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Wharton

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

To Integrate, or Not to Integrate?

Euro-Enthusiasts and
Skeptics Debate the
European Union's Future



NEW SECTION

The Campaign
for Sustained
Leadership

Calendar of Events

OCTOBER 24

Wharton School Club of Washington, D.C. Winetasting with D.C. Penn Club

For further information, please contact:
Wharton Club of Washington
Tel: 703.442.8326
E-mail: DCWharton@aol.com

OCTOBER 24

Wharton School Club of Washington, D.C. Tech Track Breakfast of Wharton and Harvard Business Schools with John Sidgmore, vice chairman, MCI Worldcom

For further information, please contact:
Wharton Club of Washington
Tel: 703.442.8326
E-mail: DCWharton@aol.com

NOVEMBER 2

Zweig Executive Speaker Series Michael Kowalski, president and CEO, Tiffany & Co.

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

NOVEMBER 3

Investment Management with Robert Stansky, portfolio manager, Fidelity's Magellan Fund and Julian Robertson, Tiger Asset Management

For further information, please contact:
Jeff Rottinghaus
Tel: 215.735.4765
E-mail: hermanr@wharton.upenn.edu

NOVEMBER 15

Wharton School Club of Washington, D.C. Reception at Embassy of Bangladesh

For further information, please contact:
Wharton Club of Washington
Tel: 703.442.8326
E-mail: DCWharton@aol.com

NOVEMBER 15

Center for Human Resources Annual Joint Dinner Research Advisory Group and Council on Employee Relations

The Inn at Penn, Philadelphia
For further information, please contact:
The Center for Human Resources
Tel: 215.898.5605

NOVEMBER 16 – 18

Wharton Global Business Forum with Condoleezza Rice, chief foreign policy advisor to George W. Bush Naveen Jain, CEO, Infospace Bob Soon Sung, president, Samsung (USA), John Legere, president, Global Crossing (Asia), Subhash Chandra, chairman and CEO, ZeeTV, Jayasankar Shivakumar, country director for Thailand, World Bank

For further information, please contact:
Anhna Vuong
Tel: 215.898.8834
E-mail: avuong@wharton.upenn.edu

NOVEMBER 19-22

Wharton Executive Education Course “Decision Models for Management”

For further information, please contact:
Wharton Executive Education
Tel: 1.800.255.3932 (U.S. and Canada) or
215.898.1776 (worldwide)
E-mail: execed@wharton.upenn.edu

NOVEMBER 30 – DECEMBER 1

Wharton Entrepreneurship Conference with Anita Roddick, founder, The Body Shop

For further information, please contact:
Cassandra Santos or Amy Briggs
E-mail: cassands@wharton.upenn.edu or
ambriggs@wharton.upenn.edu
Tel: 215.898.8834

DECEMBER 7 – 8

Wharton Finance Club Bullish on Finance and Wharton Finance Conference

For further information, please contact:
Kevin Davis or Laura Diehl
E-mail: kndavis@wharton.upenn.edu or
laurad@wharton.upenn.edu
Tel: 215.898.8834

JANUARY 19 – 20, 2001

Whitney M. Young, Jr. Memorial Conference

For further information, please call:
215.898.6180

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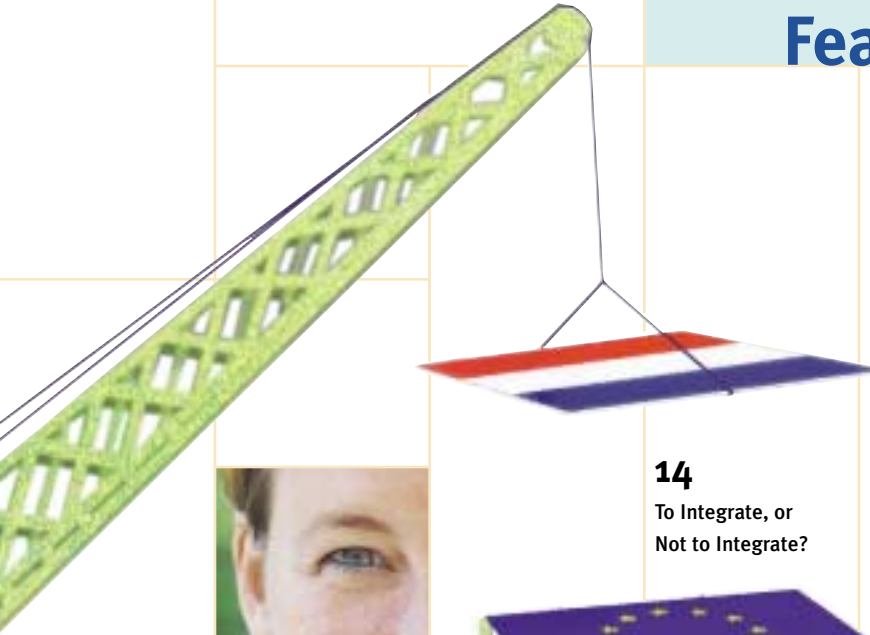
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New Fellows in e-Business Program Offered



NORMAND COUSINEAU

Wharton will offer an innovative new program this fall to prepare senior business executives to lead effectively and comfortably in the global e-business environment.

The Fellows in e-Business Program is an interdisciplinary program for leaders focused on creating and operating an e-business or transforming established businesses to an e-business environment. The program combines electronically delivered education with face-to-face interaction over two phases: the first, which takes place over four months, involves three-and-a-half weeks of classroom instruction augmented with a distance learning component between sessions. Each week-long session is held in a different location around the globe – Philadelphia, Silicon Valley, Israel and Europe.

The program is built on “action learning” principles, allowing participants to apply material covered to group projects with classmates, as well as practice new

approaches via simulations. Participants can also immediately apply course materials through “shadow projects,” which they conduct with employees from their own companies.

Reverse mentoring – in which participants have the opportunity to work with current Wharton MBA and undergraduate students who are often closer to new technological developments – is another significant element of the program.

The e-Business Program is the first offering within the new Wharton Fellows Program, a post-MBA experience designed for business leaders seeking ongoing business education in critical business topics. The e-Business Program was created and will be delivered by more than 75 Wharton faculty members and other experts.

“We recognize that the traditional confines of educational degree programs and executive education don’t fulfill the needs of all executives as they move through their careers. Nonetheless, many of these executives are seeking ways to maintain the knowledge and skills necessary to lead organizations in this new economy,” says dean Patrick T. Harker. “By implementing this Fellows Program, we are providing a level of depth and focus necessary to allow for an individual’s transformation but within a flexible framework that meets the demands of a busy executive.”

Jerry Wind, Lauder Professor of Marketing at

Wharton, will serve as academic director of the program. Each session is limited to 50 senior executives who are on top leadership tracks. Fellows will be chosen on the basis of their leadership ability and potential, management recommendations and references, among other criteria.

Wharton Senior Wins Wrestling Championship

It was two weeks after his last wrestling season before Brett Matter walked into the weight room again. “That was the toughest thing: the first time I walked in there without a goal,” says Matter, who in March was a Wharton senior and had just become Penn’s first NCAA wrestling champ in 58 years. “But now I am here having accomplished all the goals I dreamed about and with a Wharton education to boot. Well, I have no complaints.”

Matter, the all-time winningest wrestler in Penn his-

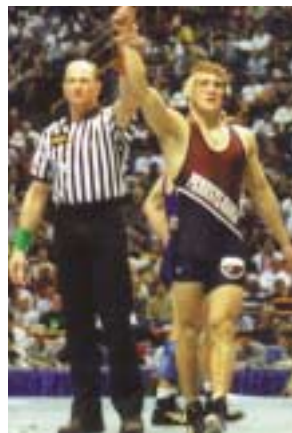
tory with a 128-14 record, beat Larry Quisel of Boise State University 4-2 to win the 157-pound weight class championship at the NCAA tournament in St. Louis. As a team, Penn finished ninth, its highest since it finished eighth in the country in 1942. That was the last time that Penn had a national champ, Richard DiBatista.

“It’s pretty incredible when you think about how we’ve done, placing ahead of all those Big Ten, those big Midwestern teams,” says Matter. “Penn is the best cross between wrestling and academics that there is.”

Matter has a legacy both in wrestling and at Wharton. His father, Andrew, was a national champion at Penn State in 1971 and 1972. His brother, Clinton, graduated from Wharton in 1997 after being the captain of the wrestling team in both his junior and senior years.

“Clinton had an incredible influence on me,” says Brett Matter. “He was one of the best leaders I have ever known. When I was a freshman, he was a great presence around here. He is just a solid, strong person.”

Clinton continues to be a presence for his younger brother. When the *Wharton Alumni Magazine* talked to Brett last spring, he planned to begin an equity research job with Salomon Smith Barney in New York, where he is rooming with Clinton, a fixed-income researcher at competitor Morgan Stanley. They won’t, however, be wrestling.



MATTER

“At this point, I’m retired,” says Brett Matter. “You could go to the Olympics, but not given my time commitment on the job. If I come back and get an MBA, maybe I can think about the 2004 Olympics, but not now.”

Though he started wrestling in the third grade, he says his father never pressured him to pursue the sport. “A lot of people assume that, but it’s not true. He just wanted me to enjoy wrestling,” says Matter, who was a two-time New Jersey state champion at Delran High School. “My parents made a lot of sacrifices to send me to Wharton. I could have easily gotten a full ride to another school, but my father was one of the first people to tell me to come to Penn.”

Santomero to Lead Philadelphia Fed



SANTOMERO

Anthony M. Santomero, the Richard K. Mellon Professor of Finance, has been named president of the Federal Reserve Bank of Philadelphia. Santomero began his duties in

July, succeeding Edward G. Boehne, who retired May 31.

Since 1995, Santomero had served as director of Wharton’s Financial Institutions Center. He has also been a consultant and advisor for leading financial institutions and regulatory agencies in the U.S. and

abroad on issues including risk management, financial restructuring, credit risk evaluation and management, and regulation. Internationally, he has served as consultant to the European Economic Community and institutions in Sweden, Japan, New Zealand, Israel, India, Italy, Switzerland and Turkey.

Santomero, who has requested a leave of absence from the school, will retain his professorship while serving in his new role.

Since joining the Wharton faculty in 1972, Santomero has held numerous academic and administrative positions, including deputy dean (1990-1994); vice dean and director, Wharton Graduate Division (1984-1987); co-chairperson, Finance Department, (1982-1984); and associate director, Doctoral Programs (1975-1977). In addition, he was instrumental in developing and implementing numerous school initiatives including landmark curricular changes in the MBA and undergraduate programs.

Wharton Picked Number One (Again)!

For the fourth consecutive time, Wharton’s MBA program was named the best in the nation by *Business Week* magazine, which released its biennial rankings just as the *Wharton Alumni Magazine* went to press. Northwestern’s Kellogg School ranked second, followed by Harvard, MIT and Duke. Recruiters

It’s not as if Mark Alarie hadn’t had a fulfilling life. He’d been on the cover of *Sports Illustrated* in 1986 as his Duke University basketball team blitzed to a 37-3 record before falling to Louisville in the NCAA finals. The All-Atlantic Coast Conference forward then spent six seasons in the National Basketball Association with the Denver Nuggets and Washington Bullets.

Following his basketball career, Alarie came to Wharton and got his MBA in 1995. He went into institutional sales at Alex Brown covering the Southeast United States and settled into a comfortable home life in Bethesda, Md., with wife Rene and newborn Isabella. The cup was looking fuller and fuller.

But there was a little itch that Alarie couldn’t scratch.

A good number of his closest friends and mentors at Duke – Tommy Amaker, David Henderson, Quin Snyder, Johnny Dawkins and, of course, his own Duke coach Mike Krzyzewski – were coaching college basketball. “I always kind of dreamed about leading a team as a coach in Division I college basketball,” said Alarie. “I thought constantly about what I would do and how I would do it.”

His chance appeared when he read about an assistant basketball coaching job open at the U.S. Naval Academy. Though he was earning mid-six figures at Alex Brown, Alarie threw caution to the wind and applied enthusiastically for the job – which paid in the low five-figures. By April 1999, it was his.

Alarie commuted 45 miles each way from Bethesda to Annapolis to help coach Don De Voe lead Navy to a 23-6 record before the team lost in the Patriot League championship game to Lafayette. *Sports Illustrated* featured Alarie in its “Catching Up With...” feature this winter. By all appearances, Alarie seemed on a clear path to a life far removed from the business world.

But within a few weeks of the season’s end, Alarie announced his resignation. In short, he says, he found he didn’t have enough of the right stuff. “It’s hard to sum up in two sentences or less,” he says. “College basketball happens to be a very confined environment. It is difficult, if not impossible, to be entrepreneurial, to build something that hasn’t been built before. There is a heavy-handed regulatory association – the NCAA – and it is very conservative by its nature.

“But all that aside, I think the most difficult hurdle is the fact that I am a 36-year-old man who has a relatively broad variety of experiences and I was starting on the lowest rung of the ladder in coaching,” he says. “It takes a while to work your way up and I hope I am not being impatient. I needed to be 100 percent certain that it was the path I wanted to follow. I came to the conclusion that it simply wasn’t.”

De Voe indicated it was purely Alarie’s decision to leave, that he had not been pushed out of a job. Alarie said, in turn, that he was happy De Voe gave him the opportunity. “The preparation for the season and the games, that was the real joy of coaching,” says Alarie, who grew up in Scottsdale, Ariz., but now considers himself an East Coast kind of guy. “Working with the kids who were here, that was terrific.

“But it takes a particular type of individual to be a successful head coach,” he says. “And I’m making an honest assessment that I don’t see them in myself.”

Alarie plans to do something entrepreneurial, perhaps with some fellow Wharton classmates.

“I’ve always thought the biggest mistake I could make in my life is not to be adventurous,” he says. “I want to find passions. I find that in my family and friends, as most people do. But aside from

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Few would argue that Sharon Fordham is a lifesaver.

The president of Global e-Business for Nabisco Inc. has led a series of key turnarounds in her nearly 20 years with the food giant, including resuscitating the venerable but ho-hum LifeSavers candy line and staving off an onslaught of competitors during the "cookie wars" of the 1980s.

Today, Fordham, WG'77, takes on her most interesting project to date: creating and implementing

Nabisco's e-business strategy, an area that includes online grocery retailing, Internet communications (including online advertising, marketing and consumer relationship marketing), as well as creating new Internet-based revenue streams and overseeing something the company calls "worldwide e-productivity."

When Fordham assumed her new role about a year ago, the e-business unit was essentially undefined. Companies like Nabisco realized they couldn't ignore e-commerce and the Internet, but were unclear what focus they should take, and how.

"My first mission was to create order from chaos," Fordham says. Thankfully, her previous experience creating the candystand.com website as president of Nabisco's LifeSavers unit gave her a good starting point. Today, under Fordham, Nabisco has a clear e-mission.

"We've pretty much broken it down into three areas: e-business is all about leveraging the Internet as a powerful new communications medium, a new transaction medium and a productivity tool. We've fashioned our strategies in support of that view of the world," she says.

As a result of those strategies, Fordham says Nabisco has established a powerful online lead. The company's two primary websites – candystand.com and nabiscoworld.com – "lead the industry by far. We're 50 percent larger than the largest packaged goods company (Procter & Gamble) and five and six times larger than other major competitor sites in terms of traffic and stickiness, or duration of average visit."

Why? Early on, as president of LifeSavers, Fordham believed that "destination" or content sites would hold visitors and bring them back far better than websites filled with "brochureware," which offer little more than product descriptions and company histories. "We are also providing information to consumers, but in a very subtle way," Fordham says.

For instance, the [candystand](http://candystand.com) site offers state-of-the-art games, for free. But an advertising platform is at work: a basketball game is not just a basketball game, it's "Bubble Yum" Basketball, while hockey is "Ice Breakers" Hockey and billiards is "BreathSavers" Billiards. "When you think about the amount of time you spend playing one of our games, the brand message is constantly on the screen helping to propel brand awareness and image in a way we've never seen before, even in the off-line world," Fordham says. The nabiscoworld.com site takes a similar approach, swapping games with entertainment via a virtual amusement park of sorts. "We felt that we wanted something that would bring people back. When we tried to envision the future, we felt the Internet was going to evolve along the lines of the TV economic model, so we were sure that providing content (much like a TV show) was the way to go," she says.

"The biggest pressure is the incredible speed of the Internet and the clash of mass marketers trying to adapt to a world of mass customization and one-to-one marketing," Fordham adds. "Another challenge is creating a personal relationship with consumers when we've historically been more of a one-to-many, versus one-to-one,

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cited Wharton as number one in finance and global scope, second in marketing, third in technology and fourth in general management.

On the undergraduate level, *U.S. News & World Report* magazine ranked Wharton's undergraduate program first in the nation. The school ranked no lower than 6th in all academic categories and was named first in finance, general management, marketing, real estate, human resources and consulting.

Heads of Financial Institutions Center Named



HERRING ALLEN

Professors Franklin Allen and Richard Herring have been named co-directors of the Wharton Financial Institutions Center, replacing former director Anthony M. Santomero, who has been named president of the Federal Reserve Bank of Philadelphia.

Franklin Allen, Nippon Life Professor of Finance and Economics, formerly vice dean and director of Wharton Doctoral Programs, has served in various editorial capacities at several of the world's top academic journals for finance and economics. A frequent winner of Wharton teaching awards, Allen's

research has focused on corporate finance, asset pricing and the economics of information. He is president of the American Finance Association. Allen received his doctorate from the University of Oxford.

Richard Herring, Jacob Safra Professor of International Banking and professor of finance, previously served as vice dean and director of the Wharton Undergraduate Division. He was a founding director of the Financial Institutions Center and is currently director of Wharton's Joseph H. Lauder Institute of Management and International Studies. Herring is a leading expert on international banking and finance and has been a member of the Shadow Financial Regulatory Committee since 1990. In addition, he is co-chairman of the biennial multinational banking seminar. He received his PhD from Princeton University.

Asian Forum Draws Nearly 300



At Wharton's seventh Asian Regional Alumni Meeting, held in Manila on June 10,

guest speaker Manuel V. Pangilinan, WG'68, began his remarks with a reference to the "I Love You" virus. In keeping with the meeting's theme, "The Asian Century Begins," Pangilinan – who is president and CEO of the Philippine Long Distance Telephone Co. and also executive chairman of Hong Kong-based conglomerate First Pacific Co. – pointed out that news coverage of the virus drew international attention to the fact that the Philippines produces 150,000 computer engineers each year and is the world's second-largest exporter of engineers to the U.S. He also shared an intriguing quote from Philippines trade secretary Manuel Roxas: "We're not proud of what the virus authors did, but we must harness their creativity." Pangilinan's speech was one of several during the two-day conference, which brought together nearly 300 alums and other friends of the school for a host of seminars, panel discussions and networking opportunities. Next year's meetings will take place in Phuket, Thailand on June 1-2.

M&T Freshman is Top National Scholar

Freshman Beeneet Kothari applied early admission to three schools – Wharton/Penn, MIT and CalTech – and got into all three. But he says his decision to enter Wharton and the Jerome Fisher Program in Management and Technology (M&T) was easy.



LOUIS M. LANZANO

KOTHARI

"I came to Penn in April on Spring Fling day," recalls Kothari, who was aggressively courted by a host of other Ivy League schools. "And when I saw all of those students on the Quad, I knew. The people were actually smiling at Penn. I knew it was a great place to be."

Kothari, who won first place in this year's Intel International Science and Engineering Fair and was a finalist in the Intel Science Talent Search, earned a perfect 800 on his mathematics and writing SATs as well as a perfect score on all 11 of his Advanced Placement (AP) exams. For this, he was named an AP Scholar of Distinction by the College Board. Kothari's six-page resume details dozens of similar honors, but during a recent telephone interview, the 18-year-old from Long Island sounded like any energetic, enthusiastic freshman anticipating an active social and academic college experience and wondering what career path he ultimately will choose.

"As an undergraduate, I really don't want to restrict myself," he says, explaining his reasons for choosing the M&T program over a more science-focused program at MIT or CalTech. "I'm a science person, but I still want to take a good English litera-

ture course." The M&T program is a unique and internationally regarded multidisciplinary program that offers select students the chance to earn concurrent degrees from Wharton and from Penn's engineering school.

Kothari, a native of Rajasthan, India, was 10 when he and his family packed up and moved to the U.S. Beeneet was not fluent in English at that time, but after studying English for a few years, was accepted into an Advanced Placement (AP) English class. His awards and honors include winning the prestigious CalTech Signature Award for science and mathematics, the Rensselaer Medal for math and science, and serving as president of the National Honor Society, among others. He credits his parents – Naveet, a radiologist, and Beena, who works in technical support at Chase Manhattan Bank – for his strong science orientation.

But like most college freshman, Kothari isn't sure what he'll do once he graduates. "I'm interested in research as well as business, and I hope to do research in biology during my spare time during the next four years," he says "I wouldn't be surprised if I didn't earn my MBA from Wharton and my PhD from MIT." ♦

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Ever Dream of

Retiring (Really) Early?

Meet Wharton Alums Who Traded Soaring Careers for Freedom

Judy Page was corporate success personified.

Page, PhD'76, the first woman to receive a PhD from Wharton's statistics and operations research department, began her career at AT&T Bell Laboratories as a member of technical staff in the Applied Statistics Department. During the next 13 years, she moved through AT&T's engineering and technology departments, earning several promotions, then onto the business end of AT&T, holding posts in product management, human resources, and engineering. In 1994, she became one of the few women to be elected an officer and vice president of AT&T.

By 1997, Page oversaw more than 6,000 people, had an annual expense budget of \$1.5 billion and an annual capital budget of \$4 billion. She was responsible for engineering the AT&T domestic and international long distance network, for which she served as chief investment and information officer, and managed more than 300 software systems.

That same year, her career at its zenith, Page decided to take a year off. She retired a year later – at age 48.

"The announcement of my initial leave of absence shocked most people I worked with, who saw me as the consummate workaholic," Page says. "My boss was convinced that I would be back within a few weeks or months at the most. When I went to visit him after about two months, he was sure that I was there to ask to come back."

But she wasn't. And today, three years later, Page is certain she'll never return to a day-to-day corporate job again.

She isn't alone. Business magazines are littered with articles on Silicon Valley hotshots taking lengthy – a year or more – sabbaticals, a trend that has recently begun to seep into more traditional companies nationwide. Young dot-com owners have sold out and moved on, sometimes to unstructured lives of volunteer work or part-time consulting. A two-year-old website, called 2Young2Retire, gets 2,000 hits a week and is filled with tales of former corporate workers retiring early and transitioning into what they consider more interesting and fulfilling lives.



JULIE BICK WEED

JOANN ARRUDA

Since retiring from Microsoft in 1995, Julie Bick Weed, WG'90, pictured above, has gone on to write two books about the company. The first, *All I Really Need to Know in Business I Learned at Microsoft*, became a *BusinessWeek* bestseller and today has been published in 12 languages. Last November, she published *The Microsoft Edge*. She donates half of her books' proceeds to children's charities.

But despite her success as an author, Bick never would have imagined retiring and becoming a writer. "I thought I'd be working at a company. I never thought I'd be a writer, ever." And her life is far from tame: she has three boys ages three and under, sits on the board of the Seattle Zoo and Social Venture Partners, a new venture philanthropy organization, and volunteers at a city elementary school in Seattle.

Today, thanks in part to a booming stock market during most of the 1990s and generous stock option packages, “retirement” can take place much earlier than the stroke of 65 and often doesn’t mean days of leisure and travel. For many, it simply signals a dramatic shift in priorities that generally begins with the decision to leave regular employment for something else, from leadership posts in non-profits to writing, spending time with family or creating a patchwork of tiny businesses that relate to a personal passion. Above all, today’s early retirees are dogged in their pursuit of one thing: the freedom to spend their time as they choose.

The trend is alive and well among Wharton alums. Take Julie Bick Weed, WG’90 and former Microsoft manager. Weed, 35, retired five years ago, wrote a bestselling book on Microsoft, had three sons, and recently published another book on Microsoft. She devotes most of her free time – and a large chunk of the proceeds from her books – to charitable organizations. Sehoon Lee, WG’75, recently retired as president and CEO of the HanGlas Group, the largest glass manufacturer in Korea, at the age of 50. Lee, who spent 20 years working long hours for HanGlas, says he’s decided to begin a new career – bonding with his young sons and rediscovering his family.

In the profiles that follow, we continue Judy Page’s story, as well as the stories of three other alums – some with families, some without – who have each decided to retire young.

“I wasn’t unhappy,” Judy Page says of her decision to retire from AT&T. “I handled stress well and had always assumed I would continue working until a normal retirement age. But as my responsibilities grew at work and my own schedule got more hectic and as the kids lives became more demanding, I started asking myself how I could do all these things.”

Page, 51, and her husband, Alan, PhD’78, had met as PhD students at Wharton. The couple devoted much of their 20s and 30s to their careers, with Judy at AT&T and Alan at a New York insurance brokerage. In their mid-to-late 30s, the Pages had sons David, now 15, and Michael, 13. Judy took six-week maternity leaves with each, then returned to work.

The couple had employed two different live-in nannies, each of whom stayed with the family for six years and also managed the household cleaning, cooking and laundry. “For 12 years, I probably cooked dinner about twice a month,” Page laughs. But in 1996, the Pages’ current nanny announced plans to get married and leave the family.

The couple sat down and talked about what to do next. They could hire another nanny, or maybe, Judy thought, the time was right to make a change. “Alan and I had already done financial calculations, so that we knew how much money we needed for one or both of us to stop working,” Page says. “As an officer of AT&T, there was tremendous financial incentive to stay with the company for 10 or 15 more years.”

But other considerations nudged the financial incentives aside. “The first and primary reason was to be able to spend more time raising our children,” Page says. “Although they got wonderful care with our nanny, it was clear that I didn’t spend that much time with them other than doing the essentials. I know a lot of moms who really wanted to be home while their kids were young, with the thought of working when their kids got older, and I guess I didn’t really have a strong urge to do that. I knew that they were getting good care. I talked to them; I played with them. But when they became more like adults, that was when I really wanted to spend more time with them.”

Page also wanted to take better care of her health given the fact that her father had died at 66 of a heart attack and her mother at 73 of a stroke. An older brother, meanwhile, had also died of a stroke at age 55. Page saw the genetic writing on the wall and felt strongly that she needed to exercise and lose weight before she got much older. She also wanted to involve herself in community activities she enjoyed but had never been able to fit into her schedule.

And so in early 1997, Page announced her intention to take a year off. Almost immediately, her new work-free schedule was full. “Right from the beginning, I was busy every day, even before I was all that involved in outside activities,” she says. “I didn’t appreciate how much it would take to manage the household – just coping with groceries, laundry, cleaning, fixing the kids’ lunches for school, making sure they got off to school. In the past, I would



JUDY PAGE

LOUIS M. LANZANO

“There’s something about the freedom of deciding how you want to spend your time that means a lot to me.”

see them in the morning, but the nanny did all of the other things.”

But she found herself relaxed by her newfound freedom and flexibility. Page especially enjoyed simple things like being outside during the day (“I used to always be in meetings and always drove from my garage at home to the parking garage at work”) and setting her own schedule rather than following a tightly packed calendar. She also reveled in having the time to talk with her sons about anything and everything, whenever she liked.

After that first year, Page started volunteering for outside activities and soon found herself with an even fuller plate. She became advancement chairman of her local Boy Scout troop, and then advancement chairman for her 25-troop district. She joined the local chapter of

the American Association of University Women, and became program vice president. She took on several assignments for the parents’ association of her sons’ school, using her technical skills to build a database for the annual school fundraiser, then becoming webmaster of the parents’ association web site.

Her business interactions have been more limited. She served on an advisory board for Compaq for a year, but found it difficult to stay current while out of the workplace. On a local level, she became a founding director of a start-up community bank, a challenge for her since “I knew nothing about banking. All during my career I have been a quick learner. It seems more interesting to me now to learn about a new field like banking than to try to stay current on the cutting edge of telecommunications at AT&T.”

Page admits to some downsides to her new lifestyle. She sometimes doesn’t feel challenged enough, so she looks for ways to keep learning. “I use the Internet every day to research information,” she says, “and I read several books a week, especially biographies and how-to literature.” And the Pages’ two sons have also had some adjusting to do. After so many years of watching their mother work, Michael and David now have a full-time mom who comments on upcoming school dances and other matters they perhaps wish she wouldn’t notice. “It’s been harder for them to understand than maybe we thought,” Page says. “Their comment will sometimes be ‘It isn’t fair, we have to work so hard in school, and you don’t have to work that hard.’ But if you’d ask them point blank if they’d like you to go back to work, they say no, absolutely not. And they’ve told me that when I was working, they felt I never had time for them.” Alan, also 51, also recently made a major life change, leaving his New York post to pursue business and community interests closer to home in Watchung, N.J.

Page credits her husband’s strong commitment to financial planning from the beginning of their marriage as a major factor in their security today. The couple also doesn’t live extravagantly – their largest annual expenditures are charitable donations. “We’ve always been in a heavy saving mode, and always paid off our mortgages. Alan is conservative financially, and that’s really helped us. I don’t buy mink coats, and we don’t have the Palm Beach second home.” Because she had worked at AT&T for 20 years, Page was able to put together a retirement package that was still fairly attractive, though significantly smaller than had she hung in 10 more years or so.

As for the future, Page is certain she’ll always have more than enough to do, and never intends to return to the corporate work world. “There’s something about the freedom of deciding how you want to spend your time that means a lot to me. At home I don’t get the

recognition and personal satisfaction that I did from my job, but I also don't get the stress and aggravation. On balance, I'm happier with what I have now."

Jim Simpkins, WG'91

Three years ago, Jim Simpkins left the best job he ever had.

Simpkins, 44, WG'91, was a group program manager at Microsoft, a post that allowed him to design software products including the Microsoft Investor web site. His wife Eileen, 37, WG'91, also worked for Microsoft as a marketing manager. The pair enjoyed their jobs and the intensity and excitement that came with working at Microsoft.

But when the couple's first son Christopher was born, everything began to change. The Simpkins realized they weren't seeing much of their son, and struggled to cobble together a patchwork of day care arrangements, largely relying on Eileen's mother to watch Christopher while they logged long hours. (They now have a second son Brian, born this February.)

They realized they would soon be forced to find a more stable arrangement, either a nanny or full-time day care. To Jim, both options seemed like "a hideous allocation of resources – Eileen and I would devote long hours to releasing some new piece of software, a job millions of others could do just as competently, while we planned to delegate to others the job of raising our child, a job for which we obviously had unique qualifications and a unique passion."

He also realized that the chain of causality he had always counted on – that if he had more disposable income, he would be happier – wasn't true for him. "With all due respect to those who wear \$75,000 wristwatches, when a Microsoft co-worker showed me his, I felt slightly sick to my stomach, as if something were horribly out of whack," says Simpkins. He saw that the nature of Microsoft's stock option program was such that no matter when he chose to leave, he would forego a significant chunk of money. Nonetheless, after talking their situation over for months, Jim and Eileen Simpkins retired from Microsoft in April 1997.

"I just didn't see what good it would do to make more money and have more things," Simpkins says. "What did more money make better? Initially, Eileen and I had a difference of opinion on this, but we both felt the same way about raising our kids. In the end, that was the unifying factor."


Today, Jim worries whether he and Eileen will continue to have enough money to stay retired, but says he's certain that being alongside his two young children while they are growing up was, for him, the right choice. The death of both of his parents by the time he was 30 taught him that "we don't decide how much time we have on earth with our loved ones. In a sense, Microsoft's success gave me the opportunity to trade money – in the form of stock options that I would never be able to exercise – for time with my community and my family. For me, it was the best money I ever spent."

Simpkins describes a third motivating force in his decision to retire as "strictly visceral." Upon returning from a month-long paternity leave after Christopher's birth, he was startled to find himself suddenly not interested in the job-related issues that had

"We don't decide how much time we have on earth with our loved ones. I traded money – in the form of stock options – for time with my community and my family. For me, it was the best money I ever spent."



JOANN ARRUDA



previously captivated him. “Microsoft is the kind of place where you really have to believe that what you are doing is vitally important – after all, why else would you devote so much of yourself to your job? For me, the birth of our son had undermined that critical ‘suspension of disbelief’ that I needed at work.”

He is quick to say he doesn’t believe his priorities are right for everyone. “Obviously, most Americans are not in a position to leave work to devote more time to their family and their community,” he says. “And even if they are, working might still be the best choice. I am glad that both Bill Gates and Steve Ballmer continue to concentrate on Microsoft and the millions of people whose lives are affected by it, and spend far less time with their children than I do. I think that decision is as right for them and for the world as it would be wrong for me.”

What has it been like for Simpkins, three years later?

Anxiety about money and whether he is “providing for his family” continues, particularly as he watches many of his peers accumulating great wealth and copious possessions. “I have friends who could easily endow a new building at their alma mater, and I still feel a twinge of envy as I carefully weigh whether to replace my ‘88 Camry.” But the family is managing. Simpkins’ four and a half years at Microsoft meant he was fully vested in his original stock options plan when he retired, so was able to walk away with a significant chunk of Microsoft stock. Early on, he sold some of those holdings and put the proceeds into fixed-income investments that provide steady income. The couple has also streamlined their spending and become more frugal, choosing to forego expensive dinners out and other non-essentials.

Simpkins believes the rewards of his new life more than make up for his occasional pangs about finances, and finds he’s as busy today as he was during his Microsoft days. He sits on the boards of organizations including a youth homelessness group, a Christian organization that feeds and shelters the homeless, a chamber orchestra, and a transportation advocacy group in Seattle. He teaches nature courses at the local Audubon Society, volunteers to help remove graffiti in the City of Seattle and is president of the community council that serves his neighborhood. “I am actually much busier than I would like to be, yet I have the feeling that I could be helping in so many other ways,” Simpkins says. “I am still amused by Microsoft friends who resist retirement because they are afraid they won’t know what to do – I assure you, that won’t be a problem. And of course spending this much time with Eileen and our kids has been a tremendous blessing.”

Christopher Acker WG’75

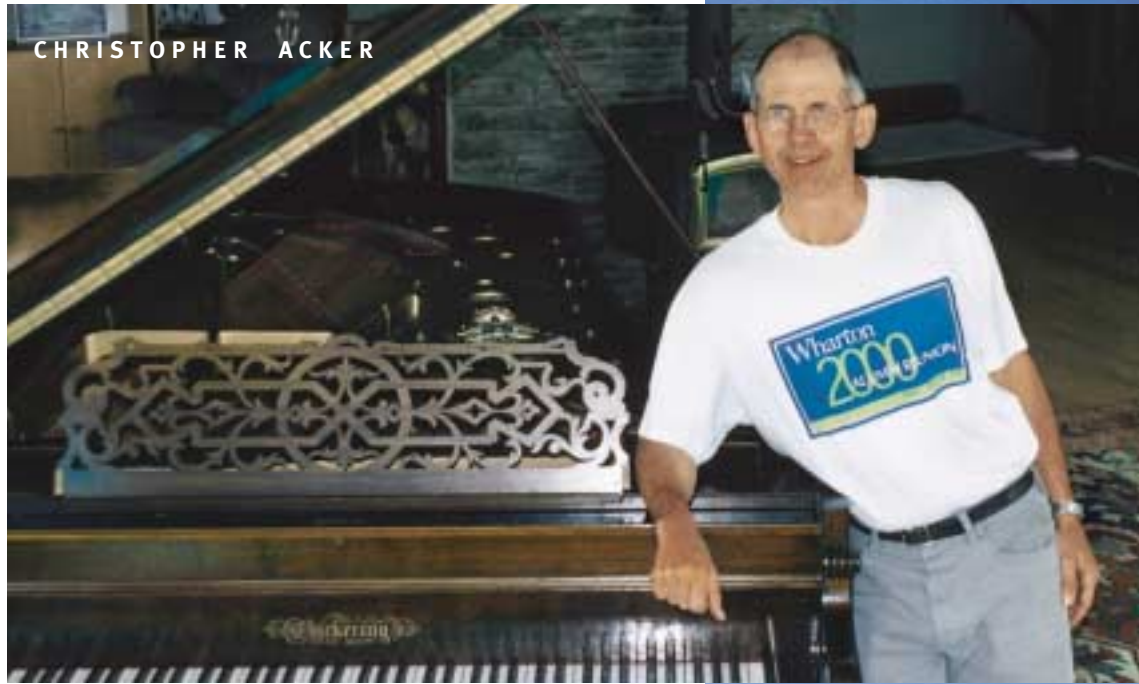
Christopher Acker tried traditional corporate, consulting, and large-scale entrepreneurial work, but ultimately chose to “make money the easy way, which is to have fun doing it.”

Acker, WG’75, came to Wharton immediately after earning an undergraduate degree in geological engineering at Princeton. After graduating, he took a post at Exxon for three years, working in the oil giant’s international, USA and Venezuelan units. He then joined an energy-consulting firm in 1978 with the hope and expectation of a more entrepreneurial experience, but found himself largely writing reports from behind a desk.

After three more years, Acker decided to move in an even more independent direction: he began the process of co-founding a medical technology business with two scientist friends. Acker and his partners struggled for two years to raise the venture capital necessary to grow their business, but in 1984 finally launched CritiChem, a company that developed blood-gas monitors for open-heart surgery patients. Four years later, Acker and his partners sold the firm to a larger one. “I got a little slug of money from that, and thought ‘Wow, I might want to do this again.’” he says.

Acker then founded ActiMed, another medical technology business, with another scientist friend who wanted to market a home cholesterol test but had little background in writing business plans and selling his ideas to potential investors. Again, Acker struggled to cobble together venture capital, despite his previous track record of founding a successful

CHRISTOPHER ACKER



medical technology company. "What I learned was that starting a business is really, really hard. It's hard to raise the money and each person rejects you for a different and unique reason," Acker says. Five years later, in 1995, the Burlington, N.J.-based company was solidly successful, had 50 employees, and Acker was vice president of administration.

But his investments were marching upward, and he was getting itchy. "I realized my expenses weren't really that high and that I wasn't wealthy, but I was single, had no kids and was well-off enough," Acker says. "I didn't have it in me to start another company, but I was still entrepreneurial. So I retired at the age of 44 and struck out on my own without a formal job."

Acker initially traveled to the Far East, then built a country home in Northeast Pennsylvania on 150 acres. He has since dabbled in a variety of ventures, including local land development and buying antiques overseas, but has never considered returning to corporate life. And like the others interviewed for this story, Acker's less structured lifestyle has given him the chance to donate his time and business acumen to non-profits including a historic farmland conservancy and a committee dedicated to sprucing up a depressed and tattered local town.

What has Acker's financial strategy been? In 1995, he invested nearly all of his cash in equities. He has a fixed-income life insurance policy that delivers 8 percent a year, a 401k that's invested aggressively in a small cap fund and in the S&P 500. He also has a portfolio of stocks – a blend of technology and blue chip stocks – that he manages, as well as several technology funds. His house is nearly paid off and he plans to be completely debt free by the time he's 60.

"I couldn't be satisfied being a VP of strategic thinking for a company," Acker says. "I built and designed my own house. I make my own furniture. I love my freedom. I like to do things myself and build things myself."

But for all of his certainty about his career path, Acker admits that his wanderlust has had some drawbacks. His personal life, for one, has suffered. Divorced for the past decade, Acker has struggled to find a successful long-term relationship, a reality he blames on his independent lifestyle, heavy travel schedule and lack of convention.

Given his childhood, Acker's professional path isn't surprising. His father was a geological/petroleum engineer who founded his own firm and retired at age 46. After "retiring," Acker's father worked as a consultant for Mobil Oil, traveling the world to manage off-shore oil rigs in Egypt, Peru, and Indonesia, among other locales.

Acker had no grand plan, no clear idea of how he wanted his professional life to proceed, after graduating from Wharton. "It has surprised me that I've essentially been a slacker about my future, but it's come out just fine," he says. "Random events have been good to me. I've had things fall into my lap almost – the two medical businesses and more recently the antiques business that I've been involved with."

His most recent random business venture is perhaps his most interesting. While decorating his house, Acker decided he needed an antique grand piano for his large, empty living room. He found one on the Internet for \$5,000, bought it, then sent it to a craftsman near Harrisburg, Pennsylvania who specializes in restoring antique pianos. "I love woodworking

"I couldn't be satisfied being a VP of strategic thinking for a company. I built and designed my own house. I make my own furniture. I love my freedom. I like to do things myself and build things myself."

“I could come and go as I pleased. I loved heading downtown when no one else was on the train, dressed in shorts and a T-shirt. I began slowly giving away my suits.”

– it’s my hobby – and he started to teach me how to restore antique pianos,” Acker says. “I spent weekends with him over a period of months and got the piano 95 percent restored and just about ready to bring home.”

But Acker returned home from an overseas antiques buying trip in February 1999 to heartbreaking news: Sunbury Piano, the business where Acker’s piano and others like it were painstakingly being restored, had burned to the ground. “My piano was a lump of charcoal. This man’s whole life went up in smoke, and my piano was gone. What are the chances of this happening?”

Though in his mind the piano was irreplaceable, Acker had thought to insure it prior to the fire. “One of the most meaningful courses I took at Wharton was Risk and Insurance, which stressed the importance of proper insurance coverage,” Acker says. He collected on the policy and decided to use the funds to start an antique piano business. After extensive market research, he plans to sell the pianos largely via the Internet, and has already purchased 12 antique European pianos in various states of repair. “Random stuff happens. Things can look bad, but there’s nearly always a silver lining,” he says.

Lonny Essex W’78, WG’78

Lonny Essex would love to say he left his investment banking career behind to spend more time with his family, but the 43-year-old Chicago resident didn’t even meet his fiancée until he’d just about decided to leave his job at age 40.

Essex, W’78, WG’78, began his career as a tax accountant at Price Waterhouse in New York, moved to Mobil Oil, then to MIT’s Sloan School for another MBA, then back to Mobil. The Long Island native moved onto Chicago with Mobil’s then subsidiary, Montgomery Ward, then joined Chemical Bank (which became Chase Manhattan) where he remained for 12 years until his retirement in March 1998.

Essex says he “thoroughly enjoyed my experience at Chase” and considers himself lucky to have been a part of the investment-banking world during the boom years of the 1990’s. “I was having a great time. I had many great opportunities; the group I worked with in Chicago was a lot of fun and I was working with interesting clients I liked,” he says.

So what happened? As he approached his 40s, Essex began asking himself if he would still be happy working in investment banking 10 or even five years down the road. He realized that the answer was no. “My job was such that no matter how much you tried to leave it behind when you left the office, you couldn’t. I didn’t know at the time that I wanted to retire; I didn’t really know if it was burnout or fatigue or if I was just looking forward and didn’t like what I saw. But I felt I wanted to make some sort of a major change.”

Essex, a managing director, would leave for the office for the day, but his thoughts would constantly return to his work. Had he forgotten something critical during a client presentation? Would he wake up the next morning and find that his best client had done a deal with Morgan Stanley? “I worked hard; I wasn’t a complete workaholic, but I was a worrier,” he explains.



LONNY ESSEX

MIKE FISHER

Essex says many of his peers, soothed by generous compensation, just accepted the ever-present nature of investment banking. But he decided that he couldn't. He told his boss at Chase that he planned to resign, but found himself being convinced to take a three-month leave of absence instead. He took that summer off, he says, "being a bum. I started playing guitar again, reading books, I could meet friends for long lunches – I just had a great time."

When fall rolled around, Essex felt rejuvenated and ready to return to Chase. He vowed to incorporate some of the activities he had enjoyed during his summer off into his daily work life: he would come home over lunch a day or two a week and take his dog for a walk; he would bring a novel to work and find a quiet spot to read over lunch. "I decided that I was going to do all these things that would help me enjoy my work more. But within a month, they were all gone, and I was back on the treadmill," Essex says.

Essex was able to keep up the pace for a while, but knew after nine months back on the job that he needed to resign, this time for good. "I began thinking about how I was spending my time and I realized that I was spending 80 percent of it on the part of the job that I really didn't like – on the politics and sales effort rather than analyzing my clients' financial and strategic needs and advising them on solutions."

In March of 1998, Essex left Chase with the idea that he would take six months to a year to recharge his batteries and decide what he would do next. One thought was to pursue a financial strategy consulting business focused on small-to-medium sized firms lacking in capital market expertise. Interestingly, within a couple months of leaving Chase, two former clients called seeking similar guidance from an independent advisor. And as summer approached, Essex realized that he loved the flexibility of his new life. "I could come and go as I pleased. I loved heading downtown when no one else was on the train, dressed in shorts and a T-shirt. I began slowly giving away my suits. I would walk down my street at two in the afternoon and no one would be around."

In the meantime, Essex's carefully chosen investments were climbing in value. He began to realize that – thanks in part to luck and timing – he could continue to manage his investments, do the kind of work he loved, and maintain a lifestyle he found overwhelmingly rewarding. With that, he decided to retire. "I perceived an opportunity in the market and acted on it," he says of his investments. "But it's done far better than I ever expected."

Today, two years later, he tries to limit his consulting practice to 15 hours a week, only taking on projects he enjoys and finds interesting. He was recently hired, for instance, by one of his best friends to advise on the sale of the friend's boutique executive search firm to a large public search firm. The rest of his time he dedicates to personal interests including guitar, squash, the Chicago Cubs, and "of course, my fiancée Jeannine." Essex has also remained active philanthropically. He endowed a financial aid scholarship at Penn and is involved in a variety of community organizations, including a local music education organization.

Essex points out that he's "not a dot-com multi-millionaire" and that he walked away from a sizeable stock option package when he left Chase. But he says he realized long ago that wealth isn't just a function of how much you have, but of how much you need – and he has managed his life accordingly. "I certainly lived well within my means and was able to save large amounts of my income during my working years. This meant foregoing second or third homes, driving cars until they stopped working – I recently traded in my 11-year-old Mazda – and otherwise being prudent about major expenditures," he says.

Supportive family and friends have made Essex's choice to retire early even more angst free. Essex's fiancée, an executive recruiter, is "extremely supportive," he says, pointing out the irony that Jeannine specializes in recruiting senior finance executives. "At some point in a former life, I might have been a great candidate for her," he laughs. The couple plans to have children, and often joke about Essex becoming a Mr. Mom. Several of Essex's friends have made similar moves in recent years, and his father happily retired at age 55. "It was only after I left that I realized how stressful the job was," he says. "If there's one point I like to drive home it's that people should step back every so often to assess the impact their job is having on their lives." ♦

NANCY MOFFITT



To Integrate, or Not to Integrate?

Euro-Enthusiasts

and Skeptics

Debate the

European Union's Future

People with an interest in watching the economic and political future of Europe unfold had a lot to talk about this summer, thanks in part to some controversial remarks by German foreign minister Joschka Fischer and French President Jacques Chirac.

Among those watching carefully were Wharton alumni at companies in Britain, France, Germany and Switzerland, as well as faculty members in Philadelphia – all of whom have close ties to Europe and a deep knowledge of the long and tortured history of a part of

the world where suspicions abound, national pride is strong and cooperation can be hard to come by. Some alumni, expressing concern about further centralization of government power, were troubled by what Fischer and Chirac had to say, while others found the comments

by the two leaders to be pretty much on the money. Alumni and faculty alike were quick to explain that Fischer and Chirac's statements could only be fully understood, especially by non-Europeans, if you remember something about the Roman empire and the history of the nation-state from your school days.

What was it that got things so stirred up?

In a speech in Berlin in May, Fischer said he felt it was time for members of the European Union to forge a stronger political structure to accompany the kind of closer economic integration that

has evolved in recent years. It was time, he suggested, to think about a European constitution and an elected president.

Little more than a month later, Chirac spoke to the Bundestag in Berlin. He echoed Fischer, endorsing the idea of a constitution. Further, he broached the idea of a “pioneer group” of countries – including France and Germany – that would move quickly toward economic and political integration. Other countries that wished to proceed more cautiously, he said, would be able to do so – an idea that was dubbed a “two-speed” approach.

Chirac did say that neither France nor Germany envisioned forming a super-state to replace Europe’s nation states. Still, reaction to his comments was swift, especially in Britain. Euro-skeptics – those who generally oppose relinquishing sovereignty to pan-European bodies – were aghast, interpreting Chirac’s comments as evidence that a Franco-German-led pioneer group could leave Britain in the dust. Even some leaders in Germany and France were none too pleased at the ideas floated by Fischer and Chirac.

Such ideas had never been so bluntly stated by high officials. And the question now facing Europeans is one that they have been asking, in one form or another, since the end of World War II: Where do we go from here? Today,

though, the question has reached a point of heightened urgency.

Felix Oberholzer-Gee, assistant professor of public policy and management and a native of Switzerland, says economic cooperation has been much easier than political integration. “Europe has monetary integration but the political plans have fallen apart. The critical issue in the further development of the EU is whether they can foster political competition between individual member states and yet grow into something like a federation. Whether or not the union will be successful depends on how much political competition they will allow. If they don’t allow much of that, what we’ll see is a very slow, bureaucratic, top-down process.”

For some 50 years the more developed nations of Europe have been moving closer together. Today’s EU traces its origins to the European Coal and Steel Community in 1952, which later became the European Economic Community and then the European Community. The EU emerged with the signing of the 1992 Maastricht Treaty.

“Europe has been integrated from the top down,” says Jamshed Ghandhi, associate professor of finance and director of Wharton’s Huntsman Program in International Studies and Business. “A few people decided they had to integrate to prevent the recurrence of

three big wars, the Franco-Prussian War, the First World War and the Second World War.”

“Many times in discussing the EU, people ask me why the Europeans can’t get their act together,” says Christian Schneider, associate director of Wharton’s Center for Human Resources, who as a boy in 1953 fled the former East Germany with his family. “You have to see it in a long-term context. I think it’s remarkable that in a time span from 1952 till now Europe has come together, even with all the differences they have.”

Maastricht was designed to foster a “new stage” in integration. Among other things, it created the Economic and Monetary Union (EMU), established a single currency (the euro) and set up the European Central Bank. It also enshrined the principle of “subsidiarity,” the idea that the EU would not seek legislation on issues better left to national and local governments to handle.

A COHESIVE POLITICAL FRAMEWORK?

EMU is unprecedented and ambitious. Indeed, the whole history of integration since the 1950s has been complex. But integration’s essential intent has been to mesh the economies of member nations, to forge a trading bloc to rival those

MICHEL FLEURIET



Members of the European Union

Original members

Since 1951:
Belgium, France, Germany, Italy, Luxembourg, the Netherlands.

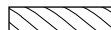
Since 1973:
Denmark, Ireland, the United Kingdom.

Since 1981:
Greece.

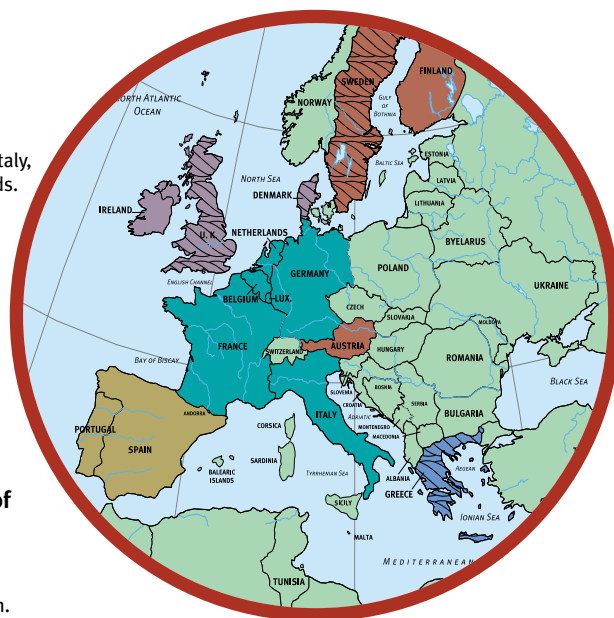
Since 1986:
Spain and Portugal.

Since 1995:
Austria, Finland, Sweden.

EU members not part of the euro-zone



Denmark, Sweden, Greece, the United Kingdom.



“Whether or not the union will be successful depends on how much political competition they will allow. If they don't allow much of that, what we'll see is a very slow, bureaucratic, top-down process.”



TOMMY LEONARDI

FELIX OBERHOLZER-GEE

of the United States and Asia, and to establish a cohesive political framework.

What is largely dividing today's 15-member EU – a number that will grow as countries in eastern Europe apply for membership in years to come – is whether a cohesive political framework means an out-and-out federalist government, what some call a United States of Europe, or something less encompassing than that. But even economic integration itself is not a settled question. Britain and Denmark, for example, are deeply ambivalent over whether to join the other 11 EU countries – known as the euro-zone or euro-land – that adopted the euro as their currency on January 1, 1999.

Competing visions also abound among Wharton alums in Europe.

“I think [Europe] is heading towards a federation,” says Michel Fleuriot, PhD'73, advisor to the chairman of Credit Commercial de France, which

was acquired by HSBC Holdings over the summer. In Fleuriot's view, this would mean that each nation state must relinquish important powers – justice, defense, education and health – to a federal body, while also making the federal government more accountable to citizens. A European constitution is necessary both to transfer powers from nation states to a federal government and to ensure “that this government really represents the will of the people,” he says. “I envision a United States of Europe, absolutely. But I don't think we will have a federation as all encompassing as the U.S. federation.”

Klaus Zumwinkel, WG'71, chief executive officer of Deutsche Post, Germany's state-owned mail and parcel service, says integration is doomed without both strong economic and political ties. “The European economy and currency union is on its way and has already evoked positive economic effects on the

EU countries. The political union is in a period of stagnation, it is true, but there is no alternative to strengthening the political bonds between EU members,” he says. But Zumwinkel cautions that integration is not synonymous with “assimilation.” He says that a “convergence of national systems is necessary, but diversity and autonomy have to be kept in some areas.” He admits it is possible that more regulatory power in the hands of the EU could stifle competition and the workings of free markets. That, he says, “has to be avoided.”

Zumwinkel says Chirac's notion of a pioneer group may be necessary. “Politically, a larger number of EU countries quite simply complicates decision processes. The unanimity principle that has governed the EU for so long is no longer feasible in an enlarged community. Of course, this means that smaller countries will lose influence. If this development is not universally accepted,



TOMMY LEONARDI

“You have to see it in a long-term context. I think it’s remarkable that in a time span from 1952 till now Europe has come together, even with all the differences they have.”

CHRISTIAN SCHNEIDER

there is little alternative to going ahead with a pioneer group of countries which would be willing to give up further parts of their national autonomy.”

It is talk of a United States of Europe that so grates on the British.

“The ultimate goal of integration as defined [in the Maastricht Treaty] is to develop a third large trading bloc vis a vis the Far East and the United States,” not a superstate, says L. John Clark, W’63, WG’68, an American and founding partner of Compass Partners International, a leveraged buyout and strategic advisory firm with offices in London, Frankfurt and New York. “Its emphasis should be more from a trade and monetary perspective. But what is actually happening over here – under the guise of the monetary side, led by Germany and France – is that a centralized, United States of Europe is definitely the way they’re going.”

Clark opposes the approach suggested by Fischer and Chirac.

“The EU is making a big mistake in centralizing the power in Brussels and in taking over, more and more, the legal and court systems and other powers of individual nations here,” he says. “What’s interesting is they’re going toward a centralized process, while the

U.S. is trying to decentralize to push power more and more to the states. The superstructure cost is high, and as they engage in harmonization, social programs are being spread country by country.”

Sir Paul Judge, WG’73, who serves as part-time executive chairman of Isoworth Ltd., a beverage dispenser company in England, and on the boards of other companies and charities, says the comments by Fischer and Chirac “went down extremely badly in Britain. Few people wanted to hear it.”

Judge says people who support further political integration are doing so for a number of reasons. “France and Germany have had wars for centuries. That’s one powerful factor. Certainly, Germany, Italy and Belgium are comparatively new countries; they were only formed 150 years ago or so. Before that, there was a whole series of separate states. I think they are less cohesive as countries. In the Italian case, and to some extent the Spanish case, they have lost faith in their own governments and they see a European government sorting it out.”

Among many in Britain, Judge says, “there is no wish for British institutions to give up their rights to institutions in

Brussels. Where the EU has acted, it has tended to act very differently from the federal government in the U.S., which is the quintessential federal model. If you look at Pennsylvania or California, they have clear authority over everything which isn’t federal, whereas the EU and the EC [the European Commission, the EU’s executive arm] tend to integrate and normalize as much as possible, even on details.”

Oberholzer-Gee agrees that the idea of subsidiarity is often ignored. “I’m not sure we see implementation of that principle. The arguments about the shape of Europe revolved around how much centralization is needed. We know that decentralization makes economies work much better than centralization. My fear is what we get with EU is more control.”

DECIDING THE SIZE OF TEA CUPS

Barry Wilson, WG’67, president of Switzerland-based Medtronic Europe, a unit of a U.S. firm that is the world’s leading maker of medical devices such as heart valves and pacemakers, also believes political integration is a long way off.

“What the ‘founding fathers’ [of European integration] are thinking of is to integrate on the financial side and then on the political side. That’s the push,” Wilson says. “But then there is the pull of these different groups in Europe, which differ by language or culture, that says we need to recognize our differences. Political integration will take a long time.”

Wilson, born in England and raised in South Africa, declined to say whether he favored or opposed the views espoused by Chirac and Fischer. But he did say that he is “not in favor of everything that’s decided in Brussels,” where EU bureaucrats make pronouncements on “what the size of tea cups will be in every country.”

A major controversy in the integration saga is whether Britain should join the EMU. Euro-supporters say that, although Maastricht removed trade barriers, the creation of a truly single market requires one currency that can eliminate uncertainties about exchange rates. In addition, a country that joins a wider market can reach more customers and operate on a wider scale, enabling them to produce goods and services more efficiently. Moreover, they argue, it will be harder for Britain to attract inward investment as long as it stays outside the euro-zone.

“As a businessman, I think Britain should embrace the euro,” says Clark of Compass Partners International, “but

then they should fight like hell to avoid [the expansion of EU] social programs” and to work on behalf of British interests. “The popular perception is that France and Germany overpowered smaller countries on the continent and got them to agree early on, while the U.K. and Denmark held out. The U.K. held out because at that time the Tories were in power, with Margaret Thatcher and then John Major.”

The general view in Britain, adds Clark, is that “business supports the euro but not the centralization of all the other powers, but that labor very strongly supports the centralization of powers because it will give labor more power. It will take the socialist platform in a num-

Switzerland’s View: Thanks but No Thanks

Not all European countries are debating whether to join the European Economic and Monetary Union or apply for membership to the European Union. Switzerland feels it’s doing quite nicely on its own, thank you.

Several differences between Switzerland and other countries explain this reality, says Felix Oberholzer-Gee, an assistant professor of public policy and management who visits his native Switzerland on a regular basis.

For one, Switzerland is a wealthy country with a healthy economy and low unemployment. This stands in contrast to countries like Spain, Portugal and Greece, which have lots of catching up to do when it comes to personal

income, and are more willing to relinquish some sovereignty for the chance to get their fiscal houses in order, gain access to new markets and boost their economies.

In addition, Switzerland’s economy is well integrated internationally. About half of its gross domestic product comes from the operations of multinationals like Nestle, UBS and Credit Suisse. “Businesses in Switzerland don’t have too many problems doing business in the euro-zone,” says Oberholzer-Gee. Another big chunk of GDP, he adds, is produced by industrial cartels that are insulated from competition by government regulation.

Switzerland’s system of government is another reason the nation likes the way things the way they

are. “It’s a funny political system where people participate in politics to a much greater extent than in other parts of Europe,” Oberholzer-Gee explains. “The notion that policies have to conform to the preferences of individuals is very strong. And, of course, we know this is the weak part of the EU. Here’s an example: to a person in Switzerland, the experience of a German citizen having to give up his or her currency without being consulted is just unimaginable. Now that Europe is at peace, the historical neutrality of Switzerland doesn’t have as much meaning anymore. But the sense that the EU is not a very democratic institution to begin with is a major issue for the Swiss.”

ber of countries in Europe and push it farther and farther. The next thing you know, you'll have a 35-hour work week, like France has, and be like Germany, which has more holidays than any country in Europe."

Britain is expected to hold a referendum on joining the euro within the next two years. If a vote were held today, the euro would lose, Clark says.

"This is typically British," responds Fleuriet of HSBC. "Their brains say yes and their hearts say no. Honestly, I don't see how they can survive with a currency like sterling being caught between the euro and the dollar. At a time when we need to move toward a more federalist government for the region, we need the Brits."

Zumwinkel agrees. "In the long term, the British pound will not be strong enough to survive as a third 'world currency' next to the dollar and the euro, if only for reasons of psychology."

In addition to the difficulty of relinquishing their currency, many Britons fear that adopting the euro would be a prelude to relinquishing sovereignty and giving the EU the power not only to print money and set interest rates,

but to institute pan-European taxation. "Like with other matters, we will first coordinate before we have a unified taxman," says Fleuriet of CCF in France. A system of unified taxation, he says, would prevent citizens from one country going to another to engage in "tax shopping." "You don't have that in the United States, and we can pretty much do the same."

Wharton's Schneider says further political integration will take place slowly, but he doubts that a true United States of Europe will emerge. Integration will stop short of establishing a European capital and a parliament with a U.S.-like House and Senate. "The autonomous nation will remain," he says.

Ghandhi points out that Britain's hesitancy about supporting more integration has deep roots. "The British don't have a written constitution. A written constitution flies in the face of everything they believe in. There is no overriding of parliament by any judge in Britain. However, what the British don't like to admit, but it's happening, is that parliament is being overridden by the European Court of Justice," which is part of the EU.

Ghandhi says the views of Britain are hard to reconcile with those of France and Germany because of the weight of history.

"The basic principle in Anglo-Saxon common law is that everything is permitted which is not prohibited," Ghandhi says. "On the continent, where the tradition is Roman law, the opposite is the case: nothing is permitted except that which is stated in law. You can push the envelope in Britain – and America – in terms of change. In Europe, you have to get permission. The origin of the state as protector goes back to Rome. At the turn of the Christian era, the *pax Romana*, the peace of Rome, was brought to the barbarians in other parts of Europe. This is the fundamental difference between the two traditions, and that is why the Anglo-Saxon model is the one that says you can take risks. Now, can you write a law to reconcile that? I don't know. But I'm an adviser to the EU on financial innovation and I think I'll have annual trips to Brussels for years." ♦

WRITTEN BY STEPHEN J. MORGAN, A PHILADELPHIA AREA FREELANCE WRITER AND FREQUENT CONTRIBUTOR TO THE MAGAZINE

SIR PAUL JUDGE



Among many in Britain,
"there is no wish for
British institutions to
give up their rights to
institutions in Brussels."



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THE

PSYCHOLOGY

of

CONSUMER

CHOICE:

**Wharton's Mary Frances Luce
Sheds Light on the Decisions We Make
– and The Role Our Emotions Play**

Imagine going to the doctor for your annual physical, including the usual battery of screening tests your physician recommends each year. You think nothing of it all – it's familiar territory – and when you leave the office your mind is onto other matters of the day.

But a week later, you receive an unexpected phone call: your results have come back, and they reveal something suspicious. Anxious and full of questions, you return to the hospital for another round of testing, and once again wait for your results. After a week of worrying, the doctor calls to tell you that everything appears to be normal after all, and suggests you simply return next again year for the same routine testing.

Crisis averted, no harm, no foul? Or do you now feel more – or less – vulnerable? Will you respond the same way, quickly dashing in for follow-up testing, the next time you get an unexpected phone call from your doctor?

Wharton's Mary Frances Luce explores these questions and others that probe the psychology of consumer decision making. Luce, associate professor of marketing, has broken new ground in her examination of a previously ignored area of consumer behavior: how decisions – from pursuing medical testing to buying a car – are affected by emotion, especially negative emotion.

Luce, 32, earned her PhD at Duke University, noted for its research on the behavioral aspects of decision making. The implications of such investigation are obvious: predicting consumer action and choice. But most research on decision making has taken a somewhat clinical view of how and why people pick one item or course of action over another, looking at decisions as little more than problem-solving exercises or herd mentality.

Luce has taken a different view, however, and her research has borne out her hunches. In a variety of contexts and through a number of experiments, Luce has demonstrated that our choices change – sometimes dramatically – if we are faced with aspects of a decision that frighten or upset us.

Her research on how people respond to medical test results, co-authored with Wharton's Barbara Kahn and published last year in the *Journal of Consumer Research*, revealed that initially suspicious test results that ultimately show no disease – often called false positives – increase a patient's feeling of vulnerability and can influence later decisions to get re-tested.

In their paper, Luce and Kahn note that a focus on saving lives through early diagnosis has resulted in a proliferation of medical tests today, from pap smears to mammograms, blood tests for prostate cancer and sexually transmitted disease screening. Thus, today's consumers are faced with a barrage of suggested screening tests and frequently must decide whether to engage in repeated screening tests after a suspicious test result.

And there's little doubt that not finding a malady ultimately costs more than follow-up tests. As a result, most medical screening tests are hyper-sensitive by design, flagging suspicious results roughly 15 to 20 percent of the time for mammograms, for instance, when only 2 to 6 percent of those ultimately lead to a breast cancer diagnosis.



CHRISTIAN ROUX

Luce and Kahn write that the costs of not diagnosing an illness are obvious: a disease cannot be treated if it is not detected. But what about the psychological costs to patients who are informed of a suspicious test result and undergo follow-up testing, only to be told that they are healthy, after all? In a variety of research writings, physicians have for years expressed worry about the emotional trauma to patients and subsequent effects on their decisions to seek further medical testing. But prior to Luce and Kahn's paper, no experimental research on the subject had taken place.

Funded by a grant from the National Science Foundation, Kahn and Luce looked for answers through a series of four experiments using human subjects who were put in a variety of settings and circumstances, and then were observed. The study's findings?

"While there's concern in the medical literature that excessive follow-up tests may reduce a healthy patient's tendency to be retested because it will shake the patient's faith in the test, we actually found the opposite," Luce says. "Our studies concluded that patients feel more vulnerable, and this increases the propensity to retest. But it appears to be true only in situations where patients feel there is no good alternative to testing. So one implication of our findings is that giving patients alternatives – such as suggesting ways to cure the disease directly – could reverse the motivational effects of the suspicious test result."

The two researchers also suspect that test-generated feelings of vulnerability may dwindle over time, and are now engaged in additional studies to gauge patient response to repeated suspicious test results. As an extension of their first study, Luce and Kahn are interviewing mammogram recipients at the Hospital of the University of Pennsylvania and also plan a broad survey that examines women's reactions to one or several suspicious mammograms. "We want to examine their feelings of perceived vulnerability, their perceptions of how accurate or useful the tests are, and finally their actions," Luce says.

Ultimately, Luce and Kahn hope their research will lead to policy implications for medical professionals. "If doctors could make mammograms more accurate they would. But equivocal results are a frequent and unfortunate reality, and that's not likely to change in the near future. Our goal, then, is to provide medical professionals with the information they need to predict a patient's reaction to testing errors so that negative patient reactions can be minimized by finding better ways to communicate test results."

A STATION WAGON, OR A ROADSTER?

We've all seen the ads: a family sits incubated in the cozy expanse of a Volvo, winding down a beautiful country road, snugly buckled in, wife and children smiling calmly with the knowledge that they are safe – safer than in nearly any other car – in this Swedish fortress of steel and airbags.

LUCE



TOMMY LEONARDI

"If I trade in my Volvo station wagon for a convertible sports car, I might have to confront the trade off between my family's safety and the enjoyment of the sports car."

Even in the absence of data demonstrating its effects on consumer decision making, advertising agencies have played on emotional themes such as safety for years. Michelin's baby-centered ads communicate a link between tire brand and protecting one's family; life insurance companies routinely stress the potential catastrophe to loved-ones that can come with under-coverage. Even seemingly mundane consumer decisions have emotional implications: Was that shampoo tested on animals? Do those diapers biodegrade?

For marketers, decision making is perhaps the key to understanding consumer behavior. Another area of Luce's work investigates the often difficult trade-offs that consumers face and how those trade-offs ultimately affect their purchases: price versus safety in buying a car, quality of life versus longevity in making a health care choice, or risk versus return in choosing investments for a child's college fund or retirement.

"There's a huge body of academic research that describes decision behavior," Luce says. "And that research has been integrated into marketing practice to predict and explain why people makes the choices they do – for instance, to ultimately predict market share. But I think that research misses a lot of what people are actually trying to do when they make a choice."

Most research explains decisions as an attempt to save time and be accurate – a somewhat clinical interpretation of an action that Luce believes is also fraught with emotion. "I believe that people are also trying to cope with their decisions," Luce says. "People want to feel good about their choices and not feel threatened, to feel like they are responsible decision makers and that they can justify their actions to others. And if you are trying to predict what people will do and you ignore this motivation, you'll miss a lot of the picture."

What specifically have her various studies found?

A 1998 research paper published in the *Journal of Consumer Research*, "Choosing to Avoid: Coping with Negatively Emotion-Laden Consumer Decisions," addresses the conflicting feelings consumers face when making significant purchases, such as an automobile, and studies how those feelings ultimately affect actions.

In particular, Luce zeros in on something called the "status quo bias," a long-cited finding in marketing research that argues, quite simply, that people tend to prefer the ease of maintaining the status quo. Luce's research doesn't dispute this argument, but adds to it: maintaining the status quo when making choices is a way to cope with your choice. "If you maintain the status quo, you don't have to make any difficult tradeoffs," she says. "If I trade in my Volvo station wagon for a convertible sports car, I might have to confront the trade off between my family's safety and the enjoyment of the sports car. But if I just keep driving my Volvo or maybe trade it in for an identical model, I don't have to think about those things and experience the negative emotions that come as a result."

She finds that when people are put in a position of making an emotionally charged decision – such as considering car safety over sport – they tend to cling to the status quo more. "One goal of this research is ultimately to predict and explain marketplace behavior better," Luce says. "And what it tells us is that Volvo and other companies playing on the strong emotions people feel about issues like safety are very likely on the right track where consumers are concerned. Of course, this means that as consumers, we should be aware of how our feelings about decisions influence our actions. If not, we might respond to marketers' emotional appeals without really understanding whether these responses make sense." ♦

NANCY MOFFITT

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All Bets Are Off: New Faculty Books Make Sense

of Today's Topsy-Turvy Business World

Speed and Adaptation, Not Microplanning, Are Critical to Success in New Economy

thriving in an environment that is fast-paced and highly uncertain. To succeed today, traditional managers must adopt an entrepreneurial mindset. Like successful entrepreneurs, they must create opportunity from uncertainty. In the following Q&A, MacMillan, the Fred R. Sullivan Professor of Management and director of the Sol C. Snider Entrepreneurial Research Center, discusses these new realities of business and the insights his book provides.

Why is studying and understanding the actions of habitual entrepreneurs a key to success in business today?

MacMillan: Managers of companies that are wrestling with fast-moving competition and high-velocity, turbulent environments find that traditional planning simply doesn't work anymore. The days when senior managers decreed and everyone else followed are over. You can no longer use rigid hierarchical structures, long planning cycles or traditional budgeting processes. In such an uncertain environment, you need new ways to plan and strategize. It's vital to constantly innovate if you are to adapt to the change that's taking place. It's all about speed and adaptation instead of microplanning.

And this is precisely how entrepreneurs, particularly habitual entrepreneurs, behave. Habitual entrepreneurs are people who started not just one, but many businesses, successfully. If you look at many one-time entrepreneurs, their second business is often a disaster. Frequently the reason they were successful is not good management, but good luck. On the other hand, someone who has started many businesses successfully has created a template for starting businesses. It is

their pattern of decision making – the way that habitual entrepreneurs identify opportunities, and then select them and assemble resources – that is interesting to us.

Established companies increasingly find themselves struggling to keep up with the frenetic pace and intense competition of the new economy. Today, their conventional ways simply don't give them the mobility necessary to survive. Are they doomed to failure? Not necessarily.

Co-authored by Wharton professor Ian C. MacMillan and Columbia University professor Rita Gunther McGrath, *The Entrepreneurial Mindset: Strategies for Continuously Creating Opportunity in an Age of Uncertainty* (Harvard Business School Press) offers a practical guide for

Habitual entrepreneurs often have the ability to forge powerful but simple solutions where others see only complexity. They embrace learning by taking small, calculated risks, and rather than analyzing to death they can recognize what's roughly right and take action. But it's their ability to create opportunity from uncertainty that makes them so successful in the new economy. And it's this entrepreneurial strategy of embracing uncertainty that can help other companies compete and survive in this fast-paced business environment.

How can a manager foster an entrepreneurial mindset within a company?

MacMillan: The basic way is through management's expectations. People need to understand that you expect them to keep looking for innovative ideas and that you will give them the tools to do this.

The tough thing is that you can't pursue every idea, only those that pay off. It takes a lot of personal time and personal attention to pressure people to keep thinking up new ideas and then help them understand why you are only going to choose the very best ideas. If you don't help them understand that there is a discipline involved, they expect all their ideas to be implemented just because they had them. And not all good ideas make good business sense.

The book discusses at length the idea of managing uncertainty. Can you share some insights about this issue?

MacMillan: The entrepreneurial leader is able to absorb uncertainty for people so they're not penalized by

continued on page 33

A Different Game: Giving Leaders the Tools to Manage Emerging Technologies

Emerging technologies such as the Internet and biotechnology are changing the world. But beneath the hype and anecdote, what do we really know about managing emerging technologies? Earlier this year, a team of Wharton faculty from the Wharton Emerging Technologies Management Research Program, which started working on these challenges back in 1994, published a new book for managers, *Wharton on Managing Emerging Technologies*. We recently spoke to the editors, George Day and Paul Schoemaker, about the project.



Many Internet firms came in vowing to change all the rules. Now, there are new questions raised about their viability—even stalwarts such as Amazon.com – and whether these companies might end up having to live or die by the “old rules.” Beyond the hype, how different are these emerging technologies?

Day: Managing emerging technologies is a different game but not a new game. Every generation of managers thinks it is the first to face these challenges, but technology firms have had to address many of these same issues in the past. What is truly new is that with the rapid expansion of information technologies, these management challenges are far more widespread, change is faster and more likely to destroy existing competencies, and the level of uncertainty and complexity are much higher. The systematic approaches we have taught in business school focused on more stable environments and organizations. Managing emerging technologies is *different* from what most managers have been trained to do, so they need new tools and approaches. That was a void we hoped to help fill with this book.

What are some of the new skills and perspectives that managers can use to get better at playing this game?

Schoemaker: We discuss many approaches from diverse disciplines. Managers need new approaches for assessing technologies, understanding technology development paths and the role of government. They also need more flexible approaches to assessing nascent markets and they have to understand the staying power of complementary assets. In developing strategy, managers can use creative approaches such as scenario planning, and also need to recognize the limitations of patents. In making investments, there are a variety of approaches such as real options

and off-balance-sheet funding. Finally, managers need to rethink their organizations, to manage knowledge networks, use alliances effectively, create new organizational forms and design “customized workplaces.”

What makes emerging technologies so difficult for established companies?

Schoemaker: One of the biggest challenges is the difficulty managers have in “getting it.” For example, leaders at Encyclopedia Britannica knew that CD-ROM technology was making it possible to create interactive encyclopedias, yet they couldn't break out of their print mindset. They lost half their revenue between 1990 and 1995. These framing traps – looking at the new world through old eyes – lead to a variety of errors such as delayed participation, sticking with the familiar, reluctance to fully commit and lack of persistence. continued on page 33

“What is truly new is that with the rapid expansion of information technologies, these management challenges are far more widespread, change is faster and more likely to destroy existing competencies, and the level of uncertainty and complexity are much higher.”

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

Human Resources Casual Wear in the Office: Dressing for Success or Dressing for Stress?



You would have to be a fashion cretin not to notice the casual wear trend that has swept through U.S. companies in the last few years, starting of course on the high-tech/dot-com West coast and moving most recently to East coast investment banks,

consulting companies and law firms. In offices throughout the U.S. and abroad, three-piece suits and wingtips are morphing into more and more creative versions of casual, ranging from designer slippers to suits that can be worn as separates. What exactly does 'casual wear' mean, and how is it faring in the workplace? Knowledge@Wharton offers a few observations. <http://knowledge.wharton.upenn.edu/articles.cfm?catid=10&articleid=194>

Health Economics These Days on the Internet, RX-rated Beats X-rated

Consider it a sign of the times: More consumers now use the Internet to search for health care information – and to buy health-care related products – than they do to search for pornography. Wharton



health care professor Sean Nicholson and a group of researchers are currently studying this trend by analyzing data from the Wharton Center for Electronic Commerce's virtual test market. Specifically they are looking at two related areas: First, patterns of behavior among individuals who use the Internet for health related purposes and second, the implications of these patterns for consumers, doctors, pharmaceutical companies and health-related Internet companies, including online drug stores and for-profit content sites. <http://knowledge.wharton.upenn.edu/articles.cfm?catid=6&articleid=220>

Operations Management With Billions of Bytes of Customer Data, How Can Retailers Be “Starved for Information”?

These days, it seems that both traditional bricks-and-mortar retailers and online “e-tailers” are drowning in a sea of customer information, including data from online transactions, point-of-service scanners, membership programs and even sensor chips on shopping carts. The question is, with all this sophisticated technology on hand, why have department store markdowns over the last 20 years grown from 8% to 33% of sales? And why are customers still going away dissatisfied because what they want isn't in stock? In an article entitled “Rocket Science Retailing Is Almost Here – Are You Ready?” in the July-August 2000 issue of the Harvard

Business Review, Wharton operations professor Marshall Fisher and two co-authors take a hard look at why many retailers are “awash in data but starved for information.” <http://knowledge.wharton.upenn.edu/articles.cfm?catid=13&articleid=224>

Marketing Hit and Miss: Why High Traffic Streams Need not Lead to More Online Business



If your web store is getting zillions of hits a month, business must be skyrocketing, right? Not necessarily. Many online retailers monitor visitor traffic as a measure of their stores' success. But in a study they assert is one of the first in-depth analyses of online visiting behavior using Internet clickstream data, two Wharton researchers explain why high traffic streams to a website need not necessarily mean an increase in business. Peter Fader, a professor of marketing, and Ph.D. student Wendy Moe point out that commonly used measures of web store success – such as number of hits, page views, and average time spent at a site – provide only generalized information about customers. <http://knowledge.wharton.upenn.edu/articles.cfm?catid=4&articleid=206> ♦



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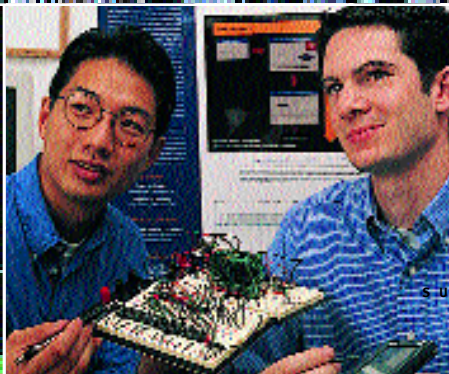
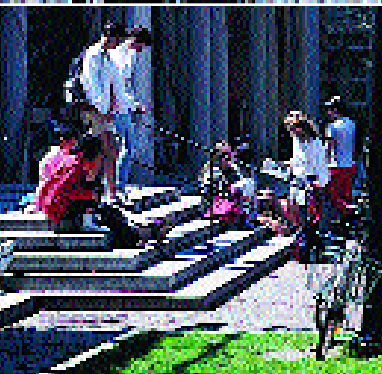
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And everyone wants education in different formats. Over the Internet. In their own homes or offices. On-site in hands-on internships. They want the kind of high-quality programs Wharton is known for, but they want them in more flexible designs.

So the challenge for Wharton is to transform the way we do our job. This is the driving force behind the \$425 million Campaign for Sustained Leadership.

This international effort will fuel the relentless innovation that has become synonymous with Wharton. Research to create the knowledge that sets the course of business. Academic programs focused on emerging issues. Advanced technology-enhanced learning tools. And the state-of-the-art Huntsman Hall and global outreach that create the best learning venues on campus and around the world. All focused on giving people the tools to lead in the new economy and beyond.

The following pages outline our goals and our progress, and introduce some of your fellow alumni who have stepped up to invest their time and resources in Wharton's future. It's a future I hope you'll help us design and build.

Time is valuable – and no moment in Wharton's history has been as important as this.

Patrick T. Harker
Dean

Staying Ahead of the Game

Wharton is in the strongest position in its history. Student quality is at an all-time high, and placement numbers are outstanding. Our faculty are routinely recognized as being the best in their fields. However, competition among business schools is more intense than ever, and we can't afford to stand still.

As our competitors roll out programs based on new technologies and respond to global opportunities, it is imperative that we equip ourselves to remain ahead of the game — to see change coming before it arrives, and to be one of the shaping forces of global business.

Wharton's Campaign for Sustained Leadership will begin its public phase on October 26, 2000, and will continue for the next three years. The successful completion of the Campaign will achieve six objectives critical to extending Wharton's front-running position:

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Remarkable success comes from remarkable leadership. In 1996, the Campaign for Sustained Leadership began its "quiet phase." Since then, over \$280 million has been raised. The Campaign has reached this level largely because of the contributions and commitment of the Campaign Steering Committee, a group of individuals who are outstanding business and civic leaders.

At the head of the Campaign Steering Committee are three individuals who share a long history with the School and the vision to lead Wharton into the new century:



DOMINIC EPISCOPO

Geoffrey T. Boisi, WG'71
Campaign Co-Chair
Vice Chairman,
Chase Manhattan Bank

A leader in the Wharton community, Mr. Boisi serves on the Board of Overseers and was chairman of the Wharton Graduate Executive Board from 1985 to 1991. In 1993, he received the Alumni Association Distinguished Service Award.



Jon M. Huntsman, W'59, H'96
Campaign Chair
Chairman and CEO,
Huntsman Corporation

Mr. Huntsman is an active leader in the Wharton community, serving on the Board of Overseers since 1985 and becoming chairman of the Overseers this past year. In 1999, he was the recipient of the Wharton School's Alumni Award of Merit.



DOMINIC EPISCOPO

Michael L. Tarnopol, W'58
Campaign Co-Chair
Vice Chairman,
Bear, Stearns & Co., Inc.

Mr. Tarnopol has long been a leader in the Penn community, serving as a University Trustee and Wharton Overseer. He is the 1995 recipient of the Wharton Graduate Association's Distinguished Service Award.

Campaign Milestones

June 1996

The Campaign for Sustained Leadership **begins** its "quiet phase" under Dean Thomas P. Gerrity

June 1997

\$57 million is raised

April 1998

Jon M. **Huntsman, W'59, H'96**, makes an unrestricted gift of \$40 million

June 1998

Campaign at **\$171 million**

April 1999

Ground breaking for **Jon M. Huntsman Hall**

Making the Investment



BETH NELSON

LOUIS M. LANZANO

Beth Nelson, WG'82: Music Major to MBA

"In my profession, you can either produce good numbers or you cannot," Beth Nelson says. "Results are completely measurable. Having confidence in your ability is key, especially in difficult stock markets."

Nelson, who is a managing director at Neuberger Berman, commuted from New York City to Wharton, where she attended the WEMBA program. "I was a music major as an undergraduate, and I always wanted to have a better handle on the courses you'd find at business school," she notes. At Wharton, Nelson studied statistics, operations research, and computer applications,

"all courses that a self-respecting music major would not take."

The tools Nelson gained from her coursework made her feel that she had more command of the field – enough to make a career change that has brought her to where she is today. "I felt like I could take a job that involved a great deal more risk than the one I had," Nelson explains. "I could get through Wharton, after all."

A major part of the WEMBA experience, according to Nelson, was being surrounded by a diverse group of working professionals. Nelson's WEMBA class included 33 people from different fields and companies. "You learn quickly how certain personality types are aligned with certain professions, and you need to find the one that is right for you," she says. "I learned a lot from observing the people around me, and in the end I knew I was in the right field."

Nelson, whose husband is also a Wharton graduate, has remained in close contact with the School. She has served on Wharton's Graduate Executive Board since 1995, and this spring, as part of a larger gift to Wharton, she committed \$1 million to name a classroom in Huntsman Hall. Her gift is one of the largest the School has received from an alumna.

While working at Neuberger Berman, Nelson observed a number of her partners donating to charitable organizations. "That influenced me," she says. "It's important to remember that you had a helping hand while achieving your success."

Bill Mack, W'61: Technology as a Shaping Force

"Technological innovation brings together several disciplines and provides a basis for new things being done," Bill Mack says regarding his recent gift to the Wharton School. "It touches on everything, from biotech to engineering to the Internet."

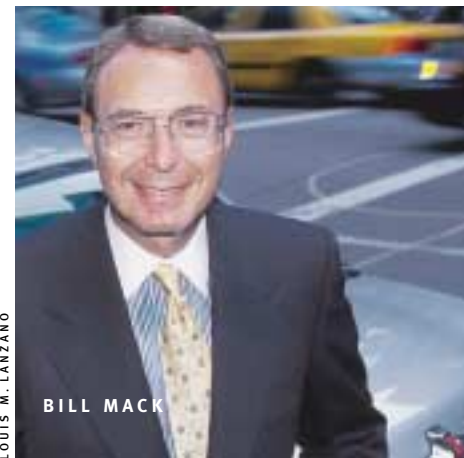
The gift – a \$10 million donation made in 1999 – has established the William and Phyllis Mack Center for Technological Innovation at the Wharton School.

Mack, whose business arena is real estate, is president and chief executive officer of The Mack Company. Instead of investing in a real estate program, however, Mack says he went through a process of deciding how his money could have a more universal impact – not only at the School, but in our fast-changing world.

"I entered the situation with an open mind," he

explains. "I began by asking [former dean] Tom Gerrity and then Pat Harker what they deemed to be priorities for the School. The more we discussed it, the more we came to a situation where I felt the future of the world has to do with technological innovation."

The Center will be the cornerstone of the Wharton School's efforts to understand technological innovation and its effects on all areas of management. It will provide graduate courses, a professorship and a high-visibility conference as well as support for high-impact research and publishing activities.



LOUIS M. LANZANO

BILL MACK

Mack says that he felt it was important to support a program that will provide a service to the University, students and the public. "Innovation in technology is the way mankind continues to advance and make a better place for itself," he says.

June 1999
Campaign at
\$223 million

August 1999
Patrick T. Harker, CE'81, GCE'81, GR'83,
appointed Interim
Dean of the
Wharton School

February 2000
Patrick T. Harker
named **Dean**

July 2000
Campaign at
\$280 million

October 2000
International
launch of the
Campaign for
Sustained
Leadership

Matt Greene, WG'89: Seeing a Unique Opportunity

Vance Hall is a vivid memory for Matt Greene. "It was very overcrowded, and from a tech standpoint, it wasn't wired," says Greene, who now works as managing director of the Equity Department at Utendahl Capital Partners. Greene was an MBA student at the time, and he particularly remembers the Vance Hall mail room, located in the basement of the building: "It was so full of people you couldn't move."



MATT GREENE

LOUIS M. LANZANO

Greene says that whenever he and his fellow MBA students would go to Steinberg Hall-Dietrich Hall, they couldn't help but compare the two buildings. "We all thought, 'What a

building! Why don't we have this?'" he recalls.

Since then, Wharton has broken ground for its state-of-the-art academic building, Jon M. Huntsman Hall. Greene says that when he learned about the building he immediately saw a way to make a difference at the School. In the spring of 1999, he committed \$150,000 to Huntsman Hall to name a group study room.

The room will be named The Greene Family Group Study Room, and it will include the names of his wife, Tita, and their two children, Matthew II and Kobi. "Someday, if my kids go to Wharton, they'll see their names in that building," he says.

Greene, who has remained connected to Wharton by serving on the Executive Committee of the Alumni Association, feels that the option to name a group study room was unique for a number of reasons. "As an African American," he says, "I feel I have an opportunity to do something that my parents could not do." Moreover, he adds, the gift helps to make a difference in a very concrete way. "I had never been exposed to the opportunity to help make such a tangible difference," he says. "We needed a new building. You can actually visit it and see what you've helped to make happen. You can see that you're part of something." ♦

In this Quarter...

Building Toward the Future

Since the initial groundbreaking ceremony in April of 1999, Jon M. Huntsman Hall is becoming an increasingly visible part of campus each day. To learn more about Wharton's future state-of-the-art academic building and to see our live web cam, visit www.wharton.upenn.edu/news/building/

APRIL 2000



JUNE 2000



AUGUST 2000



WALNUT STREET VIEW



LOCUST STREET VIEW



Alarie continued from page 3

that, I want to find whatever else that I can hop out of bed for and feel excited about. Even after a good year, though, I found it wasn't coaching." ♦ ROBERT STRAUSS

Fordham continued from page 4

promotion and advertising agent."

Fordham has a long history of new product and turnaround work at Nabisco. In 1994, she took on the task of reinvigorating an ailing LifeSavers subsidiary, where profit and sales volume had dipped. "Believe it or not, the number-one issue we had was a customer service problem where we were not shipping our products in a timely fashion," Fordham says. "So before we could even fix problems with our core brands, we had to do something as mundane as straighten out the customer service difficulties we were having."

Fordham tackled the company's other problems systematically and introduced multiple new hit products, such as Ice Breakers gum and CremeSavers candy. Within three years, profits had more than doubled, net sales had increased significantly, and the candystand website was launched.

As a senior marketing leader, Fordham managed Nabisco's defense during the "cookie wars" of the 1980s when several corporate powerhouses, including Procter & Gamble, aggressively flooded supermarkets with new cookie lines. Fordham fought back, launching a line of soft cookies that ultimately helped Nabisco prevail on supermarket shelves. Fordham went on to introduce several other products that became major hits for Nabisco, including Teddy Grahams cookies and SnackWell's.

The affable Fordham, who will only admit to being "in my 40s," grew up the youngest of four children in central New Jersey. She earned her BA from Rutgers University and is an avid golfer and a passionate musician who put herself through college giving clarinet lessons. Not surprisingly, Fordham ultimately aspires to a top leadership post. "Obviously my ambition is to run a company and we'll see how that unfolds. But I'm optimistic that those opportunities are there – it's just a matter of time." ♦

MacMillan continued from page 26

it. The basic idea is to say, 'The world is uncertain. It is my judgement that this is the direction it is going to be heading, that X is going to happen, not Y. Let me worry about whether it does or does not happen. I'll absorb the uncertainty.' What people need to understand is that if they are told to assume that world X is going to happen, you may come back later and say, 'Look, I'm sorry that it isn't X; you're now going to have to assume it's Y.' They can't look to you to be prophets, but they can look to you to absorb the uncertainty and give them direction. This is

enormously liberating for them – if you don't absorb uncertainty for them, many people freeze in the headlights.

What distinguishes the ideas in your book from previous research on entrepreneurship?

MacMillan: The important thing is the context.

This book is not about being an entrepreneur; it's about creating an entrepreneurial organization, irrespective of its age and size. It's about surviving in a world of uncertainty. The days when strategy meant careful analysis and careful planning and trying to outthink your competitors are over. Today, you need to be able to position yourself to grasp opportunity and exploit it quickly. Thus, the concept of strategy is shifting from analytical strategies to much more opportunistic strategies.

What are the key takeaways in your book?

MacMillan: Entrepreneurial thinking is not an option. It has become a necessity in even the largest organizations. The leader's responsibility is to nurture and encourage entrepreneurial thinking throughout the entire workforce. ♦ SANDY HSIAO

Day / Schoemaker continued from page 27

How can managers at established firms get better at playing this different game?

Day: We outline four broad strategies. First, you need to widen your peripheral vision – look outside your established industry and pay attention to weak signals. Second, create a learning culture that is open to diverse viewpoints, willing to challenge the prevailing mindset and experiment continuously. Third, you need to stay flexible through strategies such as managing real options. And finally, you need to organize in such a way that you provide sufficient autonomy to these new initiatives, so they are not suffocated under the weight of the parent company.

(George Day is the Geoffrey T. Boisi Professor, Professor of Marketing and Director of the Huntsman Center for Global Competition and Innovation at the Wharton School. Paul Schoemaker is Research Director of Wharton's Emerging Technologies Management Research Program and Chairman of Decision Strategies International, Inc. For more information about the book, see the Program's web site at <http://emertech.wharton.upenn.edu/emertech/>) ♦

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