

W
B



TEAM PLAYERS

A look back at Owen's rugby club of the late '90s

GOLDEN OPPORTUNITIES

Alumni who've found their calling at Vanderbilt

Diverse Offering

David Ingram, MBA '89, takes his business in new directions

To meet Owen World Shapers visit

> owenworldshapers.com



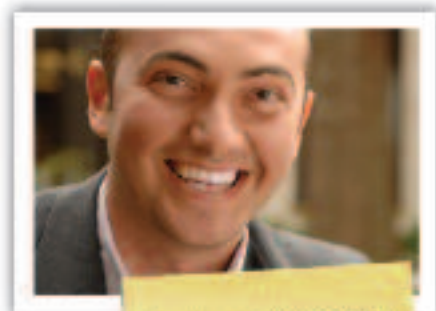
Team Player.



Global Thinker.



Self Starter.



Challenge Welcomer.



Problem Solver.



World Shaper.

Qualities over quantity.

By design, we produce a relatively small supply of MBAs. But, each year, our graduates are in very high demand. Perhaps it's because the companies who hire them prize the qualities they consistently find in our students. As some of the world's smartest and best-known organizations will tell you, **a little Vanderbilt goes a long way.**

Vanderbilt MBA
OWEN GRADUATE SCHOOL OF MANAGEMENT

Spring 2010

C O N T E N T S

2 PERSONAL ASSETS

Durégo Lewis, BS'96, EMBA'06, finds success through teamwork
by SETH ROBERTSON

10 STUDENT EXPERIENCE

BrandWeek Louisville offers students a practitioner's perspective on marketing
by BRIAN BELLINGER

12 BUSINESS ROUNDTABLE

A conversation with Chad Holliday, Chair of the Board of DuPont

18 INFORMED OPINION

Treat health insurance like auto insurance and hold people accountable
by LARRY VAN HORN

30 CORPORATE SPOTLIGHT

Dan Proctor, MBA'83, seeks a new challenge in Uganda
by SETH ROBERTSON

37 IN THE NEWS

Headlines from around the world

53 CAMPUS VISIT

Q&A with Melinda Allen, Executive Director of the Leadership Development Program

56 BOTTOM LINE

Broadening students' thinking through nonbusiness reading
by JIM BRADFORD

ON THE COVER

David Ingram, MBA'89
Photo by JOHN RUSSELL



12

FEATURES

24 DIVERSE OFFERING

David Ingram, MBA'89, takes his business in new directions
by JENNIFER JOHNSTON

38 TEAM PLAYERS

How a ragtag rugby club from Owen learned to play with the big boys
by RANDY HORICK



18

MISCELLANEOUS

4 FROM THE DEAN

A message from Jim Bradford

5 EDITOR'S MEMO

How a lesson in fundamentals gave me the bigger picture

6 INSIDE OWEN

Team wins human capital competition | Cool honored for presentation | Korn/Ferry partnership announced | Snapshot of Owen | Team wins finance competition | Bradford reappointed Dean | Team places second in real estate competition | Student wins national award

20 INSIDE BUSINESS

In safe hands | The benefits of bartering | Poaching allowed?

44 CLASS ACTS

Connie Ritter, MBA'80 | Kathy Harris, MBA'85 | Mike Janes, MBA'94 | Dave Ficeli, MBA'99



30

PHOTO ESSAY

32 GOLDEN OPPORTUNITIES

Alumni who've found their calling at Vanderbilt



BEING PART OF A TEAM IS SECOND NATURE to Durégo Lewis. Whether playing football for Vanderbilt in the mid-'90s or collaborating with classmates in the Executive MBA program a decade later, he has had plenty of opportunities to work with others toward a common goal. Yet nothing has crystallized the importance of those earlier experiences quite like his current endeavor: launching DURÉGO™, a business that is an events facility and a future showroom for exotic cars and other luxury goods.

"By myself there's no way that I would be sitting here. This company is the result of being around smart people," he says. "I'm only as good as the people on my team."

That team includes a couple of names familiar to the Owen community—Associate Dean of Executive Education Tami Fassinger and Dr. Jim Jirjis, EMBA'06, Assistant Professor of Medicine at Vanderbilt. Both serve on the company's advisory board. Lewis credits them and his other associates with helping him hone his business concept.

"This company looks nothing like what I thought it'd be, and I'm proud of that. They poked holes in that original business plan—pointing out all the things that could make it weak," he says.

Earlier this year Lewis opened the doors to his 8,400-square-foot events facility in Brentwood, Tenn. Aside from hosting wedding receptions and corporate gatherings, the space will serve, he hopes, as a "mouthpiece for what's coming two-doors down"—the yet-to-be-opened showroom specializing in exotic cars, including Ferraris, Lamborghinis and Bentleys, exquisite jewelry and hard-to-find luxury handbags.

Among the advantages of selling multiple brands, Lewis explains, is that his company can offer a more robust product selection. "Think of it like a hand," he says. "Each finger—or brand—is fragile by itself, but when you put them together as a fist, they're strong."

While Lewis may be referring to a specific business model, perhaps there's no better analogy for the team he's assembled at DURÉGO. Together they're stronger than he would have been had he decided to go it alone. **VB**

Strength in Numbers

Durégo Lewis, BS'96, EMBA'06, finds success through teamwork

By SETH ROBERTSON



Durégo Lewis (second from right) with team members Lee Austin, Lyn Wilson, Robin English and Sara McKissick

I love my job as Dean, but I love my downtime, too. That's when I dive into reading or jump on my bike sans BlackBerry; it is a time when I can be alone and think. Photography is one of my downtime passions as well. The camera forces me to see things I sometimes wouldn't see. It helps me focus.

Some time ago my wife, Susan, and I were trekking through Zion National Park in Utah. It's a beautiful, hilly place with spectacular red rock formations. I had injured my ankle climbing the day before, so while my wife was able to walk down into a deep canyon—which I desperately wanted to photograph—I was stuck waiting on the side of the road in what seemed to me a very uninteresting place. I thought my morning would be wasted.

I wasn't too happy about my circumstance that morning, but I was determined to make the most of what appeared to be a bad situation and began to look around me. What was there for me to see? What new opportunity might I find? As I refocused my efforts, I found a perfect but unusual geological formation—one I had studied years ago in college. A long line separated two strata of rock that had once been joined; seismic pressures had caused a fault and created a beautiful formation. I began to photograph it and lost myself in the moment.

Years later I still have a photo from that day in my office. It reminds me of one of my favorite moments—a moment when I forgot about my expectations and looked at the world around me in a new way. It sparked a moment of creativity in



The fault line in Zion National Park

me that was unexpected. A bad day turned into a memorable experience.

Likewise, in these uncertain and sometimes maddening times, the students and business leaders who learn to see the world in a different way, to view and embrace challenging times as times of opportunity and new perspective, are the ones who will find ways to thrive. The ability to adapt and reorder our thinking is hard to teach, but it's something we can encourage and nurture. It is a lesson for us all, and I keep the photograph before me to remind myself of what opportunities are in front of us if we refocus and look at life through a different lens.

David Ingram, who is profiled in this issue, is a great example of a business leader who found a way through a difficult environment by diversifying his entertainment company with the addition of beer distributorships. He's been an integral part of our Board of Visitors team, serving as chair since its inception. The real-world perspective and involvement of a leader such as David are critically important as we continue to develop and expand into new growth areas.

Alumni like David have been an inte-

gral part of our efforts to support our graduates as they make their way into a difficult world. As any business veteran knows, an economic downturn is just one of the many challenges that will come up in a career. How we adapt to those challenges shows a lot about character.

The truly successful students and alumni of Owen will continue to shape the world in good times and bad by their versatility and willingness to see things in a different way. They will look for opportunities to shift their focus and question their viewpoints, even in difficult times. That's not something we can teach but something we hope to inspire by what we do and the innovative culture that is Owen's hallmark.



Jim Bradford

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

Between the Lines

How a lesson in fundamentals gave me
the bigger picture

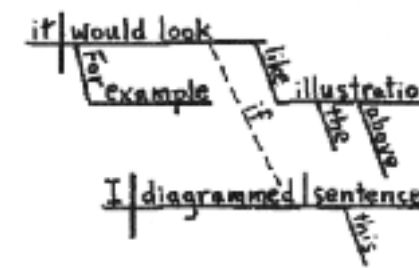
By SETH ROBERTSON

SEVERAL YEARS AGO I HAD THE PRIVILEGE of working for David Ingram at Ingram Entertainment. During my time there I held different positions in a couple of departments, but one responsibility followed me wherever I went: Every fall I assisted David and his executive team in writing the company's strategic plan. It's fair to say that David took a chance when he hired me; I knew very little about business, much less strategic planning, at the time. Fortunately, though, David felt confident in my writing abilities because we'd both attended the same prep school in Nashville.

In fact, were it not for an English teacher whose class we'd both taken many years earlier, I probably wouldn't have been hired—nor would I be where I am today.

If that sounds like an exaggeration, then you never knew June Bowen. For nearly 25 years she taught English at Montgomery Bell Academy and helped an untold number of students become better writers. David counts himself among those whose lives she transformed, and so do I. What set Mrs. Bowen apart was her exacting approach to the fundamentals of grammar. If memory serves, my first day in her classroom was devoted to learning, or should I say *relearning*, what a noun is, which my classmates and I dutifully copied down in our so-called "rule books."

Over the ensuing weeks, those rule books filled up quickly as we put the basics into practice diagramming sentences. For those unfamiliar with diagramming, it involves breaking a sentence into its components—subject, predicate, clauses, etc.—and then draw-



ing a representation of how they are connected to one another. For example, if I diagrammed this sentence, it would look like the illustration above. The point of the exercise is to get a better understanding of language by visualizing how the pieces fit together.

At Ingram Entertainment I got a similar lesson in fundamentals, only it was in business, not grammar. Working on the strategic plan gave me a bigger picture of the company and helped me see how its individual departments related to one another. In the process I came to realize that a well-run business is not all that different from a well-written sentence: Each is carefully structured and efficient, consisting of only what's necessary to get the job done.

Of course my time at Ingram Entertainment was nothing compared to a formal B-school education. Yet, had I not had that experience, I wouldn't be nearly as confident covering the Owen School in the pages of this magazine. I still lean on the knowledge I learned from working on the strategic plan, just as I still lean on the knowledge from my school days. And in some sense my approach as editor is a continuation of those previous lessons. When working on a story, I always take a step back, look for connections between the individual pieces, and fill in the blanks—much as I did all those years ago at Mrs. Bowen's chalkboard. **VB**

SPRING 2010

DEAN
JIM BRADFORD

EDITOR
SETH ROBERTSON

CONTRIBUTORS
BRIAN BELLINGER, JIM BRADFORD,
NELSON BRYAN (BA'73), PAMELA COYLE,
ANN DAVIS, DANIEL DUBOIS, JILL GABBE,
STEVE GREEN, RANDY HORICK, SHARON
HOROWITZ, JENNIFER JOHNSTON, YURI
MAMCHUR, JENNY MANDEVILLE, JENNIFER
ROBINSON, JOHN RUSSELL, ROB SIMBECK,
BROOKE SMITH, MARSHALL TURNBULL,
LARRY VAN HORN, AMY WOLF

DESIGNER
MICHAEL T. SMELTZER

ART DIRECTOR
DONNA PRITCHETT

EXECUTIVE DIRECTOR OF
MARKETING AND COMMUNICATIONS
YVONNE MARTIN-KIDD

ASSOCIATE DEAN OF DEVELOPMENT
AND ALUMNI RELATIONS
PATRICIA M. CARSWELL

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

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

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

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

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

I N S I D E O W E N

COMPETITION *Human capital team takes first, Finance team wins, Real estate team places second* | FACULTY *Cooil honored* | PROGRAMS *Korn/Ferry partnership announced* | LEADERSHIP *Bradford reappointed* | STUDENTS *Lucas wins award*

COMPETITION

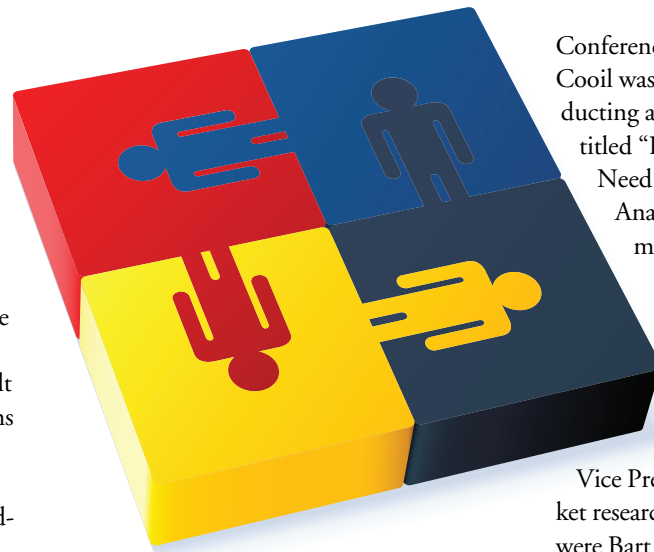
Student team wins human capital case competition

A TEAM OF STUDENTS FROM THE OWEN SCHOOL came in first place at the 2009 National MBA Human Capital Case Competition, hosted by Vanderbilt last fall. The competition included teams from 10 of the top graduate schools nationwide.

The winning team comprised second-year MBA students Joe Parise, Heidi Wallenhorst and Eric Billbrey, and first-years Kristen Schaefer, Lindsey Goldman and Sarah Hultquist.

Prior to the competition, teams received the human capital case and were given a week to analyze the issue and prepare solutions for presentation to a team of judges, including Richard A. Kleinert, Kevin Knowles and Erica Volini from Deloitte Consulting LLP, and Corbette Doyle, EMBA'87, Lecturer in Leadership and Organizations at Vanderbilt.

The case, set in 2008, examined how Google worked to avoid the pitfalls of rapid growth, such as bureaucracy, slow decision-making, lack of visibility and organizational inconsistency. At the competition kickoff, an unexpected twist to the case was presented. All students received new information and were asked to reconsider their solutions in the context of the current environment; teams had three hours to make any adjustments for presentation to the judges that afternoon.



The Owen School, which has long offered specialized study in issues of human and organizational performance, established the case competition in 2007. It was the first to be solely focused on human capital challenges. Students organize and lead the event each year. This year's leadership team included second-year students Chapin Hertel, Hana Crume and Lindsey White.

FACULTY

Cooil honored for best practitioner presentation

BRUCE COOIL, DEAN SAMUEL B. AND EVELYN R. RICHMOND Professor of Management, co-authored a paper that won the Best Practitioner Presentation Award at the 2009 Frontiers in Service

Conference held in Honolulu last fall. Cooil was part of a research team conducting a case study of AXA in Belgium, titled "Because Customers Want to, Need to or Ought to: A Longitudinal Analysis of the Impact of Commitment on Share-of-Wallet."

Also co-authoring the presentation was Cooil's former student and Owen graduate Timothy Keiningham, MBA'89, Global Chief Strategy Officer and Executive Vice President of Ipsos Loyalty, a market research company. Other co-authors were Bart Lariviere of Ghent University in Belgium and Lerzan Aksoy of Fordham University.

The Frontiers in Service Conference is a leading annual conference on service research and was hosted this year by the Shidler College of Business at the University of Hawaii. The winning presentation best demonstrates how research is applied



Bruce Cooil

to real-world situations and problems. "The major thing that's new about this paper is our finding that share-of-wallet is positively associated with changes in the three dimensions of commitment, especially normative commitment," Cooil says. In other words, by using answers to specific questions about customer attitudes toward the company, it is possible to predict changes in investment habits more accurately. The data is more limited if one only uses information about how satisfied customers are with different aspects of the company's services.

"We're looking at what really drives customers' decisions about putting their money in a particular bank. If you just look at customer satisfaction, you miss a lot of things," he says. For example, a bank must be attuned to outside forces, such as changes in individual salary levels or family situations.

"The next step is transforming these models into procedures that can be used by the institution to increase its market share," Cooil says.

PROGRAMS

Korn/Ferry partnership announced

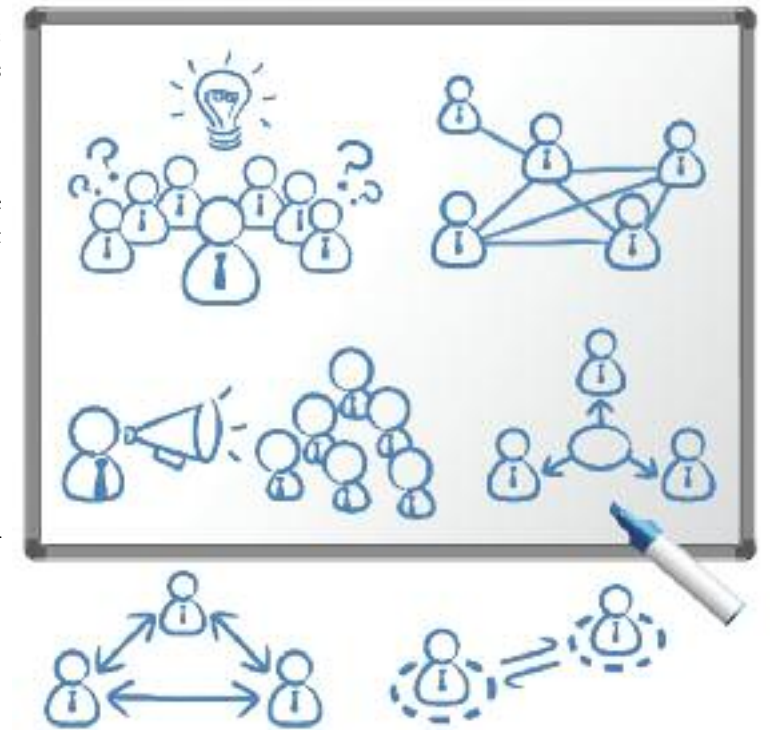
LAST FALL THE OWEN SCHOOL AND KORN/FERRY International announced a partnership to provide Vanderbilt MBA students access to the same rigorous leadership assessment and ongoing professional-development training

Korn/Ferry provides to C-suite executives of the world's top organizations.

The alliance—the first between the world's pre-eminent talent-management firm and a graduate business school—will leverage each partner's knowledge and experience to cultivate the most competent leaders for an evolving business world, and in the process, perhaps set a new model for career preparation that could extend across other higher education disciplines.

The new arrangement builds on Owen's successful Leadership Development Program, one of only a few offered to students across the full two years of the MBA curriculum. Through partnerships that, in addition to Korn/Ferry, include Hogan Assessments and an Owen Coaching Network comprised of professional executive coaches, the program incorporates practices and tools used by the *Fortune* 500 to build the foundation for graduates' lifelong leadership development.

"Leadership is critical for every level of every business today; while its mix of tangible and intangible elements can make it challenging to teach, it should be a part of



a business curriculum just as finance or operations are, so students are ready to take the reins from the moment they graduate," says Jim Bradford, Dean of the Owen School. "Korn/Ferry's commitment to share its unequaled global expertise in executive leadership as part of our existing program confirms we've been on the right track. Vanderbilt MBA graduates—already cited by recruiters for their leadership—will now have a considerable edge in the competitive global job market due to training far beyond that available through any other business school."

Working with the Korn/Ferry team and its proprietary executive-development tools enables a deeper, richer assessment of Vanderbilt MBA

students' proficiencies in 15 "competitive advantage" competencies. Selected from among nearly 70 used by Korn/Ferry, these 15 are hardest to develop, yet are most likely to lead to high job performance and promotions to leadership positions. Each falls into strategic, operating or personal/interpersonal categories; the assessment focuses real-work training experiences and ongoing professional development coaching so students can hone these critical skills and apply them in future career positions.

"Our partnership with the Owen School presents an unprecedented and

exciting opportunity for Korn/Ferry to work with future business leaders at the earliest stages of their careers. By applying every tool at our disposal we can help give Vanderbilt MBA students a head start on navigating their futures and positioning themselves against measures currently in use at a corporate level," says Robert McNabb, Executive Vice President at Korn/Ferry. "We look forward to the possibilities ahead for our respective organizations and the global business community."

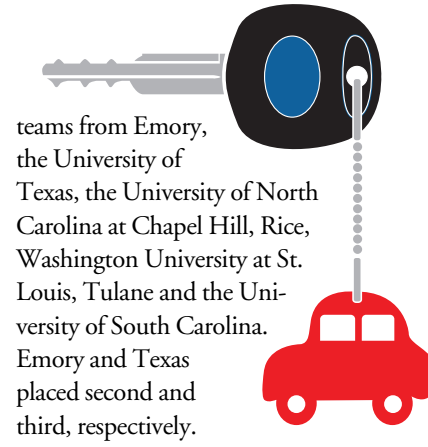
For more details about Owen's partnership with Korn/Ferry, see the Campus Visit section on page 53.

COMPETITION

Student team wins finance competition

A TEAM FROM THE OWEN SCHOOL CAPTURED first place and the grand prize of \$5,000 on March 19 in the Rolanette and Berdon Lawrence Finance Case Competition at Tulane's Freeman School of Business. This is the third time a team from Vanderbilt has won the competition during the past five years.

Team members were second-year MBA students Dan Bryant and Matthew Clemson and first-years Scott O'Connell and Mark McDonald. They competed with



teams from Emory, the University of Texas, the University of North Carolina at Chapel Hill, Rice, Washington University at St. Louis, Tulane and the University of South Carolina. Emory and Texas placed second and third, respectively.

The case focused on the leveraged buy-out of Hertz from Ford Motor Co. by a consortium of three private equity firms. The competitors were given five hours to read the case and prepare a PowerPoint presentation to a panel of four judges who work in investment banking and private equity.

LEADERSHIP

Bradford reappointed Dean

JIM BRADFORD WAS REAPPOINTED DEAN OF Vanderbilt Owen Graduate School of Management in December for a five-year term, effective July 1, 2010. "Jim has worked tirelessly over the past five years to promote the Owen School to a variety of external constituencies," says Richard McCarty, Vice Chancellor for Academic Affairs and Provost, adding that Bradford managed the school through an especially challenging period during the economic downturn. "I look forward to working with Jim ... to maintain Owen's upward trajectory."

Bradford, who is also the Ralph Owen Professor of Management, was first appointed in March 2005 after serving as Acting Dean for nine months. During his tenure as Dean, Bradford has spearheaded the development and launch of several

innovative programs at the school, including the Health Care MBA and master's degrees in finance and accountancy. Also annual giving to Owen has increased more than 300 percent under his leadership.

COMPETITION

Student team places second in real estate competition

A TEAM OF MBA STUDENTS FROM VANDERBILT'S Owen Graduate School of Management took second place this winter in the University of Texas at Austin National Real Estate Challenge, a prestigious MBA case competition. The team members were second-year MBA students Peter Kleinberg, Gavin McDowell, Johnny Shoaf and Stephen Songy, and first-years Justin Albright and Tim Kilroy. A team from the University of California at Berkeley took first place.

The fictional case was inspired by an actual case: a Goldman Sachs real estate fund's \$400 million acquisition and rehabilitation of the Las Vegas Hilton Hotel and Casino. "We were given three days to work on the case and then submitted our analysis and recommendations," Songy



says. "Then we traveled to Austin to present to a panel of judges comprised of experienced practitioners in the field of real estate, including the key individuals who led the actual deal for Goldman Sachs."

The Vanderbilt team advanced to the finals for the second time in two years, and won \$3,000 for the second place finish. "Given the field of competition, we can be very proud of our students," says Jacob Sagi, Vanderbilt Financial Markets Research Center Associate Professor of Management.

DOCTORAL STUDENT WINS NATIONAL AWARD

WOODROW "WOODY" LUCAS, MBA'07, MDIV'07, a doctoral student at the Owen School, was one of only two recipients of a Ph.D. Trailblazer Award for 2009 from the National Black MBA Association at the annual meeting in New Orleans last fall.



Lucas, who grew up in New Jersey, graduated from Northwestern University with a degree in mathematical methods and social sciences, and worked as a minister and math tutor with at-risk children through the Urban League following graduation. He has also conducted health services research at the University of Nebraska Medical Center and is the author of two books, *A Book of Rhythm* and *Insane Joy*.

Snapshot



Jon Lehman, Associate Dean of Students, (left) with MBA candidates Jarod Pardue, Mark Harris, BS'03, PhD'09, and Darcy Lincoln

JOHN RUSSELL

MARISH, ISTOCKPHOTO

Bluegrass Brands

BrandWeek Louisville offers students a practitioner's perspective on marketing

By BRIAN BELLINGER

WOULD YOU RATHER BE DRINKING BOURBON? And when you think of bourbon, does Kentucky come to mind? The Louisville Convention & Visitors Bureau hopes the answer to both of these questions is a resounding yes. But in case that association between bourbon whiskey and its hometown of Louisville, Ky., is not so immediate, the bureau aims to convince you with its branding effort, called Bourbon Country. The idea is to position the city in the hearts and minds of travelers and tourists the world over as the destination for food, fun and, of course, bourbon whiskey.

Brands are absolutely everywhere, populating the spaces all around us, even sometimes permeating our very being. From Apple to Samsung, Amazon to Yahoo, Titleist to TaylorMade, even Obama to Palin, brands are the bundle of constructs and promises that consumers expect to receive from a product or service. In Bourbon Country that happens to be a barrelful of smooth, mellow promises.

Branding is the fascinating art and science of creating and shaping associations and perceptions. When executed properly, it's an incredibly powerful tool, and artfully wielding that tool is de rigueur for the new generation of marketers emerging from the Owen School.

Enter "BrandWeek Louisville 2009," a weeklong immersion program held last October to provide Owen marketing and brand management students with rare

BRIAN BELLINGER is an MBA candidate for 2011.



BrandWeek *Louisville* 2009

OWEN GRADUATE SCHOOL OF MANAGEMENT

access to three of America's largest and most successful companies—Brown-Forman, General Electric and Humana Inc. Orchestrated by Owen's Executive Director of Marketing and Communications Yvonne Martin-Kidd, along with Marketing Operations Manager Ann Davis and John Hamilton, Associate Director of the Career Management Center, BrandWeek offered us a practitioner's perspective on the challenges facing marketers in three very different industries.

The adventure began in a very familiar setting: a classroom at Owen. Our facilitator for the week was Jack

Kennard, Principal of WhiteOaks Consulting and former Senior Vice President of Global Marketing Services at Brown-Forman. He provided a thorough overview of Brown-Forman's history and global growth, including the rise of its flagship brand, Jack Daniel's Tennessee Whiskey. Kennard spent the better part of his 27 years at Brown-Forman growing Jack Daniel's into one of the most recognized brands in the world. His unique insights into the spirits industry gave us a better understanding of what it takes to gain traction and maintain relevance in today's crowded marketing landscape.

The next day we left Nashville and headed north on Interstate 65 to Brown-Forman's headquarters, where we were treated to lunch in the posh Bourbon Street Café. (Perhaps you're noticing a theme here?) Following a delicious meal, Chief Operating Officer Mark McCallum led a discussion about the company's global branding efforts and the intricacies of managing the growth of their more than 30 wine and spirits brands, which include the aforementioned Jack Daniel's, as well as Chambord Liqueur, Finlandia Vodka, Herradura Tequila and Sonoma-Cutrer Wine. This session afforded Owen students the opportunity to interact with an impressive group of marketing and human resources executives. They answered even our toughest questions with aplomb, leaving us with little doubt as to why Brown-Forman remains an industry leader after more than 139 years in business.

Our branding discussion gave way to a tour of the Brown-Forman design center, led by Eric Donninger, VP, Global Brand Director of Design, and then into a discussion about corporate social responsibility, a topic of particular concern for one of the world's largest wine and spirits producers. Later that evening we broke into smaller groups and enjoyed some of Brown-Forman's fine products with the brand managers themselves, talking shop over hors d'oeuvres and cocktails at some of Louisville's hot spots.

Even our accommodations at the 21C Museum Hotel in downtown Louisville were an exercise in brand excellence. Recently named by *Condé Nast Traveler* magazine as the highest-ranking American property on its 2010 Gold List of the world's best places to stay, the 21C is nothing if not unique—part boutique hotel and part contemporary art museum. It's definitely the place to stay and play in Louisville.

The next morning began with a coach ride to General Electric's Monogram Experience Center, where the staff of in-house chefs prepared a wonderful spread of breakfast foods, all produced in the center's demonstration kitchen. The Monogram Experience Center is a veritable kitchen stadium, albeit one designed for product demonstrations rather than

Branding is the fascinating art and science of creating and shaping associations and perceptions. When executed properly, it's an incredibly powerful tool.

Iron Chef competitions. The center plays host to GE's training efforts to educate appliance sales professionals about the features, benefits and proper use of the company's professional-grade Monogram kitchen appliances.

A team of marketers and engineers from GE's Consumer and Industrial division then joined our group for a discussion centered on the marketing of innovative products. Specifically we talked about the challenges that accom-



Brian Bellinger

pany the introduction of an entirely new, and rather exciting, product in a category most consumers take for granted every day: water heaters. That's right, I mentioned "exciting" and "water heaters" in the same sentence because the new product in question is GE's industry-exclusive hybrid electric water heater. (Now you can have two hybrids in your garage!) The

hybrid provides the same hot water to which we have grown so accustomed, but it uses a pump to draw heat from the ambient air and transfers it into the water. It, therefore, requires only about half the energy of a traditional water heater. Sounds like a win-win, right? So where's the challenge? Although it's certainly cleaner and greener than its competitors, the hybrid is a costlier alternative that requires a certain level of awareness and understanding—no small feat in a product category that hasn't changed much in several decades. However, given the qualifications and experience of GE's team, we were left convinced that hybrids are the future—at least for water heaters.

The next stop was the towering, marble-lined headquarters of Humana in downtown Louisville. Founded in 1961, Humana has grown to become one of the nation's largest publicly traded health-benefits companies. Walking through the expansive halls from the cafeteria to the conference room, I couldn't help but notice that pedometers nearly outnumbered BlackBerrys—a reassuring sign that Humana's employees do indeed take their business seriously on a number of levels.

And as you might expect from a company in the business of health and well-

Continued on page 50

Inside the C-suite

*A conversation with Chad Holliday,
Chair of the Board of DuPont*



Jim Bradford and Chad Holliday

In this first in a series of conversations about leadership, Dean Jim Bradford chatted with Chad Holliday Jr., Chair of the Board of DuPont and Executive in Residence at the Owen School. Holliday is Chairman of the U.S. Council on Competitiveness and a founding member of the International Business Council. He is also the co-author of Walking the Talk, a book that details the business case for sustainable development and corporate responsibility.

JOHN RUSSELL

JB: You have an engineering background and took an early job right out of school with DuPont. Talk about that job. What was it?

CH: I started here in Nashville as an engineer in a plant. My job was to make that part of the plant more efficient and effective. We were making Dacron. I had no intent to stay with DuPont for a long time or any big company because I thought it would be constraining. My best friend and I had a deal. I was going to work for DuPont for five years, and he was going to work for GE for five years, and then we were going to come back and start this company that we had as a project. I failed on my end.

JB: Did he stay with GE?

CH: No, he started the company. It worked. He did really well.

JB: Talk about your initial aspirations. Did you have some idea of what you wanted to do at DuPont? Was there a specific reason that you went there?

CH: Not really. My aspirations were nothing close to what I was lucky enough to achieve. I saw the guy who was the head of my engineering group. He was this stately guy who had a nice office with a couch. I thought if I could get that before I retired, that would be great. I think it's pretty hard to know what your aspirations are starting out. It's just a matter of learning from every job.

JB: Do you remember your first promotion at DuPont?

CH: No, but I remember I'd been working there three months, and they brought us all into a conference room. There were probably 40 of us. They announced that they were going to shut down a big part of the plant and 100 exempt people were going to lose their jobs. I thought, "Hmm, I'm the shortest-service exempt person on this site, so this is probably not good

CH: People can do so much more than they're challenged to do by their job description. We often would promote from within, and as a front-line supervisor, I had three people who, I felt, were capable of being promoted. I actually assigned each one of them a book to read and let them report on it, which was a bit unusual. I also would give them different jobs. All three didn't become supervisors, but they made major progressions. And I found it made a big difference using them to

People can do so much more than they're challenged to do by their job description.

—Chad Holliday

news." I remember I went to my supervisor and asked, "Does this mean I need to find a new job?" He said, "I don't think so." I said, "I can't deal with 'I don't think so,'" but it all worked out.

JB: What was your first job managing people?

CH: After being an engineer for about two years, I became a front-line supervisor in a chemical plant running 24/7. I think that was probably the most valuable experience of my life. Even today I think back to the three years I was on shifts managing people and to the real-world experiences they were dealing with. I learned a lot from them.

JB: What are some of the things you learned?

help me with the rest of the team. For example, we decided we would publish a newsletter every night for our employees. Our newsletters were pretty popular. All of those things were, I'm sure, nowhere in the DuPont playbook.

JB: Was there a DuPont playbook? Was there something that told you how to perform this job or manage people?

CH: There was a two-week training course for front-line supervisors that told us all the basic stuff. I'll never forget that I took the course when professional unions were becoming popular on the West Coast. Afterward we were asked, "What questions do you have?" And I said, "What are you doing to make sure we don't have a professional

*If you think that someone has a **DEVELOPMENTAL NEED**, sit down and tell that person—not in a formal way, but in an informal setting. You're trying to **HELP** that person win.*

union here at DuPont?" It was just an honest question. Well, that was not a good question to ask. Throughout the rest of the day, I was talking to higher and higher levels of management about why I wanted to start a union for engineers. I learned you have to pick your questions carefully.

JB: What did you learn about your management style as you went through this early stage of your career?

CH: I think it's important to rely on others and reinforce them. There's no limit to what you can do if you don't care who gets the credit. It really is a team environment. And then there's the very simple act of telling people you appreciate what they did. So many times we forget to say thank you.

Those are very simple things, but we tend to focus on the money instead.

JB: So how do you motivate people? If it's not about the money, what are the carrots and sticks you use?

CH: I think people stay with an organization because they're getting development and they like the people they work with. When DuPont moved into Singapore, we found we could not differentiate any of our benefit plans. The government wouldn't let us do it. At first we thought it was terrible. Then we looked at it more closely and realized it just meant we had to provide a great place to work: Our supervisors had to be very good, and we had to provide better development than the next company. It's critical that employ-

ees grow and develop and that they be treated as a professional part of the organization no matter what their job is. Another good example is when I was at a plant in Charleston, S.C. It was the first big manufacturing role I had—maybe 1,000 people. The plant manager said, "I'll come see you once a week. I only want to talk about the development of the front-line people. We'll talk about that for an hour, and that's the only time I want to see you." I heard that and thought, "Yeah, that's until the first thing goes wrong." Well, I was there for three years, and those were the only times I ever saw him one-on-one. We would meet every week. We would sit there with the front-line supervisor talking about how we're going to motivate Joe or Mary.

We'd ask, "Are they a good team player? What do they need to be a success?" It's amazing when you focus on those details. When measured against all these performance parameters, we beat our competition. I really think there's something to it.

JB: You mentioned Singapore. When did you first take an international assignment, and how did that come about?

CH: It was in the mid-'80s.

JB: You'd been with the company for how long?

CH: I'd been there 15 years. They started talking about the need for an international assignment. I thought it was going to be Geneva, Switzerland. I told my oldest son, "You need to take French because we're going to Geneva." When I came home and said, "We're going to Japan," the first thing he said was, "Can I drop this French

class?" Going to Asia was a big shock, but taking an international assignment was something that my wife and I wanted to do. I think it was really good for the family.

JB: Did you volunteer for that, or did somebody pick you? Did you let it be known that you would take that kind of assignment?

CH: Yes, I let it be known, but I think people probably see those things as a lot more formal and organized than they really are. I was shocked at first when I learned it would be Japan, but I had this rationale as to why they picked me. I'd been to Japan several times, negotiated a couple of joint ventures and built a plant there. I thought, "Oh, that's pretty logical now that I look at it." But the people who interviewed me for the job didn't even know that I'd done those things. It was not as organized as you might think.

Sometimes you just have to take the opportunity that comes up.

JB: What was your role in Japan?

CH: I was President for DuPont Asia Pacific, so I was responsible for 14 countries.

JB: Did doing business in a different locale change your perspective in any way?

CH: I found out very quickly that people back at corporate headquarters couldn't help very much because they really didn't know the issues I was dealing with, and also they were 7,000 miles away in a different time zone. I had to make some tough decisions on my own, so I grew very fast. Also I found that when I couldn't speak the language in any of the countries I was living in, including Australia—I couldn't speak the language there either—I really had to rely on the people around me. The key to the



In making DECISIONS I don't care whether it's, say, 29.2 or 29.4. But I surround myself with people who UNDERSTAND my biases because in that two-tenths there might be something IMPORTANT that I miss.

whole thing is developing people and giving them confidence, as opposed to trying to make the call yourself.

Audience: I used to work for a large company. When I interviewed for the job, they assessed me to determine how far I would go in the company. What do you think of assessing the potential of employees so early in the process?

CH: I would never do something like that. I don't see how you can make that assessment in the first meeting unless maybe by using stereotypes. We don't do that at DuPont. As employees gain experience and their drive and desire starts to come out, we eventually offer them development and other programs that signal they can go higher if they keep working. I think labels, though, especially early on, can be detrimental. If you get a good label, you may think you can take it easy and get there, and you won't. Or alternatively you may decide that you can't reach that ambition.

Audience: As you move into a new position as a leader, how do you go about either informally or formally assessing the team that you're given? How do you decide who is a good fit?

CH: Go talk to the people who do the real work in the organization, be it financial or whatever, and they'll know. They'll tell you pretty quickly. Just go out in a very informal way and listen to them, and that will give you a

great assessment. You can do it in about three or four weeks. And then the biggest thing is, if you think that someone has a developmental need, sit down and tell that person—not in a formal way, but in an informal setting. You're trying to help that person win. I generally start with the assumption that everybody on the team is going to be a winner.

The key to the whole thing is developing people and giving them confidence, as opposed to trying to make the call yourself.

—Chad Holliday

JB: You've talked about assessing others, but leaders have to make an assessment of themselves as well. What have you found that you're good at and not so good at?

CH: I think we all have certain biases. For example, I'm a natural planner. If a crisis were to come up right now, my mind would want to find a solution that would keep us from sinking. Once I find that solution, I constantly want to improve it. I have to know when to back off my desire to make something better. Another example is that, in making decisions, I really don't care whether it's, say, 29.2 or 29.4. Most decisions I make are "yes or no" ones: Are we going to do it, or not? At DuPont I hired a chief operating officer who cared a lot about 29.2 or 29.4, and he would force me back in that direction. You should surround yourself with people who understand

your biases because in that two-tenths of a percent there might be something pretty important that you miss.

JB: Are there others in your life who've helped you understand your biases? Maybe your wife? Has she been a good confidante?

CH: I think it's important to keep your spouse or a close friend up to

speed on what you're doing. It's also important to get feedback from them.

JB: Some people don't share that information with their spouses or anyone else. Do leaders need someone close to them who can say what they really think?

CH: You don't want to put too much of a load on your spouse because he or she might not have the tools to solve those problems. But I do think it's important to have colleagues to turn to. I'll often call colleagues at DuPont, who may or may not be direct reports, and say, "I'm dealing with this. What do you think?" I never make a critical decision without running it by people who know me well and who will tell me what they really think.

JB: One problem that many CEOs have is getting their direct reports to

talk frankly with them. How have you overcome this problem?

CH: I think everybody has that problem. It has a lot to do with whether or not that person is bringing good news. When I was a plant manager in Delaware, I used to walk around the plant early in the morning. One time I came upon a machine that was on fire. It was blazing up about three feet. Fortunately it was handled safely, and the fire brigade put it out. Later at our morning meeting, the person responsible for that area said, "We had a puff



KVADRAT, ISTOCKPHOTO

of smoke last night." I said, "In addition to the fire?" After that, word got around, and everybody told it straight. It turned out that the people reporting to him had not told him there was a blaze under that puff of smoke. In a situation like that you can't tear somebody apart because they don't know all the details. You have to allow the person enough time to solve the problem. You don't want to jump in and take it away from them.

Audience: You mentioned teams and developing people. Are there two or three key differentiators—whether it's personal characteristics or ways in which you approach your work—that have made you as successful as you are?

CH: One is don't brag on yourself. You let other people do that if they want to. Also don't care who gets the credit because, if you don't care, you can get a lot of things done that way. And as I was saying earlier, you've got to say thank you for specific reasons: "This is exactly what you did that made a big difference." I think public recognition is very important. It's one thing to do it one-on-one, but if you do it in front of everybody else, that means that you're going on the line and saying, "I really do think that's good." When I was in Japan, somebody came to me and said that the administrative assistant I'd been working with was really mad at me. I asked why, and he said that it was because she had a problem and was feeling bad and I hadn't acknowledged it. I said that she hadn't told me about the problem, but his response was that I should have been able to recognize it by her demeanor. It was a very serious point, and in retrospect, I should have seen it. She didn't say a word, but I should have been able to see that change in behavior. I really learned from that. Every time I see a change of behavior in somebody, I always try to flag it to make sure that they're OK, and people seem to appreciate that.

JB: How have you found a personal balance in your life?

CH: Most jobs I've had are so demanding. You could work 18 hours a day,

seven days a week. I think it's important to have other things, be it family or other interests, to balance things out. The same goes for getting enough exercise and sleep. Those may sound silly, but I find that they're critical.

Audience: In my five years of working, I've always tried to identify role models and learn from their management skills. What are your views on mentoring?

CH: Every time we've started a formal mentoring process at DuPont, it's had minimal results. So it's much better to create the environment where people are encouraged to seek out others and to help when sought out. In every role I've ever had I've always looked to people who were willing to help me. I think a lot is in your attitude. If you have the right attitude and it looks like you want help, people will give it to you. If you act like you're smarter than the next guy, they may not be there for you. When I became CEO, I contacted three other CEOs from outside the company and asked for their advice. They all were happy to do it. I picked people who were very good but who had different styles from mine. I didn't want to simply reinforce what I had, but to actually learn from them.

*To see the rest of the interview with Chad Holliday or others in the "Inside the C-suite" series, please visit the newsroom at www.owen.vanderbilt.edu. **VB***

A Prescription for Better Health Care

Treat health insurance like auto insurance and hold people accountable

By LARRY VAN HORN

A version of this article originally appeared in Modern Healthcare on Oct. 6, 2009.

I'M A BALDING, MIDDLE-AGED, OVERWEIGHT AMERICAN MALE. I have borderline hypertension and high cholesterol. I don't like to exercise, and I enjoy eating foods with mayonnaise and cheese. I am Everyman. This is not an education problem. I know what I should do and generally how to do it—I just can't make myself do it. I know the consequences of my short-run gluttonous behavior will negatively impact my long-run health, but like many people, knowing something is bad for me is insufficient to discipline my behavior. What's worse, I am codependent on my health plan, and they are enabling my unhealthy behavior through the absolution of responsibility for my lifestyle choices.

I start each day with my morning "cocktail" of an ACE inhibitor, beta blocker and statin drug—all grossly subsidized by my health plan. I pay the same monthly premium as every other employee at my workplace with a family health plan. My wages have been reduced to fund the insurance premium behind the scenes, so I never know how much was taken from me. I know the only way to get my money back is to consume the services and drugs. I already paid for them.

It's ironic that I rarely speed on my way to my favorite fast-food restaurant. The consequence of speeding is real and immediate. I would like to speed and given the opportunity—free of conse-



Washington may have enacted health care reform in March, but Larry Van Horn has a different idea for fixing the system.

quences—I'd light up my big-block V8 all the way to the drive-through. Let's take it a step further. What if I purchased auto insurance the way I receive health insurance—priced independently of conduct, with a true premium cost hidden from view that covered all preventive maintenance?

I would drive like a bat out of hell. The insurance also would be so costly that I wouldn't be able to afford it.

But unlike my auto insurance, my health insurance rates are not based on my underlying lifestyle choices, which are the primary determiner of how much health care I'm going to consume.

RICK NEASE, MCT

We need to get to a world where I'm held individually accountable for the decisions that I make.

If my health insurance was like auto, home or life insurance—meaning it was individually underwritten, used for catastrophic use only, predicated on my behavioral decisions, and the prepaid consumption was instead funded out of my monthly wages after tax—would I be better off? There is little doubt that the marginal effect would be in the right direction.

Though treating health insurance like auto or life insurance would obviously be controversial, folks would change their behavior in a socially desirable way. Markets would form, prices would adjust, and demand for health services would change.

Here's another way to think of the value of basic health "maintenance" being included in a separate prepaid health plan. It would be as if you packed your auto insurance policy with additional insurance for oil changes, tire rotations and tune-ups. If those elements were part of your auto insurance policy, it would be much more expensive.

I want to do the right thing and make the right decisions to support a rational healthy lifestyle, but I need help. The current set of incentives and subsidies are

stacked against me. I need my employer to hold me accountable financially for my slovenly behavior in ways that are currently prohibited by the Employee Retirement Income Security Act. I need the government to remove the preferential tax treatment of employer-provided health benefits that make it rational to

Though treating health insurance like auto or life insurance would obviously be controversial, folks would change their behavior in a socially desirable way.

consume too much health "insurance" and in forms that support poor conduct. I need my morning cocktail to be more expensive than salubrious lifestyle choices. I need to save more of my money to fund my health care consumption rather than looking for ways to spend other people's money.

We seem comfortable with saving for and funding our retirement. Few count

on Social Security to either be around or be the primary source of funding for retirement. We own it individually, yet Medicare is projected to be insolvent in 2017. The Centers for Medicare & Medicaid Services trustee report projects a long-run \$37 trillion shortfall. I'm not saving for my post-retirement

health care needs in large part because of the fact that I have never felt ownership and personal responsibility for the liability. This is the true health care crisis—a lack of individual ownership and a system that passes the buck.

If we all change our behavior by exercising, eating right and taking responsibility for our actions, we're not going to solve the health care crisis. But it would be a clear step in the right direction. It is a step down the path toward a cultural change toward individual accountability, ownership and responsibility with respect to both our dollars and our decisions. It is a move away from spending other people's money and shifting the burden to others.

Associate Professor of Management
LARRY VAN HORN teaches within the Health Care MBA program at the Owen School.

VB



Larry Van Horn

DEAN DIXON

INSIDE BUSINESS

Health Care *In Safe Hands* | Finance *The Benefits of Bartering* | Human Capital *Poaching allowed?*

HEALTH CARE

In safe hands

Increasing safety reporting among medical trainees

ACCORDING TO A RECENT LARGE-SAMPLE study, the extent to which medical residents—physicians in training—are involved in reporting safety incidents is limited, indicating a need for more institutional focus about how, when, why and where incidents should be reported.

The study was conducted at a major medical center in the Midwest, with the intent to explore whether residents are well-trained in reporting safety incidents and the hope that the findings would indicate how to do a better job in the future, says Vanderbilt's Associate Professor of Management Rangaraj Ramanujam, who co-authored the study with Dr. Lia Logio of Indiana University School of Medicine (IUSM).

Their findings were reported in an article, "Medical Trainees' Formal and Informal Incident Reporting across a Five-Hospital Academic Medical Center," which appeared in the January 2010 issue of *The Joint Commission Journal on Quality and Patient Safety*.

Ramanujam applauded IUSM's desire

to understand and improve on incident reporting among medical residents. "The underlying goal of the study is to determine how best to train physicians to become more engaged from the get-go in improving patient safety," he says.

The good news is that the researchers were able to recommend a number of steps to improve incident reporting by residents—from intensive role modeling by faculty to regularly informing residents about improvements resulting from incident reporting.

However, medical residents often do not know how to file formal reports of safety incidents, which, the researchers point out, are not all medical errors. (Incidents could range from patient care that was not as intended to occurrences that were simply inconsistent with routine.) Further, even when residents did know how to file formal reports, they did so at lower-than-desired rates (38 and 42 percent, respectively, within the two groups surveyed).

On the positive side, the study found that residents frequently discussed safety incidents with peers and some faculty on an informal basis, demonstrating awareness that even small incidents merit attention.

The study involved two online surveys of more than 900 medical residents and fellows as they rotated among five IUSM-affiliated hospitals, including a large community hospital, a university referral hospital with expertise in tertiary care, a well-known children's hospital, a VA hospital and a public county facility. The study—the largest of its kind—is also among the first to explore whether and how residents' reporting behaviors change as they move among hospitals.

Ramanujam says a key way to involve more residents in the process of improving patient safety is for academic training to emphasize and encourage such engagement. At the same time, the study found that residents' reporting behaviors also seem to be shaped by unique attributes of different hospitals—even within the same academic center. Therefore, individual hospitals must also encourage residents to

report incidents and emphasize their roles in improving the whole system. Finally, Ramanujam adds, academic centers need to find a way to talk with hospitals about the specific behaviors that they would especially like to encourage in their residents during rotational training.

"The findings are important in an era of health care reform. While the main impact of better incident reporting by residents will be seen once they move along in their careers and have more responsibility for safe patient care, it will also mean fewer mistakes that can be costly for patient safety and the bottom line," he says. "Some of the reasons residents don't report more incidents are mundane. So the proposed solutions are simple, but their long-term effects are potentially profound."

FINANCE

The benefits of bartering

Russians turn to a longstanding tradition

BY YURI MAMCHUR

A version of this article originally appeared in National Review Online on Aug. 12, 2009.

GERMAN STERLIGOV IS WELL-KNOWN IN Moscow, but unlike Roman Abramovich, Oleg Deripaska and other publicly

flamboyant Russian billionaires, he is little-known abroad. Sterligov neither sails the Caribbean nor drinks in London's Mayfair district; most of the time he lives a traditional peasant lifestyle deep in the Russian countryside with his wife and five children. In winter their farm is accessible only by horse-drawn cart, and the nearest house is seven miles away. Sterligov's way of life makes a strong Russian Orthodox statement and amuses Moscow's public.

Sterligov made his fortune in the 1990s running a large barter business. He founded a mercantile exchange where Russians traded products they were unable to buy or sell for cash. He lived the luxurious life of a billionaire and owned properties in Moscow, London and Manhattan. In 2004, after an ill-fated bid for Russia's presi- ➤



Ramanujam



HECTOR CASANOVA, MCT

BOLENT INCE, ISTOCKPHOTO

DANIEL DUBOIS



dency, Sterligov sold everything and moved to the countryside.

However, the financial crisis forced him to put on a suit, get in a car and find his way back to Moscow. Today, when not milling his own flour or hatching his turkeys and chickens, he occupies the Russian capital's newest skyscraper in the trendy Moscow City district. He rented "B" Tower's entire 26th floor and injected \$50 million into the new business.

Sterligov is an economic mastermind who's helping Russians overcome their country's lack of financial liquidity. His barter business model has been applied across Russia, particularly in Moscow. It may be the main reason why today, despite economic turmoil, Moscow's roads get paved and its skyscrapers continue to rise.

Sterligov's business model may appear confusing, but it's basically simple. If a provider of goods or services cannot find a client with money, they can offer their product in exchange for other goods or services. But since straight-up exchanges are the exception rather than the rule, additional participants have to join the circle of exchanges in order to satisfy everyone's needs. Sterligov uses an advanced computer system to match product with consumer.

Often the series of exchanges begins with a debt. When Sterligov described the process to the *Moscow Times*, he used a steel company's debt of 1 billion rubles to a coal company as an example. The steel company might not have the money to pay its coal bill, but it will soon be able to put 1 billion rubles' worth of steel

into the exchange. The coal company can provide a list of goods or services it will accept to fulfill the steel company's 1 billion ruble debt. Eventually another company—or a whole chain of companies—will bridge the gap, taking the steel and either providing products or services directly to the coal company, or bartering them to the coal company's eventual benefit. When all is said and done, every player has made a fair exchange, and Sterligov's business has taken 1 percent of each transaction's value.

Russia's barter tradition comes not only from medieval history but also from the Soviet Union's latter days and the early 1990s, when workers wouldn't get salaries for months or years at a time and had to become creative to feed themselves and their loved ones. Factories paid workers with products, and babushkas from toy factories could be found at train stations exchanging stuffed animals for stuffed cabbage.

Modern Russians have witnessed several financial defaults and were prepared for another crisis. Every Russian family lost its savings in 1991 during the Soviet Union's implosion. In 1998 the banking crisis swallowed the savings that Russians had accumulated after the painful rebound of the mid-1990s.

As for the current economic conditions, common people in Russia joke that those who weren't wealthy didn't lose anything, those who accumulated billions during shady privatizations endured a fair adjustment of their fortunes, and no one became homeless or starved. This black humor comes naturally to Russians. Of course, the same could also be said about their



longstanding tradition of barter. And like their humor, it has helped them survive centuries of hardships.

Moscow native YURI MAMCHUR is President of the MBA Class of 2011. He founded and edits Russia Blog, directs the Discovery Institute's Real Russia Project, and serves as the Executive Director of the World Russia Forum.

© 2009 by National Review Online, Inc., 215 Lexington Avenue, New York, NY 10016. Reprinted by permission.

HUMAN CAPITAL Poaching allowed?

The ethics of lateral hiring

IT IS GENERALLY ACCEPTED AMONG business leaders that "poaching" or hiring a competitor's employees violates an unwritten rule of business and



Tim Gardner

may be unethical. A new research paper concludes that as long as their actions are not deceptive or illegal, companies that intentionally identify, contact and offer employment to a rival firm's employees are within the bounds of ethical behavior.

In "The Ethics of Lateral Hiring," which was published in the latest *Business Ethics Quarterly*, Associate Professor of Management Tim Gardner suggests that the practice of poaching other companies' employees should be an accepted or even encouraged form of business competition.

Companies that declare an ethical breach following the loss of an employee to a rival are claiming ownership of employees in a way that harkens back to feudalism and indentured servitude, says Gardner, who co-authored the paper with Jason Stansbury of Calvin College and David Hart of Brigham Young University.

"When my colleagues and I started this project," Gardner says, "the first questions we tried to address were: Where did employers get the idea they owned their employees' energies, efforts and human capital? And why does that line of thinking continue today?"

Based on a review of historical and contemporary accounts of employment relationships, the authors concluded that modern employers don't generally believe they "own" their employees. But by suggesting, even subtly, that lateral hiring is unethical, employers are misusing ethics to try to prevent rivals from using a common, fair and competitive business practice, the study says.

Instead, responsibility for entertaining or rejecting an outside offer rests with the employee in question, the authors suggest. Only employees can determine whether, for example, a current employer provides a collaborative



environment or whether they have reaped the benefits of educational and training opportunities and owe their current employers more time.

"Another tactic is the so-called 'gentleman's agreement' among firms that discourage lateral hiring. That is not much different from gas stations on the same street corner agreeing to keep the price of gas high," Gardner says. Informal agreements not to hire each others' employees benefit the colluding

employers to the detriment of the employees. Since the employees are not party to these agreements yet are affected by them, the practice is clearly unethical, the authors say.

Gardner and his colleagues point out such agreements might also be illegal. In June 2009 the U.S. Department of Justice opened an investigation of Google, Yahoo!, Apple, Genentech and others for allegedly agreeing not to target and recruit each other's employees. **VB**



DIVERSE OFFERING

David Ingram, MBA '89, takes his business in new directions

By JENNIFER JOHNSTON
Photography by JOHN RUSSELL

During lean economic times, many business owners look for a lifeboat. In the case of David Ingram, Chairman and President of Ingram Entertainment Inc. (IEI), his came in the form of beer. Or beer distribution, that is. When IEI—a Nashville-based business that distributes DVDs, video games and other home entertainment products—was faced with a challenging marketplace several years ago, he decided to start an entirely new company: DBI Beverage Inc., which now operates beer distributorships in eight different California markets.

In becoming Chairman of DBI, David wasn't looking to jump ship and abandon the home entertainment business. Instead, he was looking for a way to stay in it. With his feet planted firmly in both companies, he has leveraged each one's individual strengths to help the other succeed. This willingness to diversify and evolve has enabled David to steer through difficult waters and find new revenue streams that have done more than just keep his ship afloat. Today IEI remains the nation's leading distributor of home entertainment products, and DBI is one of the fastest growing companies in beverage distribution.

The story, however, doesn't end there. If the ability to diversify and evolve is important in business, David believes it's equally so for a business school, particularly one as young and as small as Owen. Since 2006 he has served as Chair of Owen's Board of Visitors, which assists Dean Jim Bradford in determining the strategic direction of the school. In this role David has been a force in encouraging Owen to chart a new, exciting course—much as he has done in business.

Family Ties

It's little wonder that Owen is an important part of David's life. Yes, the school has played a key role in his success, but his devotion to Vanderbilt was fostered by his parents long before he ever earned an MBA.

His father, E. Bronson Ingram, former Chairman of the Vanderbilt Board of Trust, built a hugely successful barge company before branching out into lucrative areas of distribution, including books and microcomputers. At his death in 1995, Bronson left a tremendous legacy of giving to the university that continues under the stewardship of his wife, Martha Rivers Ingram, who now holds his former position on the board. David and his three siblings—brothers Orrin, BA'82, and John, MBA'86, and sister, Robin Ingram Patton—have followed in their parents' footsteps by sup-

porting Vanderbilt in a variety of ways.

In addition to their devotion to family and civic life, the Ingrams instilled in their children a tradition of responsibility and a strong work ethic. As the youngest of three boys, David was well aware of the demanding hours his father kept while running the family business. "My father had a free pass from my mother to play golf on the weekends," he says. "So I learned that if I wanted to see my dad, I needed to play golf."

One thing I definitely gleaned from my dad is that in any business, if you're not growing, you're dying. —David Ingram

David's passion for golf continues and is reflected in his office decor. With characteristic modesty he notes, "I liked golf, and I had some ability." That ability garnered him a spot on the men's golf team at Duke University, where he earned his undergraduate degree in 1985. He met his future wife, Sarah, when she visited the school as a prospect for the women's golf team.

"I like to tell people she chose Duke because she met me," he says with a grin.

After graduation he worked on a \$200 million capital campaign in the development office at Duke for a couple of years, partly to be near Sarah while she finished her degree. He played in amateur golf tournaments before he says he realized, "I wasn't the next Greg Norman or Jack Nicklaus."

Bronson suggested business school, and David, who found that he missed the quality of life in Nashville, chose Vanderbilt. Sarah was finishing up her undergraduate degree, and he knew they'd both be too busy to spend much time together anyway if he chose to stay at Duke for business school.

At Owen, David demonstrated the personal qualities that became hallmarks of his success in the business world. Classmate Justine Brody, MBA'89, was in his study group and part of a student team that conducted a marketing research pro-

ject for Ingram Book Co., assessing the market for booksellers to sell prerecorded videocassettes.

"David was not only reliable and considerate to work with, but he added the needed humor and perspective to make it through long and sometimes not-so-agreeable group meetings," remembers Brody, Director of Retail Marketing at Sony Pictures Home Entertainment.

"David had the insight to utilize the core strength of the book company to

break into a new industry, build a new business and become the dominant force in the industry," she says. "Today, as video struggles with new distribution platforms, David is again facing the change head-on and breaking into a new distribution business—beer. He's always looking for the next opportunity to future-proof his company."

Or, as David himself says, "One thing I definitely gleaned from my dad is that in any business, if you're not growing, you're dying." His business acumen often is compared with his father's, but David sees himself as a more collaborative leader.

"He was a demanding guy, a perfectionist, yet fair," he says of his father, who'd taken over the family business from Orrin Henry "Hank" Ingram, a member of the Vanderbilt Board of Trust from 1952 until his death in 1963.

Another classmate, Fleet Abston, MBA'89, Chief Financial Officer of Old Waverly Investments in Memphis, Tenn., watched David use the skills he'd learned from his father and take them to the next level. "David is very serious and good at what he does, but at the same time, he values relationships," Abston says. "He's got a far different way of motivating people than his dad. He's different in ways that complement his abilities. He's taken his dad's talents and added to them."

David is quick to say that his success is

largely due to luck and accident of birth. "Everything was given to me," he says. It was understood that he would go into the family business just as Bronson had. David and his siblings grew up working for their father during the summers.

"Dad wanted us to have an understanding of what it was like to work in a warehouse or work on a towboat, if nothing else so we could relate to people in those situations," he says.

Upon graduating from Owen in 1989, he married Sarah and announced that he didn't want to work for the family business anymore. "My father and I had an interesting discussion. It got pretty tense, but I now understand why it meant so much to him," he says. "So I came into the family business under duress."

David took a job as an assistant to the company treasurer, Tom Lunn, because Bronson wanted him to understand the banking side of the business. After they had

worked together for some time, Lunn offered David some blunt advice on a long business flight. "He said, 'David, what do you want to do with your life? I don't see you getting to the top of this company through the finance area.'"

David appreciated the straight talk and Lunn's suggestion that he would blossom in one of the operating companies.

"I had one brother in microcomputer distribution and another in the barge business, so I picked the video side, really because I thought it was the most likely one to go out of business soonest due to changing technology. When it did, that would free me to be on my own," David recalls. He announced his intentions to his father and started in sales at Ingram Entertainment in 1991.

The next year Bronson cut a deal to buy a large video distributorship, Commtron, located in Des Moines, Iowa. Though it may have made more sense to locate the

newly combined company there in Iowa, Bronson moved the headquarters to Middle Tennessee, near Ingram Book Group in La Vergne. He wanted to avoid traveling for board meetings, David says.

Still new to the video distribution business, David began by concentrating on building grocery and drugstore sales. "Sell-through was a new phenomenon then," he says. In 1994 a shake-up at the top of the company led to David's taking over the helm of Ingram Entertainment quite a bit sooner than expected.

He began by integrating the newly merged company more fully, identifying the best employees from both companies. "It's very interesting from a culture standpoint when the small fish eats the big fish," he says.

Just four months after David became President of IEI,

his father was diagnosed with cancer and was severely weakened by the treatment. It was a difficult period for the family. Toward the end, the once powerful man was unable to speak. Still, Bronson appeared at board meetings "even when his hair was falling out on his suit," David remembers. He is proud that his father got to see him run one of the family companies before he died in 1995.

With Martha Ingram succeeding her husband as Chair and CEO of Ingram Industries, the family had some decisions to make: At \$11 billion, it was one of the largest privately held companies in the United States. First, they decided to take Ingram Micro public, as it was the fastest growing company in the group. The world's largest wholesale distributor of technology products and services, Micro had sales that exceeded \$35 billion in 2007 and currently has a market cap of \$2.9 billion.

Soon after Micro went public, David, at 33, spun off Ingram Entertainment from Ingram Industries. He kept a stake in Ingram Micro. "I finally had a chance to become my own boss and do my own thing," he says.

On His Own

Immediately after striking out on his own, David's video business got "a nice shot in the arm," he says, with the advent of the DVD format. "IEI was actually the original distributor that launched the DVD format for the studios in seven test markets," he notes. The DVD format gave Hollywood the chance to resell consumers their favorite movies in a superior format. He hopes some of that momentum will continue with Blu-ray technology today.

While file sharing and piracy have hurt the video business, the impact has not been nearly as great as in the music business because video file sizes are so much larger. "What's affected us more is the growth of Wal-Mart and other retailers that deal with studios directly," David says. Consolidation has decreased competition from video wholesalers as well. "When I started in this

JOHN RUSSELL



DVD sales in supermarkets and drugstores account for much of Ingram Entertainment's distribution business.

business in 1991, 70 percent of sales went through the wholesale distribution channel. Now it's less than 10 percent," he says.

The beer distribution business is different, David says, because a retailer, in general, must go through a wholesale distributor to buy alcohol. "So if you're a Wal-Mart in Northern California, you most likely have to buy Coors Light from us," he explains. "Picking beer distribution was the culmination of a concerted effort to look for an industry that would likely undergo consolidation and play to the strengths of our management team."

IEI already had a large distribution center in Memphis when David came across Crown Distributing Co., which was losing more than \$1 million a year but had the Coors and Pabst distributing rights for the area.

Even though a competing Budweiser distributorship had 65 percent of the market share in Memphis, Crown was a way to "get a foot in the door to meet suppliers and show them what we could do with a troubled company," he says. Lessons learned along the way made David ready when the opportunity arose to buy another beer distributorship in the San Francisco area, where IEI already had a distribution presence.

"We suddenly went from losing money in Memphis to a great distributorship in San Francisco with people we could learn from and with all the supplier relationships we didn't have," David says. The company began to expand into other areas of California—Chico, Napa, Sacramento, Stockton, San Jose, Truckee and Ukiah—and the Memphis distributorship eventually was sold.

Consolidation in the beer industry has occurred faster than expected, beginning when Miller and Coors formed a U.S. joint venture in 2007 and Anheuser-Busch teamed with a Belgian company a year later. (See sidebar on opposite page.) In early 2010 Heineken sealed a \$5.4 billion deal to buy the beer unit of FEMSA in Mexico, giving the Dutch brewer a huge presence in Latin America.

The beer business is about market share, David says. It's important for distributors to get their beers on tap handles in bars, for example, because "bar behavior translates into what happens in stores," he explains. In stores, what matters the most is having prominent displays and taking up more space in the refrigerated aisles than the competition.

DBI Beverage distributes products from leading beverage suppliers, including MillerCoors, Heineken USA (FEMSA), Crown Imports LLC (Corona), New Belgium Brewing Co., Sierra Nevada Brewing

...I picked the video side, really because I thought it was the most likely one to go out of business soonest due to changing technology. When it did, that would free me to be on my own.—David Ingram



Co., Diageo-Guinness, Pabst Brewing Co., Pyramid Brewing Co., Boston Beer Co., Anchor Brewing Co., Sapporo USA, Mendocino Brewing Co., Deschutes Brewery, Red Bull, AriZona Beverage Co., and Crystal Geyser.

David often tells people that he got into beverage distribution because "you can't digitize beer," but tough economic times do change beer drinkers' habits as they tend to move toward cheaper brands. DBI's diverse selection has helped solve this problem. While some of the cheaper brands that DBI distributes are admittedly less profitable, the company also offers an array of popular craft beers, which, David says, have good margins and sell surprisingly well in these recessionary times.

As for IEI, its business has historically been countercyclical, with people preferring to rent or buy movies and stay home rather than go out to the more expensive

movie theaters in a recession. However, new pressures that leave out the wholesale distributor have made the industry much riskier.

"Whether it's video or beer, there's a distinct advantage to becoming larger and spreading your fixed costs over more sales. That was a big reason why we got into beer. We wanted to continue to grow and spread our costs between these two companies," David says.

This arrangement allows DBI to buy services from IEI and share personnel, such as treasury, accounting and human

resources staff—in essence making both companies better equipped to face future challenges. Many of the executives echo Justine Brody's comment about David's quest to "future-proof" the business, not only for his many loyal employees but also for his two sons, Henry, 14, and Bronson, 12.

"David is building a business that he can leave for his children if they want it," says Bob Webb, Executive Vice President of Purchasing and Operations at IEI. Bob Geistman, IEI's Senior Vice President of Sales and Marketing, adds, "I've been at Ingram for 24 years, more than 17 with David. He has followed his father's philosophies well: Take care of your associates, and they'll take care of your business."

David's approach to business has made others outside of his organization take notice as well. In working with DBI Beverage, Pete Coors, Chairman of Molson Coors Brewing Co. and MillerCoors, has become well-acquainted with him. "David is a very astute businessman," he says. "He's a creative and innovative thinker who is always in search of new ways to improve and grow his business. He's the type of distributor who understands the importance of execution in the

Continued on page 52

HALF-EMPTY OR HALF-FULL?

Pete Coors discusses the risks and rewards of a consolidating beverage industry

By JENNIFER JOHNSTON

Vanderbilt Business caught up with Pete Coors, Chairman of Molson Coors Brewing Co. and MillerCoors, after he gave a talk last fall at the Owen School about the risks and rewards of a consolidating beverage industry. Coors has a personal connection to Vanderbilt: His daughter Christi is married to Owen alumnus Dave Ficeli, MBA'99, who is profiled on page 48.

Q: Can you give us the 10,000-foot view of the beverage industry?

A: Nothing stands still. The MillerCoors joint venture and the purchase of Anheuser-Busch by InBev (to create AB InBev, headquartered in Belgium) are testimony to the rapid changes that have occurred in the industry. The economy is taking its toll as beer industry volumes are projected to be down 2 percent. With few exceptions, imports are down significantly, while craft beers continue to see solid growth (which seems an anomaly in the difficult economy).

Q: What factors drive the industry? What is unique to beverage distribution in particular?

A: The starting point is a consistent product that consumers like and want. Consumers won't drink lousy beer or beer they perceive as not being consistently up to their expectations. Advertising attracts consumers of other brands to your brands and reinforces that purchase decision. Then, there is no substitute for execution at retail. Beer is a people business, a relationship business. Suppliers are rewarded

by outstanding execution with their customers.

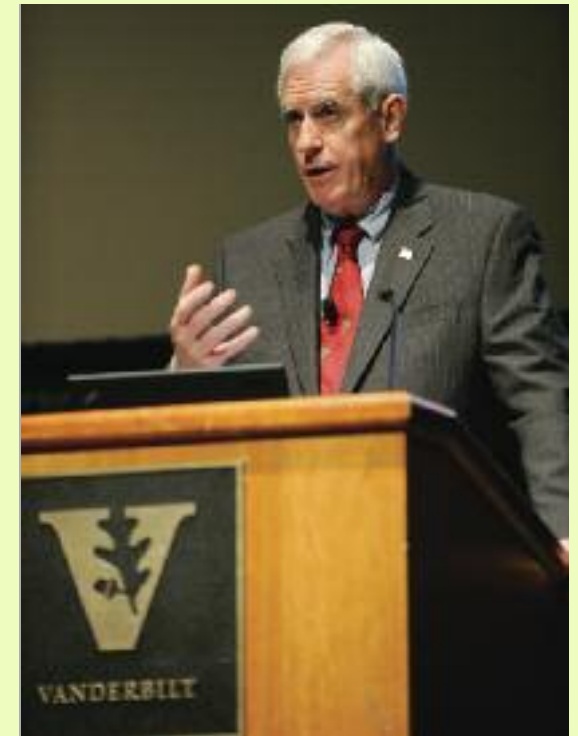
Beer on the shelf doesn't just happen without great execution.

Q: Is a downturn good or bad for the beverage industry, and what are the long-term economic impacts? Looking to the future, what (that you can discuss) is on the horizon in terms of possible new directions?

A: Economic downturns are not good for anybody. The beverage sector may be more resilient than other areas of the economy; however brewers, wholesalers and retailers are all impacted negatively during a downturn. Everyone is hopeful that growth will return eventually, but no one knows when. Maintaining fiscal responsibility while weathering the storm is critical.

Q: What are the challenges to the industry in general? How are they different given the recent economic climate?

A: The challenges don't change with the economy. Yes, there are certain costs that can be cut, and the search for increased productivity occurs at all levels of the distribution chain. However, the fundamentals of high impact execution must be maintained. Also, there is a drive for innovation that is increasingly important to provide consumers new reasons to select your brands.



Pete Coors

Q: David Ingram made the comment that "you can't digitize beer." Will the beverage industry be protected for that reason from innovation that might make other industries obsolete?

A: New innovations are occurring in the industry all the time. Product innovations are happening all the time. Beer is a perishable product, and there is a constant effort to improve the brewing process to improve the taste attributes of the beer. However, David is right: Brewers still depend on natural brewing processes to produce beer. Innovations in packaging and distribution and marketing, which can benefit from the digital revolution, are being studied constantly.

Passport to Africa

Dan Proctor, MBA'83, seeks a new challenge in Uganda

By SETH ROBERTSON

PICTURE THIS: A MAN, WEARING AVIATOR SUNGLASSES and a pilot headset, is behind the controls of a single-engine prop plane flying just below the clouds in the East African country of Uganda. Only an occasional muddy river or dirt road punctuates the thickly wooded countryside unfurling beneath him. And in the passenger seat next to him are duffel bags full of money—thousands of dollars in Ugandan currency that an untold number of bandits would like to get their hands on.

While this may read like a scene out of a Hollywood script, the circumstances were, in fact, very real. The man in the cockpit was Dan Proctor, MBA'83, who was making a cash run for an air charter business he is in discussions with in Uganda. The money he was transporting was payroll for employees at isolated tea farms scattered throughout the country.

Despite the potential dangers involved with such a business, Proctor has embraced the adventure of it. He may not be a thrill seeker in the conventional sense, but he is an entrepreneur. And some might argue that takes just as much courage as any movie hero can muster—especially in the wilds of Africa.

Technological Breakthrough

As a student at the Owen School in the early '80s, Proctor probably wouldn't have been mistaken for the person described above; at the time he was nei-



Proctor earned his pilot's license last year in anticipation of starting an air charter business in Uganda.

ther a pilot nor a seasoned traveler to Africa. Yet one trait had already taken root in his life: He had come to Vanderbilt with a taste for entrepreneurship.

When the first generation of microcomputers hit the market in the 1970s, Proctor became fascinated with their potential. He studied software engineering in college and soon found an opportunity to apply his newfound skills at his father's medical practice. Like many physicians, his father struggled to keep up with the process of billing patients. To Proctor, software seemed like a natural solution.

"I wrote software to do the billing

and then started selling it to other doctors," he says. "Eventually I got interested in the communications side of health care and started handling claims over the phone. That's when I got the itch to do a startup."

But before taking that next step, Proctor decided to enroll at Owen and round out his education with an MBA. He admits having some ambivalence about the decision to return to school since he was already having success writing software. The experience at Vanderbilt, however, proved invaluable.

"Owen gave me the tools to look at problems differently," he says. "The

school took me beyond my perspective as an engineer and made me think about building sustainable business models. In other words, I learned to consider not only what people need, but also what they're willing to pay for."

Armed with that knowledge, Proctor continued selling his billing software to health care providers over the next few years, all the while looking for the next big opportunity. In the mid-'90s that opportunity came with the advent of the Internet. It was the technological breakthrough he'd been waiting for.

"The Internet removed all of the communication barriers in health care that I dealt with. Everybody could use the same medium. Now it's taken for granted, but that was a big concept at the time," he says.

Proctor leaned on his Vanderbilt degree to raise the funding for the startup he envisioned. Not only did Owen's alumni network prove useful, but the reputation of the school itself opened doors that might have been closed otherwise. "Having the credibility of having been at Owen was very helpful to me in terms of approaching venture capitalists and angel investors," he says. "They knew I'd been through a rigorous program, and that gave them confidence."

With the backing of investors, Proctor founded Passport Health Communications Inc., a health care information technology and services company, in Franklin, Tenn., in 1996. The company, which originally built websites for health care providers, eventually found its niche selling administrative, clinical and financial tools to help those providers determine eligibility and get paid faster. As Chief Technology Officer, Proctor oversaw remarkable growth in the number of transactions Passport processed annually: from 92 in 1997 to approximately 130 million a decade later.

With this growth came interest from potential buyers. In 2008 Proctor and his partners agreed to sell Passport to a private equity firm for a nice sum. While many in his shoes would have taken the opportunity to retire to a quieter, more comfortable life, Proctor had no desire to slow down. And yet he didn't want to continue working within the familiar confines of the health care industry either. He had bigger plans afoot—a second, altogether different career on the other side of the world.

Taking Flight

Africa has had a hold on Proctor ever since he first visited the continent in 1998. That initial trip was to Kenya, a place where his father had done missionary work. Uganda didn't enter the picture until a few years later, when Proctor's brother, a missionary himself, settled there. After traveling to visit him, Proctor was hooked.

"Uganda has a lot going for it. It's a beautiful country," he says. "And it's fertile. It's probably one of the most fertile countries in the world."

While Proctor is talking about the land itself, he could just as easily be describing its people. He says a general spirit of entrepreneurship pervades the country. "The people are very resourceful there," he explains. "Entrepreneurs identify unmet needs and then find a product or service to fill them. And if you look at Uganda, there are plenty of unmet needs."

Many of those needs stem from the political turmoil that has afflicted the country in recent decades. Mention Uganda to most Americans, and the first thing that comes to mind is Idi Amin and his ruthless dictatorship of the 1970s. Yet,



as Proctor points out, the country has rebuilt considerably since then, and the government is on much more stable footing now. Under current President Yoweri Museveni, there has been an effort to restore the rights that Amin revoked. Uganda is, in many ways, one of the true success stories of Africa.

Proctor is hard pressed to say anything negative about the country that he and his wife, Dee Anne, someday plan to call home for six months out of the year. Yes, he admits, there's corruption in Uganda. And yes, there's risk, too. However, he says, "When you get into areas where there's some risk, that's usually where the opportunities are."

In fact the main thing that gave Proctor pause about moving to Uganda is the same thing that gave him a reason to stay: the poor roadway system. Most of the roads are unpaved, he says, and some are treacherous—not only because of the

Continued on page 52

Golden OPPORTUNITIES

Alumni who've found their calling at Vanderbilt

By PAMELA COYLE

As much as the Owen School is known for preparing its graduates for business careers around the globe, it may come as a surprise just how many of them work within walking distance of Management Hall. Vanderbilt University employs about 100 Owen alumni in various capacities—from finance to hospital administration to development and alumni relations—and their efforts have helped cement the university's reputation not only as a leading academic institution, but as a highly regarded employer, too. In 2009 Vanderbilt earned a top 20 ranking among national universities from *U.S. News & World Report* and became the first university ever to be named among the *Fortune* 100 Best Companies to Work For. The Owen alumni who work at Vanderbilt all have their own reasons for being there, as illustrated in the profiles that follow, but a common sentiment links them together: Whether newcomers or longtime veterans, they all say their Owen education gave them a better appreciation for the university's mission and the tools to bring that mission to life.



Consuela Knox, MBA'04

CONSUELA KNOX ENTERED OWEN AFTER FOUR YEARS as an industrial engineer at a Delphi auto parts plant in Alabama. She had expected to stay within operations management and perhaps shift to another industry, but instead she remained at Owen, where she's now Senior Associate Director and Diversity Recruiting Manager of MBA Admissions. She also manages her department's hiring process.

At Delphi, Knox worked on cycle-time improvements and other efficiency measures, which gave her a glimpse into human resources since her ideas often resulted in job losses. At Owen, she took HR electives and discovered a strong passion for the field. Strategic Alignment of Human Capital was among her favorite courses, though Advanced Spreadsheets provided training she still uses almost every day.

Creative use of spreadsheets has helped Knox streamline how data on each Owen applicant is entered, imported and updated. The school receives about 1,000 applications for 180 spots each year. "When you think about an admissions process, it's an operation," she says. "You want to be able to get decisions faster."

From September to November each year, Knox spends 50 percent of her time on the road, interviewing applicants to help build the next MBA class. Diversity is defined broadly—industry, geography, ethnicity, public/private/nonprofit, etc.—to foster a culture in which students can stretch and thrive. "I like helping people, and there is a lot of fulfillment in the job," she says. "I like working for a highly regarded university. There is always something new—new people, new discoveries. There is a never-ending search for knowledge. I am privileged to be in constant interaction with smart people who challenge me to excel."



DANIEL DUBOIS

Walt Woods, MMHealthCare'09

When Walt Woods came to Nashville 30 years ago, he was the Vanderbilt University Medical Center's eighth Staff Pharmacist. At the time, the two university pharmacies existed in a single building, which also housed the hospital, clinics, and research and administration offices. Today the medical center has 90 pharmacists working in 13 pharmacies that support patient care through the hospital and regional clinic network.

Medicine has changed in those three decades, too. Woods has a unique vantage point: As Director of Ambulatory Pharmacy Operations, he works in outpatient pharmacy services, which include three retail pharmacies and drug use at all Vanderbilt clinics. Although more than half of his career at the university had been in management, Woods decided it would be worthwhile to enroll in the inaugural class of Owen's one-year Master of Management in Health Care program. He graduated this past September.

"I've learned a lot by doing but didn't have the formal training," he says. "There have been some really good mentors here, but I needed more exposure to the disciplines of business and management."

The program confirmed areas Woods knows well, identified situations where outside expertise makes sense, and gave him added confidence. He has since helped revamp how Vanderbilt University handles pharmacy benefits for its employees. "We spend more than \$150 million a year just to pay for our employees' health care," he says. "We have a huge opportunity to fulfill our mission."

His MM Health Care class of 25 students included six doctors, five nurses and folks in informatics, lab science, marketing and finance—an instant network of friends and expertise he can tap for just such a mission.

JOHN RUSSELL

Bonnie Parker, EMBA'06

A recession, with its slipping stock market and effects on university endowments, is not an easy time to be a financial voice of the Provost's Office, but Bonnie Parker tapped into her new training immediately.

"I think what I learned at Owen is not to panic when faced with seemingly overwhelming situations. With so much being thrown at you, it can be intense. You have to go with the flow and manage things," she says. "One of the things our office tries to do is stay calm and always remain focused on the long-term vision of the university."

Vanderbilt is weathering the financial storm better than many other big universities, and Parker's job is to lead by example and keep focused on the university's mission. As Financial Manager for Academic Affairs, she has fiscal oversight of Vanderbilt University Law School, Divinity School and Owen. The Executive MBA program improved Parker's ability to absorb information, quickly parse it and get to the points that matter—a crucial skill, whether in the corporate world or academia.

The Vanderbilt environment suits Parker well. She has been at the university since 2002, after almost a decade in the private sector, and is now working toward a master of liberal arts and science at Vanderbilt. "Business is all about the bottom line, but Vanderbilt is about so much more," she says. "It has balance. ... It feels more holistic, not dog-eat-dog corporate."





DANIEL DUBOIS

Betty Price, EMBA'90

If Betty Price does her job effectively, few people inside or outside Vanderbilt take notice. She says that's the way it should be. As Deputy Vice Chancellor for Finance and Controller, Price is a key strategic component in the massive enterprise that is Vanderbilt, but she and her team are backstage players. "You could say that we are some of Vanderbilt's most enthusiastic and dedicated anonymous supporters," she says.

Much transpires backstage, and a down economy only multiplies the challenges. Price is the go-to person for Vice Chancellor for Finance and Chief Financial Officer Brett Sweet; she oversees the Offices of Financial Affairs, Financial Information Systems, and Procurement and Disbursement Services. Management of Vanderbilt's \$1.2 billion debt portfolio and \$600 million working capital portfolio is part of her job, too.

When Price arrived at Vanderbilt as Associate Controller in

1986, her strength was financial reporting. Earlier, at KPMG, she was an audit manager for Vanderbilt, stationed in Kirkland Hall's then dark, moldy basement, where she recalls working "with calculators at card tables that wobbled."

The Executive MBA program gave her the bigger picture she'd been missing. "I had a narrow focus in the world of public accounting, and I knew I needed to broaden my awareness of basic leadership principles, marketing and operations," she says.

Returning to school renewed Price's appreciation of stresses students face and the importance of faculty sabbaticals. She received world-class training in strategic planning, organizational effectiveness and working toward shared goals. "There is no doubt," she says, "I became a better boss, a better leader after going through the Owen School."

IN THE NEWS

Headlines from Around the World

Corporate Antagonism Goes Public, Custom Education Bridges Gaps, Bolts from the Blue

PRESCRIPTION FOR JOB BLUES

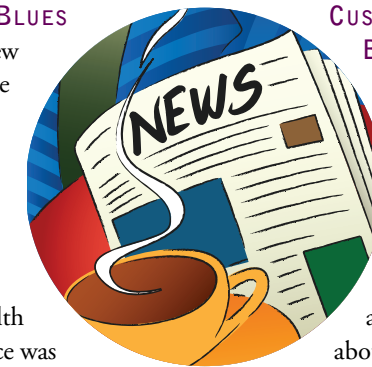
Health care is one of the few bright spots in an otherwise dismal job picture for B-school grads, and reform has the potential to make it brighter still. Part of the reason health care attracts MBAs is that it's such a mess. The impetus for health care reform in the first place was high-cost, ineffective treatments, and millions of uninsured Americans. **Jeff Freude**, a second-year student in the Health Care MBA program at the Owen School, believes an aging population requiring more care, a financially challenged Medicare system, and ever-rising costs make health care one of the greatest challenges facing the American people.

BusinessWeek, Feb. 8, 2010

CORPORATE ANTAGONISM GOES PUBLIC

Companies facing difficult negotiations are now taking the backroom debates into the public eye, using advertising and other publicity to generate pressure. "Customarily these kinds of decisions are business decisions that we can make rationally," says **David Owens**, Clinical Professor of Management. But the narrative businesses are using now "evokes an emotional response," he says. "It makes business a drama."

The New York Times, Jan. 25, 2010



CUSTOM EDUCATION BRIDGES GAPS

When Cisco Systems wanted to ramp up its health care sales, the company's account managers needed a crash course in medicine to explain and answer questions about the new products.

The company opted to train its managers through a customized education program from the Owen School. The focus on such customized programs has boosted revenue for Owen: Its custom programs earned the school 20 percent more in 2009 than in 2008. In addition to the sort of training Cisco asked for, clients are also attending the school to learn how to cope with competition or grab market share at a time when many of their competitors are facing challenges, says **Dean Jim Bradford**.

The Wall Street Journal, Jan. 21, 2010

BLEMISHES ON THE APPLICATION

BusinessWeek's "Getting In" blog reports that some mistakes and indiscretions do not necessarily ruin an applicant's chances of getting into a top business school. While the background checks business schools implement usually verify only the accuracy of what you have shared with the school, corporate recruiters might delve deeper. Do a Google search of your name and be

aware of any personal information that is on the Internet, suggests **John Roeder**, Director of MBA Admissions. It takes seconds to search someone's name online, and anyone from a business school to a potential employer might do it.

BusinessWeek, Jan. 12, 2010

DOCTORS SEEK B-SCHOOL AID

Physicians, nurses, private practice managers and hospital administrators are turning to business education for ways to analyze the slew of data now accessible to them, with the hope of improving the quality of care and lowering costs. The health care program at the **Vanderbilt Owen Graduate School of Management** is mentioned.

The Wall Street Journal, Dec. 17, 2009

BOLTS FROM THE BLUE

Social entrepreneurs have used the Internet to help artisans from remote regions earn a living wage selling their wares all over the world. **Jim Schorr**, Clinical Professor of Management, is involved with one such project, called Mekong Blue, which supports silk weavers in Cambodia. His students will help draw up a marketing plan for Mekong Blue next semester as a class project. Schorr says similar online stores like eBay's World of Good have had success appealing to consumers.

Nashville Public Radio, Dec. 14, 2009



Team Players

How a ragtag rugby club from Owen learned to play with the big boys

By RANDY HORICK

For Tom Clock, MBA'98, it all clicked as he watched his colleagues drink beer out of a football boot and sing rugby songs with soldiers. Clock and his mates from Owen's fledgling rugby team—a winless squad of variable composition—had carpoled to Fort Campbell, Ky., to take on a team from the 101st Airborne. It was a match that a surrealist might have envisioned: an outfit of future MBAs that even some of its own members described as “ragtag” versus the legendary outfit that refused to surrender Bastogne during the Battle of the Bulge. In other words, it should have been no match at all.

Although the Army team won, the B-schoolers from Vanderbilt played competitively. Afterwards they joined the victors in a universal rugby ritual of post-game beer. The 101st also introduced the Owen team to another ritual: singing songs with lyrics that all of the participants interviewed for this story declined to quote.

“It was with those [Airborne] guys that I think we crystallized our identity,” says Clock, Founder and President of the consulting firm Clockwork Inc. “Hanging out with them, we became a team.”

Only a few months before, he would not have imagined that he'd see his classmates banging heads and bodies on a rugby pitch, much less tackling the U.S. Army. But on that day in 1998, he

recalls, “All of a sudden it became more than Accounting 101 for me. I realized that these are the guys I'm going to block and tackle for. I had been calling to set up matches all over the state just to get us experience, but it wasn't until Fort Campbell that it felt bigger than the school.”

Clock wasn't alone. Over the course of that year and beyond, other participants came to regard the rugby squad as something both transcendent of and yet quintessentially Owen. And as they became surprisingly successful, in the minds of many players the team also became something else: a symbol for the little school that could not only take on the big boys of the B-school world but take them down hard.

A Team Is Born

Like Clock, John Underwood, MBA'98, had played competitive rugby before arriving at Owen. To stay in shape and connected with the game, he and Clock began practicing with Vanderbilt's undergraduate club team, which competed against other

SEC schools and teams throughout the region. Underwood, Managing Director at Goldman Sachs, says soon after that, "Tom [Clock] came up with the idea of a business-school team to compete in this really cool tournament in North Carolina."

The event was the MBA World Cup Rugby Championship, whose entire field involves graduate schools of business. The championship, held annually at Duke University, draws teams not only from across the United States but also from Europe, Canada and Australia. For Clock, the oppor-

tunity to compete in that event, against schools that at the time were better known and much larger than Owen, was irresistible.

"At the end of my first year," Clock recalls, "I invited all the guys from the business school to come out and run around. We probably had about 20 who came. That made me think we could put together a team, and the guys were favorable to the idea of competing at Duke."

Anyone who liked to run and hit was invited to join, including students from other Vanderbilt schools. No rugby experience was necessary. Size was a bonus. "They kind of shamed me into joining," remembers Brent Turner, MBA'99, Executive Vice President of Call Products for Marchex, a performance marketing firm in Seattle. "If you had any kind of athletic ability and didn't play, you were a wimp." After his first practice Turner was hooked. "I enjoyed the roughhousing nature of it," he says. "I liked the fact that rugby involves both brute force and finesse."

Fortunately there was no shortage of players who could deliver brute force. Walton Smith, MBA'99, as recalled by several of his former teammates, was a small mountain who had played on the offensive line for Brown University's football team. Sam Brown, MS'98, who played inside center, had also played college football. "He was 5-foot-10 and weighed around 230 and ran with passion," Turner says. "It was observably unpleasant for opponents to tackle him. In one game at the Duke tournament, I could hear guys on the other team saying, 'Oh no,' when he got the ball."

But whatever benefits the Old Boys may have gained from the size of some of their players were offset by the size of their squad. With a pool of barely 20 players, few substitutes were available to field the necessary 15 for a "side," especially when players were injured or fatigued. And fatigue wasn't hard to come by. "You do the equivalent of a squat and then run for 15 meters, and then you do it again and again for 40 minutes," Turner says.

Under Clock's direction, the fledgling team practiced on Tuesday and Thursday evenings on fields across the street from Vanderbilt's Student Recreation Center, and then played games on Saturdays. It was a significant commitment of 5–10 hours a week on top of the players' academic work.

But for the new converts to the game, the effort was worth it, both as outlet and opportunity. "When you were stressed out from school and then got slammed to the ground 40 or 50 times, the stress didn't matter so much after that," Turner says.

DANIEL DUBOIS



Tom Barr (left), Brent Turner and John Underwood reminisce about the Old Boys' exploits.

WHERE ARE THEY NOW?



- 1 Scott Smith, BE'92, MBA'98, Operations Manager, International Paper
- 2 Michael Butler, MBA'98, Director of Supply Chain, Hewlett-Packard
- 3 Mike Vermillion, BS'95, MBA'99, Finance Director, Victoria's Secret
- 4 William deButts, MBA'98, Managing Director, Convergent Wealth Advisors
- 5 Dave Horst, MBA'98, Director of Finance, American Express
- 6 John Underwood, MBA'98, Managing Director, Goldman Sachs
- 7 Brian Heil, MBA'98, President, SR Wood Inc.
- 8 Rob Weddle, MBA'99, Vice President, The Cleaning Authority
- 9 David Frame, BA'93, MBA'98, Vice President of Finance, Allconnect
- 10 Eben Ostergaard, MBA'98, Entrepreneur, Ebenflow.com
- 11 Matthew Harper, MBA'98, Partner, Childress Klein Properties
- 12 Brent Turner, MBA'99, Executive Vice President of Call Products, Marchex
- 13 Walton Smith, MBA'99, Project Manager, Advanced Performance Consulting Group
- 14 Stephen Years, MBA'99, Market Development Manager, Sun Microsystems
- 15 Tom Clock, MBA'98, Founder and President, Clockwork Inc.
- 16 Alex Lunsford, MBA'98, Executive, SAS Institute

rugby

We need your help identifying the other members of the team. If you have more information, email us at owenmagazine@vanderbilt.edu

Continued on page 42

Tom Barr, MBA'98, Vice President of Global Coffee at Starbucks Coffee Co., had never played rugby before trying out for the team. For him the experience was about relationships. "At the time it was our only sports team at Owen, and it brought together people from different friend groups," he says.

The diversity, camaraderie and commitment of the players helped make a fan of Martin Geisel, Dean of the Owen School at the time. Geisel, who had come to Vanderbilt in 1987, was both a mentor and a friend to the students. For him, says his wife, Kathy, students were the most important part of the school.

"Marty was one of the guys," says Peter Veruki, Owen's Director of Corporate Relations. "He'd drink beer with students, take them to the old Bluegrass Inn or SATCO. He was accessible, and there was nothing pompous about him." Geisel also cherished the diversity of the Owen community and readily supported new student initiatives, such as the Global Food Festival, which began during his tenure.

But at first, Clock remembers, "Dean Geisel wasn't totally on board with the idea" of a rugby club—the first sports team at Owen that competed beyond the campus intramural leagues. At Clock's request, Geisel came down to the pitch one Saturday and watched a game. Underwood recalls that the dean looked proud when he saw the team sporting Vanderbilt colors, with jerseys that read "Owen Old Boys Rugby Club."

When he realized the commitment that the students had made, financing the club's gear and travels themselves, Geisel became not only a supporter but a champion. The team made him their honorary coach and gave him a

silver whistle. Geisel enlisted local businesses to provide modest financial backing and found money to help pay for the trip to Duke.

What meant even more than monetary support, though, was his physical presence, remembers Mike Vermilion, BS'95, MBA'99, Finance Director at Victoria's Secret. Though a weakened heart kept him from working a full schedule in 1998, Geisel, who had played football at Case Western University, was more than an occasional attendee at the club's Saturday matches. Veruki remembers standing alongside him, cheering on the team, whistle around his neck, on one cold, nasty day. "I'd like to think that if Marty had been 10 years younger and in good health, he'd have been out there with them," he says.

Initially for most of the players, the games were learning experiences as much as competitions. "Tom [Clock] and John [Underwood] would coach us while we were playing: 'Run and do

I'd like to think that if Marty [Geisel] had been 10 years younger and in good health, he'd have been out there with them. —Peter Veruki

this. Get in the scrum,'" Barr explains. "We had a lot of spunk and energy that allowed us to overcome the deficiencies in experience."

Still, wins remained only an aspiration as the Old Boys took on teams from across the region, like the 101st Airborne, in preparation for the big MBA tournament at Duke. "In most games we were reasonably well-matched, and in a few we did a lot better than we thought we would," Turner says. Then there were games that all the players still remember, like the 76–0 thrashing they received at the hands of Nashville's semipro club team.

"You'd wake up the next morning, and your whole body would be stiff as a board," Barr says. "I was 29 or 30. After games I'd start thinking, 'This is why rugby is a young man's sport.'"

The Tournament

The Old Boys almost weren't allowed to compete in the Duke tournament, which was limited to 24 teams. "We had to convince them we were for real," Clock recalls, and the organizers weren't easily convinced. Renting a couple of vans and rooms in a seedy hotel, the 18 players from Owen arrived on Duke's campus "looking like the Bad News Bears," Barr says.

The night before the competition began, there was a huge banquet for all the players. "Some of the teams wore crazy, coordinated costumes, especially the ones from Europe, and they sang rowdy songs," Vermilion says.

Playing one game on a Saturday was rugged enough. The Duke tournament's first-day format involved three games. For a team with only three substitutes, it was a formula for disaster.

Before the 8 a.m. match against Cornell, Benji Ribault, an MBA exchange student from France who played one of the forward positions, led the team

down to the pitch. "He got us going on a kind of ritual dance, elbowing and bumping each other, sort of like a mosh pit," Clock remembers. "The players from Cornell were looking at us like, 'Who are these guys?'"

The Old Boys surprised the Ivy Leaguers. "We devastated them," Clock says. "Blew them away."

Perhaps because Owen had been relegated to a small field at the tournament's periphery, their next opponents, from Wharton, hadn't noticed how well the upstarts from Nashville had performed. With more than 35 men available, Wharton opted to rest their first-line players, presuming they would not be needed against Vanderbilt. They repented of their choice in the second half, but it didn't matter. The Old Boys won again.

The Haitians have a proverb: "Beyond the mountains, more mountains." For Owen, beyond Cornell and Wharton came Harvard at 4 p.m. By then the Old Boys had been promoted to the equivalent of center court at Wimbledon, a field of beautiful Bermuda grass that was Duke's best. Vanderbilt had suddenly become the buzz of the tournament.

Clock recalls that Harvard had "about 60 guys—three full sides and a set of backups," compared to Vanderbilt's 18. Harvard won.

"I really think we could have beaten Harvard were we not so beaten up," Underwood says. "We had some guys who couldn't even play."

The Old Boys' run came to an end the next day against the London Business School. At least that's how Turner remembers it. Clock believes the loss came against a different opponent. No written records are available, and no one remembers for sure. Even after just 10 years, the details become blurred.

Enduring Memories

Perhaps the most enduring record is a photo of the Old Boys that sits in a spare bedroom that Kathy Geisel uses as an office. Of all the items that decorate the suburban Dallas room, mostly related to hunting and to Nashville, the photo was Marty Geisel's favorite. It was a gift from the team, and they all signed it. The photo occupied a prominent spot in Geisel's office at Owen until the day he died. The whistle hangs by itself in a closet. "Every time I open the door, I see it," Kathy says.

Clock has a few old pictures, too, from the Old Boys days. But mostly what the players have carried with them are memories. Vermilion remembers a game trip to Memphis, Tenn., when they camped out in a cotton field near the Mississippi River. Barr vividly

recalls a nose-breaking, blood-gushing hit that William deButts, MBA'98, laid on a Wharton player. Clock remembers Mike Butler, MBA'98, who played wing. "Soaking wet he probably weighed 135 pounds," Clock says. "Against Harvard he went up against this guy who easily weighed 100 pounds more, but he fearlessly locked heads, wrapped his arms around the guy and took him down."

Most of the founding players graduated after that first season, in the spring of 1998. Owen fielded a team for three more years. As an alumnus, Clock continued to play—once flying back from a consulting assignment in Jakarta, Indonesia, so he could join the team

[T]he most important thing for those of us who played on that side is that we developed a friendship that went beyond the walls of Owen. Those are guys I still keep in touch with.

—Tom Clock



for the Duke tournament. By the 1999 tournament, the Old Boys had lost their champion. Geisel died of a massive coronary

in February of that year, after conducting a town hall meeting at Owen. He took questions while seated because he didn't have the strength to stand for the duration. "He looked terrible," Veruki recalls. "Brent Turner asked him, 'Marty, how are you? We're worried about you.' Marty's response was, 'Not good. But this is my job, and I'm here for Owen.' I'll always remember that." Veruki doesn't have to add that Geisel's persevering attitude was just what you'd expect from a rugby coach.

In a number of ways the rugby experience has stayed with the Old Boys. To a man, they remember the camaraderie and the euphoria of accomplishing together something improbable. And

as they progressed from Owen to an array of distinguished careers, the lessons they learned helped shape their outlooks on life.

Barr has never forgotten losing games to local club teams whose players were older and slower than the 20-somethings from business school. "Their experience and knowledge made them formidable opponents," he says. "Nothing is better than pure experience."

Clock, who spent five years with Accenture and another five in health care before starting his own consulting business in 2008, says the rugby experience was formative. Getting 20 diverse, mostly inexperienced guys into a com-

mitted team, organizing practices, scheduling games and handling logistics was "a leadership experience no one can teach you," he says. "But the most important thing for those of us who played on that side is that we developed a friendship that went beyond the walls of Owen. Those are guys I still keep in touch with. I don't think you can replace that."

Underwood, who has spent the last 11 years at the Goldman Sachs office in San Francisco, was in the top of his class at the firm. When he showed up for his first day of work, he says, "almost everyone else was from a top-ranked B-school. It was a little intimidating, but soon I realized I could compete with these guys."

It was a lesson he'd already learned, in a different context, on a rugby pitch. **VB**

“CLASST”

THE RIGHT PLACE *Connie Ritter, MBA'80* | BOLD VENTURES *Kathy Harris, MBA'85* | ABSORBING EXPERIENCE *Mike Janes, MBA'94* | LABEL CONSCIOUS *Dave Ficeli, MBA'99*

THE RIGHT PLACE

'80

WHEN CONNIE RITTER, MBA'80, was trying to decide which job offer to accept in

anticipation of her graduation from Owen, she got some career advice that she has never forgotten. In her typical analytical fashion, she had created a matrix with factors that she thought should enter into her consideration, but Professor of Management Germain Böer told her to throw it away.

“He said, ‘When you find the right company, you’ll know it in the pit of your stomach,’” she recalls. “And you know what? He was absolutely correct. I got an offer to talk with Exxon soon after that, and I knew then that it was the right place for me.”

The right place indeed. Almost 30 years later Ritter is still happily employed at ExxonMobil. Over that time she has held a variety of financial management positions within the company, including stints with the chemical and oil and gas operations in Houston and a copper mining venture in Chile. “I know it seems old-fashioned to young people today, but one of my goals coming out of school was to be able to do a lot of different things under one corporate umbrella,



Connie Ritter

and Exxon-Mobil has given me that opportunity,” she says.

Since 2006 Ritter has served in a senior leadership role as the Global Planning and Development Manager for the Controller’s Department in Dallas. In this role she is responsible for both personnel development and strategic planning. The two sides of the job have allowed her to exercise different skill sets: a hands-on, operational approach for personnel development and a more thoughtful, big-picture approach for strategic planning. The latter has been particularly gratifying for her because, in some sense, she has realized a lifelong dream in the process.

“When I came out of Owen, one of the objectives on my resume was to do strategic planning, but at that time I didn’t have a clue what that meant,” she says. “Now, when I sit in my office and stare out the window, I think, ‘I’m actually doing what I thought it was I wanted to do when I was 25.’”

—SETH ROBERTSON

BOLD VENTURES

'85

IN A WAY THE TIMING COULDN’T HAVE BEEN WORSE. Just when Kathy Harris, MBA'85, was making the jump from an 11-year career in investment banking to a small venture capital firm specializing in Internet startups, the dot-com bubble burst. “I started the exact month that everything began to unravel,” she recalls. “It was fun while it lasted.”

As uncertain as those days were, the experience gave Harris a taste for a career that she has relished ever since. Today she is a Partner at Noro-Moseley Partners (NMP), an Atlanta-based venture capital firm that invests in early-stage and early-growth-stage companies in the technology, health care and tech-enabled business services industries. When she’s not working on the business

development efforts across these industries, she’s involved in NMP’s health care practice, which represents half of the firm’s investing activity.

“It’s addictive to meet energetic entrepreneurs and see new business models on a daily basis,” she says. “We’re exposed to the latest and greatest technologies and health care delivery systems being introduced. And I get to dissect what works and what doesn’t—what makes a management team effective and what doesn’t.”

Harris credits Owen with giving her the skills to make these tough decisions. Certainly her concentration in finance has helped, but she admits her emphasis in human resources management has paid the most surprising dividends. “I didn’t appreciate how helpful the HR focus would be,” she

says. “So much of our business today is based on assessing management talent—just understanding the psyche of leadership and what it takes to build and motivate a team.”

Beyond the courses, though, she acknowledges that Owen has played an even greater role in terms of the relationships she has built. “I still do business with people I met 25 years ago,” she says. “I think that’s what the Owen network and reputation can bring to a young person just starting out.”

—SETH ROBERTSON



Kathy Harris

'94

ABSORBING EXPERIENCE

THE INTERNET ESSENTIALLY HAS enabled instant marketing," says Mike Janes, MBA'94, CEO and Co-founder of FanSnap, a Web-based business that provides an optimized search through hundreds of ticket-purchasing options for sports, concerts and theater events. "Historically marketers would learn about customers through research. Now you can make changes and see instantly how customers react."



Mike Janes

After stints with FedEx, Apple and StubHub, Janes helped launch FanSnap in Palo Alto, Calif., in 2007. The company came about, he says, "because we saw an opportunity to improve the ticket-finding experience." Janes is a firm believer that nothing is a substitute for the marketing value of a great product.

"One of the recurring things in my career is an incredible focus on getting the product right," he says. "The best customer acquisition model you can have is an amazing product because satisfied customers will repeat and tell all their friends. Conversely, unhappy customers, who would traditionally tell seven of their friends, now can tell a million people through the Internet."

His understanding of the customer comes from the fact that he is an admitted event junkie. "My experience and my passions intersect totally, which is part of what has made this so much fun," he says. "We are our own biggest supporters. There's no better way to assure quality than to eat your own dog food."

The importance of combining marketing basics and adaptability in a time of revolutions in technology and presentation is something he learned from his Owen experience. He points to an address that former Dean Sam Richmond gave to incoming students. "He said, 'The first thing I want to tell you is everything we teach you is going to be obsolete five years from now. It's not about the specifics. We are here to teach you how to be efficient absorbers of experience,'" Janes recalls. "I'll never forget that, and he was absolutely correct."

—ROB SIMBECK

CityOwen Recap

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

Atlanta
Aug. 14, 2009
CityOwen Atlanta was launched at this inaugural golf outing, which included Larry Van Horn, Associate Professor of Management.

California
Jan. 21, 2010
A wine tasting, sponsored by Kimberly Jackson, MBA'01, President of JAX Vineyards, was held in San Francisco.

Denver
May 7, 2009
CityOwen Denver was launched at this inaugural gathering.

March 9, 2010
Dean Jim Bradford joined alumni for cocktails and hors d'oeuvres.

Dallas/Fort Worth
Sept. 22, 2009
CityOwen Dallas/Fort Worth was launched at this inaugural gathering.

Feb. 4, 2010
Guest speaker Larry Van Horn, Associate Professor of Management, discussed health care reform.

Nashville*
Oct. 16, 2009
Guest speaker John Brock, Chairman and CEO of Coca-Cola Enterprises, discussed his company's corporate responsibility and sustainability program.

Nov. 17, 2009
Guest speaker Pete Coors, Chairman of Molson Coors Brewing Company and MillerCoors, discussed the risks and rewards of consolidation in the beverage industry. For more details, see page 29.

Washington, D.C.
Launching soon!

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

*Special thanks to First Tennessee for sponsoring CityOwen Nashville.



Dean Bradford and Kimberly Jackson, MBA'01

Feb. 9, 2010
A winter social, also sponsored by JAX Vineyards, was hosted by Jeannie and Kevin Kaseff, MBA'89, in Los Angeles.

Chicago
Oct. 20, 2009
Guest speaker Luke Froeb, William and Margaret Oehmig Associate Professor of Free Enterprise and Entrepreneurship, discussed the recent recession.

LABEL CONSCIOUS

IF YOU SHOP FOR WINE OR SPIRITS at your local supermarket or big box store, you very well may come across the handiwork of Dave Ficeli, MBA'99, in the near future. His Denver-based company, PL360 Beverage Partners, is focused

on building both its own premium alcohol brands and premium, private-label brands owned by the top 60 retail chains in the country. Ficeli, who serves as CEO and Vice President of Marketing, and business partner Robert Falvo have developed a

distinctive reverse-sell model, which begins with retailer demand instead of pushing the products themselves. They first create a brand strategy with the retailer's input and then work backwards, partnering with others to supply the alcohol and design the labels to fit that particular strategy. As reflected in the company's name, the idea is to take a 360-degree approach to the marketplace.

"It's not just about pretty labels. We look at every aspect of a consumer's needs and wants—beyond the demographics and scan data," Ficeli explains. "We try to connect with very specific consumer groups in a meaningful, emotive way."

As much as he enjoys working in the wine and spirits industry, Ficeli is quick to dispel the romantic notions most people might associate with it. "The business I know is not a walk through the vineyard. It's a street fight," he says. "I'm attracted to it because it brings creativity, analytics and strategy together with execution and gut feeling. You've got to make a lot of decisions with limited information—stuff you learn in business school."

As for his own B-school experience, Ficeli acknowledges that he would not be enjoying his current success were it not for the support he has received from former classmates and professors. "I can honestly tell you," he says, "outside of getting married and having a child, enrolling at Owen is the best decision I've ever made."

—SETH ROBERTSON

'99



Dave Ficeli

JENNY MANDVILLE



Stay connected to a place you can always call home.

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

OwenConnect
OWEN GRADUATE SCHOOL OF MANAGEMENT
ALUMNI ONLINE COMMUNITY

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

Kudos to Our International Alumni

From Peru to Turkey to India, Owen alumni around the world supported the Admissions team's efforts at more than 80 B-school fairs this past fall. These alumni have played an important role in rallying support from other Owen graduates, relaying market-specific information that might improve recruiting strategy, hosting applicant gatherings, and, at times, representing the program at fairs without the presence of an admissions officer. The Admissions team would like to thank the following alumni for their participation and support.

China

Xiyuan (Cici) Chen, MSF'09
Cong (Lincoln) Lin, MBA'09
Jin Wang, MSF'08
Yuhuan Wang, MSF'08
Haibo Zhang, MBA'08
Fan Zheng, MSF'08

India

Alban Cambournac, EMBA'07
Arvind Chandran, MBA'08
Alok Goyal, MBA'97
Ajay Gupta, MBA'03
Gunish Jain, MBA'98
Siddhartha Ladha, MBA'97
Ameet Mangat, MBA'01
Manish Mudgal, MBA'03

Japan

Shigeru Aono, MBA'05
Yasuhiro Arao, MBA'09
Masanori Morimoto, MBA'07
Kazuaki Osumi, MBA'05
Tatsuya Otsubo, MBA'09
Satoshi Watanabe, MBA'07

Peru

Marlene Marengo Silva, MBA'08

South Korea

KyuSun Lee, MBA'07
Byunggon (Marvin) Park, MBA'07

Taiwan

Chiew Chang, MBA'92
Ying-Chih (Steve) Lin, MBA'07
Yi Pei (Amy) Lu, MBA'09

Turkey

Dilek Zeren Ozler, MBA'95



Yasuhiro Arao (left), Shigeru Aono, Satoshi Watanabe and Tatsuya Otsubo

If you would like to volunteer your time, please contact the Admissions office at admissions@owen.vanderbilt.edu.

STUDENT EXPERIENCE

continued from page 11

being, Humana's corporate cafeteria has a decidedly healthy-eating theme to it. But that's not to say that pizza, burgers and fries are nowhere to be found. Instead, the cafeteria employs a pricing scheme to encourage healthier eating decisions, whereby, for instance, balsamic grilled salmon with steamed veggies and brown rice is actually priced lower than the aforementioned burger and fries combo. I found the application of the carrot-versus-stick paradigm to be fitting in the cafeteria context; schools, universities and other corporations would do well to emulate Humana's system.

Humana's Corporate Manager for Consumer Marketing William Hambleton facilitated the afternoon's discussion, which featured presentations on no fewer than 10 different areas of the company's marketing and branding efforts. It was a fascinating afternoon which explored nearly every possible facet of the marketing

function, from messaging, social media and sponsorships, to B2B engagement, market research and sustainability. What I found most interesting, however, was Humana's brand architecture plan for developing and sustaining their health care brand. The company faces the challenging task of aligning around two dozen differently branded initiatives—some grown from within and others acquired—with the Humana superbrand.

Before heading home to Nashville, we made one last stop at The Green Building in NuLu, Louisville's arts district. Slated to become the first commercial building in Louisville to attain the U.S. Green Building Council's LEED Platinum certification, The Green Building hosted our group for a presentation on the branding of Louisville by Brett Jeffreys of Red7e, the firm responsible for implementing the Bourbon Country initiative. Later that morning a panel presentation on the art of client/agency relationships rounded out the week. Facilitated by Martin-Kidd, the panel featured Ann Stickler, Vice President

and Group Director for Developing Brands at Brown-Forman; Paul Klein, General Manager of Brand and Advertising at GE; and Toni Clem, President of Louisville-based advertising and marketing firm Creative Alliance.

On the ride home, and in the intervening months, I've reflected quite frequently on my experiences from BrandWeek. I've set new goals and pushed myself to look at my coursework in different ways, always seeking a new angle of approach. BrandWeek served to reinforce the vital importance and value of creating meaningful—even profound—brand associations with consumers. The three companies we visited in Louisville offered excellent examples of how to build and maintain powerful brands while dealing with the unique challenges of their specific industries and customer targets.

So remember, the next time you find yourself with a lesser beverage in hand, you could be drinking bourbon. And when you think bourbon, think Kentucky. **VB**



How will you make a difference?

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



VANDERBILT UNIVERSITY
OWEN GRADUATE SCHOOL OF MANAGEMENT

owenalumni.com

DIVERSE OFFERING

continued from page 28

marketplace and provides the leadership and motivation that is required in the beer business.”

Back to School

The qualities that Pete Coors describes are precisely the reason why Jim Bradford looked to David to lead the school’s Board of Visitors. When Bradford became Dean in 2005, one of his first initiatives was to establish the board as a strategic partner to the school, which offers insights on curricular issues in relation to the needs of business and opens new doors for mentoring and career opportunities.

“The Board of Visitors is an essential component in ensuring that Owen is providing the most relevant, meaningful education for the next generation of business leaders,” Bradford says. “That means combining the real-world business perspective of these accomplished individuals with the cutting-edge research of our renowned faculty.”

In its current state the board comprises 36 members representing a range of industries, from health care to finance to manufacturing. While some, like David, are Owen alumni, a significant number are not. The idea is to bring together those individuals who are best equipped to advise the school, regardless of their personal ties to it.

Under David’s leadership the board has helped Bradford launch several innovative programs at Owen, including the Health Care MBA, the Master of Management in Health Care, the Master of Science in Finance, the Master of Accountancy, and Accelerator—a 30-day summer program for highly qualified undergraduates. A separate Health Care Advisory Board and Real Estate Advisory Board also have provided critical perspective for Bradford in these endeavors.

“David’s leadership is exceptional. He is perhaps best described as an enabler,” Bradford says. “He embodies the Owen experience by supporting, encouraging and questioning. He keeps us focused on what’s most important for

the school’s success.”

David is just as quick to return the praise. “I think Jim is the best choice we could have possibly made” as Dean, he says. “He comes from a business background, so he can relate to people who’ve gone to business school and are out doing business. At the same time, Jim has a true respect for business-teaching professionals.”

As Chair of the Board of Visitors, David often finds himself looking ahead, trying to project where the Owen School will be several years from now. When he considers Bradford’s vision and leadership, the top-notch faculty and student body, and an ever-expanding alumni base, he is confident that the school is headed in the right direction. “I think the Owen School gets better every year,” he says.

Of course, the same could also be said about David himself and the companies he runs. Like the school, Ingram Entertainment and DBI Beverage continue to evolve and adapt, growing stronger in the process. **VB**

CORPORATE SPOTLIGHT

continued from page 31

difficult terrain but also because of the likelihood of encountering bandits along isolated stretches. “It’s very unpleasant to drive on the roads,” he says. “I was concerned that, when I brought my wife over for the first time, she was going to like everything except the roads.”

While pondering different business ideas that might work in Uganda, it occurred to him that there was an unmet need for the safe transportation of goods, such as cash, which is by far the payment method of choice there. Why not bypass the roads altogether, he thought, and just fly over them instead? Starting an air charter business seemed like a simple enough

solution. The only problem was he didn’t know how to fly a plane.

Not to be deterred, Proctor began taking flying lessons back in Nashville and earned his pilot’s license soon thereafter. The experience confirmed for him that he had chosen the right business concept. “I had no idea flying would be so much fun,” he says. “It’s beautiful being up there in the sky.” Meanwhile Proctor also began research into the aviation industry in Uganda and the requirements to live and work there. The business concept, as it has since taken shape, will provide safe transport for people, including tourists visiting the country, and cargo, like the payroll he delivered on that cash run.

In the case of the latter, the irony is not

lost on Proctor that he’s now exploring, in some sense, what he used to specialize in at Passport: helping people get paid faster. Only this time around, the process is not nearly so technical, nor quite as fast. Unlike an instantaneous transaction over the Internet, each delivery by plane requires more effort and personal attention. And that’s perhaps why it’s all the more gratifying for him. As in his earlier days, Proctor is still stretching his entrepreneurial skills and filling unmet needs, but now he gets to see firsthand how he is making a difference.

“Time spent in Uganda is rewarding because I’m helping make people’s lives easier,” he says. “That’s what I enjoy about it the most.” **VB**

Q&A with an Owen Staff Member

Melinda Allen, Executive Director of the Leadership Development Program

Q. What sets Owen’s Leadership Development Program apart from similar programs at other business schools?

A. Ours is different in that it mirrors best-in-class, high-potential programs at Fortune 100 companies. We’ve built a rigorous, highly individualized program that helps identify and grow each student’s unique leadership potential. Development planning is a key piece of the MBA experience at Owen, and we provide the resources to help students strengthen their areas of need or interest. For example, thanks to an exclusive partnership with Hogan Assessment Systems, each student completes the Leadership Forecast Series, an assessment tool used by 50 percent of Fortune 500 companies to help individuals fully understand their own unique performance capabilities, challenges and drivers. The result is that our students have the opportunity to get a head start with staying power. The development they’re receiving now is typically reserved for top-level executives in the later stages of their careers.

Q. How has the recently announced partnership with Korn/Ferry International impacted the program?

A. The partnership, which is the first of its kind between a graduate business school and the top talent management firm, allows us to take advantage of Korn/Ferry’s 20-plus years of research regarding the competencies that make or

break leaders. Based on this research, Owen has built a model that focuses on 15 competencies that give our students a competitive advantage. We are also able to leverage the Korn/Ferry relationship to provide students the tools they need. We believe that successful leaders must be able to do three things: create the new and different, figure out how to get it done, and engage others to help get it done. This requires that they have proficiency in three different skill areas: strategic, operating, and personal and interpersonal.

Q. What opportunities exist for alumni who want to get involved with the program?

A. There are always opportunities for alumni to get involved with the program. Some alumni have already participated as guest speakers, industry experts, design partners and panelists. We are also happy to be a resource to our alumni. For example we have built a network of executive coaches who work with our students and corporate clients. If you are in the market for a coach yourself, or your business is exploring coaching as a development tool, we can help! Whether you want to learn more, be more involved, or take advantage of Owen as a resource, don’t hesitate to contact us. We’re passionate about what we do and are always happy to answer questions or talk more about leadership development at Owen.



Melinda Allen

BOTTOM LINE

continued from page 56

management, strategy and other de rigueur business subjects. But the big question is how we prepare graduates for the complex, sometimes ambiguous environments they'll encounter after their studies. It's increasingly clear that graduates who have not only analytical ability but also perspective and wisdom will win the day.

We work hard to help our students gain the perspective that leads to complex problem-solving skills. We offer classes on everything from teamwork and leadership to negotiations, decision theory and cross-border, cross-cultural business methodology. Is that enough? I don't think so.

I believe that people with a broad base of education and knowledge make the best employees and the strongest leaders. We need to help them find intellectual balance while focusing on a particular business discipline. B-school students, like busy professionals, can get too focused and specialized. In the Dean's Book Club they get to supplement their studies with reading that may help them deepen their understanding of history, world politics, religion and societal conflicts.

I don't look just for business books or books that promote one main idea with hundreds of examples and anecdotes. We read works that challenge us to think of the world in different ways. We debate the issues they raise. If we get uncomfortable in the process, so much the better.

A great example is *River Town: Two Years on the Yangtze* by Peter Hessler. A young Ivy League graduate goes to a coal mining town in China for a couple of years' teaching experience. He ends up finding himself behaving as the



JOHN RUSSELL

Students read one book per mod and then meet to discuss their favorite passages.

quintessential ugly American, overreacting to an insult. I thought it was telling that the author would share such a less-than-flattering story about himself. My students have liked it, too, and I've found that each person's experience with the book—with any book—is different. Sharing those differences adds richness to our discussions.

We read one book in each mod, which is our half-semester academic unit. I have found the club to be very self-selective, attracting students who are motivated enough and organized enough to get all their work done and want to read books for pleasure on the side. During our discussions, we pick favorite passages. We criticize. We ask the ultimate marketing question: Would you recommend this book? Sometimes students tell me they didn't like a book, but it changed their way of looking at something. Ultimately that's our goal.

From *Hot, Flat & Crowded, A Post-American World* and *Black Swan*, to

Factory Girls, *The Colossal Failure of Common Sense* and *River Town*, it has been a highly successful experiment.

I've been impressed at how in discussing the points of view and ideas propounded by various authors, the students have gained insight into complex social, business and life problems. You could argue that teaching perspective isn't a business school's responsibility, but I'd disagree. If gaining experience through extracurricular reading improves our students' sense of understanding, their common sense and their judgment, then we've achieved our goal.

We should all force ourselves into reading and seeing and doing things outside our common experience. That's the message I want my students to take away from this experience. And here's a little secret that I haven't been able to hide from them: It is pure fun. Reading is a joy, and discussing a text with fellow seekers, no matter what the differences are within a group, is exhilarating. **VB**

“Over the past 30 years,

my life has been enriched by the many wonderful students and faculty who make up the Owen community. This scholarship honors my departed wife, my students, and all the people who make Owen such a special place.”

—*Germain Böer*

As a Professor of Management at the Vanderbilt Owen Graduate School of Management, Germain Böer puts his financial and entrepreneurship knowledge to the test everyday. He is proud to be a part of the Owen team and thankful for the opportunity it has given to both him and his students.

Because Vanderbilt has played such an important role in his life, Professor Böer has decided to name Owen the beneficiary of his IRA, which will fund the Elinor Böer Scholarship. You can leave a legacy to Owen as well with a tax-effective planned gift. The wide array of planned giving methods include:

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

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



VANDERBILT UNIVERSITY
OWEN GRADUATE SCHOOL OF MANAGEMENT

B-school Book Club

Broadening students' thinking through nonbusiness reading

By JIM BRADFORD

A version of this article originally appeared in Forbes on Dec. 21, 2009.

AS A BUSINESS-SCHOOL DEAN—the hardest job I've ever had—I find that complex questions keep me up at night and rattle around my brain while I'm hanging in the sky on a long flight.

I don't mean the kinds of clear-cut matters that come up in finance or operations classes, but rather issues of working with and aligning groups whose motivations and needs differ dramatically and sometimes conflict. In business everyone in an organization theoretically works toward a clear, shared goal. In life, including my experience running a business school, we often face more difficult and nuanced challenges that require deeper consideration and understanding of the human condition.

When I'm trying to sort out that kind of thorny issue, I'm glad I can draw on a world view that has been broadened by more than 30 years of corporate life, work and travel—and by my passionate avocations of music, art and reading. I hope that the perspective I've developed leads me to more thoughtful decision-making.

That's why, whenever I have the chance, I turn on the reading light and dive into books that challenge my intellectual understanding. It was during one of those plane-ride intellectual inquiries that another kind of light bulb came on: Shouldn't business students do the same? How might we pull them back from their intense concentration on business to look at the larger world, and at them-



Bradford started the book club in an effort to deepen students' understanding of history, world politics, religion and societal conflicts.

selves as part of the world community? Shouldn't we, as their educators, encourage them to delve into books, including non-business books, that open their minds? What if we gave Vanderbilt students a place to bounce around the ideas that would raise? Could we get them to read books not just for credit but for the pure joy of learning?

Such were the humble beginnings of the Dean's Book Club, a discussion of current books that's open to all interested participants at Vanderbilt University's Owen Graduate School of Management.

In my role as Dean, I get fabulous

opportunities to meet with many of the world's great business and nonprofit leaders, with executives and entrepreneurs of all kinds. When we discuss their particular industries or enterprises, the conversation often turns to the preparedness of America's business-school graduates for work life. Employers rightly assume that excellent business programs attract candidates who have the intellectual DNA to study and really learn. The best, like Vanderbilt, provide deep understanding in finance, economics, accounting, marketing, operations

Continued on page 54

JOHN RUSSELL



Health Care. Business. Vanderbilt.

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

Health Care MBA • Executive MBA • MD/MBA • PhD/MBA • Master of Mgmt. in Health Care
Advanced Certificate in Health Care Management • Custom Programs



VANDERBILT UNIVERSITY
OWEN GRADUATE SCHOOL OF MANAGEMENT

HealthCareAtOwen.com

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

Non-profit Org.
U.S. Postage
PAID
Nashville, TN
Permit No. 1460

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



You earned it. Wear it.

Now it's easier than ever to be smartly attired (and accessorized) with Owen gear. If it's not convenient to drop by the Vanderbilt Book Store, just click to owengear.com for a full selection of shirts, hats — the works. Order today and start showin' your Owen!



VANDERBILT
Owen Graduate School of Management

owengear.com