

# OWEN@Vanderbilt

VOLUME 20/ISSUE 4  
SPRING 2001

M A G A Z I N E

**ECONOMIC  
VALUE ADDED?  
A LOOK AT EPPS**

**THE DEAN IS  
IN**



# B2B

*electronic commerce*  
WILL OUTCOMES MATCH EXPECTATIONS?



## TEE TIME

It's hard to miss the mark with recruiters like Compaq. More than 150 recruiters and students joined forces September 30 at Legends Golf Club for the annual Owen Golf Invitational. Students Mike Scanlon, Mike McCooey, Johan Hoover, and recruiter Jennifer Ventre-Daleen of Daleen Technologies comprised one of the teams hitting the greens. Other companies participating included Deloitte Consulting, Goldman Sachs, Morgan Stanley Dean Witter, Meritor, Andersen Consulting, Black and Decker, and SunTrust. The event concluded with a barbecue dinner and awards ceremony. Recruiters wishing to participate in next year's invitational should contact the Career Management Center at (615) 322-4069.



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SPRING 2001

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From left: Amy Herr, Judi Stewart, Leslie Albert, Steve Johansson, Mercy Eyadiel, Suzanne Scott, and Christie St. John.

WOODIE KNIGHT

## RESTRUCTURED CMC COMBINES PLACEMENT, CORPORATE RELATIONS

Rolling placement and corporate relations activities into one office is a no-brainer, says Stephen Johansson, veteran career counselor and new assistant dean for Career Services and Corporate Relations.

“The missions are intertwined—good corporate relations result in more jobs for students. But we also want to develop deeper and broader relationships to generate visibility for Owen, and research and educational partnerships to benefit both the School and the corporations.”

Johansson came to OGSM this fall from WebClothes.com, an online retailer of children’s clothing, where he served as director of marketing and new business development. Prior to that, he directed career services at Cornell University’s Johnson School of Management from 1991 to 1999, during which time the placement office realized a 135 percent increase in recruiting companies (85 to 200), an “A” rating from students, and a ranking among the top five MBA placement offices in the country. In 1998, the Johnson School’s rating in *Business Week* rose from 18th to 8th, the largest jump in the survey’s history.

Aiding Johansson at Owen are new staffers Suzanne Scott, associate director, and Leslie Albert and Mercy Eyadiel, assistant directors for recruiting/operations. Amy Herr continues as an associate director, and Judi Stewart as office manager. Christie St. John, previously manager of International Relations, now is director of International Relations. The staff devotes much of its time to helping

students determine what kind of careers and employers they want and coaching them for the all-important interview.

The School started the year off on a good foot with a record number of recruiters for permanent hires, and the CMC plans to maximize those connections.

“Our focus is not on having the largest number of recruiters, but the right number of the right recruiters,” Johansson says. “Attracting employers for all of Owen’s concentrations is important. And we think the distinction between old economy and new economy companies will continue to blur, spelling a lot of new opportunities for students in our outstanding e-commerce program.” Johansson and Dean Bill Christie both keep a busy travel schedule, meeting with long-time recruiters, as well as new prospects, and working to keep interest in Owen high. Johansson also plans to add a director of corporate relations to round out his team. But much of the recruiting success is due to the tireless efforts of alumni, who promote Owen within their own organizations, he adds.

Excellent customer service will define the CMC, Johansson emphasizes. “We want recruiting companies—our customers—to consider our office the most efficient, the most organized and easiest group of people with whom to work. And we want students—our customers, products, and partners—to know we have their best interests in mind and are aggressively marketing them and the School.”

## ASSOCIATE DEAN TO USE NEW TECHNOLOGY TO ENHANCE EMBA/EXECUTIVE EDUCATION

Martin D. Rapisarda, newly appointed associate dean for Executive Education, plans to use technology to continue to mold a distinctive niche for Owen’s Executive MBA program and non-degree short courses. New technologies will move the School toward a distributed model of education while enhancing and refining the quality, highly interactive programs currently being offered. It’s a “clicks and mortar” approach of using technology in a learning environment, he says.

Both the EMBA program and executive education short courses, now grouped under his direction, will become continuous learning environments, enabling students to continue the classroom experience outside the building through threaded

discussion groups and chat rooms. “We want to ‘ramp up’ the spectrum of learning technologies. This not only will help EMBA recruiting efforts by being less constrained by geography, but we also can market our short courses as real educational experiences rather than the mass market, off-the-shelf training abundantly available elsewhere,” he says. “The improvements will be implemented incrementally and percolate throughout our day MBA and other programs as well.” Owen continues its array of successful open enrollment short courses and plans to increase its custom program offerings. “Owen has an advantage in this area because we can respond quickly to requests from corporations for tailor made programs.” Another opportunity identified involves



WOODIE KNIGHT

Martin Rapisarda received a lifetime achievement award from the EMBA Council.

alumni: Rapisarda wants to create an online alumni learning community and include alumni in the ongoing activities of EMBA and executive programs.

The executive education veteran came to Owen this fall from the University of Pennsylvania, where he was director of alumni relations. Prior to that, he directed the Executive Master’s Programs at Purdue’s Krannert Graduate School of Management from 1993 to 1998, earlier serving as associate director and assistant director. Under his leadership, *Business Week* ranked Krannert three times as one of the top 10 EMBA programs in the nation. At Owen, he replaces Thomas B. Hambury, now executive director of the EMBA program at Cornell University.

Rapisarda last fall received a lifetime achievement award from the Executive Master of Business Administration (EMBA) Council, where he served as chairman of the board of trustees and led on-site accreditation teams to various business schools. His experience tells him OGSM is poised for great things. “What attracted me to Owen is the chance to be part of a first-tier business program where there is an opportunity to make an impact.”



DAVID CRENSHAW

## BLACKBURN APPRECIATION PARTY

Joe Blackburn, acting dean of the Owen School from March 1999 to July 2000, received a big thank you from the Owen community for taking the reins of the School following Dean Martin Geisel’s death in February 1999. At a party honoring Blackburn, right, Professor Hans Stoll reads from a plaque commemorating, among other things, Blackburn’s insight in identifying and dealing with issues facing the School and his moving Owen ahead on many important fronts. Blackburn, the James A. Speyer Professor of Production Management, is a visiting professor in the Technology Management Group at INSEAD in Fontainebleau, France, for the 2000-01 academic year. To his left is his wife, Karen Weir Blackburn, ’83.

## DOCTORS GET DOWN TO BUSINESS

Three Vanderbilt medical students are enrolled in a new MD/MBA joint program that allows aspiring physicians to get down to business.

Students in the program receive both a medical degree and an MBA in five years, one year less than it takes to earn the degrees separately. Administrators hope the joint degree will help physicians better operate in the managed care world and give them healthcare e-commerce options as well.

“We’re excited about having a cadre of medical students as part of our MBA program,” says Nancy Lea Hyer, associate professor and former associate dean for academic programs. “They bring a different perspective and varied set of issues to classroom discussions that benefit all our students.”

One of the students, Chris Ambrose, plans a career in a healthcare-related field such as biotechnology, pharmaceuticals, healthcare consulting, or the electronic healthcare services industry.

“An MBA is crucial in opening doors in these industries: It is a sign you know the language of business and are familiar with its culture and operations,” he says. “Without an MBA, my ability to find a career outside of a hospital would be severely limited.”

Vanderbilt’s program joins about 15 others already in existence at other schools in the U.S., says Alexander McLeod, E ’88, clinical professor of medicine and adjunct professor of management.



## SIGN OF THE TIMES

Spirits soared this fall after Business Week ranked Owen #22 in its biannual business school survey. “It is gratifying to receive this recognition for Owen’s outstanding faculty, students, staff, and alumni,” says Dean Bill Christie.

## ARE FINANCIAL MARKETS FRICTION-FREE?

No, said Professor Hans Stoll, director of the Financial Markets Research Center, in his final address as president of the American Finance Association this year. “The traditional finance paradigm has presented the market as perfect and frictionless, but it is neither.”

Friction measures the difficulty with which an asset is traded. “Friction can be measured by how long it takes to trade an asset or by the price concession needed for an immediate transaction.”

The bid-ask spread can be used as a measure of price concession, he told the audience. “As a real phenomenon, the spread reflects the real costs of labor and capital needed

to process orders, the cost of the inventory risk assumed by suppliers of immediacy, and monopoly rents. As an informational phenomenon, the spread reflects losses to informed or speedy traders. Understanding the source of the spread is important for policy and asset pricing.”

Further research is needed to better understand the systematic variation in friction throughout time. Such research could be useful for e-commerce, he pointed out. “The study of friction is the study of how markets operate. By understanding the microstructure of markets, we gain insight into policy and practice, and how new technology affects the way any market, including Internet markets, operate.”



Ben Cohen, sporting a Tennessee Titans jersey, poses with student co-founders and co-presidents of Owen’s Just Do It Right Club, Jennifer Lemming and Keith Deerkoski, and signed autographs on Ben & Jerry’s ice cream wrappers during an ice cream social.



## BETTER BUSINESS THROUGH SOCIAL RESPONSIBILITY

When Ben Cohen and Jerry Greenfield began selling homemade ice cream in 1978, they never envisioned that one day they would be a successful multinational corporation or a leader in promoting social responsibility in business.

But after years of struggle, Ben & Jerry’s suddenly found itself in a 3,000 square foot manufacturing facility with revenues of \$3 million. “Jerry and I looked up and realized we had just become another part of the corporate chain that oppresses many people. Our first reaction was to sell the business. But we decided that if we didn’t like the way business is run, we should do it differently.”

Cohen brought his off-beat humor and plenty of Ben & Jerry’s ice cream to Owen August 31 and shared the Ben & Jerry story and its business philosophy during a full day of activities that included a luncheon with students, his appearance as the inaugural speaker for Owen’s new

“Just Do It Right” Club, and a business roundtable sponsored by the Cal Turner Program in Moral Leadership for the Professions. Through it all, he reiterated Ben & Jerry’s mission to use business as a positive force for progressive social change and to grow the company in partnership with the communities in which it operates.

“At Ben & Jerry’s we discovered there is a spiritual aspect to business just as there is to individuals. As you give, you receive. As your business supports the community, the community supports your business. This is a new paradigm, a switch from a win/lose scenario—business versus employees, business versus the environment—to a win/win scenario—business working with employees and consumers for the betterment of all.”

Although the company donates money to worthy causes through its foundation, Cohen stressed that Ben & Jerry’s primarily fulfills its mission by integrating social responsibility into

business operations. Examples include

- buying tax credits for housing for the formerly homeless;
- utilizing community banks and investing in the rebuilding of decaying areas;
- purchasing vanilla from deforested areas in the rainforest as part of the reforestation effort; buying milk from Vermont family farmers to support family farming; and buying brownies from an inner city bakery that employs formerly unemployable people;
- switching from bleached to unbleached containers;

“We decided to redefine the bottom line and measure success in two ways: how much have we contributed to the welfare of the community and how much have we increased profits? Many say it can’t be done, but the two are easily intertwined. There is no tradeoff between being socially responsible and making money.” —Beth Matter

## SCHOOL MOURNS DEATH OF ELIZABETH POWITZKY

The Owen community has been saddened by the death of one of its shining lights—Elizabeth Powitzky, 30, associate director of Admissions—who died July 28 following a lengthy struggle with breast cancer.

The Texas native and graduate of Baylor University came to Owen's Career Management Center in 1996, bringing with her invaluable experience as a recruiter for Andersen Consulting.

One year later, at age 27, she was diagnosed with breast cancer. Despite undergoing a mastectomy, chemotherapy, and radiation, she continued to give 100 percent to Owen and helping students find jobs. Following recovery, she transferred to the Admissions Office as associate director.

Elizabeth was a tireless volunteer in the fight to eradicate breast cancer. Not only did she run numerous times in the Race for the Cure, she helped organize an Owen team and chaired other events for the Susan G. Komen Foundation, an organization dedicated to eliminating the disease. Her photo appeared on a breast health poster that was distributed to more than 6000 locations nationwide.

Through it all, her mission remained raising awareness of breast cancer. "All women are at risk, not just those of a certain age or with certain risk factors or history," she said. "Increased awareness means more money raised to find a cure. I can't tell you the degree of satisfaction I get when I think that my feeble efforts are bringing us closer to

finding a cure for breast cancer."

Sadly, in May, she was diagnosed with liver cancer and died two months later.

The Owen School conducted an email campaign in memory of Elizabeth (or EP as she was affectionately known) and received dozens of messages from students, staff, faculty, and alumni remembering her caring nature, friendliness, thoughtfulness, energy, enthusiasm, joy, courage, spirituality, and especially her smile. Many alumni and students indicated that Elizabeth is the reason they enrolled at Owen and one of the reasons their education continued to be a positive experience. Fred Talbott, professor for the practice of management, compiled the messages into a book that was presented to Elizabeth's family.

"Elizabeth leaves behind a legion of friends for whom this loss is terribly difficult to accept," says Dean Bill Christie. "She had so much to



DANNY SULKIN

Powitzky

contribute to the intellectual life at Owen, but more importantly, to the understanding of what it means to live and to make everyone feel special."

Survivors include her husband, Dr. Eric Powitzky, and son Ben. Memorials may be made in Elizabeth's name to the Susan G. Komen Foundation, Nashville Chapter, or to the Gladney Fund, 2300 Hempill, Fort Worth, TX, 76110.



DAVID GRENSHAW

Owen entered a team of 189 walkers and runners in the most recent Race for the Cure, winning an award for the "largest school/church" category. Andrea Kulik, president of the 100% Owen club, holds up one of the T-shirts participants wore in memory of Elizabeth.

## YOU DON'T HAVE TO GO TO HARVARD

Malay Krishna seemed bound for the Ivy League. With his near-perfect GMAT scores and experience as a systems analyst for Citibank in London, his business-school application made friends envious. "We're expecting you to go to Harvard or Stanford," they told him. The shocker came when he packed his bags for...Tennessee. Turning down top-tier schools for Vanderbilt's middle-of-the-pack Owen Graduate School of Management?\* "My friends respected my decision because they felt there must be some reason," Krishna says. "They just couldn't fathom what it was."

The explanation was simple: the Internet. While Vanderbilt doesn't rank among the country's elite MBA programs, it was one of the first to wrap its curriculum around the Web. Today, while other schools scramble to gin up e-commerce courses, Vanderbilt already offers 19. That persuaded some students who are bent on joining Internet companies to choose Vanderbilt over schools that do better in various rankings. Their decision is just one example of the subtle ways in which fascination with cyberspace is creating new opportunities for schools long dismissed as second tier.

Consider some of the most influential B-school rankings. Each spring, *U.S. News & World Report* ranks MBA programs; *Business Week* weighs in biannually. Both scoring systems rely heavily on what recruiters from big companies say about schools. But as more students forsake big companies to join start-ups, those recruiters' opinions carry less weight



Krishna

TAMARA REYNOLDS

among students. That's led to a buzz that those ranking systems may need tweaking.

The rankings themselves could become a bit less important as more students flock to dot-com companies. Status still counts at elite consulting firms and investment banks, which long have concentrated their hiring efforts at top 20 schools. That's because they charge their Fortune 500 clients big bucks for the numbers-crunching provided by newly minted MBAs, and new hires with prestigious degrees are essential to maintaining the firms' reputations.

But school rankings don't matter as much to Internet firms. They're not hiring MBAs to preen in front of clients. They need skilled people to work in the trenches.

And the continuing migration of MBAs toward Silicon Valley may even give second-tier schools a better chance of getting their grads jobs with traditional employers that once turned up their noses at non-Ivy degrees. Why? Consulting firms already are having a hard time filling hiring needs and may be compelled to

cast a wider net. "I don't think the consulting firms and I-banks can [ignore second-tier schools] much longer," says Samer Hamadeh, cofounder and chief executive of Vault.com, an online employment research site catering to students.

Malay Krishna, for one, hasn't been ignored. As graduation nears, he's considering eight job offers—some from start-ups, some from established consulting firms. And even if Internet fever fades a bit, he's sure his time in grad school will serve him well. "If your education is sound, then you'll be able to keep reinventing yourself," he says. As technology keeps reshaping the business world, that assignment faces everyone—including the B-schools.

**This excerpt from an article appearing May 2, 2000, in *Newsweek* is printed with permission. Malay Krishna currently is a consultant with McKinsey & Company in Pittsburgh.**

**\*Since publication of the *Newsweek* article, Owen has been ranked in the top tier of business schools by *Business Week*, *U.S. News and World Report*, and other publications.**

## COMMENCEMENT '00

Owen Commencement, held May 12, welcomed family and friends of students from 28 countries to campus as it bid farewell to the largest graduating classes—227 MBAs and 64 EMBA's.

Speaker Kenneth Lay, chairman and CEO of Enron, one of the world's



Kenneth Lay, chairman and CEO of Enron Corporation

leading energy and communications companies, told the graduates he couldn't imagine a more exciting time to enter the business world.

"You are one of the first classes to graduate into the new economy. The new economy requires new and different strategies. Stability, once considered the norm, now means you are being left behind. Intellectual capital now determines success or failure of an enterprise. Are you ready to be revolutionaries who will not only transform your



Acting Dean Joe Blackburn, right, congratulates Halley O. Willison, Founder's Medalist.

businesses, but the industries in which your businesses operate?"

Enron has hired more than 80 Owen graduates into its associates program during the last decade, during which time Enron has been in its own revolution, he related. "Our success has not resulted from a blueprint from the chairman's office but from the hiring of the best students from the best schools and turning them loose in an entrepreneurial environment. The results have been extraordinary."



## STUDENT SCHOLARSHIP WINNERS

Scholarship winners received recognition during the Second-Year Assembly at the beginning of the year. Dean Bill Christie is pictured with winners of named scholarships and donors: front row: Juan de Utrubey, recipient of the Bruce D. Henderson Merit Prize, and Bess Henderson; back row: Christie, Juan Echeverria, winner of the J. Dewey Daane Scholarship in International Management and Finance; Charlie Fenner, recipient of the Richard S. Weinberg Scholarship; Adjunct Professor Edmund B. Fitzgerald; and John Kelch, winner of the Edmund B. Fitzgerald Scholarship.

## STUDENTS AID INNER-CITY BUSINESSES

Nashville inner-city businesses now can get a shot in the arm from a program that pairs Owen students with companies needing help in such areas as project and process flow, inventory assessment, and human resources.

The Initiative for a Competitive Inner City, which operated at Owen during the mid-1990s, has been reinstated and is in the process of selecting several companies for the program. There is no charge to the companies for the service. The ICIC, which has as its mission the reinvigoration of market forces and use of the private sector to bolster jobs and companies in the inner city, got its start in the early 1990s at Harvard Business School.

Guiding Owen's ICIC is a board composed of alumni and members of the Nashville Area Chamber of Commerce, says Associate Professor Ray Friedman, director.

## MBA Awards:

Founder's Medalist:

**Halley O. Willison (left)**

H. Igor Ansoff Award:

**Christopher E. Davidson**

Flournoy A. Coles Jr. Prize:

**Michael Lee Chandler**

Matt Wigginton Leadership Award:

**Vikas Dwivedi**

Owen Service Award:

**John J. Driscoll, Carrie Elizabeth Oliver**

eConception eCommerce and

Telecommunications Award:

**Malay Krishna**

## EMBA Awards:

Dean's Award for Academic Excellence:

**Patrick B. Staples**

Martin S. Geisel Award for Leadership in

Executive Education:

**David L. Dean**

## Faculty Awards:

Dean's Award for Research Productivity:

**Richard L. Oliver**

Dean's Award for Research Impact:

**Hans Stoll**

James A. Web Jr. Teaching Award:

**Craig Lewis**

EMBA Teaching Award:

**Roger Huang**

## ADMISSIONS WINS INNOVATION AWARD

Owen was one of three schools out of 350 nationwide to receive an Embark.com Innovation Award 2000 for technology ingenuity in the admissions process.

OGSM, along with the University of Michigan School of Business and the Johns Hopkins University School of Advanced International Studies, received the honor for creative use of Embark.com's Enrollment Services System (ESS) to streamline and improve the recruitment and admissions process.

## APPOINTMENTS

The Office of Admissions and Student Services welcomes two new staff members.

**Laura Deason**, assistant director of Admissions and Financial Aid, is formerly an admissions counselor at the School of Nursing; and **John Haller**, associate director of Admissions and Student Services, comes to Owen from Denison University, where he served as senior assistant director of admissions.

**Christie St. John**, formerly

Owen was cited as tapping the technology to improve student diversity and selectivity. In the second year of using ESS, OGSM saw a 9 percent increase in overall applications, with online applications accounting for 30 percent of the total, up from 8 percent the previous year. As a result, the School has been able to be more selective in the quality and diversity of students, admitting only 38 percent of the applications compared to 47 percent prior to using the technology, says Todd Reale, director of Admissions and Marketing.

manager of International Relations, is now Director of International Relations with responsibility for corporate relations, placement, and alumni activities abroad.

**Judy Wilson**, Owen's new Webmaster, has a background in advertising art and more than three years of Webmaster experience with both corporate and non-profit organizations. She most recently worked in the San Francisco Bay area.

## SPEAKER



Larry Downes, co-author of Unleashing the Killer App: Digital Technologies for Market Dominance, September 22, sponsored by e-Lab and the E-Commerce Club

"What fascinates me about Napster is its usefulness as a parable...The Napster story is a great way of scaring the living daylights out of any executive. Here you've got a classic industry model, and all of a sudden a 19-year-old college student writes a little piece of software and releases it into the universe, and with the ubiquity of the Internet, everyone can get access to it." —Downes



## BLOOD DRIVE

Todd Reale, director of Admissions and Marketing, is one of many from the Owen community who participated in the blood drive sponsored by 100% Owen last fall.

## OWEN HOSTS BELL CONFERENCE

Owen this past summer hosted the annual BELL conference (business/environment/learning/leadership) for business school professors around the world who teach environmental management courses.

Sponsored by the World Resources Institute (WRI), the conference this year focused on "Communicating Corporate Environmental Performance and Sustainability in the New Information Economy."

Speakers included Matthew Arnold, senior vice president and COO, WRI; Larry Games, vice president, Procter and Gamble; Fred Krupp, executive director, Environmental Defense Fund; and Mark Cohen, director, Vanderbilt Center for Environmental Management Studies and Owen associate professor.

WRI last year rated Owen in the top tier of business schools (one of nine) that are on "the cutting edge" for incorporating environmental business issues in student coursework and for institutional support and faculty research in that area.

# B2B

By PROFESSOR DAVID M. DILTS

## *electronic commerce*

**B2B ELIMINATES INEFFICIENCIES, BUT  
WILL OUTCOMES MATCH EXPECTATIONS?**

It is nearly impossible to pick up any business trade publication without running across an article or two on how some firm or industry is radically changing its relationships with customers or suppliers through the Internet. All the hype makes for lots of smoke and mirrors assertions, but where is the substance in the noise? After all, using electronic technology to share information from one business to another has gone on for decades through electronic data interchange, electronic funds transfer, and the simple technologies of faxes and phone calls.

The substance of the change comes from a basic economic principle: transaction costs. Using the World Wide Web for business transactions drops the transaction cost by at least one order of magnitude over other forms of electronic interaction, and by two or more orders of magnitude if a human is involved. For example, a 1997 study by the Federal Office of Thrift Supervision reported the average human teller transaction costs a bank \$2.93, while the average ATM transaction costs the bank 27 cents. The same transaction on the Internet costs about a penny.

Clearly, the use of the Internet for business-to-business (B2B) is something organizations need to investigate. But how can firms join the B2B revolution and what do they need to know?

### **Business-to-Business Hubs**

The Internet allows firms to electronically gather customers or suppliers at a single collection point, or "hub." As the table shows, there are a number of kinds of hubs, including closed and open hubs, single firm, multiple firm, and unbiased hubs.

A closed hub gathers either customers or pre-approved suppliers into a single site for use by a single firm or industry alliance. Most firms with a web presence have a closed hub arrangement, where they allow customers "into" their firm to order products.

A growing hub type is the industry alliance where "competitors" join together to form a single purchasing consortium. Think of it as a 21st century equivalent to a 19th century farmers' cooperative with one major difference: an agricultural coop was a collection of low purchasing-power farmers, while today's alliances are groups of major buyers within an industry. A single hub can account for billions of dollars of purchases. For example, the single hub Covisint, an alliance of DaimlerChrysler, Ford, and General Motors, accounts for nearly half-a-trillion dollars a year in purchasing.

While closed hubs deliberately are biased toward a single seller firm or

collection buyer, open hubs are neutral between buyers or sellers. For example, catalog hubs have centralized electronic collections of suppliers' catalogs open to all potential customers. Auction and exchange hubs operate like their traditional counterparts: qualified buyers can bid on anything from any seller. Community hubs are slightly different from other open hubs: they primarily are used by organizations as a means to exchange information, with purchasing being only a sideline.

*Why use a hub at all?* Because collective industry and company inefficiencies can be replaced by more efficient e-commerce practices. Inefficiencies, present in every company, include time and cost for procurement, redundancy in internal systems, rogue purchasing, and information processing glitches. Imagine how much more efficient your organization would be if all purchasing could be done using something like Amazon.com's one-click method?

### **Issues with B2B**

In addition to the well-known problems of security and reliability, we at Owen also are researching other concerns connected to business-to-business electronic commerce. Among our findings are

- **Most hubs only approach the surface of change**—Interestingly, most firms do not change internal processes when joining a hub. Many are tied into a legacy information system or a new, but inflexible, enterprise resource planning system.

Being part of a B2B hub does not make a firm proficient as an “e-business” any more than joining a farm coop made a person a better farmer. Not coincidentally, the firms



Dilts

most accomplished at B2B are also the most successful at transforming their internal architectural, informational, and organizational structures to take the greatest advantage of the Internet.

Most B2B actions also do not look past the surface of a purchase or direct sale to the customer. While this is important, what is even more valuable is the integration of the entire supply chain or extended enterprise needs. The automotive industry alone estimates it has lost

nearly a \$1 billion due to data loss during transfer and translation among layers of the supply chain.

- **Most hubs fail**—Computerized exchanges are extremely valuable. Market size estimates vary widely, from the initial Forrester Research report published in 1998 that predicted the market would be \$1.3 trillion in 2004 to the more recent GartnerGroup’s estimate of \$3 trillion by 2004. Forrester estimates such exchanges to account for 53 percent of all online business trade by 2004. *Forbes* stated in April 2000 there were more than 500 exchanges funded with at least \$5 million and that by 2003, the number would rise to 2,000.

Some disagree with this assessment. IDC (a leading provider of information technology) feels that communities with an open structure and a level playing field for all participants will number in the hundreds, not the thousands. The Association of Strategic Alliance Professionals Summit, a meeting of high-profile e-commerce executives, agreed in May that a majority of B2B marketplaces will vanish within two years. Deloitte Consulting also predicts a sharp drop in online marketplaces within two years.

What’s going to happen? As with any new technology, there will be the inevitable rapid proliferation and nearly as rapid consolidation or death of most hubs. The problem is picking which ones will survive.

- **Most firms do not remember first-mover disadvantages**—When Lieberman and Montgomery in 1998 proposed first mover advantages

(technology leadership, preemption of scarce resources, risk reduction, and positive gains to scale), they also proposed often-overlooked first mover disadvantages. These disadvantages are

—*Free-rider effects*. Your firm develops and educates the market and then another firm uses its depth of resources to overwhelm you. The best example of this is Microsoft’s delay in entering the Internet browser market.

—*First mover mistakes*. For example, Apple’s mistakes with its Newton personal data assistant led to Qualcomm’s successful PalmPilots. Likewise, Covisint is building on GM experiences using Free-

Market’s expertise in B2B auctions. —*Rapid shifts in technology*. Such shifts prevent long-term advantage. With virtually zero switching costs, the Internet leads to little customer loyalty.

Switching from one community to another is just a click away.

—*Incumbent inertia*. Current and potential customers of the B2B site who have large, existing internal information systems may be unwilling to change because modifying legacy systems can be extremely costly.

- **Most firms are schizophrenic in their e-business and business-to-business strategies**—E-commerce business strategic plans typically call for dramatically improving web-based customer relationship management systems, while simultaneously calling for extensive use of B2B hubs in purchasing to severely reduce purchasing loyalty. No one yet has

	CLOSED HUBS		OPEN HUBS			
Definition	<b>Firm</b> An exchange that is controlled or dominated by a single organization.	<b>Industry Alliance</b> A collection of similar industries with large collective purchasing power (the fastest growing segment of the B2B world)	<b>Catalog Hubs</b> Transform old paper catalogs into electronic forms, coupled with lots of additional bells & whistles	<b>Auction Hubs</b> Placing items up for sale or, in a reverse auction, putting out a request for bids for work	<b>Exchange Hubs</b> Computerized industry spot market of commodity items (example: electricity)	<b>Community Hubs</b> A collection of like minded buyers and sellers, typically industry or orientation specific
Example	Cisco Systems, Dell Computers	Covisint	Chemdex	FreeMarkets	Altra	VerticalNet communities
Characteristics	Fast to start; Can increase customer loyalty; Can show immediate benefits to both the buyer & seller	Large, focused community with shared knowledge of an industry; Can be thought of as an additional way to either “lean” purchasing or as a method to “club” the suppliers further	Buyers unsophisticated, with low bargaining desires, and whose cost of processing an order can be greater than the cost of the items purchased; Fixed pricing	Unique, one-of-a-kind, time dependent item; Dynamic pricing; High dollar or value items	Standardized, commodity-like products; Massive trading volumes by very sophisticated buyers & sellers; Demand, capacity, and prices are all highly volatile	Large community of buyers and sellers; Content aggregation for like-minded professionals; Pricing not an issue
Value to:						
Buyer	Lock-in customers, reduced order processing costs	Unprecedented purchasing and negotiation power	Wide selection of competing products, ability to instantly price shop	Ease in finding unique items; ease in putting work out for bid	Satisfaction of immediate needs	Collection of colleagues to draw upon for advice and information, single source of information
Seller	Reduced rogue purchasing, reduced order generation cost	Opportunities to sell to the entire industry using consistent standards	Increased sales due to exposure to large market base	Exposure to more sellers and to more work opportunities	Ability to off load excess capacity; ability to cherry pick for great profit	Focused group of potential customers
Intermediary	n/a	Most likely either a fixed fee or % of transaction	Percent of the transaction, listing fees	% of transaction value	% of transaction, membership fees	Sponsorship, advertising, and membership fees
Issues	Requires a knowledgeable, non-shopping buyer; No information intermediary required	Almost all are in the raw development stage; Only in the middle of September were they found to be in compliance with FTC restrictions	Maintenance of information on a large number of SKUs is required; Can be risky if a single supplier dominates	More sophisticated buyers and sellers do better in these hubs; Requires significant up front work to assure consistency in RFP items	May be ripe for abuse and cherry-picking	How to make money for intermediaries with customers with low switching costs

pointed out the schizophrenia of such dichotomous behaviors.

- **Most internal systems and architectures are unprepared for the revolution**—One aspect of B2B e-commerce we study at Owen involves the impact of complete information access throughout the entire supply and value chain. The current belief is that complete and open access to all information results in better overall system performance. Our early research clearly shows, however, this is not always the case. Successful sharing of information with the entire enterprise appears appropriate only if the information supplied is relatively stable (i.e., customers do not change their

minds) and the underlying delivery system of each agent can properly react to changes. Interestingly, we have discovered that firms or agents in the extended enterprise can react too quickly to information changes to the detriment of the entire system.

### B2B—a Fact of Life

Business to business electronic commerce is or soon will be a fact of life for most organizations. But, like deregulation, the reality may end up being quite different from expectations.

When pieces of the electricity industry were deregulated, it was expected that costs would be driven

down through open competition. What actually happened in California and the Middle Atlantic states was that California experienced severe energy shortages this summer, and on July 28, 1999, the Middle Atlantic states hit \$935 per megawatt hour, seven times the cost to generate power at the most expensive plant in the region. Clearly not what was expected.

Firms approaching B2B need to keep this in mind: outcomes may differ significantly from expectations.

**David Dilts is a professor of management at the Owen School and a professor of management of technology at the School of Engineering.**



# ECONOMIC VALUE ADDED?

BY ASSOCIATE PROFESSOR

CRAIG LEWIS

**M**ost executive compensation plans include features to induce managers to make efficient investment decisions. These include earnings-based bonuses and stock ownership (including employee stock ownership plans, restricted stock, phantom stock, and stock options). What differentiates an economic profit plan (EPP) from its competitors is that it rewards managers for generating economic profits in excess of a charge for the amount of invested capital.

*What are economic profits?* Let's consider an example. Suppose you invest \$1,000,000 in a new machine with a required capital cost of 10 percent. If this project realizes only a



## EPPs May Be No Better at Improving Operating Performance than Traditional Plans

10 percent return on invested capital, it earns back its cost of capital each period but fails to create value for shareholders. The internal rate of return equals its cost of capital, implying the project has a zero net present value. A manager should be indifferent about whether to take the project since it does not increase shareholder wealth.

Suppose however the machine generates a return on invested capital of 15 percent. "Economic" profits are computed by deducting "economic" depreciation from operating cash flows. It does not matter what accountants report as depreciation for reporting purposes;

we require an estimate of the "true" economic cost of operating the machine. The calculation is made by subtracting the opportunity cost of using the machine in its current capacity rather than elsewhere.

Since the opportunity cost is \$100,000 ( $\$1,000,000 \times 10$  percent), economic profits are \$50,000. The project clearly earns more than its cost of capital implying it has a positive net present value. It can be shown that the project's net present value equals the discounted value of all future economic profits. Hence, there is a direct link between economic profits and net present value.

### Benefits of EPPs

Plans compensating managers on the basis of economic profits are increasingly popular and are used by such blue-chip companies as Boise Cascade Corp., the Coca-Cola

Company, Eli Lilly & Co., and Monsanto. The management-consulting firm of Stern Stewart and Co. is the leading advocate of the economic profit approach, which it markets under the name of Economic Value Added (EVA™). Other firms such as the Boston Consulting Group and KPMG offer similar plans.

EPPs attempt to compensate for deficiencies in other incentive plans. Stock ownership plans motivate managers to improve share prices, but stock price changes reflect changing market conditions and only partially the efforts of managers. Earnings-based compensation schemes are based directly on accounting numbers, which can be evaluated at the divisional level. The disadvantage is that earnings plans tend to induce a short-term orientation and are based on accounting numbers subject to manipulation and fail to adjust for operating risk. Proponents of EPPs argue their plans control for many of these deficiencies because they focus on cash flows rather than accounting earnings, yet appropriately adjust for capital costs.

If EPPs provide managers with incentives to make better investment decisions, firms adopting such plans should experience improved operating performance. Stern Stewart and Co. claims that "more than 300 client companies worldwide now use EVA, and evidence shows most of them significantly outperform other companies in their industries." The firm argues there are three ways for EPP firms to increase value:

"Increase the returns from assets already in the business by running the income statement more efficiently without investing new capital; invest additional capital and aggressively build the business so long as expected returns on new investments exceed the cost of capital; and release capital from existing operations, both by selling assets that are worth more to others and by increasing the efficiency of capital by such things as turning working capital faster and speeding up cycle times."<sup>1</sup>

In essence, an appropriately designed EPP should provide incentives for improving investment performance by linking executive compensation to value creation (economic profits).

### Motivation for the study

The question Chris Hogan (former Owen assistant professor, now at Southern Methodist University) and I wanted to address is whether these plans provide better incentives than those in traditional plans. My interest in this topic was sparked by a Financial Markets Research Center conference held at Owen in honor of Professor Marty Weingartner. The conference featured a lively panel discussion on the efficacy of EPP plans. On one side, representatives of Stern and Stewart presented the pros of compensation plans based on EVA™. The other side was represented by a group of academics who had published articles critical of EVA™ as a performance metric.

The academics' argument is that if EVA™ is a better way to measure

value creation, stock returns should be more highly correlated with EVA™ than other measures of profitability. Since academic evidence runs counter to this, they conclude that EVA™ is not all it is cracked up to be.

We felt such a conclusion is not warranted because the real test of an EPP is how well firms perform after adoption. Following the conference, we decided to explore the issue of long run performance.



Lewis

### What did we find?

As expected, the operating performance of companies adopting EPPs, as measured by numerous accounting measures, significantly improves in the year of and in the four-year period following plan adoption. The median return on assets (ROA) increases from 3.5 percent in the fiscal year prior to adoption to 4.7 percent four years later. Median operating income-to-total assets rise from 15.8 percent to 16.7 percent in four years. The value of growth opportunities also improves. As a whole, firms adopting EPPs realize dramatic long-run

improvements in operating performance.

Before Joel Stern can declare victory, however, it is important to ask whether the results are specific to adopting firms or whether it reflects general conditions in the industry. After all, most EPP adoptions occurred during a remarkably strong economy. Therefore, improved operating performance may have more to do with general economic conditions than a plan adoption.

*Calibrating the horse race.* In finance, an academic addresses this type of concern by setting up a “horse race” and selecting a set of “horses” that even the odds as much as possible. For example, if you have a “slow” horse, it is only fair to compare its performance relative to other “slow” horses. After all, a plow horse may indeed learn to run faster, but it will never catch a thoroughbred.

This is analogous to what we did in our research. We identified comparable firms by restricting eligibility to those in the same industry, of similar size, and experiencing similar operating performance prior to the adoption. Surprisingly, we found that after careful attempts to calibrate our analysis, operating performance of our comparable firms is statistically indistinguishable from adopting firms.

### Explaining our results

There are two possible explanations for the similarities in operating performance improvements between adopters and nonadopters. First, improvements may reflect a return to

historical performance levels and have nothing to do with managers’ actions. Managers may opportunistically adopt EPPs to coincide with predictable changes in operating performance. If a poorly performing firm is likely to revert to the industry mean, managers may adopt an EPP to cash in on anticipated increases in economic profits. Similarly, EPP adoption may be motivated by predictable increases in economic profits caused by industry wide innovation.

A second explanation may be that performance improvements are the result of improved incentive alignment. The evidence, however, suggests instead that an EPP represents one method to realign incentives, but traditional approaches combining earnings-based bonuses and equity participation may be equally effective.

*The “A Dollar Is A Dollar” Theory.* We attempted to distinguish between these alternative explanations by examining the associations between operating performance changes and changes in the compensation, ownership, and governance structures of adopting and control firms. While we find numerous changes in the year of adoption, the changes are similar across all firms.

For example, bonus payments increase 39.1 percent in the adoption year for EPP firms, but also increase 37.4 percent for control firms. Thus, firms respond to poor recent performance by strengthening the link between bonus payments and performance, but the basis for

calculating bonus payments, whether by economic profits or earnings, has little impact on the actual increase in shareholder value relative to nonadopting firms.

These results are not consistent with the opportunistic adoption hypothesis. If opportunism were the motivation for EPP adoption, we conclude it would be easier to modify bonus payments under the current plan rather than make a highly visible change like adopting an EPP.

### The Bottom Line

Given the similarities in firm compensation, ownership, and governance structures, the improvements in operating performance suggest EPPs are no worse than but certainly no better than alternative incentive-based compensation plans. We conclude the recent popularity of products like Stern Stewart’s EVA™ simply reflects impressive marketing, rather than a new and different way to motivate managers.

New trends should be viewed skeptically. If a radical change is necessary to kick managers into action, it could well be that an EPP is the necessary catalyst. However, our results indicate change can be accommodated just as effectively within the structure of existing compensation structures.

<sup>1</sup> Information obtained from the Stern Stewart website on September 24, 1999. See [www.sternstewart.com](http://www.sternstewart.com).

# The DEAN is IN

And  
Piloting to  
New Heights  
at the  
Owen School

BY BETH MATTER  
AND JILL GABBE



Bill Christie banks his 737 around the peak of Mt. Everest and spots the ominous clouds of an approaching storm. He changes route, navigates a direct course to Katmandu, lands successfully in a slight crosswind, and shuts down the engines.

It is evening in Nashville, and Christie has taken a moment to unwind. He closes down his desktop flight simulator and returns to piloting Vanderbilt University’s Owen Graduate School of Management.

At 45, he is one of the youngest graduate business school deans, and

he continues to teach as a professor of finance. He has been in the classroom directly involved with students since joining Owen in 1989. Prior to being named dean last summer, he served as associate dean for faculty development.

“I have a great interest in

### EDUCATION

**Undergraduate:** bachelor of commerce, Queen’s University, Kingston, Ontario

**M.B.A.:** finance, University of Chicago

**Ph.D.:** finance and economics, University of Chicago

administration and management,” Christie says, “and am honored to be able to lead Owen as the School’s fourth dean. But everything I do as dean is shaped and influenced by my training as an academic and respect and love for teaching and research.”

Vanderbilt conducted a national search for the dean but found the perfect person within OGSM’s own walls. With a twinkle in his eye, Christie reintroduced himself to second-year students at an assembly the first day of class (“Good afternoon, my name is Bill Christie, dean of the Owen Graduate School of Management”) and from the roar of applause and the standing



DAVID CRENSHAW

Bill and Kelly Christie at a Nashville Owen alumni reception

ovation, it is clear the students think his appointment is something to shout about.

### Taking on Wall Street

A primary objective at Owen in recent years has been to bring greater visibility to the School, and Christie has the profile to do just that. He is known in academic, financial, and governmental regulatory circles for his breakthrough research on Nasdaq pricing. In 1994, on release of a research paper he coauthored with Paul Schultz (professor at Notre Dame; formerly at Ohio State), a shockwave went through the financial markets. They suggested that Nasdaq market makers manipulated prices by not quoting stocks in odd-eighths, resulting in spreads that were multiples of 25 cents a share. The paper led to the largest civil anti-trust settlement in the history of the U.S. equity markets and had a direct impact on the creation, in 1997, of Securities

and Exchange Commission (SEC) rules for handling stock orders that increased pricing competition and resulted in significant savings for investors.

Financial professionals were unaware of the pricing scheme because only averages, rather than raw data, had been made available for analysis. Christie and Schultz discovered the anticompetitive practices when they examined quote-by-quote updates on a particularly active day of trading, noticing that every market maker updated their quotes in quarters as opposed to eighths.

Their press release produced a visceral reaction from Nasdaq and tremendous interest from the media. “The results and the explanation that Paul and I offered basically lit a match to a powder keg. I don’t believe this would have occurred had there not already been a sense of mistrust among investors concerning the fairness of prices they were paying on Nasdaq.”

Lawsuits against the market makers began immediately, followed by investigations by the Department of Justice and the SEC. Nasdaq hired the top economic consultants, including Christie’s mentor at the University of Chicago, the late Professor Merton Miller, to dispute their work. “*The Journal of Financial Economics* devoted an entire issue to responses to our paper,” Christie says. “Critics claimed the market was competitive, but what the theoretical models lacked was the possibility of anticompetitive behavior that our results implied.

“We knew our work was solid, but

a voice in my head kept saying, ‘You don’t have tenure at Owen yet; if you screw this up, you’re toast,’” he laughs. “But no one could come up with a consistent, logical explanation for the situation other than the one we proposed. In 1996, the Justice Department and the SEC agreed with us, and in 1997, the class action lawsuit settled in favor of investors for a total of \$1.027 billion.”

“Their study truly was a watershed event,” says Jeff Smith, director of research for Nasdaq, originally hired to clash swords with Christie. “In the process, Bill could have made hundreds of thousands of dollars as a consultant, but he chose to leave it on the table. He was operating as a truth teller and academic researcher who didn’t want to exploit his findings, which speaks well of his character.” Christie, once Nasdaq’s harshest critic, is currently a friend and member of its economic advisory board, he adds. “I think Bill now considers Nasdaq a better market.”

### A Love Affair With Owen

Rumor has it that Christie and his wife, Kelly, the School’s associate director of Academic Affairs and registrar, are having a love affair with Owen, something they can’t deny.

“We confess,” Bill says. “The love affair arises from the fact we owe the School a great deal. All of our post-graduate relationships are here. And we were great admirers of Marty Geisel [former dean who died in 1999].” Following Geisel’s death, the couple endowed the Geisel Leadership Award, given to a graduating Executive MBA student.

But the relationship between the Christies and Owen almost never got off the ground. In 1989, Christie, scheduled to interview at Owen, didn’t even want to get on the plane to Nashville.

“Kelly and I are from Chicago and Toronto. She drove me to Midway airport in Chicago, and I said to her, ‘Why am I doing this? There is no point—I am not moving to Nashville.’”

But he did get on the plane and arrived in Nashville on a beautiful, spring like January day. He and Professor Hans Stoll ate lunch at Granite Falls, where Christie got to meet former Chancellor Joe Wyatt, also dining there.

“A real estate agent drove me around town, and by evening I had done a complete 180,” Bill says. “I called Kelly, whom only hours earlier I informed I would never move to Nashville and, looking at the Parthenon from my hotel window,



WOODIE KNIGHT



DAVID CRENSHAW

Martha Ingram, president of the Vanderbilt Board of Trust, congratulates Christie on his appointment as dean.

said, ‘This place is fantastic. I hope I get this job.’”

Once settled in at Owen, the Christies became known for pulling long hours, both often working until 10 or 11 p.m.

Kelly now plays a dual role as the registrar and dean’s wife. Since August, the couple has traveled constantly to alumni functions and other events around the country. On the road, Kelly nightly answers email from students, faculty, and staff on her laptop in the hotel room until well after midnight.

“Kelly has a unique position in that she knows every student by name and does whatever she can to accommodate their requests,” Bill says. “So if there were any choices to be made about my staying dean or her staying registrar, she would win.”

### Excellence in the Classroom

Christie continues to teach a full load on top of his decanal duties.

Dressed casually—Owen sweatshirt and khaki pants are his clothes of choice—he bounds back and forth in front of the board, jotting down concepts and drawing students into a conversation on the difficult subject of finance.

His talent as a teacher has not gone unnoticed. Not only has he been recognized repeatedly by *Business Week* as one of the top professors in business education but also in 1996 was selected for a prestigious Chair of Teaching Excellence at Vanderbilt. During his three-year term as a chair holder, he initiated a university-wide orientation for incoming tenure-track faculty. Christie now gives a talk every year at the orientation on how to avoid making teaching mistakes. “I have made them all and can offer some simple tips,” he says. “When you challenge students, when you get them energized and eager to hear more, the interaction can be

extraordinary. I learn as much as they do.”

“Bill is patient and makes himself available after hours to help you gain the concepts,” says J.P. Curcio, former student and vice president/equities trading for Goldman Sachs in New York. “I use skills everyday that I learned in his class. He makes complex concepts understandable without oversimplifying them and uses light-hearted humor to keep you from getting discouraged.”

Christie also is able to inform colleagues with equal creativity and gusto.

“I always include Bill in my conferences because he is an enthusiastic presenter who makes boring material interesting,” says George Sofianos, vice president and head of research of the New York Stock Exchange.

“Because Bill bridges the academic and real worlds successfully, he will make a good dean,” adds Marc Lipson, professor of finance at the University of Georgia. “His research clearly excites him, and that is important because excitement about research transfers directly into excitement in the classroom and the school.”

### A Good Takeoff

Christie realizes he is fortunate to be able to begin his deanship with an optimism that comes from knowing you have a great product. The School consistently ranks in the top tier of surveys: *Business Week*, 22; *U.S. News & World Report*, 24; *Financial Times*, 24; and *Forbes*, 20. A pioneer in information technology and e-commerce education, Owen also is a recognized leader in finance,

## CHRISTIE'S TOP 10 TENETS FOR A GREAT B-SCHOOL

- 1 World-class teaching/research faculty
- 2 Intellectually curious, ambitious, diverse student body
- 3 Balanced cutting edge/classic academic curriculum rooted in real-world dynamics
- 4 Global business perspective, drawing on students from up to 40 countries
- 5 Extensive corporate network
- 6 Collegial, open dean/student/faculty interaction
- 7 Intimate student/faculty ratio
- 8 Enthusiastically engaged alumni
- 9 State-of-the-art technology
- 10 Culture of excellence

operations management, organizational behavior, and environmental studies.

New records are set every year for number of student applications, quality of applicants, and number of corporate recruiters. With fewer than 600 students, the student/teacher ratio averages 12:1, “which is unusually small for a top business school,” Christie says. “This means students have continuous opportunities to combine class work with the development, testing, and application of entrepreneurial ideas and leadership skills.” Nearly a third of the students yearly come from roughly 40 different countries, leading to an expanding global

alumni network. Because it is a close-knit community, the School also spawns a dedicated and involved alumni base. And Owen is at the leading edge technologically. OGSM became “unplugged” last year during Professor Joe Blackburn’s interim deanship with a local area wireless network enhancing the School’s position as a leader in information technology.

“Considering what has been accomplished, I have to remind myself Owen was founded in 1969,” Christie says. He already has hired two leaders in career management and executive education and has plans for additional programs, faculty, and staff—all opportunities

to redefine and empower the School for the future.

### Charting the Course

Christie’s strategic plan to catapult the School farther up the charts involves four broad areas: communications, corporate relations, academics, and executive education.

Good communication among students, faculty, staff, and administration is vital and he immediately opened the lines with a program springing from the funny pages. Borrowing from the *Peanuts* comic strip, Christie holds a weekly “The Dean is In” session, patterned after Lucy’s “The Doctor Is In.”

Seated at a desk in the lobby, he takes questions and comments from students and others that range from complaints about plumbing and the snack bar to far reaching questions involving allocations of funds and teaching philosophy.

“This way, if anything comes up, I’ll know about it,” he explains. But you have to pay to play: ten cents for easy questions and a quarter for difficult questions and complaints. Coins are plunked into a tin cup. Compliments, of course, are free. “I am pleased this has quickly turned into a tradition. Some students, and even faculty, have attempted to open a revolving line of credit!” he laughs. Proceeds go toward service projects at the School.

Corporate relations has taken a front seat with plans to hire a corporate relations director and the continuation of the Corporate Advisory Board formed during Blackburn’s tenure. “Both are attempts to capitalize on our ever-



widening reach both nationally and internationally,” Christie says. The director will coordinate various points of entry with corporations, including faculty research, placement, development, and executive education. The board, composed of senior executives of national and international firms, provides strategic direction and assists with external relations.

Cutting edge academics are critical to Owen, and the administration constantly looks for ways to update the curriculum. The joint MBA/JD degree, for example, now 20 years old, is being beefed up with such innovative courses as “The Life Cycle of a Corporation,” taught by both Law and Owen faculty, that follows a corporation through inception to initial public offerings to bankruptcy, and all points in between.

An ambitious long-range goal is to build a new facility devoted to executive education. Christie currently is in negotiation with Chancellor Gordon Gee and other deans at Vanderbilt to develop plans

for a “Lifelong Learning Center.”

“A topflight facility, on top of our already excellent executive education programs, could encourage CEOs to get more involved in Owen through recruiting and other avenues,” he suggests. “The facility not only would solve our space problem by moving the Executive MBA and non-degree programs out of Management Hall, freeing it up for day students, but allow us to expand the executive education programs, a potentially critical source of revenue for the School.”

Christie momentarily switches his mind back to the 737 and takes the controls for one more swing around Mt. Everest. With no storms in sight, he’s going the distance. His abilities to accept challenge and to navigate have made him a successful pilot in the past and will hold him in good stead in the coming months and years as he moves Owen up the ranks. He sees only the sky as the limit—exactly what you might expect of someone who relaxes by testing his wits and nerve in the

## HEADLINES FROM AROUND THE NATION

### Online Use Waning?

Two audience measurements of Internet traffic found that there was a serious dip in online activity during the holiday season, suggesting that people drop their computer mice when more pressing matters need attention. Nielson/NetRatings found a 15 percent drop in activity from October through December, and Jupiter Media Metrix found a 5 percent drop from November through December. **Donna Hoffman** of Vanderbilt University, who studies Internet demographics and shopping patterns said the figures are simply a sign that people had other things to do. "Just as there are seasonal declines in television viewership, there may very well be seasonal declines in Internet usage."

—*USA Today*, January 19

### Extra Costs on Car Loans Draw New Legal Attacks

Shawn Core and Retina Massey-Core, newlyweds with no established credit history, were grateful when a car dealer approved their loan. Without their knowledge, the manufacturer permitted the dealer to add on two and a half percentage

points, which the manufacturer immediately paid to the dealer. This industrywide but obscure practice is called dealer markup. A professor at Howard University found the amounts dealers added to black consumers were, on average, several hundred dollars higher than the amounts added to white consumers' rates. **Mark Cohen**, associate professor at Vanderbilt, confirmed these findings and said the differences were examined, but that they did not adequately explain the pattern.

—*New York Times*, November 1

### Survey Finds People Willing to Give Info Online

Nearly all Internet users say they are concerned about privacy online, but despite those fears nearly two-thirds of Web surfers have transmitted such highly personal information as a credit card number, according to a study published by the Andersen Consulting Institute for Strategic Change and the Owen Graduate School of Management at Vanderbilt University. Researchers found that 95 percent of consumers have significant concerns about their privacy online, but were surprised to find how often Internet users' actual behavior conflicted with those fears, calling it a "hidden willingness to provide information online."

—*Reuters*, September 13

### Trading Net Privacy at E-Checkout

Signs are multiplying that online privacy is fast becoming a moot point—at least for shoppers. "Consumers want [businesses] to let them know what they are doing with the information," said **Donna Hoffman**, associate professor at Vanderbilt University, who specializes in Internet marketing. "But consumers also want to have a relationship with a business."

—*ZD Net*, September 11

### The Sun Never Sets on the Nasdaq

The Nasdaq, which has been vying with the New York Stock Exchange for primacy in the U.S. for three decades, makes no bones about its ultimate ambition: global domination. In the process, the technology-laced marketplace hopes to crush smaller electronic exchanges and leave the Big Board in the dust. "The most important trends in equity markets in the coming years will be global consolidation and empowerment of the individual investor," says **Hans Stoll**, a professor who heads the Financial Markets Research Center at Vanderbilt University. "In the future, there will be fewer exchanges, and the role of the broker-dealer will continue to diminish with the propagation of online trading."

—*Forbes.com*, May 9

# Alums Drive Owen/Ford Relationship

Considering Renee Franklin's and Michelle Garvey's (both class of 1989) successful careers at Ford, it is not surprising the Big Three automaker keeps coming back to Owen for more great talent.

Franklin is Human Resources director for Ford of Mexico, and Garvey is Human Resources director of e-HR. Fifteen other alumni work in either human resources or finance.

"The Owen team at Ford stands out," says Brian Griffin, himself a 1993 Owen graduate, an HR manager, and one of two recruiters assigned to OGSM. "To a person, each has quickly established themselves as leaders. They are bright, have good people/communication skills, and bring a broad business perspective."

New hires receive two to four assignments in the first few years to build business acumen, he says, "and then are assigned new jobs periodically based upon interest, rate of professional development, and business needs of the company. Renee and Michelle are on the fast track: Both occupy senior level positions at one of the world's largest corporations and are not yet halfway through their careers."

Franklin initiated the relationship when as a student she met Ford representatives at a conference. Impressed by Franklin, they asked her to Dearborn for an interview, but she encouraged them instead to come to Owen to meet other students as well.

What attracted her to Ford are the



Franklin

varied experiences available. She has dealt with organized labor as labor relations supervisor at Dearborn Glass Plant, human resources manager at Sandusky Plastics Plant, and member of the 1996 National Negotiations Team, and with salaried personnel activities as human resources associate at Ford Credit and human resources manager at North American Truck Engineering. One of her greatest accomplishments—the design of a review system that evaluates leadership in an organizational effectiveness context—is being instituted company wide. As director of human resources for Ford of Mexico, she oversees strategic human resources activity in that country.

Franklin remains connected to Owen through her work on the alumni board. While Griffin and Keith Kleinsmith are the official

Ford recruiters, she considers herself more of an ambassador who can talk to students and help them make important career decisions.

Still, she is thrilled when OGSM grads come on board. "In the early 1990s when recruiting was slow, we debated about where to put our resources," she says. "We managed to keep Owen on the schedule and have hired people from every class since, a successful move from our standpoint."

The company also is involved with the School as an Owen Corporate Affiliate and sponsor of student activities. Franklin foresees the relationship growing to include utilization of faculty research and more Ford executives lecturing at Owen. "We could benefit from the academic work and Owen could benefit from Ford's big company perspective." —*Beth Matter*

# faculty NEWS

**Bruce Barry**, associate professor, chaired a symposium on “Ethics in Conflict and Negotiation” at the annual meeting of the Academy of Management in Toronto in August and presented a paper on the use of ethically marginal negotiation tactics; another paper, “When do grievants desire voice?: Situational, motivational, and attributional explanations,” was accepted for publication in the *International Journal of Conflict Management*.

**Wayne Beavers**, adjunct professor, presented a paper on

“Recent Developments in Business Method Patents” to the Tennessee Intellectual Property Association on September 30 and to the Nashville Bar Association on October 10.

**Joe Blackburn**, James A. Speyer Professor of Production Management and former interim dean, has been appointed visiting professor in the Technology Management Group at INSEAD, Fontainebleau, France, for the 2000-2001 academic year.

**Germain Boër**, professor, organized a conference titled Entrepreneurship on the Technology Frontier that was held October 13-14 at Vanderbilt and attracted attendees from the U.S., Japan, Europe, and Canada.

**Mark Cohen**, associate professor and director of the Vanderbilt Center for Environmental Management Studies, hosted a conference in Nashville, co-sponsored by the World Resources Institute, for business school professors who teach and conduct research on environmental issues; he presented the paper “Why Do Firms Pollute (and Reduce) Toxic Emissions?” at a conference at the Wharton

School; and was an invited plenary speaker for a symposium on Federal Sentencing Policy for Economic Crimes and New Technology Offenses at George Mason University Law School.

**Bruce Cooil**, associate professor, coauthored a paper in the *American Journal of Cardiology* explaining that cost savings of at least 33 percent per patient are possible using a new screening protocol for coronary artery disease (the single greatest burden on the U.S. health-care system in terms of direct medical costs and associated morbidity and mortality rates); another paper published in *Circulation* indicates that treating patients identified

to be in the highest risk quartile could also prevent 71 percent of all heart attacks.

**Dewey Daane**, the Frank K. Houston Professor of Finance, emeritus, participated in a Federal Reserve Bank of Boston conference honoring former president Frank Morris. The conference focused on such topics as Guides for Monetary Policy, the International Dimension of Monetary Policy, and the Role of the Federal Reserve System in the Payments System.

**Ray Friedman**, associate professor, spoke on his research on employee network groups at the Center for Human Resource Manage-

ment’s Roundtable on Leadership Development in Chicago and at U.S. West Corporation, and presented academic papers on this topic at the Academy of Management; he also was an invited participant at a conference on Diversity and Race in Organizations held at Darden’s Graduate School of Business.

**Debra Jeter**, associate professor, participated in the 2000 Corporate Accounting Policy Seminar, September 8-10, in New Orleans; she presented a paper entitled “The Effects of Accounting Choice on Analysts’ Forecast Errors in Extractive Industries” at the annual meeting of the American Accounting

Association in August; and participated on a panel presenting issues in auditing research at the Second Globalization Conference in Cambridge, England, in July.

**Arun Khanna**, lecturer, discussed two academic papers at the Financial Management Association’s annual international conference October 25-28 in Seattle.

**Larry LeBlanc**, professor, lectured on management science in spreadsheets at the University of Padova, Italy, in June; he gave an executive seminar, “Using Advanced Microsoft Excel Features for Solving Business Problems” to CEI, an auto parts

manufacturer; and currently is writing an article with network analysts at France Telecom summarizing the use of software he developed for designing telecommunication networks.

**Ronald Masulis**, the Frank Houston Professor of Finance, presented “The Speed of Price Adjustment to Stock Offering Announcements: A NYSE/AMEX and Nasdaq Comparison” at Texas A&M and SMU in October; he also served as a discussant at the Western Finance Association Annual Meetings in June and at Owen’s Entrepreneurship on the Technology Frontier Conference in October.

## NEW FACULTY

**Salvatore T. March**, a nationally recognized scholar in information technology and e-commerce, joined Owen this fall as the David K. Wilson Professor of Management and teaches courses in information technology and Internet commerce, and database systems management. Previously a professor at the University of Minnesota, he received his undergraduate, master’s, and doctoral degrees from Cornell University.

**Thomas S. Y. Ho** serves as the Brownlee Currey Visiting Professor of Finance for the 2000-01 academic year. The founder of Global Advanced Technology, (provider of innovative financial analysis for more than 250 major institutional clients) he is also well known in finance for the Ho-Lee Model, the first arbitrage-free interest rate model used in derivatives valuation. Formerly a professor at the Stern School of Business, he teaches courses in fixed income and derivatives. He received his doctorate from the University of Pennsylvania.

**David Dilts**, formerly a visiting professor,

is a professor of management of technology at the School of Engineering and a professor of management at Owen. He holds the first joint appointment between these two schools at Vanderbilt. He previously taught at the University of Waterloo and Michigan State University, and received his undergraduate degree from California Polytechnic State University and his MBA and Ph.D. degrees from the University of Oregon. At Owen, he teaches courses on delivering value through high performance processes and business to business electronic commerce.

**Anchada Charoenrook**, assistant professor of finance, teaches courses in securities and portfolios. She holds undergraduate degrees from Chulalongkorn University and Sukhothai Thamathirat University, master’s degrees from the University of Washington and the University of Michigan, a Ph.D. in electrical engineering from the University of Washington, and is completing her doctorate in finance from the University of Michigan.

**Michael B. Hitchens**, lecturer, teaches courses in marketing and consumer behavior. He earlier taught at the University of Evansville, where he was awarded the Outstanding Teacher Award in both the College of Business and the Department of Marketing in 1998. He earned his undergraduate degree at Eastern Michigan University, a master’s degree at Colorado State University, and his Ph.D. at Florida State University.

**Arun Khanna**, lecturer, teaches courses in corporate value management and corporate financial policy. He received an undergraduate degree from the University of Delhi, an MBA from Clark University, and is completing a Ph.D. from Purdue University.

**Neta A. Moye**, assistant professor of organization studies, teaches courses in human resources staffing, compensation management, and human resources strategy. She earned a bachelor’s degree at Florida State University, a master’s degree at the University of Illinois, and a Ph.D. at the University of Maryland.

## WHAT PRICE THE BALANCE SHEET?

What goes around comes around. In 1983, Thomas Ho, a visiting professor at Owen on leave from the Stern School of Business at New York University, formulated an idea that became the Ho-Lee Model, an arbitrage-free interest rate model used widely in derivatives valuation.

“There is much interest in determining the market value of the balance sheet, but most items on corporate balance sheets are not traded and have no market price per se,” he says. “Models like the Ho-Lee Model provide a consistent way to evaluate interest rate options for various items on the balance sheet.”

The idea was so popular his published study went out of print six times. To better help companies in this area, he formed in 1987 the firm Global Advanced Technology, which provided innovative financial analysis for more than 250 major institutional clients.

Ho is now back at Owen as the Brownlee Currey Visiting Professor of Finance. “I hope to combine my practical experience from Wall Street with new academic research to discover how we can relate the market value of the balance sheet to the actual value of the firm.” —*Beth Matter*



WOODIE KNIGHT

## DATA ENGINEERING

Electronic commerce applications are distributed systems on a global scale, says Sal March, who joined Owen as the David K. Wilson Professor of Management and teaches courses in information technology. “The problem is how to design the underlying infrastructure, the databases, and the applications to get good performance for end users around the world.”

A longtime researcher of distributed database systems, he applies mathematical modeling to help make such systems more effective.

With a centralized database, Internet performance degrades quickly during peak times, he says. Performance is enhanced when a database is broken apart and physically stored at different locations and operations overlapped.

A continuing question is why it is so time consuming and expensive to develop information systems. He studies the possibility of building software information systems in an analogous manner to physical hardware systems, which have plug and play components. “I want to reduce costs by understanding how to create and manage such software components.” —*Beth Matter*



NEIL BRAKE

# REUNION SCRAPBOOK

Classes ending in 5 and 0 returned to campus October 21-22 for a dynamite good time. Activities included a cocktail reception, a brunch, class parties, and a dinner/dance featuring the world's longest rendition of *Twist and Shout*.

Congratulations to the reuniting classes for raising \$287,827 in gifts and pledges that will support important programs at the School.

And many thanks to alums who served as class chairs and helped raise money, and party chairs, who opened their homes to classmates.

PHOTOS BY PEYTON HOGE AND WOODIE KNIGHT



1975

The Class of 1975 was Professor Dewey Daane's (third from left) first group of students at Owen.



EMBA 1980



Alice Peterson, '81, and Professor Dewey Daane



Millicent Lownes, '75, and Moses Akpanudo, '75, and wife, Jessie, enjoy the cocktail reception. The Akpanudos traveled from Nigeria to attend Reunion.



Sam Richmond, dean emeritus, and his wife, Evelyn, keep the beat during the dinner dance.



1980



1985



EMBA 1995



1990



EMBA 1990



1995

## CHAIRS

**1975:** John Stein, class chair, party chair

**1980:** G. Alleta and Paul McKeon, class chairs; Bert Lyles, party chair

**E1980:** Kenneth Pinkston, class chair, party chair

**1985:** Carolyn Pugh, class chair; Gary Kimball, party chair

**E1985:** Douglas Small, class chair, party chair

**1990:** Katherine and Timothy Carey, class chair; Charlie Evans, party chair

**E 1990:** David Jamieson, class chair, party chair

**1995:** Sean Rogers, class chair; Allen Brown, party chair

**E 1995:** Robert Henry, class chair; J.P. Lowe, party chair



EMBA 1985

## classACTS

'75

**Moses Akpanudo**, rector of the African College of Management in Akwa Ibom State, Nigeria, is chairman of the Moses Akpanudo Foundation and a member of the International Educators Hall of Fame.

**Yolande Burnham**, of Mound, MN, is director of worldwide strategic materials and asset for Emerson Electric, rosemounting division.

**Dirk DeLange**, of Birmingham, MI, is COO of Total Yacht Management, a new company servicing high performing sailing/racing yachts. He put more than 10,000 miles on his Harley last year and hasn't worn a suit in two years—"One of life's greatest achievements," he says.

**Gil Fuqua** is senior vice president of Corporate Communications Inc. and lives in Nashville with his wife, Karen, and two sons, Will, 16, and James, 14. His hobby is restoring and driving an antique Rolls Royce.

**Jo D. Federspiel** has been inducted into the Nashville YW Academy for Women of Achievement, an award honoring women whose excellence and leadership in their fields serve as models for young women. Federspiel, president of Deason International, Inc, a company that links U.S. businesses with opportunities in the China market, is also active in community service.

'80

**Jon Adamson**, EMBA, now

retired, lives in Alpharetta, GA, and participates in triathlons with his wife, Jo. They completed the Ironman Race in October 1999.

**Robert Falk**, EMBA, is president of HealthCare Corporation in Nashville.

**W. Michael Head**, EMBA, is executive vice president of human resources for Regions Financial Corporation in Birmingham.

**J. Franklin McCreary**, EMBA, is an attorney/mediator with Gerrish & McCreary in Nashville. The firm has represented more than 1,000 community banks in 48 states and is ranked in the top three in the nation in terms of number of bank mergers handled.

**Lee Synnott**, EMBA, doesn't know how he found time to work now that he is retired from the Ingram Book Group. He enjoys spending time with his three grandchildren and splits his time between Nashville and Colorado, where he is remodeling a ranch house and raising a barn.

**Sue Tremblay Anderson** is vice president for Meaghan Jared Partners, Inc., in Bellevue, WA. She and husband, Steve Moody, have a four-year-old daughter, Mica.

**Susan Deisinger**, of Bloomingdale, IL, is global account director for Motorola University and travels around the world visiting the company's factories in China, Singapore, Scotland, Ireland, and Germany. She and husband, Tom, have two

children, Liz, 16, and Jessie, 13.

**Dan Goldfarb**, a vice president for David L. Babson in Cambridge, MA, enjoys playing soccer in the over-40 league. He and his wife, Paige, have two sons, Jason, 8, and Randy, 6.

**Eric Van Heyst**, managing director/reinsurance for Enhance Financial Services Group Inc. in New York City, and his wife, Darby, have two children, Warren, 10, and Victoria, 7.

**Constance Ritter** is controller and financial services manager for ExxonMobil Corporation in Santiago, Chile, and enjoys adventure/nature travel in Chile and Argentina.

**William Secrest** is executive vice president for Brann Worldwide in Greenwood Village, CO, and is working on a master's in technology management from the University of Denver.

'81

**Sophia Capelli**, of Lake Forest, IL, and her three pre-teenage children collaborated on *Molly the Super Cat in Chicago*, a children's book about a cat with amazing powers.

**David Farr** is CEO and a member of the board for Emerson Electric Co. in St. Louis.

**Ron Helmuth**, after a dozen years at IBM, is now director for the Center for Information Technology at Moravian College in Bethlehem, PA.

'83

**Tricia Siegfried**, EMBA, administrative officer for OGS, is president of the Nashville chapter of the Financial Executives Institute for 2000-01.

**Jack Long**, of Austin, started a

business in the HR outsourcing field after selling his first company, Lone Star Overnight, in 1996. Long is an adjunct professor at the University of Texas, teaching entrepreneurship courses in the MBA program.

'84

**M. Hayne Hamilton** has purchased Brandau Printing, an 88-year-old company in Nashville employing 45 people.

'85

**Michael Dixon**, EMBA, is president of Travelink, Inc., in Brentwood, TN.

**Bob Haley**, EMBA, is president/CEO of Denton Regional Medical Center in Denton, TX.

**Patricia Huff**, EMBA, of Everglades City, FL, works part time as a financial adviser for Raymond James & Associates and is planning a cross country bike trip (Florida to Oregon) next summer with her husband, Steve.

**Lindsay Anderson** heads a manufacturing components organization for Boeing in Seattle.

**Linda Woodburn Buchanan**, of Castle Rock, CO, telecommutes to Digiener, Inc., where she plans and manages the implementation of new Internet-based business ventures.

**Richard and Lucy Davis** live in Wellesley, MA, with their two children, Sara, 11, and Clark, 8. Richard is an enterprise software analyst for Needham & Co., and Lucy continues to fill her resume with volunteer activities, including being chair of the American Cancer Society's Gala 2001.

**Ed Freeman**, president of The Freeman Management Corpo-

ration in Nashville, and his wife, Cynthia, have three children.

**Joey Harwell**, vice president/finance and CFO for Manchester Tank and Equipment Co. in Brentwood, TN, and his wife Bari, have twin children, Craig and Meredith, aged 8. His hobbies include being a licensed amateur sports car racing driver.

**Abram Koser** is a financial planner and analysis manager for Susquehanna Bancshares Inc., in Lititz, PA. He and wife Roxann have two children, Katelyn, 5, and Alex, 3.

**Bruce Lynskey** is vice president of marketing for SoftwareWow in Boston. He spent a week last August at a Russian swimming clinic perfecting his stroke.

**Steven Penava**, of Louisville, director of distribution for Tricon Global Restaurants, Inc., and his wife, Cheryl, have two children, Elizabeth, 5, and Steven Jr., 4.

**Cathleen Zimlich Pulliam** and Mark Pulliam, '84, live in Louisville with their three children, Elizabeth, 13, and Stuart and Jim, 11. Jim works for Jefferson Development Group.

**John Pyron** is senior marketing manager for Litton Marine Systems Inc. in Charlottesville, VA, and is a captain in the U.S. Navy.

**Corey Redfield**, of Minneapolis, chief/fixed income strategist for U.S. Bancorp Piper Jaffray, and wife Cindy have two children. After moving six times in five years following graduation, he has no plans to leave Minneapolis anytime soon.

**J. Brett Rhodes** is a principal consultant for PriceWater-

houseCoopers in Houston and a bass guitar player in The Praise Band at his church. He and his wife, Grace, have a two-year-old daughter, Amber, and a son on the way. They encourage classmates visiting town to give them a call.

**John Robinson** is president of BellSouth Advertising and Publishing in Atlanta.

**Leslie Weigel**, manager of Tennessee operations for SunTrust Banks in Nashville, is known as the "queen of consolidation" at work, she says.

**Hans Zeigler** is executive director of business operations for Mantech Environmental Corporation in Rockville, MD. He and wife, Tristram, have three children, Taryn, 7, Aubrey, 2, and Quinn, 1.

'86

**Steve Hergenrader** and his wife, Marilyn, of Memphis, announce the birth of their third child, Owen Meriwether. She joins her two brothers, Wil, 6, and Lewis, 4. Steve is an associate financial analyst with FDX.

'87

**Arvind Bajaj** is managing director/business development for the Securitized Products Group at Morgan Stanley Dean Witter in London. He married Sheila Morgan in July.

**Elizabeth Rapisarda** has returned to Vanderbilt University as director of corporate and foundation relations in Alumni and Development.

'88

**Jan Johnson Moorad**, of Newport Beach, CA, had her third son, Blake William, on April 3.

**Liz Somers**, market manager

## THE OWEN CONNECTION

In e-commerce today, the winners are not those who get there first, but those who have a real and sustainable business, said Smoke Wallin, '93, speaker at the first-year orientation dinner in August. Wallin is founder, chairman, and CEO of eSkye.com, a B2B online company offering beverage alcohol retailers, distributors, and suppliers a seamless way to conduct business.

"To succeed, you have to have a real team, a strategy that makes sense, and the ability to manage people and obtain financing." He encouraged students to take advantage of the collegial Owen community while in school

and, following graduation, to keep in touch with classmates who might become valuable business associates one day.

Wallin speaks from firsthand experience. eSkye.com's core management team is composed of Owen grads, with 15 out of 94 employees having Owen ties. "Pay attention to the way you conduct yourselves at Owen and the friends you meet here. It can mean a lifetime of success," he said.

for Randstad, recently moved back home to Green Bay, WI, where she is raising her three-and-a-half-year-old daughter, Whistler.

'89

**Dean Burgess** is executive vice president and CFO for Southern Network Services, Inc., in Birmingham.

**Laura Welch Butcher** and her husband, Todd, announce the birth of their son, Christopher Loren, on April 6. They live in London, where she is director of human resources for Delta Air Lines/European operations.

**Gary Dennis**, of Atlanta, is

senior vice president and a technology investment banker for Robert W. Baird & Co.

**Catherine Gibson Green** and **Todd Green**, of Bridgewater, NJ, are parents of a daughter, Jacqueline Grace Jewell, born June 27. Catherine is district manager of international marketing for AT&T, and Todd owns Babys1stWebPage.com.

**Carol Hess-Nickels** and her husband, Steve, both have been transferred with Compaq Computer to Munich, Germany, where they live with their two sons, Philip, 4, and Alexander, 15 months.



Wallin



'90

**Erik Andersen** is global alliance manager for Peoplesoft in Orinda, CA.

**Susan Stimbirt Bullock's** primary job is taking care of two-year-old son John, but she also works two days a week as an SAP systems consultant in Richmond.

**Tom Coleman**, director of origination for Williams Energy in Atlanta, and his wife, Anne, have two children, Foster, 5, and Ford, 3.

**Thomas Eckert** is deputy head of global equities in the Frankfurt, Germany, office of Dresdner Bank. He and wife, Irene, have two children, Felix and Florian.

**Charles Evans** is a partner with Rochford Realty and Construction Co. in Nashville.

**Jim Hartz** is director of marketing for Nextlink in Nashville.

**Rhonda Kelloway** is a student in the master of social work program at Loyola University in Chicago. She and husband, Kirk, have adopted a baby, Collin Randolph.

**Cindi Keys McShain** is a partner with Oak Hill Partners, a venture capital consulting group in Nashville. She and husband, John, have four-and-a-half year old twins, Morgan Grace and Conner Brian.

**Matthew Mulcahy** is senior vice president of Ogden Energy Inc. in Fairfield, NJ.

**John Simpson** is in commercial sales for Hanna Steel Corporation in Fairfield, AL. He and wife, Leslie, have two daughters, Lily and Sallie.

**Brad Stroud** is CFO for Coastal Health Management Associates, Inc., in St. Simons Island, GA. He and wife, Melissa, have three children.

**Kathy Tack**, an administrator for Trinity First Church of God in Nashville, recently became certified in Biblical counseling. She and husband, Allen, have two children, Kelsey, 7, and Ryan, 2.

**Carol Winn**, of Memphis, has launched a market research consulting company that specializes in consumer research.

**Anthony Zorn**, of San Salvador, was featured in the

May issue of *Estrategia y Negocios Magazine*, a Latin American business magazine. The article focused on his accomplishments as regional manager of Amnet, Central America's largest cable television company, his formation of a regional strategic alliance, and his views on the future of telecommunications in the region.

'91

**Carol Womack**, EMBA, is one of seven founding members of the executive committee of the Treasury Institute for Higher Education.

**Steve Mitchamore**, of Atlanta, is a financial services manager at Coca-Cola North American Engineering in the department that performs engineering-related services on fountain dispensers, bottle/can vending machines, and coolers. His wife, **Allison**, is director of corporate finance for BellSouth.

'92

**Bryan Pennington** is manager of training and communications for Visteon Automotive Systems in Dearborn, Michigan.

'93

**Hal St. Clair**, EMBA, is senior vice president of technology at Dialogic Communications Corporation, a high-speed notification and messaging systems provider in Franklin, TN.

**Megan Barry** is an associate director of Vanderbilt University's Cal Turner Program for Moral Leadership in the Professions.

**Lisa Derrick**, of Memphis, is a market analyst for Hilton Hotels Corporation.

**Paul J. Huffman III** is direc-

tor of investment banking for ING Barings in Nashville.

**Kevin Kane** works in sales and trading for Creditex, Inc., in New York City.

'94

**Michael Blackburn**, EMBA, partner in Petra Capital Partners in Nashville, announces the birth of daughter, Anna Elizabeth, born November 19, 1999.

**Hope Bader McCauley** is senior director of marketing services at thestreet.com.

'95

**John Clarke**, EMBA, works in corporate strategy and knowledge development for General Motors in Detroit.

**Debra Grimes**, EMBA, is CEO and CFO for Management Solutions Group in Nashville. President of the board for Court Appointed Special Advocates (CASA), she also co-chaired Pulse Day 2000, in which 900 youths provided community service.

**Susan Grimes**, EMBA, is regional contract administrator for EDS in Broomfield, CO, and indulged her travel habit last year with trips to Russia and the Ukraine.

**John Hohman**, EMBA, is a partner with Discovery Equity Advisors in Brentwood, TN.

**Jerry Kennon**, EMBA, an attorney in Nashville, and his wife, June, have two daughters and one son.

**Carl Liebert III**, EMBA, of Richmond, vice president of corporate operations for Circuit City Stores, Inc., and his wife, Amy, have three children, Jacob, 9, Seth, 8, and Samuel, 4.

**Tom McCune**, EMBA, is CEO

and senior consultant for AE Pragmatics, Inc., a firm he founded to provide facility planning and consulting services to Silicon Valley technology corporations.

**Tom Miller**, EMBA, controller for Bridgestone/ Firestone, and his wife, Louise, live in Brentwood, TN, with their two children, Anthony, 6, and Amanda, 3.

**Darryl Mott**, EMBA, is director of LAN operations for CIGNA in Franklin, TN. He and wife, Melissa, have two sons, Lance, 2, and D.J., 4.

**Kati Downes** and husband, **Kevin**, live in Alice, TX, where she is marketing director for Alice Regional Hospital, and he works for Energy Dynamics. They have one child, Caroline Anne, born September 18, 1999.

**Meredith Roberts Henry** is manager of plastics operations for GNB Technologies in Flowood, MS. She and husband, Mark, have a new hobby—rock climbing.

**Laura Ince** is account manager for Burke, Inc., in Cincinnati and enjoys scuba diving.

**Alan Lebovitz** and his wife, Alison, became parents of their first child, Arthur Solomon, on May 19. Alan, director of asset management for CBL & Associates Properties, Inc. in Chattanooga, was unable to attend Reunion because he was participating in his first Ironman competition.

**Andrew K. Miller**, of New York City, says life is way too busy with a new job as vice president/people for Arc:eConsultancy and a one-year-old son, Daniel.

**Tracy Ryan** is organizational capability director for The Coca Cola Company in Atlanta, and

## THE GIFT THAT KEEPS ON GIVING

Y2Give? The Class of 2000 raised more than \$250,000 (\$283,666 pledged over five years) to endow a business plan competition to help foster the entrepreneurial spirit among students. Proceeds from the endowment will fund an annual prize awarded to the best business plan submitted by Owen students. Judges for the contest will include faculty, alumni, and venture capitalists.

husband **Scott** is CEO of Incanta. In April, they had their first child, Mitchell Glen.

**Donald (Bo) Young** has joined eAngler.com, an online fishing resource in Tampa, as director of marketing.

'96

**Chuck Broadus**, EMBA, is marketing director for Reliant Energy, Inc., in Houston.

**Michael Lewis**, EMBA, is executive vice president of health affairs for md2patient.com, an e-Health web site for physicians, their patients, and staffs. At Vanderbilt, he is the founding medical director of the Vanderbilt Stallworth Rehabilitation Hospital and a professor of orthopedics and rehabilitation.

**Michael Vaughn**, EMBA, is senior business manager for BF Goodrich in Cleveland, OH.

**Mike Dallas** is director of compensation and sales measurement for Compaq's North American operations. He and his wife, Janine, celebrated their son Matthew's first birthday in August.

**Aaron Rothschild**, after working for two years in Hong Kong and Tokyo for MCI worldcom, is now director of business development for Dantis in Chicago.

**David Allan Zinsner**,

treasurer of Intersil Corporation in Palm Bay, FL, and wife, Juliann, celebrated the birth of their daughter, Jaycie Carolyn, on June 3.

'97

**David Dupuy**, EMBA, is project development leader for Simmonds Healthcare in Marietta, GA.

**David Bishop** married Denise Miranda on July 28, and they honeymooned in Spain. He is an assistant vice president in the fixed income strategy group at Merrill Lynch in New York City.

**Zollie (Zac) Collins** is head of leverage lending and private equity investments for middle market banking at Mellon Bank in Pittsburgh.

**Marcus Miller**, manager of International Treasury for Lanier Worldwide, and his wife, Ann, announce the birth of their second child, Jessie Augusta, born April 13.

**Robin Roy**, of Tampa, is a product manager for the Ariba B2B Marketplace product.

**J. Christopher Smith** in March relocated from Houston to Atlanta as manager of financial planning for Delta Airlines. He and his wife, Rita, became the proud parents of Joseph Christian on May 16.

'98

**Phil Yankovich**, EMBA, is associate registrar at Wayne State University, which has more than 30,000 students.

**Troy Legge**, of Atlanta, is manager of real estate for Cogent Communications.

**Craig Savage**, an associate with Goldman Sachs in Memphis, married Anna Chin on June 24.

**Ivan Schneider** attended Cornell University's year-long intensive Japanese course and is an associate editor at *Bank Systems & Technology* magazine in New York City and a freelance reporter for *Asian Financial Intelligence* (AFI.com), covering Asian stocks that trade in the U.S. Anyone wishing to be one of his inside sources can send market buzz, opinions, and rumors to [ivaan@home.com](mailto:ivaan@home.com).

'99

**John McMoy**, IEMBA, is director of institutional advancement for Chattahoochee Valley Community College in Phenix City, AL.

**Kent Cunningham**, of Nashville, is director of marketing for Inphact, Inc., a privately held provider of Internet-based radiology services.

## ONLINE ALUMNI DIRECTORY

Current home and business addresses, phone numbers, email addresses, and other information for thousands of alumni are available to you online as an Owen alumnus. You can search by name, class year, academic concentration, geographic location, or employer. Contact the School to register your name and receive your password. Simply call 615/322-3653 or email us at [alum@owen.vanderbilt.edu](mailto:alum@owen.vanderbilt.edu), and we'll get you online.

Get Back in Touch **TODAY!**



Debora Guthrie at the 1998 Republican House-Senate Dinner. From left, sitting: Guthrie; James M. Talent, congressman (Missouri) and chairman of The House Small Business Committee; Lee Mercer, president, National Association of Small Business Investment Companies; and Harry Katrichis, House Small Business Committee; standing: Joseph F. Kelly Jr., executive vice president of Capitol Health Partners; John Russell, Office of House Majority Whip; Robert Dotchin, The Advocacy Group; Louis Taylor, former chief of staff, Senate Small Business Committee.

## A Capitol Idea

Times have changed considerably since 1979, when Debora Guthrie first applied for an investment banking position at a top New York firm, armed with an MBA from the Owen School and work experience from a short stint at J.C. Bradford & Co. in Nashville. At that point, being a woman and having a degree from Vanderbilt were not necessarily assets. “The man interviewing me said, ‘Vanderbilt? How did you make it this far in the interview process?’” recalls Guthrie. “At that time only three or four graduate programs were well respected.”

Thanks to groundbreakers like Guthrie, now president and CEO of Capitol Health Management Corporation in Washington, D.C., women, and specifically women graduates from OGSM, have a somewhat easier time knocking on doors in Manhattan. Guthrie believes

much of the credit belongs to Martin Geisel, who served as dean of the Owen School from 1987 to 1998.

“I think Marty Geisel stepped in and took Owen to another level,” says Guthrie. “He helped build the reputation of the School, so it is now viewed as one of the top graduate business schools.” Guthrie backs up her beliefs with money. She recently made a \$25,000 pledge (\$5000 a year for five years) to the Martin Geisel Scholarship Fund. She also hosts parties, inviting Owen students to mingle and network with members of the New York financial community.

Guthrie also knows nothing can replace on-the-job training. Her first job in the business world was at J.C. Bradford during summer and winter breaks from Owen (December 1977, accounting; January 1978-June 1979, investment banking), work that steered Guthrie in the direction of

health-care related investments. She now has spent more than two decades in private and public financing and investing in health care service provider companies.

Capitol Health manages venture capital funds focusing on early stage health care companies. In the mid 90s, Guthrie raised \$20 million in private capital to create the company’s first fund. Today that fund is worth \$60 million, fully invested with 15 portfolio companies.

Guthrie is now in the process of marketing a \$200 million venture capital fund, with a large portion to be invested in what Guthrie sees as the virtually untapped European healthcare market.

The idea of starting her own business grew out of her work experiences at some of the nation’s most prestigious investment firms, she says. Even so, taking the helm herself was daunting. “Even though I have an MBA, CFA, and CPA and I’ve spent my entire career advising on financing or making investments, you never fully appreciate the real meaning of cash flow until you start your own business. It changes everything when you have to pay someone’s salary, or the rent.”

Guthrie surrounds herself with talented people who offer a wide variety of skills and balance out her own financial expertise. Her company currently supports three senior, two mid-level, and two junior staff members, as well as a steady flow of eager interns who hope, like their mentor, to parlay their early training into lifelong venture capital careers.—*Ned Andrew Solomon*

## BOARD OF DIRECTORS 2000-2001

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Petra Capital

**Janet Carr, E '98**  
RR Donnelley & Sons

**Joseph Crace, '81**

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**Cotter Cunningham, '91**  
Bankrate, Inc.

**Robert W. Davis, '91**  
Ex-Officio  
Storage Provider, Inc.

**Rush Dickson, '78**

**Jack Driscoll, '00**  
PriceWaterhouseCoopers

**Mark Fortune, '76**  
Century II Staffing, Inc.

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**Robert E. Henry, E '95**  
American Endoscopy Services, Inc.

**Timothy W. Hough, '95**  
Accenture

**Samuel H. Howard II, E '97**  
Knight Advisors

**Jeffrey J. Kudlata, E '96**  
Verizon

**Virginia Banks Lazenby, '73**  
Bretagne Corp.

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**Daniel O. Maclellan, '97**  
Openseats, Inc.

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Goldman Sachs & Co.

**Heiki Miki, '96**  
National Steel Corporation

**Nedda Pollack, E '84**  
AmSouth Bank

**Scott F. Prince, IE '98**  
BankDirect

**Carolyn Bowman Pugh, '85**  
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**John E. Roberson, '91**  
Shop At Home

**John G. Robinson, '85**  
BellSouth Advertising and Publishing

**Craig Savage, '98**  
Goldman Sachs & Co.

**Steven Summers, '99**  
Deloitte Consulting

**Mark A. Tillinger, '82**  
Accenture

**Donald E. Townswick, '92**  
Aeltus Investment Management

**Brenton R. Turner, '99**  
Avenue A Media

**J. Smoke Wallin, '93**  
eSkye.com

**Leo Whitt, E '95**  
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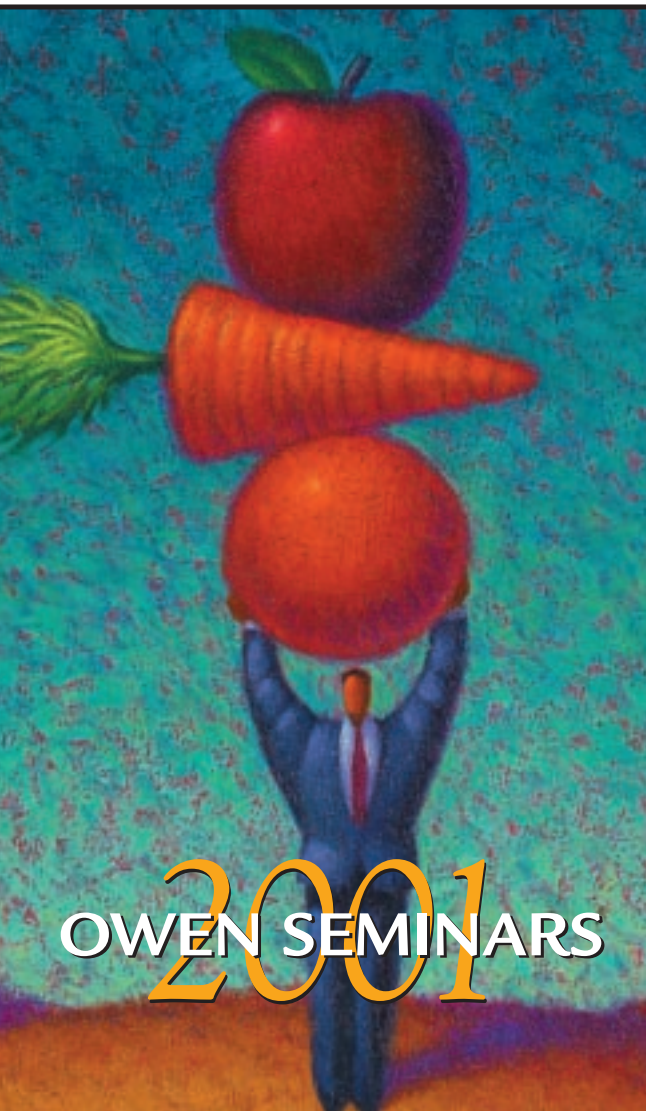
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