VANDERBILT BUSINESS

OWEN GRADUATE SCHOOL OF MANAGEMENT

Spring 2008

Owen's ICE Man

Chuck Vice, MBA'90, Moves Energy Trading Online at IntercontinentalExchange

SEEDS OF CHANGE
A Greener Way of Doing Business

BEFORE OWEN WAS OWEN
Recalling the School's Early Years

CAPITAL IDEAS
Human Capital Takes Center Stage

PHOTO ESSAY
In the Right Direction: Mentoring Relationships at Owen

Spring 2008

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Mentoring Relationships Open Doors of Opportunity

PERSONAL ASSETS

A Message of Value

How an Investment Expert's Segue to Television Has Paid Off

By AMY NORTON

Rob Morgan, MBA'84, as seen on TV

JOHN RUSSELL

AT FIRST GLANCE, THE WORLDS OF AN INVESTMENT strategist and television news personality couldn't seem further apart in purpose, but for Rob Morgan, MBA'84, these two seemingly disparate career paths converge in a mutually beneficial way.

As the Chief Investment Strategist for Janney Montgomery Scott, Morgan follows stocks, makes recommendations to brokers to buy or sell, and provides asset allocation advice. But he also spends time "waving the Janney flag" in one-on-one client presentations, presentations to groups, and, his favorite, appearances on CNBC and Bloomberg TV.

Being a spokesperson certainly serves a great purpose for his Philadelphia brokerage firm from a marketing standpoint, but Morgan's frequent appearances on news shows such as "Squawk Box," "Closing Bell" and "Worldwide Exchange" fill a need he's had since childhood to "have a voice." As the child of a college professor, he grew up in a household that held great writing in high esteem, and his understanding of the value of message has translated well into his journalistic endeavors.

Opportunities to appear on television didn't come easy at first, but Morgan's determination and resourcefulness eventually paid off. He recalls finding out that his show "Bull's Eye" was cancelled while sitting in the CNBC makeup room ("yes, I do wear makeup," he quips) and how he capitalized on that disappointment:

"My show was cancelled to be replaced with Jim Cramer's hit 'Mad Money.' But I had the good fortune of having been given a list of all the producers by the makeup artist who was sympathetic to my plight. I decided to e-mail each producer my ideas and talking points for new segments, and that has opened the door for appearances on numerous other shows and other networks." VB

FROM THE DEAN

This issue is published as we welcome Nicholas Zeppos to his role as the eighth Chancellor in Vanderbilt University's 135-year history. Having had the pleasure of working with Nick in his former role as Provost and Vice Chancellor of Academic Affairs, I write to share with you my personal view of our new Chancellor. While others can describe his scholarly achievements and educational views more eloquently than I, I can attest to the fact that he *is* a scholar, teacher and leader and that he *is* a demanding and extremely intelligent boss. But what I admire most—why I believe he will be good for Vanderbilt—is that he has that rare ability to transform vision to reality. He knows what it takes to build a great university, and every action he takes is designed to achieve just that end.

Nick is also a big fan of Owen. Over the past three years of my time as Dean, he has supported the actions necessary to elevate Owen among the very top business schools nationally and internationally. We are not where we want to be yet, but we are on the right trajectory. We will not be all things to all people. We are building a differentiated niche that has and will continue to achieve excellence in our chosen areas of engagement. Please join me in welcoming Chancellor Zeppos in his new role.

I hope as you read this issue you appreciate the huge amount of work that many have undertaken to bring Owen to center stage today. From the innovative work of our faculty, students and staff, to the support of the Owen alumni, to the encouragement of Owen's Board of Visitors and the Vanderbilt Board of Trust, the school is making great strides. We've just completed our every-five-year audit by AACSB, the accreditation body for business schools around the world. Our review team, consisting of deans from other highly-regarded institutions, was extremely complimentary of our many achievements. I humbly express my appreciation for the work of so many. We have elevated the student body, hired great faculty, started important new programs, and built infrastructure that will serve the school for years to come.

Once again this year, the Owen Development and Alumni Relations team, Peter Veruki, and I have made over 20 city visits to engage our alumni and the business community, prospective students, and business leaders in a dialogue about Owen. Many alumni have opened their homes and inspired me with their stories of their Owen careers, families and business experiences. They have told us how Owen has helped "shape their worlds," and I'm pleased that you'll be able to meet several of them within the pages of this magazine.

As one of my great friends once said to me, "It is all uphill from here." Being an avid bike rider, at first I was discouraged thinking he meant that it gets much harder and that there is a great deal of climbing to do. He was saying that, but he was also saying that there are peak experiences ahead.

With your help, we will reach the mountaintop.

Jim Bradford

Dean and Ralph Owen Professor for the Practice of Management

More about Chancellor Nicholas S. Zeppos

On March 1, Nicholas S. Zeppos, a distinguished legal scholar, teacher and administrator who has been a vital presence on Vanderbilt's campus for two decades, was unanimously chosen by the Board of Trust to be the university's eighth Chancellor.

"I have come to know Nick Zeppos as a scholar, a teacher, an executive, an advocate and a friend, and I am convinced he is the best person in the country to be Chancellor of Vanderbilt. This great university has come so far, so fast, and the principal reason is Nick's enormous intellect, his great vision, and his tireless commitment to Vanderbilt's students, faculty, staff and alumni," says Martha Ingram, Chairman of the Board of Trust.

Zeppos joined the Vanderbilt faculty in 1987 as an Assistant Professor in the law school, where he was recognized with five teaching awards. He subsequently served as an Associate Dean and then as Associate Provost before being named Provost and Vice Chancellor for Academic Affairs in 2002. Since then, Zeppos has overseen the university's undergraduate, graduate and professional education programs as well as research in liberal arts and sciences, engineering, music, education, business, law and divinity.

To learn more, visit *www.vanderbilt.edu/chancellor.*

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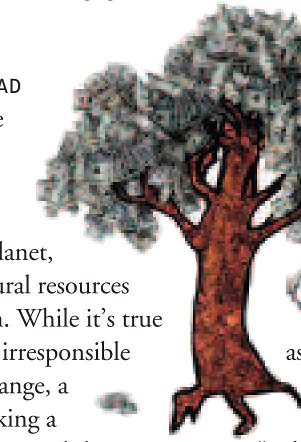
More than the Color of Money

Green Takes on a New Significance for Business

By SETH ROBERTSON



NATASHA S. JOHNSON, MCT

BUSINESS OFTEN GETS A BAD RAP when it comes to the environment. On the whole, companies are blamed for many of the problems afflicting our planet, including dwindling natural resources and widespread pollution. While it's true that some companies are irresponsible and others are slow to change, a surprising number are taking a green approach to business, and the success they're having is both remarkable and inspirational.

With environmental issues gaining wider public acceptance, these forward-thinking companies are finding that being eco-friendly and being profitable are not mutually exclusive. Green initiatives, like energy efficiency and sustainability, don't just make sense in terms of cost savings and stakeholder satisfaction. They also provide a competitive edge in the marketplace, as demonstrated by the increasing consumer demand for products that are grown or manufactured in a responsible manner.

Among those championing this trend in business is Net Impact, a membership organization that brings MBAs and other young professionals together to network, learn and take action on social and environmental issues. Owen had the honor of hosting the group's annual conference in November, and I was fortunate enough to attend several of the sessions.

Of those, I particularly enjoyed the opening keynote Q&A with Yvon Chouinard, the Founder and Owner of Patagonia, Inc., the outdoor clothing and equipment company. Not one to mince words, Chouinard spoke with candor about the perils our planet is facing, and yet his message was nonetheless heartening to hear. When asked how he doesn't get discouraged by all the bad news about the environment, he explained, "What keeps me going is knowing that I'm doing what I can, in my own way and with my own resources, to solve a lot of these problems. As long as you're active, it works out."

It's in this spirit that we decided to do our part and print *Vanderbilt Business* on partially recycled paper, starting with this issue. We've also dedicated much of the issue to green topics, specifically as they relate to Owen. In the pages that follow, you'll find an article written by a current MBA student who's helping make Vanderbilt University as a whole more sustainable and profiles of Owen alumni working in environmentally conscious fields.

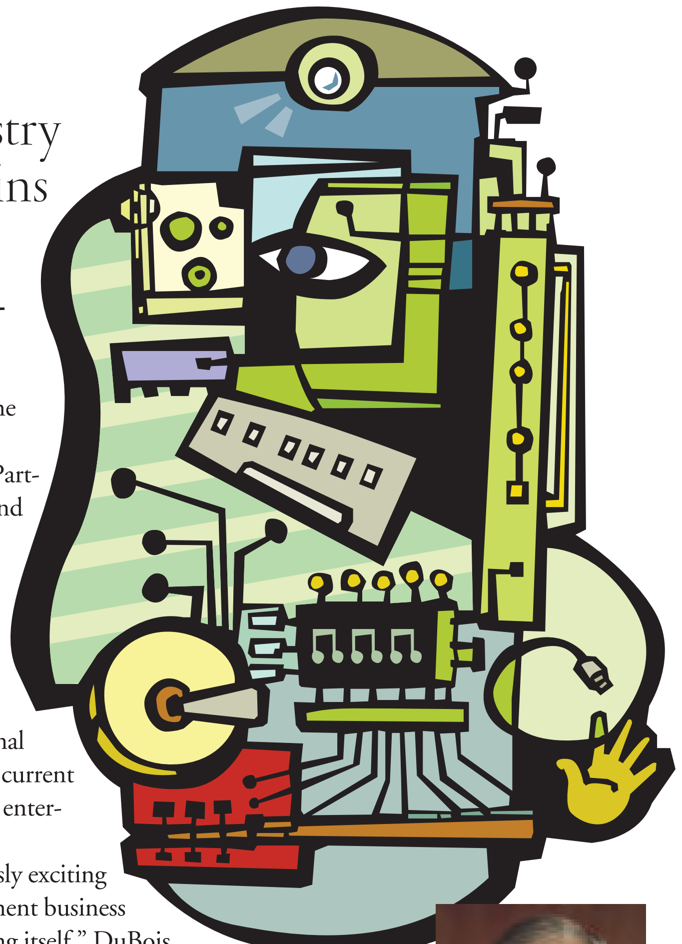
As Owen and other B-schools adopt a greener philosophy, there's hope for this planet yet. Business is a powerful tool, and in the hands of a capable and energetic new generation of leaders, anything is possible. In his autobiography *Let My People Go Surfing*, Chouinard says it best: "…business can produce food, cure disease, control population, employ people, and generally enrich our lives. And it can do these good things and make a profit without losing its soul." VB

INSIDE OWEN

Faculty *Music Industry Executive Joins Faculty* | **Development** *Board of Trust Visit* | **Research** *Nasdaq Gives Grant to FMRC* | **Conference** *Inaugural Project Pyramid Case Competition* | **Students** *Max Adler Scholarship Awarded*

FACULTY

Music Industry Executive Joins Faculty

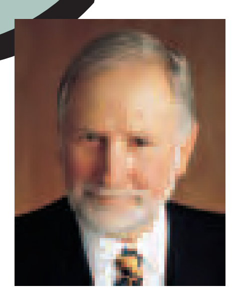


KUROBOT.COM

ONE OF THE MOST SUCCESSFUL RECORDING industry executives on Music Row has joined the faculty of Owen. Tim DuBois, former Senior Partner at Universal South and President of Arista Records/Nashville, is teaching in the MBA program as Clinical Professor of Management and helping the school develop educational programs and events for current and future leaders in the entertainment industry.

"This is a tremendously exciting time with the entertainment business in the process of remaking itself," DuBois says. "I'm looking forward to establishing programs that help to make Owen Graduate School of Management a leader in the digital entertainment revolution."

DuBois, a native of Oklahoma, has been a successful songwriter, manager, record executive and producer in Nashville since the 1980s. Tapped by legendary music executive Clive Davis to open a Nashville division of Arista Records in 1989, DuBois discovered and signed stars including Alan Jackson, Brooks & Dunn, Brad Paisley, BlackHawk, Pam Tillis and Diamond Rio. DuBois went on to head Universal South Records with producer Tony Brown from 2002 to 2006.



Tim DuBois has been a successful songwriter, manager, record executive and producer since the 1980s.

"Tim DuBois offers students a front-row seat to history as digital technology forces the music, TV and movie industries to redefine business models," says Dean Jim Bradford. "We anticipate that Tim will oversee entertainment-focused executive programs and industry summits that will become destination programs nationally and internationally. These programs will be yet another way that Owen will distinguish itself among graduate business schools."

To listen to Professor DuBois' podcast about the changing business model of entertainment, please visit the Owen Newsroom at www.owen.vanderbilt.edu and click on the Winter 2008 edition of OwenIntelligence.

DEVELOPMENT

Board of Trust Pays Visit to Owen

ON NOVEMBER 16, VANDERBILT'S BOARD OF TRUST visited Owen to discuss the school's future with faculty, students and staff members. It marked the first time that the board, which serves as the governing body for the university, had devoted an entire day to meet with representatives of the school. The discussions that day focused on five topics: faculty, specialized programs, student life, admissions and career management, and facilities. The board's observations and recommendations for each were as follows:

Faculty: The board complimented Owen for providing a strong, collegial environment for recruiting faculty. It was recommended that Owen discuss its strategy at all future executive committee and faculty meetings, hire talented "star" faculty for key positions as programs require, and improve its junior faculty development plan, including seeking teaching opportunities for junior faculty at the undergraduate level.

Specialized Programs: The board was complimentary of the specialized programs developed and launched at Owen within the past three years. They noted that these programs—the Health Care MBA, Master of Accountancy, MS Finance, the Leadership Development Program and Accelerator—have all been driven by a strategic analysis of market demand, Vanderbilt's trans-institutional strengths, and faculty expertise and capacity. Bringing in students and tuition revenue through such programs has enabled Owen to increase its selectivity within the flagship MBA program, thus benefiting the entire academic environment. The board urged Owen to continue developing unique programs that focus on defined market needs while elevating the MBA program to a top 20 or better business school globally.

Student Life: Board members who participated in this session expressed high regard and admiration for the many innovative and energetic student life initiatives. While impressed with the students' accomplishments and their collective enthusiasm for the Owen experience, the board would like to see this enthusiasm carry on past graduation and manifest itself in higher alumni participation and giving. Some of its recommendations were: to conduct interactive student and alumni mentoring programs; engage students with the OwenConnect online community; explore ways students can engage alumni and tell the current Owen story; focus on efforts to increase Owen alumni participation and giving to 30 percent annually or more; better utilize the class agent program in place with the alumni council; and expand the development and alumni relations team to engage in greater outreach together with the dean.

STEVE GREEN

Chairman of the Board Martha Ingram is greeted by students and faculty.

Admissions and Career Management: Board members greatly appreciated the Owen School's recent initiatives to increase the quality and selectivity of applicants for its degree programs. They also came to understand that—unlike undergraduate programs in which rankings are based solely on the quality of the matriculating students—graduate business school rankings also look closely at post-graduate employment and compensation. Board members asked the Career Management Center to continue to build recruiter relationships in the South; while compensation may not be as high as other locales, the quality of life and lower-cost-of-living make Nashville and other Southern cities preferred locations for Owen graduates.

Facilities: Board members noted that the Owen facilities were once "state of the art" but no longer meet the needs of the school nor are they competitive with other top-tier universities that offer MBA and Executive Education programs. They also felt that the edifice of the facilities serves as a statement of the schools quality—especially for graduate business schools. The board outlined two alternatives: add to the existing facilities or build an entirely new complex to house the Owen School. In this latter scenario, the existing facility might house an undergraduate business program if Vanderbilt were to go this route in the future. The board directed the Owen administration to "dream big and think creatively" and bring a plan to the university administration to construct new or add to existing facilities that befit a world-class business school.

The Nasdaq grant will provide funding for financial markets research.

GETTY IMAGES

RESEARCH

FMRC Receives Grant from Nasdaq Stock Market

THE NASDAQ STOCK MARKET EDUCATIONAL Foundation Inc. has awarded the Vanderbilt Owen Graduate School of Management a $45,000 grant to support Owen's Financial Markets Research Center (FMRC).

The FMRC was founded in 1987 to promote the discussion and research of important policy issues tied to financial markets. The grant will be given in three annual installments of $15,000.

"We are delighted that the Nasdaq Educational Foundation has agreed to support the work of the Financial Markets Research Center," says Hans Stoll, FMRC's Director and the Anne Marie and Thomas B. Walker Professor of Finance. "The funds will be used to maintain research databases, provide research grants for projects in financial markets and support workshops."

The grant will also be used to organize and host conferences. Stoll says the FMRC is noted for bringing together academic researchers, industry experts, regulators and students in a unique mix of research with policy and practice. Past conferences have focused on world trading markets, financial markets reform, the stock market crash of 1987, corporate behavior in financial markets and coping with global volatility.

CONFERENCE

Owen Hosts Inaugural Project Pyramid Case Competition

THIS PAST FALL, 12 STUDENT TEAMS from 10 leading universities competed in the inaugural Project Pyramid Case Competition. The competition, sponsored and hosted by Owen during the Net Impact Conference, was organized by Vanderbilt's Project Pyramid, a student-driven initiative to arm future leaders at all of Vanderbilt University's schools with the business tools to produce sustainable solutions that alleviate poverty. It is the only contest of its kind.

Contest finalists were challenged to develop sustainable ideas for how Project Pyramid could use $75,000 in funding to best alleviate poverty for the largest number of people or gather the most support for and interest in poverty alleviation. Solutions could revolve around any aspect of poverty alleviation and be enacted anywhere in the world except for active-conflict areas. The winning idea—developed by the team from the Schulich School of Business at York University—was a highly collaborative, locally focused social venture capital model.

The contest began at the start of the school year as 35 student teams from three continents competed in two rounds of competition for $15,000 in prize money, provided through a generous gift of support by Cal Turner Jr., Chairman of the Cal Turner Family Foundation and Retired Chairman and CEO of Dollar General Corporation. Out of those 35 teams, 10 schools were then invited to participate in the final round during the conference. The top three teams—from York, University of Chicago and Georgia Tech—gave their presentations to a panel of corporate executives during the final day of the conference. Judges for both rounds included Project Pyramid student members and Owen faculty.

"The Vanderbilt Owen Project Pyramid Case Competition serves as a unique opportunity for emerging business leaders to bring their ideas to bear against issues of global poverty," says Asif Shah Mohammed, MBA'08, one of the contest's organizers. "We look forward to an even greater number of participating schools and students next year, with increasingly innovative solutions to help alleviate poverty-related suffering throughout the world."

PROJECT PYRAMID
Changing the World From the Bottom Up

MAX ADLER SCHOLARSHIP AWARDED TO SECOND-YEAR STUDENT

IN FEBRUARY, BILL LAMBERT, MBA'08, became the first recipient of the Max Adler Scholarship. The award is funded by the Max Adler Student Investment Fund (MASIF), founded in 1983, through a generous grant to the school by Mimi Adler, widow of Max Adler, a prominent New York businessman.

Lambert, of St. Louis, has been recognized within the school, particularly among fellow classmates within the finance concentration, as an exceptional student who displays leadership ability and business acumen, according to Dean Jim Bradford. Lambert will pursue a career in investment banking with Deutsche Bank in New York following graduation.

"It is with great pleasure we make this initial scholarship grant. The combined generosity of the Adler family and the astute work of MASIF have made the initial gift a perpetual scholarship. I congratulate Bill Lambert for his dedication to the Owen School of Management," says Bradford.

The goal of MASIF is to provide Vanderbilt MBA students with an opportunity to gain experience in investment management and research. This is the first year the Adler gift has been used to fund the scholarship, according to Owen student and current Max Adler President Nicholas Zager, MBA'08.

"It is very exciting for the school and the fund to be in a position to provide this scholarship. Bill has demonstrated his leadership abilities, academic success, and commitment to the school and a career in finance," Zager says.

JOHN RUSSELL

Bill Lambert, MBA'08, first recipient of the Max Adler Scholarship

Building a Better Planet

A Panel of Experts Discuss Responsible Manufacturing

SINCE THE EARLY DAYS OF INDUSTRY, companies have generally sought the least expensive approach to manufacturing without regard for the negative impact of their actions on society or the environment. Today, however, attitudes have changed, as companies see the value of more responsible manufacturing programs. On November 2, three experts on this subject participated in a Net Impact panel discussion moderated by Jeff Gowdy, MBA'06, Founder and Lead Consultant of J. Gowdy Consulting – Profitable Sustainability Solutions. Taking part were Dave Katz, Vice President of Customer Supply Chain & Strategy at Coca-Cola Enterprises; Suzanne Fallender, Corporate Responsibility Communications Manager at Intel; and Andrew Essreg, Business Sustainability Consultant at Five Winds International (now Principal, enVision Sustainability).

PHOTOS BY JOHN RUSSELL

Dave Katz (right) discusses Coca-Cola's responsible manufacturing practices with fellow panel members Suzanne Fallender and Andrew Essreg.

What's the secret to developing and implementing responsible manufacturing practices that don't hinder business? Have you found anything that works for your company or your clients?

Essreg: I think it's about finding something that's not an add-on, but rather an integral part of your business—the way you already do what you do so well. I have the opportunity to work with folks across a lot of different industries, but what's similar is that leverage point in the supply chain where there's an opportunity or risk that you want to focus on. To give you an example, we're seeing a lot of information being exchanged in the supply chain. Whether it's textiles or metals or different materials that go into a consumer product, folks are asking suppliers about where their stuff is coming from, the condition in which it's mined or developed, or where it's grown. So, as those questions get passed further upstream, the companies at the source are taking on more of the burden of providing that information and thinking about those issues. One of the tools these companies are using is life cycle assessment (LCA) to understand environmental impacts throughout the entire life of materials and products. We're seeing companies take an interest in moving from cradle-to-grave to cradle-to-cradle perspectives.

Fallender: Energy efficiency in our operations has become a high priority in the last few years for us. What we've found is that many of these energy efficiency projects that we were proposing had a slightly longer payback period than some of the other capital funding requests within the company but still had a positive impact for Intel. So, we separated them out into a different fund. We've invested about $19 million since we started this in 2001, but our energy savings from these different types of projects—everything from air cooling projects to water conservation to other improvements throughout the operations process—totaled $15 million in the last year alone. We simply had to take a different look at how we were evaluating energy efficiency against other requests within the company.

Katz: What we've been doing is working from the retail stores all the way back up to our suppliers and taking a look at every bit of the supply chain and where there is waste. Normally people think about wasted time or wasted money, but the sweet spot for us has been wasted resources. Anywhere that we can eliminate waste we have a potential to minimize our environmental footprint. A really great example of this is the realignments we've been doing in a lot of our markets where we're optimizing how we service customers based on their volume. We've found that in some cases we were over-servicing customers—tying up their back doors and having trucks idle. When we got through that whole service optimization, we had a better sense of the carbon impact. It's not a way that we would have looked at things in the past. We would have talked about hours saved and dollars saved. And now we're also talking about carbon saved.

Essreg: One more thing to add. I have a client with a manufacturing facility in Mexico. From a purely business perspective, they were looking to reduce their inventory. But what they found from an environmental perspective was that they could reduce the amount of space in that factory by 20,000 square feet by adopting a "just-in-time" approach to inventory—that is, only manufacturing what is ordered by end and channel customers, as opposed to producing inventory to be stored in the facility, merely taking up space until the demand is there. Just-in-time is not a new invention, but in this case, it enabled this company to lease out that space to another company and earn additional revenue. Optimizing that space also helped cut their heating and cooling costs. So, a lot of times whether it's in the manufacturing facility or in the distribution chain, just thinking about what's good from a traditional business perspective can pay off environmentally, too. Finding these double and triple win-wins with regard to environmental benefit, social responsibility, and financial gains—that's what business sustainability is all about, and frankly, that's what companies in any industry are seeking.

Could you explain what you're doing within your company to address the root causes of problems created by product development?

Fallender: At Intel, we're changing our designs about every two years. That means we're relooking at our manufacturing process, and that gives us an opportunity to evaluate the different materials in our products. For example, we've been designing lead out of our products over the past few years, and our new 45nm production processes are now lead-free. We've also found a way to take the halogenated flame retardants out of our packaging, and by 2008 we will offer halogen-free packaging solutions. We recognize that there are still things we can do to reduce the environmental impact of our products, and we look for ways to replace certain materials without sacrificing performance.

Katz: One of the issues facing our industry is the solid waste created by packaging materials. And one of the ways to design out this waste is to use less packaging and materials to begin with. A great example of this is the new grip bottle for Coke and Diet Coke and lightweighted bottle caps that we've introduced in different parts of the country. Aside from the marketing aspects of the bottle and the fact that it's functionally better, it's had a huge environmental impact, as well as a huge capital impact, because we've taken a substantial amount of plastic out of the bottle and the closure.

What would you say are the most difficult aspects of product development with regard to corporate responsibility?

Essreg: I think it really depends on the industry you're in, but the end-of-life

"It's not a way that we would have looked at things in the past. We would have talked about hours saved and dollars saved. And now we're also talking about carbon saved." —Dave Katz

Information **DRIVES** *decisions and purchases, especially in the wake of the* **GREEN TIDE** *we are feeling in* **CONSUMER** *products. The* **KEY**, *though, is making information* **RELEVANT** *to the audience.*

BUSINESS ROUNDTABLE

issue is certainly one. The question is: Are creative end-of-life options that are good for the environment cannibalizing potential sales? That's what a lot of clients are asking us to help them with and that really is an area where product development is not just for the product designers and engineers, but it's for the folks who are planning 10, 15 or 20 years out strategically. Stakeholders are asking companies to take more responsibility for the materials they're using and think about what's going to happen at the end of that life cycle. But at the same time, the companies don't want to make it so that they drive themselves out of business. Really balancing that, down to a product design level, so that it's not just good for business but good for society as well, is not an easy thing.

Fallender: On that point, there are things that are harder to know the impact of. Some of these, like the energy efficiency capital funding program that I talked about, have longer time runs, but we still think they are good investments for our business. It's just not always clear what the direct financial impact will be.

Katz: I'd like to build on Suzanne's point. To me, the challenge is that at the end of the day we're trying to manufacture something that the consumer wants to buy. And so there are quality requirements and expectations, functional requirements and expectations, and price requirements and expectations. It's not so much about whether or not we can charge more for something. It's about whether or not the customer will still reach out and buy this product off the shelf if it's not functionally correct, quality correct and price correct.

The panel spoke to a packed classroom in Vanderbilt's Sarratt Student Center during the Net Impact Conference.

In what ways have environmental and social responsibility created a competitive advantage for you?

Fallender: As I mentioned earlier, energy efficiency has become a real touch point in the semiconductor and processor area. It's a real strategic focus for not only our product development team but our competitors' teams as well. We're now competing in terms of energy efficient performance since it's something that's becoming more important to customers. Our chips that we introduced last year for desktops were 40 percent more powerful than the previous generation—meaning faster processing and better able to manage all of the tasks for your computer. But they were also 40 percent more energy efficient.

Katz: There's a growing consumer base out there looking for products that are environmentally friendly. More and more customers are making their purchasing decisions based on what we're doing environmentally. We're starting to see that there's a competitive advantage to being out front in terms of package weight and water efficiency and that we might get preferential selection if everything else is equal. Another interesting dynamic is in the workplace with hiring and retention. Increasingly, employees are choosing where they want to work based on how responsible a company is. So, if people feel good about what Coca-Cola is doing in their community and in the environment, they're a lot more likely to stay on board than leave to go to another company. I think having that retention and having that ability to attract talent are big deals for us.

What social and environmental changes do you see happening in manufacturing over the next 10 years?

Katz: I think design decisions and processes will begin to reflect a more intelligent environmental perspective. An example that I use all the time around water is that it's ridiculous to me that we still build houses where we flush toilets with drinking water. It's just a bad design. There are so many other sources of water that we could use to flush a toilet, and yet we pay to treat the water, pay to pump it to our houses, flush it down the toilet, and then pay to have it pumped back to the sewage plants to have it treated again. I think 10 years from now that's what we'll see—those types of design decisions being made across all of industry and consumer purchases.

Fallender: The only thing I'd like to add is that when you look at the last 10 years and what has changed, I think you'll see more integration of these considerations into decisions being made by companies. There will be less debate about the payback, and there will be a longer-term view of some of these funding decisions that are less easy to put a direct dollar figure on. I also believe consumers will be a little more willing to make purchasing decisions based on the environmental impact of the products they're buying.

Essreg: I think we're already seeing a lot of changes in the way materials and resources are being conceptualized, and not just from the design phase, but in how to dispose, reuse or recycle. I think communication is the key. People today are getting information from a variety of sources, and that means stakeholder expectations are evolving at a pace that we've never seen before. We define stakeholders as everyone—from your employees to your customers to your materials suppliers to your investors to your interest groups to your insurers. I don't think anyone can deny that stakeholder expectations in the age of information are putting pressure on companies, not only in terms of what they put in products and how they manufacture things but also how they talk about it, internally as well as externally.

My firm, Five Winds International, performed life cycle assessment work that supported Mion Sandal—Timberland's new brand—in being able to make credible and effective sustainability product performance marketing claims. And that was one of the first examples of the eco-label, or the eco-nutritional label, that's similar to the FDA nutrition labels you see on the back of most food and beverages. What they show on this label is the amount of CO2 contribution to manufacturing and distributing the product, the amount and sources of renewable energy utilized, material efficiency, etc. It leverages science to create a credible and accessible message for consumers like you and me, translating legitimate and complex environmental performance data into a way we as consumers can relate to our choices and available alternatives. There are a lot of other examples now in other industries, from construction to a whole range of consumer products and services, but that's where I believe things are going. It's only going to become more pervasive in all marketplaces. Information drives decisions and purchases, especially in the wake of the green tide we are feeling in consumer products. The key, though, is making information relevant to the audience. In that way, socially and environmentally responsible companies will be able to take leadership positions in their respective industries. VB

The audience asked the panel many thought-provoking questions.

Green in Action

Making Vanderbilt More Sustainable Through an Innovative Leadership Program

By JANE KIM, MBA'08

LAST AUGUST, MELINDA ALLEN, Executive Director of Owen's Leadership Development Program, approached me about participating in an inaugural year-long leadership experience designed specifically for second-year students. She described to me how Leadership in Action (LIA), as it's called, would broaden my skills by giving me the opportunity to manage a real-world project of my own selection.

I must admit I was initially hesitant to sign up. As a first-year MBA student at Owen, I had already participated in the mandatory Learn to Lead program, which was integrated into several of my core courses, including Leading Teams and Organizations, Operations, and Strategy. During these courses, my teammates and I held several meetings each mod that were centered on giving and receiving feedback, team dynamics and team decision making. I had also taken part in a similar program with my first employer when I was fresh out of college. In all, I felt as though I'd had more than enough experience with "soft" courses, like leadership development programs.

Nevertheless, I decided to give LIA a go. What changed my mind? It all began with the planning for the Net Impact Conference. As part of the committee that helped organize the event, I was involved in discussions about updating Owen's facilities to make them more environmentally friendly. We were hoping to replace incandescent light bulbs with compact fluorescents (CFLs), install low-flow toilets, and expand the school's recycling efforts. (See sidebar on page 60.) But in talking with Dean Bradford, it became apparent that there were very few sustainability initiatives in place, not just at Owen but on Vanderbilt's campus, too. Having seen sustainability reports produced by other colleges and universities, a small group of second-year students and I started a dialogue about helping produce a similar report for the university as a whole. It was at this point that I decided to investigate LIA further. After meeting with Melinda and others to discuss the course deliverables, expectations and goals, I realized that the experience would give me the tools and framework necessary to head up the sustainability project.


JOHN RUSSELL

Through the Leadership in Action program, Jane Kim, MBA'08, is helping Vanderbilt manage its environmental impact.

JANE KIM is a second-year student at Owen.

In early September, I met with Vanderbilt's Sustainability Office to discuss the feasibility of producing a report for the school. Unfortunately, they determined that we were not yet at the stage to start implementing one; I was told that we needed to work on the infrastructure first before any kind of report could be produced. As a counter-proposal, they suggested helping Vanderbilt build an environmental management system (EMS). An EMS is a set of processes and practices that enable an organization to reduce its environmental impact and increase its operating efficiency. Developing an EMS for Vanderbilt would help the school manage its environmental footprint—the environmental impact associated with its activities. That means Vanderbilt would save a significant amount of energy and resources, as well as potentially save a significant amount of money.

At the start of mod I, my fellow LIA classmates and I started sourcing our projects, which included finding company sponsors. I signed the Sustainability Office as my company sponsor and then spent the ensuing weeks scoping my project and providing weekly updates to the class instructors. At the end of the mod, I presented my idea to a vetting board that consisted of a diverse mix of faculty members to discuss the viability of my project, the strategic business impact in terms of my project scope, tasks, and deliverables. Once I received the vetting board's approval, I spent mod II recruiting candidates with an interest in sustainability and who also possessed the appropriate skills needed for the project. By the time final exam week arrived, I had successfully recruited Sam Milton, MBA'08; Colleen Mackey, MBA'09; and Kyser Miree, an undergraduate student in the School of Engineering, to join my team.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Not knowing much about environmental management systems, we all spent some time over the winter break learning about them and looking at other organizations' systems. As soon as we all returned to school in January, we met to develop a project plan. Luckily, our faculty sponsor, Mark Cohen, the Justin Potter Professor of American Competitive Enterprise, is very well versed in sustainability issues, and he has been an excellent resource.

A major part of my responsibility for the project has been people management. My first challenge surfaced when one of my team members considered dropping out of the program due to a heavy course load. Not willing to lose this valuable team member, I worked with the Academic Programs Office and LIA leadership to determine a viable compromise.

Another challenge was dividing up the tasks amongst my team members according to different working styles, workloads and personalities. I had held individual meetings with each member and had an understanding of their development goals and objectives. I reviewed the information gained in my one-on-one conversations with the students, compared it against the project goal, and built a project plan tailored to meet the unique needs of my team.

As an LIA member, I've been fortunate enough to participate in a peer-learning forum facilitated by Vistage, the world's largest CEO membership organization. Vistage is known for its group meetings that foster accountability and problem solving in a confidential and safe environment. The LIA project leaders meet monthly to process issues and problems with the help of the Vistage Facilitator, Tim Shaver. In our first few sessions, most of the issues dealt with personal matters, like job searches. But now that we are all actively engaged in our projects, the content of the sessions is centered on the challenges we are facing.

From time to time, we have guest speakers at our monthly Vistage meetings. They share with us their experiences and what attributes they feel are critical for good leadership. For example, Becky Sharpe, MBA'91, President of Scholarship Program Administrators, spoke to us about taking the higher ground when dealing with difficult people and never letting emotions get the best of us. Another memorable speaker was Dr. Gregg Steinberg, Assistant Professor of Health & Human Performance at Austin Peay State University. He talked about ways to improve our performance by using our time

Continued on page 60

INSIDE BUSINESS

Finance *Jacob Sagi and Momentum Investing* | **Accounting** *Nicole Jenkins and Earnings Management*

A Closer Look at Faculty and Their Research

These articles first appeared in the Fall 2007 and Winter 2008 issues of OwenIntelligence. *To read more about Owen's faculty and their research, please visit the Owen Newsroom at* www.owen.vanderbilt.edu.

FINANCE

Jacob Sagi and Momentum Investing

By Scott Addison

While positive company returns are a mainstay for building equity portfolios, some investors focus even more intensely on harnessing the potential benefits of momentum—or an increasing pattern in recent stock performance—to construct portfolios that earn above-average returns. And for decades, many researchers and investment managers have believed that profitable yields from such momentum-based strategies are largely the result of market inefficiencies or irrational investor behavior.

However, this conventional wisdom about momentum investing just didn't totally add up for Jacob Sagi, Associate Professor of Finance. "Such conclusions have been based largely on overly simplified models which—despite more than a decade of momentum-related studies—fail to identify some sensible economic attributes that could directly contribute to increased returns," says Sagi. Until now, that is.

In a groundbreaking study published in the *Journal of Financial Economics*, Sagi—in partnership with Mark Seasholes, Assistant Professor of Finance at Berkeley—takes a closer look at momentum-investing assumptions and provides a new framework for understanding momentum profits and for enhancing momentum strategies. "Our results," says Sagi, "indicate that the success of momentum strategies is not about market inefficiency and low risk, but appears to be tied directly to specific attributes of a company that affect the way its risk varies over time."

At its core, momentum investing involves the buying of stocks or other securities with consistently high historical returns, over the last three months to a year, and selling those that have had poor returns over the same period. While it's been around for decades, this type of investing became quite popular in the 1990s, spawning several high-priced newsletters that compiled records of impressive momentum-driven returns. Among the most outspoken proponents of momentum investing was Richard Driehaus, Founder of Driehaus Capital Management. Driehaus made momentum investing principles the core strategy he used to run his funds, believing that "far more money is made buying high and selling at even higher prices."

Similarly, researchers have also paid increasing attention to the nuances of momentum investment strategies, aiming to quantify and improve their profitability. But, for Sagi and his coauthor, the existing literature fell short when it came to pinpointing the economic rationale behind the success of momentum investment strategies.

Sagi and Seasholes felt that a critical first step to understanding this complex phenomenon was to model a single, representative company using basic attributes such as volatile revenues, operating costs and growth options. The company's value and risk profile was determined by assuming that its managers emphasized the maximization of shareholder value in operating the firm and exercising its growth option.

DEAN DIXON

Consulting for the electric power industry helped shape Jacob Sagi's research on asset pricing.

FINANCE

Sparking an Interest

By Seth Robertson

It's no mistake that Jacob Sagi, associate Professor of Management, is one of the nation's leading scholars on asset pricing and decision making under risk and uncertainty. Prior to becoming a professor, Sagi specialized in both as a Consultant with RPO Management Consultants, a company he helped found in 1998.

Of the many projects he consulted on, it was his work developing a derivative pricing model on gas-electricity "spark spread"—the difference between the market price of electricity and its cost of production—that has had the most bearing on his current research.

"Basically these gas turbines are like financial options. If you want to produce electricity, you just turn them on and pay the production costs. If you don't want to, you shut them off. It's like exercising an option," Sagi says.

Although Sagi still occasionally does some consulting on the side, he does not miss the career he left behind for academia. "I'm less fond of the intensity involved with full-time consulting work because problem solving all too often ends up being about fighting fires rather than trying to do something for the long run."

Applying this model, Sagi and Seasholes calculated the sensitivity of the company's performance to various parameters. What they discovered was that certain firms exhibited a positive relationship between past returns and future performance, or momentum in the firm's returns, among those firms with high revenue growth volatility, low cost of goods sold and high market-to-book value. They then used the same approach to simultaneously simulate the performance of many companies with different characteristics, and used the results to construct momentum investment portfolios. Their goal was to see whether momentum profits in an 'economy' populated by their model firms could mimic actual equivalent data from all publicly listed firms between 1963 and 2004.

The results from this analysis were dramatically clear. The "model economy," made up of firms that rationally maximized shareholder value, was able to produce momentum profits that were remarkably in line with empirically measured profits (something that no other study had managed to do). Further, momentum profits were far higher during times of overall market expansion in both the model and the real economy. Portfolios comprised of companies with high market-to-book values—considered to be a reflection of strong growth options—significantly outperformed those formed from low market-to-book companies. According to the study, high market-to-book companies had an average return of 3.44 percent per quarter, while low market-to-book firms had an average return of 1.01 percent per quarter—a difference of about 10 percent annually. In addition, companies with low cost of goods sold demonstrated enhanced yearly momentum profits that were between 2 and 9 percent higher than companies with high cost. Finally, companies with high revenue volatility produced momentum profits between 6 and 14 percent higher per year than low revenue volatility firms.

DENNIS BALOGH, MCT

Sagi's findings demonstrate that the profitability of momentum investing may be associated with higher risk, which flies in the face of more than 15 years of previous research.

Taken together, these advanced momentum strategies produced profits that outperformed traditional investment strategies by approximately 5 percent per year.

"The bottom line," remarks Sagi, "is that there is now theoretical rationale and empirical evidence for obtaining higher return from momentum strategies restricted to firms having certain characteristics. Momentum profits tend to be higher when the portfolio consists only of high revenue-volatility, low-cost and high book-to-market companies."

Sagi also believes that this research demonstrates that the profitability of momentum strategies may be associated with higher risk, which flies in the face of more than 15 years of previous research. "Our model economy was made up of firms doing economically rational things in a rational market, and the study's results point toward the possibility that momentum may not be giving investors high return with low risk after all," he says.

The results of Sagi's research shed new light on the anatomy of momentum strategies, and will no doubt prompt researchers and investors alike to think differently about how to design and employ such strategies for greater returns.

INSIDE BUSINESS

ACCOUNTING

Nicole Jenkins and Earnings Management

By Randy Horick

LET'S SAY YOU'RE A LARGE, PUBLICLY TRADED corporation. You've borrowed $10 million at a fixed rate of 6 percent. Now, sometime later, you're concerned that you may fall just short of your quarterly earnings estimate. Your stock price is at risk of being hit by an "earnings torpedo."

But you have a plan. You'll convert part of your remaining debt to a floating rate position—which, at the moment, is lower than the 6 percent fixed rate. By reducing your current interest expense, you realize an immediate increase in earnings. And through this bit of "earnings management" you will meet those all-important analysts' expectations.

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There's just one catch. Depending on the yield curve—based on the expectations of future interest rates—your conversion to a floating rate position could actually wind up costing your company more money and lower future earnings over the longer term than had you remained locked into your fixed rate.

That's what seemingly happened to Wal-Mart. A study of that case piqued Professor Nicole Jenkins' interest in practices, such as interest rate swaps and stock buybacks, through which public companies sometimes may "manage" their quarterly numbers.

Before she entered the academic realm, Professor Jenkins served as a Senior Auditor for Price Waterhouse. "My experience made me comfortable with complex financial transactions," she says. "It also made me curious about how firms use reporting rules to their advantage."

Both her students and her colleagues now benefit from that real-world experience, upon which she has drawn in producing two papers and a Harvard Business School Case on different facets of this subject. Her work on interest rate swaps is currently under review. Her earlier work on stock repurchases appeared in *The Journal of Accounting and Economics* in 2006.

Interest rate swaps are nothing new. For years, companies have relied on them as a way of managing their risk. In the first half of 2007 alone, the notional amount of interest rate swaps exceeded $347 trillion. That was a 38 percent increase from 2006, when $900 billion were involved in interest rate swaps each day. According to a 2003 survey, 85 percent of the world's 500 largest companies use interest rate swaps to manage risk.

Nor is earnings management a recent invention. But most research into this practice, Jenkins notes, involves accrual manipulation. Other tactics, such as stock repurchases, have received less attention. And, until now, no one had examined the extent to which companies utilize the flexibility in by Generally Accepted

Accounting Principles to generate earnings through interest rate swaps.

In Wal-Mart's case, Professor Jenkins says, between FY 2001 and FY 2003, the company took advantage of a rising Treasury yield spread (the yield on 10-year Treasury notes minus the yield on one-year Treasury notes), which made floating rates significantly lower than fixed rates. Through rate swaps, Wal-Mart increased the share of its exposure to floating rates from less than 20 percent of its total debt to more than 40 percent. As a result, the company reported interest expenses that were $269 million lower than the prior year. The resulting earnings exceeded analysts' annual consensus forecast by three cents per share. By the end of FY 2005, however, short-term interest rates had risen considerably—as predicted by the yield curve—prompting Wal-Mart to issue an earnings warning that its interest expenses could rise as much as $500 million that year.

Why would the company trade a near-term gain for a higher long-term cost? The answer, suspected Professor Jenkins, lay in a desire to avoid an earnings torpedo that might have resulted had Wal-Mart's earnings failed to live up to analysts' projections in 2002. "Clearly," she says, "interest rate swapping is ripe for exploitation by managers with significant debt who are in need of additional earnings." So she and two colleagues—Sergei Chernenko of Harvard Business School and Michael Faulkender of Northwestern—decided to investigate the extent, if any, to which companies might be using this practice to increase short-term earnings.

They also probed for answers to another key question: How does the market respond to this behavior? "The lion's share of interest rate swapping is to hedge corporate exposure," Jenkins says. "The stock market actually rewards companies for reducing their risk." But if interest rate swapping is done to improve earnings, it was less clear how the market would react.

Jenkins and her colleagues examined a large sample of firms over a 10-year period. They found that 29 percent of the companies made use of interest rate swaps.

They also found that managers were significantly more likely to engage in interest rate swaps that increased their amount of floating debt when (a) their earnings were closer to analysts' consensus forecast and (b) when short-term earnings gained by moving interest expense into the future allowed them to meet market expectations. The group also found that interest rate swapping was higher among firms that were unable to use the more traditional earnings management tool of accrual management. Finally, they found that interest rate swapping is more prevalent among firms that "walk down" their analyst earnings forecasts. All of these findings, Jenkins says, support a conclusion that the use of interest rate swaps to manage earnings is a common practice.

When they examined how the market responds to this tactic, Jenkins and her colleagues came up with one answer: "It depends." On the one hand, she explains, companies that meet earnings projections using interest rate (but otherwise would have missed their numbers) avoid the negative stock-price reaction to firms who fall short of expectations. On the other hand, the market does not appear to reward companies that rely on interest rate swaps to meet or beat expectations in the same way that it rewards those that meet expectations through operating earnings.

It appears, Jenkins says, "the market is not only able to see through the manipulation of earnings using interest rate swaps but actually assesses a penalty of sorts" to firms that reach their quarterly earnings targets only because they deferred interest expenses by switching from fixed to floating rates. There's one more wrinkle, Professor Jenkins discovered. When firms swap floating rates for fixed ones, incurring higher short-term costs as a long-term approach to managing risk and interest exposure, the market appears to reward them.

And where do business ethics enter this picture? As Professor Jenkins points out, when companies engage in interest rate swaps for the sake of earnings management, they are operating well within the guidelines set forth by the SEC and Generally Accepted Accounting Principles.

"I'm not trying to change the rules," she says. "My goal is to make investors aware so they can be better informed and make better decisions."

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Conversion to a floating rate position could actually wind up costing your company more money and lower future earnings over the longer term than had you remained locked into a fixed rate.

ACCOUNTING

Trash Talk

By Seth Robertson

Nicole Jenkins probably wouldn't be where she is today if it weren't for other people's trash. The Associate Professor of Management got her first taste of accounting while working for her family's trash collection business in the suburbs of Washington, D.C. In junior high, she designed a computer program that enabled her parents to print bills for their customers. That soon led to direct contact with the company's accounting firm.

"A lot of times before their audits, the accountants would call my mother and have me prepare schedules for them in advance. I talked to them a fair amount about their jobs, and that's when I knew I wanted to be a CPA," says Jenkins.

After graduating with an undergraduate degree in accounting and finance, Jenkins fulfilled her wish, becoming a Senior Auditor of publicly traded, high-tech companies at Price Waterhouse. Although she eventually decided to earn a Ph.D. and enter academia, that work experience continues to shape her career. "I approach research more from a practitioner's perspective than maybe other accounting faculty. I spent six years auditing financial statements, and I'm still interested in issues that affect preparers."

JOHN RUSSELL

Nicole Jenkins' interest in accounting can be traced back to her family's trash collection business.

CORPORATE SPOTLIGHT

A Lasting Impression

Watermark Advisors Sets the High Mark in Investment Banking

By SETH ROBERTSON

YOU CAN TELL A LOT ABOUT A PIECE of paper by holding it up to the light. If it has a watermark, previously unseen details come shining through. The translucent imprint not only vouches for the paper's authenticity and quality but also distinguishes it from a competitor's offering. It's this notion that Hagen Rogers, MBA'97, hoped to capture when he founded Watermark Advisors, an investment banking firm, in 2002.

Hagen Rogers, MBA'97, (center) with his team at Watermark Advisors

"I just really liked the name Watermark and what it conveyed, in the sense of being a symbol of excellence and setting the high mark," Rogers says. "That's what we try to do—leave a distinctive and lasting impression on each client, long after the assignment is completed."

Located halfway between Charlotte, N.C. and Atlanta in the city of Greenville, S.C., Watermark Advisors is living up to its name. The firm, which Rogers runs with fellow Principal Ben Duster and a team of five others, regularly conducts multimillion dollar business transactions, such as sell-side mergers and acquisitions, for clients in a variety of industries—from manufacturing to food services to hospitality and health care. Watermark also provides valuation and financial modeling assistance to companies that are looking to expand or achieve liquidity.

"We are just as passionate about helping companies grow as we are about sell-side M&A. We have a financial modeling service called the CFO Decisions Support Model that assists companies in this regard. Most firms like us do not do that. They focus all of their people resources on transactions," Rogers says.

While its big-city neighbors have reputations for being centers of business, particularly in banking, the often overlooked community of Greenville may strike some as an odd place to start an ambitious firm like Watermark. But that's exactly one of the reasons why Rogers was drawn to it.

"I thought it was a great market because it was underserved and in transition," he explains. "What was happening in South Carolina was that a lot of the privately owned manufacturing companies were either going away or transitioning because the owners were getting older. This was a market that had often been ignored by other firms doing investment banking. They were in other cities and hadn't dug into the marketplace here in a meaningful way."

Of course, Rogers had another reason for choosing Greenville. It's his hometown, and that has given him the added advantage of knowing and understanding the community in which he works. This knowledge helped him when he faced the initial challenge of educating local companies about the benefits of having an investment banker on their team. And it continues to serve him well as Watermark encounters more competition from other firms entering the marketplace.

Rogers' hometown roots also provide him with invaluable personal connections. He firmly believes that investment banking is first and foremost a "people business" and relishes every chance he gets to cultivate relationships with members of the community. "You meet some really amazing people who have had success and who have poured their lives and hard work into building what they've built," he says. "They trust you with their baby. That's what drives me and gets me excited everyday."

The importance of these personal connections is illustrated by one transaction that Rogers is particularly proud of. After giving a presentation to a group of business leaders in Greenville several years ago, he was approached by Chad Odom, a long-lost childhood friend who happened to be in the audience. Odom was, at the time, the owner of a fast-growing company called Innovative Container, which was in the business of collecting and reconditioning plastic shipping drums and then reselling them. Looking to exit the business and pursue other interests, he enlisted Rogers' help, and Watermark Advisors soon thereafter brokered a deal, in which BB&T Capital Partners purchased a majority stake in the container company.

"Innovative Container spoke for itself and was doing great things in the marketplace," says Rogers. "It was an exciting transaction to be a part of, and I was happy to see Chad—someone I consider a friend—follow his instincts and achieve his goals."

While Watermark owes much of its success to its South Carolina roots, as evidenced by the example above, a considerable amount of the firm's business is done elsewhere. Rogers estimates that half of his clients are now located outside the state. As the firm continues to evolve, he anticipates opening offices in other cities, but those offices, he insists, will share the same local, homegrown feel of the headquarters in Greenville.

"Owen taught me that business is all about people. I learned that success is not just about achieving great financial results. It's about building a relationship out of mutual respect as well."

"We're trying to be more relevant to a broader group of companies in the South. The model we're embarking on is one in which we'll open offices in cities with experienced people from those particular areas. People will know them, and they'll be well-respected," he says.

Looking beyond the borders of his home state has paid off for Rogers before. He got his undergraduate degree in finance from Southern Methodist University, and that led him to work as a Global Corporate Banking Analyst for Bank of America (then known as NationsBank) in Dallas. It was during his time at NationsBank that he first considered applying to business school. While he briefly entertained the idea of earning an MBA at Duke or UNC Chapel Hill, a visit to Owen quickly changed his mind.

Watermark Advisors strives to leave a distinctive and lasting impression on each of its clients.

"I had such a great experience spending the day at Owen that I didn't even apply to the other schools. I decided if it was meant to be, I'd get in and go. If not, I'd continue working. I got in, and that was the decision," says Rogers.

At Owen, Rogers worked hard to educate himself not just about finance but about anything that could help him in business. Being introduced to peers from across the country opened his eyes to the valuable lessons he could learn from others. Listening to their experiences, he came to fully appreciate the personal connections that have since defined his career and the identity of Watermark.

"Owen taught me that business is all about people. From day one they had us networking with the other colleagues in our class and the class ahead of us. In the process, I learned that success in business is not just about achieving great financial results. It's about building a relationship out of mutual respect as well," he says.

When Rogers talks about the relationships that distinguish Watermark Advisors from other investment banking firms, there is a genuineness to what he says. This is probably due in large part to the nature of the relationships themselves. Though forged through business dealings, they cannot be bought or sold. They are authentic and lasting, and those are qualities that hold up under any light. VB

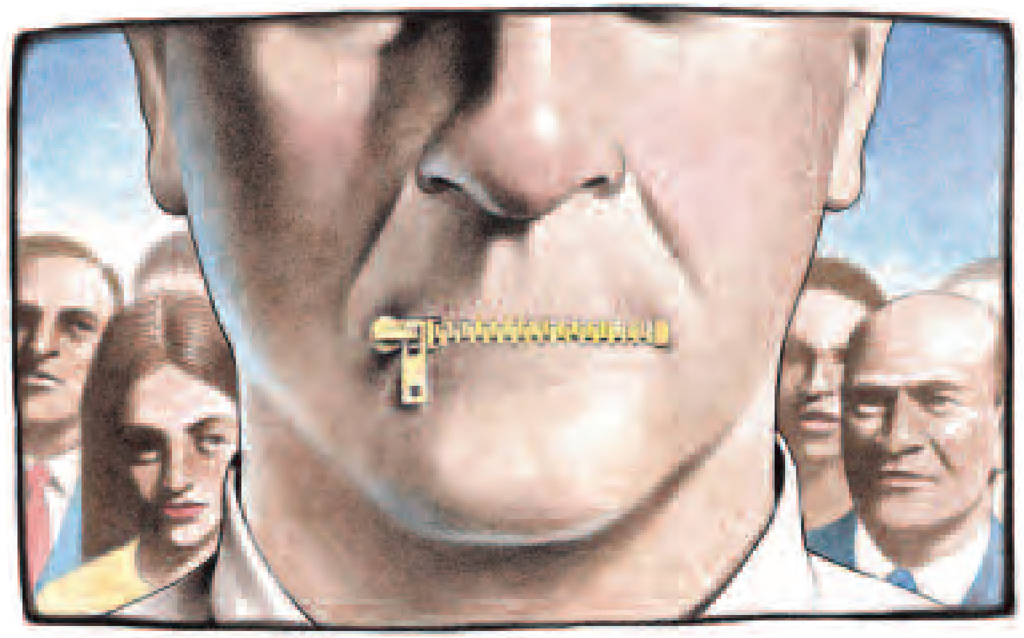
INFORMED OPINION

A Loss for Words

Free Speech at Work Isn't as Free as You Think

By BRUCE BARRY

MANY PEOPLE LIVING IN FREE SOCIETIES take freedom of speech for granted. It is, after all, not just any individual right, but arguably the most foundational of rights. As Supreme Court Justice Benjamin Cardozo wrote in 1937, freedom of speech is "the matrix, the indispensable condition, of nearly every other form of freedom." But for many people freedom of expression loses much of its meaning inside the corporate workplace, where civil liberties and job security often find themselves in tension. This should alarm those who appreciate the merits of both free enterprise and free speech.



DOUG GRISWOLD, MCT

Constitutional law and employment law in the United States combine to give employers wide latitude to treat expressive behavior by employees—both on the job and outside of work—as threatening or otherwise unacceptable. The First Amendment protects free speech from infringement by government, not by private parties (like corporate employers). Employment law, meanwhile, gives firms the power to hire and fire "at will," for good reason, bad reason, or no reason, and with few exceptions and limited rights to challenge a termination. Consider these (real) examples: A factory owner fires a worker for displaying a political candidate's bumper sticker on her automobile; an engineer is fired for writing a book of satire about an imaginary corporation and its imaginary employees; an insurance company manager loses his job for refusing to join the firm's effort to lobby local government for something that went against his personal beliefs; or a software developer is dismissed for anonymous musings about her workplace on a personal blog.

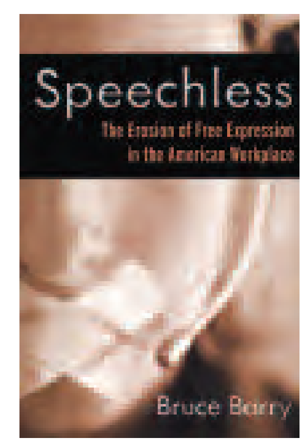
The law defines the reach of employer power and the constraints on employee rights, but legal rules do not account fully for limits to free expression in and around the workplace. Much of what happens to employees who choose to express themselves on or off the job results from the actions of managers under the sway of employer policies and the firm's culture. Of greater consequence than legal rules, therefore, are the discretionary choices that employers make about their tolerance for expressive activities by those who work for them.

Modern management thinking over the last half-century can be read broadly as movement toward collaboration and participation in the accomplishment of work. Certainly there is variation in how employers approach (and tolerate) expressive activity by workers. These variations are a product, at least in part, of management trends on such issues as worker autonomy, involvement, voice, justice, and ethics. But are these meaningful developments in management thinking, or just the latest tools of management control that build the illusion of a liberated workplace?

The answer is both, revealing that employers may genuinely want workers to be engaged, committed, and satisfied, but on their (employers') own terms—not too engaged (because we only seek ideas that conform to corporate values), not too committed (because we may compel you to believe and say things you don't like), and not too satisfied (because we may do away with your job on short notice).

Clearly, many workplace cultures are far less bureaucratically rigid and more accommodating to employee input, needs, wants, and goals than a generation or two ago. But at the same time, many employers aggressively protect their power over the conditions of work, and invest copious legal and financial resources to defeat regulatory threats to their economic or moral autonomy.

Connecting the evolution of modern management with the topic at hand—free speech at work—invites a paradox. Movement away from old-school notions of bureaucracy and alienation, in favor of cultures of employee participation and involvement, makes workplaces more hospitable to free expression. If authority structures are flatter, work teams are more common, and employee involvement is valued, then expressive activity within the workplace, on work-related issues at least, ought to expand, right?



Barry's book *Speechless* was published by Berrett-Koehler last year.

To be sure, communication networks at work are wider and busier, especially given new forms of digital technology for interaction among employees who may not be in the same location (or on the same continent). This is especially true for people in executive positions, who tend to have larger discussion networks and more close ties with others at work. So can we assume that more interaction and wider patterns of communication translate into freer expression?

Developments in management and communication might elevate the volume of employee interaction, but that doesn't necessarily translate into workplaces that are more hospitable to freedom of expression and the freedom to dissent.

Not necessarily. It remains the case that in many workplaces, speaking up is seen as pointless or even dangerous, contributing to what management researchers call a climate of "organizational silence." Silence happens when people fear that speaking up will lead them to be evaluated negatively or will damage workplace relationships. This is detrimental to workers, who forfeit a sense of control, commitment, or value to the firm, but also to employers, whose decisions and strategies are undermined by limited information, and whose ability to detect and correct errors is impaired. Executives who evangelize about collaboration can still find themselves leading laboratories of employee silence if employees believe that only "positive" contributions are desired, and that dissent is an invitation to reproach rather than reward. That collaboration and silence are simultaneously possible points to the insight that a more cooperative workplace is not the same thing as a freer workplace. Developments in management and communication might elevate the volume of employee interaction, but that doesn't necessarily translate into workplaces that are more hospitable to freedom of expression and the freedom to dissent.

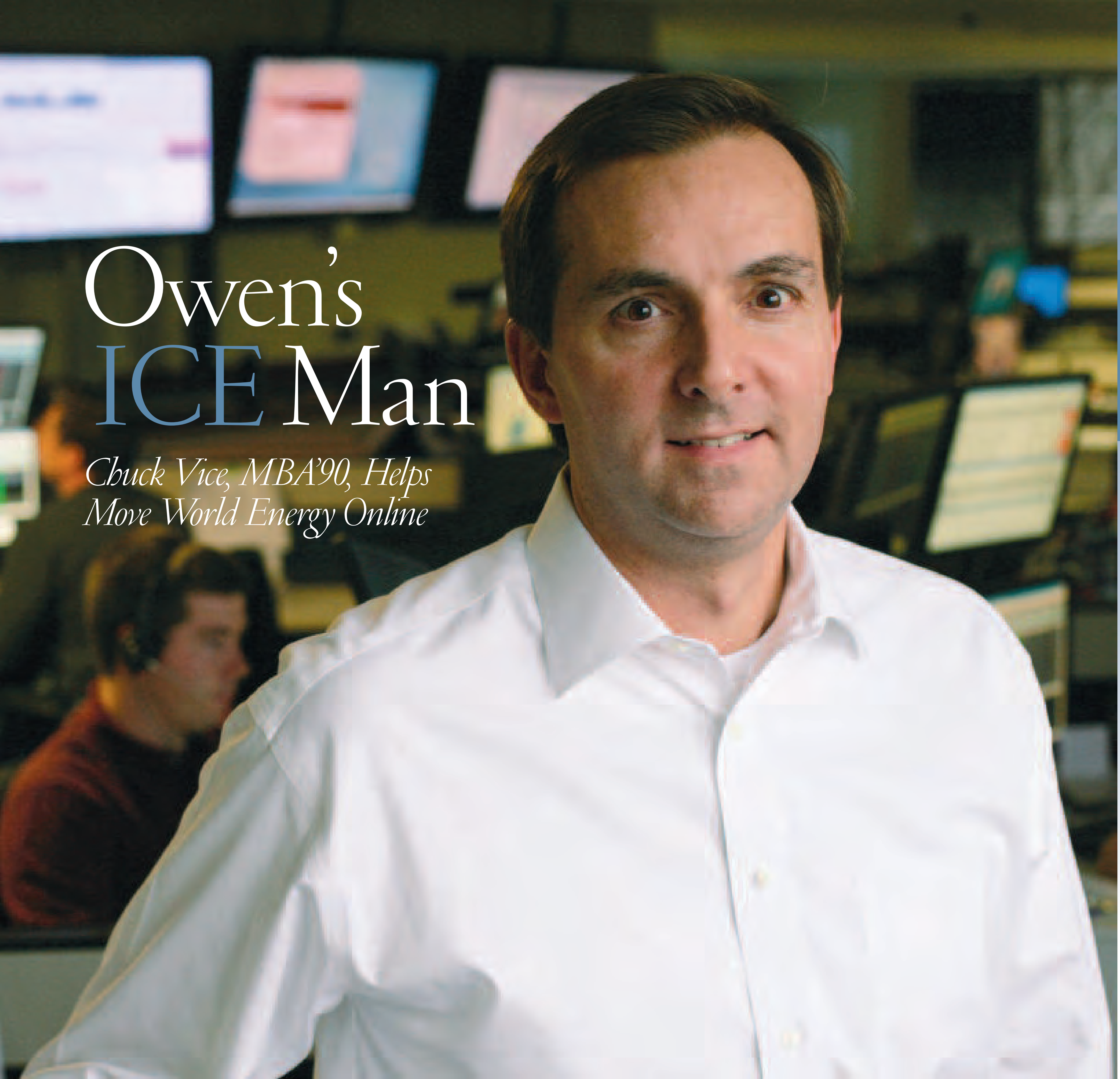
The freedom to express oneself without fear of employer reprisal is important for three reasons. First, freedoms to think, speak, and act are paramount values for a free society. Second, guarantees of due process are indispensable to the existence of a just society. Third, work is not merely something people do between intervals of "real life"; it's where people to a meaningful extent live out their lives.

For many adults, conversations with coworkers represent important opportunities to form social and political connections, and to exchange views on issues of the day. Work, in other words, is where civic discourse happens for many people—a vital breeding ground for the development of social ties that give life to the idea of civil society. Free speech rights are precarious when firms instinctively

Continued on page 60

Owen's ICE Man

Chuck Vice, MBA'90, Helps Move World Energy Online



By ROB SIMBECK

Much of the world's energy trading is done online, in real time with transparent pricing—a fact that has revolutionized the process. The move toward that system has been driven to a great extent by a company that went from seven employees to earning a spot in the S&P 500 in just seven years, and Chuck Vice, MBA'90, has been a key part of the process from the beginning. President and Chief Operating Officer of Atlanta-based IntercontinentalExchange (ICE), he has helped recreate the way the markets for energy and other commodities function.

Photograph By DANIEL DUBOIS

A leading operator of global exchanges and over-the-counter (OTC) markets, ICE is an incredible success story. Vice was on board in 1997, when its money-losing predecessor, Continental Power Exchange (CPEX), changed hands and cut its staff to the bone, and he has since seen growth that brought revenues of $574.3 million and net income of $240.6 million in 2007. With recent expansion, ICE has become a key component in the trading of a vast range of commodities, including crude and refined oil, natural gas, electric power and ethanol, as well as coffee, cocoa, sugar, canola, cotton, orange juice and grains, and financial products including Russell Index contracts, foreign exchange futures and the U.S. Dollar Index. It also offers trade clearing, risk management and trading support services.

A fearsome competitor with offices in Canada, Europe and Asia, ICE has fueled its expansion with acquisitions including London's International Petroleum Exchange in 2001 and the New York Board of Trade in 2007. In driving most such trading online, ICE has revitalized the business, offering cleared over-the-counter products and energy futures on a single electronic platform and helping to bring stability to an industry rocked not long ago by scandals involving Enron and other firms.

"I had essentially become the general manager of a company that was losing money and had just been purchased by a guy in California who was running it out of his wallet. It was definitely jumping into the deep end of the pool from an entrepreneurial standpoint."

From Engineering to Energy

A Gadsden, Ala. native with a degree in mechanical engineering from the University of Alabama, Vice spent three years as a Systems Analyst for Electronic Data Systems, a General Motors division in Detroit. A desire to move from the technical to the management side of business prompted him to seek an MBA, and Owen's intimate size, its noted finance department and a partial scholarship all helped bring him to Nashville.

"I wanted to move back to the South," he says, "and I wanted a school where I could start networking with individuals and companies in the region where I would be living and working. Another big plus for me was the fact that a lot of the professors, even some of the more prominent ones like Hans Stoll and Bruce Henderson, seemed to enjoy teaching and interaction with students as much as research."

After earning his MBA, Vice went to work with Atlanta-based Energy Management Associates, a small consulting and software company specializing in the electric and natural gas utility industry. "The principal owner of the firm, Ken Slater, had had tremendous success with Owen graduates and typically hired one each year," says Vice, who saw the job as "a way of combining my technical background with what I learned at Owen. I was attracted to consulting because of the variety of clients and business issues you are exposed to and to EMA because of its Atlanta location." He specialized in decision analysis, helping utilities with mergers and acquisitions and the planning of major capital investment, from new plants to environmental compliance.

In 1994, an EMA colleague left to start Continental Power Exchange and recruited Vice to join the firm as a Marketing Director. CPEX brought computer networks to what had been a telephone business—the buying and selling of excess power by electric utilities on the spot market. "This move was a natural step in my career in that I was able to leverage my earlier technology experience with the energy industry knowledge I gained at EMA. In retrospect, CPEX may have been a little before its time in those pre-Internet, pre-deregulation days, but it was a good idea." Eventually the company had 60 electric utility customers across the country, but high fixed costs helped keep it from profitability. In 1997, the utility that owned it put CPEX up for sale—quietly.

The Guy from California

"I walked into the office one day and, except for me, all management was gone and a security detail was changing the locks," says Vice. "On the previous Friday, I had been a Marketing Director and on Monday I had essentially become the general manager of a company that was losing money and had just been purchased by a guy in California who was running it out of his wallet. It was definitely jumping into the deep end of the pool from an entrepreneurial standpoint."

The "guy from California" was Jeffrey Sprecher, a power plant developer and the quintessential entrepreneur. Senior management at CPEX named Vice liaison to Sprecher, who was impressed with what he saw.

"I could see he was incredibly knowledgeable about the way the business ran and the way it fit in the scheme of the broader markets they were trying to serve," says Sprecher. "He was also a natural leader. I could see people deferring to him, and it became very clear to me I needed Chuck to run the business while I was an absentee owner. We became partners in the full sense of that word."

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A fearsome competitor with offices in Canada, Europe and Asia, ICE has fueled its expansion with acquisitions including London's International Petroleum Exchange in 2001 and the New York Board of Trade in 2007.

Sprecher wanted to set up a market-based exchange for the electric power industry, taking the informal network of energy traders to the fledgling Internet. Replacing a system that relied on expensive land lines and individual contracts, the new approach would make trading cheaper, faster and more efficient. Making it work "at a time when everyone got busy signals calling AOL," as Vice puts it, was a challenge calling for a great deal of technical ingenuity. Vice found his job description expanding tremendously.

"I was involved in everything—negotiating vendor contracts, handling patent applications and overseeing employee benefits," he says. He was also helping Sprecher stem the firm's losses, cutting the employee roster from 30 to just seven in a year.

"Jeff and I hit the road and knocked on doors," he says. "We both had electric power backgrounds, so we went to all the large power-trading firms first, followed by investment banks in the energy-trading business and natural gas and electric utilities. We said, 'We'd like to exchange equity in the company for your commitment to trade energy on the platform.'"

"He was articulate and able to take our message out to third parties," says Sprecher. "He has tremendous credibility inside and outside the company."

Inverting Business 101

For a year and a half, Sprecher and Vice got close on deals only to have them fall apart. Finally, as 1999 turned to 2000, Goldman Sachs and Morgan Stanley, two of the largest trading firms in the world, expressed interest in getting behind a platform for trading OTC crude oil swaps.

"We were able to get an introduction, and we made the pitch to them," says Vice. "That was the big bang moment."

They worked with those two firms to recruit the initial ICE consortium of large investment banks and energy companies including BP Amoco, Royal Dutch Shell, Société Général, TotalFinaElf, and Deutsche Bank AG.

"We gave them 95 percent of the equity in the company in exchange for firm commitments to use the platform," Vice says, and in doing so they had in essence inverted Business 101.

"In most companies, you have to first come up with a business plan and then raise capital, develop a prototype, market it, and eventually have customers use the product and pay. We, on the other hand, immediately had seven big customers with firm commitments to buy our product and only a working prototype."

They had also just started rebuilding from the point at which they could count all their employees on two hands.

"We went on an aggressive hiring spree and brought in three consultants for every employee to help us build the company," Vice says. "Those were interesting days."

They launched Version 1 of the trading platform in August 2000 and parlayed those early commitments into others, expanding the ICE consortium to include six other large energy trading firms. They were competing primarily with EnronOnline, a one-sided system in which traders were always trading with Enron. ICE believed the better model was a mulitlateral platform with transparent prices, and they were convincing more and more of the industry's giants. That success spurred dramatic growth and quickly delivered profitability.

In the Wake of Enron

Then, in 2001, Enron collapsed, revealing a multitude of management and ethical problems not limited to Enron. The effects rippled through the energy industry. Vice had just been named COO as ICE found its volumes and revenues adversely impacted, and the company was forced into its first layoffs since the days following Sprecher's purchase, although it managed to turn a profit even amid those challenges. The Enron collapse also torpedoed a planned IPO, a move ICE then put off for four more years. ICE's position as the main alternative to EnronOnline, though, created opportunities as well as problems, and the firm picked up a good many traders, withstanding competition from a number of new start-ups.

The widespread credit problems plaguing OTC energy trading in the wake of the Enron bankruptcy did carry a silver lining. Thanks to the IPE acquisition in 2001, ICE had access to a regulated clearinghouse in London through which OTC trades could be centrally cleared and settled, eliminating counterparty risk.

"We pioneered the concept of OTC swaps clearing for energy," says Vice, "and over the next several years, OTC clearing sped recovery of those markets and propelled ICE revenue and earnings."

ICE TRADE THE WORLD

Going Public

In those post-Enron days, ICE also put in place an independent board of directors. Then, in 2005, Vice was appointed President as ICE prepared again for an IPO.

"I assumed a larger share of responsibility in running the company on a daily basis," says Vice. "As CEO, Jeff is consumed with shareholders, analysts and our Board. We are very different individuals whose skills complement each other well, with Jeff being a much bigger risk-taker, more of a visionary and kind of the classic entrepreneur. I am more of an execution guy, running the day-to-day operations, integrating acquisitions and implementing strategies we come up with."

The IPO was a resounding success. The price jumped 67 percent on the first day of trading, and has gone from \$26 to \$145 a share as of April 9, 2008. Both the New York Stock Exchange and *The Wall Street Journal* named it their best-performing stock of 2006. Its market capitalization has grown from \$1 billion just prior to the IPO to \$11 billion today. The company has become a powerhouse in the industry, taking huge chunks of business from competitors like the New York Mercantile Exchange and essentially forcing NYMEX into online trading. In 2007, ICE acquired the New York Board of Trade, a US regulated futures exchange and clearinghouse, adding agricultural and financial markets to ICE's portfolio.

Most of ICE's 550 employees are still in Atlanta and New York, with about 100 in London and a handful in Houston, Chicago, Calgary and Singapore.

"Learning how and when to evolve our approach to managing such a rapidly growing group of employees has been one of our bigger challenges," says Vice. "At the time of the IPE acquisition in 2001, ICE had about 40 employees in Atlanta and a few sales and marketing people in the trading centers around the world. Upon closing that deal, we suddenly owned a futures exchange with almost twice as many employees as ICE, a five-hour time difference, and a very different corporate culture. IPE had been member-owned and not-for-profit. Integrating that company into ICE dragged on for years—far too long."

An Evolving Perspective

Vice put those lessons learned to work in subsequent acquisitions. Last year, ICE acquired two exchanges, each with their own clearinghouse—the NYBOT and the Winnipeg Commodity Exchange. "In both cases, we moved quickly to make the anticipated headcount reductions and immediately changed reporting lines to start integrating employees, department by department, into the broader ICE group."

Vice's role as President continues to evolve. "In the early days," he says, "it was a very small entrepreneurial company where I wore a lot of hats and managed from the front lines. The style of management that worked well for us with a staff of 50 or even 100 didn't scale well to 500 or 1000 employees."

The company has replaced a patchwork system with new HR processes and tools for communicating objectives, managing career development, and conducting performance appraisals. Refining personnel responsibilities draws on the skills Vice took from Owen and points up an area that, in hindsight, he wishes he might have developed earlier.

"Coming to Owen as an engineer, as a quantitatively minded person," he says, "if I had it to do over again I probably would have taken additional coursework in human resources and organizational behavior. My finance concentration at Owen and undergraduate engineering degree served me well, but as I sit here today, most of my time is spent managing people. I deal with questions like, 'How can we better communicate the goals and objectives of the company, motivate people to outperform, and measure and reward performance?' While I learned some valuable concepts in that regard, if I had it to do over again I would have taken more advantage of what Owen had to offer in that field of study."

One of the management challenges he faces stems directly from the company's success and its impact on employees vested in it.

"Since our early days as a start-up, we have always provided long-term incentive compensation in the form of equity, to all employees at every level, because we wanted to align their interests completely with those of the company. As a result of our incredible success, we have a lot of wealthy employees at ICE—many of them key employees. How do you retain and incentivize that group? These are people that may not be as motivated by money as much as they once were. While we continue to provide financial incentives, we have to find other ways to keep them motivated and interested—things like challenging work, promotion and recognition, training in new skills, and opportunities in other offices or departments of the company. My experience has been that strong performers are usually good at whatever they do. Unfortunately, the reverse is also true for marginal performers."

The Growing Demand for Energy

Meanwhile, he faces the challenges of one of the world's most important areas of concern—its energy needs. Streamlining the process of trading it still leaves a host of variables.

"With the natural volatility of energy prices, increasing consumption in India and China, the geopolitical risks, and scarcity of supply, our volumes will continue to go up," he says, "but the percentage of our business accounted for by energy may get smaller as we continue to expand into additional financial products."

"We're pragmatic in recognizing that this is a petroleum-based global economy," he adds. "That is probably not going to change in my lifetime. We're confident in that being a strong part of our business for the foreseeable future. But there's no question that high energy prices are driving an incredible amount of investment to renewable and other alternative energy. ICE is a partner in the European Climate Exchange, the largest market for carbon trading in the world. It was formed a couple of years ago after the European Union adopted Kyoto-like requirements for a cap-and-trade system to reduce carbon emissions. There were early growing pains but now it is a liquid market, with very transparent pricing, and people can use the ECX market to see what a ton of carbon reduction is worth, make investments accordingly and lock in the price of that reduction over time. The volumes on the ECX market now rival some of our more traditional energy markets like UK natural gas."

That expansion of business and of scope helps explain how a company Sprecher says he was financing "almost as a side hobby" in 2000 is now worth \$11 billion. For all the complexity the firm's growth has brought, Sprecher still looks to Vice to handle day-to-day operations.

"We've gone into this area of hosting the trading of derivatives," Sprecher says, "and derivatives are very complicated things. We've had to learn what our customers were doing and how we could modify the tools we provide to help their business. We have to stay a step ahead of our customers and guess what their needs are going to be. It takes people with real knowledge and education to get their head around it, to keep leapfrogging your customers' desires and expectations."

He adds, in a way that makes clear much of his relationship with Vice, and Vice's with the company, "Chuck is one of those kind of people." VB

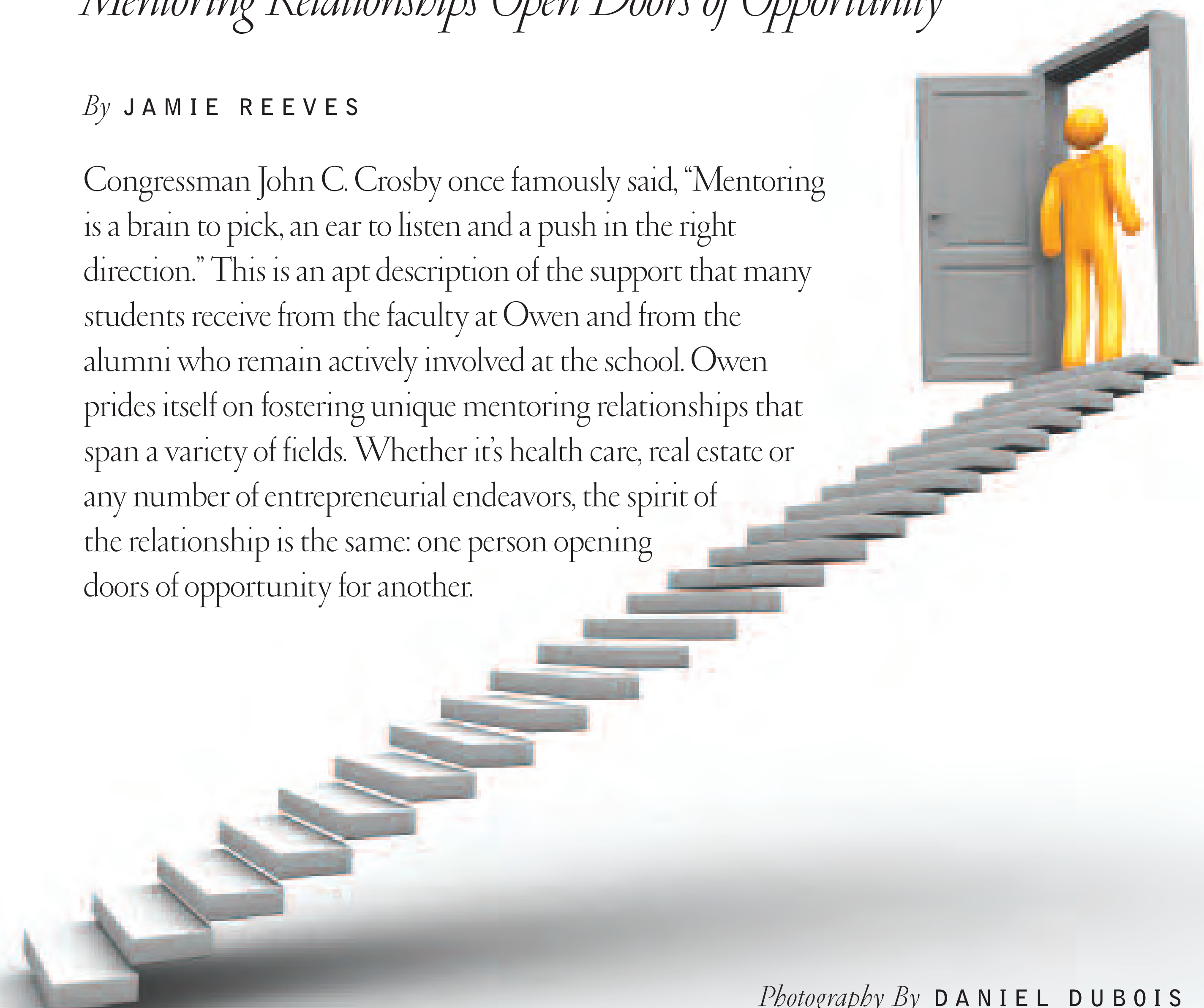
"In most companies, you have to first come up with a business plan and then raise capital, develop a prototype, market it, and eventually have customers use the product and pay. We, on the other hand, immediately had seven big customers with firm commitments to buy our product and only a working prototype."

In the Right Direction

Mentoring Relationships Open Doors of Opportunity

By JAMIE REEVES

Congressman John C. Crosby once famously said, "Mentoring is a brain to pick, an ear to listen and a push in the right direction." This is an apt description of the support that many students receive from the faculty at Owen and from the alumni who remain actively involved at the school. Owen prides itself on fostering unique mentoring relationships that span a variety of fields. Whether it's health care, real estate or any number of entrepreneurial endeavors, the spirit of the relationship is the same: one person opening doors of opportunity for another.



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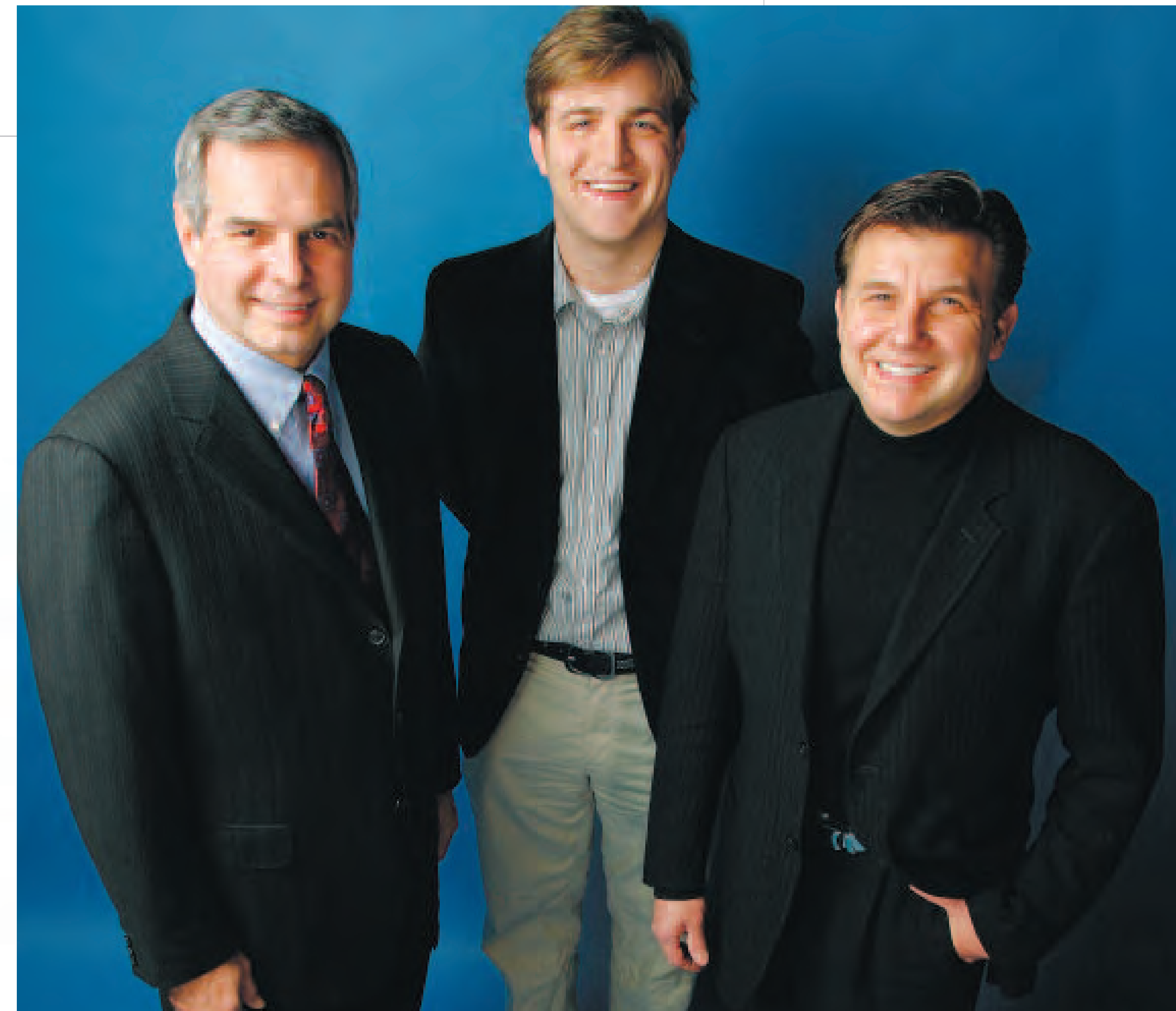
Photography By DANIEL DUBOIS



Tony McLarty, Spencer Patton, BA'08, and Professor Michael Burcham

Getting face time with Fortune 100 corporate executives and grappling with real world business dilemmas in a fast-paced four week summer program are at the heart of Owen's Accelerator program. "Last year students worked on a deliverable for FedEx, for Lexus, and for American Airlines all at the same time. I want them to understand that life isn't about a syllabus and taking a class," said Michael Burcham, Faculty Director for Accelerator. Spencer Patton, a 2007 Accelerator participant who graduates in May from Vanderbilt, was mentored by Tony McLarty, the Principal Human Resources Officer and Vice President of Delek US Holdings, a petroleum and fuel business based in Brentwood, Tenn. McLarty was impressed with Accelerator's ability to give students a glimpse at "a day in the life of an employee in an aggressive company." The networking opportunities provided by Accelerator outshine the typical internship, says Patton, who describes Burcham as a role model. "He is an unbelievable business leader who works at a higher level and with a stronger intensity than anyone I've ever seen. When you combine passion for something that you enjoy doing with a voracious work ethic, the results are something to aspire to." Burcham, who has served as a mentor to students starting their own businesses, says the most rewarding thing is "seeing young people's eyes light up when they make a mental connection with their own future."

Meaghen Greene, EMBA'00, and Andrea Moss, MBA'08

The working relationship between Andrea Moss and Meaghen Greene, a Vice President at Nashville-based health care provider American Home Patient, epitomizes how networking and a summer internship can lead to a full-time career opportunity. Moss worked her way to Greene, already well-established in her career in Nashville's health care industry, beginning with the Health Care Alumni Development Board, which was created last year to match Owen students with alumni working in the health care field. "I networked through an alum on that board who lead me to another alum who had interned at American Home Patient and recommended I call Meaghen," Moss says. That led to a summer internship with Greene. Moss has remained in an intern-type capacity throughout her second year at Owen and will become a Director of Special Projects at American Home Patient after graduating in May. Says Greene of Moss's track record, "American HomePatient is enormously more successful because Andrea is around. She's had significant opportunities and experiences because she does great work and is willing to try and do different things."

Professor Germain Böer and Heather Kagin, MBA'08

Inspired by her young niece's life-threatening experience with a food allergy, Heather Kagin is working with Germain Böer, Professor of Management and Director of the Owen Entrepreneurship Center, to develop a comprehensive online storefront and community for children with food allergies. Kagin was one of two recipients of a $15,000 stipend last year through Owen's Summer Enterprise Development Program. The program, which Böer co-directs, helps budding entrepreneurs develop their own businesses over the summer. Kagin says Böer's open-door policy and networking advice have been invaluable as she has developed her business plan. "Germain is fantastic about sitting down and just being patient and listening to my ideas. He's always expressed a willingness to answer any questions I have and to just be there to offer support and advice. That alone is enough of a motivator to keep me wanting to work on my business. Having mentors who really do want to push you to succeed at building your own business is a very powerful tool."

Denver Glazier, MBA'08, Professor Thomas McDaniel, MBA'02, and Mark Becher, MBA'08

An Owen alumus who graduated when the school's Real Estate Club was in its early stages, is now teaching students who want to launch their own careers in real estate. "I took this same class in 2001 that I currently teach, and at that time we had six students enrolled in the course, there was no Real Estate Club, and between the two real estate classes offered at Owen there were perhaps 20 people enrolled," says Thomas McDaniel, Adjunct Professor of Real Estate Development. McDaniel and current Real Estate Club President Mark Becher work together in the classroom and in the workplace. Becher interned with McDaniel, a Partner at Boyle Investment Company, last summer and this spring. Becher and Denver Glazier also work with McDaniel through their leadership positions with the Real Estate Club, which McDaniel mentors, and as TAs for McDaniel's Real Estate Development course. "He's very open to sharing his knowledge and his experiences to anyone who wants to talk to him about the real estate industry," says Glazier, who will join ProLogis, the world's largest industrial real estate company, after graduation. Owen alumni working at the firm were proponents in helping open the door for his internship there last summer. "It really instills in me an interest and passion to do the same thing for other graduates," Glazier says.

Professor Bart Victor and Ethan Dunham, MBA'09

A passion for learning and teaching about business ethics led to the pairing up of Ethan Dunham and Bart Victor, the Cal Turner Professor of Moral Leadership. Together they worked on the curriculum for a student case event that was part of Owen's Leadership Development Program. Dunham's background in education—a master's in education and school leadership from Harvard University and nearly five years of experience teaching at the high school level—and his interest in ethical leadership made him a logical candidate to develop the curriculum for the student case portion of the Leading Through Shades of Gray event, which was a project started by second-year student Natasha Ross, MBA'08. The event gave Owen students the opportunity to interact with business leaders from throughout the state. Working with Professor Victor has been an invaluable experience for Dunham, who, after graduation, wants to be a human resources professional in a leadership development program on a corporate level. "For me it makes being in school worthwhile. Frankly, it allows a format for much more personal and meaningful questions. By running my ideas by Professor Victor, he is able to shape the direction in which I am headed with his questions and responses... it puts a finer point on what it is I'm trying to get out of my experience here."

SEEDS of CHANGE

Owen Embraces Social and Environmental Responsibility

ISTOCKPHOTO.COM, COMPOSITE OF ILLUSTRATIONS

With Contributions from SCOTT ADDISON, SAM KALE, MBA'08, AND CINDY THOMSEN

For many young professionals, being successful in business is not simply a matter of turning a profit. What is just as important to them, if not more, is how that profit is made. As companies come under increased scrutiny for their impact on the environment and society, the business leaders of tomorrow are leading the way in advocating change.

Net Impact, an international nonprofit organization committed to improving the world through business, recently surveyed more than 2,000 B-school students worldwide and found that 81 percent believe companies should try to work toward the betterment of society. Nine out of 10 respondents said that business leaders should factor social and environmental effects into their business decisions. Even more telling, 79 percent of the students said they would seek socially responsible employment at some point during their careers and more than half planned to do so immediately after graduation.

This growing interest in corporate responsibility is no more evident than at Owen. The school is setting an example in understanding and addressing the world's environmental and social issues not only through its curriculum and faculty research but also through the efforts of a dedicated group of students and alumni.

Net Impact and the New Face of Business

By Scott Addison

On November 1-3, Owen played host to the 2007 Net Impact Conference, the world's largest gathering of socially responsible graduate business students and young professionals. Titled *Building a Sustainable Future: What Will You Do Next?*, the conference convened over 1,800 people from around the globe. Among the topics discussed during the three-day event were corporate social responsibility, social entrepreneurship, international development, and nonprofit and environmental management.

For the first time in its history, Hatch Show Prints, the 129-year-old Nashville printmaking company, used recycled paper and soy-based ink for the Net Impact posters.

In addition to the more than 300 speakers and 90 panels, the conference featured keynote speeches from Yvon Chouinard, Founder of Patagonia; Charles O. Holliday, Chairman and CEO of DuPont; and Tensie Whelan, Executive Director of the Rainforest Alliance. Corporate support for the event was robust, with more than 30 major organizations signed on as sponsors and over 70 companies participating in the career fair. Most notably, International Paper helped make the conference carbon-neutral by providing offsets for the travel of the participants.

"The Net Impact Conference put a spotlight on the demand for social responsibility in business today, and we're proud to have convened an event that inspires people to effect bold, positive changes in their own lives and in the workplace," says Owen Dean Jim Bradford.

Up-to-the-minute reporting on conference events, developments and news by student bloggers from OwenBloggers.com (see sidebar), an enhanced curriculum and enriched participant experience, and a truly green and carbon-neutral event propelled the 2007 conference to be the most dynamic one yet. The event was also covered by such news media as *The Tennessean* and *Chief Executive* magazine, as well as several influential external bloggers, including Nick Aster of *Triple Pundit*.

"We are very pleased with how well this year's Net Impact Conference came together in terms of planning and execution, and we have many reasons to be proud of the Owen and Vanderbilt communities for their important contributions and support," says James Butler, MBA'08, second-year MBA student and member of the Student Design Team. "Our society is at an important juncture in the discussion around corporate social responsibility. This event challenged participants to think more critically about the realities that our world is facing and the role that they—and business in general—can play to improve society."

Green Fields

Alumni Who Have Embarked on Environmentally Conscious Careers

By Cindy Thomsen

Jonathan Bragdon, EMBA'01

If you've ever bought carpet, then you know the drill—going through sample after sample searching for the right color,

DANIEL DUBOIS

Jonathan Bragdon

the right pattern, the right pile. The typical homeowner only goes through this process every few years. But the commercial decorator does it on a daily basis. Carrying around heavy carpet samples is just part of the job. And when custom samples are created, the expense—and waste—can be tremendous.

Jonathan Bragdon, President of Tricycle, Inc. in Chattanooga, Tenn. has helped build a better mousetrap when it comes to carpet samples. Tricycle's carpet samples—known as Tryk® samples—are actually provided online and on paper, but look so realistic that you can't help but touch them. Every time a designer chooses Tricycle samples, gallons of oil and water, not to mention landfill space, are saved. In fact, in the U.S., carpet is 2 percent of landfill by volume and is only exceeded by paper.

"We're not going to eliminate all samples, but if we can take out 90 percent, that's massive. The flooring industry spends a billion dollars a year on samples, and most of those are one-use throwaways," says Bragdon.

While the carpet manufacturers appreciate the benefits to our natural resources, they are ultimately more focused on profitability. "When you're trying to change an industry, you have to think about what's valuable to them. This industry has a high cost structure because of the physical nature of the business and is constantly looking for cost reduction initiatives," explains Bragdon. "They need a better way to do things."

Clearly, Tricycle provides that "better way." Currently, eight of the top 10 carpet manufactures are working with Tricycle. "We don't have all of their products, but they're constantly adding product lines. The model is definitely proven," he says.

SAM KALE & JARED DEGNAN, OWENBLOGGERS.COM

Live Blogging the Chad Holliday Keynote

By Sam Kale, MBA'08

8:46 a.m. – We're a few minutes from starting the third day of the conference. DuPont CEO Chad Holliday is set to take the stage in a few minutes. We're sitting here at the Ryman Auditorium with the rest of the faithful, eagerly awaiting the talk and wondering where they're bogarting the coffee.

8:51 a.m. – Dean Jim Bradford is saying a few words of welcome and thanks International Paper for carbon offsets, Net Impact, volunteers, panelists, speakers, and everyone else.

8:52 a.m. – And now we're into the introduction. DuPont has lowered its emissions by 74% during the tenure of Mr. Holliday, among other things.

8:54 a.m. – A somewhat shorter introduction on this our second morning, Mr. Holliday has taken the stage with an incredibly energetic "Good Morning!!!"

8:55 a.m. – DuPoint is 205 years old and, for the first 100 of that, was an explosives company. In their "second century" (his phrase, not mine) they were a chemical company. His vision for their third century is to be a science company.

8:57 a.m. – Check out DuPont's official sustainability Web site: *www2.dupont.com/Sustainability/en_US/.*

8:58 a.m. – Some years ago, a group of Greenpeace protesters broke into a plant, scaled a water tower, and hung a sign saying "DuPont #1 Polluter." Only problem is that the word "polluter" was too low to see. But the outgrowth of that incident was that DuPont started thinking about their environmental responsibilities.

DuPont CEO Chad Holliday speaking at Nashville's Ryman Auditorium

9:02 a.m. – Many organizations are unclear on what the ultimate environmental legislation is going to be, and whether they'll be credited, unrecognized, or penalized by legislation in the future. So inaction can be due to things other than not caring; it could be due to simply not knowing what's going to happen. Getting the rules set and understood is more important than getting them set the way you want them to be.

9:06 a.m. – In Japan, one movement was around conservation. They took all the consumer appliances and ranked them (in category, obviously) on their energy efficiency. Then they took the best one and said that it could be 10-15 percent better in the next few years. And then they said that if you as a company don't want serious fines in a few years, you'll make your appliance conform to these standards.

9:09 a.m. – DuPont is looking into using cellulose to make ethanol. The cellulose comes from the stalks of the corn plants. The corn, of course, is also being used to make ethanol.

9:15 a.m. – The U.S. has to lead the movement, not India, China, or Japan. The movement will only be achieved through multiple avenues of exploration and innovation.

9:17 a.m. – We're into the Q&A session.

9:30 a.m. – Q: Can DuPont really get to Zero Impact? A: Maybe, maybe not, but aiming for that standard makes the rate of improvement MUCH better. Also, you have to use the latest technology and the best information we have at the time to evaluate and re-evaluate everything.

9:31 a.m. – The questions are flying thick and fast. I apologize for not getting more of them posted, but Mr. Holliday's answers have been just as fast and incredibly interesting.

9:39 a.m. – DuPont is, we can all admit, a fairly big target in the environmental/conservation world. A lot of the questions have been based on "What is DuPont doing?" and "Is DuPont doing enough?" And the common themes to the answers are that they're doing what they can, they're doing as much as they can, they're setting aggressive goals...BUT they're also a for-profit business that needs to do things to stay in business. Who was it that said "No margin, no mission"?

Originally Posted on www.OwenBloggers.com

And in the end, it’s easy to understand why the relationship between Tricycle and the carpet industry is growing stronger everyday:

“They’re saving money and selling more carpet.” That says it all.

Emily Davis, MBA’04

If you ask the average person to name some of the country’s most environmentally friendly companies, chances are the answers would include household names from the Pacific Northwest or Silicon Valley. It’s doubtful that a century-old paper company based in Memphis, Tenn. would make anyone’s list. But as it turns out, that company, International Paper, is one of the world’s leaders when it comes to issues of sustainability. Emily Davis is the company’s Manager of Packaging Sustainability.

“At International Paper, we look at everything from the sourcing, manufacturing, transportation and distribution through the supply chain down to the product end of life,” says Davis. “I work with our customers to make sure that they know how and why our products are sustainable and to figure out new ways to make them more sustainable.”


STEVE GREEN

Emily Davis

She cites two projects that best illustrate her role. One involved helping a large client make sure that the wood they were selling was not coming from endangered forests. Extensive mapping of IP’s fiber (wood) sourcing proved that they were protecting endangered forests.

In a second project, a company that sells hot beverages thought that the only way to make a better cup was to include recycled content. However, the insides of most cups are coated with a petroleum-based product. IP has worked with the customer to develop a new coating that is more environmentally friendly.

Davis is encouraged by what she sees at her company. “I see a very bright future ahead because we’re just getting started on this journey. Everyone is learning about what sustainability is and trying to change their behavior,” she says. “You just have to jump in and be committed to changing and growing and doing things differently. I think the people here are definitely of that mindset.”

David Wiggs, MBA’01

Back in the early 1940s a man named Robert Webber was working on his basement freezer. He noticed that some pipes on the freezer were hot, which was to be expected since the job of a freezer is to extract heat. But the more he thought about this process, the more curious he became. A few experiments later, he came up with the idea of putting pipes in the ground, filling them with refrigerant and using the ground as a heat source. And so the first geothermal heat pump was born.

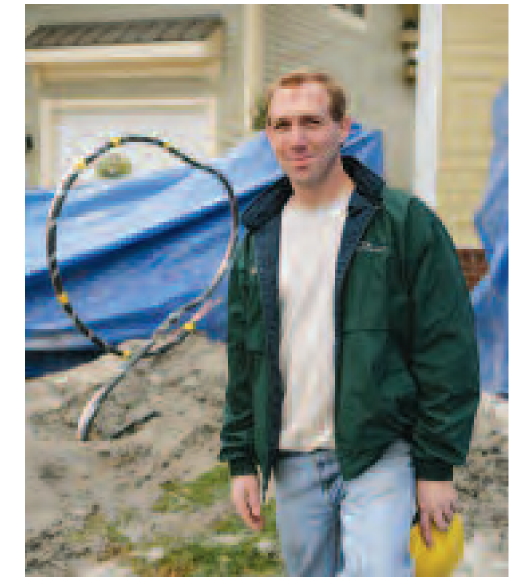
Today, more than a half century later, geothermal heat pumps are known as the most efficient heating and cooling technology available. Not only that, they are the most environmentally friendly, too. David Wiggs is Vice President of Earth to Air Systems, Inc., a company based in Franklin, Tenn. that designs and sells geothermal systems.

“Our refrigerant, R-410A, is a non-toxic inert gas and poses no threat to humans or groundwater,” says Wiggs. “It’s not an ozone-depleting chemical either like Freon.” Earth to Air also uses copper—a naturally occurring element—for its pipes instead of plastic, which is made from petroleum.

While most buyers are happy with the ecological benefits of geothermal heat pumps, they are really sold on the monthly savings. “We’re proud that we’re a green product, but that’s not all we are. We’re about providing our customers comfort and savings as well.” Wiggs cites one example in which the monthly cooling bill for a 2,000 square foot home in Nashville went from $156 to $41.

Today the company is growing in both the commercial and residential markets, and is making inroads internationally, too. They’ve come a long way since 2002 when they worked out of a garage.

“I was a finance guy. I could talk about the balance sheet and cash flow,” he says. “I didn’t know what any of this stuff was then, but I definitely learned.” VB


DANIEL DUBOIS

David Wiggs

HOW OWEN IS MAKING A DIFFERENCE

The following is excerpted from the 2007 Beyond Grey Pinstripes survey produced by the Aspen Institute Center for Business Education. It details the different ways in which Owen is integrating social and environmental stewardship into its curriculum and research. For more information about Beyond Grey Pinstripes and the Aspen Institute, visit www.beyondgreypinstripes.org.

CORE COURSES

Business in the World Economy

This course integrates the economic, business, and social impacts throughout the discussion of core macro concepts. Part of the course requirement includes a research project on a country that encourages students to consider legal, political and social issues when preparing their analyses.

Leadership in Practice: Corporate Social Responsibility in the Global Economy

This course provides an overview of a topic that many business leaders are currently grappling with—corporate social responsibility (CSR). What makes this topic difficult to teach—and to absorb—is that there are few answers and too many questions. But that also makes it interesting and controversial.

ELECTIVE COURSES

Bottom of the Pyramid

This class discusses the "Bottom of the Pyramid" concept which focuses on the majority of the world’s population living under $2 per day. In the past, governments, NGOs and donor agencies have attempted, though unsuccessfully, to service this market. However, as technologies have advanced, primarily through telecommunications, these markets now show signs of hosting creative entrepreneurs and value-driven consumers. As future business leaders, students are trying to understand the dynamics and consumer behavior of this emerging frontier.

Private Environmental Law and Voluntary Overcompliance

This course examines the legal, economic and social incentives that influence the environmental behavior of firms. Managers in private sector firms that engage in M&A activity, investment banking, commercial lending, and manufacturing all confront environmental compliance and remediation costs. This course examines environmental business and legal issues by focusing on how firms identify, shift, disclose and manage those risks.

INSTITUTES AND CENTERS

Vanderbilt Center for Environmental Management Studies (VCEMS)

VCEMS promotes and develops alliances among industry, government and academia to study the relationship of environmental policy to business management and operations. The center’s activities are interdisciplinary and focus on environmental business, management and technology. Center funding is used to support curriculum development, student scholarships, faculty research projects, executive seminars, leadership summits, marketing, and administration.

Cal Turner Program in Moral Leadership for the Professions

The Cal Turner Program for Moral Leadership in the Professions is a university-wide program dedicated to the discussion and promotion of moral values relevant to the professional schools and the practice of the professions. It seeks to foster an environment conducive to faculty research and teaching in areas associated with moral leadership, and develop students’ abilities to provide moral leadership within their chosen professions as well as within the broader community.

OTHER PROGRAMS

The Project Pyramid Case Competition

The Project Pyramid Case Competition (PPCC) develops a collaborative forum between students and businesses where viable ideas for the Bottom of the Pyramid are brought to life. The objective of the PPCC is to create products and services that improve the lives of the poor by being culturally adaptive, environmentally sustainable and economically profitable.

STUDENT CLUBS AND PROGRAMS

100% Owen

The 100% Owen club seeks to enrich the Owen experience for students, faculty and staff through the promotion and organization of community service activities and fundraising opportunities in the Nashville community.

Global Business Association

One purpose of The Global Business Association (GBA) is to serve as a forum for cultural exchange. The current vision is to provide tangible value to the Owen experience through initiatives aimed at increasing globally focused academic and career opportunities.

A photo of Alexander Hall, otherwise known as The Mortuary

PHOTOS COURTESY OF VANDERBILT UNIVERSITY SPECIAL COLLECTIONS AND UNIVERSITY ARCHIVES

Before Owen Was Owen

By RANDY HORICK

How the Early Classes Shaped the School to Come

A Look Back with Tom Barton, Frank Bumstead, Amy Jorgensen Conlee, Gigi Lazenby, and Greg Tucker

With a mixture of amusement and head-scratching incredulity, Tom Barton, MBA'77, still remembers the research paper he wrote for Dewey Daane, now The Frank K. Houston Professor of Finance, Emeritus, over 30 years ago.

For the assignment, each student had to study a specific period in the history of the Federal Reserve. "I was so stupid," laughs Barton, "that I picked a period when Dewey was on the Fed. And then I was so doubly stupid that I didn't bother to interview him.

"He failed me on the report. So I went to see him and said, 'Dewey'—we were on a first-name basis with most of our professors, at least outside of class, and Dewey and I were good friends—'why did you fail me?'

"He looked at me and said, 'Tom, this is not how it happened.'

"And I said, 'I got it all right out of the book.'

"He said, 'The book is wrong.'

"Luckily," recounts Barton, "he let me redo the paper—after I interviewed him and got the real story."

Barton's experience not only illuminates some of the continuities—the closeness of the relationships, the real-world experience of the faculty—between the Graduate School of Management (GSM), as it was known then, and the Owen of today (see footnote). It also provides a practical lesson for studying the history of Owen itself.

You can read about Owen's early years in the official *History of the Owen School*, written by Madison Smartt Bell. Unlike the volume consulted by Barton, Bell's book stands in no need of correction. Still, if you want the undocumented skinny on what the student experience was like in those heady days, it's worthwhile to talk to some of the students who actually experienced it all.

Almost invariably, the conversations begin with memories of the school's home from 1970 to 1982—a stately if monolithic structure that once stood on the corner of West End Avenue now occupied by Borders Books. Having once served as the Cosmopolitan Funeral Home, the building was renamed Henry Clay Alexander Hall by the university after its renovation. But the students just called it "The Mortuary." "Two stories and an underground bunker," says Barton of the building.

Amy Jorgensen Conlee, MBA'77, remembers the staff's annoyance at occasional interruptions by people who walked in, thinking The Mortuary was still a mortuary, perhaps confusing Alexander Hall for the funeral home that still occupies a prominent spot across West End. “The place still looked like a mortuary,” Conlee says. “There was an elegant lobby at the front door that was obviously where you would come to services. We had our opening assembly in the mortuary chapel. The elevator was the size for a coffin. One of our big classrooms in the basement was the red room. It obviously had been the embalming room.”

To Conlee, Alexander Hall “definitely had a creepy feel.” Others were unperturbed. “We just laughed about the mortuary part,” says Gigi Lazenby, MBA’73. “Nobody really cared.”

Still, Barton says, “You didn’t walk up there and go, ‘Wow, what’s the size of the endowment of this school?’ It was very basic. The SAE house was right behind us. You could always smell the beer when you were in the parking lot.”

Though only the 10 students who comprised the initial, experimental class from 1969 can attest to it, even The Mortuary was a step up from the school’s original digs: a bar area in the basement of the University Club. “We ate a lot of free food,” remembers Greg Tucker, MMgmt’71. As the Cosmopolitan was being readied, the joke ran that anyone undertaking to be a manager of change was either drunk or soon to be dead.

Once they moved into the new space, it didn’t take long for administrators to realize that the fledgling school would be unable to grow as long as it was quartered in The Mortuary. Yet the constricted spaces, by forcing students together, also helped establish Owen as a close-knit environment for decades to come.

No place better exemplified that dynamic than the library—one large room that housed most of the school’s collection of books and periodicals. “You could sit in this one chair with casters,” says Barton, “and reach every book just by sliding around the room.”

Once they moved into the new space, it didn’t take long for administrators to realize that the fledgling school would be unable to grow as long as it was quartered in The Mortuary. Yet the constricted spaces, by forcing students together, also helped establish Owen as a close-knit environment for decades to come.

Those early students began what became an Owen tradition: end-of-the-week keggers on the back patio. Gradually, the parties became a little more organized and more elaborate, with deliveries of barbecue to go with the beer. Some of the best parties, say the alumni, occurred at the homes of their professors—many of whom, perhaps as a reflection of the less rigid structures of the ’70s, were a regular presence in the students’ social scene.

But it was the library, remembers Amy Conlee, that served as the unofficial center of social life. “We were there all day and all night,” she says. “It was the only gathering place. We might have 30 people (representing most of her class) in the one room. It was the equivalent of the lobby at Owen today. Someone would come in and say, ‘Let’s go to Rotier’s, or let’s go to the Holiday Inn and dance.’ It was not unheard of for someone to bring beer in there.

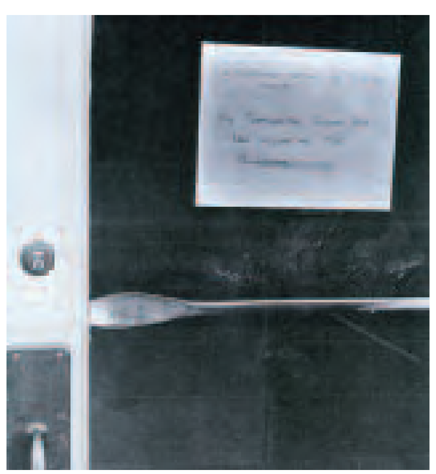
“We were serious students and we worked hard. We were all quite competitive and ambitious. But because we were so small and the building was so tight, it led to a family atmosphere.”

“We knew everybody in our class, and everything about them” Barton says. “Where they lived, who their boyfriends or girlfriends were, what cars they drove. We were like brothers and sisters. We kind of moved around like an ant farm.”

It was an unusual mix of ants. Some were Peace Corps and VISTA veterans. Several, like Frank Bumstead, MMgmt’72—who, a few months before applying to Vanderbilt, had been a naval officer in Vietnam, sweeping for mines just south of the DMZ—came from the military. Roughly a third were foreign students, mostly from Europe and South America.

In contrast to the average Owen student today, Barton estimates that 80 percent of his and Conlee’s class came straight from undergraduate. “A lot of us had very entrepreneurial mindsets,” says Barton, who established White Rock Capital in Dallas in 1982. “They’d have never gotten us after five years in the working world because we’d have been running our own companies.”

The school’s size, newness and quarters weren’t even its most distinguishing factors. From the beginning, Owen’s founders were intent on creating something bold and different. “The faculty didn’t want a business school,” recalls Greg Tucker, a member of that first, tentative class. “They said” (in quoting, Tucker’s voice adopts a disdainful tone), “UT has a business school.”



Left: A sign on the front door of Alexander Hall that reads, “This is the Vanderbilt University Graduate School of Management. The Cosmopolitan Funeral Home has moved.” Above: The original logo used in early marketing materials for the school

Above: Dean Igor Ansoff (far right) in an early conference meeting with faculty members. Right: A typical classroom scene from the same time period

That view was succinctly expressed in the strategic plan for the school written by its original dean, Igor Ansoff: “The nation has little need for just another school of business, but…it has a great need for a new kind of school of management.”

“They didn’t even call it a ‘business school,’” remembers Conlee, who arrived six years later. “It was a school of management. They called it a ‘school of change.’”

In keeping with that idea, Vanderbilt initially offered only a master’s degree in management. At first, there were no course grades; everything was pass/fail, Tucker recalls. Even the décor of The Mortuary, featuring bright, modern colors, made it distinctive from traditional schools of business (not to mention from most funeral parlors).

The hiring of Igor Ansoff, who had earned a wide reputation as an innovator, ensured that Vanderbilt would be a different kind of school. The concept of corporate strategy—analyzing strengths and weaknesses, analyzing markets, thinking strategically—was just “good common sense,” notes Tucker.

But it was also relatively novel in 1969. “[Ansoff] had just published his book and was the darling in boardrooms across the country. He was a big star,” says Tucker. In fact, recall some alums who remember him as a captivating lecturer, whenever Ansoff entered the classroom, students would good-naturedly serenade him with the familiar refrain from Handel’s “Hallelujah Chorus.”

The difference was apparent right away with the approach to curriculum. During the school’s trial year, Student Associates (as members of the initial class were called) enjoyed almost equal responsibility with professors for developing the course of study. They also enjoyed a prominent voice on the school’s governing body, the Plenary. When one student, a Frenchman, unexpectedly arrived a week before classes began—he’d been given the wrong date, Tucker recalls—“they just let him sit in the faculty meetings.”

The mix among the faculty of behaviorists, who accentuated “soft skills,” and more traditional practitioners of quantitative approaches made for an unusually diverse program. While students received a solid grounding in accounting and finance from the “quant jocks,” the behaviorists set much of the tone that alumni remember. For several professors, Tucker says, “their approach was to take off your shoes and sit on the floor.” It was, after all, the same year as Woodstock.

The sense, during the first two or three years, that students not only were present at the creation but could be part of it helped set a tone that survives at Owen, even after more solid structures took shape.

“I took Problem Solving I and II, where we tried to figure out how to get things done as teams by using behavioral psychology,” says Conlee. “There was another class called Innovative Behavior. The final exam involved going to the professor’s home for a big party, where you had to act the opposite of how you normally acted.”

The sense, during the first two or three years, that students not only were present at the creation but could be part of it helped set a tone that survives at Owen, even after more solid structures took shape. Frank Bumstead credits his professors with allowing him to develop a course of study in his second year that culminated with a thesis on international currency exchange.

“It was a rich, rewarding experience,” says Bumstead, whose firm provides private wealth management for high net-worth individuals, including sports and entertainment celebrities. “A lot about what Igor created was right, but it was way ahead of the curve. He placed in students’ hands a significant amount of responsibility for shaping their experience. We had the ability, within reason, to build our structure, and I found that to be invigorating.”

While the early faculty reflected differing approaches, the early students seem to concur that their professors were first-rate. In addition to the small complement of full-time faculty, many other teachers were drawn from the local business community.

Students also were treated to many well-known figures by virtue of the faculty's range of contacts—especially after Dewey Daane arrived in 1974. "He brought in all these Federal Reserve guys," Barton says. "He had [Paul] Volcker and [Alan] Greenspan. They came in and talked about monetary policy. It was way over our heads."

In 1975-6, retired Admiral Elmo Zumwalt, formerly the chief of naval operations, served as a visiting professor and taught a course on leadership. Once, remembers Barton, someone interrupted one of Zumwalt's lectures and whispered something in the admiral's ear. Zumwalt left the room. When he finally returned, about 20 minutes later, he told the students he'd had to take a call from President Ford.

"There was such a diversity of faculty that we were prepared for any business environment," says Greg Tucker. And though he was no particular fan of the "squishy" approach, he is particularly grateful to one of those courses. It was through an exercise in a behavior class that he met his future wife, Minh-Triet, MMgmt'72.

The dual, if not dueling, emphases worked for Gigi Lazenby, too. Unlike most of her Vanderbilt classmates, she continued to work part-time as an Administrative Assistant to Henry Hooker—who, along with his involvement with Minnie Pearl Fried Chicken and HCA, had interests in oil wells.

MORE ON PROFESSOR DEWEY DAANE

A chaired professor at Owen since 1974, J. Dewey Daane also has had a distinguished career in government, including 35 years of combined service with the Federal Reserve System and the U.S. Treasury Department. In his teaching, Professor Daane focuses on the evolution of the international monetary system, and on monetary and fiscal policy. He provides students a unique opportunity to discuss the intricacies of monetary policy with current and former financial and regulatory leaders.

"Dewey is one of a kind. He connects Owen to the world of finance through his service on the Federal Reserve Board and through the many distinguished financial leaders who come to speak in his legendary Seminar on Monetary and Fiscal Policy," says Hans Stoll, The Anne Marie and Thomas B. Walker Professor of Finance.

Daane spent more than 20 years in public service at the regional bank level, first at the Federal Reserve Bank of Richmond, Va., where he became Director of Economic Research, and then as Economic Advisor to the President and Board of Directors of the Federal Reserve Bank of Minneapolis. He served briefly as Assistant Secretary of the Treasury for Debt Management and was subsequently appointed Deputy Undersecretary of the Treasury for Monetary Affairs, working with Undersecretary Robert Roosa and Secretary of the Treasury Douglas Dillon. President John F. Kennedy then appointed Daane to the Federal Reserve Board.

As a Federal Reserve Board member, Professor Daane was a voting member of the Federal Open Market Committee, the principal policymaking body in the Federal Reserve System. Generally regarded as the international representative of the Board of Governors, Daane represented the United States from 1963 to 1974 as one of the two U.S. deputies of the Group of Ten in their frequent meetings related to the international monetary crises. He also represented the U.S. in the early 1970s as one of the two U.S. Deputies of the Committee of Twenty on reform of the International Monetary System.

For more than two decades Professor Daane has participated in the *The Wall Street Journal's* semi-annual (now monthly) economic forecasts. In recent years, he held positions as public director of the Chicago Board of Trade and the National Futures Association. He also served as a director of the Whittaker Corporation. In 2002, Professor Daane received a Lifetime Achievement Award from Owen recognizing his nearly three decades of service to the school.

"Dewey is known for his stories and his 'short' introductions, which are always delightful," says Stoll. "You'd think he would run out of stories, but he keeps living new story material faster than he tells it. Some thought he would retire when we had a conference in his honor in 1989 (that was emceed by Paul Volcker), but they were wrong. Dewey is still going strong at age 90."

After graduation, Lazenby concentrated full-time on the oil business. Ultimately, she and a partner launched their own oil company, and she became a Board Member of the American Petroleum Institute and President of the National Stripper Well Association. "I'd introduce myself as queen of the strippers," she laughs.

In hindsight, the history major with a limited background in math says the soft and quantitative skills proved equally important to her career. From Professor Bob Hayes, who later founded Aspect Communications, she learned how to use computers to create spreadsheets, which became essential for analyzing oil deals. "We were using slide rules when I started in 1971," she says. For her thesis, Hayes allowed her to analyze a potential oil property acquisition for Hooker.

The Owen tradition of informal, end-of-the-week gatherings began with the early classes.

From Bill Dickson, who had been with GE, she learned marketing, public speaking and presentation skills. And from Ansoff she learned the art of business. "The art of negotiating a deal is reading the other person and working through that," she says. "That's one of the 'people things' I got from Owen.

"It was a great benefit to have so many professors who had been in business. They weren't just teaching theory. We were able to be very close to them. Everything I learned there helped me."

When Amy Conlee began interviewing for internships and jobs, recruiters posed a recurring question: "Why on earth did you go to Vanderbilt?"—a then unaccredited business school with no pedigree. She heard it again from her peers after she began an investment banking career with Morgan Stanley in New York.

If that condescending attitude nagged at Conlee and others, it also gave them something to prove. For Conlee, that sense was strengthened by her pioneer status as one of the few women at the time seeking an MBA. "I don't think I ever had confidence before Owen," Conlee says. "But we came out ready to go and succeed." At Morgan Stanley, she realized she'd received as strong a business education as her peers.

Tom Barton had a similar experience. After graduating from Vanderbilt, he landed a job with W.R. Grace in New York. Historically, he says, Grace recruited only from Harvard, Stanford or Wharton. Of the 12 newly minted MBAs in his "class" at the company, he was the only one not from one of those three schools. "The only I reason I got the job," he says, "was a neighbor who was on the board and put in a word for me.

"I'd had no business classes as an undergrad. Everything I learned I got from Vanderbilt. But during my time at W.R. Grace, I was promoted ahead of everyone in my group. I quickly came to appreciate how well I had been prepared at Vanderbilt."

Somewhere in the bowels of Owen's present library, and probably not accessible from a rolling chair, is a grainy copy of a copy of a video made by the classes of '76 and '77 as a spoof. Igor Ansoff portrays himself, perhaps to avoid being parodied by student actors, as the rest of his colleagues were.

In the film, one student-turned-professor sports a coin-dispenser around his belt, like the kind street vendors used to wear, and announces himself as a manager of change. The rest of the class, in a nod to the school's original touchy-feeliness, sits in yoga positions and chant.

The faculty all turned out for the premiere of "Subway to the Stars." At every reunion—which over half the members of the close-knit class attend—the video plays again. Every time, it provokes gapes and belly laughs and pensive smiles at the reminder of how things were, how young and full of possibility everyone was, how much fun they all had, and how far they have come. It's a flickering buttress, from a strand of tape, against old times being forgotten. VB

Footnote: *The school wouldn't acquire the name Owen until several months after Barton's class graduated.*

Do you have any stories you'd like to share about your experiences at Owen? Please e-mail us at *owenmagazine@vanderbilt.edu.*

By WHITNEY WEEKS

CAPITAL Ideas

Owen Distinguishes Itself in the Field of Human Capital

Last October, Owen hosted the first-ever case competition in the field of human capital. From 24 applicants, 10 teams were chosen from among the best business schools in the country. Senior-level managers from General Electric and Deloitte Consulting LLP judged the event and awarded $30,000 in prize money. For that weekend, Owen stood squarely at the center of the human capital world. In addition to cementing Owen's reputation as one of the finest business schools at which to study human capital, the event also led to an increased awareness about the strategic and fiscal benefits associated with the field.

Susan Strayer, MBA'07, Corporate Director of Talent Management for The Ritz-Carlton Hotel Company and one of the event's organizers, was especially pleased that many of the participating teams included individuals who were not specifically studying human capital while in business school. These individuals, in particular, saw that human capital transcends all disciplines and that recruiting and managing people well is a fundamental part of being a good leader.

Despite the shared "human," the study and execution of human resources and human capital are distinct and separate. It is the objective of the faculty with Owen's Human and Organizational Performance (HOP) concentration to help make clear this distinction.

"Human resource practices are tools, while human capital is the issue of thinking critically about how to deal with the people and understanding how people serve business objectives," says Neta Moye, Owen Faculty Consultant for Leadership Development Programs and Clinical Professor of Management.

One convert to the power of strategically examining people issues within the workplace is current Owen student Jeffrey Knapp, MBA'08, who graduates with an HOP concentration in May. After his first course in human and organizational performance, a light bulb switched on.

"I finally understood the value HR could add to a business," says Knapp. "Suddenly the whole class started to understand that if your people are truly your organization's best asset, then you have to think about how to maximize their potential. My company's competitive stance really does lie within my employees, which ultimately is what gives me an advantage over my competitors."

While more and more light bulbs are going off among business school students as well as industry leaders regarding the benefits of strategically managing employees, the notion of one's workforce

DANIEL DUBOIS

Professors Neta Moye and Tim Vogus are big believers in the importance of human capital.

as a significant and critical form of capital is not a new one. References to the concept can be found as far back as the 17th and early 18th centuries. In the mid-1960s, the work of the University of Chicago's Jacob Mincer and Nobel Prize winner Gary Becker became the standard in the human capital field. In their view, human capital is an area as capable of investment and measures of return on investment as any other area of capital within a business. Human capital next picked up steam as a scholarly movement again in the 1980s, reaching its academic apex in the mid-to-late-1990s.

"This is when research began confirming across multiple businesses that if you have progressive bundles of human resources practices, hire people the right way, and provide good and fair compensation, your company will do better," says Timothy Vogus, Assistant Professor of Management. "Concurrent with this, companies started seeing that HR does affect the bottom line if done in the right way."

In theory, the concept sounds simple. Businesses should be concerned with their employees because there is an incredible potential for return on investment, brand distinction, company loyalty, and the realization of an organization's objectives and goals. When tended to properly and strategically, employees become a company's best competitive advantage. Add to the consideration the myriad of personnel issues facing almost all of today's employers—retiring baby boomers, demands for greater work/life balance, the unique employment needs of Gen Yers—and human capital strategies make good business sense and clearly affect the bottom line.

Often, though, a disconnect exists between the theories and best practices of human capital and the execution of those ideas in the workplace. Many experts in the field point to the historical reputation of human resources departments as ineffective, inefficient, and hardly strategic as the biggest reason for this disconnect. In a popular and oft-referenced 2005 article for *Fast Company* titled "Why We Hate HR," Keith Hammonds sums up the sentiment when he writes, "HR is the corporate function with the greatest potential—the key driver, in theory, of business performance—and also the one that most consistently underdelivers. It's no wonder we hate HR."

> Businesses should be concerned with their employees because there is an incredible potential for return on investment, brand distinction, company loyalty, and the realization of an organization's objectives and goals.

This sentiment, which continues to impede cost-saving and strategically significant practices, underscores why the benefits of human capital must be better communicated to business students and company executives alike. The key difference between human capital and the much maligned human resources is strategy, according to Professor Moye. A commitment to human capital means applying a critical mindset to everything that is done within human resources departments. Every policy and procedure—from hiring to retention to benefits to workplace culture—must be constantly and critically examined so that the organization can execute its strategy effectively.

Applying this human capital mindset to other business functions is important as well. Time and again, non-HR people from finance, marketing, operations, and research and development departments come to executive trainings at Owen and talk endlessly about their problems with HR. "The executive suite doesn't get HR and vice versa. There's a gap," explains Professor Moye. "The solution is to have the HR people think like business guys, but also to have the business guys think about the HR part." The lesson the school tries to get across in these executive trainings is that everyone in every business is responsible for being a good steward of employees and the function of human resources. Above all else, those in leadership roles must recognize their responsibility for that most valuable of resources within their company—the people—and make a commitment to fully and strategically engage the members of their management team working on people-related issues.

It's heartening for Owen's HOP faculty, students and graduates alike that opinions are changing most quickly in this area. One anecdote shared by Knapp captures this shift in attitude. While completing a summer internship with Toyota Financial Services in Torrance, Calif., he was greatly encouraged by the stance of the organization's vice president of finance. The vice president frequently reminded his financial managers in meetings large and small that they were never to view themselves only as finance managers. "We're all human capital managers," the VP said again and again. The experience was an especially positive one for Knapp, whose HOP concentra-

JOHN RUSSELL

Jeffrey Knapp, MBA'08, will graduate with an HOP concentration in May.

tion practically guarantees him a job upon graduating.

As corporate attitudes about the importance of human capital change, Owen students with concentrations in this area are among the most sought-after graduates from the school. Companies looking to hire graduates with an HOP concentration are regularly turned away because of a current overdemand. Approximately half of the graduates work for companies with reputations for human resources departments that exemplify strategic development and an integrated approach to staff. The other half do human capital consulting work.

It helps too that Owen has developed an excellent reputation for its Human and Organizational Performance concentration. The school's unique approach to the study of human capital has propelled the program to among the top 10 HOP programs in the country. "Owen offers more courses in this area, and our offerings are deeper and more functional in nature, including in the areas of staffing, talent management and compensation," explains Professor Vogus. "These are things business schools don't typically do, so the HOP concentration is one of our big selling points. We have students who are business people first, but who also really care about people issues. Today's HR jobs are increasingly about driving the mission of an organization, and our HOP concentration gives our graduates the tools to do this."

The HOP concentration at Owen focuses on the strategic alignment of human capital and on change management, and includes additional in-depth examinations of specific human resources functions like staffing and compensation. The appeal of the HOP program to students and employers alike is its focus on the leadership skills that are being asked for by today's businesses and the general management skills associated with earning an MBA from a school the caliber of

DANIEL DUBOIS

The lessons that Deborah Neff, MBA'06, took from her HOP classes have served her well at Deloitte Consulting.

Owen. Different from a master's of human resources program, which provides a technical expertise in human resources issues, the HOP concentration prepares students to work in any area of an organization, with a unique understanding of how employees are affected.

This emphasis on leadership is the most valuable part of his HOP concentration, according to Knapp. "Learning how to truly manage your employees in the most efficient and strategic way possible is even more useful than knowing how to value an IPO company. I can hire someone to do that," he says. "Increasing leadership skills—which is what I'm learning with this concentration—is why we're in business school."

Owen professors agree with Knapp's assessment. As examining and understanding human capital issues are increasingly understood to be every manager's job, students from all concentration areas at Owen are encouraged to take courses from within Human and Organizational Performance. As Vogus points out, all business school graduates are going to know how to do "the technical stuff." The distinction of Owen graduates will be that they know finance and also know how to work with others effectively, find and identify talent, and manage changes.

A Senior Consultant in Deloitte Consulting's human capital practice, Deborah Neff, MBA'06, lauds the HOP program's method of combining general business courses with the study of human resources. Coming into Owen, Neff wanted to focus on human capital, but knew her career plans did not involve sitting in an office and figuring out people's benefits. Her interests were around larger issues, including workplace culture, leadership development and talent retention.

"With the HOP concentration, you get the business acumen, you get the hard skills. I know how to talk to the finance people, the marketing people. I can work with them. I can speak their language, but I come at the issues from the people side," she says.

While an appreciation for and an understanding of the value of strategically examining and supporting human capital issues continues to grow among companies, HOP graduates do face certain challenges upon entering the workforce. In some organizations, the presence of old-guard attitudes and managers within human resources departments makes strategic work difficult. And while there is varied work within the field, some HR responsibilities still remain very transactional and day-to-day.

"When a company is structured to support someone with a traditional HR background, it becomes almost impossible for an Owen graduate with an HOP concentration to go there and be a business partner because those companies are really looking for an HR technical expert, not a strategic partner," says Moye. "But there are companies out there that get it [human capital], who understand how to really use the type of expertise we produce. They structure their jobs, utilize their talent and pay for their talent. Those types of companies successfully recruit from here."

Other challenges faced by graduates involve being at the mercy of trends in the workplace, creating customized employment relationships while maintaining fairness, and, particularly in this era of mergers and acquisitions, blending multiple workplace cultures.

The HOP concentration, now several years old, is always being improved upon. Continuing to overcome the reputation of human resources departments by making a careful distinction between the theories of human capital and the technical skills associated with human resources is a current goal. On this front, aid frequently comes from the current marketplace as companies continue to see—often in a reactive way—the cost effect of losing employees and having to rehire.

The misperceptions of fellow business school students can also be a challenge. "When you choose an HOP concentration, your classmates look at you a little funny," says Knapp. "As soon as they take an HOP course, though, they begin to understand the benefit. The concentration suddenly stops being an HR-centric function in their minds and becomes a management function, which is the whole point of being in business school, learning how to manage."

Potential candidates for the HOP program are being actively recruited, in part by challenging their stereotypes. From current human resources people who are interested in becoming more business-oriented to accountants who are ready for a more strategic involvement in human resources, Owen faculty believe a large pool of potential concentration candidates are those in the current workforce interested in making a difference to their organization around human capital issues.

"Every year, our courses become more of the reality rather than frontier thinking in terms of what is happening in the field of human capital," says Professor Vogus. "Of course, it's good that we're always pushing the frontier. Our role should never be to say, 'Here's what's happening right now.' We should—and will always—exemplify leading-edge thinking."

For those organizations interested in bringing more strategy to their own dealings with employees, a number of resources are available. An easy first entrée into the theories of human capital is the newly published *Beyond HR: The New Science of Human Capital*, written by John W. Boudreau and Peter M. Ramstad. According to Professor Moye, the book gives the same thinking, framework and mindset emphasized in Owen's HOP concentration. For a more in-depth examination of human capital, a number of business schools, including Owen through its Vanderbilt Executive Development Institute, offer courses on the topic for senior and executive-level management. And, of course, businesses are encouraged to bring in experts in the field.

"Hire one of our HOP grads! That'll do it," adds Moye.

Her directive isn't far off the mark. Companies nationally and internationally recognized for their work in the field of human capital turn to Owen again and again to provide well-educated students with strong business backgrounds and real know-how about dealing with some of the most compelling workplace issues facing companies today.

"For me this concentration was the perfect combination of everything," says the Ritz-Carlton's Susan Strayer. "I had 10 years of HR experience before, and this was a chance to step back from my depths in HR to look at the big picture of how business is being run. All the things we do so deeply affect our business operations and our company's success."

After the success of last year's inaugural human capital competition, Owen students are well into the advanced planning stages for the 2008 contest, scheduled for this October. They are already anticipating increased participation, an even higher level of talent at the competition, and, perhaps most importantly, greater awareness for Owen as one of the preeminent business schools in the country in the field of human capital. VB

> The key difference between human capital and human resources is strategy. A commitment to human capital means applying a critical mindset to everything that is done within human resources departments.

"CLASS ACTS"

A LOSS FOR WORDS

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treat employee expression as an avoidable nuisance, a legal liability, a challenge to reputation, or a threat to commercial prosperity. Excessive curbs on employee speech are more than just inconveniences for the individuals involved; they contribute to the debilitation of civil society and consensual democracy.

This argues for more circumspection by employers inclined to overregulate employee speech, but I hasten to add that it's not a manifesto for "anything goes"; employers need not concede to workers a right to speak about anything at any time. Obviously employee expression can be abusive, harassing, or otherwise pose genuine risks to legitimate firm interests, and a functional free-enterprise system need not require employers to tolerate speech of that sort.

Still, it is alarming when workers are punished not because their speech concretely jeopardizes employer interests, but because it triggers abstract employer fears about the effects that might possibly occur (and might not). Contemporary management practice has become so reliant on predictability and control that even remote "threats" to the established order may be regarded with suspicion and dealt with harshly. Better that employers arrive at judgments—cultivate mindsets—that the success of the enterprise is not so easily threatened by employee acts of artistic, literary, political, or just idle expression.

BRUCE BARRY *is a Professor of Management and Sociology at Vanderbilt University. He is the author of* Speechless: The Erosion of Free Expression in the American Workplace *(Berrett-Koehler, 2007). This article is condensed and adapted (with permission) from "Free Speech at Work (and Beyond)," which appeared in* The Melbourne Review *(Vol. 3, No. 2, 2007). To see the original article in its entirety, please visit www.mbs.edu.* VB

GREEN IN ACTION

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wisely and knowing ourselves well. In order to prevent burnout, he encouraged each of us to set goals and maximize our energy levels as much as possible.

As I look ahead to the end of the year, I'm excited to complete my project and receive the feedback from the LIA leaders. I'm also anxious to hear what my teammates have to say during my 360° review. I have tried to help each of them reach their personal goals and provide them with honest feedback, and I expect honest feedback from them in return. Given that we only have one semester to complete the project, my team will probably only tackle one phase of the EMS. Hopefully, someone in next year's LIA program will choose to continue the project to ensure its success.

It's difficult to express all that I've taken away from this experience. LIA has enriched my time at Owen by challenging me and pushing me outside of my comfort zone. Along the way, I've enjoyed managing the people, the tasks and the expectations. Also, my perception of leadership development programs has changed. I think if you have the right structure and mechanisms in place to help each participant learn and grow, these types of programs really work. They no longer seem so "soft" to me. But perhaps most importantly, I'm happy that I helped Owen and Vanderbilt take a step closer to achieving their sustainability goals. It's not often that students can contribute to their school's future in such a meaningful way, and I'm thankful that LIA afforded me such an opportunity. VB

ENVIRONMENTALLY FRIENDLY INITIATIVES AT OWEN

In anticipation of the 2007 Net Impact Conference, the facilities at Owen underwent an environmentally friendly makeover. With the support of Dean Bradford and Vanderbilt University, the students organizing the conference worked to implement the following changes:

- Older toilets replaced with automatic flush models that require less water
- Older urinals replaced with waterless models
- Lighting fixtures changed to accommodate environmentally friendly light bulbs
- All light bulbs replaced with ones that use less wattage and last longer
- Automatic sensors installed to turn off lights when a room is not in use
- More recycling containers added to locations around the school

BOTTOM LINE

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erator participant. This summer, we will partner with such firms as American Airlines, Griffin Technology, Caterpillar Financial, Bridgestone, Humana, William Morris Agency, Gresham Smith & Partners, and Yum Brands to create this unique experience. Since the entire program is built around real problem solving with our corporate partners, each Accelerator event is a one-of-a-kind experience.

Accelerator runs for 30 straight days, with no days off, and participants spend 12 to 14 hours each day with the Accelerator faculty and staff. Students receive over 100 hours of graduate education during this four week period, but the classroom experience is just as unique as the corporate immersion experience.

Coined "get-it-and-go" learning, Accelerator's classroom training is organized and packaged to match the project underway, enabling participants to have the opportunity to immediately apply the material from the classroom to their consulting project with their corporate client. Rather than trying to "imagine" how one might apply an economic, financial or marketing principle, participants leave the classroom for their team rooms where they immediately use these tools to enhance their work for the client.

In addition to the 250 hours working on issues for the corporations and the 100 hours of get-it-and-go training, another 50 hours is devoted to helping the participants with their own "personal brands." From how they introduce themselves to a client, to examining (with constructive feedback) their presentation style, the student participants are challenged to find their own authentic voices, understand their strengths, and learn how to leverage those strengths.

Perhaps the most important lesson learned over the 30 days is the importance of having a working, functional team that understands the client's need and works in a consultative fashion to bring workable solutions to the problem presented. Students work on four or five different teams (and types of teams) over the course of the program—some structured for success and others that are designed to be inherently challenging.

From transportation logistics to health care services, from entertainment to real estate, the Accelerator process affords each participant the opportunity to experience an industry. A 2007 Accelerator alum really summed it up when he said to me, "I feel like Accelerator saved me two to three years of trying to find a job role and an industry that I could get excited about. I left the Accelerator program totally excited about my future and my career."

This "learning by doing" model sets Accelerator apart from any other summer internship or opportunity out there for young men and women who will be entering the workforce. Where else can young men and women immerse themselves in an environment where they are being asked by some of America's leading companies to solve problems, be given honest critique of their work, just-in-time training and education, and the tools to create their own personal brand and authentic voice? We are indeed training the next generation of "world shapers."

MICHAEL BURCHAM *is Professor for the Practice of Management at Owen. He is also the Faculty Director of Accelerator.*

VB

JOIN THE VANDERBILT MBA HEALTHCARE ALUMNI ASSOCIATION'S AFFINITY GROUP

THE VANDERBILT MBA HEALTHCARE ALUMNI ASSOCIATION has created a new affinity group on LinkedIn to help those of us working in health care network with one another. Since its launch in February, over 100 alumni have signed up for the group, and we invite you to join us. As a member, you'll be able to search for and contact fellow alumni working in all areas of health care. Additionally, we'll use this forum to notify you of upcoming Owen speakers, networking events, educational opportunities, and social activities.

This networking tool can be very powerful, but only if we're able to bring all of our diverse and talented Vanderbilt MBA Healthcare alumni together. If you already have a LinkedIn profile, please go to *www.linkedin.com/e/gis/52475/1D8BF950A624* to join the Healthcare Alumni Group. If you don't yet have a profile, visit www.linkedin.com to create one. Signing up is easy and free.

Please feel free to contact me at davefred@comcast.net if you have any questions. Thanks, and we look forward to seeing you online.

David Frederiksen, MBA'96, President, Vanderbilt MBA Healthcare Alumni Association

Headlines from Around the World

Swap at Your Own Risk, The Fine Print, Office Politics

RIC THORNTON, MCT

SWAP AT YOUR OWN RISK

Pressure is intensifying on Jefferson County, Ala., after it failed to produce roughly $200 million to extend a faltering derivatives trade. Swaps can be used to lower risk. But swapping a fixed rate for a floating rate, or using swaps that encompass two different floating rates is pure speculation, says **Robert Whaley**, the Valere Blair Potter Professor of Management. "You're betting that the spread between rates will move in a certain way," he adds.

The Wall Street Journal, March 12

DON'T SHOOT THE MESSENGER

Far from Wall Street, executives in other industries and their advisers are finding management lessons in the subprime-loan meltdown. **Jim Bradford**, Dean of the Owen School, sees another lesson in the subprime woes: Make sure subordinates feel comfortable delivering bad news—promptly. It's possible that earlier strong warnings of mounting subprime problems may have helped top bank executives react better.

The Wall Street Journal, February 25

THE FINE PRINT

The papers that U.S. borrowers sign when buying a house are piled so high that few people read them all, and even fewer absorb the information. **Luke Froeb**, the William C. and Margaret W. Oehmig Associate Professor in Entrepreneurship and Free Enterprise, says a drive in recent years to give borrowers more information has backfired. Additional data and legalese has turned the forms into perhaps a dozen pages of fine print. "The disclosures have gotten so large that nobody ever reads them anymore," says Froeb.

WashingtonPost.com, February 25

MBA AND I LOVE U.

In honor of Valentine's Day, current MBA students offer insight into the dating scenes at some of the nation's top business schools. **Sharran Srivatsaa**, MBA'08, met his wife, **Neeti Nanda**, MBA'07, while at Owen. Their story is one of those featured.

BusinessWeek.com, February 14

GOING GREEN

Collaboration among stakeholders, and even former critics, is becoming the norm for CEOs hammering out their green strategies. "What you find is that companies doing this intelligently don't just announce, 'This is what we're doing,' in isolation," notes **Mark Cohen**, the Justin Potter Professor of American Competitive Enterprise, who writes about environmental management and sustainability. "What they do is they sit down and engage with their stakeholders—NGOs and committees and workers that have the most concerns and are most affected by the environmental consequences—and they work through it. They get those stakeholders on board with the change."

Chief Executive, February 1

A FAIR SHARE

Need goods and services but low on cash? Make vendors part owners and share the rewards. "I strongly recommend it," says **Bruce Lynskey**, Clinical Professor of Management. "Cash is absolutely dear, so if you can get anyone to accept at least partial stock options instead of cash, that's good." Lynskey witnessed the upside of this financing tool in the '90s as an employee of Wellfleet Communications, which began paying its delivery vendor, FedEx, partly in options instead of cash at the vendor's request. Wellfleet's hugely successful IPO made the stock a Wall Street darling, says Lynskey, "and FedEx made much more money than if we'd paid them in cash."

Entrepreneur, January 31

OFFICE POLITICS

As the presidential elections heat up, many of your co-workers are openly advocating certain candidates. Are these displays of affiliation appropriate in the office? That depends on your employer. **Bruce Barry**, Professor of Management and Sociology, said that while some companies regard political debate as building team spirit, others view it as a distraction or worse.

The New York Times, January 8

Get It and Go

Accelerator Puts Undergrads on the Fast Track

By MICHAEL BURCHAM

THE STUDENT'S LIFE IS FILLED WITH PERFORMANCE hurdles. Beginning with the SAT and ACT, young men and women quickly learn that the test scores open certain doors of opportunity—and close others. Throughout the undergraduate experience, it's not uncommon to see that life becomes one big blur of syllabi and exams. The highly anticipated "summer internship" is often little more than a clerical role, and young men and women are left wondering, "Where do I begin to link a great education to the practical knowledge I need to help me earn the job I want and hit the ground running?"

Accelerator offers young men and women a hands-on, real-world experience that complements their undergraduate education.

The answer to that question is Accelerator.

Now in its fourth year, Accelerator offers young men and women a hands-on, real-world experience that complements their undergraduate education. Each year a selective and exciting group of undergraduates and recent graduates come together and experience a unique immersion into the world of business. Through a dynamic partnership with some of America's leading corporations and Owen's world-class faculty, they experience team dynamics, problem solving, consulting, client relationship management, and market planning. However, it's the 30-day experience that makes such an incredible, life-changing difference.

This year, hundreds of applicants will compete (with an interview) for the opportunity to be one of those selected to join Accelerator. And while grades are certainly important, candidates quickly learn through a rigorous interview process that the most valued skills include their mindset, tenacity, solutions thinking, passion, entrepreneurial spirit, energy, and the desire to "make a difference."

Accelerator participants arrive at Vanderbilt University with a bit of anxiety. There is no syllabus—this is life. The opening dinner is as unique as the interview experience. As soon as the entrée is served and the introductions are done, the first corporate project is launched. A company CEO stands, shares an issue or problem his or her company is trying to manage, and challenges the participants to come up with the best solution.

Students are then assigned to competitive teams, and the clock starts. Within 72 hours, each team will define the opportunity the company has to solve the issue, organize themselves with structured team roles, gather and clarify market and industry data, and understand the variation that exists in the market—exploring competitive positioning, return on investment and "best solution" for the client corporation.

Finally, each team organizes all of their findings into a 10-minute presentation for the company. They present their findings and recommendations to a judging panel of four to six key executives from the company. (They are the client.) The executive team then ranks the solutions presented by the teams from "best to worst," basing their choices on the solutions that most likely fit the company's culture, mission, return-on-investment requirements, and customer needs. Accelerator participants hear directly from the executive team of the client corporation what aspects of their work was valued—and where their team simply failed to meet the criteria.

Sound challenging? Now imagine doing this over and over again for eight to 10 corporations, and you have a sense of what's involved in the life of an Accel-

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April 12, 2008

The Heart of Business

Owen Circle Celebration Dinner
Country Music Hall of Fame