VANDERBILT BUSINESS

OWEN GRADUATE SCHOOL OF MANAGEMENT

Spring 2009

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Class of '91 trio recognized for entrepreneurial success

THE PICTURE OF HEALTH
A look inside the business of health care

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Adena Friedman, MBA'93, helps NASDAQ stay ahead of the curve

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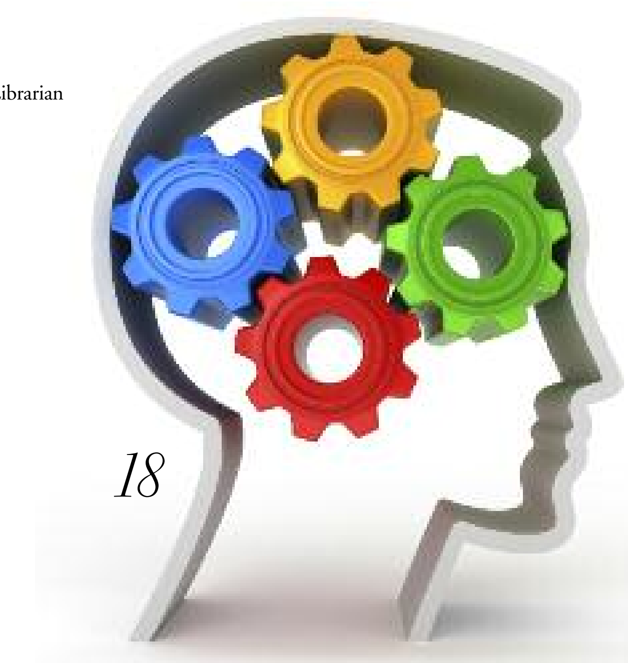

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Pressing Matters

How Cris Ashworth, EMBA'85, found his groove at United Record Pressing

By SETH ROBERTSON

CRIS ASHWORTH LIKES TO SAY THAT HE SAW ELVIS every day. Not in person, that is, but on the press at United Record Pressing, a vinyl record manufacturing company that he owned for 10 years until health problems forced him to step away. "Elvis was always good for a couple hundred thousand records. It was just amazing to me," he recalls.

What's perhaps more amazing is that he's not talking about the 1960s or '70s, but rather the past year or two. Like "The King," who had a famous comeback of his own, vinyl records are enjoying a resurgence, thanks in no small part to Ashworth and United. In 2008, 1.88 million newly pressed LPs were sold in the United States—a jump of nearly 900,000 units from the year before.

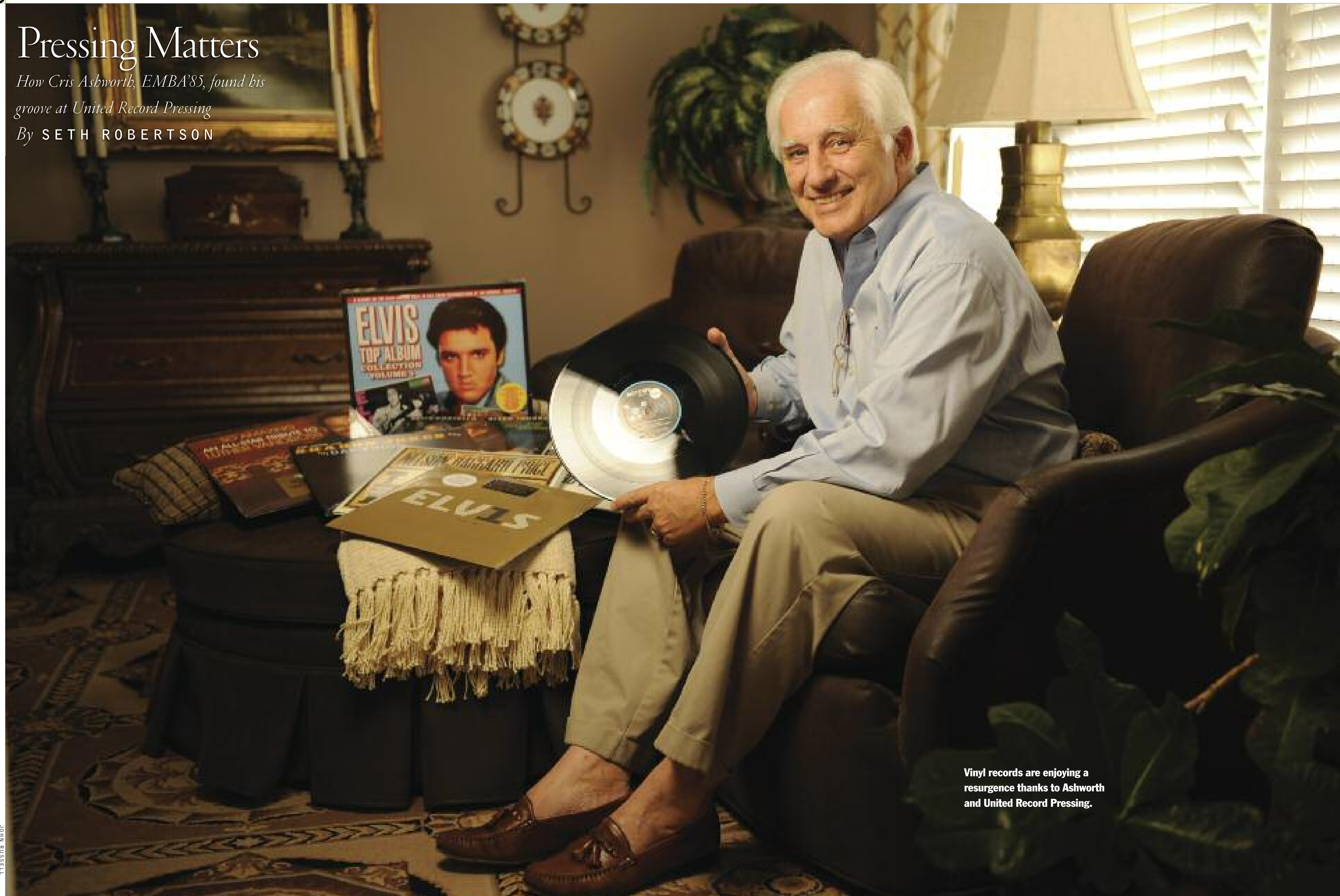
Ashworth, an accountant by training, admits that he didn't have the slightest inkling about record manufacturing when he purchased the Nashville-based company in 1999. But he did have a keen understanding of trends, which he credits to his education at Owen. "Being able to decide if it's the right time to do something is really important. I found that my timing was not bad," he says.

Not bad indeed. Although there were plenty of doubters, Ashworth saw an opportunity to re-energize the company and the market as a whole. He initiated cost-saving measures and expanded United's manufacturing capabilities to include both 45s and LPs. He also created a Web site to appeal to a younger generation of customers, including musicians looking to get noticed—"the kids in a garage who have a dream," as Ashworth calls them. Today United produces up to 40,000 records a day and owns most of the market share.

Though not a musician himself, Ashworth is a kindred spirit to those kids in the garage. He understands what it's like to pursue a dream and has advice for anyone who wants to do the same: "Don't wait too long. Get the experience under your belt and get your tickets punched."

Or as Elvis used to sing, "It's now or never." VB

JOHN RUSSELL



Vinyl records are enjoying a resurgence thanks to Ashworth and United Record Pressing.

FROM THE DEAN

To the Owen Community,

It's been five years since I stepped up to lead the Owen School—a year as interim Dean and four in a full-time capacity. Despite the fact that we currently find ourselves at an economic low point, I can't help but reflect favorably on the past five years. It's been a tremendous period of personal and professional growth for me and of remarkable endeavors and accomplishment for the Owen School and those who comprise our community.

Today, however, my highest priority is not to reflect upon the past; rather I'd like to pause and look ahead to the next five years.

These are transformative times. Pundits and experts, far smarter than I, are finding it challenging to predict our future in this time of economic upheaval. Surely we will look back on this time as a defining moment in history. We are in a period in which established business models—those for publishing, entertainment and retail, to name a few—are changing and crumbling. Yet, in that destruction lies tremendous opportunity to innovate and create.

Additionally, the awareness and concern for our environment, the desire for sustainable practices and our knowledge of the interconnectedness of peoples around the world will—perhaps once and for all—reduce our passions for *consuming* and make us more conscious of our impact on society and the world.

For the baby boomer generation (of which I am on the leading edge) and oth-

DEAN DIXON

ers already in the leadership positions, this is truly the time to begin to embrace the unknown and to be open to exploring that which we do not currently understand. Only by doing so will we survive—and, hopefully, thrive—as we make some necessary transitions.

For those in their graduate school years, this will be a period of personal definition as you choose your paths for the foreseeable future. Those who hustle, who persevere, will invent their own opportunities.

What lies ahead for Owen? We will move Owen into the Top 20 graduate business schools in North America. To achieve this goal, we will continue to differentiate our MBA and other programs and attract top faculty and students. It will require a united effort by everyone—faculty, alumni, students and staff, alike—but we are up for this challenge.

Drucker's "knowledge economy" will be passé. Owen will be a market-focused institution, creating not just knowledge but solutions.

Owen's strong health care offerings will position us as the premier school for health care management education nationally and, hopefully, globally.

Our stellar finance faculty will help define the financial markets of the future, learning from the past and present to identify and recommend regulatory and free market solutions to the shortcomings of current times.

We will be a far more global school, using technology to reach well beyond our physical space as well as innovative partnerships and programs to bring the world into our classroom.

We will lead in defining the responsibility of the business world to society.

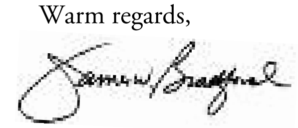
Social entrepreneurship, ethics, and addressing our responsibility to society, will find equal standing in our curricula.

We will remain a small and intimate school. Students and faculty will continue to choose Owen for our uniquely collaborative and supportive culture.

Our school will succeed because we will make a difference by shaping our communities, our businesses, our society and the world.

Are these mere dreams or reality? Will we hunker down and try to protect the past or will we choose the opportunity to transition to a bright—but different—future? It is our collective choice to make. I hope and trust you will join me in the decision to embrace the future and all it holds.

Warm regards,



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ONE02, ISTOCKPHOTO

Dollar Ills

Checking the vitals of our ailing economy

By SETH ROBERTSON

THIS PAST OCTOBER THE OWEN SCHOOL hosted its first-ever Conference on Financial Innovation, and the timing couldn't have been better. While the conference was organized to celebrate the 35th anniversary of the groundbreaking research that led to the growth of the derivatives market, the topic on everyone's mind was the financial crisis that had just started to make headlines a few weeks earlier.

Among the speakers at the conference was Robert Merton, a Nobel Prize-winning economist. He compared the crisis to a scene in a hospital emergency room. Like a patient being rushed in with an unknown ailment, the economy first has to be stabilized, he argued, and that takes a team of experts with intuitive skills. Once the problem is diagnosed, a long-term solution can then be put into place. This task, he said, is best left to a different team of experts, whose strength is in designing complex systems.

All these months later Merton's emergency room analogy still applies. To help stabilize the economy, the experts have tried using the Troubled Assets Relief Program to purge the financial sector of its so-called toxic assets. They've also begun administering the steady IV drip of the stimulus package, which aims to nourish Main Street America back to health. Neither solution, however, has been a cure-all, and the economy remains in critical condition.

Meanwhile there are plenty of Americans gripped with fear just outside the emergency room. Faced with a crisis of such magnitude and complexity, many of us can't help but feel hopelessly small when it comes to our role in the economy. Yet we shouldn't let these thoughts discourage us from playing a part in its survival and recovery. In fact some would argue that now is the time when the average citizen can have the greatest impact—and reap the greatest reward. Amid this turmoil, these individuals see opportunities to invest where others have retreated and to start businesses where others have failed.

This entrepreneurial spirit is the lifeblood of our nation's economy and is one of the distinguishing qualities of the Owen School. As editor I often hear from alumni who credit the school with giving them the necessary skills and confidence to take risks in business and succeed. In this issue you'll find some of their stories, including a feature about three former classmates who are now CEO entrepreneurs and a profile of an alumna who is running a women's adventure travel company.

Of course not everyone can be a successful entrepreneur, but there's a lesson to be learned from those who are. We all can have an impact simply by not allowing ourselves to be paralyzed by fear. Our collective inaction as a nation only makes matters worse. By finding the confidence to go about our daily lives—spending and investing wisely—we can send a signal that the heart of this country is still beating.

And that perhaps is just the medicine our economy needs. VB

Comments? Please e-mail us at *owenmagazine@vanderbilt.edu.*

INSIDE OWEN

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CONFERENCE

Nobel laureates discuss financial innovation

FINANCIAL MARKET LEADERS AND RESEARCHERS gathered this past fall for the first-ever Conference on Financial Innovation hosted by the Owen School. The forum focused on such timely topics as volatility, real estate, credit and stock index option markets, as well as real options and share-based compensation contracts. It also assessed the evolution of financial innovation over the past 35 years and explored what might lie ahead.

The conference, which took place Oct. 16–17, commemorated the 35th anniversary of the publication of two landmark financial studies: "The Pricing of Options and Corporate Liabilities" by Fischer Black and Myron Scholes, and "The Theory of Rational Option Pricing" by Robert C. Merton. Originally published in 1973 when options were considered specialized and economically insignificant financial instruments, these two seminal works had an unprecedented influence and came to underlie almost every facet of the theory and practice of modern-day finance. In 1997 Black, Scholes and Merton were awarded the Alfred Nobel Memorial Prize in Economics for their work. Today they are credited with sparking the growth of derivatives markets, whose value now exceeds $600 trillion.

"More than three decades later, we are reminded of the critical relevancy of these pioneering works and how far the ripples of innovation can spread and influence future events," says Robert E. Whaley, Valere Blair Potter Professor of Management and Co-director of the Financial Markets Research Center at the Owen School.

Participating in the conference were finance and economics faculty from more than 40 universities worldwide, including the University of Chicago; the University of California, Los Angeles; New York University; Harvard University; the University of California, Berkeley; Columbia University; and Vanderbilt. Offering the event's keynote address was CME Group Chairman Emeritus Leo Melamed, who is widely recognized as the founder of the financial futures markets. In addition, Scholes, Merton and Melamed participated in a special panel that focused on the direction of financial innovation in the next decade.

"Given the unprecedented financial market volatility and its links to derivative instruments, this new forum and its focus on the derivatives markets couldn't be more timely," Whaley says. "The collective insights of academics and practitioners will prove invaluable as we seek to better understand the past, present and future of financial innovation and its impact on the global financial marketplace."

The 2008 Conference on Financial Innovation was sponsored by the Chicago Board Options Exchange, CME Group, Options Industry Council, Susquehanna International Group LLC, and the Vanderbilt University Law School, which provided facilities for the event. Susquehanna's participation was prompted by Owen alumnus Eric Noll, MBA'90, who serves as the company's Director of Research.

JOHN RUSSELL

Robert Merton talks about the future of financial innovation during a panel discussion with Myron Scholes and Leo Melamed, far right.

ANDREW BOULDIN

STUDENTS

Web site targets collegiate trips

A WEB SITE DESIGNED BY STUDENTS AT THE OWEN SCHOOL hopes to help students plan spring break and other road trips. My College Road Trip (*www.mycollegeroadtrip.com*) offers a unique perspective because college students write the material with other college students in mind.

"The best thing is that it narrows down the massive amount of information about cities or things to do in a particular destination to the things that college students care the most about," says Virginia Francis, Owen student and Vice President of Brand Management at MCRT.

Owen student Andrew Bouldin, Founder and CEO of MCRT, says he came up with the idea of the Web site while he was driving home from a weekend road trip.

"I realized that there was no way to find out the coolest things for college students to do around my college on any given weekend," Bouldin explains. Once he got home, he said he began to search the Internet for quality travel information aimed at college students and could find nothing. All information on potential vacation destinations was written by parents and executives, he says. Bouldin found a group of fellow students who shared his irritation, and MCRT was born.

Many Vanderbilt students contribute to the running of the online business. They include the Owen graduate students who launched the Web site, as well as undergraduate students in Associate Professor of Managerial Studies Cherrie Clark's Advanced Marketing class.

"They are implementing a viral marketing project to promote the site," Francis says. "Online tools like Facebook and blogs are being used to reach college students around the country."

The students are currently seeking investors to help them promote MCRT. Their goal is to raise enough angel funding to expand marketing to 12 college campuses by the fall of 2009. If you are interested in becoming an investor, please visit *www.mycollegeroadtrip.com* for more details.

This article is an edited version of the one written by Ruth Kinsey for the February 9, 2009, edition of The Vanderbilt Hustler.

RESEARCH

The 'Obama Effect' on test taking

ONE OF THE MOST PROFOUND QUESTIONS raised by the presidential run of Barack Obama is whether it has had an impact on African Americans overall. The answer—according to new research from Vanderbilt, San Diego State and Northwestern universities—is an unequivocal yes in the key area of test-taking achievement. Documenting what the researchers call the "Obama Effect," the study identifies that the performance gap between black and white Americans in a series of online tests was dramatically reduced during key moments of the 2008 presidential campaign when Obama's accomplishments garnered the most national attention.

JAMES GAYLES, MCT

African Americans scored better on tests during key moments of Obama's presidential run.

The tests in the study were administered to a total of 472 participants using questions drawn from Graduate Record Exams to assess reading comprehension, analogies and sentence completion. The tests took place at four distinct points over three months during the campaign: two when Obama's success was less prominent (e.g., prior to his acceptance of the nomination and the midpoint between the convention and Election Day) and two when it garnered the most attention (e.g., immediately after his nomination speech in August and his win of the presidency in November).

The nationwide testing sample of 84 black Americans and 388 white Americans—a proportion equivalent to representation in the overall population—was matched for age and education level. It revealed that white participants scored higher than their black peers at the two points in the campaign when Obama's achievements were least visible. However, during the height of the Obama media frenzy, the performance gap between black and white Americans—even if blacks felt their performance on the test might reinforce negative stereotypes—was effectively eliminated. In addition researchers pinpointed that black Americans who did not watch Obama's nomination acceptance speech continued to lag behind their white peers, while those who did view the speech successfully closed the gap.

"Our results document compelling evidence of the power that real-world, in-group role models like Obama can have on members of their racial or ethnic community," says Ray Friedman, Brownlee O. Currey Professor of Management at the Owen School and co-author of the study.

As part of the study, Friedman—along with David M. Marx of San Diego State University and Sei Jin Ko of Northwestern University—also examined whether Obama's success reduced negative racial stereotypes. Participants were asked whether they were concerned that poor performance on the exam would be attributed to their race. The results indicate that blacks were concerned that they faced negative stereotypes about academic achievement whether Obama was prominent or not, but when Obama was prominent they were able to overcome that concern and perform better on the test.

Friedman points out that other research has shown that such historical stereotypes are an underlying reason for lagging test-taking performance by black Americans. "Obama as a role model did not have an immediate impact on black Americans' concerns about such stereotypes," Friedman says. "However, our findings give us reason to believe that the influence of extraordinarily successful role models like Obama will help to drive improved performance and, over the longer term, to dispel negative stereotypes about black Americans, bringing us closer to a 'post-racial' world."

OWEN JUMPS 20 SPOTS IN *FINANCIAL TIMES*

THE OWEN SCHOOL IMPROVED SIGNIFICANTLY in the 2009 rankings of top MBA programs by the *Financial Times* of London. In the international ranking Owen placed 56th among 100 schools, up 20 places from 2008. In the ranking of U.S. business schools, Owen moved up 15 spots to 28.

FT FINANCIAL TIMES *Business*

"This ranking is a testament to the dedication we have at Owen to creating innovative programs with highly talented faculty," Owen Dean Jim Bradford says.

According to the *Financial Times,* MBA rankings are based on 20 criteria including alumni salaries, placement and career development; diversity and international reach of the business school; and the research capabilities of each school. Along with getting data from the business schools, the *Financial Times* surveys graduates three years after they've completed their degree to help determine the value of the MBA on their career progression and salary growth.

Owen is currently one of only 15 private schools in the United States to be ranked in the top 30 by both *BusinessWeek* and the *Financial Times*.

FACULTY

Iacobucci promoted to Associate Dean

EXPANDING ON HER EXCEPTIONAL CAREER AS a researcher, educator and administrator, Dawn Iacobucci has been promoted to the post of Associate Dean for Faculty Development at the Owen School. She has responsibility for all faculty evaluation, promotion and tenure recommendations and closely collaborates with directors of the school's degree programs on curriculum development.

"Dawn has fully lived up to her advance reputation as an exceptional researcher and educator," says Jim Bradford, Dean of the Owen School. "In accepting this role, she is demonstrating her personal commitment to service and a shared vision of elevating our standing in the eyes of the university, the academy and the business community."

Iacobucci, the E. Bronson Ingram Professor of Marketing, is a renowned expert on networks, customer satisfaction and service marketing and quantitative psychological research. She has consulted extensively for several top companies in the United States, and her work has been recognized with numerous distinctions, including a National Science Foundation Award and the 2008 Dean's Award for Research Impact at Owen.

She is the author of more than 50 papers and books, including *Marketing Research: Methodological Foundations*, the lead marketing research text in the industry, and the forthcoming textbook *Marketing Management*, which has already received wide acclaim.

Iacobucci is taking over for Bill Christie, the Frances Hampton Curry Professor of Management. Christie remains the Faculty Director of the Executive MBA Program and has resumed his full-time teaching and research.

DEAN DIXON

Iacobucci

Fully Immersed

Diving headfirst into Health Care Immersion Week

By KRISTIN HODGES

JOHN RUSSELL

Hodges, seen here with the practice mannequins at Vanderbilt's School of Nursing, credits Immersion Week with giving her a new perspective on health care management.

WHEN YOU THINK OF A HEALTH CARE MBA STUDENT at Owen, what do you picture? Do you see someone dressed in personalized scrubs with a front-row seat to, say, a gastric bypass surgery? Likely not. But Owen's "experiential" program affords opportunities just like that. We Health Care MBA students don't just learn about health care in the classroom; we get to experience it firsthand for an entire week. The so-called Health Care Immersion Week, which takes place between the first and second academic mods, gives students several different perspectives on the industry. Each day offers a look at a key player in health care, and students are challenged to understand how these players fit together as a whole.

One advantage of Vanderbilt's Health Care MBA program is that it fully integrates its students into the mini-metropolis of Vanderbilt University Medical Center (VUMC), as well as the surrounding Nashville health care community. While Nashville may be known as the country music capital, it is also arguably the health care capital of the United States. Owen students are fortunate to be able to take advantage of all the city has to offer, and this year we dove right in.

On Monday we took the physician's perspective. By 9 a.m. we were dressed in new scrubs, hairnets and masks anxiously awaiting an operating room assignment at VUMC. The jitters were in full effect as I hoped to be chosen to observe a fairly mild procedure. The managing nurse assured me I could pass on the spinal and brain surgery, unlike some of my braver classmates. I was selected to watch an "open" gastric bypass procedure, which is hardly serene but supposedly routine. While I'll spare the gory details, I will comment on the newfound respect I have for surgeons, physicians, nurses and technicians who all have to work in harmony to produce an amazing result. My MBA lens showed me that the operating room is similar to a well-run business. There is a distinct hierarchy, and each person has a role and a set of expectations. Timing and decision making are critical. Instead of using research and expertise to develop new business for a company, this team uses research and expertise to improve the patient's life.

Continuing along the exciting and emotional path of operating rooms, my classmates and I also each spent an evening in a VUMC emergency room. My assignment was in the pediatric ER. I shadowed nurses and residents to understand how room assignments, traumas and surgical decisions are handled. I sat thoughtfully with patients while nurses administered IVs and medications, watched with angst as a surgeon set a broken bone, and peeked fearfully as a calm medical staff handled a head trauma on a child arriving by helicopter. When nurses and doctors had free time, they showed me how they used medical technology in their daily processes. The concepts I learned in my Health Care IT class proved their weight in gold. While an emergency room may look chaotic, it is actually well-organized and efficient thanks to the technology and processes in place.

The days following surgery and trauma observations were less action-packed, but there was no lack of information or insight. As much as we enjoyed wearing our scrubs and strutting down 21st Avenue pretending to be physicians, it was time to put ourselves in the shoes of many other health care professionals and explore careers outside of our MBA internship box.

For example, we got to spend a day taking the nurse's perspective. I shadowed a woman in the main hospital who worked as a case manager. People in this career often have a background in nursing or social services and have the important task of getting patients out of the hospital faster. The other students and I also explored the nursing school and learned how this rewarding career is facing a major shortage of applicants. My MBA lens kicked in again as I thought about ways to improve incentives and talent retention for such a critical profession.

DR LOGAN/BEGUR, MCT COMPOSITE ILLUSTRATION

Later we visited a women's clinic and learned about the approach of using a midwife for childbirth. Instead of a delivery in a sterile operating room with a busy obstetrician, midwifery provides the comfort of a personal at-home birthing experience. This concept forced us (I was in a group with two males!) to re-evaluate the traditional approach and ask a barrage of questions around this "unnaturally" natural concept.

During the patient's perspective day, we explored the Eskind Diabetes Center and a DaVita dialysis clinic. The atmosphere at the diabetes center was refreshing and optimistic, offering creative conveniences to patients. A separate children's waiting area was full of magical décor and toys. Obesity chairs were nestled in the mix for adults who may not be able to sit comfortably in traditional seats. Also those patients who cannot afford to travel to Nashville are given the option of a phone appointment.

While the Eskind Diabetes Center was full of research and teaching conference rooms aimed at improving treatments for those with the disease, it was the concept of prevention that made the greatest impression on me. I learned that age and obesity are the risk factors for type 2 diabetes. I also came away convinced that a healthy diet and exercise are personal investments worth making.

As one might imagine, the visit to the DaVita dialysis clinic later in the day was an emotional experience. DaVita employs an upbeat staff committed to their patients who face a ritualistic procedure to remain alive. The clinic requires a small factory of silos, pumps, tubes and chemicals, all of which must work in perfect harmony to produce the fluid that will cleanse the blood in each patient's body.

On the last day of Immersion Week, we took the researcher's perspective and visited BioMimetic Therapeutics in Franklin, Tenn., a company that specializes in the development of drug-device combination products used for the repair of orthopedic injuries. The visit opened my eyes to the fun and risk associated with venture capital, and I learned some sound advice in the process: If you have a good idea with an expert staff, strong patents and clinical data, you just might land yourself some investors.

As I now reflect on the week and all it offered, I can say that I was totally immersed and engaged. The timing was perfect, as Immersion Week gave me a new perspective on the health care classes that have since followed. I now have a better understanding of the complex problems of insurance, disease management, talent shortages and IT adoption because I experienced them. Although I miss my scrubs, I'm sure my true calling is on the business side of health care, and I can't wait to put my MBA degree to use. VB

KRISTIN HODGES *is a Health Care MBA candidate for 2010.*

BUSINESS ROUNDTABLE

Lies of the Land

Talking David Mamet, business ethics and real estate

On January 23 the Vanderbilt Executive MBA program sponsored a staged reading from Tennessee Repertory Theatre's production of *Glengarry Glen Ross,* the Pulitzer Prize-winning play by David Mamet. The play tells the story of four desperate Chicago real estate agents who are willing to engage in any number of unethical activities to sell undesirable real estate to unsuspecting buyers. The title of the play comes from the names of two of the real estate developments being sold by the agents: Glengarry Highlands and Glen Ross Farms.

Following the reading there was a panel discussion on the topic of ethics in business. The panelists were **Richard Courtney**, Principal Broker for Fridrich & Clark Realty in Nashville and author of *Buyers Are Liars & Sellers Are Too!*; **Bart Victor**, Cal Turner Professor of Moral Leadership; and **Bruce Barry**, Brownlee O. Currey Jr. Professor of Management. The discussion was moderated by **Megan Barry**, MBA'93, Vice President of Ethics and Compliance at Premier, Inc. and Council Member At-Large, Metropolitan Nashville and Davidson County.

STEVE GREEN

The Friday night event drew a large crowd to Owen's Averbuch Auditorium.

The Reading

In Act I, Scene 2, two of the real estate agents—Dave Moss and George Aaronow—are complaining about Mitch and Murray, the owners of the agency. Moss and Aaronow have just been informed that the top two sellers in the office will get to keep their jobs and the other two will not. Moss suggests that they get their revenge by stealing the Glengarry leads and then selling them to another real estate agency. His plan would require Aaronow to break into the office and stage a burglary. Aaronow wants no part of the plan, but Moss intimidates him, saying that Aaronow is already an accomplice simply because he listened to the idea.

The Discussion

MB: Well, Richard, let's start with you since this is your business. What are your thoughts? Does this happen?

RC: It happens sometimes, perhaps more on the Internet, but certainly never in an office like ours.

MB: Bart, you talk about ethics, deception and lying with your students. What are those conversations like?

BV: Some of our students are coming from experiences like this and trying to find a different way to live their lives as businesspeople. I think David Mamet does a wonderful job of helping us understand how a situation like this can happen. The scene shows how we all can find ourselves thinking abstractly about something we would never do in real life.

MB: Bruce, clearly this is a negotiation between two parties. Is this the kind of negotiation you teach?

BB: One of the principles of my negotiation class is that virtually everything is negotiation. Negotiation is defined as joint decision making involving two people, or more than two people, when they have divergent risks and preferences and a matter of contention. So, yes, this is a negotiation. If I had shown this scene to my students and asked if something like it had ever happened to them, they would say, "No, I've never had someone try to persuade me to engage in robberies." But there are cases and scenarios where the underlying dynamic is there. That is, one person persuading another, or an organizational culture indirectly and informally persuading an individual to engage in actions that may not pass ethical scrutiny if the right lens is applied. Ethical dilemmas sort of creep up on you, but Mamet's put it right in our face. It stands in for a variety of situations, where a culture is persuading or enticing you to do things that seem okay step by step, but at some point you realize you've been asked to cross a line.

RC: I think that's part of the reason why we're having the financial problem in real estate. Loan officers sit with a buyer and say, "You make $30,000 a year, right?" The buyer responds, "No, I make $20,000." The loan officer then says, "Well, if you want this house, you make $30,000, and you don't have any debt."

MB: Are there ethical consequences when you have deception? Richard, in your book you mention that everybody is a liar. Is deception just a component of how we do business?

RC: There is a difference between a real estate agent and a realtor. The difference is ethics. Realtors are required to take ethics classes every year. There's a perennial education requirement. At least we're exposed to it and know the difference between responsible and irresponsible behavior.

MB: Let's say I'm selling my house. You walk inside and notice there are some flaws and obvious problems. Do we have to tell the buyer?

RC: We do. In Tennessee we do.

MB: So it's all relative? It depends on where you are?

RC: If you're in Washington, D.C., for example, you never have to tell anyone.

BV: In this scene we're not talking about something that is in any way ethically ambiguous. They're plotting a crime. So the question is: How did they get themselves into this situation? I think there's a red herring that we rely on too easily. It's the notion of greed. There are greedy people out there in the world, of course, and there are sociopaths like Bernie Madoff. But most crime, particularly in the context of the way we live our normal lives, is not motivated by greed but by exactly what these folks are struggling with—the sense that they are powerless.

> Corruption is fairly prevalent in the business community, but hopefully things are changing. There are more regulations now on the horizon. Of course that means there will be more rules to break.
>
> —Richard Courtney

The crime is a way to regain their power and freedom. There's a lot of talk about being free and seizing control back from the people who have taken it away. It becomes a crime motivated by freedom, and that's far more powerful.

BB: I was teaching a class the other day in which we debated who was more at fault in this current housing crisis. Was it the borrowers or the lenders? The debate was an intellectual exercise because there weren't really any great consequences to public policy, but it was interesting to have students argue both sides. In this case the debate would be similar. Who's more at fault: the person doing the enticing or the person being enticed? In all kinds of transactions like this, it's easy to say that they're both at fault, but that's not very satisfying. We want to know who really is responsible here and want to sort out that responsibility. That's one of the things we try to do when we teach this subject. It's hard because you talk about it for 80 or 90 minutes in class but don't really resolve anything.

Audience: There's an interesting sequence of events going on here. We go from the hypothetical of the enticement to the actual enticement. Could you comment on the progression of this conversation? I think it's illustrative of how people are enticed into perpetrating a crime.

Ethical **DILEMMAS** *typically creep up on us. There are a variety of situations in which a culture* **PERSUADES** *or* **ENTICES** *us to do things that seem okay step by step, but at some point we* **REALIZE** *we've been asked to* **CROSS** *a line.*

BB: In a class I teach, we talk about shades of gray and lying. There's puffery versus deception versus sins of omission. You can put them on a continuum from mild to exaggerated, but I'm not sure I've ever had a class talk about the question this scene raised, which is this idea of enticement and how that varies from very mild to coercive.

BV: A couple of years ago I had the opportunity to bring a mobster into the classroom. He had been to jail for various business-related crimes. He claimed that he was never the originator of these crimes. The crimes were always brought to him by businesspeople who felt they had been cheated. They weren't seeking greed so much, but rather to right a wrong. It was in the righting of that wrong that they found justification for all sorts of things. The mobster said that the most powerful attraction to criminality was a sense of having been cheated or abused.

RC: We see this sort of enticement in the homebuilding industry when a builder owns three lots and he borrows a certain amount of money to build a house on lot A. When that house has overruns, he borrows money from house B to finish house A. Then he can't finish B until he goes to C. Finally when C is about halfway done, he still hasn't paid for A or B. Meanwhile the lender decides he wants to play, too. So he keeps loaning the builder money.

MB: It sounds like all of you are talking as if everyone is morally corruptible. How can people stay morally right if we're inherently corruptible? How do you teach that at a workplace?

RC: Corruption is fairly prevalent in the business community, but hopefully things are changing. There are more regulations now than there were two years ago, and there are more on the horizon. Of course that means there will be more rules to break, so we might have a new set of ethics problems to come.

BV: When I teach ethics, I don't ever go into the classroom expecting to tell them something that they don't already know. It's about providing the opportunity for them to strengthen their own resource, whatever that resource might be, so that they have it available when they find themselves pressed, confused or tempted. I think our approach in education is to give students tools and experience that will serve them in conversations like the one in this scene.

BB: I don't go in the first day saying that the purpose of the course is to give students a moral center that they don't already have, but rather to help them understand the moral content of the circumstances they may find themselves in. It's a hard thing to do. It's done a lot by example, but I think that's the modest, but realistic goal.

Audience: How do the two of you with your students and you with your salespeople teach that the ends don't justify the means?

STEVE GREEN

Megan Barry, far right, offered some opening remarks before the actors took the stage.

RC: It's become a dilemma more so recently as times have gotten harder and people are trying to make the deal work. Each real estate transaction has gotten more difficult. There's more emphasis on disclosure and defining, for example, what a leak in a basement is or what a leak in a roof is. The other side of it is that we may, for instance, get a structural report from one engineer who says everything is fine and another from one who says the house will fall down in two weeks. Which one do we use, and why is one better than the other? Should we necessarily disclose the bad one if we think the good one is better? So there are a number of issues that face realtors on a daily basis that make our jobs more complex than they've ever been.

BB: Just a quick comment about that. I think the fact of the matter is that in reality it's not that the ends don't justify the means. It's that the ends *rarely* do. It's not that hard to conjure up situations where the ends do justify the means. What I try to get students to think about is the underlying principle driving their decisions. Is it a principle of fairness or harm or equity or justice? And is this the same principle that they always use? Or is this a principle they use only when it's convenient because the principle produces the outcome they want in that particular situation?

Audience: This play debuted in 1984, and here we are in 2009. What has changed in the last 25 years as far as ethics are concerned?

STEVE GREEN

The panel participants included, from left, Megan Barry, Richard Courtney, Bart Victor and Bruce Barry.

RC: It could have been written 100 years earlier, and I think it would be just as timely. Overall, at least in the real estate industry, there is more and more training and there is more and more emphasis on ethics. It's becoming increasingly difficult to be unethical with all of the scrutiny that every transaction has to undergo.

BB: In business and industry, I'd suggest that there's been over these 25 years a substantial increase in the codification of ethics. Megan here has a corporate job as an ethics compliance officer, and that position virtually didn't exist 25 years ago.

MB: It's great work, and there's a lot of job security.

BB: The licensed and credentialed professions, like law and medicine, have long had components of ethics in their examinations and licensing. Business, aside from accounting and some financial occupations, doesn't have licensing. There's no bar exam for our graduates. There's no course in professional responsibility at business schools the way there is at law schools. But what we've seen in these 25 years is a codification and institutionalization of an ethics function in organizations. Now the logical follow-up question would be: Has that changed anything in terms of the ethical behavior of humans? I just don't know. VB

BUSINESS ROUNDTABLE

On the Wrong Foot

Aggressive job negotiations can make a costly first impression on employees

By RAY FRIEDMAN

OVER THE YEARS I HAVE COUNSELED many students as they negotiated for new jobs. Often the key challenge for them is being really clear about their own goals and options, but in some cases the challenge is dealing with companies that are extremely aggressive, or just plain inconsiderate, in their negotiations. The classic aggressive tactic is the "exploding offer," in which companies try to keep candidates from considering other job offers by saying that theirs is only good for a few weeks, or even a few days. At other times companies may leave a candidate hanging, without information about what is happening in the hiring process, or signal a lack of respect toward the candidate in any number of ways.

ROBERT WEST, MCT

How a company treats an employee during the negotiation process has an impact months or even years later. That first impression is a very strong and enduring one.

Having seen this process over the years, Professors Neta Moye, Meredith Ferguson and I began to wonder: Does it matter if companies create negative feelings on the part of job candidates during negotiations? Obviously the goal of an exploding offer is to get a candidate to agree to the company's terms, and many candidates do sign on as a result of this tactic. In the end the company achieves its goal, regardless of potential negative feelings. While disrespectful behavior may make them less likely to join a company, candidates still sign on because it is a good job in terms of pay or responsibilities, or because there may not be any other good alternatives. If that is true, then why should it even matter how job candidates feel?

Our answer to that question is that the relationship between employees and companies requires long-term commitments. An employee's feelings toward a company build over time. Those feelings affect whether an employee is likely to keep an eye on other jobs or really commit to the company. The costs associated with turnover are high. They include direct recruiting costs, as well as the time and money it takes to get an employee fully up to speed. Indeed, it may not be until a new MBA's second or third year that he or she is really productive for a company. A premature exit by a highly skilled employee can be costly.

Looking at the literature on "justice" in organizations, we know that people care not just about the financial results of personnel decisions, like pay and job assignments, but also about how those decisions are made. People want to be treated with respect, have procedures explained and feel that others recognize their individual needs. It is not just that people like proper treatment; it is also about whether the organization sees them as valued members of the community. An employee builds his or her first impressions about a company during the job negotiation. As a result, we predicted that the treatment of employees during job negotiations would affect their sense of negotiation "interactional justice," which in turn would affect their interest in looking for jobs at other companies—even long after the initial hiring process was over.

To test our predictions, we conducted two studies. In one we surveyed 68 MBA graduates about the hiring processes for their current jobs, which had happened on average a year or two earlier. We asked if they thought their companies used high-pressure negotiation tactics, if they felt unjustly treated, and if they were currently looking around for other jobs. When we did the analysis, we statistically controlled for the quality of the actual outcome (that is, how satisfied they were with the actual deal they got) and for their impressions of the overall HR practices at their companies. This was done to be really clear about the effects of the job negotiation process. Our results showed that those MBAs who felt that their initial job negotiations were unjust reported a higher desire to leave their companies. And, we know from prior research that this desire to leave a company (called "turnover intention") does predict actual job exit.

> It is important to manage the conversations and interactions with job candidates in a way that is respectful and considerate. This can be done at no cost to the company, and can potentially save lots of money down the road.

In our second study we surveyed 52 MBAs just as they were leaving their MBA programs and right after they completed their job negotiations. We asked about pressure tactics during those job negotiations and how they felt they were treated. We then did a follow-up survey asking about turnover intentions six months later, with 31 of those MBAs responding. This study showed that high-pressure tactics did enhance feelings that the negotiation process was unjust, and it also confirmed what we found in our first study: that perceived unjust treatment experienced during job negotiations enhanced turnover intentions six months later. Thus, using two different research methods, we were able to show that how a company treats an employee during the negotiation process has an impact on turnover intentions months or even years later. That first impression is a very strong and enduring one.

What are the implications for companies? Most importantly, companies should pay attention not only to what they offer new recruits but also to how those offers are made. Note that these effects occurred controlling for actual outcomes (that is, the actual terms being offered to new hires). So, we are not suggesting that companies need to pay more or give higher benefits. Totally separate from what is actually offered, it is important to make the offer and manage the conversations and interactions with job candidates in a way that is respectful and considerate. This can be done at no cost to the company, and can potentially save lots of money down the road.

Does this matter even during hard economic times? Actually it may matter even more. Hard times are when people may take job offers simply because they have no other choice. They may be even more willing than usual to overlook bad behavior by a hiring company just to get that job. So while it may be easier to get the recruit, the feedback received from that person will be less clear. During hard times companies are more at risk of being overconfident, being sloppy in the negotiation process, and undermining the foundation of the relationship with that employee in the years to come.

RAY FRIEDMAN *is the Brownlee O. Currey Professor of Management at the Owen School. The paper "Lingering Effects of the Recruitment Experience on the Long-Term Employment Relationship," which he co-wrote with Meredith Ferguson and Neta Moye, was published in* Negotiation and Conflict Management Research, 2008. *Ferguson is Assistant Professor of Management and Entrepreneurship at Baylor University. Moye is Clinical Professor for the Practice of Management at the Owen School.* VB

INSIDE BUSINESS

Strategy *Thinking like a CEO* | **Finance** *The 'Fear Index' and derivatives* | **Finance** *The cost of hedge fund restrictions*

STRATEGY

Thinking like a CEO

By Randy Horick

Imagine that you're an NBA star instead of a stellar MBA. In fact you're more than a star; you're one of the top players. Then you make a dramatic career move, accepting a lucrative offer to be a head coach in the league.

Suddenly your job is to lead and motivate others who excel in the very skills you had mastered earlier. Your job no longer involves shooting, passing, rebounding, dribbling and playing defense. Instead you're responsible for putting the right talent on the floor in the right situations. You have to manage a lineup of inflated egos while keeping everyone focused on working together. You have to map out winning strategies for every game and then communicate them effectively so your players can execute them. You're also the most public face of the organization, with corresponding responsibilities in handling the media. Few of the skills that took you so far as a player will serve you in this new role. Now you feel all alone.

Michael Burcham, Professor for the Practice of Management, uses the NBA analogy to explain the thinking behind a new program at Owen, Thinking like a CEO, that he helps lead. Like star players turned coaches, CEOs—especially those who are newly promoted into the position or who have grown an entrepreneurial venture into a more substantive, structured enterprise—often struggle in their new roles and make common mistakes that, to outside observers, seem to violate common sense.

The two-day program helps CEOs think about successful strategies for their companies.

PAVLEN, ISTOCKPHOTO

The course is the creation of three Vanderbilt professors: Burcham, David Furse, Adjunct Professor of Management, and Kimberly Pace, Clinical Assistant Professor of Management. They recognized a market need for CEO preparation based not on research but on their extensive, hands-on involvement in the world of corporate executives.

Burcham has started and led three health care companies. (He carefully balanced the operation of one, in New Jersey, with his teaching duties at Vanderbilt.) Furse was an entrepreneurial CEO with two decades of experience before joining the ranks of academia. Pace, who directed marketing and communications for two international firms, continues to coach and advise CEOs on managing their "personal brands." All three professors consult regularly with C-level corporate executives.

Even experienced executives make monumental errors. But basic mistakes, the professors observe, are especially common among CEOs who came into their position through growing a small startup company or through excelling in one area of an established organization. "Some chief executives, for example, came up through a particular area of a company, such as marketing, and have a less-than-thorough understanding of the rest of the organization," says Furse. "So they may starve the parts of the organization they don't understand." Others, who were stars in sales or operations or finance, struggle to learn that "they don't get to be the star player anymore." The job, rather, is about empowering everyone else in the company.

Burcham

Furse

Pace

DEAN DIXON

"Some CEOs are phenomenal at strategy but not execution," Pace notes. "Some are good at execution but not strategy. If you're an elite organization, you have to be great at both. You need the whole package."

Younger entrepreneurs, in particular, says Furse, set a trap for themselves by trying to be everywhere. Once the organization grows, these startup executives fall prey to their own success. "You can't directly manage the whole company anymore. You have to develop people and build a management team. A lot of the work we do is helping CEOs develop their senior management teams. No CEO can do it all."

Burcham recalls one successful technology entrepreneur who was still trying to run his 500-person company the way he did "when it was just him and 15 software programmers." It didn't work.

"Few schools teach people to be a CEO," Burcham observes. "People are promoted into the role. They get there through different skills, and these aren't necessarily the same skills they will need as a CEO. If you bring a VP's skills to the position of CEO, you'll probably make a lot of the same classic mistakes that other CEOs have made."

This article is an abridged version of the one that appeared in the Spring 2009 edition of OwenIntelligence. *To read it in its entirety, please visit* www.owen.vanderbilt.edu *and click on Publications under Owen Newsroom.*

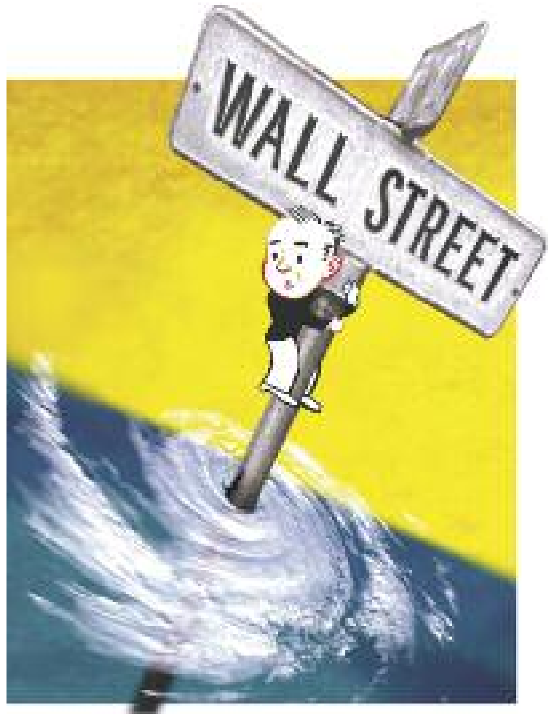
FINANCE

The 'Fear Index' and derivatives

By Rob Simbeck

As the world financial panic set in motion by the subprime mortgage crisis reached full steam in late September, Bob Whaley's phone began ringing. Interest in what financial writers call the "Fear Index" was spiking as stock prices plummeted and major Wall Street firms collapsed, and much of it was directed his way. The Fear Index, which is more properly known as the Chicago Board Options Exchange Market Volatility Index (VIX) and which has offered a real-time gauge of market jitters since 1993, was, after all, Whaley's brainchild.

Whaley, Valere Blair Potter Professor of Management and an expert in derivative securities, did some interviews, but became increasingly annoyed by the articles and commentaries he saw. One after the other contained assertions he saw as "utter nonsense"—that the VIX was a self-fulfilling prophecy, that it was at



MICHAEL HOGUE, MCT

unprecedentedly high levels, that it was a contrarian indicator.

"People were saying all sorts of unsupportable things," he says, "so I decided to write a short piece that puts everything in proper perspective and corrects misconceptions people have because they haven't dug deeply enough."

For most people, the VIX, like the wider world of derivatives it reflects, skulks in a back alley of the financial world until there is a crisis, when it is hauled in for questioning that amounts to hysterical accusation rather than rational information gathering. What's more, the recent fates of even the biggest, most savvy firms make clear there was more than enough ignorance—coupled with greed—to go around. If ever a subject called for light rather than heat, it is this one.

"It is not new," Whaley says of the index. "It is not at unprecedented levels. And it does not cause volatility."

It is, he contends, simply "a measure of expected stock market risk" set by the actions of investors as they work to protect their assets. More fully, the VIX is a weighted blend of prices for options on the Standard & Poor's 500 Index (prior to Sept. 22, 2003, it was the S&P 100). Those options are in essence insurance policies protecting investors against broad-based market swings. The premiums they are willing to pay indicate their level of apprehension—hence the term "Fear Index"—about the market volatility they anticipate in the short term.

Whaley is amused by claims that the VIX is a contrarian indicator.

"One commentator said in September that since the VIX was above 35 it was time to buy stocks," he says. "The only time a contrarian indicator makes sense is after the fact. While 35 might have been high relative to its recent history, it increased steadily to a level of over 80 in the days afterward. If you'd taken his advice, you'd have lost your shirt. The stock market fell by nearly 30 percent."

He is similarly dismissive of its power as a self-fulfilling prophecy that adds to market anxiety.

"This type of thinking is exactly backward. The degree of market anxiety is reflected in investor demand for portfolio insurance, which sets the level of the VIX. Saying that the market is better off without the VIX is akin to an ostrich hiding its head in the sand."

As for historic highs, the VIX is in one sense nowhere near them—projected backward, it reached its peak during the October 1987 market crash, spiking to levels well above 150. Since September 2008—the month that marked the beginning of the stock market's deep dive—the VIX has not exceeded 90. On the other hand, its recent sustained level of more than 35 marked only the fourth time the index had spent more than 20 days in that range.

"So, yes," says Whaley, "we are experiencing abnormal behavior, but, no, it's not unprecedented. We just tend to forget."

Whaley is keen to debunk myths about the VIX.

DEAN DIXON

This article is an abridged version of the one that appeared in the Winter 2009 edition of OwenIntelligence. *To read it in its entirety, please visit* www.owen.vanderbilt.edu *and click on Publications under Owen Newsroom.*

FINANCE

The cost of hedge fund restrictions

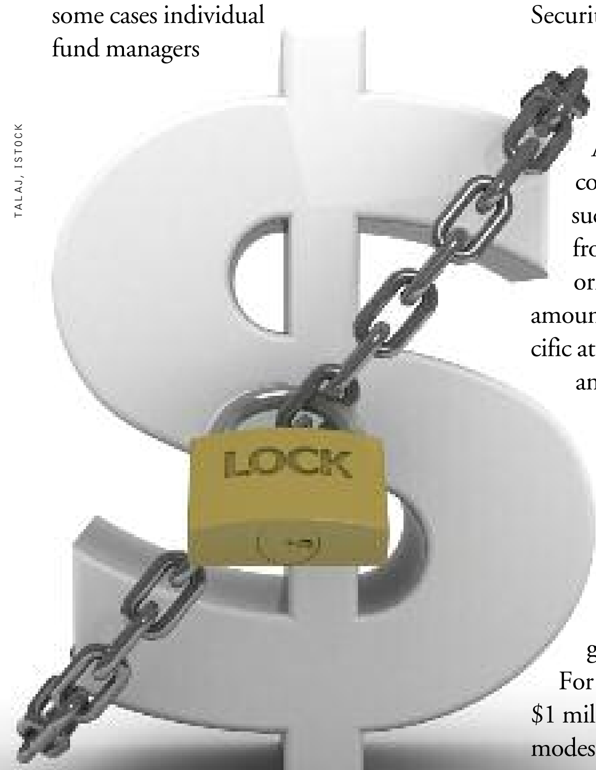
By Scott Addison

HEDGE FUNDS HAVE LONG BEEN CONSIDERED among the most lucrative investment vehicles, employing a variety of often high-risk, high-return strategies for wealthy investors. But the news these days from hedge funds—estimated to represent nearly $2 trillion in assets—is no longer rosy, with funds down more than 17 percent in 2008 alone. The secretive world of hedge funds is facing unprecedented challenges as the global financial market turmoil continues and the industry rapidly heads toward its biggest losses in history.

In the face of such staggering losses, funds are liquidating in record numbers, with 693 funds going bust in the first nine months of 2008, or nearly 7 percent of the entire industry. And the worst may be yet to come, with one prominent hedge fund executive telling a conference recently that about 30 percent of hedge funds may fold completely as a result of the current crisis.

As the perceived risk of failure rises, investors tend to rapidly increase redemption requests to exit from funds. Standing in their way can be all sorts of redemption restrictions that can result in heavy penalties. In October 2008, about 18 percent of the hedge fund industry assets were subject to withdrawal restrictions, according to Singapore-based consulting firm GFIA Pate. And anecdotal evidence suggests that withdrawal restrictions are quickly gaining ground as funds attempt to curtail capital drain.

Although certain restrictions on the ability of investors to redeem their capital from hedge funds—such as lockups and notice periods—are well defined, the ability of managers to suspend withdrawals is often vague in partnership agreements. In some cases individual fund managers retain varying degrees of discretion when it comes to redemptions. "For instance, they may have the authority to process only a portion of a redemption request, known as a gate, retaining the balance of the investor's capital, and some even have the right to suspend redemptions altogether," says Nicolas Bollen, E. Bronson Ingram Associate Professor in Finance at the Owen School.



TALAJ, ISTOCK

Bollen notes that it typically has been unclear exactly what withdrawal restrictions can mean in terms of cost to investors. Developing a research model that treats the ability of an investor to withdraw capital as a "real option," Bollen—along with Andrew Ang, Professor of Finance at Columbia Business School—pinpointed the cost of liquidity restrictions by analyzing financial data for more than 8,500 live and defunct funds from the Center for International Securities and Derivatives Markets.

Bollen's analysis discovered that withdrawal restrictions come with a hefty price tag for fund investors. According to the new study, implied costs to a hedge fund investor from such redemption restrictions can range from 5 to 15 percent at the time of the original investment, with exact amounts highly dependent on fund-specific attributes such as age, expected return and the loss generated by liquidation of fund assets.

"Given that most hedge funds require significant investment levels to begin with, the resulting costs of liquidity restrictions—whether existing or newly imposed—can potentially be staggering for investors," Bollen states.

For example, an investor who deposits $1 million in hedge funds—a relatively modest allocation for such financial products—is essentially paying an upfront fee of as much as $150,000 if his or her ability to exit is eliminated through future suspension of redemptions.

DANIEL DUBOIS

Bollen has discovered that investors pay a hefty price for hedge fund withdrawals.

Funds whose managers have greater discretion when it comes to withdrawal restrictions should be of the greatest concern to investors, believes Bollen. "These types of discretionary restrictions on withdrawals have the potential to impose much higher costs on investors than standard restrictions such as lockups and notice periods," he says.

Given his findings, Bollen suggests that hedge fund investors carefully scrutinize redemption rules—and fund manager discretion—before investing. "We are now seeing that, in a serious downturn, investors can face heavy penalties and even be prevented from retrieving their capital should they seek to liquidate their investments, and the implied cost of these restrictions can significantly reduce the return that should be expected from funds," he says. VB

Heeding the Call

Kate Reid, MBA'06, blazes a new trail at Call of the Wild

By SETH ROBERTSON

WHEN KATE REID GRADUATED FROM OWEN in 2006, her path was laid out before her. She had an MBA in hand and a job in the financial industry waiting for her on the East Coast at the end of the summer. But as is often the case, life has a funny way of intervening. Before reporting to her new job, she took a trip to California, which was supposed to last three months. It's now been three years, and she still hasn't boarded that return flight.

Today Reid is far removed from the corporate path she had envisioned for herself and blazing a trail of her own as an entrepreneur in Northern California. In 2008 she purchased Call of the Wild, the longest-running women's adventure travel company in the world. Reid's journey from Owen to entrepreneurism has been, appropriately enough, much like one of the hiking trips her company specializes in. At times it's taken her out of her comfort zone and challenged her perceptions, but it's also rewarded her with a profound sense of accomplishment.

JUSTIN CHOI

Reid has found her true calling as the owner of a women's adventure travel company.

The Fire Inside

What prompted Reid to stay in California? You could say that she heard "the call"—or more precisely, the phone call. Reid explains: "I had every intention of going back to the East Coast, but four days before I was supposed to return I got a phone call." On the other end was an HR representative, with whom she had submitted her resume nine months earlier. Another financial services company had decided to offer her a position there in California within its marketing division.

After much soul searching she did the unthinkable—at least in the eyes of career counselors—and reneged on the original offer back East to accept the new one in California. As difficult as that decision was, she says she's never looked back: "Lo and behold, it was the sun and moon and stars all aligning, and it's really been something that I've never regretted once."

Reid's decision was influenced by the fact that her boyfriend (now fiance), fellow Owen alum Chris Tulley, MBA'05, was already living in Northern California at the time. But something else stirred within her when she considered the possibility of remaining out West. She and Tulley had spent the summer exploring the natural wonders of California, and deep down she longed to be closer to the great outdoors. What better place to settle, she thought, than the San Francisco area, where the ocean and mountains are both at her doorstep?

Reid's interest in the outdoors had taken root years earlier while growing up in Richmond, Va. As a Girl Scout she had been exposed to hiking and camping, but it wasn't until she was an undergrad at Hollins University in Roanoke, Va., that she really began to embrace the outdoors. "I put the backpack on my back and started spending my days trekking around the wilderness. That's when I really felt the fire inside burn and knew that I had found something that I'd connected with," she says.

Once settled out West, Reid began seeking new backpacking adventures on the weekends. While planning a trek to Big Sur, she stumbled upon a piece of information that would forever change her life, although she didn't realize it at the time. A Google search of trail information pulled up a Web site for a company called Call of the Wild, which was located in nearby Mountain View, Calif. The company was offering women guided wilderness trips in California and other western states, as well as overseas. Reid took a closer look and noticed that the owner, Carole Latimer, who had started the company in 1978, was interested in selling it.

"I didn't do much with the information other than think it was interesting. I had it in my head for about five or six months, and it sort of just chewed on me. I kept thinking to myself that I should give that woman a call," she says.

> As I transition into the world of business ownership, I pull from the Owen curriculum on a daily basis. It has really blown me away how much I'm finding myself thinking back to what I was learning in the classroom. —Kate Reid

Owen's Influence

Curiosity eventually got the better of Reid. In her spare time she started researching the travel industry and running the types of valuation models she had learned from working in finance. After doing her due diligence, she was satisfied with what the numbers were telling her: If the price were right, she could make this business work.

"I had a pretty good idea about what her margins were," she explains. "I went in expecting to hear certain things. When I finally did give her a call, I found I wasn't that far off the mark."

Reid and Latimer continued talking over the ensuing weeks until a deal was reached. With a mix of funding from family, friends and her own savings, Reid agreed to purchase Call of the Wild in July 2008. She then assumed 100 percent ownership on Sept. 15—not the most auspicious time to be making a career change, she admits. Lehman Brothers filed for bankruptcy that very day, and the looming credit crisis was grabbing all of the headlines.

"Yes, there was a ton of excitement for me, but at the same time I was thinking, 'What have I done? I've taken on this amazing amount of risk, and I'm watching the financial system of the United States come crashing down,'" she says.

Nevertheless Reid was not easily discouraged. Financial crisis or not, she is pursuing her passion, having fun and building her company for brighter days ahead. She credits her experience at Owen with giving her the knowledge and skills to succeed, even in these tough economic times.

"As I transition into the world of business ownership, I pull from the Owen curriculum on a daily basis," she explains. "It has really blown me away how much I'm finding myself thinking back to what I was learning in the classroom."

The Owen School has played a hand in Reid's success in more ways than one. Last fall she enlisted two students—Margaret Foster and Sophia Xiao—to help her with marketing and business strategy. Foster and Xiao were both in Professor Michael Burcham's Capstone Project course, which lets Owen students apply their management skills in real-world situations. Reid had reached out to Burcham about including Call of the Wild as one of the projects for the course, and both Foster and Xiao jumped at the chance to work with the company.

"I'm very interested in the travel industry, and the fact that Call of Wild focuses on travel specifically for women made it appealing to me," Xiao says. Foster shares Xiao's interest in travel, but she was also drawn to the excitement of being part of a new business venture—

Continued on page 54

Adena Friedman, MBA'93, helps NASDAQ stay ahead of the curve

STOCK *in* TRADE

By JENNIFER JOHNSTON

Photography By ELENA OLIVO

The 1995 conference sponsored by the Owen School's Financial Markets Research Center is one that Adena Testa Friedman will not soon forget. Just two years removed from graduation, she was back on campus watching Bill Christie, a favorite professor of hers, endure a searing critique from his former mentor Merton Miller, a Nobel laureate in economics. And as if that weren't awkward enough, Friedman was actually rooting *against* Christie.

In 1995 Friedman was still a relatively new employee at NASDAQ, the nation's largest electronic stock market. Meanwhile Miller had been hired as a consultant by NASDAQ to refute Christie's theories about collusion among market makers at the company. (See page 28.) While Friedman felt for her former professor, she quietly hoped that Miller—and NASDAQ—would prevail.

"I was rooting for the other guy," she says, laughing. "But I thought at the same time that it must be so exciting and pretty intimidating for him to be facing this Nobel Prize winner. In the end Bill Christie was proven to be right. He literally fell across something important, and what he found ended up creating lasting change."

While the history of the Owen School and the history of NASDAQ are forever linked because of Christie's findings and the regulatory changes that followed, this is a story about Friedman, the company's Executive Vice President for Corporate Strategy and Global Data Products—and soon-to-be Chief Financial Officer. When she assumes her new role in July, she will have been with NASDAQ for 16 years. Over that time she has taken the lead on a myriad of initiatives, including acquisitions and mergers that have positioned the company to compete in a changing global economy.

A Critical Thinker

Friedman started her NASDAQ career as a business analyst immediately after receiving her MBA from Owen. "I graduated saying I wanted to be a product manager, but not with commercial products. I wanted to manage complex products. I was lucky because that's exactly what NASDAQ offered me," Friedman says. One of her first tasks was to write the first product plan for the PORTAL system, which facilitates the quoting and trading of restricted securities eligible to be bought and sold by qualified buyers and sellers.

"When I came to NASDAQ, they didn't understand that they had products. I came in on the ground level, building business plans for trading products. We had launched the initiative for PORTAL three years before but hadn't succeeded in generating any revenue. We had to ask ourselves how to turn it around and make money off of it," she says. That product plan, which involved instituting a fee, is still in place today.

Friedman initially didn't see herself pursuing a career in finance, although her father was a managing director of T. Rowe Price Associates in Baltimore. Her mother was an attorney with a Baltimore firm. Friedman majored in political science at Williams College with a minor in Soviet studies.

During a monthlong stint at a language studies program in Russia, she was appalled to discover not only the dismal living standards of ordinary Russians but that she, a foreigner with U.S. dollars to spend, had access to superior goods and services.

A summer internship on Capitol Hill during her junior year was interesting, but she learned that life on the Hill was not for her. The year she graduated from Williams, 1991, was not a great one from the job market perspective, so she decided to go the direct route to graduate school.

"I wanted a more practical education, and I knew I wanted to go to business school," she explains. While her future husband, Michael Friedman, JD'93, worked toward a law degree at Vanderbilt, she enrolled at the Owen School and immediately knew the teaching style was "perfect for my brain."

> I graduated saying I wanted to be a product manager, but not with commercial products. I wanted to manage complex products. I was lucky because that's exactly what NASDAQ offered me.
>
> —Adena Friedman

"I only applied to Vanderbilt. I loved the fact that it was a small school with a small class size. And I absolutely loved the campus. I knew that straight out of college a great up-and-coming school was the better environment for me.

"I found that every class fitted with how I learned, how I understood things. I liked the teaching style," she says. A marketing major with a secondary concentration in finance, she threw herself into her marketing case studies but found she also thrived in her finance classes.

After completing her first year at Owen, she was named a Dewey Daane Scholar. "I always remember the very brightest ones, and she was one of those, right at the top of her class," says Daane, the Frank K. Houston Professor of Finance, Emeritus, who has taught monetary and fiscal policy at Owen for 34 years. Her papers are some of the very few he has sent to the Vanderbilt Archives.

Classmate Michelle DiPauli Kelly, MBA'93, remembers Friedman as "outgoing, gregarious, a joy to work with" and "a critical thinker but not a critical person."

"When she had a point to make, she could make the point, even with lots of opposition, and do it well, and do it in the least offensive manner," Kelly says. "She is very intelligent and also open to new ideas. In class she was always willing to listen and consider what others thought or what their views were. She was always good about asking the questions, 'Why are we doing it? How can we do it better?'"

Managing and marketing complex products for NASDAQ perfectly melded the academic interests Friedman honed at Owen. "What I do falls under the marketing discipline. But what it really is, is being your own CEO of a product," Friedman says.

NASDAQ OMX Group headquarters in New York

Surpassing Expectations

After the successful relaunch of PORTAL in the mid-'90s, Friedman became involved in several dot-com initiatives for NASDAQ as well as sophisticated technological advances and acquisitions to handle the growing number of trades.

"By the time I got there, we were a very, very active market," she says. "I remember we were building Workstation 2 and marketing that. We were trading around 100 million shares a day. We built the new workstation to handle 300 million trades, and within three days of the launch we were trading at that level. We just kept surpassing all expectations throughout the '90s."

The retooling that followed revelations of collusion among market makers in the early '90s better positioned the company to thrive in a global economy, Friedman says. The company further reorganized in 2000, creating new business units and becoming a shareholder-owned, for-profit company.

"We looked at how we made our money and who our customers were," Friedman explains. NASDAQ Data Products was formed, and Friedman ran that business unit as a senior vice president. As the company became more global, Friedman was primarily responsible for leading all mergers and acquisitions.

"We started by buying small electronic trading systems called Brut and INET. These acquisitions were critical to our survival," she says, noting that the superior technology available through those electronic trading platforms vastly improved order routing and connectivity.

"It solidified our position in the U.S. market and allowed us to become a more profitable organization." After those acquisitions the company began to look overseas.

A merger attempt with the London Stock Exchange in 2005 was unsuccessful, but Friedman believes that apparent failure turned out for the best: "They're in a very different competitive situation now. We felt strongly we wouldn't overpay, and we didn't."

Soon enough another international opportunity presented itself. In 2007 NASDAQ agreed to buy OMX, a Nordic and Baltic financial services company, which operated the Copenhagen, Stockholm and Helsinki stock exchanges, among others. The complicated transaction also involved the Borse Dubai, a stock exchange in the United Arab Emirates. The resulting merger, named NASDAQ OMX Group, is the world's largest exchange company.

"The OMX/Dubai deal really showed Adena's talent and mettle. The merger required a creative, complex solution," says Anna Ewing, Executive Vice President and Chief Information Officer at NASDAQ OMX Group."It required a marathon of 2 a.m. calls and all-night sessions during which I never saw Adena's energy waiver nor her strong grasp and attention to detail fail."

Since the merger NASDAQ OMX Group has acquired both the Philadelphia and Boston stock exchanges. Its growing global presence is astounding considering its humble origins. The National Association of Securities Dealers created NASDAQ in 1971 simply as a way to automate its quotation system. (NASDAQ was originally an acronym that stood for National Association of Securities Dealers Automated Quotations.)

"NASDAQ began as nothing more than a bulletin board on the computer for posting dealer quotes. The question that NASDAQ had to face was: How do you go from a quotation system to a real market? They made that transition fairly well and still provide services for independent dealers," says Hans Stoll, Director of Owen's Financial Markets Research Center and Anne Marie and Thomas B. Walker Professor of Finance. "Adena was very much involved in transforming a trade association into a business organization. Not only did Adena survive those changes, she was very much a part of them and she thrived."

Riding Out the Downturn

In spite of the recent market meltdowns, NASDAQ OMX Group is faring remarkably well. In fact *Forbes* magazine recognized it as its "Company of the Year" in January 2009. The article cited the company's ability to capitalize on opportunities in a tumultuous economic environment and mentioned the successful completion of recent acquisitions.

One benefit of the economic downturn has been the opportunity to focus on integration, or "having a moment to look at the landscape and look at new asset classes," as Friedman says.

A recent initiative is a partnership with International Derivatives Clearing Group, a small company using NASDAQ technology to build a clearinghouse system for interest rate swaps. Combining the technology and the product in an organized fashion allows for more transparency, says Friedman, who oversaw the launch of that project as well.

With another project off the platform, Friedman continues to look toward the future: "We will continue to identify different opportunities to leverage our core strengths to find synergies and get into new businesses. That's what I spend my time doing in addition to running the core products business."

Colleagues say the atmosphere on Friedman's team is "exhilarating."

Continued on page 51

DEAN DIXON

EVEN EIGHTHS SEEMED ODD

Professor Bill Christie's research ushered in sweeping reforms at NASDAQ

By Jennifer Johnston

Bill Christie, Frances Hampton Currey Professor of Management, was just a junior faculty member at the Owen School in the early '90s when he and Paul Schultz, a colleague at Ohio State University, stumbled across some data that pointed toward collusion among market makers at NASDAQ.

Christie and Schultz discovered that the majority of the largest and most active NASDAQ stocks were quoted almost exclusively in even eighths, implying a spread of at least a quarter dollar. Unable to find an economic rationale for the exclusive use of even eighths, Christie and Schultz concluded that the use of even eighths was not a function of economic factors but "tacit collusion" among market makers. The artificially high profits, they surmised, disadvantaged investors to the benefit of market makers.

News of the findings was made public in May 1994 and published in the December 1994 *Journal of Finance.* The amiable relationship between NASDAQ and Owen, nurtured by Financial Markets Research Center Director Hans Stoll, "came to a crashing halt," Christie remembers.

Stoll, returning from an overseas trip, found an angry telephone message from former NASDAQ CEO Joe Hardiman. "He called me and said, 'Hans, what do you mean, *collusion*?' I explained to him, 'It's implicit collusion. It's an economist's term.' He was angry and concerned." And for a period of time NASDAQ's participation in the FMRC was severed.

Christie's theories, however, did prevail, creating lasting change at the company. NASDAQ has since rejoined the FMRC, and Christie was even invited to serve on the company's economic advisory board. He still marvels that no one else had systematically looked at the raw data before a couple of upstart, untenured faculty members.

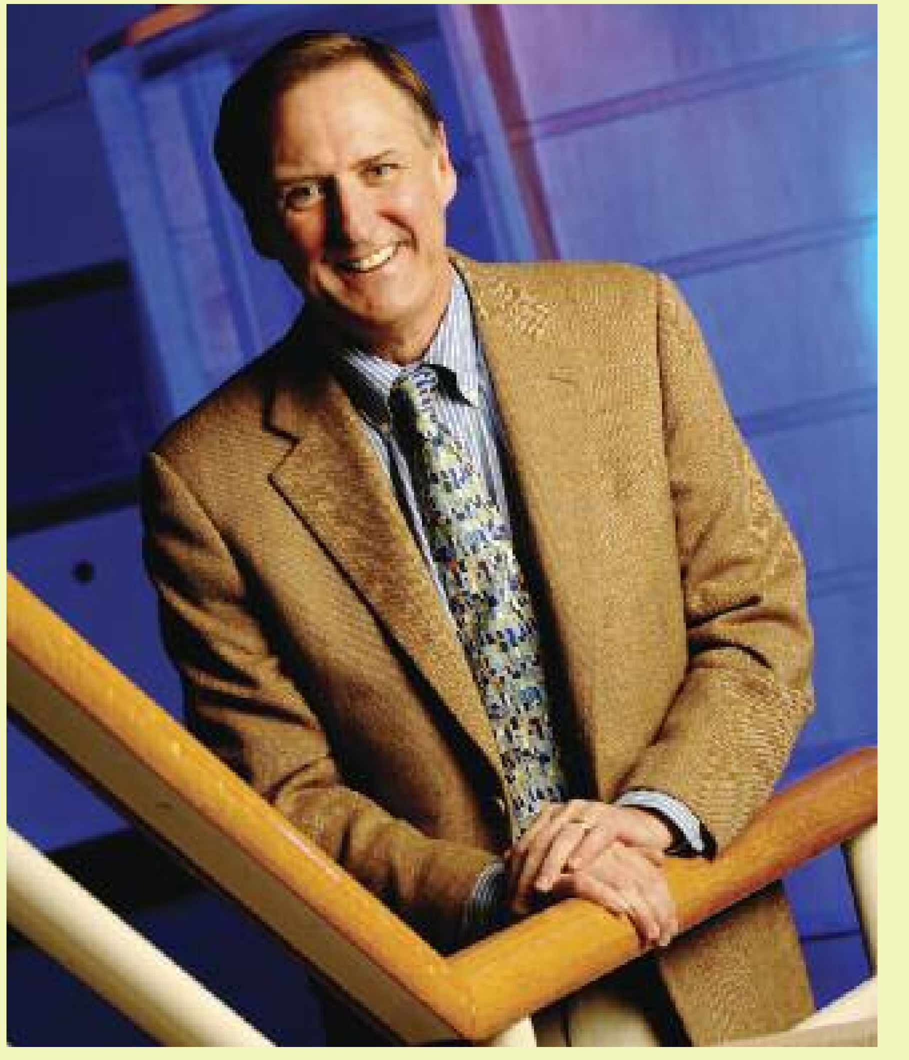
"I continue to think that in the end, their market benefited. If we didn't find it, someone was going to find it. Once they came out the back end of it, they came out a lot more agile, a lot more competitive. They had flexibility to do things they wouldn't have been able to do under the old structure," Christie says.

The SEC subsequently has introduced new order handling rules, increasing the level of competition in the system. Investors are now able to compete directly with the dealer when placing buy or sell orders.

"My take on this is that NASDAQ really needed some kind of external intervention. In the end they had the power to go through and restructure and do things to help them be more competitive. That's part of what allowed them to succeed," Christie says.

In his file cabinet Christie still keeps a *Forbes* cover story from 1993 portraying NASDAQ as greedy fat cats taking investors to the cleaners. That article mentioned previous work by Christie showing that sharp reductions in a stock's spread resulted from a firm moving from NASDAQ to another exchange. A study by Stoll also was cited in the article.

Fast forward to January 2009, and the same magazine was recognizing NASDAQ OMX Group as its "Company of the Year" for its flexibility in managing through the current economic turbulence. An accompanying story, which refers to Christie's research, suggests the possibility that shrinking spreads may have led Bernie Madoff and others to explore other ways to make money. Madoff has been charged in an elaborate Ponzi scheme.



Christie discovered artificially high profits at NASDAQ during the early '90s.

With the latest *Forbes* article tucked away in his file cabinet, Christie has returned once again to the quiet academia he claims to prefer, although his life at Owen is anything but staid. He served as Dean of the Owen School from 2000 to 2004. He also has continued his teaching and research, receiving numerous awards for both.

"I don't mind being kind of quiet in the background and thinking that maybe what we did triggered a change in the end," Christie says.

IN THE NEWS

Headlines from Around the World

On the Whole, Raising the Gates, Rigged Games

RIC THORNTON, MCT

On the Whole

Premium organic grocer Whole Foods Market Inc. has settled an antitrust battle with U.S. regulators by agreeing to sell the Wild Oats brand, 13 functioning stores, and the leases and assets for 19 closed stores. **Luke Froeb**, William C. Oehmig Associate Professor in Entrepreneurship and Free Enterprise, seems skeptical that it would be easy to find appropriate purchasers for the stores. "It's high-end retailers that have gotten killed in this downturn," he says, calling the FTC's decision to revive the Wild Oats brand "unprecedented."

Reuters, March 9

Dim Outlook

Economists in the latest forecasting survey from *The Wall Street Journal* still mostly project growth in U.S. gross domestic product by the third quarter, but they largely agree that a 2009 "second-half recovery"—a widely shared scenario until now—is looking much less likely. **Dewey Daane**, Frank Houston Professor of Finance, Emeritus, is quoted.

The Wall Street Journal, Feb. 13

Raising the Gates

Numerous money-losing hedge funds have curtailed investor withdrawals over the past few months as redemption requests piled up. But "raising the gates," as it is known in the industry, can cost investors dearly, according to a recent study from Vanderbilt and Columbia universities. "Given that most hedge funds require significant investment levels to begin with, the resulting costs of liquidity restrictions—whether existing or newly imposed—can potentially be staggering for investors," says **Nicolas Bollen**, E. Bronson Ingram Associate Professor in Finance.

The New York Times DealBook, Jan. 7

MBA Pay

New research commissioned by *BusinessWeek* suggests that when it comes to the post-MBA earnings accrued by graduates of top business schools over the span of their careers, not all schools are created equal. **The Owen School** ranks 30th, with the 21st overall highest salary average.

BusinessWeek, Feb. 10

The Obama Effect

Research led by **Ray Friedman**, Brownlee O. Currey Professor of Management, documents a so-called "Obama Effect," showing that a performance gap between African Americans and whites on a 20-question test administered before Obama's nomination all but disappeared when the exam was administered after his acceptance speech and again after the presidential election.

The New York Times, Jan. 23

Rigged Games

In the 1990s Bernard Madoff led a group of NASDAQ market makers who wanted a piece of the NYSE's very profitable game. They argued they could give investors a better deal by bypassing the established exchanges and matching buyers and sellers more rapidly on their own computers. There was only one problem: The market makers were gaming the system, too. Market makers "had a cushy existence in the '90s," says **Bill Christie**, Frances Hampton Currey Professor of Management, who exposed the spread manipulation in an influential 1994 paper.

Forbes, Jan. 9

Fear Factor

The most popular proxy for market fear is the Chicago Board Options Exchange's Volatility Index, or VIX, developed by **Robert Whaley**, Valere Blair Potter Professor of Finance. It reached nearly 81 about two weeks ago, roughly four times its historical average of about 20.

The Wall Street Journal, Dec. 1

Now PLAYING

Podcasts and Videos from the Owen School

The podcasts and videos listed below are among the many available on the Owen Web site. To access these and others, please visit www.owen.vanderbilt.edu *and click on Podcasts & Video under About Owen.*

INSIDE QUOTES

I'M LAMENTING THAT THE U.S. GOVERNMENT OFFICIALS were in such a state of panic that they abandoned market solutions in favor of Third World sorcery, like blaming speculators and banning short selling. I'm lamenting the fact that all the world's capitalists have turned to the government for salvation. Above all what I'm lamenting is the renunciation of the free market. With that America will lose its most precious asset—the ability to innovate.

— Leo Melamed, Chairman Emeritus of the CME Group Inc., speaking about the U.S. Government's Troubled Assets Relief Program (TARP) at the Conference on Financial Innovation in October

SPECIAL TOPICS AND SPEAKERS

Debra Langford, Vice President of Strategic Sourcing at Time Warner (audio)
Langford shares stories from her successful career and offers sage advice to Owen students.

Leo Melamed, Chairman Emeritus of the CME Group Inc. (video)
Melamed delivers the keynote address at the Conference for Financial Innovation.

Robert Merton, John and Nancy Arthur University Professor at Harvard University (video)
Merton talks about the current tumult in the markets and the future of financial innovation.

FEATURED RESEARCH

Hedge Fund Restrictions Carry Cost for Investors (audio)
Amidst staggering losses, hedge funds are increasingly putting the brakes on investor attempts to withdraw funds. Nicolas Bollen, E. Bronson Ingram Professor of Finance, finds that these new restrictions come with a heavy price tag for investors.

Media and Entertainment: The Changing Business Model (audio)
Tim Dubois, Clinical Professor of Management, talks about trends in the media and entertainment industry, the rapidly changing business model and what the industry will demand from its leaders going forward.

Too Much Information: Effects of Complexity on Decision Making (audio)
Economic theory notwithstanding, people faced with everything from restaurant menus to health care plans find that more choices are not always better. Research by Mike Shor, Assistant Professor of Management, is sorting out the complexities of information overload and seeking to ensure better decisions for individuals and society.

More Not Always Better for Employee Retention (audio)
According to conventional wisdom, the more human resource practices you use to develop people—particularly at the managerial level—the better the results. However, a comprehensive study by Timothy Gardner, Associate Professor of Management, finds that the more-is-better theory does not always hold water.

The Fear Factor: Volatility Index in the Spotlight (audio)
The Chicago Board of Exchange Market Volatility Index (VIX) measures investor anxiety about the stock market. While current levels of the index exceed the norm, the creator of the VIX, Robert Whaley, Valere Blair Potter Professor of Management, addresses misperceptions about the index, including the assertion that market anxiety is at an all-time high.

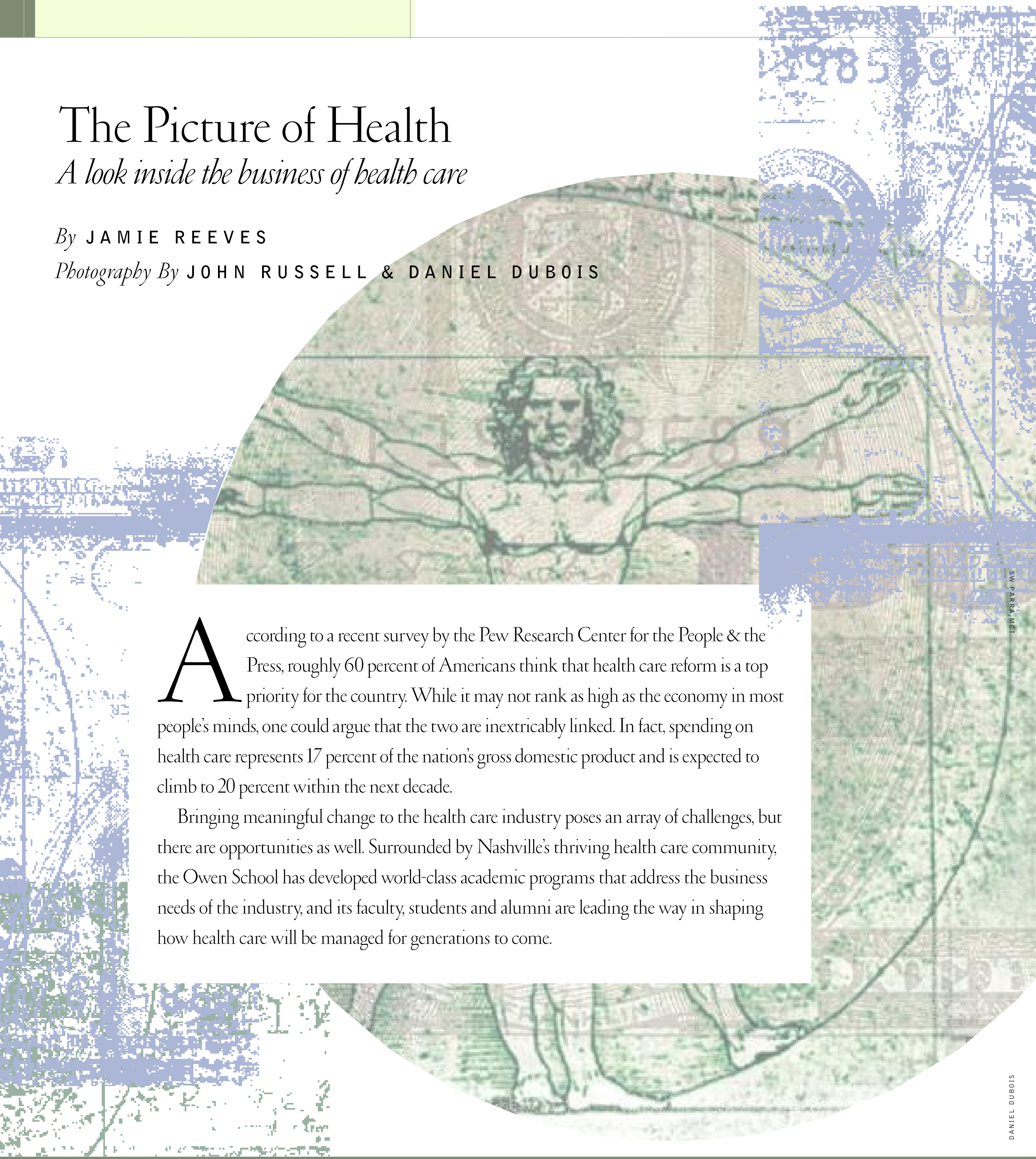
Visit iTunesU (*www.vanderbilt.edu/itunesu/*) for more podcasts and videos from Vanderbilt University and the Owen School.

The Picture of Health

A look inside the business of health care

By JAMIE REEVES

Photography By JOHN RUSSELL & DANIEL DUBOIS



SW PARRA, MCT

According to a recent survey by the Pew Research Center for the People & the Press, roughly 60 percent of Americans think that health care reform is a top priority for the country. While it may not rank as high as the economy in most people's minds, one could argue that the two are inextricably linked. In fact, spending on health care represents 17 percent of the nation's gross domestic product and is expected to climb to 20 percent within the next decade.

Bringing meaningful change to the health care industry poses an array of challenges, but there are opportunities as well. Surrounded by Nashville's thriving health care community, the Owen School has developed world-class academic programs that address the business needs of the industry, and its faculty, students and alumni are leading the way in shaping how health care will be managed for generations to come.

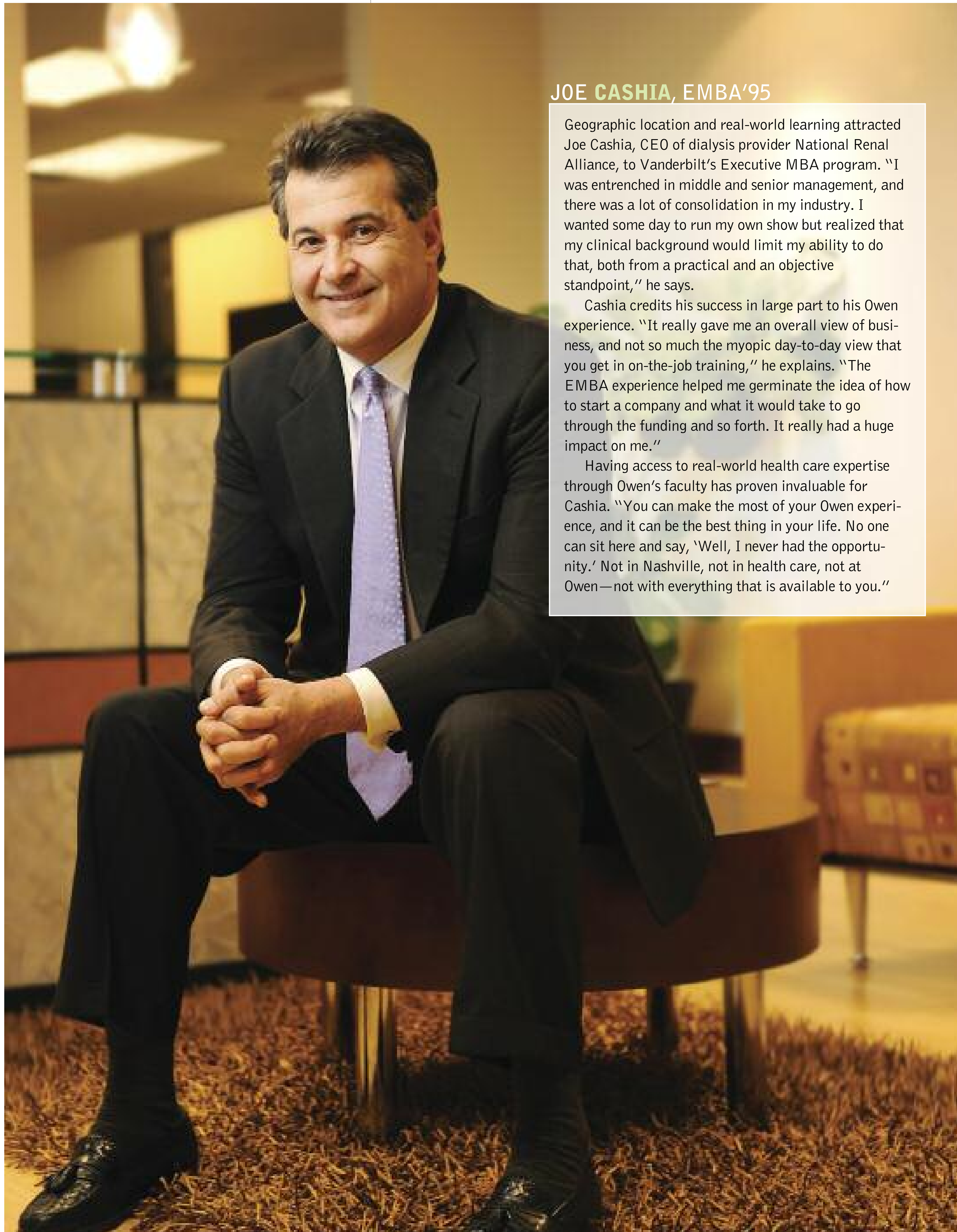
DANIEL DUBOIS

BILL FRIST, M.D.

Bill Frist's spring health policy course is the first of its kind—an even mix of medical and business students in a small seminar that melds the cultures of business and management with the cultures of medicine and quality in patient centeredness. With a dozen years of policy experience as a U.S. Senator and 20 years of medical profession experience, as well as his current business and private equity background, Frist is uniquely qualified to teach the course and notes that Owen is uniquely positioned to offer it.

"There are three generations of health care managers and entrepreneurs in Nashville, and that marriage of ongoing real-life interaction and experience gained by the students with the robust academic discipline through Owen is unprecedented," he says. "It provides a foundation for continued growth in producing leaders who will address, and ultimately solve, the huge challenges of health care gaps and access in this country."

By covering topics like health care reform and global health care, a cause Frist is passionate about as evidenced by his new Hope Through Healing Hands nonprofit, he believes his students will leave with a new knowledge of finance policy and health service delivery. Since Owen is geographically situated in what he calls the "Silicon Valley of health care," Frist is confident that graduates of the school will be the best equipped to play a critical role in addressing "the single greatest domestic challenge in terms of our economy and the future."



JOHN RUSSELL

JOE **CASHIA**, EMBA'95

Geographic location and real-world learning attracted Joe Cashia, CEO of dialysis provider National Renal Alliance, to Vanderbilt's Executive MBA program. "I was entrenched in middle and senior management, and there was a lot of consolidation in my industry. I wanted some day to run my own show but realized that my clinical background would limit my ability to do that, both from a practical and an objective standpoint," he says.

Cashia credits his success in large part to his Owen experience. "It really gave me an overall view of business, and not so much the myopic day-to-day view that you get in on-the-job training," he explains. "The EMBA experience helped me germinate the idea of how to start a company and what it would take to go through the funding and so forth. It really had a huge impact on me."

Having access to real-world health care expertise through Owen's faculty has proven invaluable for Cashia. "You can make the most of your Owen experience, and it can be the best thing in your life. No one can sit here and say, 'Well, I never had the opportunity.' Not in Nashville, not in health care, not at Owen—not with everything that is available to you."

JOHN RUSSELL

FRANK **GRANT**, EMBA'91

A phone call in 2005 from Cisco Systems' senior vice president for North America and Japan could have intimidated Frank Grant, but his Vanderbilt Executive MBA experience gave him the skill sets and confidence he needed. Grant was charged with building the first North American vertical for Cisco Systems and today serves as the company's Senior Director of North American Healthcare.

It was not a difficult decision for Grant, who jumped at the opportunity to work in such a dynamic and varied sector. "I've worked in lots of other verticals, but it's by far the most complicated, and also the most interesting as a result," he says.

Although the current health care environment is undoubtedly challenging, Cisco is fairing remarkably well: The company has almost tripled its sales over the past three years. Grant also sees opportunity ahead. "Health care is under tremendous financial stress with the number of uninsured increasing as people lose their jobs, but people are starting to realize they must manage more effectively and efficiently," he explains. It's important, he argues, to strike a balance between the patient's standpoint—improving care, convenience and affordability—and the provider's standpoint of doing things that show immediate financial benefit.

Grant believes that technology is the key to finding that balance. "Health care institutions, from the payers to the providers to the life sciences companies, are seeing that technology is helping improve efficiency and improve patient care."

LARRY **VAN HORN**

These are challenging but opportunistic times in health care, says Professor Larry Van Horn, Faculty Director of Owen's Health Care Programs. "Health care is a dominant sector of the U.S. economy that is facing a tremendous challenge, tremendous change and tremendous governmental intervention, so the value of good management and good decision making is critical," he explains.

Those studying toward a Health Care MBA degree account for close to 20 percent of Owen's MBA students, and the new Master of Management in Health Care is only further expanding the school's footprint in this area. "There are synergies and similarities between the Health Care MBA and the MM Health Care, which means we can share some of the common experience and some of the common educational content across those programs," Van Horn says. "This opens doors between the Owen School and the delivery organizations in health care and establishes relationships which could be fruitful for the careers of our Health Care MBA students."

Van Horn is excited about Owen's future and the unique position it has to capitalize on its relationship with a top-ranked medical school and medical center. "By being located in Nashville with access to keen minds who are solving and addressing the problems of health care delivery, we are able to shape the minds of future health care management."

JOHN RUSSELL

JOHN RUSSELL

ERNIE **CLEVENGER**, EMBA'81

Ernie Clevenger, President of CareHere LLC, credits his Owen experience with giving him the necessary tool sets and personal relationships—with both student colleagues and professors, such as business entrepreneur mentor Germain Böer—to succeed in the health care industry for the past 20 years. "My Owen experience was fabulous," he says, noting that CareHere's Co-founder and Chief Operating Officer is fellow alum Ben Baker, EMBA'96, and its Director of Sales is Owen graduate Joc Collignon, MBA'07.

CareHere celebrated its fifth year of operation in January. With 85 clinics in 13 states, its unique business model brings the three Ps—the payer, the patient and the provider—under one roof, thereby lowering employer costs while improving patients' health. "Our clients see their health care cost trend decline," Clevenger says, adding that many also see an increase in productivity since most patients are in and out of CareHere's on-site clinics in less than half an hour.

But despite all the innovative technology in health care, Clevenger notes that the doctor/patient relationship is the true measure of success. "At the end of the day it really comes down to the chemistry between doctors and patients. ... For those patients to keep coming back—to trust their doctors, to give them their complicated conditions such as hypertension and diabetes to manage—comes down to their relationship with the physicians."

PHYLLIS EKDALL, MMHC'09

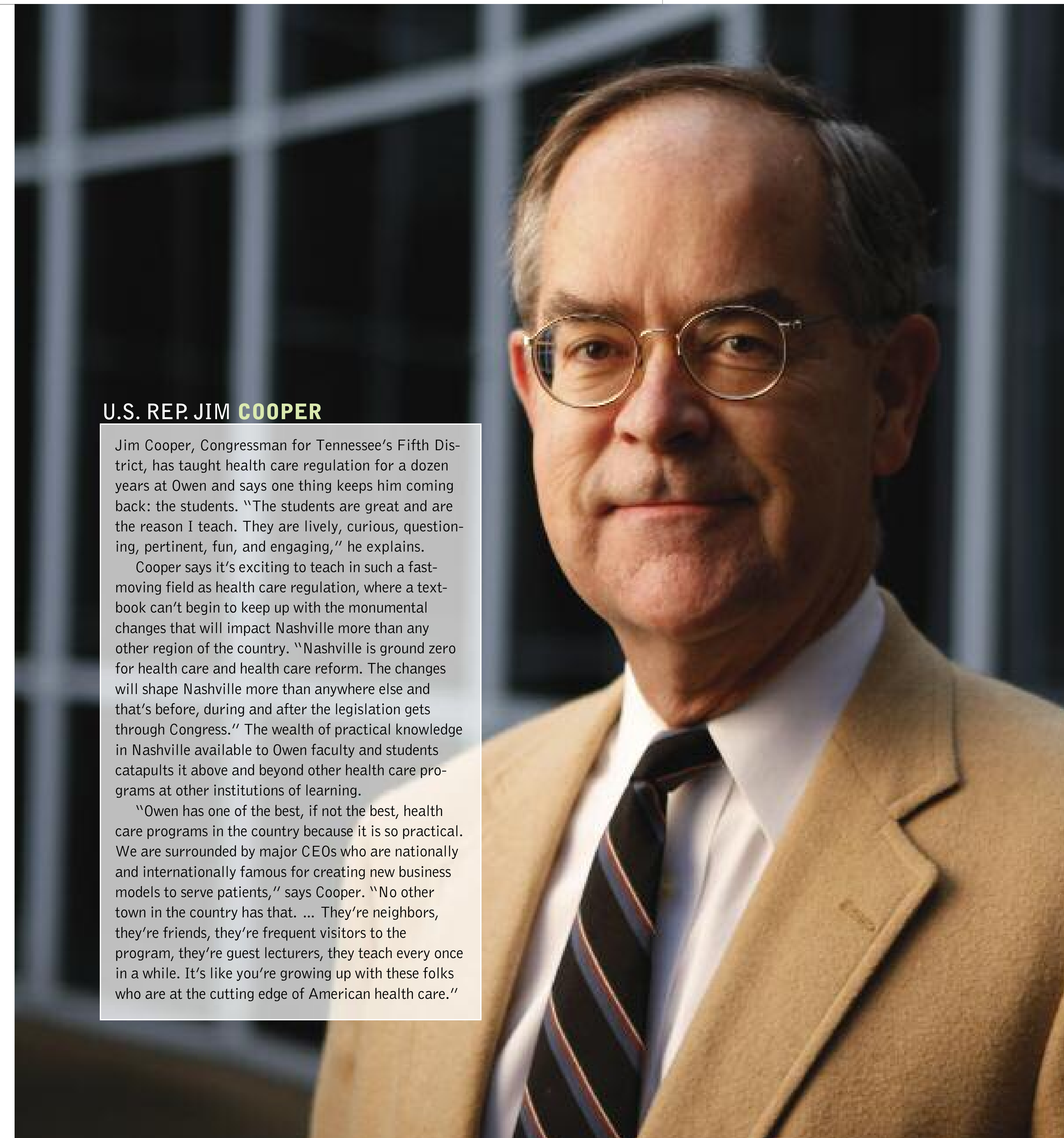
Phyllis Ekdall, a CPA at Vanderbilt University Medical Center, is one of 25 students in Owen's new Master of Management in Health Care program, which is designed to give working health care professionals the business fundamentals to succeed in their industry. The students in the program come from both clinical and non-clinical backgrounds. Among Ekdall's classmates are doctors, nurses, and even a marketing professional and an architect.

While practitioners stand to benefit from learning critical business skills that may not have been a part of their formal training, professionals like Ekdall gain a broader perspective through the program. "For us non-clinical personnel it fills the gap of how to integrate those business skills with the clinical personnel and really stand in their shoes and understand their perceptions."

What drew Ekdall initially to the MM Health Care was Owen's reputation as a top-tier business school and its convenient schedule: one night a week, one weekend a month, for one year. But more than anything else, she considers it a rewarding experience because of the people she's met along the way.

"It's been more enriching than I ever imagined in terms of actually being able to work and talk real-time with my colleagues about how that translates into what we do every day," says Ekdall, noting the camaraderie among her classmates. "Because you have access to so many individuals with different backgrounds, a lot of times you'll find yourself solving problems in hallway meetings. We're really learning a lot from each other."

JOHN RUSSELL



U.S. REP. JIM COOPER

Jim Cooper, Congressman for Tennessee's Fifth District, has taught health care regulation for a dozen years at Owen and says one thing keeps him coming back: the students. "The students are great and are the reason I teach. They are lively, curious, questioning, pertinent, fun, and engaging," he explains.

Cooper says it's exciting to teach in such a fast-moving field as health care regulation, where a textbook can't begin to keep up with the monumental changes that will impact Nashville more than any other region of the country. "Nashville is ground zero for health care and health care reform. The changes will shape Nashville more than anywhere else and that's before, during and after the legislation gets through Congress." The wealth of practical knowledge in Nashville available to Owen faculty and students catapults it above and beyond other health care programs at other institutions of learning.

"Owen has one of the best, if not the best, health care programs in the country because it is so practical. We are surrounded by major CEOs who are nationally and internationally famous for creating new business models to serve patients," says Cooper. "No other town in the country has that. ... They're neighbors, they're friends, they're frequent visitors to the program, they're guest lecturers, they teach every once in a while. It's like you're growing up with these folks who are at the cutting edge of American health care."

JOHN RUSSELL

DRACO77, MCT

Three's COMPANIES

Class of '91 trio recognized for entrepreneurial success

By RANDY HORICK

Fortunately for Rob Hunter, MBA'91, clients weren't in the habit of visiting the original headquarters of his fledgling company, Alliance Communications. Had they walked into the office—actually, a trailer in a parking lot—in 1999, they might have noticed that Alliance, which manages sophisticated telecommunications for its clients, lacked a phone system capable even of transferring calls from one extension to another.

"We were double-jacking power and plumbing from the beer distributor next door," says Hunter with the kind of head-shaking laugh that is part satisfaction, part amazement. "When employees were on the phone with a prospective client and needed to relay them to me," Hunter remembers, "they'd say, 'Let me transfer you to my manager,' and then they'd hand me the phone through the wall."

Such stories of humble beginnings are thick on the ground among successful entrepreneurs. Michael Dell originally sold computers from the trunk of his car. Microsoft launched from someone's garage. The list goes on.

What makes the story of Hunter's company distinctive involves the company he kept at Owen. From his MBA Class of 1991, three students who had not envisioned themselves as entrepreneurs all eventually launched entrepreneurial enterprises that now rank on the *Inc. 5000* list.

Since outgrowing the trailer, Alliance has become a $15 million operation with an impressive client list and offices (real ones) in Birmingham and Mobile, Ala., and Nashville. Hunter's best friend from his Owen days, Tom Ryan, MBA'91, started a financial communications consulting company, Integrated Corporate Relations, that today serves approximately 225 public companies around the world through offices in Boston, New York, Los Angeles and Shanghai. John Roberson, MBA'91, launched Advent Results, a pioneer in the field of "experiential marketing" that serves clients through such services as designing custom exhibit displays, planning and executing marketing events, and creating "brand spaces" that use office design to strengthen an organization's messages to both external and internal audiences.

ROB HUNTER

Rob Hunter

That Vanderbilt MBAs launch successful businesses is hardly a story of man bites dog. Owen, after all, over the years has earned a reputation for cultivating entrepreneurs. Still, it's unusual to find three *Inc. 5000* business starters from one relatively small class. Perhaps, someone wondered aloud, something was in the water at Owen in 1991.

Though Hunter, Roberson and Ryan took widely divergent paths to the C-suite, all shared one key thing in common besides an Owen degree: None had planned to start businesses, but all felt sufficiently empowered by their Vanderbilt training to attempt to fill what they recognized as unmet needs in the marketplace.

"I was marching down the corporate path and loving it," Hunter says. "But when I saw an opportunity, I was not satisfied to walk away from it. That was the Owen influence. I had gained the diverse experience and analytical abilities that gave me the confidence that I could run with the opportunity."

On that score, Hunter could be speaking for his two fellow CEOs from the Class of '91, who say that the business tool kit they assembled at Owen made their entrepreneurial ventures more of a leap of confidence instead of purely a leap of faith. "I wouldn't be where I am today without Owen," Ryan says succinctly. Roberson puts it even more starkly: "As sappy as it sounds, Owen changed my life."

Suggestions for Enterprising Entrepreneurs

What advice would you give someone contemplating an entrepreneurial venture?

"You need a pretty broad business tool kit," says Rob Hunter. "You need to recognize that it's not a glamorous life, at least initially. You have to be willing to fill every role, including janitorial. You'll make mistakes. I could fill a room with the mistakes I made. But you can't let anything be a reason for failure."

"Understand," says Tom Ryan, "that not everybody is good at everything. Be comfortable in surrounding yourself with people smarter than you. Get people with the right mix of skills who believe in what you're doing."

"It's all about the team," John Roberson says. "You've got to understand your team's individual strengths and find ways to bring the complementary ones together to insulate against weaknesses."

Germain Böer has his own way of spreading what he regards as the advice to entrepreneurs he can offer. It's the signature line in his e-mails: "Never give up."

A Clear Message

Tom Ryan hadn't even imagined himself leading a company, much less founding one. But in his second year at Owen, classmate Bob Davis, MBA'91, offered an offhand comment that planted a seed. "We were at SATCO (San Antonio Taco Co.) one afternoon, and Bob said, 'You'd be a really good CEO,'" Ryan recalls. "I thought, 'Wow, Bob is one of the smartest guys in our class. He must see something in me I don't.'"

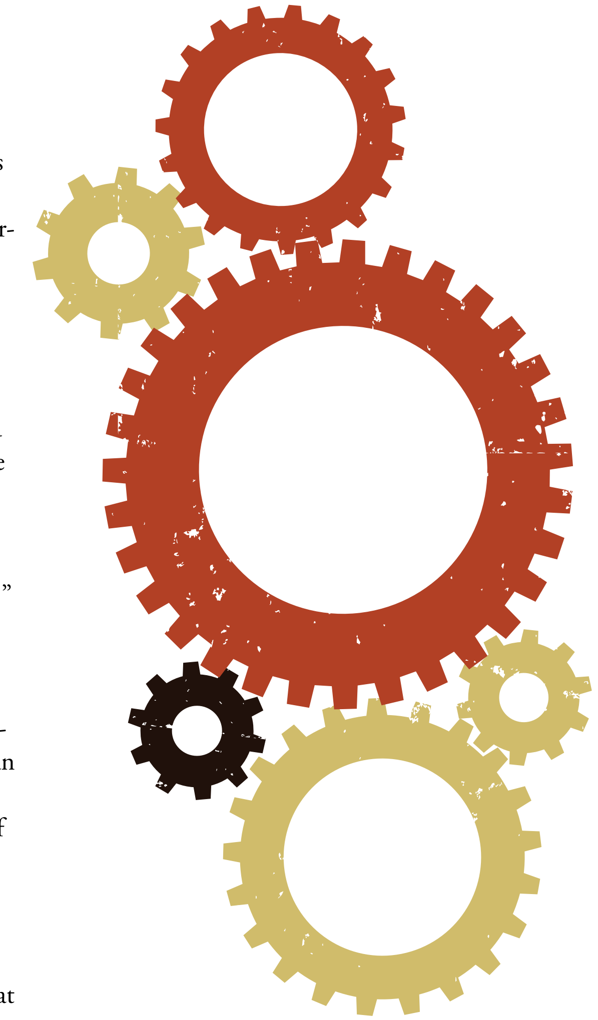
As a project for one of his second-year MBA classes, Ryan worked with a local entrepreneur who was starting a slot-machine company. "I thought, 'That's interesting,'" he says. "'Maybe I'll get a free trip to Vegas.'"

He got much more. Upon graduation, as the economy was in recession but the gaming industry was exploding, Ryan went to work for the slot-machine maker. The experience was invaluable. Two years later, yearning to be closer to his native Connecticut, he took his Rolodex and began calling on Wall Street investment banks, where his detailed knowledge of the casino business was in short supply and high demand.

But after six years as an analyst, Ryan knew he didn't want to spend his entire career in Lower Manhattan. He longed to be like his father, who operated his own accounting firm, set his own hours and had time to coach Little League.

JOHN VIDELER

Tom Ryan



And through his close interactions with top executives of public companies around the country, he came to recognize what proved to be a lucrative opportunity. "Many CEOs and CFOs were good at building their businesses," he explains, "but they didn't know how to communicate their story to Wall Street. More often than not, they didn't know what I was looking for as an analyst and how to position themselves to maximize their value to the capital markets.

"So I decided to start my own company to teach executives of public companies how to interact with Wall Street."

Along with two longtime friends, Ryan launched Integrated Corporate Relations. The new company did just what its name promised. Many companies that handle investor relations, Ryan explains, are staffed heavily with PR professionals. "But CEOs are better off hiring someone who knows both the capital markets and the media, so that the message is integrated and consistent. That's the advantage we provide. One thing I learned in a strategy class at Owen: If you're going to get into a business, make sure you have a competitive advantage."

> "I was marching down the corporate path and loving it. But when I saw an opportunity, I was not satisfied to walk away from it. That was the Owen influence."—Rob Hunter

Ryan's company assists client companies with everything from communication by the CEO to media strategy, shareholder relations, crisis management and digital media. And though Ryan says he was motivated more by the opportunity to dictate his own lifestyle rather than by financial success, he has enjoyed both. Today Integrated Corporate Relations ranks as the ninth-largest financial communications firm in the nation, with household-name clients that include J. Crew, Ticketmaster, Six Flags, Outback Steakhouse and Western Union.

Fitting the Bill

Like his friend Ryan, Rob Hunter took his brand-new MBA to an unglamorous position that proved extremely valuable—in a corrugated container plant operated by the Mead Corp. in Lewisburg, Tenn. Over time he worked in every area of the plant, from accounting to scheduling, manufacturing, marketing and sales. He learned how all the pieces fit.

After he was promoted to Mead's office in Atlanta, Hunter focused on reshaping the business strategically around customers' needs. That work led to an offer from a large management consulting firm, where he advised Fortune 500 corporations on their strategic direction. Among his clients were Sprint, Verizon and other companies in the fast-growing telecommunications field. Through his involvement in that industry, he perceived an opportunity.

"There was a gap between what companies were saying they needed from telecom service providers and what providers were able to offer," Hunter says. In particular, companies with multiple locations wanted unbiased recommendations that met their needs, instead of simply what the service provider had to offer, and they wanted a single point of contact. Coincidentally a group of investors in the Mobile area had put together a business plan for a telecom company that would serve small companies. They wanted Hunter to run the business.

John Roberson

"I convinced them to adopt my idea instead," he recalls. "I was confident the niche existed for outsourced management of a company's telecommunications. But in 1997, when local phone service was just being deregulated, 60 percent of most companies' telecom costs were long-distance charges, and a lot of them didn't even have an Internet circuit. When I explained our idea, they would look at me like I had three heads."

Now, Hunter's clients may wonder how they managed without his firm. Some clients have more than 500 geographically dispersed locations and 1,000 phone bills each month. "Our clients have multiple carriers and technologies. We manage it all for them. When they need to place a circuit or order a new cell phone, we do it for them. Their bills come to me. We audit and pay them. We negotiate rates. We manage all the pieces and parts. We give them the tools so they can even drill down to the individual cell phone and see how many text messages were sent. In many ways our approach goes back to what I learned from Professor Germain Böer, who taught me to see how each function in the business is dependent on the others."

Special Delivery

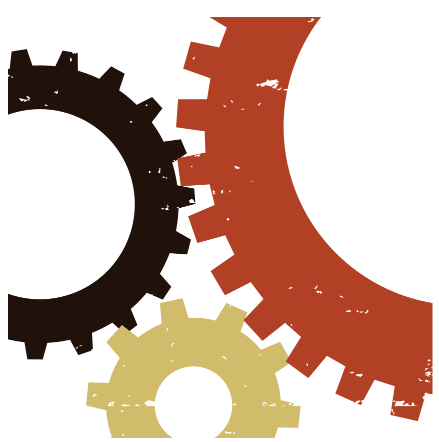
Of the three, only Roberson resembles the old stereotype of an enterprising do-it-yourselfer. As an undergraduate studying political science and English at Lipscomb University, he started a T-shirt business that he resurrected during his Owen days. Before starting Advent he co-founded Dalmatian Press, which became one of the country's largest publishers of children's books.

Even when he was working for someone else, he gravitated toward companies not long removed from their own startup days. Especially, as a liberal arts major who applied to business school "thinking I'd use philosophy and communication to change the world," Roberson was drawn to opportunities to convey the essence of a company's brand and the benefits to its target audiences. For a self-described "marketing geek," direct selling was an oxygen-rich environment.

A decade ago he had arrived at a career crossroads. "My wife said, 'It's

SHERI O'NEAL

When you're getting off the ground, you're doing everything—taking out the garbage, signing the lease. But it's easier to do all that if you believe in what you're doing. Even though it's kind of cliché, persevering through setbacks is the most important thing.—Tom Ryan



time to buy or start your own business,'" he says. He read business plans involving everything from armored cars to trade show booths. The latter intrigued him enough to write a plan for his own exhibits company—one that would go beyond creating traditional trade show displays toward a form of business communication that was deeper, "more emotional, more connected."

Roberson began approaching banks in Brentwood, Tenn. "I walked into

Continued on page 52

DEAN DIXON

An Eye for Enterprise

Professor Germain Böer explains what makes entrepreneurs tick

By Randy Horick

Are entrepreneurs born or made? Professor of Management Germain Böer believes it's a bit of both. On the one hand, he says, "You have to know how to reach your customers, how to build an operation that works smoothly. These are things that many people who start companies don't really know. That's why, for entrepreneurs, we have to have a very strong program in general business. My thesis is that entrepreneurs who get a good MBA degree have a much lower business failure rate than those who don't."

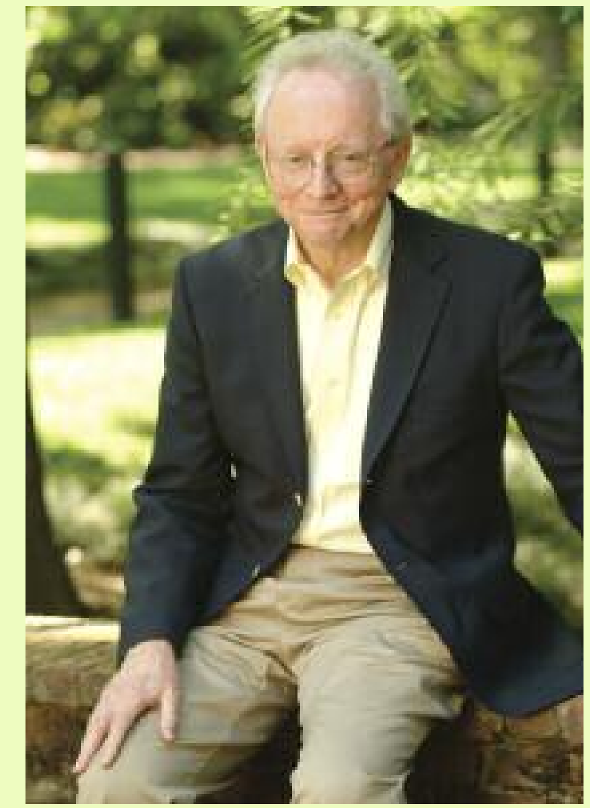
On the other hand, he says, "A lot of entrepreneurship is an attitude more than a set of skills you pick up. The non-entrepreneur will look at the problems with starting a business, while the entrepreneur looks at the opportunities."

Right now, Böer insists, is actually a great time to start a business. "I know a guy who is buying mortgages on the cheap, culling the bad and reselling the rest. That's the way entrepreneurs think. I don't so much teach these qualities as observe them in successful entrepreneurs."

What he does provide, along with the business skills that entrepreneurs need, is abundant opportunities for students at Owen to network with successful entrepreneurs. Along with pairing students with local entrepreneurs for projects—like the one that connected Tom Ryan to the slot-machine maker—Böer regularly invites entrepreneurs to his classroom.

"You bring in people who have been successful in businesses that the students may not have heard of, or who take an unusual approach to the way they look at business and solve problems creatively, and it stretches students' minds. It helps them see that they can go out and do something, too."

Three times a year, Böer invites area entrepreneurs from a variety of industries to networking breakfasts at Owen, where they can connect with each other (and with students). "That's how you get entrepreneurial activity started," he says. Among the companies that have attended are Video Gaming Technologies, Avenue Bank, CareHere LLC, Edison Automation and Pharm MD, just to name a few.



Böer has helped many students launch their own businesses.

Böer also helped launch and sustain the Nashville Capital Network, which connects investors to people with promising ideas for startup businesses. Each semester two Owen students serve the organization, meeting with investors and helping entrepreneurs sharpen their business plans. The experience, Böer says, is invaluable: "When they graduate, these students can go to work in private equity firms without much trouble."

He also helps students launch their own businesses. He can tick off a list of business ventures in which current MBA students are involved—from doggie daycare to insurance products for pro sports figures to tire recycling in Dubai.

Operating a business, Böer says, helps students think about how everything fits together. "They learn a lot about self-reliance and how to solve problems. It builds their confidence."

In all these ways Böer has worked to built a culture at Owen that literally encourages entrepreneurism. "In our society," he says, "the only way you can become wealthy is to make lots of people better off than they were before." (Think of the personal computing industry.) You're not just making money; you're making a contribution to society. So I'm always telling people, 'Go out and get rich.'"

'08

WATERSHED MOMENT

JEFF RECKER, MBA'08, CAN POINT TO THE MOMENT when environmental issues became personal to him. It was Labor Day weekend,and the creek that runs through his backyard in West Nashville suddenly began filling up with dead fish. As he would later come to find out, a toxic spill had occurred at a construction site upstream.

This negligence prompted Recker, a member of his local watershed association, to take action. He convinced the company believed to be at fault into donating several trash cans as a goodwill gesture to the park area surrounding the creek. While park officials agreed that more cans would help cut down on trash entering the creek, they were unable to accept the donation due to the high cost of additional trash collection.

He remembers thinking then, "There has to be a better way."

In his first year at Owen, Recker founded Flatstone Creek LLC, a consulting firm named after the waterway in his backyard. He later added "sustainability" advising to his expertise after taking one of Professor of Management Germain Böer's entrepreneurship courses. Among the case studies was a product called BigBelly, a solar-powered trash compactor that reduces pick-ups because it has five times the capacity of a conventional trash can.

"It was a very practical case. In class you're not always thinking about how to apply these cases in the real world, but this was the type of product that you could," he says.

Jeff Recker

DANIEL DUBOIS

Recker was so impressed by the BigBelly's potential—not only the cost savings of fewer trash collections but also the "green" benefits of the resulting lower emissions—that he contacted the manufacturer about the rights to sell them. Today he distributes the compactors and recycling units throughout Tennessee and two neighboring states. The BigBelly can be seen at food courts, airports and even at Vanderbilt, where use of the compactors is being explored.

—SETH ROBERTSON

STOCK IN TRADE

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"Adena expects a ton from herself and her teams and, as a result, she brings the best out in everyone around her," says Randall Hopkins, a senior vice president who works with Friedman in data products management. "She always stops to ask the second question about how you are," Hopkins says. "Then, of course, she rightly launches into the challenge at hand. And she doesn't miss a beat in doing so."

Friedman believes transparency and flexibility are keys to riding out both upturns and downturns.

"One of the things that the strategy group does not do is write a three-year business plan. You always have to take into consideration the environment you're in. That's what's great about it. Out of every crisis comes opportunity. We are well-positioned to capture some of those, particularly in organizing some OTC markets. We will continue to analyze what we think the role of markets are as we come out of these crises."

Certainly transparency has become a key talking point at NASDAQ since the controversy surrounding embattled financier Bernie Madoff and his alleged Ponzi scheme has come to light. Madoff's past history as non-executive Chairman of NASDAQ has been noted in the media, but Friedman points to the fact that his affiliation with the company ended years ago and he was never involved with daily operations. During the early '90s the NASDAQ board operated in an advisory capacity to the NASD, before the NASD affiliation was dissolved.

The transparency that Bob Greifeld, CEO of NASDAQ OMX Group, and others have publicly called for would make the kind of "back office" deals that Madoff apparently engaged in more difficult to pull off. "When there's no data, you don't have a central way for the public to see what is going on. It makes it impossible for someone like Bill Christie to study those markets. Our view is that those need to be more organized," says Friedman, who thinks a change in regulatory priorities should focus on "systemic risk."

NASDAQ is banking on the fact that market innovations will continue to be not only profitable but also part of the solution. The company recently introduced a new government relief index tracking companies participating in programs such as TARP, the Troubled Assets Relief Program.

Meanwhile Friedman believes that the current economic situation has provided many valuable lessons for those joining the world of finance during difficult times.

"If you're going into finance, don't allow yourself to be swept away by the moment," she says when asked how she would advise MBA graduates today. "Put all your actions in perspective. Look at the long-term health of your industry. A lot of the banks got swept away with the short-term returns. They were caught up in a level of competition that drove them to short-term thinking around whatever they were doing."

> One of the things that the strategy group does not do is write a three-year business plan. You always have to take into consideration the environment you're in. That's what's great about it. Out of every crisis comes opportunity.
>
> —Adena Friedman

Friedman says keeping the long-term health of the institution at the forefront is critical. "If you get swept away by a short-term current, you're going to find yourself getting caught up in a bubble," she says. "You always have to maintain your moral focus."

In Friedman's case, her moral focus begins at home. Married since 1993, she has two sons, Luke, 13, and Logan, 11, both of whom she credits with keeping her grounded. "The best thing is to go home at the end of the day and look at my kids and say, 'That's what's important.' Everything you're doing is critical, but the real critical part is raising kids." VB

THREE'S COMPANIES
continued from page 44

every bank on Maryland Way (the main business thoroughfare)," he says. One banker led him to a trade show exhibit company that was for sale, and after two intensive weeks of due diligence, Roberson was in business.

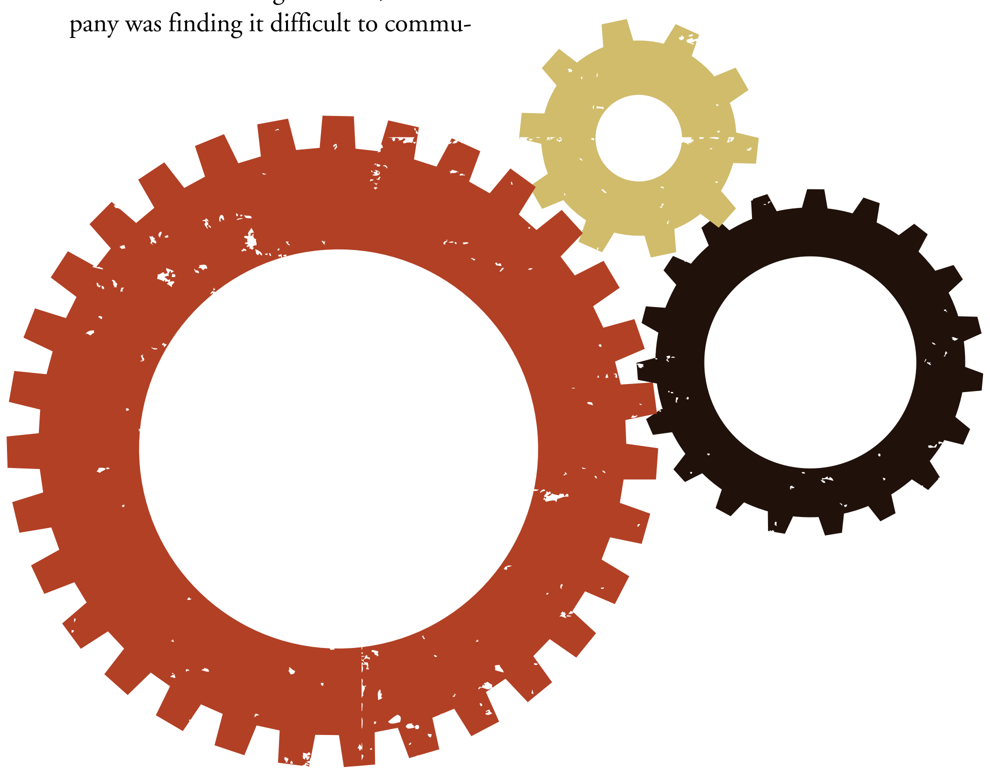
Since he bought Advent, then a struggling small company, in 2000, the firm has increased its sales sevenfold. In the process it has evolved into a pioneer in the field of experiential marketing. Through events from product launches and sales meetings, Roberson says, "We help clients connect audiences to their brand in memorable and measurable ways."

Roberson cites a health care client that had achieved outstanding results in helping businesses lower health care costs through management of employees with chronic conditions, such as diabetes. "For example, they had call centers staffed with R.N.s," Roberson explains, "and they'd call people with diabetes to make sure they were exercising and eating a proper diet." It was an old-fashioned approach, but, perhaps because it was so unglamorous, the company was finding it difficult to communicate the value of its services effectively.

How, the company asked Advent, could it differentiate itself at a major trade show in Washington, D.C.? The solution, Roberson's team suggested, was to create its own separate event. The theme would be "Hope Delivered." When Harry Winston donated the Hope Diamond to the Smithsonian, he sent it by U.S. mail. It was a simple, reliable solution, he explained, like the health care client's approach.

Advent orchestrated a special event at the Harry Winston Gallery of the Smithsonian in collaboration with Corporate Design Inc., a Nashville-based design firm. The client's prospects, all C-level executives, received invitations from the Smithsonian's curator that replicated Winston's original mail parcel and explained the story. As part of the event, attendees would receive an after-hours, private tour led by the curator.

Response was "phenomenal," Roberson says. "We were able to deliver our message in a relevant way" that reinforced the client's brand position of simple, reliable solutions. Not only did the event create a buzz among the target audience (who told their C-suite peers), it delivered a measurable impact in the form of new business. It's easy to see why Roberson explains the difference between experiential marketing and traditional marketing as the difference between receiving a kiss and merely watching one.



Determination

The examples of Roberson, Hunter and Ryan are unlikely to settle the old debate about whether entrepreneurs are born or made. But all three might use a different phrasing: Entrepreneurs are determined.

Even armed with good ideas and business skills, success does not come overnight. Reaching the "takeoff point," Ryan says, took five years for his firm. "When you're getting off the ground, you're in the one-step-forward, two-steps-back mode. You're doing everything—taking out the garbage, signing the lease. But it's easier to do all that if you believe in what you're doing. Even though it's kind of cliché, persevering through setbacks is the most important thing."

Hunter remembers one week when he was hit with a double blow. When a service provider upon whom Alliance had relied suddenly went bankrupt, he had to scramble to find an immediate replacement. On top of that Hunter had slipped on the stairs of his deck at home and broken three ribs; each breath sent pain shooting through his body. Instead of staying home that week, he worked harder than ever. "About 30 percent of my clients used this provider," Hunter says. "Our credibility would have been shot had we not been able to guide them out of that. It could literally have cost us the entire business.

"You'll always face obstacles, and some make you wonder whether you should throw in the towel. But when you overcome those obstacles, that's what makes the journey great." **VB**

Q&A with an Owen Staff Member

Rahn Huber, Business Librarian and Business Information Service Manager at Walker Management Library

Before joining Owen in 2004, Rahn Huber was the Research Director for Egon Zehnder's Atlanta office. At this global top-ranked executive search firm, she worked with C-level candidates in the pharmaceutical and CRO industries as well as the financial and medical devices areas. Prior to that Huber owned an information management consulting firm for five years and spent 10 years with Amoco Polymers (before the BP merger) managing the R&D and Business Library while doing secondary patent and chemical research. Huber has a master's degree in library science from Emory University.

DANNY SULKIN

Rahn Huber

Q. How can alumni benefit from the career resources at the Walker Management Library?

A. The Walker Management Library and staff at Owen are one of the lifetime annuities for alumni. We regularly go the extra mile to support alumni with their business challenges. We offer help doing needed research for job hunting and career planning. For local alumni, the physical doors are open. For alumni around the world, we're just an e-mail or phone call away. Working with Owen's Career Management Center, we provide alumni with access to career and business research databases, traditional books on job hunting, resume and cover letter writing, as well as information about specific companies and places to live.

Q. What is the Business Information Service and who has access to it?

A. The Business Information Service (BIS) of the Walker Management Library provides fee-based research for corporations and individuals. We also give free information consulting advice to help you find what you need quickly. If you need in-depth or complex help, we're happy to discuss options and what we can do for you. When fees are appropriate, they'll be discussed in advance and are lower for alumni than for those with no Vanderbilt affiliation. Examples of our services include: customized research using world-class business resources; help tracking or learning about markets, customers or competitors; and providing copies of published information, such as reports or journal articles. Contact us to see what's best for you and your organization.

Q. What other services and learning opportunities does the library provide to the Owen community?

A. The library and staff offer a host of services: If it relates to information, we can probably help. We offer information consulting to develop research strategies that help you with your information problems. We can explain where and how to find information on just about any topic and can often recommend targeted and relevant resources. As a service to the Owen community, we've negotiated alumni access to a select group of databases. If you've used them and can't find what you need, we still may be able to help. Our staff has more than 60 years combined real-world business and library research experience, so contact us to take advantage of it. With a valid VU Alumni ID card, you also have book-borrowing privileges. For more information about Owen Alumni library services, please see the library page at *www.owen.vanderbilt.edu*. When in doubt, just ask us and see what we can do. We're always glad to hear from you!

CORPORATE SPOTLIGHT

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albeit at an older company. "Call of the Wild has a 30-year history, but with a new owner it was almost like it was in a startup phase," Foster explains.

The project, which lasted two mods, gave Foster and Xiao an opportunity to tackle a variety of initiatives, from making the company's pricing more competitive to launching a new Web site (*www.callwild.com*). Many of their recommendations were put into effect almost as soon as they suggested them. "Much of what Margaret and Sophia proposed was implemented real-time. They could say something on Monday, and it very well might happen by Friday," Reid says. "Unlike other projects where you might leave the report on the desk and hope the company reads it, they were sharing ideas with me that I passed on to my marketing person or my Web person."

The Right Path

Today Call of the Wild is continuing to evolve as a company. In the coming year Reid looks to add new destinations east of the Mississippi River, in places like the Blue Ridge Mountains and the Adirondacks. There are also plans to offer trips in urban areas for those clients who enjoy being active during the day but sleeping in a hotel at night.

However, she is careful not to get ahead of herself.

"I would love to flip the switch on the long-term plan tomorrow, but I know if I do that, I'm sacrificing many things," she says. "Loyalty of our current clients and guides would likely be lost if I were to go straight to the end of the story rather than chapter by chapter."

Reid also knows that skipping to the end would rob her of something even more important—all of the experiences and moments of accomplishment along the way. As she can attest, life is about the journey, not the destination. And it's also about choosing the right path.

The writer Joseph Campbell perhaps says it best: "If you can see your path laid out in front of you step by step, you know it's not your path. Your own path you make with every step you take." **VB**

BOTTOM LINE

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"I was out at one of our village banking branches in western Kenya, where the Obama family is from," he says. "I had to give a speech talking about our investments. At the end I said something in Swahili about Obama and I got a standing ovation."

Karen Weist is the Associate Director of the Career Management Center at Owen and coordinates the school's selection process for the corps.

"Each year we have a few students who apply," Weist says. "They have to submit a resume and an essay, and they have to appear before an interview panel. We assess the individuals to make sure that they're doing this for the right reasons."

Because those who participate have, in effect, deferred their careers, Owen helps them get right back in the job market when they return.

"The commitment that we have to the students is that when they return, we give them access to our career services beyond what is normally available to alumni," Weist says.

Weist points out that the program is not for everyone.

"We have lots of students who are interested in giving back," Weist says. "But this program is for those who are interested in giving back on a global level. It's for someone who is really, truly altruistic—that's one of the fundamental elements. They also need humility and an understanding that they're a guest in someone else's country."

Robinson's involvement in Project Pyramid, the student-run organization dedicated to ending global poverty, played a big role in his decision to join the corps, as did his previous international work experience, which included an Owen internship in Shanghai.

"I have a background in nonprofit and government work and really loved the international business aspect. This is a neat combination of all that—corporate and social responsibility," he says. "My summer in Shanghai prepared me for the shocks and little challenges involved with working in another culture and being far away from home."

When he started business school, Robinson had no idea he would end up putting his degree toward something so rewarding.

"My thought of business school was that it was just going to be all business," he says. "I didn't think anyone would care very much about making a difference or working with nonprofits. I was really surprised that I was able find an organization in the business world that focuses on poverty alleviation. It's a great way to use some of those finance classes I took at Owen." **VB**

Hard Corps

Roughing it with the MBA Enterprise Corps in Kenya

By CINDY THOMSEN

NAT ROBINSON, MBA'07, IS A WORLD AWAY from where he thought he'd be after graduating from Owen. While many of his former classmates are spending their days in the corporate jungle, Robinson is getting used to an entirely different way of life. While his classmates avoid traffic on their way to work, he may very well be avoiding a herd of elephants. Or while they're climbing the StairMaster at the gym, he may be climbing the 16,355-foot peak of Mt. Kenya.

Robinson is expanding his horizons as a member of the MBA Enterprise Corps in Kenya.

What truly sets him apart, though, is his job. Like many of his classmates, he is working in finance—only his responsibility is to help a Third World country succeed in the 21st century.

Robinson is a member of the MBA Enterprise Corps, an organization dedicated to helping Third World countries develop and grow their economies. The corps was founded in 1990 by a consortium of leading U.S. business schools. Today the corps sends recent business-school graduates on 13–15 month assignments to countries around the world, including Angola, Uzbekistan, Guyana and Azerbaijan. Their projects include microfinance (providing financial services to impoverished clients), small business and private sector development, and microenterprise (starting businesses with little or no capital).

Graduates accepted into the corps first spend a week in orientation and training in Washington, D.C. From there it is on to their assigned countries where they study the language and culture of their new homes for one to two months. After that they begin their actual jobs. In Robinson's case, that means working for the K-Rep Group, a commercial bank focused on microfinance, in Nairobi, Kenya.

"They match you up with your interests," Robinson says. "At first I was going to Peru, but that fell through. Then I was going to Nigeria, and then Angola and then finally Kenya. You have to be open and flexible."

After graduating from Owen, Robinson was hired by Accenture. The company granted him a leave of absence to join the corps in fall 2008. On his blog (*http://natafrica.blogspot.com*), he describes some of his duties:

"My immediate role at K-Rep is to assist the organization in building up their financial reports to qualify for some major financing from the Grassroots Business Fund. I sit with a small army of young accountants and try to decipher as much of the relevant financial and accounting statements as possible."

He's also had a chance to see a bit of the country and has been warmly received everywhere.

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