 Paris, France
B: 33 1 43 12 34 30,
F: 33 1 43 12 34 32
E-mail: f.dubois@sante-investisse-
ment.fr

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
E-mail:
wolfram.nolte.wg77@wharton.upenn.edu

GREECE:

Christian C. Hadjiminis, 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: christian.hadjiminas.wg83@
wharton.upenn.edu

HONG KONG:

Joseph W. Ferrigno, W'67
Prudential Asia Infrastructure Investors
(HK) Ltd., Alexandra House, 33rd Floor
18 Chater Road, 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: 39-335 22 01 54
F: 39-0-2-76-01-87-47
E-mail: paolo.alberoni.wg92@wharton.upenn.edu

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@mx.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: donlim@kul.equatorial.com

MEXICO (Mexico City): Antonio Carrillo, WG'93
Trinity Industries Inc.
Monte Pelvoux 111, 7th Floor
Mexico City 11000, Mexico
B: 52-5-201-7000
E-mail: antonio.carrillo@trin.net

MEXICO (Monterrey): Everardo Garcia, WG'82
Pulsar Internacional, S.A.
Av Roble #300, Suite 1402, Col. Valle
del Campestre, Garza Garcia, Nuevo
Leon, 66265 Mexico
B: 52-8-378-0806, F: 52-8-335-6781
Mobile: 52-8-170-1659
E-mail: egarcia@pulsar.com.mx

NETHERLANDS: Sjoerd Sieburgh-Sjoerdsma, WG '95
Nuon, Business Development
Nieuwe Koekoekstraat 5, Utrecht
3514EA, Netherlands
B&F: 31 30 272 4777
E-mail: sieburgh_sjoerd@hotmail.com

NICARAGUA: Duilio J. Baltodano, W'70
Comercial Internacional Agrícola, 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

PHILIPPINES: Manuel V. Pangilinan, WG'68
Philippine Long Distance Telephone
Company, 7/F, Ramon Cojuangco
Building, Makati Avenue, Makati City,
Philippines
B: 63-2-816-8383, F: 63-2-818-6800

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 Chang, WG'77
Taiwan Semiconductor Mfg Co., Ltd.
No 121 Park Ave III, Sci 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
c/o AIG-Brunswick Capital Management
AIG 612, 208 East 51st Street, Suite 295
New York, NY 10022
B: 7-095-961-0243 or 7-095-790-6699
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

SHANGHAI: Phillip Y. Wu, CFA, WG'95
Shanghai Sundial Investment
Management Co., Ltd.
Suite 1405, Min Fang Building
593 Fuxing Road (M)
Shanghai, P.R. China 200020
B&F: 86-21-2402-8400
F: 86-21-2402-8387
E-mail: phillip.wu.wg95@wharton.
upenn.edu & phillip@sundialinv.com

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: jamesjim@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
CFA & Vice President
Lombard Odier & Cie, 11, rue de la
Corraterie, 1204 Geneva, Switzerland
B: 4122 709 21 76, F: 4122 709 34 02
E-mail: 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
E-mail: chaiwat@telecom.scb.co.th

TURKEY: Mesut Ellialtioglu, W'93
EVP, Asset Management
Kent Securities, Inc., 1 Kisim B. 14
Atakoy, Istanbul 34710, Turkey
B: 90 212 559 0891
F: 90-532 365 9603
E-mail: mellialti@superonline.com

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

UNITED KINGDOM: Stephen F. Pirozzi, WG'99
Enron Europe Ltd., Enron House
40 Grosvenor Place, London SW1X 7EN
United Kingdom
B: 44 207 783 7008
E-mail: Stephen.Pirozzi@enron.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: 582-9752293, F: 582-9750529
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
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@mx.mesh.ne.jp

GREATER CHINA: Injay W. Tai, WG'79
The Wharton School
SMC 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: Sung-Woo Ahn
The Wharton School
c/o Suttong Corporation
Suttong Bldg., 32, 3-Ka, Mullae-Dong,
Youngdeungpo-ku, Seoul 150-093, Korea
B: 82-2-2639-2523, F: 82-2-675-0051
E-mail: swahn@suttong.co.kr

THAILAND: Chaiwat Sumetchotimaytha
The Wharton School
c/o Siam Commercial Bank Pcl.
9 Ratchadapisek Road, Ladyao, Jatujak
Bangkok 10900, Thailand
B: 66-2-544-1212, F: 66-2-937-7712
E-mail: chaiwat@telecom.scb.co.th

WHARTON ALUMNI ASSOCIATION EXECUTIVE BOARD 2000-2001

Chairman
Rich S. Pirrotta, WG'91
VP & General Manager, E Commerce
Fiera.com
420 Lincoln Road, Suite 432
Miami, FL 33139
B: 305-398-5245
F: 305-534-7828
E-mail: rpirrotta@fiera.com

President
Peter Borchardt, C '67, WG'73
President, The Borchardt Group
101 Bay Street
Easton, MD 21601
B: 410-822-9016
F: 410-822-1478
E-mail: pete@borchartdgroup.com

Director
Marguerite Harrington, WG '76
Director of Alumni Affairs
The Wharton School
3733 Spruce Street, 344 Vance Hall
Philadelphia, PA 19104
B: 215-898-1281
F: 215-898-2695
E-mail: harrimgm@wharton.upenn.edu

*Vige Barrie, CW '74, WG'76, Director of Communications
Cox School of Business, Dallas, TX*

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

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

*Theresa Boyce, WG'85, Vice President, Marketing
Lennox, Richardson, Texas*

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

Mike Carrel, WG'97, CFO, ZAMBA, Minneapolis, MN
*Thomas W. Courtney, Jr. WG'90, President, The Courtney
Group, Inc., New York, NY*

Theo Forcht Dag, MD, WG'95, Atlanta, GA

Kyle Duarte, W'98, Network Commerce, Seattle, WA

*David N. Feldman, Esq., W'82, L'85, Senior Partner
Feldman & Associates, New York, NY*

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

Janice Hannsz, WG'75, Kenilworth, IL

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

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

*DANA MICHAEL, W'82, Principal, Ernst & Young, New York,
NY (Chairman Emeritus)*

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

*Bob Schneider, Esq., WG'79, L'79, Of Counsel, Cuddy &
Feder & Worby, LLP, New York, NY*

*Bob Shalayda, WG'80, Marketing Manager, Lucent
Technologies, Whippany, NJ*

*Michelle Smith, W'96, AVP, Sr. Credit Analyst, Daiwa
Securities America Inc., New York, NY*

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

*Rick Wien, W'78, American Business & Professional
Program, New York, NY*

*Paul T. Zantzing, C'65, WG'67, Vice President, Miller
Group, Atlanta, GA*

To e or not to be?

The Wharton Fellows in eBusiness Program

Due to high demand, additional programs have been scheduled:

Spring 2001

Philadelphia: May 6-12, 2001

Silicon Valley: June 3-9, 2001

Europe: July 8-14, 2001

Fall 2001

Philadelphia: September 9-15, 2001

Silicon Valley: October 7-12, 2001

Israel/Europe: November 3-10, 2001

Led by Professor Jerry Wind, this new post-MBA program prepares senior executives to lead in the transformation of their organizations in the changing global e-business environment.

For more information, visit

<http://efellows.wharton.upenn.edu>

or call Scott Koerwer at 1-215-898-5509.

Wharton Fellows
A Wharton eBusiness Initiative

Wharton Executive MBA Program

Announcing the addition of a West Coast Class Starting September 2001

For more information:

www.wharton.upenn.edu/wemba

wemba-admissions@wharton.upenn.edu

1-215-898-5887 (phone)

1-215-898-2598 (fax)

Wharton
Executive MBA Program

Peters

continued from page 3

"I switched from the sell side – Wall Street – to the buy side. I could also see that things on Wall Street were changing. Now, there was widespread access to data that used to be controlled only by New York firms. So suddenly I was able to do things on the buy side that I had only been able to do on a Wall Street firm before. That enabled me not to be in New York but still do interesting, credible work," she says. Peters remained at Colonial Management until 1998, ultimately serving as CIO and managing \$17 billion of investments in equity, fixed income and international securities.

But during her next post, a one-year stint in 1998 managing a \$150 billion bond group at Scudder Kemper investments, Peter began thinking about a complete sea change. "It was a merged organization, and merged organizations are challenging," she says. "It was an incredibly high-pressure post, with near-constant international travel and very long hours."

So when the dean's post at Boston College opened up in 1999, Peters applied for the job – and got it. She began her duties last July and says that despite decades in the investment world, and despite warnings from professors that once she left, she could likely never return, she always believed she would eventually come back to academia.

Nine months into the job, she has found that the world of business education is no less demanding than Wall Street. "Our biggest challenge is being relevant in a changing econo-

my as distance learning, alternative schools and corporate schools grow and many students feel they don't need business school to start a new venture," she says. "We also face competitive pressures to keep our outstanding faculty, like every major business school."

In her free time, Peters, who also has a master's degree in statistics from Wharton and an undergraduate degree in economics from Penn, is an ice dancer who skates two or three days a week. Inspired by her daughter Kate, 16, who was a competitive figure skater, Peters took up the sport as a complete novice about five years ago "with much fear and trepidation. Now I can even jump. I love it." Her son, Cole, 25, is a Penn engineering graduate. Peters, who was born in England but grew up in Boston, comes from journalistic roots: her father was editor of the Boston Globe; her mother directed public relations for educational television.

What has surprised her the most about her recent career change? "The amount of time you spend doing things in so many different areas, whether you are meeting with students or faculty or alumni. There are tremendous demands on a dean in that way without the resources that you'd find at a corporation. You have to be very, very creative to accomplish things. But throughout my career, I've most enjoyed setting up an environment where people can succeed. That's what I intend to do at Carroll." ♦