



Bill of Health

The financial impact of health care reform

MILITARY DISCIPLINE

From battlefields to business fields

BEYOND NUMBERS

The Master of Accountancy program takes a new approach





Health Care. Business. Vanderbilt.

Like nowhere else, we combined a world-class business school, world-class medical center and world-class health care community to bring you programs in health care business that are a world apart.

Health Care MBA • Executive MBA • MD/MBA • PhD/MBA • MM Health Care
Advanced Certificate in Health Care Management • Custom Programs



VANDERBILT UNIVERSITY
OWEN GRADUATE SCHOOL OF MANAGEMENT

HealthCareAtOwen.com

CONTENTS

2 PERSONAL ASSETS

Tasha Ross, MBA'08, and Lindsay Beckner, BA'04, discover a winning recipe at FiddleCakes
by SETH ROBERTSON

9 IN THE NEWS

Headlines from around the world

10 STUDENT EXPERIENCE

Making lighting more affordable in Bangladesh
by BRIAN WAINSTEIN

14 CAMPUS VISIT

Q&A with Read McNamara, MA'76, Executive Director of the Career Management Center

26 CORPORATE SPOTLIGHT

Karla Diehl, MBA'87, embraces a new challenge at Partners Tea Co.
by CINDY THOMSEN

40 BUSINESS AND SOCIETY

Bringing better nutrition to Mozambique
by CLAIRE BROWN

53 GLOBAL PERSPECTIVE

The valuable lesson I learned in India
by DARREN GEST, MBA'10

56 BOTTOM LINE

Rebuilding Gaylord Entertainment after the flood
by DAVID KLOEPEL, BS'91, MBA'96

ON THE COVER

Illustration by GEORGE SCHILL



34

FEATURES

20

BILL OF HEALTH

The financial impact of health care reform
by ROB SIMBECK

34

MILITARY DISCIPLINE

From battlefields to business fields
by RANDY HORICK

MISCELLANEOUS

4 FROM THE DEAN

A message from Jim Bradford

5 EDITOR'S MEMO

Preserving a reminder of Nashville's resolve

6 INSIDE OWEN

'Cracking the Code' Conference Examines Consumer Psychology | McNamara Named Executive Director of CMC | New Event Welcomes Students to Owen | Off the Press

12 FACULTY IN FOCUS

Promotions, appointments, awards and honors

16 INSIDE BUSINESS

Trade Secrets | Raising the Red Flag | The Elephant Inside

42 CLASS ACTS

Jim and Margaret Brunstad, MBM'75 | Bryan Deaner, MBA'93 | Todd Jackson, BA'96, EMBA'08

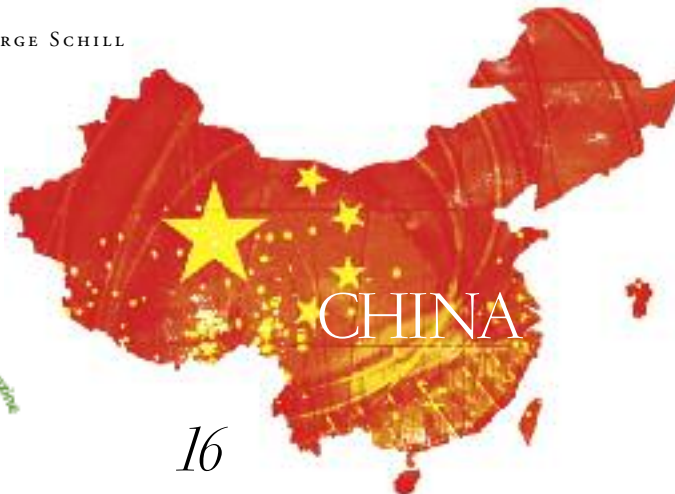


26

PHOTO ESSAY

28 BEYOND NUMBERS

Vanderbilt's Master of Accountancy program takes a new approach
by JEANNIE NAUJECK



16



“BAKING IS ALL ABOUT CHEMISTRY,” SAYS Lindsay Beckner, who co-owns FiddleCakes, a Nashville-based bakery, cafe and catering business that can accommodate box lunches for 30 or cupcakes for 500. “You have to be very exact. There’s little room for error.”

Beckner may be referring to what determines a successful recipe for, say, a muffin or a scone, but she could just as well be talking about what determines a successful business, like the one she and fellow co-owner Tasha Ross have built during the past year.

The idea of opening a bakery started with Ross, but the pieces did not fall into place until Professor of Accounting Germain Böer introduced her to Beckner, a fellow Vanderbilt alumna who was working in finance and catering on the side. Ross and Beckner clicked, and their business plan came together quickly: They opened FiddleCakes just five months after their initial meeting.

“Coming from an HOP [human and organizational performance] background at Owen, I knew one of the toughest things would be building a team,” says Ross, who previously worked for a startup software company. “Fortunately we found that we share the same vision.”

An important part of that vision is providing customers with tasty vegan and gluten-free meals. Demand for the latter has grown in recent years as more doctors prescribe restricted diets for those suffering from conditions like autism and celiac disease, the autoimmune disorder caused by gluten proteins in certain grains.

Forgoing eggs and traditional flour makes Ross and Beckner’s task of operating their bakery all the more challenging. “The recipes are much more temperamental than they would be otherwise,” Beckner explains. “Sometimes the mixes don’t rise, and you have to start over again.” The challenge, though, as they see it, is well worth the effort.

“It makes all the difference when, for example, a parent whose child suffers from celiac disease thanks you personally,” Ross says. “Running a successful business is rewarding, but having a social impact on top of that is even better.”

The Right Ingredients

Tasha Ross, MBA'08, and Lindsay Beckner, BA'04, discover a winning recipe at FiddleCakes

By **SETH ROBERTSON**



Tasha Ross (left) and Lindsay Beckner offer a variety of vegan and gluten-free baked goods at FiddleCakes.

JOHN RUSSELL



FROM THE DEAN

Friends and colleagues,

Inspiration comes in many forms and often from unexpected sources. As business leaders we plan, budget and dream, yet we often don't find the needed spark in the incremental day-to-day events of life. As Seth points out in his editor's memo on the opposite page, sometimes it takes a calamity like the flood that devastated Nashville in early May to make us see things differently. Crisis can often be the driver of change, and in such change we frequently find inspiration.

In the early days of my management career, a mentor of mine named R.D. Hubbard offered this advice: "Never waste a crisis." What he meant was that a crisis can inspire us to go in new directions and to think of the world in what Charles Handy in *The Age of Unreason* calls an "upside-down way."

In many regards we're witnessing today the discontinuous change that Handy predicted. It is a time of irrational markets, deflation, unsettling yield curves, overpriced tech deals and talk of the Hindenburg Omen. Yet amid all of this uncertainty, there is opportunity.

At a recent gathering for an advisory group composed of faculty, Alumni Board members, Board of Visitors members, staff and friends, I found inspiration in their longer vision for how to propel the school forward. They suggested that we in the Owen community should "think longer, think bigger, think of the tipping point." In the coming months I hope *you* will seek similar inspiration in a plan for the future—to act, to engage and to make a difference for Owen.

Respectfully yours,



James W. Bradford
Dean, Vanderbilt Owen Graduate
School of Management
Ralph Owen Professor of Management



JOHN RUSSELL

EDITOR'S MEMO

FALL 2010

DEAN

JIM BRADFORD

EDITOR

SETH ROBERTSON

CONTRIBUTORS

NIKHIL BIMBRAHW (MBA'03), CLAIRE BROWN, NELSON BRYAN (BA'73), DANIEL DUBOIS, DARREN GEST (MBA'10), STEVE GREEN, RANDY HORICK, DAVID KLOEPEL (BS'91, MBA'96), JENNY MANDEVILLE, JEANNIE NAUJECK, ALLEY PICKREN, JAN READ, ANN ROBINSON, JOHN RUSSELL, TERRI SEALE, CINDY THOMSEN, MARSHALL TURNBULL (MED'05), RYAN UNDERWOOD (BA'96), BRIAN WAINSTEIN, AMY WOLF

DESIGNER

MICHAEL T. SMELTZER

ART DIRECTOR

DONNA PRITCHETT

EXECUTIVE DIRECTOR OF

MARKETING AND COMMUNICATIONS

YVONNE MARTIN-KIDD

ASSOCIATE DEAN OF DEVELOPMENT

AND ALUMNI RELATIONS

PATRICIA M. CARSWELL

EDITORIAL OFFICES: Vanderbilt University, Office of Development and Alumni Relations Communications, PMB 407703, 2301 Vanderbilt Place, Nashville, TN 37240-7703, Telephone: (615) 322-0817, Fax: (615) 343-8547, owenmagazine@vanderbilt.edu

PLEASE DIRECT ALUMNI INQUIRIES TO:

Office of Development and Alumni Relations, Owen Graduate School of Management, PMB 407754, 2301 Vanderbilt Place, Nashville, TN 37240-7754, Telephone: (615) 322-0815, alum@owen.vanderbilt.edu

Vanderbilt University is committed to principles of equal opportunity and affirmative action. Opinions expressed in *Vanderbilt Business* are those of the authors and do not necessarily reflect the views of the Owen School or Vanderbilt University.

Vanderbilt Business magazine is published twice a year by the Owen Graduate School of Management at Vanderbilt University, 401 21st Avenue South, Nashville, TN 37203-9932, in cooperation with the Vanderbilt Office of Development and Alumni Relations Communications.

© 2010 Vanderbilt University. "Vanderbilt" and the Vanderbilt logo are registered trademarks and service marks of Vanderbilt University.

Flood of Memories

*Preserving a reminder of
Nashville's resolve*

By SETH ROBERTSON

THE FLOODWATERS THAT DEVASTATED Middle Tennessee in early May left their mark in more ways than one. The physical destruction was sudden and overwhelming: Lives were lost, and many homes and businesses were in ruins once the muddy water subsided. The psychological impact, however, didn't recede quite so easily. For weeks afterward the unseen effects of the disaster—the shock, worry and fatigue—continued seeping into the lives of everyone in this area.

Fortunately my family and I were spared during the flood, but I'm still haunted by pictures from those days. One in particular that has stayed with me is that of the Grand Ole Opry stage door half-submerged in murky water. The photo, which appeared in various media outlets, is what you'd expect from a snapshot taken in difficult conditions; the lighting is poor, the image a little shaky. Yet it resonates with me nonetheless because of a personal connection I feel toward it.

During the late '70s and early '80s, I had the privilege of spending many hours backstage at the Opry House just steps from that very door. At the time my father sold advertising for WSM, the AM radio station that broadcasts the show, and I'd often tag along when he entertained clients. Some of my earliest memories are of standing offstage watching Roy Acuff and other stars of that era perform.

These memories are what first came to mind when I saw the photo of the door. My heart sank as I thought of all the history washed away and of the monumental rebuilding task that lay ahead—a task incidentally that David Kloeppe, BS'91,



MBA'96, President and Chief Operating Officer at Gaylord Entertainment, writes about on page 56. Gaylord has worked doggedly to restore the Opry House to its former glory, and remarkably it is now open for business once again.

While I never really doubted that the Opry would someday return, I did wonder if it, and Nashville for that matter, would ever be the same. Now that time has afforded some perspective, I realize how shortsighted that was of me. The question wasn't so much *if* but rather *how* our community would change, and I'm happy to say that in many ways it has been for the better. A page of history may have been lost in the flood, but in its place a new one is being written—one that reflects our compassion and resolve.

There's no better symbol of this than the stage door itself. In salvaging the door, Gaylord decided to preserve the mark left by the flood and display it for all to see. Aside from being a historic curiosity, I'd like to think that the mark serves another purpose altogether—to signal a high point of sorts. It commemorates not the depths to which we Nashvillians sank as a community but rather the heights to which we rose, buoyed by neighborly love, perseverance and the promise of new beginnings. **VB**

I N S I D

CONFERENCE 'Cracking the Code' Conference Examines Consumer Psychology | LEADERSHIP McNamara Named

CONFERENCE

'Cracking the Code' Conference Examines Consumer Psychology

This past summer marketing professionals and academics gathered at Owen for the 2010 Advertising and Consumer Psychology Conference, titled "Cracking the Code: How Managers Can Drive Profits by Leveraging Principles of Consumer Psychology." The conference attendees heard presentations on state-of-

the-art managerial consumer advice and reviews of up-to-the-minute research on consumer behavior with the goal of ultimately improving managerial decision-making and organizational performance.

Presenters from Owen included conference organizer Steve Posavac, the E. Bronson Ingram Professor of Marketing, and Steve Hoeffler and Jennifer Escalas, both Associate Professors of Marketing.

In his presentation called "Managing the Marketing Mix to Drive Brand Consideration and Choice," Posavac half-jokingly referred to his selection of the conference t-shirt as

an illustration of the way most consumers go about buying products. He simply called colleagues from Owen and got a recommendation for a t-shirt company without thoroughly researching his options according to quality, cost or any other factors. Consumers, he explained, always appreciate an easy decision, and that is one reason end-cap displays in supermarkets are so effective.

"Brands are judged more favorably than warranted when judged in isolation," he said.

Meanwhile Hoeffler focused on the area of radically new products, his marketing research specialty. He said questions need to be asked about whether these products transform the market or create a new one before a strategy can be devised.

"Does it allow customers to do something they've never done before?" he asked.

If a product meets that test, then there is more flexibility in advertising and more opportunity to break new ground, while communicating the basic needs met by the product. When bringing out a new product, a company can start with an abstract idea or concept, but Hoeffler said it is important to create a more concrete message at the point of adoption.

Escalas' presentation highlighted narrative processing and storytelling in ads. She mentioned a dog food campaign that told stories about pets in need of adoption. The dog food was then



E O W E N

Executive Director of CMC | STUDENTS New Event Welcomes Students to Owen | FACULTY Off the Press

JOHN RUSSELL



From left, Steve Posavac, Jennifer Escalas and Steve Hoeffler

associated with a good cause and a good story. Escalas went on to talk about what makes for a good story in advertising and emphasized that research has shown stories can build meaning for brands. A surprising finding was consumer data showing fictional stories persuade consumers just as much as factual narratives.

“You need creative ad execution to get through the clutter,” she said.

LEADERSHIP

McNamara Named Executive Director of CMC

Read McNamara, MA'76, a seasoned executive who has held senior positions

with such *Fortune* 500 companies as Gillette, Pillsbury, ConAgra, Revlon and Bausch & Lomb, has been appointed Executive Director of the Career Management Center for the Owen School.

McNamara has lived and worked extensively in Latin America and Asia, speaks fluent Spanish and is conversant in Portuguese. He earned his MBA at Wharton, a master's degree in Latin American studies from Vanderbilt and a bachelor's degree from Colgate, where he has worked closely with their career management center as an alumnus.

“We are pleased to hire Read in this critical role for Owen,” says Jim Bradford, Dean of the Owen School. “With a wealth of connections, global experience and unparalleled sales skills, he can



New Event Welcomes Students to Owen

The Owen School held its first-ever Welcome Owen Well (W.O.W.) event during new student orientation in August. The event, which was held in the lobby of Management Hall, welcomed members of the Class of 2012, who entered the building and made their way through a sea of cheering onlookers. More than 70 Owen alumni, representing a variety of ages, class years and industries, attended the gathering. Special thanks to Nelson Andrews, BA'89, EMBA'95, and J.P. Lowe, BA'83, EMBA'95, for organizing a “welcoming tunnel” for the new students.



undoubtedly help us open doors and build our recruiter base in the U.S. and abroad.

“We also look forward

to his role as a mentor and adviser to our students as he helps them match their goals and talents with the needs of business.”

McNamara succeeds Joyce Rothenberg, who led the Career Management Center for the past three years. Rothenberg left the Owen School to relocate to New York with her family. “Joyce has helped strengthen this department in many ways and is leaving a stable team and firm foundation on which her successor can build,” Bradford says.

For an interview with Read McNamara, see page 14.



McNamara



Owen has a new website!

Visit owen.vanderbilt.edu to see more.

OFF THE PRESS

Recently published books authored by Owen faculty

Advanced Accounting, 4th ed.,
New York: Wiley & Sons, 2009.

By Debra Jeter, Associate Professor of Accounting, and Paul Chaney, the E. Bronson Ingram Professor of Accounting

Managing Projects: A Team-Based Approach, Boston: McGraw-Hill Irwin, 2010.

By Nancy Lea Hyer, Associate Professor of Operations Management, and Karen A. Brown

The Executive and the Elephant: A Leader's Guide to Building Inner Excellence, San Francisco: Jossey-Bass, 2010.

By Dick Daft, the Brownlee O. Currey Jr. Professor of Management (To learn more about The Executive and the Elephant, please visit page 19.)

Marketing Research: Methodological Foundations, 10th ed., Mason, Ohio: South-Western, Cengage Learning, 2010.

By Dawn Iacobucci, the E. Bronson Ingram Professor in Marketing, and Gilbert A. Churchill Jr.

MM: Marketing Management, Mason, Ohio: South-Western, Cengage Learning, 2010.

By Dawn Iacobucci

Headlines from Around the World

Putting Investors in a Fix, Southern-fried Health Care, To Specialize or Not

EXECUTIVE MBA PROGRAM IN TOP 25

The **Vanderbilt Owen Graduate School of Management** ranks No. 25 among executive MBA programs in *The Wall Street Journal's* new survey of national business schools. On management skills and alumni satisfaction—key components of the overall rankings—Owen is No. 17 and No. 18, respectively.

The Wall Street Journal, Sept. 30

PUTTING INVESTORS IN A FIX

In coming weeks the Securities and Exchange Commission and Commodity Futures Trading Commission are expected to release their report on the “flash crash” of May 6, 2010, when the stock market briefly plummeted. “The market always tries to find its way around the rules,” says **Bill Christie**, the Frances Hampton Currey Professor of Finance, whose work first exposed the game-playing among Nasdaq dealers in the 1990s. “It’s kind of like a balloon—you squish one side and it pops out the other.”

The Wall Street Journal, Aug. 24

BEWARE OF ‘INDEPENDENT’ RESEARCH

In recent years financial-services firms have found a new tool to help them drum up customers: the academic study. Universities conducting the research say they do not allow sponsors to interfere, but critics say that schools should do



more to disclose corporate support. **Hans Stoll**, the Anne Marie and Thomas B. Walker Jr. Professor of Finance, says business schools have been accused of not being close enough to the real world. “The connection to business is desirable. I don’t think we want to sever that on the altar of conflict of interest,” he says.

The Wall Street Journal, Aug. 16

SOUTHERN-FRIED HEALTH CARE

Health care now is by far the largest industry in Nashville, commanding a fifth of its economy, with the picture looking ever brighter as the industry stands to gain from constant, unrestrained growth. But as the capital of Tennessee, the second-most obese state in the nation, Nashville’s health care cluster suffers from a public relations blemish. **Jim Bradford**, Dean of the Owen Graduate School of Management, is quoted.

MarketWatch, July 27

TRIMMING PAYROLL WITHOUT LAYOFFS

While layoffs may be necessary at some small businesses, employers should avoid sharpening the ax. Here’s why: Not only do employees contribute to the company’s productivity and bottom line, they’re often well-schooled (at a great

cost) on specific business methods. If there isn’t enough work to go around, consider switching up people’s duties, suggests **Ray Friedman**, the Brownlee O. Currey Professor of Management. “I have seen big companies make it through downturns by having factory workers do maintenance work [such as] painting, fixing tools” and the like, he says.

Entrepreneur, July 20

BUYING HOUSEHOLD STAPLES ONLINE

SmartMoney's “Deal of the Day” blog looks at online deals for everyday household items. The regularity with which consumers buy household goods appeals to Web retailers, says **Dawn Iacobucci**, the E. Bronson Ingram Professor in Marketing. Even Amazon offers groceries and home products. “They’re all hoping to hook you on the convenience of home delivery for a regular order,” she says.

SmartMoney, July 20

TO SPECIALIZE OR NOT

Once accepted to business school, students must decide whether they need or want to specialize or pursue a more general business education. “Don’t stick to one goal or career choice if it’s just not going to bear fruit,” says **Nick Bollen**, the E. Bronson Ingram Professor of Finance. Several of his students have looked to other industries for employment and found roles in entirely different areas, such as health care.

Financial Times, June 22

In a New Light

Making lighting more affordable in Bangladesh

By BRIAN WAINSTEIN



JOHN RUSSELL

Wainstein displays the foot pedal that he and a group of students from the Vanderbilt University School of Engineering devised.

.....
BRIAN WAINSTEIN is an MBA degree candidate for 2011.

IN 2009 A TEAM OF VANDERBILT graduate and undergraduate students visiting rural Bangladesh made a startling observation. The villagers they met lacked access not only to reliable electricity but also to cheap, alternative fuel for lighting their homes. Though widely available, kerosene in Bangladesh typically costs \$5 per month, or the equivalent of an average week's salary—far too expensive to use for anything besides cooking.

This problem is not just limited to a handful of villagers the team met. There are, in fact, more than 100 million people in rural Bangladesh who are literally in the dark. Once the sun sets, countless children can no longer study or do homework, families and friends cannot interact, and all work ceases. And during the day the situation is not much better. Bangladesh is both blessed and cursed with a monsoon season, and for almost

two-thirds of the year, the sun is blotted out by thick, dark storm clouds, denying these people sufficient light to live by.

The 2009 trip, which was organized by Project Pyramid, an interdisciplinary student organization that aims to alleviate world poverty, demonstrated the need for a sustainable lighting and power solution in rural Bangladesh. To tackle this issue, the organization proposed three different projects: building a biogas digester to convert animal waste into usable methane gas, creating an apparatus to turn that gas into power, and devising a product to generate more affordable lighting.

Project Pyramid presented these ideas to the School of Engineering, which, in turn, gave its fourth-year students the option of working on them as senior design projects. Each project would require a small team of engineering students led by a first-year MBA candidate. As a member of Project Pyramid, I volunteered to lead the team tasked with the affordable lighting solution. Although I hadn't traveled to Bangladesh with the others in 2009, I was familiar with poverty in my native South Africa and knew what a positive impact a basic convenience like lighting could have on those affected. Joining me on the project were engineering students Greg Larson, Jared Robertson, Mason Hensley, Macy Skulman and Carly Jackson, all in the Class of 2010.

At the launch of the project, Clinical Professor of Management David Owens gave an insightful talk about innovation management, entreating us to consider the constraints when looking to innovate. This approach proved especially valuable for us as we highlighted two constraints that guided us throughout: (1) the product had to be affordable and meet a certain low price point, which

we decided should be the \$5 that was already being paid monthly for kerosene, and (2) the power source had to be sustainable and readily available to villagers and again, had to fall within our price point.

Initially we considered a number of different ways to power our product, from using the nuclear decay of radioactive materials to more traditional sources like wind and solar energy. Our list eventually narrowed to two choices: either solar or kinetic (human) power. Since Bangladesh has heavy cloud cover for most of the year, we decided a kinetic solution was best. (Although there are solar panels that can work on cloudy days, they are not affordable in

The potential for real innovation was not in a light that could be powered by different sources; it was in a kinetic device that could power any number of rechargeable items, including lights.

this instance.) The engineers also proposed using a light-emitting diode (LED), which is energy efficient and reliable, and a modular design, which would give the user the option of changing power sources.

Our team had some clever ideas for using kinetic energy to power the lamp but settled on a foot-pedal design similar to that of manual sewing machines. The initial prototype was promising: It created a flickering light that varied as the pedal went through its arc. The catch, though, was that it needed to produce a steadier current and higher voltage to be a viable light source.

In discussing this challenge with others, including Stephen Songy, MBA'10, and Joseph Boulier, MBA'10—the two second-year MBA students heading up all the Project Pyramid teams—I soon realized our group should take a different approach.

Rather than focusing on increasing the output of the foot pedal, I thought we should instead figure out a way to harness the energy it creates. In some sense we had the modular design backwards. The potential for real innovation was not in a light that could be powered by different sources; it was in a kinetic device that could power any number of rechargeable items, including lights.

Excited by this suggestion, the engineers on our team produced an updated prototype featuring a USB, instead of a proprietary, connector. At our next meeting we tested a compatible LED light, which worked fantastically. Next we plugged in an iPod and then a BlackBerry to the USB connector and

charged them both using the foot pedal. After more meetings and tests, our product was finally ready for the end-of-the-year Project Pyramid showcase, where it performed as well as we had hoped and received a lot of attention from the other participants.

So, what is next for our product? Even though my teammates and I are no longer collaborating on it, the idea awaits a future group of students eager to change the world for the better. The next step will be to modify the design so that it can be easily mass-produced. It will also need to be tested in real-world conditions. And, if all goes as planned, I hope someday it will shed light, so to speak, on a problem that has plagued rural Bangladeshis for far too long. **VB**

Promotions, Appointments, Awards and Honors



Barry



Bollen



Bradford



Burcham



Christie



Cooil



DuBois



Friedman



Gardner



Hyer



Iacobucci



Jeter



Lapré



Lewis



McCann



Posavac



Ramanujam



Scudder



Shor



Whaley

Bruce Barry, the Brownlee O. Currey Jr. Professor of Management, was named Chair of the Advisory Board of the International Association for Conflict Management and Associate Editor of the scholarly journal *Negotiation and Conflict Management Research*.

Nick Bollen, the E. Bronson Ingram Professor of Finance, was promoted to full professor.

Jim Bradford, Dean and Ralph Owen Professor of Management, was reappointed Dean of Vanderbilt Owen Graduate School of Management for a five-year term, effective July 1.

Michael Burcham, Lecturer, was appointed President of the newly formed Nashville Entrepreneur Center.

Bill Christie, the Frances Hampton Currey Professor of Finance, continues his appointment as Editor of the journal *Financial Management* through 2011.

Bruce Cooil, the Dean Samuel B. and Evelyn R. Richmond Professor of Management, received the 2010 Faculty Research Impact Award.

Tim DuBois, Clinical Professor of Management, was named Vice President and Managing Executive of Nashville's newly expanded regional office of the American Society of Composers, Authors and Publishers.

Ray Friedman, the Brownlee O. Currey Professor of Management, joined the editorial board of *Organizational Behavior and Human Decision Processes* and received a 2009 Visiting Scholar Grant from the National Science Council of the Republic of China. He also won Best Empirical Paper 2009, International Association for Conflict Management (with Wu Liu and Ying-yi Hong) and Best Practitioner Presentation Award, 18th Frontiers in Services Conference, Honolulu, 2009 (with Bart Larivière, Timothy Keiningham, MBA'89, and Lerzan Aksoy).

Tim Gardner, Associate Professor of Management, was appointed to a three-year term as a member of the editorial board of the journal *Personnel Psychology*.

Nancy Lea Hyer, Associate Professor of Operations Management, won Best Paper 2009 from the *Journal of Operations Management* (with Dr. John A. Morris Jr. from the Vanderbilt University Medical Center).

Dawn Iacobucci, the E. Bronson Ingram Professor in Marketing, won the American Marketing Association Excellence in Research Award.

Debra Jeter, Associate Professor of Accounting, was appointed Associate Editor of *Issues in Accounting Education* and was named to the editorial board of *The Accounting Review*.

Michael Lapré, the E. Bronson Ingram Professor of Operations Management, continues as Department Editor for *Production and Operations Management* (2006–present) and Associate Editor of *Management Science* (2009–present) and *Manufacturing & Service Operations Management* (2007–2010).

Craig Lewis, the Madison S. Wigginton Professor of Management, is serving a visiting appointment at the U.S. Securities and Exchange Commission.

Brian McCann, Visiting Faculty of Strategic Management, won the 2010 Executive MBA Outstanding Teaching Award.

Steve Posavac, the E. Bronson Ingram Professor of Marketing, was promoted to full professor and received the 2010 Faculty Research Productivity Award.

Ranga Ramanujam, Associate Professor of Management, joined the editorial board of *Organization Science* and was granted tenure. He also was a finalist for the *Academy for Management Review* Best Paper Award in 2009.

Gary Scudder, the Justin Potter Professor of Operations Management, was appointed Associate Editor of *Operations Management Review*.

Mike Shor, Assistant Professor of Management, was presented the 2010 James A. Webb Excellence in Teaching Award.

Bob Whaley, the Valere Blair Potter Professor of Management, won the 11th Annual Bernstein Fabozzi/Jacobs Levy Award for Best Article published in the *Journal of Portfolio Management* in 2009.

Q&A with an Owen Staff Member

Read McNamara, MA'76, Executive Director of the Career Management Center



Read McNamara

Read McNamara recently joined the staff at Owen after spending 35 years in the consumer goods industry. His distinguished career included stints in both Latin America and Asia. McNamara holds a bachelor of arts from Colgate University, a master of arts from Vanderbilt and an MBA degree from The Wharton School.

Q. Your master's degree from Vanderbilt is in Latin American studies. How did you become interested in that?

A. I was born and raised in a small town in rural Connecticut. I hadn't seen much of the world by the time I got to college but found that I had a facility for languages and actually became a modern languages major at Colgate. Like so many liberal arts graduates, I had absolutely no idea what I wanted to do in life. I knew I

wanted to work internationally because I had that wanderlust that so many 22-year-olds have, but I had no idea if I would channel that interest into the business world or into the public sector. The perfect way for me to find that out, albeit an expensive way, was to get myself into a nonterminal degree at the graduate level, and Vanderbilt had a wonderful—and still does—master's program in Latin American studies.

Q. International opportunities have played a big role in your career. Where have you lived and worked, and what have you learned from those experiences?

A. My family and I lived in Guatemala, Ecuador, Panama and Venezuela, and later in Hong Kong for three years. In

Hong Kong I grew to have a tremendous appreciation for what you and I would call consensus management. The Asian way of attacking a problem is so much different from the way we do it in the West. In Latin America what I took away was an appreciation for a more emotional approach to business. In some ways it is the antithesis of what I found in Asia. I remember that my boss at Pillsbury told me, "You've spent enough time in Latin America. I'm going to send you someplace where you're going to have to do things totally differently." He was right. The two things I grew to appreciate are different approaches to solving the same problem. Also another key difference I noticed was the pace at which business and social life are done. In Latin America the pace is deliberate and methodical—often with detours. However, in Hong Kong, the pace my wife, five children and I experienced was breakneck. People had to prod me along because everything happened so fast. I'm glad, though, that I spent time in both parts of the world, as different as they are.

Q. You mentioned your wife and children. What did they think about moving around to all of those places?

A. My long-suffering wife of 38 years has been through 15 moves. She is the real champion. The five children—four boys and a girl—are appreciating what they experienced more and more as they age. I just recently had a conversation about this with my eldest, who is 34. It was a very different conversation from the ones I had with my kids when they were teenagers

being uprooted from one country to another. In fact, one of my kids is now involved in international work.

Q. Speaking of change, you're in the middle of making a big transition from the corporate world to academia. Where did you work before Owen?

A. Before this, I started a general management consulting practice in 2003 with four friends. I had always looked upon owning my own business as something to do in the “presunset” years. It was a wonderful experience. And before that I was in the consumer packaged goods industry at companies like Gillette, Revlon, Pillsbury and more recently Bausch & Lomb in Rochester, N.Y., where we just moved from.

Q. How did you become interested in career management?

A. I'm very fortunate to have been involved in a pro-bono capacity with career services at Colgate. When I was on the alumni board there, I headed the career services committee and found that I really enjoyed it. In fact, I spent three

or four years after my term was up volunteering one day every month in the career services office. That's how I got a taste for it.

Q. Did you envision yourself doing this for a living at the time?

A. Yes, my wife and I decided in 2004 over the dinner table that my last career move would be getting involved in a top-tier MBA program in a career man-

agement position. And here I am. This didn't happen by chance. I'm just fortunate enough that Vanderbilt came to me.

Q. What was so appealing about this particular opportunity at Owen?

A. Being part of a team that is absolutely committed to achieving top-tier status. In my conversations with Jim Bradford, I found that we are kindred spirits in that Jim is determined to make Owen a top 20 program. I love that challenge. I think we have all the tools in place. I did a great deal of research into where the school's been and where it wants to go, and I wanted to be part of that.

Q. What are some of the challenges facing the Career Management Center this academic year?

A. A very difficult economic environment has to be at the top of the list. It's a challenging market for MBAs right now. Also things are changing very rapidly after a long period of relatively stable best practices. When I graduated from Wharton with an MBA degree in 1973, they were using essentially the same practices in

career management that had been used 20 or 30 years before. Today, though, employers have the luxury of doing what we call “just-in-time” hiring, which means our students sometimes sit on the edge of their seats until May or June. Supply and demand factors allow employers to do that. It's no longer so common for companies to come to campus—for the man to go to the mountain, so to speak. Of course, we have very loyal employers who come here, but that number goes down

every year. And that's not just at Owen; that's at all of our peer schools. We have to use technology and be creative in getting the mountain to the man and putting our great students in front of these companies in different settings.

Q. Would you say that's the most important part—getting one's foot in the door and being face-to-face with employers?

A. Absolutely. And the key to that is our alumni. I can't stress that enough. One of the things that attracted me to Owen is the loyalty of the alumni and the great success of those individuals. We're not that old as a school, relatively speaking, and we don't have as many alumni as some of the schools we're competing with. It's a tremendous differentiator when we can point to alumni who are very active in helping our students showcase their talents in person.

Q. If there's one message you could convey to Owen alumni, what would it be?

A. Connectivity is the word of the day. To me, it's a reality at Owen. I'll give you a concrete example. In last year's class, all the members of the student government association sent me a welcoming email and offered to do anything they could to help. Whether they had started their jobs or not, they said, “I'm here for you. Please let me be part of this connectivity.” That's very gratifying. Words like collegiality and collaboration take on special meaning here. This place is different, and that's coming from someone who has been around a bit. **VB**

It's a tremendous differentiator when we can point to alumni who are very active in helping our students showcase their talents in person.—Read McNamara

I N S I D E

Information Management *Trade Secrets* | Finance *Raising the Red Flag*

INFO MANAGEMENT

Trade Secrets

The future of information management in China

BY NIKHIL BIMBRAHW, MBA'03

AMID GROWING UNCERTAINTY ABOUT the stability of the European Union, an increasing number of North American companies are looking to capitalize on opportunities in emerging markets. One such market that is particularly attractive

is China, but setting up shop there is not as straightforward as these companies might perceive. Recent legal developments surrounding information management in China have the potential to dampen the enthusiasm of global investors.

A key to establishing business presence anywhere is building a local infrastructure, which includes data centers for hosting information. In April the Chinese government made this practice more difficult when it announced an amendment to its Protection of State Secrets Law, forcing Internet service providers and telecommunications companies to

share their information. The state-owned Xinhua News Agency reports that the amendment requires these companies to “halt and report leaks of what the government deems to be state secrets.”

So what is the definition of a state secret? According to Xinhua, it is “information that concerns state security and interests and, if leaked, would damage state security and interests in the areas of politics, economy and national defense, among others.” The official Chinese government website posted a broad definition of what constitutes a

commercial secret, defining it as covering information related to “strategic plans, management, mergers, equity trades, stock market listings, reserves, production, procurement and sales strategy, financing and finances, negotiations, joint venture investments and technology transfers.”

Outside of China, media reaction to the legislation has been critical. For example, *The New York Times* called it an obvious attempt to impose control

over cell phone and Internet communications. *The Wall Street Journal* has opined that this amendment is simply a reaction to the criticism of the Chinese government’s handling of the recent Rio Tinto scandal, which led to the arrests of several of the mining corporation’s employees for espionage and bribery.

This discussion brings to mind the early 2010 decision by Google to move its servers out of mainland China and



The Chinese government recently announced an amendment to its Protection of State Secrets Law, forcing Internet service providers and telecommunications companies to share their information.

BUSINESS

| Leadership *The Elephant Inside*

DANIEL DUBOIS

into Hong Kong because of heavy interference by the authorities. Although technically still part of China, Hong Kong has retained considerable autonomy under its designation as a special administrative region. The principle of “one country, two systems” has enabled Hong Kong to follow economic and political policies different from those of mainland China.

The Hong Kong Basic Law, which serves as the constitutional document of the region, went into effect in 1997 and will stay in place until 2047. Under this law Hong Kong’s diplomatic relations and defense are the responsibility of the Chinese government. At the same time, articles 27–38 of the Basic Law stipulate that “Hong Kong residents shall have, among other things, freedom of speech, freedom of the press and of publication; freedom of association, freedom of assembly, freedom of procession, of demonstration, of communication, of movement, of conscience, of religious belief, and of marriage; and the right and freedom to form and join trade unions, and to strike.”

Whether other companies will follow Google’s lead is not clear. Hosting companies like Rackspace that have data centers in Hong Kong have not experienced a noticeable surge in business due to this amendment so far. It is likely that companies are not making their intentions public for fear of antagonizing the Chinese government.

The April amendment does little to change the fact that there is a lack of transparency in the rules that organizations are expected to follow while doing

business in China. But one thing is certain: For all those North American companies looking to take advantage of sales in the Chinese market without compromising on sharing their information, Hong Kong is a good option.

.....
NIKHIL BIMBRAHW, *who earned his MBA degree from Vanderbilt in 2003, has worked in the United States, Canada, India and China. He is currently employed as a Manager in Information Management for one of the global Big Four consultancies*



Nick Bollen

FINANCE

Raising the Red Flag

Prescreening process detects hedge fund fraud

A RECENT STUDY CO-AUTHORED BY Nick Bollen, the E. Bronson Ingram Professor in Finance, and Indiana University’s Veronika Pool demonstrates that risk-based performance flags can accurately prescreen hedge funds for fraud. The study supports strategies currently in use at the Securities and Exchange Commission (SEC), thereby contesting arguments often posed by opponents of additional regulation that government agencies do not have adequate resources to avert financial market scandals.

The SEC added risk-based “examinations” to its regulatory procedures shortly after Bernard Madoff was charged with perpetrating a massive Ponzi scheme. These examinations—

similar to the performance flags analyzed in the study—are part of a series of reforms aimed at detecting hedge fund fraud early, thereby reducing the chances that such frauds will occur or go undetected and lead to the type of financial damage seen recently.

According to the study’s findings, the performance flags—low-cost, statistical tools—allow regulators to successfully identify high-risk hedge funds that can then be subjected to more intensive investigation. The alternative to the prescreening approach is to examine all hedge funds using the same in-depth regimen. Given the large number of hedge funds and the very rapid pace of change in financial markets, this is at best a challenging task for regulatory agencies with limited professional and financial resources.

“The approach we’re validating for hedge fund monitoring is in some ways similar to the one used by the IRS to determine which tax returns to audit,” Bollen says. “By statistically parsing



through funds and identifying ‘red flags,’ we demonstrate financial regulation can work without being prohibitively expensive.”

Bollen also notes that the performance flag approach has application beyond hedge funds. “Prescreening for

fraud can be applied efficiently to deter fraud in a wide range of investments. The flags might be different but the basic strategy is the same,” he says. “And the information we are providing can also benefit investment advisers by making them aware that prescreening

can be a very effective way to protect client portfolios. They will have additional means to identify potential investments that should require especially careful due diligence.”

To unearth the findings, the researchers reviewed 8,770 existing and defunct hedge funds in the Lipper TASS and Center for International Securities and Derivatives Markets databases between 1994 and 2008. A sample of 195 problem funds that had been the subject of SEC enforcement actions or investor lawsuits was identified. The researchers then compared the problem and nonproblem funds using performance flags that had been developed previously by Bollen. These flags focused on suspicious patterns in hedge fund returns, including random returns, too few negative returns and too many repeat returns. The team found that funds charged with reporting violations triggered the performance flags at a substantially higher rate than other funds. For example, 51 percent of these funds had random returns compared to just 23 percent for nonproblem funds.

Bollen notes that the critical role of databases in identifying potential fraud underscores the importance of requiring hedge funds to disclose key information to designated databases, such as those highlighted above. This is currently a voluntary procedure.

“Mandatory reporting can only serve to aid regulatory agencies working to root out fraud,” Bollen says. “The increased data would also promote additional research that could protect investors from future schemes.”

Performance flags—low-cost, statistical tools—allow regulators to successfully identify high-risk hedge funds that can then be subjected to more intensive investigation.



LEADERSHIP

The Elephant Inside

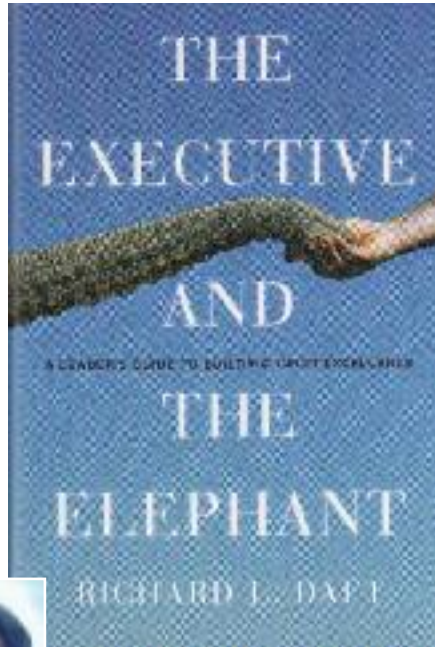
Finding inner excellence as a leader

WHETHER YOU ARE THE CEO OF A Fortune 500 company or just trying to manage yourself, Dick Daft, the Brownlee O. Currey Jr. Professor of Management, says you must learn to control your “inner elephant.”

In his recently published book, *The Executive and the Elephant: A Leader's Guide to Building Inner Excellence*, Daft combines research in management, psychology, neuroscience and Eastern spirituality to argue that everyone has two sides to his or her personality. The “executive” is objective, rational and responsible, while the “elephant” is emotion-driven, impulsive and habitual. Daft believes that truly successful leaders must recognize both sides and follow practical exercises to learn to control their inner elephant and ultimately change a weakness in their behavior.

“I find that virtually every leader has a bottleneck within them. If they could remove it—if they could be just a little less critical-minded toward other people or if they could be more focused and attentive—they could be a much better leader overall,” Daft says. “What this book does is help them identify that weak link and remove it.”

Daft says that almost every leader makes six mental mistakes: (1) reacting too quickly, (2) inflexible thinking, (3) wanting control, (4) emotional avoidance and attraction, (5) exaggerating the future, and (6) chasing the wrong gratifi-



Daft combines research in management, psychology, neuroscience and Eastern spirituality in his latest book.



cations. All of these are tied to a person's emotional and impulsive side, or their elephant.

“The whole idea of the executive is to be objective and not to interpret things just based on your own likes and dislikes, your own hang-ups, your own issues,” he says. “You have to be able to detach from that and be able to see the other point of view, the big picture, with some level of objectivity. When people can be in that place, they make wonderful decisions. It's when they get anchored in their own neediness, their own greed, that they get into trouble.”

Daft says that people can remove a lot of inner struggle by being in the moment and accepting their “elephant” but not letting the elephant control them or their behavior. Real change, he believes, can only come from practice. He describes more than a dozen exercises that are

grounded in practical application to help leaders control their elephant and change bad behaviors. He then gives examples of leaders who tried each individual approach and how it impacted them. A few exercises include engaging and writing down your intentions, slowing down your reaction time to think, and repeating a mantra.

“I've worked with a lot of executives who know what they should be doing,” he says. “They've gotten feedback that they should do something differently or act differently with their employees, but they're unable to execute the new behavior. I wrote this book not so much to tell them what to do, but rather *how* to change the behavior.”

Daft has published 12 books and dozens of articles and has presented at more than 45 universities around the world. He also developed and managed the Center for Change Leadership, is a former associate dean at Owen, and is a fellow of the Academy of Management.

Daft is currently studying high-performance mental models, which include cognitive models of high-performing managers, and is examining high-performance management systems. He is also studying transactional versus transformational communication to engage people in organizational change.

“I know it sounds touchy-feely, this idea of introspection and looking within, but it is so powerful,” Daft says. “Know thyself—that has real power because once you know yourself, you can manage yourself. As long as you're blind to your own bad habits, you've got no chance to be a strong leader.”

VB



SCHILL

Bill of HEALTH

The financial impact of health care reform

By ROB SIMBECK

Four years ago Christopher Parks found himself facing an all-too-common dilemma. He and his mother, who was in the midst of cancer treatments, were sitting in her living room going through a stack of her medical bills and those of his father, who had died recently.



Parks

It is a telling indictment of the daunting complexity of health care billing that Parks, despite 17 years in the industry, felt as overwhelmed by the paperwork as did his mother. It was she who put the situation into words.

“She looked at me with tears in her eyes and said, ‘Honey, I want to know who I owe, what I owe, and if it’s fair,’” he says. “To hear someone who was in chemotherapy and heading toward hospice say that as she wrote out a check for \$20,000—well, that was the moment I knew I had to do something.”

Billing represents one small corner of an American health care system known for flaws that seem inextricably bound to its undeniable strengths. In technology and drug development, quality of hospitals and physicians, availability and speed of delivery, it is the world's gold standard. But it is staggeringly expensive, needlessly redundant, and too often out of reach for tens of millions who have little or no coverage.

For Parks, his mother's plea was the starting point for a new business venture that has slowly and sometimes painfully refined its mission to bring light to the billing process for employers and employees.

For the rest of the health care world—often-competing constituencies including physicians, hospitals, insurers, pharmaceutical companies, device manufacturers and the investment community—the future is a complex and uncertain foray into a new health care universe. All of them must sort through the thousand pages of legislation, the politically charged implementation process and the legal wrangling that are all part of the Patient Protection and Affordable Care Act, the 2010 bill that will no doubt change American health care forever.

Parks admits that his journey, begun well before Congress took up the trillion-dollar health care bill, involved any number of blind alleys. “We spent two years getting it totally wrong,” he says. “We started off trying to give everyone tons of data points, information about cost, quality, utilization, what other people thought, and so on, and we created this wealth of broad decision-making information. The feedback we got from both users and employees was, ‘Oh, my gosh. That’s too much. I just need one thing answered.’”

The process was also hampered by the fact that large insurers and the govern-



Larry Van Horn (left) and Luke Froeb are collaborating on a study examining how much the price of health care has to vary before consumers will change their purchasing behavior.

ment were simply loathe to share information. Ultimately the company he formed, change:healthcare, evolved to offer self-insured companies and their employees easily understood information on medical provider cost, quality, access and performance to help them make educated decisions.

Parks, the company's President and CEO, sees the approach as vital in the face of legislation that greatly increases the pool of covered individuals, making their decisions an important part of any

My simple problem with the health care legislation is that it wasn't focused on cost, and we will have to address cost next year, the year after and every year going forward.—Larry Van Horn

hope for fiscal responsibility. “With the increase in access to coverage, there will be increased demand and desire for both information and transparency, for more insight both to control cost and make choices,” he says.

A key element is the point at which potential savings prompt behavior change, and for that Parks turned to two friends at Vanderbilt Owen Graduate School of Management.

“Luke Froeb and Larry Van Horn surfaced as two really bright, insightful guys who know how to look at problems from different angles and who could help us evolve what we're developing,” Parks says. Froeb, the William C. and Margaret W. Oehmig Associate Professor in Entrepreneurship and Free Enterprise, and Van Horn, Associate Professor of Management, have been studying pricing and behavior. They welcome the increased pool of information for examining a pivotal portion of the health care equation.

“My simple problem with the health care legislation is that it wasn't focused on cost,” Van Horn says, “and we will have to address cost next year, the year after and every year going forward. The reality is people will have to pay more and make difficult decisions as part of a long-range solution.”

The change:healthcare approach, Van Horn adds, involves “trying to figure out the simplest, most concise way of solving

the consumer's problem by massaging the data behind the scenes and doing analysis. They're trying to simplify the patients' process, walking them through a thought process that is meaningful and important to them."

That patient is the hub about which all else in the legislation and in the health care world revolves, and every constituency faces dramatic changes. The one with the most to gain, at least in the short term, is hospitals.

"We provide a fair amount of underfunded and unfunded care," says Larry Goldberg, CEO of Vanderbilt University Hospital and an at-large board member of the Tennessee Hospital Association (THA). "The idea that there will be more coverage—with 32 or 36 million more Americans now having insurance—is very appealing."

He and others are very aware, however, that those gains may well be short-term. "Obviously payment reductions and questions about how all this is going to be financed concern us a great deal," he adds.

Members of the Hospital Alliance of Tennessee, an organization of the state's nonprofit hospitals, are hoping the roll-out of health care reform draws on the lessons of the TennCare program, which saw the state tackle managed care beginning in 1994.

"If you know the history of TennCare," says Paige Kisber, the Alliance's President and CEO (Goldberg is its Board Chair), "you know that it was the right idea in terms of attempting to bring insurance coverage to more people, but that it just didn't quite work the way the state hoped. My understanding is that as this federal legislation was being crafted, they looked at what has happened in Tennessee and what is happening in Massachusetts."



Kisber

Continued on page 24

Owen's Health Care Advisory Board

While health care reform continues to stir debate and divide opinion, there is one thing that all sides can agree on: Health care is a fast-growing, complex industry that needs talented leaders who can meet the challenges head-on. Thanks to the efforts of faculty, staff and alumni, the Owen School is filling this need through innovative programs like the Health Care MBA and MM Health Care. Yet much credit also belongs to Owen's Health Care Advisory Board, a group of industry experts who provide invaluable guidance in shaping the health care strategy of the school. The current members of the board are:

CHAIR

Dr. William Frist, Partner, Cressey & Company

Dr. Bill Bates, President and CEO, digiChart

Jack Bovender Jr., Chairman, HCA

Ron Calhoun, President, The Remi Group

Rep. Jim Cooper, 5th District, U.S. House of Representatives

Richard Cowart, Partner, Baker, Donelson, Bearman, Caldwell & Berkowitz

Deke Ellwanger, Former President, HealthSpring

Catherine Gemmato-Smith, Managing Director, Jefferies & Co.

Roberta Goodman, Health Care Analyst, Health Care Analytics

Joel Gordon, Chairman, The Gordon Group

Jay Grinney, President and CEO, HealthSouth

Dr. Lawrence Hanrahan, Global Lead, Health Facility Development, Accenture

Kathy Harris, MBA'85, Partner, Noro-Moseley Partners

Douglas Hudson, MBA'94, Chairman and CEO, Simplex Healthcare

Joey Jacobs, Chairman, President and CEO, Psychiatric Solutions

Dr. Harry Jacobson, Vice Chancellor for Health Affairs, Emeritus, Vanderbilt University Medical Center

A.J. Kazimi, MBA'84, Founder and CEO, Cumberland Pharmaceuticals

Paul Keckley, Executive Director, Deloitte Center for Health Solutions

Ben Leedle, President and CEO, Healthways

Holly Meidl, Managing Director, Marsh USA

Ken Melkus, Consultant, Welsh, Carson, Anderson & Stowe

Rock Morphis, Managing Director, Heritage Group

Dr. Wright Pinson, MD'80, Deputy Vice Chancellor for Health Affairs, Vanderbilt University Medical Center

Linda Rebrovick, CEO, Consensus Point

Thomas Sherrard, Partner, Sherrard & Roe

Brian Shipp, CEO, Southeastern Region, Amerigroup

Michael Shmerling, Managing Partner, XMi High Growth Development Fund

Tom Singleton, BA'70, President and CEO, FTI Cambio

Wayne Smith, Chairman and CEO, Community Health Systems

Dr. Mitch Steiner, BA'82, Vice Chairman and CEO, GTx

Chris Sullivan, National Director, U.S. Healthcare Provider Solutions, Microsoft Corp.

Jack Tyrrell, Managing Partner, Richland Ventures

David Vandewater, President and CEO, Ardent Health Services

Caroline Young, President, Nashville Health Care Council

Early hopes for TennCare faded amid reports of fraud and sloppy management. Costs soared, and a 2003 study declared the program was not financially viable. TennCare has since considerably scaled back enrollees and coverage. For the state's hospitals, even the best of times were problematic.

"With TennCare we saw more people insured, but it did not take away under-reimbursements, and charity care did not go away," Kisber says. "The state had the best intentions, but there are so many other economic pressures. Given education, prisons and many other programs,

you have to prioritize, and you cannot deliver all services to all people."

That makes it especially important, according to Kisber, that the state's health care history remain part of the equation. "As the federal government writes these regulations, they will seek public input, and we feel like that will give us the opportunity to bring our experience and expertise to bear on things like eligibility criteria," she says. "That input will be vital at a time when there will be increasing pressure on nonprofits, and Congress and state legislatures will be looking to cut every penny they can."

The economic environment for health care reform is clearly rocky for the federal government, which is adding trillions to a deficit many fear it can never repay. Add that to the fact that half a trillion dollars' worth of planned Medicare cuts are part of the new federal approach, and investors have at least one clear starting point.

"I would be extremely careful about investing in any health care services sector or company that has significant Medicare exposure," says Debbie Guthrie, MBA'79, Founder and CEO of Capitol Health Management Corp. in New York City. "It's my view that Medicare reimbursement will continue to be reduced substantially over time—the economics simply do not work."

The industry, she explains, has underlying structural problems that must be addressed.

"We should provide access to basic health care for every citizen," she says, "and ultimately we may already have the ingredients to do that, but our delivery system has structural problems, with fragmented points of entry and reimbursement, which makes it impossible to know which Americans are getting excluded from the system and why."

While she does support "comprehensive universal access and incremental insurance reform," this legislation is, she says, "a mess," adding that jealous guarding of turf by many other constituencies will make implementation, let alone cost savings, that much more difficult.

Guthrie is, not surprisingly, supportive of free market solutions in dealing with many of these problems. "I am very much a capitalist," she says. "I believe the private sector will continue to take the lead, driving efficiency through innovation, which the government is incapable of doing. But nobody is taking a step back to understand and evaluate where the incentives should be aligned and which participants are truly delivering cost-effective health care. Everyone is protecting their turf just as everyone was looking for special deals. I don't think anyone under-

BY THE NUMBERS

Nine figures that shed light on health care reform

\$940 billion

The amount the Congressional Budget Office (CBO) estimates the health care reform bill will cost during the next decade

\$2.5 trillion

The amount that conservative think tank The Heritage Foundation predicts the bill will cost during the next decade

\$143 billion

How much the bill would reduce the federal deficit in 10 years, according to the CBO

\$400 billion

How much the bill would reduce the federal deficit in 10 years, according to the progressive think tank Center for American Progress (assuming the full savings potential of modernizing the health care system)

\$562 billion

How much the bill would add to the federal deficit in 10 years, according to economist Douglas Holtz-Eakin

\$211 billion

How much consumers will save in health care administrative costs between 2014 and 2020 after insurance exchanges are established, according to Center for American Progress

32 million

The current number of uninsured Americans whom the bill will eventually cover, according to the CBO

\$2.3 trillion

The total amount spent on health care in the U.S. in 2008, according to the Kaiser Family Foundation

16.2

The percentage of the U.S. gross domestic product represented by health care spending in 2008, according to the Kaiser Family Foundation

Sources: Congressional Budget Office, The Heritage Foundation, Center for American Progress, The New York Times and Kaiser Family Foundation

stands the full implications and the unintended consequences as the reform moves into the implementation phase.”

Guthrie is particularly troubled by the fact that the legislation “penalizes rather than supports specialists, which is counterproductive. If you have a cold and just need an antibiotic, you don’t really care, but if you have cancer or need heart surgery, you want to make sure you have the best physician you can get. Of course we want these specialists to keep working and have the financial incentives to do so. What’s happening now is that many of the top doctors are looking at the challenges on the horizon and are refusing to treat Medicare patients and are accelerating their retirement plans.”

Guthrie gets no argument from Dr. B. W. Ruffner, a Chattanooga oncologist who is President of the Tennessee Medical Association (TMA). “Certainly we wouldn’t come up with a public policy saying, ‘Pull out of Medicare,’ but there’s no question that some physicians are doing just that,” he says. “Concierge medicine is one option. Another is limit-



Ruffner

a quantum leap forward with the new exchanges, which will tend to have rules that come from Washington about what they can include and not include. Those physicians who say, ‘I’m just going to take commercial insurance and not Medicare,’ are going to find the two are converging.”

Ruffner says physicians are also wary of the legislation’s provisions for an Independent Payment Advisory Board (IPAB) appointed by the president. “Physicians are concerned that the group will be arbitrary in its efforts to control costs and that the health care industry—and this is as true of hospitals and device makers as physicians—will be affected negatively in due course,” he says.

Should IPAB feel costs are out of hand, it could arbitrarily institute cuts, which could only be overridden by a majority in the House and a 60 percent vote in the Senate. Those votes would have to be accompanied by equivalent Congressional cost-cutting.

Decisions on care, Ruffner maintains, need to remain with those who have expertise.

“There’s no question in my mind,” he says, “that the best person to make those decisions about what’s appropriate and

the same level as Medicare. Apparently Congress recognizes the deterioration of primary care. There’s no question that if you’ve got a belly pain, costs to the health care system are a lot less if you start with a primary care doctor who knows you as opposed to going to the emergency room at 10 p.m. Building up the primary care infrastructure is a significant step in the right direction.”

Once that bottom-line relationship is nurtured, change:healthcare’s Parks hopes to contribute to an effort to tackle the problems of paying for care typified by his mother’s experience.

“What we do doesn’t fix the system, but at least it turns on a flashlight in a dark kitchen,” he says. “At least people will be able to see the table and that broken glass over there. It’s something to help you get your bearings. There are tons and tons of data out there. There are websites and booklets and pamphlets being generated all the time, but people are wondering, ‘How do I turn that into something relevant and easy to understand for one person?’ That’s the issue du jour.”

The Owen School’s Van Horn agrees that one part of the solution is going to come from the place where policy understands and intersects with personal choice. “I think that this is one small piece of generating insight into how individuals, when faced with different prices, will change their health care consumption decisions,” he says, “and that is the future of health care.

“We can’t afford to do what we’re doing now, and the reality is we’re all going to start paying more and have to make decisions based on how much things cost. From a policy perspective, understanding how consumers make those trade-offs and decisions is important.”

Any expansion of such ideas into savings across the industry will require more cooperation among parties sometimes known for their insularity. Ruffner describes one attempt:

Continued on page 52

Our delivery system has structural problems, with fragmented points of entry and reimbursement, which makes it impossible to know which Americans are getting excluded from the system and why.—Debbie Guthrie

ing your practice to commercial insurance, and yet another is retiring, and I’ve heard all three discussed.”

Ruffner cites the cuts scheduled for Medicare, which is “not self-sustaining as it is,” but says commercial insurance may have its own long-term pitfalls.

“A lot of these processes will start with Medicare, but the commercial side will quickly follow suit,” he says. “I think it already occurs when I’m negotiating contracts with Blue Cross. A lot of the metrics for those negotiations are based on Medicare, and that trend is going to take

what’s not is a physician, but if the physicians don’t get together and work together, Uncle Sam will make that decision, and that’s what we’re seeing right now.”

If there is a positive, at least in the short term, it is directed toward one segment of physicians.

“The thing I agree with 100 percent is putting some incentives into primary care,” Ruffner says. “In Medicare, primary care payments are going to go up significantly. In Medicaid, one of the requirements is that regular office visits for Medicaid payments will be paid at

Her Cup of Tea

Karla Diehl, MBA'87, embraces a new challenge at Partners Tea Co.

By CINDY THOMSEN

A FEW YEARS AGO KARLA DIEHL STARTED a nightly ritual of serving tea to her family. At the time it never would have crossed her mind that the drink would someday play an important role in her future. Yet today tea is more than just a beverage she enjoys; it is her livelihood. In January she became Chief Operating Officer and Financial Manager at Partners Tea Co., a Nashville-based company specializing in fair trade and organic artisanal teas. For Diehl, whose background was in an altogether different field, it was an opportunity steeped in possibilities.

Prior to Partners, Diehl was President of Edison Automation, an industrial automation firm that she and her husband, Matthew, MBA'87, had co-founded in 1991. When Edison merged with another company in 2007, she decided to start a new chapter in her career and apply her business skills elsewhere. She had spent the better part of two decades at Edison, making a move to someplace other than an industrial, technology-driven company unlikely. Diehl, however, was open-minded about her search.

"I spent a lot of time talking to startup companies and small entrepreneurs who were trying to write business plans, something that I seem to do more of than the average bear," she says. "You get a good insight into companies when you work with the founder. I met a lot of folks, and I liked a lot of them, but nothing seemed to be a good spot for me."



Diehl pictured at home, where she often hosts tea-packing parties with fellow Partners Tea investors

Then last fall Diehl took a call from a friend, Lisa Froeb, whose husband, Luke, is the William C. and Margaret W. Oehmig Associate Professor in Entrepreneurship and Free Enterprise. Lisa suggested that she look into a local tea company called Partners Tea.

"I told Lisa that tea sounds lovely and it was all organic and fair trade—things I believe in—but that it was a real stretch to go from selling industrial components to tea," Diehl says. "But she was persistent and told me more about the company and that a group of women were meeting to learn more. I begrudgingly went to that meeting and almost everyone there ended up investing in the company, including me."

Partners Tea was founded in 2006 by

Nashville native Sarah Scarborough, who incidentally, is engaged to Owen alumnus Jeff Gowdy, MBA'06. During her extensive travels after college, Scarborough became aware of fair trade principles and started developing her own tea business adhering to those guidelines. She relocated to New Zealand to study for a master's degree and became Co-developer of Scarborough Fair, Australia's and New Zealand's largest fair trade tea, coffee and chocolate company. She launched Partners Tea when she returned.

"After that initial meeting I agreed to write a business plan for Sarah," Diehl says. "People were ready to invest, but they needed to see the plan on paper. We put it together in eight or nine days. All I really did was take Sarah's extensive knowledge

and put it in a format that was acceptable to the business community.”

When Diehl and Scarborough went back to the women investors with the plan, another issue was raised: Who was actually going to run the back office of the company? The investors noted that while Scarborough knew all about the growing, blending and marketing of tea, she was missing some essential business expertise.

It was only natural then that Diehl would step in and fill that void. At Sarah's invitation, she became COO and Financial Manager, assuming responsibility for accounting, shipping, receiving and inventory management.

“Sarah's not at all enamored with operations, and I love it,” Diehl says. “I live for spreadsheets. I can't plan a vacation without one. I can't think without one. Excel is how I get through life,

Social entrepreneurship, fair trade, organic—all of these are growing trends and that means our company has great macroeconomics. It's like having a great bone structure for your business.—Karla Diehl

which frightens most of my friends.”

Partners Tea offers six blends and two pure teas—a Ceylon grown in Sri Lanka and an Assam, which is a malty black tea grown in northeastern India. The teas are shipped to a tea blender in California, who sends them to a co-packer in Pennsylvania, who then sends the finished product to Nashville where the custom-designed canisters are packed for delivery.

“The packing of teas for shipping is done by our group of investors at tea-packing parties at my house,” Diehl says. “It makes your investment ‘more real’ when you're physically working with the product. We'll pack hundreds and hundreds of canisters into cases and master cases several times during the year.”

Teas are available online at [nerstea.com, at select Whole Foods stores in the Southeast, at the Williams-Sonoma-owned chain West Elm during the holidays, and in cafes across the country. They recently added a sales representative in California and also picked up several new accounts thanks to their participation in industry trade shows earlier this year.](http://www.part-</p>
</div>
<div data-bbox=)

“We're kind of a gift- and gourmet-type product because our price point is around \$10–\$12. It's a great, lovely little package that's perfect for a wide range of people—almost everyone drinks tea,” Diehl says.

Diehl is also very excited about the company's membership in 1% for the Planet, a global movement of nearly 1,400 companies that donate 1 percent of their total sales to worthy causes. Partners Tea gives in support of increasing opportunities for women.



“Ours goes back to the tea estate in Sri Lanka where our Ceylon tea is grown,” she says. “Picking tea is primarily a woman's job, and they're pretty much on the lowest end of the totem pole in their society. We're helping to improve their standard of living with our donation.”

Women helping women is an ongoing theme surrounding Partners Tea and its investors.

“There's been research into what's called ‘the girl effect,’” Diehl says. “This study shows that when women are educated and given opportunities, it raises the whole economic and social level of their community. When women earn income, they reinvest 90 percent of it back into their families.”

If women helping women is a primary theme, the Owen connection is certainly a close second. Of the 11 women involved in Partners Tea, six either are alumni or have close family members who are. Aside from Diehl, Luke Froeb and Jeff Gowdy, Owen connections to Partners Tea include Fleming Wilt, BS'91, EMBA'00; Cathy Brown, BA'86, MBA'90; and Michael Lindley, MBA'88.

Diehl credits her own business savvy to her Owen education. “Owen taught me to look at a business' macroeconomics, and tea is a hot growth market right now,” she says. “Social entrepreneurship, fair trade, organic—all of these are growing trends and that means our company has great macroeconomics. It's like having a great bone structure for your business.”

Making the transition from engineering and electronics to organic tea has been an interesting switch for Diehl. “What I'm most satisfied with at the end of the day is building something,” she says. “It's satisfying to watch the market acceptance and the growth. The sales are showing me that it's a good, fundamental business.”

Diehl also jokes that tea is certainly easier for people to relate to than her previous business. “I used to say that my husband and I had the No. 1 cocktail party buzz killer,” she says. “People would ask what I did, and I'd tell them I ran an industrial automation firm that works with communications in the utilities market. You could see their eyes glaze over.

“Tea is a lot easier to talk about.” **VB**



MAcc Beyond Numbers

Vanderbilt's Master of Accountancy program takes a new approach

By JEANNIE NAUJECK

Recession or not, there is a constant need for public accountants. Likewise there is a need for graduate-level accounting programs to fill this demand. Yet, while many of these programs only seek applicants with undergraduate accounting degrees, Vanderbilt's yearlong Master of Accountancy (MAcc) program takes a decidedly different approach. The high-performing individuals who enroll in the MAcc program come from a variety of academic backgrounds. Many, in fact, have liberal arts degrees. What's more, the program goes a step further than most by providing not only the technical knowledge to practice accounting—around 90 percent of MAcc graduates pass the certified public accountant (CPA) exam within eight months of graduation—but also the crucial business skills, like teamwork and communication, to succeed professionally.



THE IDEA

THERE WERE HIGH HOPES FOR THE MAcc PROGRAM WHEN it launched in 2007, but no one quite expected it to come as far as it has in such a short period of time. The program is already attracting the kind of talented applicants it hoped it would. If anyone deserves credit for this rapid success, it is Associate Professor of Management Karl Hackenbrack, who has guided the program from its very beginning.

With an impressive background that includes numerous professional achievements and a long tenure at the University of Florida's Fisher School of Accounting, Hackenbrack saw a constant demand for entry-level professionals in the audit service line of public accounting firms. But he also noticed that many new hires lacked the so-called "soft skills"—communication, teamwork and leadership—that are needed in today's client-oriented professional services firms.

Hackenbrack, therefore, designed the MAcc program, along with Dean Jim Bradford and others, as a way to fill both of these needs. The students, who come primarily from liberal arts back-

grounds, are selected for their breadth of experience, diversity of interests and people skills.

"We weren't encumbered by the traditional idea of what an accounting program should look like," Hackenbrack says. "We were given the freedom to build something that makes sense for the world that we're facing today. So we leaned heavily on experience and relationships with those in the public accounting profession to spec out what is sensible today."

The partnerships that Hackenbrack has forged give MAcc graduates a direct path to employment at firms like Deloitte, Ernst & Young, KPMG, PricewaterhouseCoopers and Grant Thornton.

"The Vanderbilt MAcc program has proven to be a great source of new hires for us," says Sam DeVane, Managing Partner at Ernst & Young's Nashville office and an advisory board member for the program. "Karl has done an outstanding job in creating the program and preparing students who are truly ready to be successful in our business."

THE FACULTY

THE FACULTY MEMBERS OF THE MAcc program have expertise in a variety of areas and provide their students with a well-rounded business education. Students have the opportunity to learn the technical side of accounting, auditing and taxation from seasoned instructors, several of whom have years of experience at public accounting firms. Yet students also receive a managerial perspective by taking coursework with MBA students—from managerial economics and business law to information systems and ethics.

Associate Professor of Management Nicole Thorne Jenkins, a CPA and former Big Four auditor who teaches financial reporting, says her MAcc students, most of whom have liberal arts degrees, are as well or better prepared than many undergraduates with accounting or business degrees.

“People think accountants are in an office working by themselves—kind of loners—but when you’re in public accounting you’re consulting as a business professional and interacting with clients,” she says. “The liberal arts exposure that our students have makes them well-suited for the profession.”

William Henderson, Professor of the Practice of Tax Accounting, who spent 37 years with KPMG, is impressed with the MAcc students’ classroom performance. He notes that they are outpacing his MBA students on grades despite generally having no business experience.

“We don’t have a lot of time, and there’s so much to cover,” he says. “The students put a lot into one year’s time. It’s a tremendously intense program.”

Gary Scudder, the Justin Potter Professor of Operations Management, teaches a broad-based class on business fundamentals, such as supply chain management, which is demonstrated through simulations. Such exercises give the students a context for the accounting and auditing work they will be doing for a variety of business clients.

“We get really motivated, smart students,” Scudder says. “They’re taking hard courses and lots of them. If they can handle that pace, they can succeed in a public accounting firm.”

From left, WILLIAM HENDERSON, GARY SCUDDER and NICOLE JENKINS



THE ADVISERS

THE MACC PROGRAM BENEFITS FROM AN ADVISORY board that includes executives from all of the major public accounting firms. Their guidance in shaping the program has resulted in exceptionally high placement rates for the program's graduates.

The advisers say it is not the technical skills, but rather the interpersonal ones, that make a successful accountant. They have specifically requested that program administrators attract and develop students with the potential for leadership in the profession.

"The technical side is important—you've got to have the basics—but we'll build on that with new employees," says board member Randy Laszewski, Managing Partner at KPMG in Nashville. He describes his input as "a buyer's perspective."

"What we really need are good, mature people who are analytical, business-minded thinkers and who have good communication skills. That's more important than just being able to cite accounting rules," he says.

Board member Sam DeVane, who is Managing Partner with Ernst & Young in Nashville, adds, "People have the impression of accountants as backroom types, but you can't operate behind the scenes and enjoy success in our profession. You've got to be on the front line every day interacting with clients. Focused client interaction is the only way we're successful."

In just three years the program has far exceeded the advisers' expectations, says Greg Anglum, BA'92, MBA'93, Partner at Grant Thornton in Raleigh, N.C. The only board member who is an Owen alumnus, Anglum has a unique stake in seeing the MACc program succeed.

"We're all big fans of the program," he says, "and we all say the same thing: Don't change what you're doing in terms of developing these students because they're really top-notch."



From left, GREG ANGLUM, DION SHEIDY, THOMAS AARON and RANDY LASZEWSKI (not pictured: SAM DEVANE)



ASHLEY KUSHNER and MADISON HAMPDEN

DANIEL OUBOIS

THE INTERNSHIP

AS PART OF THE MACC PROGRAM, EACH STUDENT SPENDS 10 weeks interning for a major public accounting firm. Last year Ashley Kushner, BA'09, MAcc'10, and Madison Hampden, MAcc'10, took part in an internship at Deloitte's office in Hyderabad, India, where they got not only a taste of the auditing work they will be doing as accounting professionals but also a firsthand look at the globalization of business.

"I've always wanted to travel abroad and do business," Hampden says. "India and China are where the big growth is going to happen in the next 20 to 30 years, and it was great to see that myself."

Deloitte's 1,000-person India office supports American operations by taking up unfinished work after the U.S. workday is done. This 24-hour work cycle increases efficiency and provides a competitive advantage, says MAcc advisory board member Jim Brady, CEO of Deloitte's Assurance & Enterprise Risk Services operation in India.

"It was really telling how important this part of the company is and how important it's going to become," Kushner says.

The students worked long hours but fit in sightseeing at the Taj Mahal and in the Golden Triangle region of Agra, Delhi and Jaipur.

"They worked really hard and did good work, and I think both were changed by the experience of living abroad in an emerging market—one of the fastest growing economies in the world," Brady says of Hampden and Kushner. "It's life-changing. You realize it's a global world, not a U.S.-centered world."

Both Hampden and Kushner accepted full-time jobs with Deloitte. And both plan to work abroad as part of their long-term career plans.

"I'm so glad I went to India because now I know I want to go back," Kushner says. "Wherever the need is around the globe, if I have the skills, I'll seek out that opportunity."

THE TESTIMONIAL

WHEN KATIE APPEL, BA'08, MAcc'09, CHOSE TO enter the MAcc program, no one was more surprised than her father, Steve Appel, Partner in Charge of KPMG's Southern Coastal Business Unit and a member of the MAcc advisory board.

"I was very happy, but pretty shocked, honestly," says Steve, who thought she would choose law school. "She's always been far more verbal, so I thought the law thing made sense."

After comparing the two career paths, Katie, who majored in communications and Spanish at Vanderbilt, decided the MAcc program was a better fit. She now works at PricewaterhouseCoopers in Nashville.

"I'm just starting to see the takeaways from this career," Katie says. "With my CPA and work experience at a Big Four, I can set myself up for the same type of job in business I would have wanted with a law degree—and in less time."

Plus, she says, she will have opportunities to fulfill another dream: working in South America, where she can use her language skills.

"The markets are really ramping up in Brazil. It's nice to know I could work abroad through my own company," she says.

Steve says he is thrilled with Katie's choice—and with Vanderbilt's MAcc program. His own company hired half a dozen graduates from the Class of 2010.

"You've got all these kids with different backgrounds, and in a year they become CPA-eligible, well-rounded professionals who have already done internships with a Big Four accounting firm," he says. "It puts them in position for all these opportunities. It doesn't get better than that."



STEVE and KATIE APPEL

From battlefields
to business fields

Military Discipline

By RANDY HORICK

Ray Sumner, MBA'10, woke up in a bed with white sheets. He recognized his mother, who was holding his right hand. She had traveled from their family farm on Staten Island to keep vigil at his bedside in Bethesda Naval Hospital.

Sumner did not know she would be there. Until someone told him, he did not even know where “there” was. The last thing he remembered was being with his unit, the 25th Marine Division, on the debris-strewn streets of Haditha, Iraq. It was the 11th week of his second tour in the country, and his battalion was engaged in house-to-house operations in the heart of the Sunni Triangle—one reason the 25th sustained the highest casualty rate of any outfit during the war.



Sumner remembers clearly how an insurgent ran out of a house and fired off a few quick rounds as the Marines were clearing a block. One bullet struck Sumner in the right hip, severing an artery. He was in a coma for 10 days. And then, suddenly, he found himself in Bethesda, Md.

The Marines never leave one of their own behind. For Sumner, who spent 18 years as an officer, the reverse is also true. Despite the injuries and rehabilitation, he would sign up again tomorrow if the Marines called him. Sumner still misses it. In some sense that is a big part of what attracted him to the Owen School.

How is Owen like a military enterprise? The question may seem odd to someone who has never worn the uniform. But to veterans who earned MBAs at Vanderbilt after earning their stripes, the connections seem obvious. For four of them—among the surprisingly large number who gravitate to this relatively small business school—seeing those connections made all the difference in their choice to enroll and in the directions their careers have taken.

For Ray Sumner it was the camaraderie—“the biggest thing I missed about the military,” he says. “I looked at other big-name schools. Vanderbilt is extremely competitive but friendly. The others were hostile-competitive.”

Sumner particularly remembers his first campus visit in 2008. “I immediately felt like I was part of the Owen family,” he says. “That’s how the Marine Corps is. It’s the smallest branch of the service. Very close-knit. You get to know a lot of the other officers.”

Life Mission

Kyle Clay, MBA’09, by contrast, was not looking for something small. Ever since he was a football star and three-sport athlete in Lima, Ohio, Clay sought opportunities to be involved with something larger than himself. That is one reason why he accepted a scholarship to play football at West Point, and why he was

drawn to the health care field after his military commitment ended.

In between his graduation from the U.S. Military Academy and Owen, parts of his service experience were a reminder why the old Chinese saying “may you live in interesting times” was originally intended as a curse.

In June 2003 Clay arrived at an abandoned water purification plant near Baghdad. The soldiers called it Dogwood, but it might have been more accurately named Hell. There was no running water. No air conditioning. Temperatures routinely surpassed 110 degrees.

“You’d get to midday and just want to

Among Clay’s responsibilities was leading convoys—an innocuous-sounding job that was a very dangerous assignment in Iraq. The supply convoys traveled under constant threat of attack from improvised explosive devices (IEDs). His convoy was hit only once during his first six months, but tension soared every time they ventured onto the roads.

Clay’s second deployment to Iraq made the first tour look civilized. Stationed in Ramadi and Fallujah, scenes of the war’s most intense fighting, Clay was assigned to “route clearance”—an Army euphemism for bomb removal.

You can create your own path at Owen. After nine years of a very strict environment, it was a great place for me to try a smattering of academic and extracurricular activities.— Kyle Clay



Kyle Clay helped clear IEDs in Iraq while serving in the U.S. Army.

take a nap because you couldn’t get anything done,” remembers Clay, who was a lieutenant in the 54th Engineer Battalion. “Nothing could have prepared me for Iraq.”

Clay and his men lived off prepackaged rations, or MREs. Sometimes, when they had to pick up arriving soldiers and supplies, they would navigate the deadliest stretch of highway in Iraq—dubbed “RPG Alley” for the prevalence of rocket-propelled grenades—and grab some hot food at the airport, where, almost surreally, there was a Burger King.

Clay soon realized how increasingly sophisticated the insurgents’ techniques had become during the year he was back on base in Germany. “Some IEDs were buried deep enough that our equipment couldn’t detect them,” he says. One, he remembers, was planted in a manhole. It detonated as a vehicle in his battalion passed over it. The manhole cover rocketed through the underside of the vehicle, killing and wounding several soldiers. In all, he lost

seven men in 12 months. All told, his engineer battalion removed 1,000 IEDs.

Even before he came home from Iraq, Clay knew he wanted to go to business school. He had become interested in health care—something that, to him, was more than just business. That led him to Owen, where he found the change he sought and the continuity he needed.

Like the Army, he says, Owen is extremely collegial, and there is a sense of purpose even among students with different career aims and areas of focus.

For example, with colleagues involved in Project Pyramid, the student-led initiative to alleviate global poverty, Clay had the opportunity to travel to Bangladesh. “Even in Iraq, I’d never been face-to-face with such poverty,” he says. “It was life-changing.”

In contrast to the Army, Owen’s Health Care MBA program is extremely entrepreneurial, Clay says: “You can create your own path. After nine years of a very strict environment, Owen was a great place for me to try a smattering of academic and extracurricular activities.”

It is a far cry from Dogwood, but Clay is today, once again, in the desert—Phoenix, to be exact—where summer temperatures can reach a Baghdad-like 114 degrees. As a Regional Operations Director for DaVita, North America’s largest operator of kidney dialysis centers, Clay oversees 11 in-center dialysis clinics and two home programs.

“The position demands a very different type of management from the Army,” he says. And yet, he adds, “I entered into an environment not unlike the military. We are all focused on one mission.”

That mission is life. Without dialysis or a kidney transplant, every patient with end-stage renal disease will die. With dialysis, they can live, work and stay with their families. “That’s what gets me excited about this company,” Clay says. “We are a community first and a company second.”

The name DaVita comes from an Italian phrase that roughly translates as “he or she gives life.” Clay likes the sound of it. For someone who has traveled so closely with death, it feels good to be surrounded by givers of life.

Anchors Aweigh

As a boy, Henry Guy, MBA’98, had the power to determine whether kids in his community would have to attend school. Guy grew up on Smith Island, off Maryland’s Eastern Shore. He was the son of a son of a son of a fisherman who caught blue crabs and oysters in the Chesapeake Bay.

BASIC TRAINING

Military veterans and B-school

Kelly Christie, Assistant Dean of Academic Programs and Student Life, knows a military veteran when she sees one. Each fall, as a new Owen class arrives on campus, she can always pick out the students who have served in the armed forces. “In the first five minutes of talking with them, I can just tell,” she says. “They’re extremely respectful toward us [the administration] and their classmates. And as I get to know them, I observe their self-discipline—it’s really palpable.”

These qualities are among the many reasons why Owen considers military veterans to be highly desirable students. As Director of MBA Admissions John Roeder notes, what makes the veterans stand out in a B-school setting is precisely what makes them so attractive to potential employers.

“The students who come out of the military are highly coveted by corporate recruiters,” he says. “Veterans have strong initiative, team skills, leadership and the ability to work in high-pressure situations. And often they have international exposure as well, which is extremely beneficial.”

During the last three years, Owen has more than tripled the number of incoming students from the military. This increase is due in part to certain incentives offered by the school. For instance, Owen waives the application fee for veterans who have been on active duty within three years of applying and provides a one-year deferment if their academic plans are delayed by service obligations.

The school also participates in the Yellow Ribbon GI Education Enhancement Program, which went into effect last year. Under the program, eligible veterans can receive a \$10,000 discount on tuition from Vanderbilt that is matched by another \$10,000 from the Department of Veterans Affairs. This past spring Owen had nine students participating in the Yellow Ribbon Program—more than any other school at Vanderbilt.

Getting to school involved an hour’s trip by boat. The boat’s captain had a policy for rough weather: If even one kid wanted to make the trip, the school boat would run.

“My parents were very focused on education,” Guy explains. “It didn’t matter if there was a hurricane out there, it was, ‘Get up and get on the boat.’ So on days when it was extremely windy, the neighborhood kids would congregate in our yard to see if I was going to go, and when I walked out, they’d all moan, ‘Aww, man.’ A couple of times they even booed.”

But Guy did not let this singular

power go to his head. Even in the relatively small pond of Crisfield High, he looked up to others as role models—especially one older boy whom he remembers as “all the things I tried to be.” When that student pursued a spot in one of the service academies, Guy’s interest was piqued.

Guy eventually enrolled at the U.S. Naval Academy, where he was struck immediately by how accomplished so many of his fellow students already were. His first-year roommate, an Iowan, was fluent in Russian and spent his summer as an interpreter overseas. “There were guys who went on to Rhodes Scholar-

ships or completed their graduate education while at the academy,” says Guy, who was a teammate of future NBA star David Robinson on Navy’s basketball team. “A number of experiences like that made me think, ‘Wow, if you work hard and take advantage of the opportunities put in front of you, that opens the door to a host of new opportunities.’”



Henry Guy served on a destroyer in the U.S. Navy.

He brought that mindset to his first posting as a division officer aboard the USS *Comte de Grasse*, a destroyer named for the French admiral whose blockade of Yorktown helped win the Revolutionary War. The *Comte de Grasse* focused on maritime interdiction: looking for Caribbean drug smugglers, patrolling the Red Sea to intercept materials headed for Iraq, or boarding ships in the Adriatic to stop weapons from reaching combatants during the Balkan wars.

Meanwhile, remembering his lesson from the academy, Guy soaked up all the knowledge he could from rotations involving various systems and areas of the ship’s operations. Every duty was an opportunity. It helped him move up to become an aide to an admiral, a coveted position for a junior officer.

That mentality also helped him choose Vanderbilt when his five-year commitment ended. “I very much considered myself to be raw material,” he says. “I knew nothing about the business world I’d soon be entering. The mod system allows you to take many more classes than a traditional semester system. That was very appealing to me because I felt like I had so much to learn. Every mod, I got permission to take extra classes. I wanted to sample everything out there.”

In other ways, too, the Owen experience built on what Guy liked most about the Navy. He liked the way that much of the work at Owen was team-oriented, just as it was aboard a ship. He also liked the way that Owen’s “approach is focused on how we get people to go out and be contributors right away. It’s not a stamp. Everything is structured so that it wraps itself around the individual rather than being a one-size-fits-all factory.” It was the right way to do things, Guy believes, and that, too, created continuity. “At the Naval Academy,” he explains, “there’s a huge focus on doing things the right way, honoring the legacy of the past.”

The mindset from the academy and from Owen carried over into Modern Holdings, the New York investment firm he founded. As President and CEO, Guy believes the right way to run a business is to work as a team and to think long term. “We’re not a traditional private equity firm,” he explains. “We invest our own money, and that makes for a different decision-making process. We don’t look to flip companies. To me, the value is how we can help grow the business over time.”

More than anything, Guy’s approach has its roots on Smith Island. Modern Holdings typically buys closely held family enterprises. Because he grew up around such a business, he holds a special appreciation for them. Fishermen, he reflects, are not merely people who ply a trade. “They’re entrepreneurs,” he says. “They’re huge risk takers who are up against a formidable competitor—Mother Nature.”

Leaping at an Opportunity

For Lindsey White, MBA’10, jumping out of airplanes turned out to be especially relevant preparation for Owen. A self-described “Army brat” who split her childhood between Germany, Oklahoma, North Carolina and Tennessee, she grew up literally wanting to follow in the footsteps of her father, a paratrooper in the 101st Airborne. As a young girl, she would practice by sliding her feet into his big boots and hurtling off the living room sofa.

So, after White enrolled at the U.S. Air Force Academy, it was not surprising that she volunteered for jump school. “The first time I jumped,” she recalls, “was a frightening experience. You don’t know up or down. You’re



Lindsey White oversaw airfield operations at bases across the U.S. while in the Air Force.

just falling and counting and remembering when you are supposed to pull this cord. By the third time, it's a little more automatic. On my fourth jump, the chute got twisted, but by then I knew what to do."

White earned her jump wings but never had to leap from a plane again. After graduating from the academy, she oversaw airfield operations—a duty that also required certification as an air traffic controller—at bases from Florida to California.

When her five-year commitment ended, "I decided to try something new," she says. "I felt like I'd been in the military my whole life." Eventually she put her operations expertise to work as a project manager for a California company that designs and builds large-scale water features, including the landmark fountains at the Bellagio casino in Las Vegas.

There, she realized she needed to learn more. "Much of what I knew centered on the military and people management," White says. To reach higher levels in the business world, she needed to broaden her skills. That realization led her to Vanderbilt.

"Everyone on staff seemed concerned about the fit of the students," she says. "It made me feel that if I was selected to join Owen, it had something to do with who I was and how I could contribute and learn from the other students."

That first mod, White recalls, was like her first jump. Learning to be a student again after eight years was challenging. "It's not like a work assignment," she says. "You can't just shut it out when you get home like you can after a day at the office."

But after the first month, as with the first few parachute drops, something clicked. "I found I had made great friends and was sharing a unique experience," she says. "I fell into the day-to-day (and evening) routine and never looked back."



Ray Sumner, pictured here in Iraq, served two stints in the U.S. Marines.

After a summer internship in the corporate world, White realized she missed some of the structure military life provided. She won a two-year Presidential Fellowship with Voice of America (VOA), the U.S. government's official radio and television broadcasting service, in Washington, D.C. The new job offers her the best of both worlds. Within the security of her position, she has opportu-

Brothers in Arms

Jumping remains part of Ray Sumner's life. He loves the adrenaline rush that comes from hurling himself off a cliff, his survival depending on a strand of bungee cord. He has jumped from three of the world's highest bungee-accessible sites: Bloukrans, South Africa; Victoria Falls, Zimbabwe; and Interlaken, Switzerland.

When I got out of the Marine Corps, I thought I'd never have this again. The camaraderie at Vanderbilt is unique. That's why I'll always appreciate it' —Ray Sumner

nities to complete rotations in other areas besides her specialty, operations, as training that may prepare her ultimately to take over a division of VOA. It is like being able to jump from a plane, with none of the uncertainty.

Of course, White's new position is not without stress, but her Air Force experience taught her a valuable lesson in dealing with it. "In air traffic control your life is about stress," she says. "Nowadays when somebody comes into your office and says this is a life-or-death situation, I can say, 'No, it's not. Let's talk about it.'"

Somehow jumping fills a longtime need. The love of flying, with or without a vehicle, is what led Sumner to the Marines in the first place. While he was still in ROTC at St. John's University, the Corps guaranteed him a seat in flight school if he passed a test. He passed and went on to train on T-34 jets and pilot helicopters.

Sumner left the Marines after 13 years but rejoined in 2003, after a General Officer phoned one morning and told

Continued on page 54

Flour Power

Bringing better nutrition to Mozambique

By CLAIRE BROWN

SOME OF THE GRANDMOTHERS—ONLY in their 50s, but aged by the hardships of living in one of the world's poorest places—liked the porridge so much that they started dancing, hopping on one foot and then the other, grinning toothless smiles and kicking dust onto their colorful skirts. It was mid-morning in rural Alto Molocue in the Zambezia province of Mozambique, and villagers were sampling several new flour mixes, each made of different combinations of ground corn, cashew, soy, moringa and cassava.

The gathering was the joint effort of New Path Nutrition, the nonprofit that Joe Boulier, MBA'10, and I had co-founded; World Vision Mozambique, a humanitarian organization dedicated to helping children; and CETA Industries, a Mozambican company that exports cashews and builds local infrastructure projects. Our successful taste test represented an important step in developing a nutrient-dense flour—*farinha forca* in Portuguese, the country's official language—to provide rural Mozambicans with an alternative to traditional maize flour. We all shared the goal of improving the health and nutritional profile of people in the region.

Joe had recently graduated from Owen, sold his possessions, liquidated his 401(k) and moved to Mozambique to develop New Path's concept for a more sustainable model for food intervention. I was there on a visit accompanied by Clinical Professor of Management Jim Schorr. Together Jim and I snapped pictures and entertained the kids who crowded around while the villagers



Claire Brown

answered questions about the flours they were testing: Did they like the taste? The color? Which of the five blends, including a control of pure maize flour, did they like the most and why? As the day wore on, we compiled our surveys and notes while the villagers sang and danced and the children scraped the remaining porridge out of the bowls.

Joe and I both had been interested in sub-Saharan Africa prior to graduate school. He had spent several years working with Catholic Relief Services as an auditor on Title II food distribution and AIDS relief projects funded by the U.S. President's Emergency Plan for AIDS Relief program. I had lived and worked in Tanzania as a researcher for Africa Bridge,

a microfinance organization. At Vanderbilt Joe and I became friends and found common ideological ground through Project Pyramid, the Owen-based interdisciplinary initiative focused on applying business models to address sustainable development and poverty alleviation.

We had many conversations and even a few heated arguments about the right ways and wrong ways to approach international development. While we did not always agree, we shared a fundamental desire to see foreign aid interventions accomplished sustainably, driven by local market demands, resources and preferences. The concept of "social enterprise," using business models and mar-

ket-based approaches to address social and environmental issues, became especially compelling for us both.

In October 2009 Joe and I received the William N. Pearson Scholarship Award from the Vanderbilt Institute for Global Health (VIGH). The funding allowed us to develop our plans to pursue international development in an innovative way. Fortunately for us, World Vision, which had been working on development issues in Mozambique since the end of the country's civil war in 1992, contacted the VIGH seeking support on a public-private venture. CETA Industries was offering factory space, local managerial expertise and equipment—enough to run a small-scale flour produc-

tion facility—to support their workers' wider rural community.

White maize flour, notoriously nutrient-poor, is an inexpensive and filling food source. In much of sub-Saharan Africa, including Zambezia, it is a staple food, often consumed with every meal. Knowing this, we initially explored the idea of producing nutritionally fortified maize flour for distribution to hospitals and people living with HIV and AIDS. Eventually our idea expanded to include not only these niche areas but also the broader population of Mozambique, specifically there in Zambezia.

Rather than immediately making and distributing food-as-medicine for the poorest of the poor, we convinced the parties involved to try producing instead a maize-cashew flour mix with a taste, color and consistency comparable to traditional maize flour. Our plan would be to employ local labor, use local inputs and sell to a local market at a price equal to that of existing maize flour alternatives, while maintaining a financially viable factory operation. The new mix, we hoped, would be a substitute product that aligned with existing cooking habits and unlocked latent regional demand for healthy flour alternatives. In all, we considered it a promising opportunity to improve nutrition more sustainably in the region.

During the spring Joe and I refined our idea in Jim Schorr's Social Enterprise and Entrepreneurship course. After it



Cashews waiting to be processed



Village children lining up to taste the porridge

ended, we invited Jim to stay on as an advisor to New Path Nutrition and to accompany us on a trip to Mozambique. A visit to the area was essential if we were to determine how receptive consumers would be to a new product, test the validity of our many assumptions and projections, and begin establishing our venture.

We flew to Maputo, Mozambique's capital city, and spent several days conducting meetings with VIGH staff, NGO (nongovernmental organization) partners and local business leaders. Further into the trip, in Quelimane and Alto Molocue, we visited the CETA cashew processing plant and the proposed factory space, met with members of the local farmer's federation, and conducted taste tests with local villagers. Jim and I then returned to the United States, while Joe stayed on to continue working in the area.

Our taste tests demonstrated a strong preference for a particular blend of the fortified flour, outperforming even the traditional, widely consumed maize variety. Joe and I, however, knew from our days at Owen that we would have to address many other business issues if we

were to make this new venture a success. An enthusiastic local response to the initial product was just the beginning.

Pending New Path's ability to secure additional funds, Joe plans to remain in Mozambique for a year, refining the product, building relationships and proving the overall concept. By the end of his stay, we hope to have a working model for building an economically viable social enterprise that is replicable in other rural sub-Saharan areas.

New Path Nutrition is a registered nonprofit working towards 501(c)(3) tax-exempt status. Any donations will be used to allow Joe to remain in Mozambique until the completion of the project. You can reach us at newpathnutrition@gmail.com or via our mailing address: 3000 Hillsboro Pike #104, Nashville, TN 37215. We appreciate your interest and support.

.....
CLAIRE BROWN is the Co-founder of New Path Nutrition and a J.D. and MBA degree candidate. She is scheduled to graduate in 2012. **VB**

“CLAS”

Crossing Paths *Margaret and Jim Brunstad, MBM'75* | Bright Future *Bryan Deaner, MBA'93*

CROSSING PATHS

'75

WHEN MARGARET AND JIM BRUNSTAD, both MBM'75, arrived at Owen in fall 1973, little did they know that their paths would soon merge, sending them in a direction that has been unpredictable at times but enjoyable all the same. “We met on the first day of orientation when I borrowed money for a soft drink,” Margaret recalls. “We were very good classroom buddies for about the first day or so, then we were a couple.”

Graduating from Owen during a recession, they had to look hard for job opportunities. Jim landed a post in banking “by default,” he says, and they moved to Winston-Salem, N.C. Margaret found a position there as the Assistant Budget Director for the city. “It was a time in our lives when we still thought we could do anything,” Margaret says. “My advice to graduates in today’s economy is to be creative and meet the challenge head on.”

Jim’s career led them to Birmingham, Ala., with AmSouth (now Regions). Using what he learned at Owen, he then helped start First Commercial Bank, now part of Synovus Financial Corp. “Owen talked a lot about entrepreneurship back when it wasn’t fashionable. That stayed with me,” he says.



Margaret (second from left) and Jim (far right) with daughter, Elizabeth, and son-in-law, Thomas Bernstein, MBA'10

Meanwhile Margaret took time off to raise the couple’s two daughters and then led Youth Leadership Birmingham, a community leadership program for high school students. Soon after, she became President of Portrait Brokers of America, now Portraits Inc., a national portrait-consulting firm.

The Brunstads, both now retired, find that their path keeps leading back to Vanderbilt. Their sons-in-law recently graduated from the university: one from the School of Medicine in 2007, the

other from Owen just this spring. And the Brunstads are now leading CityOwen efforts in Birmingham, putting them at the center of alumni activity in their city. Both express excitement about being involved with the school all these years later.

“While we were on campus this year, it was just so neat to feel all the energy at Owen,” Margaret says. “To see it where it is today is very exciting and gratifying.”

—JAN READ

S A C T S ”

| Phase 2.0 *Todd Jackson, BA'96, EMBA'08*

'93

BRIGHT FUTURE

WHEN ASKED ABOUT HIS ROLE AS Global Brand Strategist at Intel Corporation, the world's leading manufacturer of microprocessors, Bryan Deaner, MBA'93, cannot help but talk about the future. His job, after all, is to look ahead from 18 months to 2018 and decide, in conjunction with Intel's other strategists and planners, how best to manage its \$35 billion brand portfolio.

This farsightedness, however, is not unique to Deaner and those he works with. If anything, the company as a whole has its sights set squarely on the horizon, as evidenced by its latest marketing and branding campaign, which Deaner had a hand in crafting. Known as "Sponsors of Tomorrow," it illustrates in a humorous, "geek-chic" way how Intel's technological breakthroughs will impact everyone's future.

"One of the things I enjoy most about working here is that we're creating technology that moves society forward. We're changing the course of human discovery and endeavor," he says. "I know that sounds really high-minded, but when you consider the fields that depend on our technology to advance—health care, applied sciences, communications—we're enabling fascinating leaps ahead."

Even though Intel currently enjoys an 80 percent market share in the microchip business, Deaner's job is not without its challenges. He notes that brand management is sometimes more about the shifting mood of the consumer landscape than the competition.

"A major challenge right now is apathy. In many cases the conversation has moved beyond the chip—how fast it is or how small we can make it. It's now about the user experience," he explains. "Figuring out how to remain part of that conversation is difficult, especially when you're not a product for the end-user, like a laptop or phone, but rather something inside one of those products."

Deaner, who majored in electrical engineering as an undergrad, credits the Owen School with giving him the marketing tools to make sure Intel's voice is heard in spite of these challenges. "I often harken back to my experience at Owen," he says. "My engineering degree helps me understand the products we sell, but my marketing background is what translates that information for the wider audience."



Bryan Deaner

—SETH ROBERTSON

"CLASS ACTS"

PHASE 2.0

WHEN TODD JACKSON, BA'96, EMBA'08, joined Cumberland Consulting Group as Director of Operations this past spring, it signaled a new chapter in the company's growth. The Brentwood, Tenn.-based firm, which assists health care providers in choosing and implementing electronic medical record systems, has more than doubled in size in the last year. The partners recognized a significant strategic opportunity thanks to a key component of the U.S. government's stimulus plan that encourages health care providers to adopt electronic medical record systems.

"Cumberland started with five people in 2004, and we're now closing in on 100 employees," Jackson says. "My role is to put processes and systems in place so that we can continue scaling up."

One of Jackson's challenges is ensuring that Cumberland's unique culture is not lost in the rapid expansion. When the firm was younger and smaller, it was easier for the partners to pick the right people, he explains, in part because they had worked directly with those individuals in previous jobs. Now, though, it is more complicated.

"We're in phase 2.0. We're turning to circles of circles of contacts to find employees," he says. "Once onboard, they have to be trained according to the 'Cumberland way,' and that's not something we can do ad hoc."

In some sense phase 2.0 could also be an apt description for this stage of Jackson's own health care career. Prior to Cumberland he served as Senior Director of Annual Giving at Vanderbilt University Medical Center for nine years. While at Vanderbilt, he earned an Executive MBA, which he says taught him, among other things,



Todd Jackson

"how to work well with others—especially those you don't agree with." Together, the experiences at the Medical Center and at Owen provided Jackson with a building block for the logical next step in his career—an opportunity to grow alongside a dynamic firm in a dynamic field.

"My career is evolving," he says. "I'm someone who likes to create and build, and Cumberland has presented me with an amazing opportunity to do just that."

—SETH ROBERTSON

"CLASS ACTS"



The newly graduated MBA, MAcc and MSF classes continued an Owen tradition of giving by establishing the Class of 2010 Scholarship Fund.

CityOwen Recap

The CityOwen program is led by alumni around the country and provides value through networking opportunities, updates on the school and featured faculty or staff presentations. The program also helps strengthen the relationship between Owen and local communities in areas such as recruitment.



CityOwen Washington, D.C.

Atlanta

March 30

CityOwen Atlanta welcomed Nick Bollen, the E. Bronson Ingram Professor of Finance, who spoke to the group about hedge funds. The casual kegs and hors d'oeuvres event was held at the Capital City Club in Brookhaven.

California

June 8

CityOwen California, in conjunction with the Vanderbilt Alumni Association, welcomed T.J. Stiles, Pulitzer Prize-winning author of *The First Tycoon: The Epic Life of Cornelius Vanderbilt*. The event was hosted by Kimberly Jackson, MBA'01, at JAX Vineyards in San Francisco.

Charlotte

Sept. 16

Libba and Brett Rule, both MBA'88, hosted the inaugural CityOwen Charlotte event at their home.

Dallas/Fort Worth

May 26

CityOwen Dallas/Fort Worth held their third event at Trece Restaurant.

Denver

Aug. 24

CityOwen Denver held a casual summertime social at George Schock Photography Gallery.

Washington, D.C.

June 5

CityOwen Washington, D.C. was launched at a kickoff barbecue.

If you're interested in launching a CityOwen group where you live, please contact Alumni Relations at (615) 322-7409.

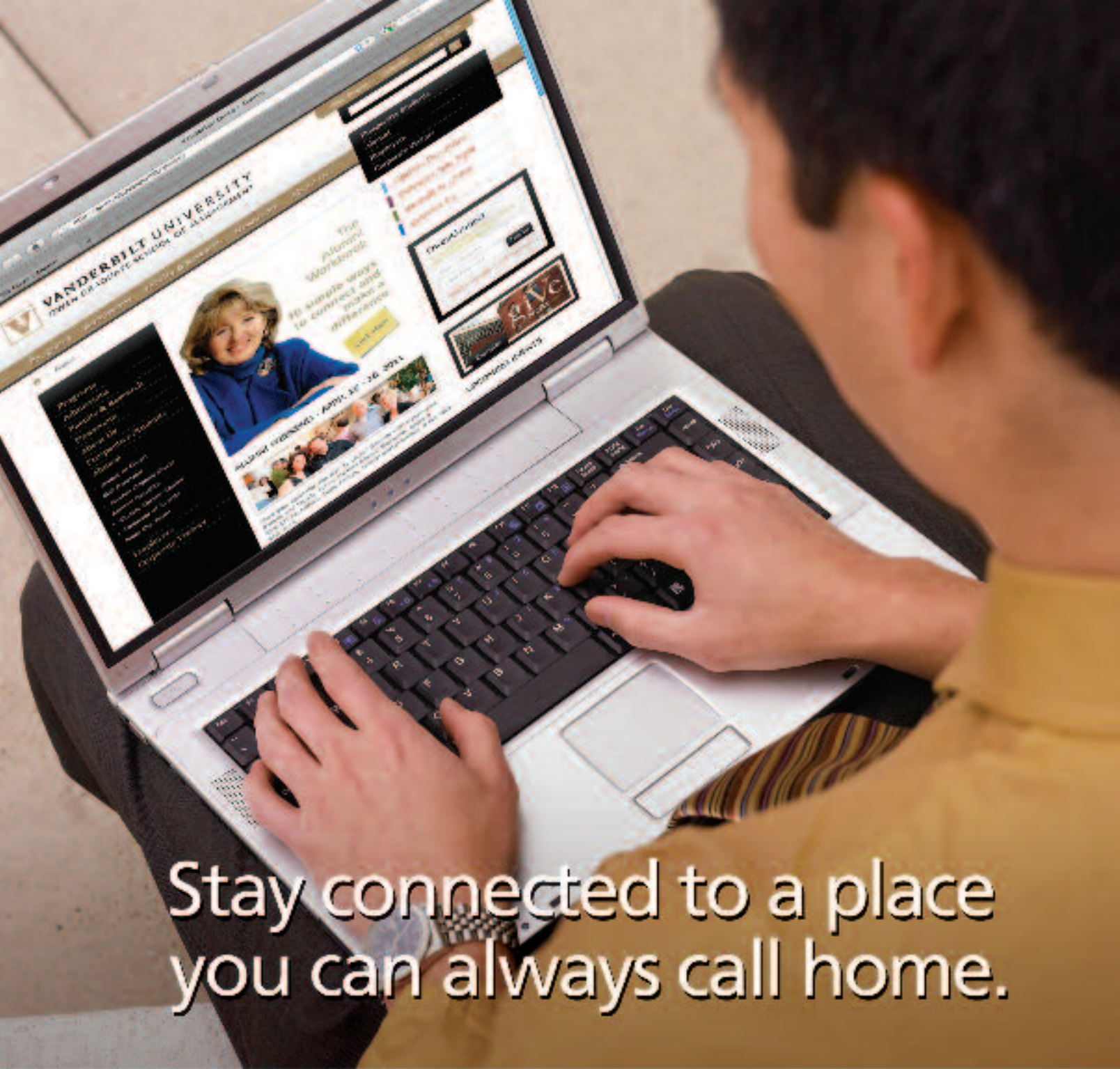
Congratulations to the Executive MBA Class of 2010

The EMBA Class of 2010 made history by raising more than \$140,000 toward its class gift. Not only is it the largest amount ever raised by an EMBA class, but it is also the first time in Owen history that a class—EMBA or otherwise—has reached 100 percent participation. The gift established the EMBA 2010 Strategy Department Fund, which will be used to enhance offerings within the strategy department at Owen.



EMBA Class of 2010

"CLASS ACTS"




Stay connected to a place
you can always call home.

With OwenConnect—our online directory for alumni—it's easier than ever to remain an active part of this vibrant place.

OwenConnect
OWEN GRADUATE SCHOOL OF MANAGEMENT
ALUMNI ONLINE COMMUNITY

- Update and maintain your online directory profile
- Easily find classmates and alumni with the robust search functionality
- Submit and view class notes (promotions, family news and educational updates)
- Access career resources (resume and job postings, career counseling and assessments)
- Discover articles, podcasts, faculty research and current Owen news

VANDERBILT  Owen Graduate School of Management

BOTTOM LINE

continued from page 56

out? What do we tell our customers? What do we tell our STARS who cannot come to work? Where will the displaced leaders find office space? How did our country music archives and memorabilia fare? We needed to plan updates for the board of directors and our shareholders, but what would we tell them?

Although a difficult road lay ahead of us, we were extremely fortunate in one respect: During the crisis we were able to fall back on our emergency preparedness, business continuity and crisis communication plans. These three interconnected plans provided a template as we reacted to the increasing threat of the flood and evacuated a large number of guests to safety in a reasonably orderly fashion. The plans also served us well as we set about answering the questions facing us, making some tremendously difficult decisions in the process. At times the task of finding solutions to

all these problems seemed never-ending, but we continued making progress day by day.

Now that it has been several months since the flood, I can attest to just how far we have come. The rebuilding process is almost complete: The Opry House has recently reopened, and our hotel will soon follow in mid-November. I also now have some perspective and can look on the bright side of those dark days. As tragic as they were, the events of early May gave us an opportunity for a fresh start. The flood spurred us to make the hotel and Grand Ole Opry even better than they were before, and we now can take great pride in reintroducing these cherished businesses to our customers, our city and the world.

.....
DAVID KLOEPEL, *who earned his MBA degree from Vanderbilt in 1996, is the President and Chief Operating Officer at Gaylord Entertainment Co.* **VB**

BILL OF HEALTH

continued from page 25

“I would say the THA and the TMA are working very hard to cooperate with each other and to try to have a constructive dialogue about how to move forward with these things,” he says. “It certainly doesn’t mean we agree on everything, but we recognize the importance of working together. We’re just two of several constituencies. There are the insurance companies, there’s big pharma, then there are the device makers, and each one of these is a very powerful group with a lot to lose.”

For investors, companies in any segment of the industry are going to have to prove themselves. “The companies that are going to succeed,” says Capitol’s Guthrie, “are those that have the ability to bring efficiency to the health care system, to deliver quality and free up enough money for solid patient care.”

This may be easier said than done for most, but as America’s health care system has proven time and again, those with ingenuity and determination are capable of rising to the occasion. Physicians, hospitals, pharmaceutical companies and others in the medical community have worked together before to solve some of the most challenging problems known the world over. The question now, though, is whether or not they can do the same for the very system they are a part of. **VB**



The lobby of the Opryland Hotel before the flood

Someway, Somehow

The valuable lesson I learned in India

By DARREN GEST, MBA'10

“DO YOU THINK IT'S POSSIBLE THAT HE put diesel in the tank instead of petrol?”

I asked Girish this question while we sat in our broken-down car facing three cows and a street vendor selling coconuts. Girish, whom I had met at the Hong Kong University of Science and Technology during my Owen semester abroad, was taking me on a tour of his hometown of Delhi, India, by way of a two-hour gas station visit. Minutes later the guilty station attendant put one end of a hose in our gas tank and the other end in his mouth. Before I could say, “Please, whatever you do, do not do that,” he inhaled to create a suction that pumped the gasoline into a waste bucket. Meanwhile Girish looked at me, shrugged his shoulders and said, “*Jugaar*.”

Jugaar is a Hindi term that loosely translates as “things will work out, somehow.” Is a man attempting to fix your car by sucking gas out of a hose? *Jugaar*. Or perhaps a shopkeeper does not have 7 rupees in change, so he offers you 5 rupees and a piece of chocolate instead? *Jugaar*. Or maybe it is too hot to sleep at night so you pull the mattress onto your balcony and wrap a mosquito net around the railing? *Jugaar*. I had to remind myself to be resourceful and remain optimistic during my visit to India—even when the clear path to success was either blocked or unavailable.

Those of us who are business professionals in the U.S. could certainly benefit from this line of thinking,



Gest with Goonj Founder Anshu Gupta (standing) and Goonj Project Coordinator Ruchika Gandhi

especially during these lean economic times. Perhaps your company has slashed its budget and work force, and you are now saddled with extra burdens? *Jugaar*. Or maybe you are among those who were laid off and are now trying your hand at entrepreneurship? *Jugaar*. We are all making do with fewer resources and relying now more than ever on creativity and innovation to keep moving forward.

While in India, I dedicated my time to working with Goonj, an NGO (non-governmental organization) with offices in seven cities, a network that spans 21 states, and partnerships with 150 groups, including other NGOs and the Indian army. The idea behind the organization, which was founded by Anshu Gupta in 1999, is “clothes for development”—utilizing donated clothing and other

items as compensation for development work, like digging wells, building schools and constructing bridges in village communities. In this way Goonj enhances the efforts of other social entrepreneurs by providing a way to compensate village laborers without using cash.

The key to Goonj's success is a lean business model fueled by innovation and resourcefulness. The clothing and other donated goods are gathered from affluent families at collection points in urban areas and then filtered through a complex supply chain that eventually reaches rural villages. Any donated item that arrives at the Goonj warehouse in poor condition is broken down into raw material, which is then used in making items such as quilts, bags and children's toys. Even small threads that fall on the

Continued on page 54

GLOBAL PERSPECTIVE

continued from page 53

production-line floor are collected and sent to the seamstress team for product development.

To raise funds Goonj sometimes sells the items it receives. For example, if a donated book will not be used in a village, the team will sell it to a bookstore in the city to generate income. The NGO also sells the products it makes to clientele in the cities. These items include folders, purses, wallets, cell phone holders and greeting cards. I even witnessed a donated Michael Jackson cassette tape repurposed into other items, including stripping the tape out of the cassette and using it to weave handbags and mats. The Goonj team consistently finds a way to promote and advance its efforts by working with what it has and within its means.

In many ways Goonj provides a model not just for other organizations in India but for those elsewhere, including the U.S. The NGO is small enough to respond to fluctuations in donations

and has kept its fixed costs low enough to ensure that profit centers keep the organization afloat. Its technology may be outdated, the office space cluttered and the sorting center dilapidated, but Goonj has effectively optimized its production and supply chains. Its warehousing model can compete with any corporate Six Sigma project.

Success comes down to whether we are willing to look at and work with what is in front of us. Rigid perceptions of how things should or used to be eventually give way to the certainty of how things are. Organizations that stay lean and remain creative with resources are the ones that will be standing when the smoke of the recession clears. It may not be easy, but things will work out, somehow. *Jugaar.*

DARREN GEST, *who earned his MBA degree from Vanderbilt in 2010, is currently a Human Capital Senior Consultant at Deloitte Consulting in Chicago.* **VB**



Seamstresses in the Goonj sorting center

MILITARY DISCIPLINE

continued from page 39

him, “Your country needs you.” In between he operated a fledgling import business in handmade goods from some of the exotic locales he had visited with the Corps, like Yemen. The business barely broke even. But, as an entrepreneur, Sumner had found a civilian avocation that could satisfy his need for flowing adrenaline.

Now he is returning for another jolt—this time as a beer maker with an MBA. He learned the brewer’s art from his younger brother. After taking a new product development class, he realized he might have a new product of his own. He began testing its viability at Owen get-togethers. “At one party,” he recalls, “I brought 26 different types of beer. People were saying, ‘Where can I buy this stuff?’”

With help from Owen’s entrepreneurship program, Sumner test-marketed his quaffs in the wider community. This summer he was busily researching properties around Nashville and as far afield as Austin, Texas, and Portland, Ore. To Sumner, it feels like an exhilarating jump, and his MBA colleagues are his bungee. They are continually providing support and advice, offering to serve on the board of his company for free, helping him assess logo designs, and serving as sounding boards for ideas.

That is the thing, Sumner says, about Owen. “When I got out of the Marine Corps, I thought I’d never have this again. The camaraderie at Vanderbilt is unique. That’s why I’ll always appreciate it. There were a lot of students who perhaps were smarter than me and whom Owen could have accepted into the program, but they chose me to be part of the family. When somebody gives you a chance like that, you don’t forget it. And that’s the Marine Corps way.” **VB**



VANDERBILT
Owen Graduate School of Management

Ted and Gigi Lazenby's relationship with Vanderbilt runs deeper than most.

They both earned bachelor's degrees here, and Gigi graduated from one of the Owen Graduate School of Management's first classes. To celebrate their Vanderbilt connection, the Lazenbys established a charitable remainder trust and plan to create an Owen scholarship.

Ted Lazenby, former president of National Life & Accident Insurance Co. and founder of Southlife Holding Co., sees the trust as a sound investment that also supports students. "We're interested in investing in human capital," says Ted.

"Owen has so much to offer," says Gigi Lazenby, chairman and chief executive officer of Bretagne, an oil and gas exploration and production company. "We'd like to help more students take advantage of Owen by making tuition more affordable."

Please join the Lazenbys in including Owen in your estate plans. Tax-effective options include:

- a bequest,
- a life income gift (support Owen and receive income in return) such as a charitable remainder trust,
- naming Owen as beneficiary of your IRA or life insurance policy, and
- a gift of real estate.

If you'd like to support Owen through a planned gift, please contact Katie Robinson in Vanderbilt's Office of Planned Giving at (615) 343-3858 or (888) 758-1999 or katie.robinson@vanderbilt.edu.

What will
your legacy be?

www.vanderbilt.edu/alumni/plannedgiving

Hell or High Water

Rebuilding Gaylord Entertainment after the flood

By DAVID KLOEPPPEL, BS'91, MBA'96

“IT’S HEARTBREAKING. YOU WALK THROUGH these buildings and feel like the soul has been taken out of them. There are no customers. ... There’s no joy. There’s no music playing in the Grand Ole Opry.”

These were among the only words I could summon standing in front of TV cameras and newspaper reporters the morning of Monday, May 3. I had just landed at the Nashville airport, rushed to the Gaylord Opryland Hotel and toured the property with the media. The day before I had been stranded in the Miami airport as a record-setting rain fell in Nashville—a rain so great it swept away cars, homes, buildings and lives. It also left up to 9 feet of water in 800,000 square feet of our hotel and 4 feet of water on the stage of the Grand Ole Opry.

The enormity of it all was difficult to grasp and certainly difficult to put into words. All day Sunday, May 2, those of us on the leadership team were in constant contact with one another, monitoring and reporting on water levels in the Cumberland River, which snakes its way



The May flood left nearly 9 feet of water in different parts of the Opryland Hotel.

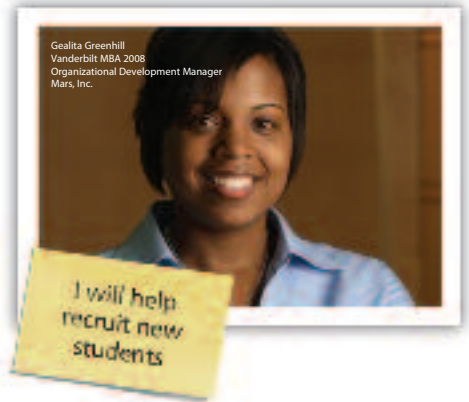
through Nashville and surrounds our properties in an oxbow known as Pennington Bend. The reports we were receiving from government agencies continued to indicate our levee would be high enough to hold back the rising river. However, visual inspections by our team told us the information we were receiving simply wasn’t accurate. The river was rising higher and faster than agencies had earlier projected.

Eventually we decided to evacuate the hotel—1,500 guests and our employees, or STARS as we call them—to a nearby high school. There was no debate among the team on the phone that evening. Life safety was our first priority. Even if the river didn’t top the levee, we thought it

would be better to inconvenience our guests and STARS rather than risk harm to anyone. A few hours later, with everyone safe at the high school, water began seeping into the lobby of the hotel.

Back to Monday morning. The interviews and media tour were complete. Guests who had an uncomfortable night in the shelter were off to the airport, which was open again. The leadership team at the property had customer transition well in hand. It was time to begin answering the questions we’d posed during our hourly conference calls Sunday night: How long will our businesses be closed? How extensive is the damage? How quickly can we pump the water

Continued on page 52



How will you make a difference?

The alumni above have chosen to add value to Owen in meaningful ways that best fit their needs. Whether you choose to help recruit new students, hire Owen graduates, speak to classes, mentor students, lead a local alumni chapter, host an alumni event, support the school financially or attend a class reunion, your active connection to Owen ensures the school's continued success and growth. Learn more about how you can make a difference at owenalumni.com.



VANDERBILT UNIVERSITY
OWEN GRADUATE SCHOOL OF MANAGEMENT

owenalumni.com

VANDERBILT UNIVERSITY
Owen Graduate School of Management
PMB 407703
2301 Vanderbilt Place
Nashville, TN 37240-7703

Non-profit Org.
U.S. Postage

PAID
Nashville, TN
Permit No. 1460

A Publication of  **VANDERBILT UNIVERSITY**
OWEN GRADUATE SCHOOL OF MANAGEMENT



Save the date for Owen Alumni Weekend!
April 15-16, 2011