

w i n t e r 2 0 0 4

# Wharton

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

A man with glasses and a red sweater stands in front of a chalkboard. The chalkboard has "TESTROOM" written on it in red. There is a yellow crescent shape on the chalkboard. The man has his arms crossed and is smiling slightly.

## Making News

Trading a Business Career  
for Headlines and Bylines



JERRY MILLEVOI

The annual Wharton Follies production will take place on February 12 and 13 in Philadelphia and February 20 in New York. Call 215.898.8478 for details!

## Save the Date

**FEBRUARY 12 & 13**

**Wharton Follies**

Philadelphia, PA

<<http://clubs.wharton.upenn.edu/wfollies>>

**FEBRUARY 20**

**Wharton Follies**

New York City, NY

<<http://clubs.wharton.upenn.edu/wfollies>>

**FEBRUARY 27**

**Wharton Technology Conference**

Philadelphia, PA

<[www.whartontechconference.com](http://www.whartontechconference.com)>

**MARCH 23**

**First Annual Wharton West Leadership Conference**

San Francisco, CA

<[http://leadership.wharton.upenn.edu/l\\_change/conferences/conf\\_032304.shtml](http://leadership.wharton.upenn.edu/l_change/conferences/conf_032304.shtml)>

**MAY 14-16**

**Wharton Alumni Reunion**

Philadelphia, PA

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

**MAY 20-22**

**8th Regional Alumni Meeting for Europe, Africa and the Middle East**

Moscow\*

**JUNE 3-6**

**10th Asian Regional Alumni Meeting**

Shanghai\*

**JUNE 24-26**

**5th Latin American Regional Alumni Meeting**

Mexico City\*

\*See back cover for more details. <[regional.wharton.upenn.edu](http://regional.wharton.upenn.edu)>

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STUART WATSON

DEAN'S MEDAL AWARDED TO BOISI, WG'71, TARNOPOL, W'58, AND FORMER DEAN GERRITY.

## Wharton Awards Dean's Medals for Outstanding Leadership

The Wharton School has awarded its Dean's Medal to alumni leaders Geoffrey Boisi, WG'71, and Michael Tarnopol, W'58, and former Dean Thomas P. Gerrity. The medals were presented at this fall's Campaign for Sustained Leadership Finale for their extraordinary efforts during the School's first capital campaign, which raised nearly \$450 million, the largest campaign in business school history.

The Campaign was launched in July 1997 under the leadership of alumnus Jon M. Huntsman and Campaign co-chairs Boisi and Tarnopol. Working with then Dean Gerrity, they laid the groundwork for Wharton's record-breaking campaign.

"In addition to being

innovative leaders in their respective fields and communities, Tom Gerrity, Geoff Boisi and Mickey Tarnopol have contributed an exceptional amount of time and resources prior to, and during the Campaign, to help the School ensure that future generations of Wharton graduates will be able to carry on their spirit of purpose and achievement," said Dean Patrick Harker.

## Wharton Global Alumni Forums

This year, Wharton will host Global Alumni Forums in three cities: Moscow (May 20-22), Shanghai (June 3-6) and Mexico City (June 24-26).

The Forums, which were previously known as the Regional Alumni Meetings, have been renamed to better reflect the true nature of the global Wharton community.

"Our alumni no longer

do business simply on a regional basis" said Dean Patrick Harker. "They go where the opportunities are most rewarding, and constantly expand the geographical dimensions of their businesses."

At each location, local organizing committees under the leadership of senior alumni have planned professionally stimulating and personally rewarding activities, including distinguished keynote speakers, lively panel discussions, intriguing cultural excursions, and relaxed social activities. For more information on the Global Forums, visit [www.wharton.upenn.edu/alumni/forums](http://www.wharton.upenn.edu/alumni/forums).

## White House Names Two Alumnae as Fellows

Two Wharton alumnae have been selected for the 2003-

04 White House Fellows program. Eileen Stephens, WG'03, and Cathy Taylor, WG'98, began their one-year appointment in the program on September 1.

The White House Fellows Program is the nation's most prestigious program for leadership and public service. Selection as a White House Fellow is highly competitive and based on a record of remarkable professional achievement early in one's career, evidence of leadership potential, a proven commitment to public service, and the knowledge and skills necessary to contribute successfully at the highest levels of the Federal government. White House Fellows typically spend one year in the program, and often repay the privilege by working after the Fellowship year as private citizens who contribute to the nation as future leaders. Dean Patrick Harker was a White House Fellow in 1991-92 as was Management Professor William Hamilton in 1973-74.

Eileen Stephens was an active student leader prior to her appointment as a White House Fellow. She co-founded the University's Social Impact Management Initiative, a partnership to explore the potential of business to address broader societal concerns. Stephens also was a winner in the 2002 Wharton Business Plan Competition.

Cathy Taylor was president of the Wharton



Graduate Association (WGA) and spearheaded the creation of Wharton's Volunteer Day during her time on campus. Prior to becoming a White House Fellow, she was a vice president, Investment and Business Development, with American Express, where she also managed the division's Mentor Program. Taylor also founded LeadingEdge Partners, a community organization that provides leadership training to students in New York City public schools.

## Professor Emeritus Paul Green wins new MIT Sloan Marketing Award

Paul Green, professor emeritus at the Wharton School, was named the first recipient of the new MIT Sloan School of Management Buck Weaver Award for marketing.

GREEN



The award was established at MIT Sloan and sponsored by General Motors Corp. to honor individuals who have made important contributions to the advancement of theory and practice in marketing science.

The award was presented to Green in September by C. J. Fraleigh, GM executive director of corporate advertising and marketing, and MIT Sloan Professor Glen Urban, at a conference at MIT in Green's honor.

Green was the unanimous choice from a list of 25 nominees from business and academia.

"Green was a pioneer in developing and applying conjoint analysis, multi-dimensional scaling, and Bayesian decision theory to marketing," said Urban. "He is an excellent example of a balance of theory and relevance."

## "An Evening with the Deans": Wharton and INSEAD Alumni Gather in New York

In November, Wharton and INSEAD alumni met at the Penn Club of New York to share an entrepreneurial panel followed by talks from Wharton Dean Patrick Harker and Dean Gabriel Hawawini of INSEAD.

Attendees were welcomed



RYAN, INSEAD DEAN HAWAWINI, BECK, WG'87, DEAN HARKER

by Wharton New York Club President Kenny Beck, WG'87, and Kevin Ryan, president of the INSEAD Alumni Association of the U.S.

In all, 150 attended the event, with 22 percent from INSEAD, which has about 200 alumni in the New York metro area. Wharton has 16,000 alumni there.

"This was the first joint event hosted by Wharton and INSEAD alumni, and it marks a new level of cooperation among the alumni of both schools," said Beck. "It was probably the beginning of Alumni Network Plus for both schools."

## New Ethics and Legal Studies PhD Program

Wharton has launched a new doctoral program in ethics and legal studies. The PhD in Ethics and Legal

Studies has been designed so that anyone who completes the program will also have one foot in another major discipline, such as marketing, finance, accounting, or management.

Graduates of the program will be prepared to teach this second area of expertise, as well as ethics, law, and social responsibility. This should make them more attractive to the university job market.

"The area of ethics is thoroughly interdisciplinary," explains Thomas Donaldson, professor of legal studies and coordinator for the new PhD program. "Here at Wharton we have people approaching ethical topics from different directions – ethics in marketing, ethics in financial institutions, or ethics in economics. The subject can relate to any of the traditional silos around which business schools are built."

The department expects to attract a wide variety of



TOMMY LEONARDI

ENGBRETSON, WG'83, GUNTHER, WG'85, LOWE, WG'98 AND MARCUM, WG'01

applicants — those with law or business backgrounds, as well as those who have studied ethics, philosophy, sociology, or psychology.

## Wharton Social Impact Management (SIM) Symposium

The second annual Wharton Social Impact Management (SIM) Symposium, “Building Sustainable Enterprises,” was held on campus in October. During the course of the event, students gathered with faculty and guest speakers to share goals and experiences with each other.

After a welcome from Wharton finance professor Andrew Metrick, attendees were addressed by Georg Kell, senior adviser to the Secretary General of the United Nations, on “Corporate Citizenship

and the United Nations Global Compact.”

The symposium also featured an alumni panel on using one’s experience in the ‘business’ of social change. Panelists included Dr. Kathryn J. Engebretson, WG’83 (William Penn Foundation), Andrew Gunther, WG’85 (Rock Creek Capital), Vanessa L. Lowe, WG’98 (The CDFI Fund), and Ed Marcum, WG’01 (Global Education Partnership).

After a networking break, a Wharton Leadership Lecture on the business of social change was delivered by Lynn Taliento, co-founder and leader of McKinsey’s nonprofit practice.

“The widening inequalities in the world, ethical cracks in capitalism, and growing appreciation for how business can contribute to social change – all call for business schools to dedicate resources to social impact management,” says SIM

director Dave Levin, WG’04.

## Whitney Young Conference Celebrates 30 years

In December, Wharton’s African American MBA Association (AAMBAA) celebrated the thirtieth anniversary of its annual Whitney Young Conference. To mark the occasion and commemorate the contributions of Wharton’s AAMBAA, Philadelphia Mayor John Street declared the week of the conference “Wharton African American MBA Association Week.”

The Whitney Young Conference is one of the oldest of its kind and a major contribution by AAMBAA to the Philadelphia community. The event honors the memory of civil rights activist and National Urban League leader Whitney M. Young. The conference has grown to a three-day event with attendance at well over 750 students, business professionals, alumni, educators, and corporate representatives from around the world.

This year’s conference included keynote addresses from Bob Johnson, founder and CEO of BET, Slivy Edmonds Cotton, WG’79, owner and senior managing director of The Edmonds Group, and Dr. Michael Eric Dyson, critically-acclaimed author, media commentator, and University

of Pennsylvania Avalon Professor of Humanities.

## The Gordon B. Hattersley, Jr. Society

The Wharton Legacy Circle has been renamed for Gordon B. Hattersley, Jr., WG’54. Mr. Hattersley served as a member of the Undergraduate Executive Board for many years, and as a member of the School’s Board of Overseers. He was also active in the Wharton Alumni Association and the University of Pennsylvania General Alumni Society in addition to many other not-for-profits and charities in Philadelphia and Paoli, Pa.

Encouraged by his father, Gordon, Sr., W’24, he received his MBA from Wharton in 1954 following his undergraduate experience at Yale. An Air Force veteran, he began his business career with Uniform Tubes, Inc. in 1957. With his business partner, Bruce Mainwaring, C’47, he founded UTI Corporation in 1967, serving later as president and, from 1994 to 2000, as chief executive officer.

His support of Wharton during his lifetime included decades of support of the Wharton Fund and gifts of financial aid for high school students attending the School’s Leadership in the Business World program. He and his wife, Beverly, helped Wharton build new, world-class teaching facilities with major gifts to





**HATTERSLEY**

name prominent spaces for his father in the Steinberg Conference Center and Huntsman Hall.

Mr. Hattersley's generous support of Wharton

extended after his death. His unrestricted estate gift to the School is the largest such gift in the School's history. "Gordon demonstrated thoughtful and creative leadership throughout his business career, as well as in his service to the community," said Dean Patrick Harker. "His tireless involvement and generous support of the School exemplify the vision and expectations of our founder, Joseph Wharton. I am very pleased to rename the Wharton Legacy Circle for Gordon."

The Gordon B. Hattersley, Jr. Society recognizes all alumni and friends who have provided for Wharton's future

through life income, bequest, retirement plan, and other estate and planned gifts.

**For more news, visit <[www.wharton.upenn.edu](http://www.wharton.upenn.edu)>.**



- Alumni/faculty exchanges on hot topics
- Lectures by Professors Jeremy Siegel and Richard Shell
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- Silver (25th year) Celebration
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- Visit "Class Notes" online
- Reconnect with friends

For specific questions, please call 215-898-8478 or e-mail [reunion04@wharton.upenn.edu](mailto:reunion04@wharton.upenn.edu)

## Mukund Krishnaswami, W'96, EAS'96, WG'98: 'Wharton for Life'

BY ROBERT STRAUSS

Mukund Krishnaswami, W'96, EAS'96, WG'98, was baffled. When he was at Wharton getting his MBA in the late 1990s, life was rosy, and internship offers piled up like newspapers in the recycling bin. But here was his wife, Anna Ogoti, a first-year Wharton MBA student, looking exhaustively and finally, after much effort, pinning one down in late March of last year.

Even then, though, he looked upon it as happenstance, until he took the train up to New York for an appointment in April. On the way up, he sat with one Wharton student who was going north for an internship interview, listening to her lament about the dearth of summer jobs.

"Then, on the way back, I sat with another Wharton student, a young man, who had the same experience," said Krishnaswami. "This was verging on April 15, and they told me that maybe as many as 40 percent of the class hadn't gotten internships yet. It was unbelievable to me, but I knew there had to be a way to fix that."

Krishnaswami went to his friend, Anjani Jain, Wharton graduate school vice dean, and basically said, "What can we do about this?"

"I told Anjani that I thought I could round up a few recent alumni who might be able to hire a few interns," said Krishnaswami. "I didn't expect too much, but I wanted to help."

Jain sent him over to Peter Degnan, the head of MBA Career Management, who was very pleased with the offer to help given the challenging job market conditions and the struggles students were having finding the right opportunity.

"It was definitely a hard year for those looking for internships, especially those who wanted them in businesses like private equity or venture capital," said Degnan. "Career-changers were having a particularly difficult time. Mukund's efforts filled a critical gap and were a tremendous help to the students who were keen on this type of work experience. I was amazed at the support Mukund and his partners were able to generate in such a short period of time."

After meeting with Degnan, Krishnaswami and his colleague, Deborah Moy, at The Krilacon Group, a Philadelphia-based financial advisory and investment firm for high-net-worth individuals and small-to-medium-sized businesses, set to work.

"The goal for Deborah and me was to get maybe 10 companies where we knew Wharton connections. Anjani thought that would be great, and I was convinced it was doable,"

said Krishnaswami. "I thought I could reach out to maybe 20 people, and if half of them could help, that would be great."

It was getting late in the spring, so Krishnaswami figured he had to set some important parameters. Those giving the internships would not have to have them be paid, or at least not have them with any high compensation. In return, the internships would be shorter – perhaps six weeks – so that if the students needed some kind of summer income, they could both have a professional internship and a short-term job later on. Krishnaswami and Moy would take on the responsibility of interviewing the students and pairing them with the companies. The companies would all be within commuting distance of Philadelphia so the students – since they were making no extra money – would not have to take on the added expense of finding short-term leases elsewhere.

"The response on both sides was more enthusiastic than we could have anticipated," said Degnan. "Mukund came in and gave a presentation, and more than 100 first-year students came to hear him. Even more than that sent in



TOMMY LEONARDI



**"I was amazed at the support Mukund and his partners were able to generate in such a short period of time."**

**—Peter Degnan, Director, MBA Career Management**

resumes and applications."

On the other side, within 48 hours, Krishnaswami found 15 firms willing to give at least two students summer internships. Most of the firms Krishnaswami and Moy contacted were in those hard-to-find-jobs, in fields like private equity, real estate finance and venture capital. They made contacts with local firms like Lenfest Enterprises and LLR Equity Partners. Through some of her contacts, Moy, like Krishnaswami a 1998 Wharton MBA graduate, found that the GMAC Commercial Mortgage group in Horsham, PA, about 15 miles north of Philadelphia, would take another five to ten interns.

"GMAC was really up for this," he said. "They had always had a hard time tapping into the Wharton students. Eventually, they took 20 interns in marketing, finance and operations."

Jain told Krishnaswami that he had to think up a name for his program to give it sustained life.

"I wanted to use the acronym ATGAD. That was for 'Alumni That Give A Damn'," he said with a chuckle. "But then Deborah said I would eventually have to explain it, so I changed it to ATC, Alumni That Care."

While it was stunning to him that he could get so many Wharton-connected companies to commit to giving these

internships, Krishnaswami was still fascinated that so many worthy first-year students were without internships so late into the spring. More than 140 students initially applied, he said, and he and Moy ended up interviewing about 60 of them. Eventually, 44 ended up taking the internships the two matched them with. One of those was Jennifer Bass, a first-year student from Alabama who had decided she wanted to spend the next part of her career in the Northeast.

"I was a career-switcher," said Bass. "I came from a background in operations, and I wanted to work this summer in private equity. Those jobs in this economy were tough to get, and I was working hard to get one and I had started way back in January. I was having trouble getting one without any experience in the field."

Bass said Krishnaswami told her what kinds of things were available, and she merely told him what it was she wanted to do. Eventually, she was paired with the Fossicker Fund, a new \$100-million fund based in Chicago and Philadelphia that looks for distressed companies needing late-stage financing.

"It was really useful to me, since I now want to buy a small business after I graduate," said Bass. "The skills I learned about due diligence, modeling, valuation and the like will really help me when I start looking to buy that business. When I went to do this internship, I wanted to work in private equity. Since then, my perspective has changed a bit. But that is what an internship is all about."

James Weiss was in a similar situation. The 28-year-old Weiss had come to Wharton after six years in the entertainment business.

"I didn't want to go back when I was done," said Weiss. "Much of my work was

*Continued on page 36*

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## Recent Alumni Books

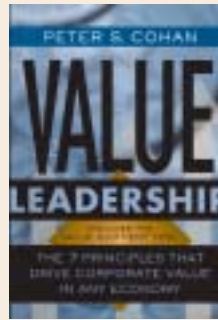


### Buenos Aires, El Escenario Urbano

By Sebastian Letemendia, WG'92 (text and photos)  
Casa Editora (2002)

“What makes this book different? It shows the city from the regular city dweller’s perspective. . . . The photographic fresco is very much like Buenos Aires.”

– *Alberto Varas, National Museum of Fine Arts, Buenos Aires*



### Value Leadership: The 7 Principles That Drive Corporate Value in Any Economy

By Peter S. Cohan, WG'85  
Jossey-Bass (2003)

“Peter Cohan achieves the rare feat of showing how companies can link values, leadership, and human relationships to competitive success and financial performance.”

– *George S. Yip, professor and associate dean, London Business School*



### The Art of the Advantage: 36 Strategies to Seize the Competitive Edge

By Kaihan Krippendorff, ENG'94, W'94  
TEXERE (2003)

“By applying ancient Eastern wisdom to modern business competition Krippendorff’s *The Art of the Advantage* gives Western managers powerful strategies to achieve success.”

– *Mark McNeilly, Author of Sun Tzu and the Art of Business*

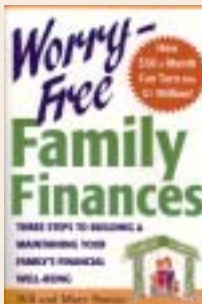


### Inside the Cult of Kibu (And Other Tales of the Millennial Gold Rush)

By Lori Gottlieb and Jesse Jacobs, C'97, WG'04

“An intoxicating collective memoir of the American Dream gone wild.”

– *Peter Gruber, former CEO of Sony Pictures Entertainment and author of Shoot Out: Surviving the Fame and Misfortune of Hollywood*

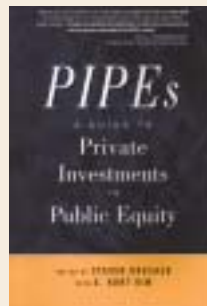


### Worry-Free Family Finances: Three Steps to Building & Maintaining Your Family's Financial Well-Being

By Bill Staton, WG'71, and Mary Staton

“If you are ready for worry-free family finances, read, absorb and use the wisdom in Bill and Mary’s book.”

– *Mark Victor Hansen, Co-creator of best-selling series Chicken Soup for the Soul*



### PIPES: A Guide to Private Investments in Public Equity

Edited by Steven Dresner with E. Kurt Kim, WG'96

“This collection sheds light on the historical, regulatory, and transactional aspects of these often-mysterious securities. Both practitioners and students of the private equity industry should find this book valuable.”

– *Josh Lerner, Jacob H. Schiff Professor of Investment Banking, Harvard Business School*



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# MAKING

## Wharton alumni trade business

By SHARON L. CRENSON

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**D**avid A. Vise, W'82, WG'83, must hold the record for fastest return on his Wharton education. The summer after his freshman year, he parlayed his classroom studies and two semesters worth of reading *The New York Times* and *The Philadelphia Inquirer* business sections into an internship at *The Tennessean* newspaper in Nashville. It came with an astonishing amount of responsibility.

Up until then, *The*

*Tennessean's* business coverage was limited to one page in the Sunday paper. But the city was headed for a boom. Its population grew from 455,651 in 1980 to 488,374 in 1990 and 569,891 in 2000, according to the U.S. Census.

Vise, still in his late teens, convinced *The Tennessean's* top editor that readers were ripe for the breadth and depth of a full-fledged business section. "He looked at me and said, 'We're going to start it a week from Sunday,

and you are the staff,'" Vise recalls. "Suddenly, I'm 19 years old, and I'm sitting down with CEOs and CFOs."

Vise, now a Pulitzer Prize-winning reporter with *The Washington Post*, is among a number of people in the media industry whose resumes include degrees from Wharton. Others include Bill Keller, WG'00, executive editor of *The New York Times*; Margaret Popper, WG'89, business writer for Bloomberg News; Mort

# NEWS:

careers for headlines and bylines

Zuckerman, WG'61, owner of *U.S. News & World Report*; John Daniszewski, W'79, an international reporter for the *Los Angeles Times*; and Cenk Uygur, W'92, host of the nationally syndicated radio show "The Young Turks." Following are the stories of *Vise*, Uygur, Daniszewski, and Popper, whose vastly different career paths all began with a Wharton business education.

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**"Do your mother and father know you're here?"**

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## **Vise, W'82, WG'83**

After his breakthrough at *The Tennessean*, *Vise* spent another summer there, then two at *The Washington Post*, all while getting his Wharton bachelor's and MBA in five



**Vise**

ROBERT BURKE

## MAKING NEWS

years. A year working in mergers for Goldman Sachs rounded out his education by giving Vise the opportunity to view the business world from the inside. Answering the office phone late one evening, he found himself talking to a Saudi Arabian official interested in arranging the purchase of Getty Oil. Vise says he looked around for “someone who had gray hair” to field the call, only to discover—at age 24—that it was up to him.

But after just a year, Vise did something many would consider shocking. He left Goldman Sachs to return to journalism. During a job interview at the *Post*, then-Managing Editor Howard Simon actually leaned across the table with a paternalistic look and said: “Do your mother and father know you’re here?”

That was 1984. Corporate mergers and acquisitions were soaring. Junk bonds were on the rise. By the late part of the decade, Vise was working in the *Post* business department when he teamed up with a features writer-turned Wall Street correspondent in the *Post*’s New York office. The two coordinated daily and long-term coverage on the intricate link of business, politics and regulation between the two East Coast metropolises.

After the stock market crash of October 1987, Vise and his partner, Steve Coll, took on the daunting task of explaining what went wrong. They latched on to the idea of using former Security and Exchanges Commissioner John Shad’s tenure as the vehicle. In four stories published in 1990, Vise and Coll detailed Shad’s professional style and goals, his battle to stop big investment firms from being prosecuted for the misdeeds of individual brokers, and a deal he struck to put the Commodities



### Uygur, W’92

Futures Trading Commission in charge of regulating stock index futures. The series won the 1990 Pulitzer Prize for explanatory journalism.

“After thousands of hours of interviews, review of thousands of pages of documents, and much solid advice from our editors, we put the series together, but only after a memorable all-night editing session,” Vise and Coll wrote in their introduction to the stories for a book containing the 1990 Pulitzer articles. “When the

series appeared in the newspaper, the era at the SEC and on Wall Street that had inspired our collaboration was nearly over. There was a new President, George Bush, who talked about moderating the excesses that had gone before him.”

The stories about Shad were not complimentary, but Shad’s reaction says something interesting about Vise’s work. The former SEC chief, who is now deceased, remained an important source for Vise’s work on





TOMMY LEONARDI

a book called *Eagle on the Street*.

"I think that it's not the way he would have written it, but he respected it," Vise said of Shad's reaction to the series.

After the Pulitzer, Vise went on to write about the Washington, DC, financial crisis of the 1990s, the Federal Bureau of Investigation and the Justice Department. The latter assignment spurred another book, this one called *The Bureau and the Mole*, about former FBI agent Robert

Philip Hanssen's life as a double agent selling U.S. secrets to the Russians.

Hanssen was arrested in February of 2001 after he left a garbage bag filled with U.S. intelligence in a Virginia park. In exchange, he was to pick up \$50,000 in cash left by his Russian contacts.

He had been doing it for years. As far back as 1990, Hanssen's brother-in-law and fellow FBI agent Mark Wauck had reported to superiors that he suspected Hanssen was spying

for the Russians, in part because he spent far beyond his salary and had thousands of dollars in cash hidden in his home.

Vise's book not only charts Hanssen's career and treachery, but also serves as a partial professional biography of former FBI Director Louis Freeh.

Even with all this, Vise found time along the way to author a book about the University of Maryland's basketball team and remain active with both Wharton and Penn. He interviews potential candidates for admission and makes regular trips back to campus for basketball games attended by friends and family. He married college sweetheart Lori Vise, W'82, and together they have three children.

"The best thing about going to Wharton for me was I met my wife. Wharton was a great matchmaker," he says.

## Cenk Uygur, W'92, Couldn't Stand Finance, Couldn't Get Enough of Controversy

Cenk Uygur likes to joke that he earned "a nice business degree" from Wharton and "a nice law degree" from Columbia University, then took those diplomas and crumpled them up.

It's not quite true. Much to his surprise—he never actually wanted to be a businessman or a lawyer—his Wharton entrepreneurial management and political science studies

## MAKING NEWS

play a big part in his job as a radio talk show host. But he uses them in a most unusual way.

Uygur co-hosts “The Young Turks” on Sirius Satellite Radio, a show that covers current events from politics to pop culture under the motto, “We don’t make the news, we make the news sexy.” Think of a cross between Comedy Central’s “The Daily Show” and a left-leaning Rush Limbaugh. (If the Comedy Central reference escapes you, you’re probably too grown up to be part of Uygur’s target audience. The network’s show featuring John Stewart is something like the irreverent take on the news seen on “Saturday Night Live” news anchor skits.)

Uygur’s family left their native Turkey when he was 8 years old and settled in northern New Jersey. A “D” in high school calculus almost kept him out of Wharton. A Penn recruiter went so far as to tell him he should look elsewhere. But Uygur’s heart was set, not so much because he had formulated his own dream of Wharton, but because his father wanted him to attend.

Uygur formulated a circuitous plan: concentrate on getting into Penn, then transfer into Wharton. It worked.

Once he was in, however, Uygur’s drive fell short of that most hyper-motivated Wharton students exude. He wrote columns for *The Daily Pennsylvanian* and harbored a vague idea that he might someday jump from business into politics. Then came the job interviews.

“When we had to start interviewing, I was like ‘Wow, so I’m supposed to take one of these jobs. But I’m not sure I *want* one of these jobs,’” he recalls. He made it through multiple interviews with a New Jersey bank,

only to lose out when a vice president asked if he loved finance. He recalls his answer as something like “ah, well, um, sure, yea.”

“I don’t think I did particularly well,” he now says. “I think they could see it all over me that I didn’t really want those jobs.”

At that point, Uygur’s dad stepped

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in again, this time suggesting law school. Again, Uygur went along. It was during his third year, deeply in debt, that panic set in. He didn’t want to be a lawyer either, but accepted a job with Drinker, Biddle & Reath in Washington, DC, to pay the bills, then left work early the first day to spin by the public access television station. By Halloween 1995, he was

on air discussing politics and philosophy with a panel of his best friends.

“I didn’t care if no one watched. I thought it was great to have my own TV show,” he says.

He soon began hosting a weekend talk show on WWRC. He made appearances on CNN’s “Burden of Proof,” and America’s Voice “Youngbloods,” a political talk show aimed at the younger set. Then it was on to WAMI-TV in Miami, Barry Diller’s flagship station for USA Broadcasting. There, among other jobs, Uygur worked as the supervising producer, head writer and commentator for a show called “The Times.”

In each case Uygur brought a spicy, hip, well-informed voice to the often staid world of broadcast news. It seemed almost natural that when Univision bought USA, Los Angeles beckoned. What better place to inject entertainment into current events than from the world capital of entertainment?

A friend suggested Uygur pitch something to Sirius Satellite Radio, which was still in its fledgling days. Sure enough, the company agreed to put Uygur on air with Ben Mankiewicz, an anchor he had worked with on “The Times.”

Today the duo is on air on two Sirius stations, once during mid-day, the other during afternoon drive. They’ve also signed up affiliates in Wichita, Pittsburgh and Portland.

Still struggling to pay the bills, Uygur is hoping to again someday earn as much as he did his first year out of law school. “The Young Turks” has already moved from taping in his living room to a series of ever larger, better-equipped studios. With recent guests including former New York Governor Mario Cuomo and NBC’s Stone Phillips, it looks as though the show’s mix of the irreverence and seriousness might be just the ticket. At

33 years old, Uygur says he has no intention of staying poor, and no plans to return to law.

## John Daniszewski, W'79, Reporting from Baghdad

In many ways, John Daniszewski's career couldn't be different from Uygur's. While Uygur had little idea what his future held while he was at Penn, Daniszewski quickly wedded himself to *The Daily Pennsylvanian* and to journalism. He was already freelancing for The Associated Press by the time he graduated.

"Wharton was a serendipitous choice," Daniszewski writes in an e-mail from his current post as Baghdad correspondent for the *Los Angeles Times*. "It gave me an advantage as a journalist in that I have always felt fairly at ease with economic topics, polls and corporate statements. Courses I took in economics and finance, international business, statistics and labor law have all helped me out through the years, whether it was covering a labor dispute in the Pennsylvania steel industry or the solidarity strikes in Poland."

Indeed, it's difficult to overestimate the leg up basic business classes give journalists. Even one statistics class makes covering political polls and scientific studies a cinch. Accounting and finance make dissecting most corporate earnings statements a breeze. Management classes make communicating with corporate officers easier and handling one's own career negotiations less mysterious.

As an Associated Press newsman, Daniszewski excelled at all of the above. After joining AP full-time after



**Daniszewski, W'79**

graduation, he transferred to Harrisburg in 1980, New York in 1981, Warsaw, Poland in 1987, and finally to Johannesburg, South Africa as bureau chief in 1993.

The *Los Angeles Times* came calling in 1996, and it was with that newspaper—known as a haven for some of the industry's best writers—that Daniszewski went to the Middle East. He moved to Moscow in 2000, but returned to the Middle East last year to cover the war in Iraq.

"It was a difficult choice to leave my family in Moscow and wait out the war in Baghdad," Daniszewski writes. "I definitely had the feeling I might not get out of it alive . . . . But I thought that even with the danger and the obstacles, it was worthwhile to report the course of the war as best I could, and give readers that side of the story."

For Daniszewski, the professional reward came when U.S. troops entered Baghdad on April 9. He says it was one of the most exciting days of his journalism career because he saw people who were previously afraid to speak their minds cheer when the statue of Saddam Hussein came down.

Since then, the story has become more complex, with more nuances. All the problems of the occupation—skyrocketing crime; the lack of electricity, clean water, telecommunications and jobs—have in some ways overshadowed those first joyous moments.

And now Baghdad has become a dangerous place again, with soldiers, aid workers and contractors all being increasingly targeted by insurgents.

But since so much is at stake for Americans, for Iraqis and for the rest of the world in putting the country back together and creating a stable and prosperous Iraq, Daniszewski feels fortunate to have the opportunity to write about these great and decisive issues.

They are, of course, also highly controversial issues. Daniszewski recalls one recent story he wrote about American forces evacuating the family home of a member of the Iraqi resistance, then bombing the house. The story thoroughly documented that at least one of the people who lived there was responsible for a guerilla attack that killed an American soldier. The piece also documented the lengths to which



## MAKING NEWS

U.S. troops had gone to in order to protect the women and children who lived in the home: giving them notice to leave, allowing them to pack up some belongings, and destroying the house only when it was empty.

Still, a reader complained that the *Los Angeles Times* was biased against the war because a photo that ran with the story showed a woman who had lived in the house in tears near the wreckage. The reader believed the story showed too much sympathy for Iraqis, but Daniszewski maintains the story was unbiased.

“The country is rebuilding and schools are being reopened . . . but you can’t close your eyes to the reality,” he says. “We have no purpose in being here unless we try to give our best take about what is going on. It’s not like we are going out and looking for the bad things.”

## Margaret Popper, WG’89: Balance is key

Of all the tough things journalists write about—war, quantum physics, opera, space travel—corporate America is one of the trickiest to negotiate.

It’s sadly true that some reporters struggle to learn the difference between a cash flow statement and a balance sheet. But even the best-trained business writers have an extremely difficult job. The reason? No matter how much a journalist knows, there is always someone out there to criticize.

Business coverage is dissected by



TOMMY LEONARDI

### Popper, WG’89

an army of highly trained, razor-sharp businesspeople and the public relations execs who labor for them.

Margaret Popper is up against them every day. “Against them,” that

is, because the relationship between journalists and business is inherently adversarial. News is about the fringes of behavior. “Dog bites man” is rarely a story. “Man bites dog” is Page 1.

Popper works for Bloomberg News, the New York-based brainchild of billionaire businessman-turned NYC Mayor Michael Bloomberg. It's a company whose information is on the need-to-know list of all major news organizations that cover business, not to mention any company that wants to control its own image or understand its competitors.

Those were the facts, but not ones Schwab execs were thrilled to see in print. Popper, who earned an undergraduate degree in English from Yale and worked in investment banking before attending Wharton, says she tries to manage such dicey source relationships by making sure her stories are balanced. She talks to a firm's friends as well as its enemies.

training have been able to report stories in powerful and revealing ways."

Dr. Clark went on to say that if a journalist is good, one sign of their power and knowledge is that they will be both feared and respected.

Popper, Vise and Daniszewski all dance a delicate dance with the people they write about. (Uygur, as a talk show host paid to stir opinions, simply bubbles when people say they hate him.) The other three Wharton grads, however, work hard to balance the good will of their sources with the sometimes negative news that must be reported.

"It's difficult. You fight it every day," Popper says.

Vise waxes a bit philosophically about the matter. "A newspaper, at best, catches history on the run," he says. "All the stories, words, images, it's amazing what happens every single day. If aliens came from Mars, landed on Earth and picked up *The Washington Post* or *The New York Times*, they would not get an accurate picture of society. But they would get the extremes of behavior, both good and bad." ♦

*Sharon L. Crenson is an Associated Press writer and a frequent contributor to the Wharton Alumni Magazine.*

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**No matter how much a journalist knows, there is always someone out there to criticize. Business coverage is dissected by an army of highly trained, razor-sharp businesspeople and the public relations execs who labor for them.**

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Popper writes about Morgan Stanley and Bear Sterns & Co., as well as general "enterprise" about Wall Street. "Enterprise," in journalistic lingo, means pretty much anything other than breaking news. The reporters who do it are the ones who actually have time to contemplate a story before slapping it into print or on air.

Take, for example, one of Popper's stories from last fall. The headline read: "Ameritrade's low-cost online trades help beat Schwab." The story went on to detail how Ameritrade, with a staff one-tenth the size of Schwab's, managed to grow its operating profit margin to 52 percent, four times that of Schwab.

"The fact that I have an MBA helps. The fact that it's from Wharton helps tremendously. It says 'You have to take me seriously. I know what you're about,'" Popper says.

Dr. Roy Peter Clark, vice president of the Poynter Institute for journalists, says alums like Popper are on the leading edge of journalism's journey from trade to profession. "There has been a sort of an evolving sense in the last 20 or 30 years that the most important news is increasingly complex," Clark says. "While it is not impossible for the good generalist to tackle these stories, we've seen lots of examples where reporters with specialized knowledge and specialized

# REPORTERS FROM AROUND THE WORLD COME TO WHARTON

## Wharton Seminars for Business Journalists

By MARTHA MENDOZA

Sanjeep Junnarker was sure he'd be "bored to tears."

After all, days and days of accounting might be stimulating stuff for a typical Wharton student, but Junnarker, the New York Bureau Chief for CNET News.com, was no MBA candidate. He was there for an intensive five day Wharton Seminar for Business Journalists, and he wanted action.

It didn't take long, though, for Junnarker to realize crunching numbers isn't necessarily a bore.

35 years, has taken a few days away from deadlines and headlines to study with some of Wharton's top professors. The seminars cover everything from corporate governance to marketing strategies.

Each year, about 20 to 40 business reporters, editors and producers gather from around the world for five days of intensive lectures and hands-on exercises with top faculty members. Professors say the time is as valuable to them as it is to the reporters.

"Journalists tend to seek answers in plain English – which is a true test for academics accustomed to speaking



"Learning some of the basics of accounting and going on to the tricks of the trade to make your books seem stronger, was fascinating," he said, recalling his seminar last year. "We also learned of the various red flags that tip accounting from mere routine tricks to enliven the numbers to fraud."

The result of his time at Wharton, said Junnarker, is that he is better equipped to ask questions and follow up when interviewing executives.

Junnarker is one of 2,000 journalists who, over the past

'ivory-tower.' I enjoy meeting this group because of the real-world concerns they focus us on," said Olivia Mitchell, an internationally renowned pensions expert at Wharton. Mitchell holds several positions, including the post of International Foundation of Employee Benefit Plans Professor in the Insurance and Risk Management Department; executive director of the Pension Research Council, the oldest research center of its kind in the country; and director of the Boettner Center for Pensions and Retirement Security.



Mitchell, who has offered journalists a session on pensions and Retirement for several years running, said working with them is an important part of her job.

“I find that the people who participate in these events at Wharton tend to be the key opinion-makers of the nation. For this reason, I believe it is crucial to work with them to ensure that our research message reaches the broad audience it deserves,” she said.

In addition to Mitchell’s sessions, journalists this year had a chance to study with a range of professors including Robert Mittelstaedt, Jr. Vice Dean of Executive Education and Adjunct Associate Professor of Management, who taught a session on corporate governance issues from a global perspective. Focusing on the role of boards, he presented the journalists with tools to evaluate boards’ effectiveness, and an overview of relevant rules and regulations.

The Wharton Seminar for Business Journalists began in 1968 after University of Pennsylvania’s Public Relations director Donald Sheehan proposed a short program to help journalists understand the important business issues of the day.

Since then, participants have included writers from *The Wall Street Journal*, *The New York Times*, *The Washington Post*, *CNN*, *US News & World Report*, and *Business Week*. They come from across town at *The Philadelphia Inquirer* and they come from across the globe. Past participants include reporters from the *East African Standard* in Nairobi, Puerto Rico’s *El Nuevo Dia*, *Expansión* in Spain, Portugal’s *Fortuna*, Israel’s *Ha’aretz*, *Nikkei* in Japan and *Sydsvenska Dagbladet* in Sweden.

Nick Wachira of the East African Standard in Nairobi, Kenya, said participating in the seminar offered him practical knowledge about accounting, finance and investment and management. He said the studies clearly improved his journalism.

“This has allowed me to stand out against many journalists in Africa,” said Wachira, who also happily notes that he was promoted to business editor soon after he completed the Wharton seminar.

Since the program’s inception, business journalism has moved from the stock pages to the forefront of daily newspapers, television broadcasts and web sites. These days, money and business issues affect all aspects of life, from health care and housing to politics and the environment. Business journalists have struggled, and in many cases failed, to keep up with the changes.

An American Press Institute survey released in February concluded that the nations’ business leaders are unimpressed with the quality in most daily newspapers, and that

journalism school graduates are ill prepared for business desk assignments.

The survey also showed that programs like the Wharton Seminar for Business Journalists are exactly what editors, reporters and CEOs want—intense and focused education from the experts.

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**“I find that the people who participate in these events at Wharton tend to be the key opinion-makers of the nation.”**

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The seminar fees, paid by participating journalists and their companies, cover only part of the cost. The rest—underwriting faculty honoraria, classroom costs, materials and meals—is covered by dozens of corporate and foundation sponsors including Altria Group, Chevron Texaco and Pfizer Inc.

Merck & Co., Inc. media relations manager Chris Loder said his company has appreciated the opportunity to sponsor Wharton’s Seminars for Business Journalists.

“This relationship has proven mutually beneficial and opened opportunities for premier journalists to receive a fine educational experience,” he said.

The National Press Foundation, a Washington, DC-based nonprofit organization dedicated to journalism education, sponsors three participants annually, including tuition and travel expenses.

Alumni of the seminars say the program helped them better communicate complex issues to their readers.

“As a journalist who’s been working as a foreign correspondent in Latin America for nearly 25 years, I really appreciated the opportunity to be in an academic setting,” said Geri Smith, Mexico City bureau chief for *Business Week* magazine.

“Wharton made some of its best-known professors available for the course, and they were wonderful, provocative speakers” said Smith. ♦

—Martha Mendoza



# Unraveling the DNA of Technology-Based Businesses

The Mack Center  
BioSciences  
Crossroads Initiative  
addresses the real-  
time challenge of  
building businesses  
from life science  
research.

By Robert Gunther

As Terry Fadem strides through the hallway of the John Morgan building on the campus of Penn's Medical School, he pauses a moment in front of a display case. He points to what looks like a small sandwich bag with a few dots of color embedded in it. While at DuPont several decades ago, Fadem had helped take this self-contained diagnostic test from the laboratory to the market.

This test, a breakthrough in medical testing when it was developed, now seems almost as quaint and anachronistic as the famous 1889 Thomas Eakins painting of an operating theater that normally hangs just down the

hallway in the nation's oldest medical school. Science has already progressed so rapidly that Fadem has seen his work go from breakthrough to commercialization to historical artifact in the course of a few decades. And the pace is only quickening, driven forward by the lab work of more than a thousand researchers toiling in a rabbit warren of inauspicious-looking laboratories in more than a dozen medical school buildings at Penn. These labs are unraveling some of the deepest secrets of life to create new tests, cures and products that could change our lives in fundamental ways.

"If I had to pick the place to be





JUD GUITTEAU

that I consider the most exciting, it is where I am sitting right now,” said Fadem in his office in the Morgan building. “We are sitting at an intersection of two worlds.”

Fadem, Managing Consultant of the BioSciences Crossroads Initiative of Wharton’s William and Phyllis Mack Center for Technological Innovation (established through a \$10-million grant from William L. Mack, W’61) and Director of Corporate Alliances at Penn’s Medical School, has one foot in the world of research and the other in the world of business. “In the past few years, there has been this explosion of knowledge around biology – right here in this research building around us,” said Fadem. “But the application to practice is a big concern. In the academic setting, if it works on one patient, that is great. But converting that to benefit hundreds of thousands or maybe millions of patients is the challenge, and for

that you need a commercial partner. At the medical school, we are looking at a path on this side of the fence – what are the scientific markers and the research telling us? But there is expertise around the corner at Wharton about the business and commercialization process. What are the markers and mileposts along that path?”

### The Genetic Material of Emerging Technology Businesses

These questions at the intersection of science and business have been the focal point for researchers at the Mack Center since the establishment of the Wharton Emerging Technologies Management Research Program in 1994. While scientists were busy decoding the mysteries of the human genome, teams of Wharton researchers from diverse fields were tackling the

complex business questions related to new technologies: How do firms effectively evaluate technologies, develop alliances, establish really new markets, manage intellectual property, design organizations and plan investments to take emerging technologies from lab breakthrough to commercial success? In the process, Wharton researchers had explored lessons from the rise of the Internet, biotechnology and other emerging technologies. They gathered their resulting insights and frameworks into a series of industry-academic conferences, research papers and the book, *Wharton on Managing Emerging Technologies*.

Then, they decided to tackle an even more difficult challenge. Instead of looking backward to the emerging technologies of the past, they wanted to turn their attention to a real-time case as it unfolds. While it may be easier to be a Monday morning quarterback, it is much harder to understand





“In the academic setting, if it works on one patient, that is great. But converting that to benefit hundreds of thousands or maybe millions of patients is the challenge, and for that you need a commercial partner,” Fadem says.

the plays on the field, particularly one so complex, fast-moving and fluid as biosciences. In addition, after looking for general lessons across a variety of technologies, Mack Center researchers wanted to look more specifically at a smaller subset of technologies. The BioSciences Crossroads Initiative was born to look at technologies such as genomics, proteomics, bioinformatics or stem cell research.

“The Emerging Technologies program has been a great success, but we are looking for the next stage in our development,” said George S. Day, Geoffrey T. Boisi Professor of Management, who co-directs the Mack Center with department colleague Professor Harbir Singh. “The idea of the BioSciences Crossroads Initiative is to take the lessons we learned and apply them in this emerging domain. We tended to study patterns of success and failure in technologies that had already emerged. Now we want to anticipate how an emerging technology might unfold before it emerges. We are living in it as it evolves. It’s a way to ‘stress test’ our concepts. We’ve developed this knowledge, and now we want to take it into a different domain and see what happens. The science is very deep, and we are fortunate to have the link to the medical school. We also are grateful for the generosity of Bill and Phyllis Mack, which has been absolutely critical.”

### Managing Uncertainty

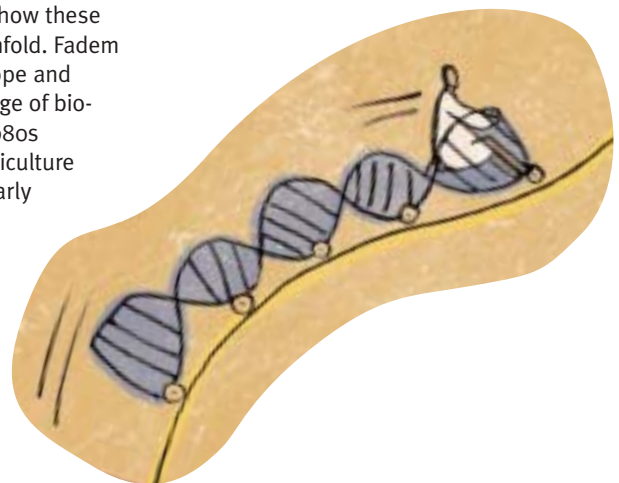
There are few commercialization challenges that could provide more “stress testing” than biosciences. The pace and direction of the science, payoffs, applications and public acceptance are all uncertain. “We realized that most of this is about managing uncertainty,” Day said. “Uncertainty is the hallmark, which makes emerging technologies so much harder to handle. It is not clear whether the payoff is going to be in traditional markets such as pharmaceuticals or through traditional channels. Will there be killer apps? Will they be in diagnostics or therapeutics, agriculture or industrial processes? We don’t know where the fallout is going to be.”

Researchers and executives who have lived through earlier technology revolutions have a healthy appreciation of the complexity of how these technology revolutions unfold. Fadem recalls the whipsaw of hope and heartbreak during the surge of biotechnology in the early 1980s and the revolutions in agriculture and life sciences in the early 1990s led by companies such as Monsanto. “We were going to remake the world with biology, but that didn’t happen,” Fadem said. “It came and went like a

tidal wave and left a lot of people bankrupt.”

Insights from past technology revolutions can be a guide, but they must be applied judiciously. Every technology has distinctive characteristics and a distinctive development path. “There is no one industry experience from the past that quite fits the biosciences, so we need a kaleidoscopic view to mix and match from other fields,” said Mack Center Research Director Paul Schoemaker. “It is not the Internet all over again. It is not biotech all over again. We need to identify the salient characteristics of these technologies that have an antecedent. One of the biggest pitfalls in this work is that people make use of superficial analogies.”

To study these uncertain environments in real time, Wharton researchers also need to use different tools such



as scenario planning and options thinking to examine potential paths for the unfolding of science and businesses. The initial scenarios the Mack Center is creating, with the help of diverse experts, are designed around the key uncertainties of the advances in science and the acceptance of the new technologies and products in society.

### One Certainty

Despite all the uncertainties about the progress of the science and applications, there is one certainty: biosciences will have a very significant impact on business and society. By all accounts, these sciences are already the basis of a huge business, and becoming even bigger. Biotechnology generated more than \$34 billion in revenues in biotechnology in 2001. By April 2003, there were more than 1,400 biotech companies with a market cap of more than \$200 billion.

It has been only 50 years since James Watson and Francis Crick made their pioneering discovery of the double helix structure of DNA. Already, more than 325 million people have been helped by more than 155 biotechnology drugs and vaccines approved by the U.S. FDA. These technologies have shown up in applications including drugs and diagnostic tests, criminal investigations, agriculture, microbes for cleaning up hazardous waste and everyday products such as enzymes for laundry detergents and home pregnancy tests.

"I would characterize this as physics in the beginning of the nuclear physics age," Fadem said. "Physics was just beginning to expand in all different directions, and that age gave rise to a huge number of engineering opportunities. We'll have things that never existed before as a result of all this."

The impact will be even more far reaching. While much early attention has focused on pharmaceutical and other human health applications, man-

agers in almost any industry need to pay attention to these developments. Think about fabrics programmed to destroy bacteria and odors or DNA molecules on silicon chips taking the place of traditional microprocessors. "These advances in biosciences will impact any business whose value function involves organic matter," Schoemaker said. "That is almost everyone."

### Ebbs and Flows

Funding is one of the big uncertainties. In a field with great hype and long development cycles, some investors rush in and then lose patience. Biotech firms lost more than \$100 million in collective market capitalization between 2000 and 2002. "The flow of capital has not been reliable and the industry has had ebbs and flows," said Steve Sammut, WG'84, Venture Partner at life sciences venture firm Burrill & Company and Senior Fellow in Wharton Entrepreneurial Programs. "Whenever we are on the brink of significant downsizing and consolidation, something unexpected happens and the market rushes back in." There is intense interest from large pharma companies, anxious to strengthen their pipelines as billions of dollars of drugs go off patent. Another potential source of additional funds for the industry today is the government's renewed focus on bioterrorism. The recently announced U.S. government Bioshield project promises to invest \$6 billion in the area, three times the public dollars devoted to the human genome project. "It is one of the largest allocations for biotech that we've seen the government undertake," Sammut said.

Given the high uncertainty and the time it takes to get products to market, there is still a shortage of investment in early-stage projects. "This life cycle



development has forced investors into much later stage opportunities," Sammut said. "This leaves a huge gap earlier in the development cycle."

The industry's diffused and organic growth in academic labs and small firms in the U.S. and around the world makes it even harder to see where the next important developments will come from. For investors, it also makes the process of determining a company's clear grip on intellectual property difficult and expensive. "There are thousands of companies and they all have patents and proprietary interests in areas that are of interest to them," Sammut said. "The good news is that humanity is enormously productive. The bad news is that it creates a level of uncertainty that is probably unprecedented."

### Second Decade Success

One of the lessons Fadem has learned over his years of taking products from lab to market is that it takes a surprisingly long time to move from scientific discovery to viable business. At DuPont, they estimated it took an average of 17 years to go from a research discovery to a viable business, a phenomenon Fadem has dubbed the "second decade success." While research in the lab moves quickly, it takes a much longer time for businesses to develop, society to accept new things and the infrastructure to be built to support these innovations. "The Wright Brothers flew their airplane in 1903, but how long did it take before the public was willing to trust airplanes and build airports and infrastructure?" Fadem said. Given these lags, timing is critical and the risks are high. It is very easy for companies to arrive with too little too early, or too much too late.

"Even moving at light speed – and

*Continued on page 36*

# THE NUMBERS BEHIND THE NOTES WHARTON'S PETE FADER TAKES ON THE MUSIC INDUSTRY

BY NANCY MOFFITT

PETE FADER FELT HIS SENSES OVERLOAD AS HE WALKED THROUGH THE MANHATTAN OFFICES OF RECORDING GIANT BERTELSMANN MUSIC GROUP. THE SPACIOUS, BRIGHT SPACE WAS HUNG WITH FRAMED, POSTER-SIZE BLOW-UPS OF ALBUM COVERS BY AN ECLECTIC MIX OF ARTISTS, FROM ELVIS TO THE BACKSTREET BOYS. TABLES WERE BURIED UNDER STACKS OF BILLBOARD, ROLLING STONE AND VARIETY MAGAZINES, MULTIPLE TELEVISIONS POUNDED OUT THE LATEST HITS ON VH1 AND MTV, AND UNIDENTIFIABLE ROCK MUSIC STREAMED FROM ALMOST EVERY EMPLOYEE'S DESK. "WHAT AN UNUSUAL PLACE FOR A BUSINESS SCHOOL PROFESSOR TO BE," FADER RECALLS THINKING.



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It was 1998, and Fader had come with high hopes. He'd built some diagnostic forecasting models the likes of which the music industry had never seen, and was excited to share "the answer" to understanding years of languishing sales and profits with one of BMG's senior vice presidents.

The VP, an older man dressed in the trendy garb of his youth-driven industry, led Fader into his office, a smaller version of the pulsating world he'd just walked through. The men sat down and the VP asked Fader a seemingly innocent question: "What kind of music do you listen to?"

"I thought he was making small talk, but the conversation kept going in that same direction," Fader says. "I had no idea I was

being judged by my tastes in music. I expected to be asked about my experience and credentials – the kinds of things consultants are typically asked during a first meeting. But this BMG guy really didn't want to talk about anything that resembled formal business analysis." As Fader would learn after many such meetings with industry executives, the music industry marches to the beat of its own drummer.

Music is a creative industry, Fader would be told by the BMG executive, that can't be marketed like laundry detergent. Each and every album is one of a kind, its own brand, and can't be fit into a larger pattern. It was a refrain that Fader would hear again and again as he made his rounds through the industry.

"I would go to a meeting and tell them, 'Just give me some of your data and let me show you,'" says Fader. "And they would sit me down and say, 'Well, you're a smart guy, but you don't understand this industry – it's not like selling grocery products. It's a people business. It's about forming a unique relationship between an artist and a music lover.'

But in my mind I knew this was crazy, because I had looked at the data for dozens of albums across several genres and some very consistent sales patterns kept emerging over and over again."

"They have basically built a moat around themselves to avoid dealing with genuine business issues. They say, 'This is how we've done things for all of these years, and this is what has made this industry great.' So part of it is just inertia. But part of it is fear, because they don't know how to perform the kinds of analyses that I am suggesting, and they don't want to lose control. They don't want MBA types coming in and treating music like a regular business. This is all understandable, but is also contrary to what the shareholders of these companies are demanding," Fader says.

## IN PRAISE OF FILESHARING

Since his first meeting five years ago, Fader has continued to challenge the strongly held beliefs of dozens of music industry leaders. In the process, Fader has morphed from a little-known marketing research specialist, content in his "narrow packaged-goods world," to a leading critic of the music industry, going so far, in July 2000, to serve as a key expert witness on behalf of Napster, the peer-to-peer filesharing service. During and since the Napster trial, Fader has argued that trading music files over the Internet, a practice the industry believes it loses \$3.5 billion a year to, can actually boost sales in the long run. Some of his recent research (such as a study

he co-authored, called "Using Advance Purchase Orders to Forecast New Product Sales") uses complex statistical methods to understand how factors such as radio airplay and other forms of early publicity, including file-sharing, can drive album sales.

"Generating buzz is a good thing, and filesharing is like a preview for a movie. It's a tease without giving the whole movie away," Fader says.

"There's a big difference between an MP3 music file and a complete CD, and most music fans realize this. Even if that means losing some sales to filesharing, it's so important to spread the word that the net effect is generally positive for the industry."

Rap artist 50 Cent, for example, was a relative unknown prior to the release of his debut CD in early 2003. "But a few of his songs leaked out over the Internet a few months prior to the album's release, and his popularity exploded," Fader says. "The record label got worried, saying that people were stealing the songs, and moved up the album launch by a few weeks to try to stem the flow." In its first week in distribution, the album broke the record for retail sales by a new artist. "The obvious conclusion is

that the files floating around were generating buzz and generating the sales," Fader says. "But what did the industry say? 'This file-sharing is a terrible thing. We can't imagine how many additional sales we would have had if the filesharing hadn't been going on.'"

Other recent research supports Fader's view. A 2002 report from Forrester Research saw "no evidence of decreased CD buying among frequent digital music consumers." The study's author cited the economy and surging DVD and video game sales as more likely causes, saying, "There's no denying that times are tough for the music industry, but not because of downloading." But the music industry has rejected this study and others that have drawn similar conclusions, responding to the file sharing issue by

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creating technological barriers to downloading and filing lawsuits against downloaders.

Fader, who has spent most of his 17 years on the Wharton faculty using behavioral data to understand and forecast customer behavior for grocery products, never imagined becoming a music industry gadfly. “I had always been happy to sit in my ivory tower office, messing with numbers for soap and toothpaste,” he says. But when a couple of his MBA students brought Fader some data on album sales, he saw sales patterns that mirrored those for new consumer packaged goods launches. “What I saw was a very sexy industry that needed some fresh insights,” Fader says. “I felt I had some interesting frameworks for them to consider. And unlike packaged goods, where most of the action is in repeat purchasing, in music, you never buy the same album twice. The numbers are much cleaner and easier to work with than other industries, where it’s a mish-mash of old and new customers. The models work extraordinarily well in an industry like this.”

And while the music industry is perhaps the most vivid example of an industry loathe to change its business practices, Fader says it’s simply a one of many “creative” businesses, from baseball to book publishing, that have typically relied on instinct over quantitative analysis when making strategic decisions. “These are very general issues,” he says. “The music industry just happens to be an extreme example. Too many industries really think their patterns are different and that they can’t learn from other businesses. They need to swallow their pride, drop traditional ways of evaluating success, and embrace the right kinds of quantitative metrics with no hesitation. It’s important to realize just how astonishingly consistent the buying patterns are across industries. People are people. When you focus on the behavioral data as opposed to the surface-level details of a product, it doesn’t really matter what product it is.”

## CRUNCH, CRUNCH

Collecting dollar bills with interesting serial numbers was Pete Fader’s favorite thing to do as a young boy. Groups of numbers were beautiful and mysterious to Fader, and his parents, both

“world-class bridge players,” saw no harm in their son’s unusual preoccupation. “Every day when my mother would come home from shopping she would show me all of the interesting bills that she’d gotten that day. She actively encouraged that kind of thing not so much as an academic exercise but because I was into it,” says Fader, 42, a New York native. (Today he proudly owns the domain name [www.coolnumbers.com](http://www.coolnumbers.com), where he set up algorithms

to help people check out the “interestingness” of their own dollar bills.)

Later, his passion for numbers turned into an obsession for baseball, with Fader compulsively gathering and analyzing tiny numeric details, from batting averages to box scores, throughout his teen years and into college. He was forced to pause during the 1981 players’ strike and realized that he had free time to seek other kinds of numbers to play with. Fader’s fixation for baseball waned, but his love of number crunching remained, straying to data sources such as the Billboard music charts. “It was a very nerdy life, and still is,” he says. “But now it’s directed at issues that people care about.”

Fader might have landed on Wall Street but for his “fairy godmother,” an MIT professor named Leigh McAlister (now at the University of Texas) who persuaded the math and business undergraduate to give marketing a try, despite his prejudice that the field was “soft, fluffy stuff.” “She showed me that marketing is actually a lot like finance, with lots of numbers, but the difference is that for me it was more fun to study TV advertising and retail shopping habits than stocks and bonds.” McAlister convinced Fader to stay at MIT for his PhD, something he felt was “great – another opportunity

to play with numbers and not have to deal with the mundane responsibilities of a real-world job.”

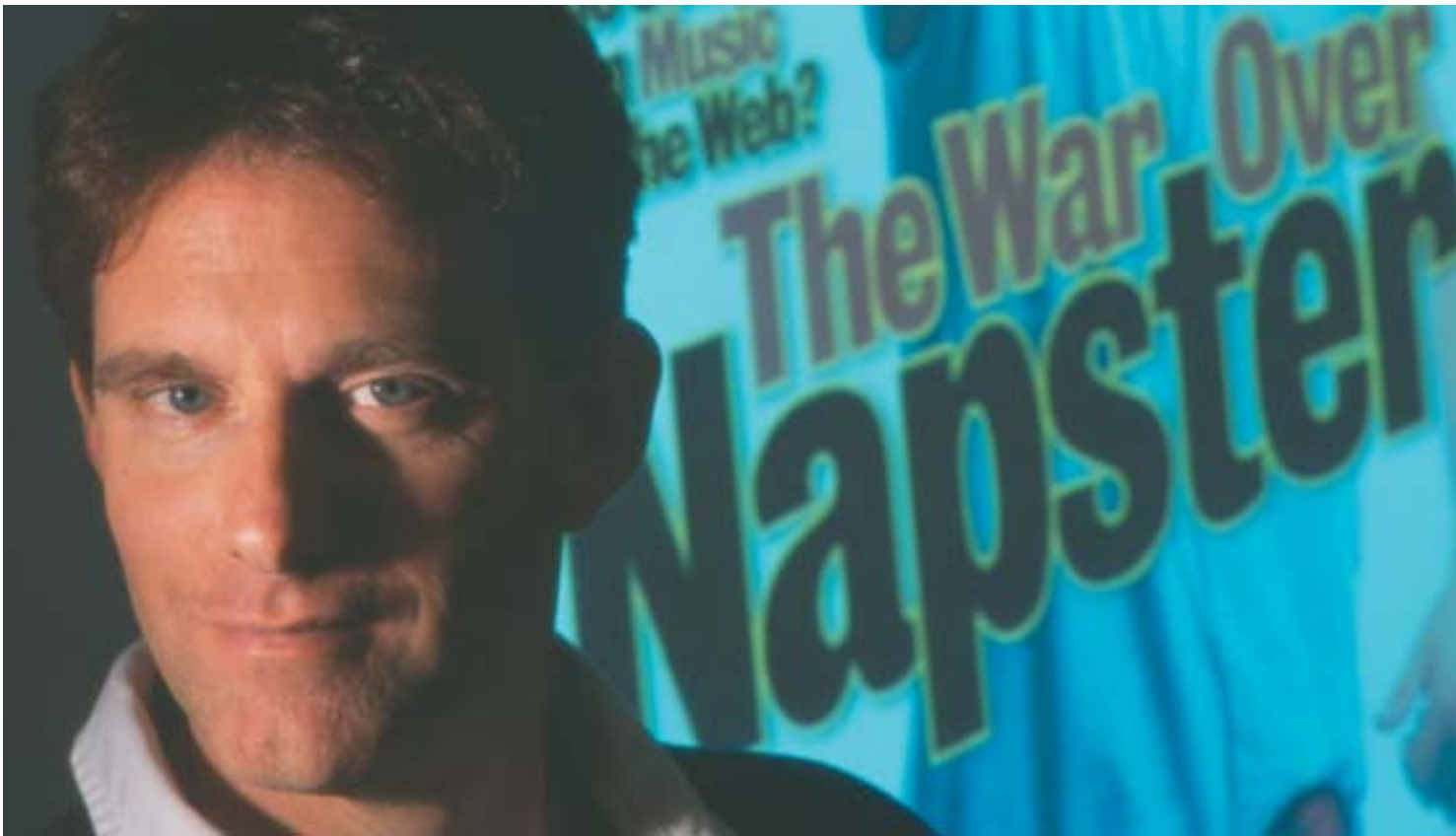
He had no intention of, and even an active resistance to, becoming a professor. “The whole publish or perish, scholarly stereotype of tweed jackets with elbow patches – that wasn’t me,” he says. “I stayed in the program because it was fun, but I didn’t do the kinds of things that an ambitious PhD student should do. I didn’t take many courses. I didn’t network with other PhD students. I wasn’t interested in knowing lots of people in the field, because I didn’t think it would ever matter to me.” Fader’s indifference, combined with his now well-known self-deprecating sense of humor, seemed to endear him to his professors, who saw a spunky young man with raw talent and no ulterior motives.

When it came time to get a faculty position, Fader very nearly

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“THERE’S A BIG DIFFERENCE BETWEEN AN MP3 MUSIC FILE AND A COMPLETE CD AND MOST MUSIC FANS REALIZE THIS EVEN IF THAT MEANS LOSING SOME SALES TO FILESHARING IT’S SO IMPORTANT TO SPREAD THE WORD THAT THE NET EFFECT IS GENERALLY POSITIVE FOR THE INDUSTRY.”

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TOMMY LEONARD

went to the Harvard Business School. But McAlister stepped in again, literally calling Fader’s friends and family in an effort to push him, instead, to Wharton. “She basically forced me to go to Wharton because she thought, correctly so, that this was the right place to go for someone with high research potential. I still call her up at least once a year just to thank her again and again.”

Even then, in 1987 as a new assistant professor, Fader was far from committed to academia. Slowly but surely, he found himself working on a range of research projects with marketing department colleagues. Before he knew it, he says, he had a tenure case. “I’m starting to come to the realization now, 17 years later, that I might be doing this for my career,” he says. “I have to honestly say, though, that for most of my years here I would walk around the halls smiling to myself knowing that I was an imposter, and that one day they were going to blow the whistle and kick me out of here. And that feeling was a great thing, because I didn’t have the same pressure that most people felt, and I was able to enjoy the ride. I was like a kid hanging around the New York Yankees locker room.”

“I’ve enjoyed a charmed life,” Fader says. “I tell this story because many undergraduate students have the same misperceptions of the academic career that I had. I’m always looking for students who have the talent but not necessarily the ambition. It’s just one way of paying back the favor that others have done for me.”

In addition to his ongoing work on the music industry, Fader is

considering creating a new Wharton center that would focus on the media and entertainment industry, particularly through curriculum development, alumni networking, and job placement. The goal, he says, is to create a higher profile for Wharton as a leading school for media and entertainment business education – “the kind of training that future change agents in the industry will really need.”

In his teaching, Fader emphasizes the quantitative. He recently created a new course on probability models in marketing that he says is “big, ugly math right from day-one. There are no case studies, no group projects, and no touchy-feely stuff. It’s a pure skills course, and there’s nothing like it taught anywhere else.”

From this love of the quantitative side of marketing has come a “little army of disciples,” Wharton alums who, Fader hopes, will “march in to certain industries and take them over. There is a bit of a personal agenda there, but it really is for the good of industries that aren’t taking advantage of the data or human capital that they have,” he says. “This takes time, but it’s the only way to break out of the doldrums they are facing today. I do believe that 20 years from now, all of these so-called ‘creative’ businesses will be run much more effectively, as opposed to little medieval fiefdoms that they are today. It’s going to be a long, painful process getting there, but I’m committed to doing whatever it takes.” ♦

*Nancy Moffitt is the former editor of the Wharton Alumni Magazine.*



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## CEOs Are Ridiculed for Huge Salaries: Why Aren't Athletes and Entertainers?

Oprah Winfrey. Michael Jordan. Richard Grasso.

What do these three have in common? All have been paid astounding amounts of money, yet only one has been openly criticized and ridiculed because of it.

Grasso, the former chairman of the New York Stock Exchange, is only the latest among numerous executives pilloried for their excessive compensation. Certainly many of the CEOs under fire – Kenneth Lay of Enron, Dennis Kozlowski of Tyco and Bernie Ebbers of WorldCom are just a few examples – led their companies in ways that were allegedly inimical to the interests of a wide spectrum of constituents, including shareholders, employees and customers. It is hardly surprising that they are in the hot seat.

But Grasso, who only recently came under investigation for possible influence trading during his NYSE tenure, has been derided mainly for persuading his board of directors that he was worth all the money – \$187.5 million in deferred compensation – they heaped on him. Certainly Jack Welch, the former chairman of General Electric Co., created an enormous amount of shareholder value during this tenure, but even he is being criticized these days for excessive greed.

Actors, athletes and executives are among the most populous inhabitants of the rarified atmosphere of multimillion dollar incomes. Why is it, then, that corporate executives are coming under fire for excessive pay when athletes like Michael Jordan and entertainers like Oprah Winfrey seem to stir no such feelings of resentment? Indeed, Winfrey is widely beloved by millions of people, many of whom are women with lower-than-average incomes, and Jordan is respected and admired by millions more, many of whom are men with lower-than-average incomes.

### 'I Could Do That'

Part of the answer, suggest some experts, is the nature of their different jobs. Athletes and entertainers produce something that is clearly evident to their fans. Stars, for example, have a talent and presence that millions flock to the theaters to see and athletes turn in amazing performances on the bas-

**[Larcker] argues that the markets for actors, athletes and executives are different from one another and don't necessarily work efficiently enough to make comparisons worthwhile or even to assure that within any one of those groups the correct pay levels are being set.**

ketball court or the football field that fans know they couldn't in their wildest dreams accomplish. CEOs, in contrast, often have a hard time demonstrating exactly what they bring to the party.

"People get a direct benefit from what entertainers provide," says Peter

Fader, a professor of marketing at Wharton. "Life is better because of entertainers, and there's a genuine admiration for the special skills that entertainers have. People look at them and say, 'Gee, I wish I were like that person, I wish I had their talent.' But when people look at managers, they tend to say, 'I could do that.'"

Fader adds that entertainers and athletes also exude a bigger-than-life aura that leads fans to forgive – even applaud – what among regular people, including executives, would seem pretentious or even outrageous. "It's interesting to notice how regular people put things in different contexts. An actress is expected to emerge from a limousine, but when an executive gets out of one, it's seen as something excessive."

Wharton accounting professor David F. Larcker, an expert in executive compensation, says it is common for people trying to explain the high pay of CEOs to benchmark executive salaries to the compensation paid actors and athletes. But he argues that the markets for actors, athletes and executives are different from one another and don't necessarily work efficiently enough to make comparisons worthwhile or even to assure that within any one of those groups the correct pay levels are being set.

Of the three, Larcker says entertainment appears to be the most transparent and efficient. "With entertainers we can actually see what's being produced. There's a market where Julia Roberts or George Clooney are paid \$10 million to \$20 million per film. But it's a bare knuckle industry. Kevin Costner was very, very hot at one point, in the \$5 million to \$10 million range for a movie. But now he's dropped off the scene and is having a hard time getting work. That market works. If you're not bringing in the box office, you're toast."

Professional athletes also expose their performance to public judgment, but they are paid directly by the team owner who isn't always in the game to make money. "Sometimes it's more or less a hobby for whoever owns the team, usually wealthy individuals," Larcker says. "They may decide they want a certain person with a certain talent and they're willing to pay large sums of money for that person. The issue is, does that labor market actually work? It's highly debatable. You do see the value of franchises going up over time, so there must be some economic benefits to the owners, but the financials are all rolled up and it's hard to know how much money people make from owning the franchise."

Kenneth Shropshire, chairperson of Wharton's legal studies department and a former sports agent, counters that athletes don't escape the wrath of fans if they serve up disappointing performances. For one thing, everyone knows how much the players are paid and that becomes part of the fans' assessment of how good a player really is. The statistical nature of most professional sports also contributes to the scrutiny players get. "Lots of statisticians will publish 'dollars-per-hit' or 'dollars-per-touchdown' numbers," he says. And ultimately fans can vote with their ticket dollars on what kind of value the collective talent on a team provides.

### A New Best & Worst List

An example of the scrutiny given athletes comes from *Forbes* magazine's website, *Forbes.com*, which each year ranks the performance and pay of major league baseball players. This year it added a feature, "The Best Pitchers for the Money," that ranked the best and worst pitchers for the buck derived

from 2002 salaries and performance. The best pitcher for the buck? Roy Edward Oswalt, a relatively unknown 25-year-old right-hander from Mississippi playing for the Houston Astros with a 34-13 record over three years and a salary of just \$500,000. The worst? Colorado Rockies pitcher Mike Hampton, who had a measly seven wins in 2002 and wound up being traded to Atlanta, albeit with a 2003 salary of \$12 million.

And, of course, the New York Yankees are in for their share of opprobrium in the wake of their World Series



loss at the hands of the Florida Marlins. Much has been made in the series news coverage of the huge discrepancy between the Marlins' \$52 million annual payroll and the Yankees' payroll, variously estimated at between \$157 million and \$185 million. More specifically, Florida Marlin's pitcher Josh Beckett is paid about \$1.7 million while Yankees hurler Andy Pettitte earned about \$11.5 million in the season just ended.

Wharton marketing professor David Reibstein notes that Yankee's owner George Steinbrenner, in the aftermath

of the Yankee's loss, was widely quoted threatening to cut some players. Reibstein says athletic salaries are "highly resented" when a player or team doesn't produce wins, especially in baseball. "Part of the reason is that a lot of people have played baseball and they think it's something they can do. They will say to themselves 'I can't dunk a basketball and I don't weigh 300 pounds and don't want somebody who does sitting on me,' but they have played baseball."

In addition, fans – conscious of rising prices for tickets and concessions – make a direct correlation between those prices and the rapidly-rising pay levels of the players they pay to see, Reibstein says. "Those salaries are coming out of people's pockets and they resent it." In contrast, he says, most people don't know who the chairman of Procter & Gamble is, don't know what he's paid and are unlikely to make any connection whatsoever between his compensation and the price of a tube of Crest toothpaste.

In any case, when it comes to CEO compensation, Larcker worries that the market for executive talent may not be working very well. "As an economist you look at this and say if this is a well-functioning labor market, then people are paid what they're paid and that's fine. But is it functioning well? It isn't a market in which there's an arm's length exchange and where there are lots of transactions. In many cases, you have friends hiring friends."

Certainly more and more people are asking if the CEOs running companies where these people work, or in which they hold stock, are worth what they are being paid – and coming to the conclusion that they aren't.

"I think most people believe that for the big companies, these guys are paid



excessive amounts relative to the value they are creating,” Larcker says, “but it’s hard to make a broad statement. You have guys like Bill Gates or Michael Dell who have done huge things from scratch and most people would agree they deserve to be paid a lot. But there are many executives [where] you can’t really nail down what they have done.”

## Weill vs. Grasso

The contrast between executives who have created palpable shareholder value over the years and those who have been paid large sums with little to show for it can be seen in the differing perceptions of Sanford Weill, the recently retired CEO of Citigroup, and Richard Grasso, who resigned amid disclosures that he had been awarded more than \$187.5 million in deferred compensation. Both came up from the streets of New York and started their careers as Wall Street clerks, Weill at Bear Stearns and Grasso at the New York Stock Exchange. Weill used his clerkship to launch, then lose, one financial empire, only to come back and create a second one that resulted in the creation of Citigroup. Grasso, on the other hand, remained at the Big Board, learning the intricacies of the exchange and making the contacts that would eventually propel him to its chairmanship.

In the past year Weill has come under investigation for his personal intervention to get the children of star telecom analyst Jack Grubman into a prestigious New York preschool even as Grubman was changing his view of AT&T in an apparent bid to win investment banking business from the company. Weill was exonerated, but forbidden by regulators from speaking directly to his company’s securities analysts unless in the presence of a third party. Grasso, meanwhile, had presided over the New York Stock Exchange and garnered accolades for getting trading started again quickly

**Fans - conscious of rising prices for tickets and concessions - make a direct correlation between those prices and the rapidly-rising pay levels of the players they pay to see, Reibstein says.**

after the Sept. 11, 2001, terrorist attack on the World Trade Center.

Today, despite his retirement as chief executive officer of Citigroup, Weill remains a powerful voice in the company, continuing to serve as chairman and enjoying the enormous wealth he accumulated along with shareholders who invested in his companies. He is regarded as one of the nation’s great philanthropists, having donated millions of dollars to Carnegie Hall and the Cornell Medical School. Grasso, on the other hand, resigned in ignominy after his massive pay package was disclosed, a package given him by a board of directors that consisted of the CEOs of many companies that the Big Board was charged with regulating. The exchange now has new leadership, a smaller board and greater separation between its trading and regulatory functions.

“Sandy Weill has his faults, but there’s never been any question that creating shareholder value was and is his lifelong quest,” says Monica Langley, a Wall Street Journal reporter who recently published a biography of

Weill’s rollicking career called, *Tearing Down the Walls: How Sandy Weill Fought His Way to the Top of the Financial World . . . and Then nearly Lost It All*. “Anyone who has been with him since the early days or invested in his companies from the start is very wealthy. He’s been very well paid, but mostly in line with Citigroup’s shareholders.”

Grasso, in contrast, created no easily discernable value in his career and took few risks. “Sure, the New York Stock Exchange is a critical part of the economy, but what has this guy done to increase the value of it?” asks Larcker. “It’s hard to imagine that Grasso, who is fundamentally a regulator, would be paid as much as investment bankers who have billions of dollars at risk around the world.”

Much of Grasso’s compensation was deferred and that’s another area that is stirring ire among shareholders, employees and other important corporate constituencies. Jack Welch retired from GE among accolades and was widely regarded as one of the greatest CEOs of all time. But then, as part of an acrimonious divorce battle, his lavish retirement compensation and benefits were disclosed and suddenly he was tumbling off his high pedestal. The problem, Larcker says, is that while direct annual compensation is pretty well disclosed, deferred compensation often is murky and only rarely comes to light.

“My view is that if you have done well, you deserve to make the big bucks,” he says. “But when you’re gone, you’re gone. The thing that angers people is the kind of stealth compensation we’re seeing. I don’t think people begrudge Welch all the money he made as CEO. But here’s a guy who amassed unbelievable sums of money and shareholders find they are still . . . paying for his apartment, his travel and even his tickets to Knicks games.”

Because of accounting scandals like Enron, WorldCom and Tyco, the au-

dit committees of many boards of directors are under pressure to do a better job. Larcker thinks executive pay issues are going to focus similar attention soon on compensation committees.

“People have been hammering away on audit committees, but the next one on the chopping block will be compensation committees,” he says. “Too often they get their consultant to do a survey of pay levels at other companies so they will be somewhere in the ballpark. That’s a pretty feeble justification. It’s time for compensation committees to justify more rigorously why they pay executives what they do.” ♦

### Other Recent Stories:

#### **New Law: Is Spam on the Lam?**

New federal legislation in the U.S. to put a lid on Internet spam – the torrent of unwanted commercial e-mails promoting Nigerian business investments, mortgages and body-parts enlargement – may help against the electronic onslaught. But the law, known as the Can Spam Act, has serious limitations, at least for those who are serious about cracking down on the biggest abusers. Better solutions to the spam problem can be found in

economic and technological change, according to Wharton faculty. <<http://knowledge.wharton.upenn.edu/index.cfm?fa=viewArticle&ID=899>>

#### **The Big Bang Theory of Advertising**

AFLAC – an acronym for American Family Life Assurance Company – was an international insurance company with very low name recognition until a duck began quacking its name on TV. That duck is just one of the person-ages in a new book entitled, *Bang! Getting Your Message Heard in a Noisy World*, by Linda Kaplan Thaler, CEO of the six-year-old New York advertising agency Kaplan Thaler Group, and two co-authors. Among Thaler’s pieces of advice: Only ideas that are “simply too outrageous, too different, too polarizing to go unnoticed” will break through the “sea of sameness” that saturates many advertising campaigns. <<http://knowledge.wharton.upenn.edu/index.cfm?fa=viewArticle&ID=884>>

#### **Without the Next Blockbuster Drug, Merck Faces a Murky Future**

Once viewed as the world’s premier pharmaceutical company, Merck now finds itself confronting a number of problems for which there are no easy remedies. The company faces a dearth of new drugs to replace top sellers due

to lost patent protection in the next few years, and has canceled work on a highly anticipated depression drug that failed in late-stage trials. Wharton faculty and outside analysts look at Merck’s strategy in the midst of a drug industry slowdown. Among their suggestions: Merge with Johnson & Johnson.

<<http://knowledge.wharton.upenn.edu/index.cfm?fa=viewArticle&ID=886>>

#### **Schwab’s Pottruck: Getting Back to Basics – and the Customer**

Marketers need to look for new opportunities in the voids separating existing products and put hard data ahead of gut feelings, according to David Pottruck, chief executive officer of Charles Schwab Corp., who spoke at Wharton’s second annual CMO Summit. Pottruck led the San Francisco discount brokerage during the Internet boom and stock market euphoria of the late 1990s, and the company’s subsequent downturn in 2001. “It has been a humbling couple of years,” Pottruck told his audience, “a time in which all of us who are CEOs have had to reflect on what we do and how we do it.”

<<http://knowledge.wharton.upenn.edu/index.cfm?fa=viewArticle&ID=871>>



## Keep up with the Joneses (and everyone else in your class) online!

If you haven’t visited the Wharton alumni online community lately at WAVE <[wave.wharton.upenn.edu](http://wave.wharton.upenn.edu)>, we encourage you to do so and explore the online Class Notes services available. Let your fellow alumni know about the promotion you just achieved, that fabulous trip you took around Asia last month, your new baby son, daughter or pet! Post your message on the Class Notes section of WAVE so other alumni can know all the up-to-the-minute news in your life.

There are two separate sites — grad and undergrad — and notes in each are searchable by class year. The “Undergrad” section covers alumni of the day and evening undergraduate programs, as well as the Extension Finance program. The “Grad” section covers the MBA program, the WEMBA program, PhDs, alumni of the Advanced Management Program, and the Wharton Management Program.

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# Alumni Association Update

## A letter from the Alumni Association Chairman



DAVID N. FELDMAN,  
ESQ., W'82, L'85

### GREETINGS FELLOW ALUMNI:

Happy 2004! As Chairman of Wharton's worldwide Alumni Association Board, I wish to welcome you to what I know will be an exciting year for Wharton and the Wharton alumni network. Vige Barrie, Board President and I, along with other members of the board, are working diligently to strengthen our alumni network and to continue to support and build alumni connections with each other throughout the world.

### SPECIFICALLY, OUR BOARD'S MISSION IS TO:

1) Encourage and improve the professional and volunteer relationships between the alumni and the School, including career placement, admissions, alumni affairs and development;

2) Encourage and assist in the formation,

development and operation of both regional and affinity-based alumni clubs worldwide;

3) Represent the alumni in communication and interaction among the School, its alumni and the business community; and

4) Strengthen ties between alumni and students so that both prospective and actual Wharton students recognize the value of the alumni network.

### SOME OF OUR GOALS FOR THE YEAR AHEAD ARE AS FOLLOWS:

*Alumni Conference.* Assist with the organization of a Global Alumni Forum within the United States to complement the extremely successful international forums.

*New Clubs.* Encourage new affinity-based clubs and groups. This will add to the Wharton Health Care Network, the Wharton Private Equity Network and the newly formed Wharton Women in Business and "Wharton Out For Business" Club. Also, we plan to increase interaction among alumni club leaders through annual Alumni Leadership Conferences.

*Reunions and 125th Anniversary.* Help the

School organize another year of successful alumni reunions. Also, begin planning alumni involvement in the School's 125th anniversary in 2006.

*Career Management.* Continue working with the career management office to improve benefits offered to alumni in career management and job search.

*More Annual Fund Participation.* Help to increase not only the total dollars raised, but the percentage of alumni participating in the Wharton Annual Fund.

*Increase Campus Presence.* Ensure that more alumni make speeches and appearances on campus in an effort to expand connections between students and alumni. Also, encourage student clubs to organize alumni advisory boards.

The one element that is essential to the success of our mission is YOU. All Wharton graduates are a vital part of Wharton's Alumni Association. Without your involvement, Wharton cannot maintain its level of excellence. We need you!

It is my belief that the network does not come to you – you must affirmatively access it. I also believe that, in our network, enthusiasm is meaningful currency.

If you are currently an active member of Wharton's alumni network, thank you for your dedication. If you are interested in getting involved and would like to find out more information on volunteer opportunities, please contact the Alumni Affairs office at [alumni.affairs@wharton.upenn.edu](mailto:alumni.affairs@wharton.upenn.edu).

There are many ways in which you can make a difference. Start by going to [wave.wharton.upenn.edu](http://wave.wharton.upenn.edu) for a Wharton alumni club in your region or your area of interest.

I look forward to communicating our activities and achievements in upcoming issues of the *Wharton Alumni Magazine*. Please feel free to e-mail me directly with any questions.

Thank you for your support of the Wharton Alumni Association.

Sincerely,

David N. Feldman,  
Esq., W'82, L'85

Chairman  
Wharton Alumni  
Association

[dfeldman@feldmanweinstein.com](mailto:dfeldman@feldmanweinstein.com)



## Announcements:

### SAVE THE DATE – MARCH 18TH THE NEW LEADER: BEYOND HIERARCHY AND POWER

The Wharton Women's Task Force and Wharton Alumni Affairs are sponsoring an evening of animated discussion with four New Leaders – prominent women role models who will describe their unique leadership approach.

Featured leaders are Dorrit Bern, Chairman, CEO & President, Charming Shoppes, Inc.; Dina Dublon, EVP & CFO, J.P. Morgan Chase; Rosemarie Greco, Director of Health Care Reform, Office of the Governor, State of PA; and Carol Ammon, Chairman & CEO, Endo Pharmaceuticals, Inc. Roz Courtney, WG'76, will moderate.

*Place:* Huntsman Hall  
*Reception:* 6:00 p.m.  
*Panel Discussion:* 6:45 p.m.

Please join this provocative discussion. For more information contact Wharton Alumni Affairs at 215.898.8478 or email [alumni.affairs@wharton.upenn.edu](mailto:alumni.affairs@wharton.upenn.edu).

### ATTENTION LGBT WHARTON ALUMNI: OUT FOR BUSINESS

Out For Business, the gay/lesbian Wharton alumni organization, was recently formed and already has more than 175 members. The group is geared to helping gay/lesbian Wharton alumni to network as well as to help current students. Out For Business has developed an alumni/student mentorship program, and has various social/networking events in New York City throughout the year, including an annual Fall Dinner. Among the group's goals for 2004 is to establish chapters in other parts of the country. If you are interested in joining, please go to [www.outforbusiness.org](http://www.outforbusiness.org) and register online.

**For information on upcoming Wharton Alumni Club events, visit [WAVE <wave.wharton.upenn.edu>](http://wave.wharton.upenn.edu).**

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## Mukund Krishnaswami continued from page 7

in marketing, but what I wanted to do was a financial role in private equity or venture capital.

“A lot of us come to school because we want to be career changers, and in a good economy, that is all right,” he said. “But now, as few companies as there were hiring interns, the ones that were doing so concentrated on hiring people with some experience already. When Mukund came up with this, I thought it was great. I was certainly willing to forego a salary to get the experience.”

The experience Weiss got was working side-by-side with Krishnaswami at The KriLac Group.

“James was going to work the summer with one of our businesses, GlobalFit, which is like a health maintenance organization for health and fitness clubs, managing employee fitness programs,” said Krishnaswami. “But as I spoke to him, he expressed an interest in private equity, and by the end of his time here, he was working 95 percent of the time with me and doing research for GlobalFit on the side.”

“This is the kind of thing you come to business school for,” said Weiss. “The point is that you get to find a network, you get to take some risks. I can only hope that something like this continues for students in the future.”

For his part, Krishnaswami is ready to keep up the challenge, and he is hoping that Wharton will continue to encourage the connection between its current students and those who graduated in the recent past.

“I believe in things like ‘Wharton for Life,’” he said. “It’s like calling your mother, something you should think about doing all the time, something you should want to be connected to.”

Krishnaswami said that his experience with Alumni That Care and the support Degnan gave it was a positive sign that new ideas are welcome from young alums like him.

“We can’t write that big check yet, but something like this got 30 young alumni closer to Wharton and affected maybe five to seven percent of the MBA class,” he said. “We may not have real capital, but we have intellectual capital, so I hope this shows that Wharton can have unlimited potential for keeping people connected.” ♦

## Unraveling the DNA continued from page 23

we are willing to pay the price and push technology faster for things that are critical to our health – it is still going to take close to a decade not just to get it out to the market but to make it a success,” Fadem said. “If a scientist had a true invention this morning, it would still go through years of processing to get out to the market.”

The long gestation periods for the science and commercialization add to the complexity and risk. “This is indeed a more difficult domain in some respects largely because of the testing regime and long, long development cycles,” Day said. “It is a high risk area and it is very tough to do this. Even bounding the domain in time and scope is difficult. Uncertainty is what makes emerging technologies so much harder to handle, and we are pushing the envelope on uncertainty with the biosciences.” ♦

*Robert Gunther is a freelance writer and frequent contributor to the Wharton Alumni Magazine.*

# Global.Wharton.Connections

## WAVE

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

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

Visit WAVE at <[wave.wharton.upenn.edu](http://wave.wharton.upenn.edu)>.

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

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

### **Clubs**

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

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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](mailto:wolcottg@wharton.upenn.edu).

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For undergraduate admissions information, call 215.898.7507, or e-mail [Info@admissions.ugao.upenn.edu](mailto:Info@admissions.ugao.upenn.edu). Our website is <[www.upenn.edu/admissions](http://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](mailto:mba.admissions@wharton.upenn.edu). Online, visit <[www.wharton.upenn.edu/mba](http://www.wharton.upenn.edu/mba)>.

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Dec. 5–10, 2004

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Jun. 20–23, 2001; and  
Oct. 5–6, 2004

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Jun. 7–11, 2004

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Apr. 25–30, 2004; and  
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Jun. 20–25, 2001 (wk. 2 of 2);  
and Dec. 5–10, 2004  
(wk. 1 of 2)

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Apr. 25–30, 2004; and  
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### Service Excellence

Jun. 6–10, 2004; and  
TBD, Fall 2004

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11–14, 2004 (San Francisco)

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Apr. 18–23, 2004; Aug. 2–6,  
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Oct. 31–Nov. 5, 2004

### Profiting From Uncertainty: Strategies For Succeeding In Multiple Futures

Apr. 13–15, 2004

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Jul. 18–23, 2004

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Feb. 23–26, 2004 (San  
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Mar. 8–10, 2004 (San  
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*Unless otherwise noted, programs are held at Wharton's Steinberg Conference Center in Philadelphia, PA.*

To learn more about Wharton Executive Education and speak with a course consultant, or to apply:

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# LeadershipSpotlight

CONNIE DUCKWORTH, WG'79

**Connie Duckworth, WG'79, was an Army brat who grew up thinking moving was fun. "It was an adventure," she says – a view that has served her well in business. "The only constant in business is change," she says.**



This ease with change and uncertainty stayed with Duckworth through college in Texas, graduate school at Wharton, and throughout her career. She began at Arco in the oil business in the late 1970s when the industry was at its hottest, then became a woman of firsts at Goldman Sachs, where she stayed for 20 years and spent hundreds of hours helping younger women understand the hows and whys of succeeding in business.

In 2001, Duckworth retired from Goldman to make mentoring fledgling businesswomen her full-time vocation, a change that's left her no less harried than the world of sales and trading. Over the past three years, Duckworth and several partners founded 8 Wings Enterprises, a group of "angel investors" that advises and selectively funds early-stage, women-led companies, and she co-authored (with Sharon Whiteley and Kathy Elliott) *The Old Girls' Network: Insider Advice for Women Building Businesses in a Man's World*. Duckworth also recently completed a two-year term as chair of the Committee of 200, a professional organization of the nation's most powerful women entrepreneurs and corporate executives. "It's a full plate," says Duckworth from her cell phone on her way to the airport to fly to Philadelphia for a speaking engagement.

The pace is nothing new. At Goldman, Duckworth, 49, worked with companies all over the country, serving as the firm's first female sales and trading partner, co-head of the Municipal Bond Department, head of Fixed Income in Los Angeles, and co-head of the Chicago office.

*The Old Girls Network* draws on Duckworth's many years observing and working closely with male and female executives and entrepreneurs at Goldman and its client firms. Described as a soup-to-nuts guide to entrepreneurship in a male-dominated business culture, the book patiently takes readers through every step of starting a business, offering myriad examples of women who "mixed passion, vision and a pioneering spirit" in building their enterprises.

"Many women don't realize that they can achieve their dreams and execute on their passions in business," Duckworth says. "It really is a wonderful form of self-expression. And the beauty of having a successful business is it gives you a wonderful economic platform from which to do good."

Duckworth met her husband, Tom, whom she shared a four-person cubicle with, at her first corporate job at Arco. Despite their busy schedules, the Duckworths have managed to have four children along the way, two girls and two boys ages 13, 11, 9 and 7, with whom they live in a Chicago suburb. "My children by far and away are the best thing I've ever done," says Duckworth, who credits her supportive, equally involved husband for her ability to manage a career and a large family. "I married well," she says.

Her ties with Wharton have also remained strong. A member of the School's Board of Overseers and winner of the Kathleen McDonald Distinguished Alumnae Award from the Wharton Women in Business organization, Duckworth says she never could have predicted her career evolution. "A career is a long time. When you're just getting out of business school, you sometimes think that if you don't find the exact right job, you are somehow going to be disadvantaged. What I found was that my career in business was really more of a journey, and I wanted to take advantage of opportunities along the way."

—NANCY MOFFITT