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FALL 2013

Coming Home?

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What's in a Name?

With reputations at risk, companies seek new ways to bolster and protect images

Luis Carlos Sarmiento Jr.,

MBA '85, CEO OF GRUPO AVAL

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A global focus at Johnson

Preparing MBA students to take on leadership roles in industries ranging from financial services to consumer products, and from digital apps to consulting and marketing, means providing them with the tools and smart decision-making skills key to navigating effectively in a global ecosystem.

Many members of Johnson's faculty are actively engaged in research around the world. Professor Andrew Karolyi, faculty director of our Emerging Markets Institute and an internationally known scholar of investment management who specializes in the study of international financial markets, conducts ongoing research regarding the monetary policies and corporate governance practices of emerging markets. In this issue, he shares his views on what emerging market leaders could do to "dampen down excessive capital flow volatility" (p. 12).

Johnson's Emerging Markets Institute (EMI) supports Johnson faculty and PhD candidates' emerging markets research on topics ranging from Islamic finance to Peru's mining industry. This fall, EMI held its third conference on Latin America in New York City, "Innovation in Latin America." At Sage Hall, EMI hosts a steady stream of guest speakers who keep our students informed about myriad aspects of doing business in a global ecosystem. When Walmart's Beth Keck was at Johnson in October, she emphasized the retail giant's flexibility in adjusting to local conditions as well as the diverse talents of its multidisciplinary teams as key to successful market entries in countries around the world.

Myriad factors around the world are bringing about shifts in global supply chains — a phenomenon tracked by our own Vishal Gaur, professor of operations management at Johnson, who has led manufacturing forums for senior executives at Johnson both this year and last. He and many alumni involved in supply chain management share their views and experience in this issue's cover story, "Coming Home?"

At Johnson, we know that the best way for students to gain knowledge and internalize a true understanding of how to conduct business in a wide variety of countries and cultures is to actually experience it, first-hand. Johnson students engage in international experiences that teach them how to make intelligent, informed business decisions and formulate strategic business plans that take into account local regulations, preferences, and points of view. They also gain first-hand experience in negotiating the successful implementation of their ideas and approach, while remaining alert to the importance of recognizing cultural differences, customs, and styles of communication.

Johnson MBA students gain global experience in a variety of ways: through international study trips, student exchanges, internships, and global projects that involve forming consulting teams, holding regular meetings with clients, and traveling to the country where clients are based. For example, last spring a Sustainable Global Enterprise Immersion team of four students traveled to Northeastern India to assess the viability of a global pharmaceutical company's plan to bring diabetes awareness, education, and treatment to semirural areas of India. Over the summer, Amanda Wu, MBA '14, did an internship with a high-tech firm in São Paulo, Brazil, an experience she says gave her the "opportunity to be independent, to learn about a new culture, and to push [herself] beyond boundaries."

Johnson strives to achieve diversity in its student body, and we are proud that the class of 2015 is our most internationally diverse class, with 28 percent of the students representing 31 countries. That means our students are exposed to different cultural norms and points of views in all their interactions with fellow students. Our Cornell-Queen's Executive MBA program includes students from across the Americas, including boardrooms in Canada, Mexico, and Colombia. All our international students soon become alumni like you, and through thousands of alumni the whole world over, Johnson's scope is international.

We are proud of Johnson's reach and reputation, and we aim to increase our global presence. While we have partnerships and certificate programs with foreign universities, this fall Johnson's faculty unanimously endorsed a proposal to move forward on negotiating with a major Chinese university to offer a unique degree program in China that will establish Johnson's leadership as a global innovator of business education. We look forward to providing you with updates about this soon.

Soumitra Dutta
Anne and Elmer Lindseth Dean

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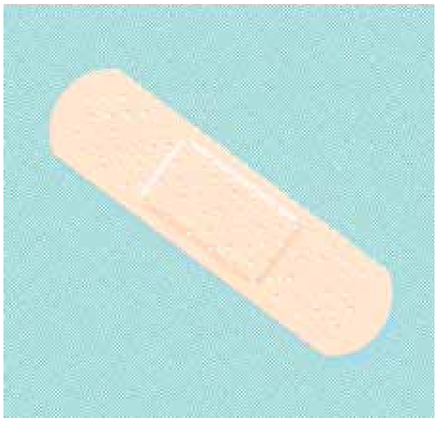

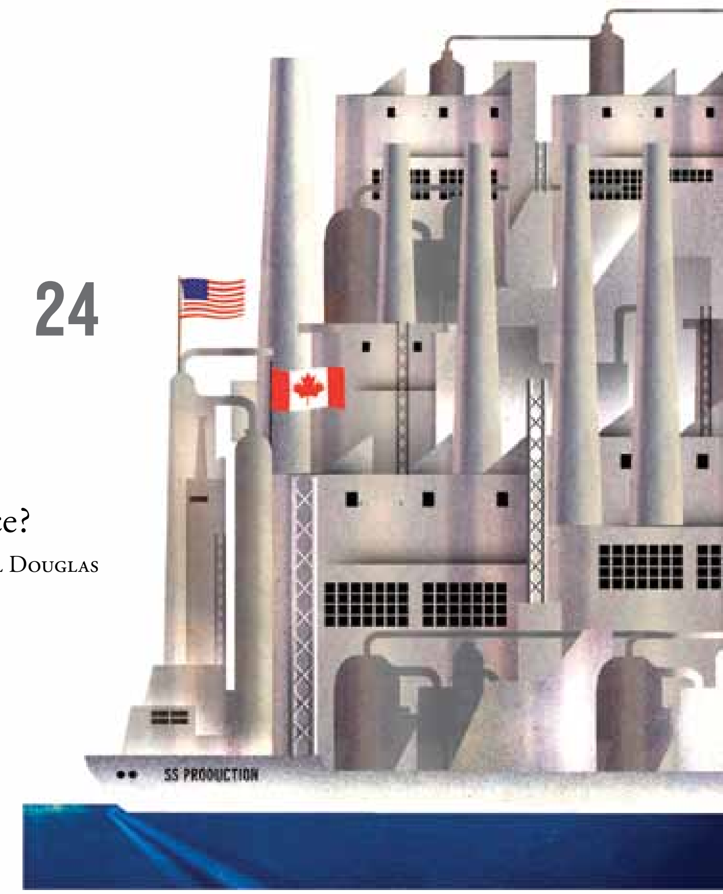

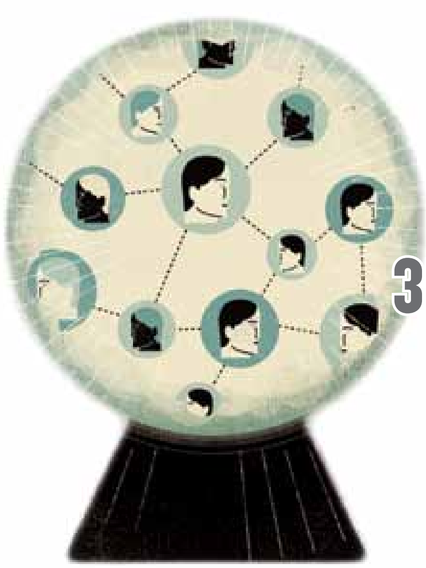

Departments

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Web Extras

Video: An interview with Roger W. Ferguson Jr., president and CEO of TIAA-CREF

When Roger Ferguson Jr. visited Johnson in October to deliver the 26th annual Lewis B. Durland Memorial Lecture, he also took the time for a one-on-one interview.

Aetna CEO Mark Bertolini: Want Trust? Be Approachable and Accountable

Mark Bertolini, MBA '84, shared his experience in establishing trust with customers and employees when he came to campus as the David J. BenDaniel Ethics lecturer in November.

What constitutes a good market entry?

Beth Keck, senior director of women's economic empowerment at Walmart, shared stories of success and failure in new market entries when she came to campus in October as a guest speaker in Emerging Markets Institute Director Richard Coyle's International Consulting practicum.

Bookshelf: Global social and financial challenges

New books by two Johnson faculty members:

- **Technology and Its Discontents**
  Levent V. Orman, Professor of Management Information Systems at Johnson, published *Technology and Its Discontents: The Deadly Embrace of Technology and Society* (CreateSpace Publishing, 2013).

- **Decoding the Global Pension Crisis**
  Richard A. Marin, Clinical Professor of Management at Johnson, published *Global Pension Crisis: Unfunded Liabilities and How We Can Fill the Gap* (Wiley Finance, 2013)

Johnson Energy Connection
Johnson Alumni Share Their Impacts in Energy Industries

Alumni came back to campus to deliver TED-style presentations at this year's Johnson Energy Connection, an annual event co-organized by Johnson's Center for Sustainable Global Enterprise, Energy Club, Sustainable Global Enterprise Club, Career Management Center, and Alumni Affairs and Development.

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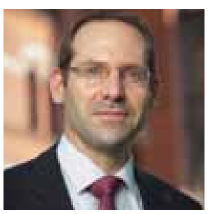
Johnson Welcomes New Faculty

William Schmidt, Assistant Professor of Operations Management

William Schmidt's research focuses on the effect of operational decisions on firm value and risk, economic modeling, econometric analysis, and modeling operational disruptions. His teaching interests include supply chain management, operational risk, operations management, and operations strategy. Schmidt holds a doctorate in business administration (DBA) and an MBA and BS in aerospace engineering from the University of Florida. His professional experience includes two years as a consultant in operations management and five years as a director and senior director of business intelligence and product management for Ariba.

Stijn van Osselaer, Professor of Marketing



Stijn van Osselaer's research focuses on branding and the influences of learning, memory, and cognition in consumers' decisions. He has taught marketing, consumer behavior, behavioral decision theory, managerial decision making, and negotiation at the University of Chicago, London Business School, and Erasmus University. He came to Johnson from the Rotterdam School of Management (RSM) at Erasmus University in the Netherlands, where he served as marketing department chair and received a Professor of the Year Award for four consecutive years. He holds a PhD in marketing from the University of Florida and a Licentiaat in de Psychologie from the Catholic University of Leuven in Belgium. Widely published, his research has appeared in the *Journal of Consumer Research, Journal of Marketing Research, Journal of Marketing,* and *Journal of Experimental Psychology.*

Luo Zuo, Assistant Professor of Accounting

Luo Zuo's research focuses on corporate disclosure, capital markets research in accounting, and behavioral finance. His teaching interests include corporate financial accounting and financial statement analysis. Zuo holds a PhD in management from the MIT Sloan School of Management and a master's degree in finance and BBA in accounting and finance from the Hong Kong University of Science and Technology. He has received numerous awards, including the Deloitte Foundation Doctoral Fellowship. His papers have been accepted for publication in *The Accounting Review* and *Management Science.*

Hannes Leroy, Visiting Assistant Professor of Management and Organizations

Hannes Leroy's research interests include the study of authenticity and its value to organizations, especially its leadership implications. At Johnson, he teaches "Becoming a Leader" and "Power and Politics." An expert in authentic leadership development, he previously taught courses on leadership to students and executives from a wide range of industries and professional backgrounds, including engineering, health care, nonprofits, and government. His research has been published in the *Journal of Applied Psychology, Journal of Management, Leadership Quarterly, Journal of Vocational Behavior,* and *Journal of Business Ethics*. He holds a PhD in management from the University of Leuven in Belgium and a master's degree in organizational and industrial psychology and bachelor's degree in psychology from Ghent University (Belgium).

Faculty Honors

Professor **Murillo Campello** was cited in Thomson Reuters *Research Fronts 2013* as one of the most influential researchers on the 2008 financial crisis. Campello was also named co-editor-in-chief of the *Journal of Financial Intermediation.*

Professor Maureen O'Hara was honored as a Distinguished Scholar by McMaster University in Canada.

Professor **Manoj Thomas** was appointed the S.C. Johnson Professor of Marketing.

Professor **P. Eric Yeung** was appointed the Peter B. Orthwein '68 Sesquicentennial Fellow in Accounting.

Professor **Vishal Gaur** received the 2013 Research Award.

Professors **Andrew Davis** and **Wes Sine** received Clifford H. Whitcomb Faculty Fellowships in support of their research and teaching activities.

Professor **Ori Heffetz** received the Half Century Faculty Research Fellowship.

Residential MBA students honored Professor **Mark Nelson**

Continued on Page 6

Johnson mourns the loss of Alan K. McAdams

Alan K. McAdams, Professor Emeritus of Economics at Johnson, respected and honored teacher, colleague, and friend to so many in the Johnson community, passed away peacefully on Saturday, Sept. 14. McAdams joined Cornell University's Graduate School of Business and Public Administration, later to become the Samuel Curtis Johnson Graduate School of Management, in 1960, after earning his MBA and PhD from Stanford University and his BA from Yale University. He had previously served four years aboard the USS Gatling in the U.S. Navy and was engaged in the Korean conflict. He taught and mentored thousands of graduate students throughout his 50-year tenure at Johnson and is remembered by many for his passionate teaching. Appointed a professor emeritus when he announced his retirement on his 80th birthday, March 1, 2010, he continued to frequent the emeritus office in Sage Hall right up through the second week in September.

McAdams' interests and numerous publications — including books, monographs, articles, and reports — focused on global strategies for knowledge management, environmental management, and management consulting. He served three consecutive terms on the university's Faculty Advisory Board on Information Technology (FABIT). His students remember him for challenging them to think, and he was proud to be the first faculty member to be twice honored (in 1996 and 1998) with the Stephen Russell Distinguished Teaching Award, voted upon by members of the five-year reunion class in recognition of a faculty member whose teaching has continued to influence them five years into their post-MBA careers.

"I will miss Alan McAdams a great deal," said Angela Noble-Grange, MBA '94, senior lecturer of management communication. "He taught me about consulting, industrial policy, and strategic intent. Perhaps more importantly, he taught me to believe in and fight for my ideas. He was an extraordinary man whose legacy lives on in those of us he taught."

Enthusiastic, erudite, and eloquent, McAdams was never one to shy away from expressing strong opinions.

"Alan was always excited about some project, and he always jumped in with both feet," said long-time friend and colleague Professor L. Joseph Thomas, associate dean for academic affairs and Johnson dean emeritus. "Whether he was talking about industrial policy or the importance of bringing fiber connections to the entire country and world, he tried to sell his position passionately."

As McAdams' career clearly shows, he was highly respected for his views. He was a senior staff economist with the President's Council of Economic Advisers, 1971–72, with responsibilities in science and technology policy, antitrust policy, and pollution control. From 1971 to 1982, he was chief economic consultant and expert witness for the government in United States v. IBM. He was a consultant to industry, government, and the Ford Foundation. He was a senior member of the Institute for Electrical and Electronics Engineers (IEEE), focusing on matters of science and technology policy, and received many citations and awards from that organization. Twice he chaired the Committee on Communications and Information Policy (CCIP) of the IEEE-USA, where he was lead drafter of several "position statements" that were endorsed by the board of the IEEE-USA, as well as lead drafter of joint Cornell-IEEE-USA research reports dealing with advanced fiber networks (AFNs).

Economics **Professor Alan McAdams** mentored thousands of students during his 50-year teaching tenure at Cornell.

"Alan was enthusiastic about his ideas, all of them," said friend and colleague Hal Bierman Jr., professor of management and finance. "He was fun and interesting to be with. He is missed."

Faculty Honors CONTINUED

with the Apple Award for Teaching Excellence (marking the fourth time he has received this honor).

Cornell Executive MBA students honored Professor **Yaniv Grinstein** with the Globe Award for Teaching Excellence.

Cornell-Queen's MBA students honored Professors **Jim Detert** and **Roger Wright** (Queen's University) with the STAR Award for Outstanding Teaching (marking the third time each has received the STAR Award).

During its five-year reunion, the MBA class of 2008 presented the Stephen Russell Distinguished Teaching Award to Senior Lecturer **Risa Mish**.

Business Roundtable

Rebuilding trust in financial services

By Sherrie Negrea

Roger W. Ferguson Jr., president and CEO of financial services company TIAA-CREF, called for a series of changes in the way corporations are governed as a key step in restoring trust in the financial services industry when he delivered the 26th Durland Lecture on campus Oct. 17. The Durland Lecture is Johnson's most prestigious speaking event.

Ferguson, a former vice chairman of the U.S. Federal Reserve, said trust in financial companies has plummeted in the aftermath of the recession and the continuing scandals — from insider trading on Wall Street to Libor rate fixing in London — that have marred the industry.

"Against that backdrop, financial services has become one of the least trusted industries in the world," Ferguson said. For the third consecutive year, he noted, banks and financial services firms placed last in the 2013 Edelman Trust Barometer, a global ranking of trust in key institutions. It is critical that these attitudes be reversed because of the social role finance plays in people's lives: providing mortgages, life insurance, and retirement plans.

Roger W. Ferguson Jr., president and CEO of financial services company TIAA-CREF, delivered the 26th Durland Lecture on campus, Oct. 17.

"Finance is really one of those tools and mechanisms that allow us to achieve whatever our dreams and aspirations may be," said Ferguson, who has led TIAA-CREF since 2008.

Since weaknesses in corporate governance have been held responsible in part for the 2008 financial crisis, Ferguson said the industry needs to change the way it operates. First of all, he said, corporate boards need to ensure that management is making prudent decisions that focus on long-term value for shareholders, rather than short-term profits. "Leaders of financial services companies need to promote long-term thinking, discipline, and sound risk management," he said.

"We all recognize that there will be failures even in the best-managed company," Ferguson said. "The secret for management is to recognize failures when they occur, learn from those failures, but recognize the distinction between failures that occur through past poor judgment versus malfeasance, and make sure that malfeasance is promptly punished."

"Leaders of financial services companies need to promote long-term thinking, discipline, and sound risk management."

Speaking about retirement planning, Ferguson called for improving financial literacy, starting with parents teaching their children about financial management, and including required high school courses on the topic. Although Americans now have a longer life expectancy (76 for men and 81 for women), they are not saving enough to support themselves in retirement, he said.

Surveys show that only 57 percent of U.S. workers are currently saving for their retirement, while 28 percent reported they had less than $1,000 in savings. "It's not surprising that Americans' measured confidence in retirement and their security around retirement has gone way down," Ferguson said.

Encouraging young people to save for retirement can be achieved by creating programs in which employees are automatically enrolled in a savings plan, Ferguson said, and by changing the current "opt-in" system to one that uses an "opt-out" for savings.

Ferguson encouraged students in the audience to consider finance as a career option, despite today's negative perception of the industry. "We in the industry are doing what we should be doing," he said. "I believe we need to pick up the pace when it comes to corporate governance, but none of this will work well if we do not attract and retain the attention and support of students and faculty such as you."

Business Roundtable

Diversity breeds innovation

By Jay Wrolstad

Fresh ideas and perspectives are critical in a corporate environment that is increasingly global in nature, requires renewed attention to changing demographics, and is confronted with economic turmoil, said Citigroup executive Elinor Hoover when she delivered the keynote address at the fourth annual Johnson Diversity Symposium on Oct. 18. Hoover addressed an audience that included Johnson's residential students as well as faculty and staff, and also prospective students who came to campus to experience life at Johnson during Johnson Means Business, Johnson's annual diverse student hosting event.

"Innovation increases with diverse populations, and in financial services we need innovators from a variety of backgrounds," she said, noting that diversity includes, but is not limited to, racial and gender-based differences. Diversity must be a priority across the board, to corporate leaders and to the rank and file alike.

"The 'new normal' environment of uncertainty in capital investments requires that we think about risk controls and risk management, rather than focus primarily on financial growth," Hoover said. "These are people-oriented issues, and we need a culture of diversity in thinking and a diversity of talents to address them." She cited the recent U.S. government shutdown and the recession as prime examples of this uncertainty, which is reflected in rising leverage in global markets and a polarization in the marketplace.

A nimble, diverse workforce needs to develop new strategies to address striking demographic trends, including an aging population impacting U.S. retirement funds and women emerging as major influencers in consumer-oriented economies worldwide, Hoover said.

"Embrace change, be open to new opportunities, and go where you have passions."

Elinor L. Hoover delivering the keynote address at Johnson's Diversity Symposium, Oct. 18. Hoover is vice chairman of capital markets origination at Citigroup and global co-head of the financial strategy and solutions group. She also serves on the management committee of Citi's Corporate and Investment Bank and co-heads the division's Diversity Committee.

The good news for MBAs is that such challenges are opportunities for those who can anticipate where the markets are headed, and for those who bring fresh perspectives on where to place future financial bets, she said.

Given her own diverse background, Hoover serves as role model for diversity in the corporate realm. As an undergraduate at Yale she was a music and science major, with no background in business. Her interest in biophysics and biochemistry, however, led her to accept an investment banking position job with a health care group, advising biotech firms on foreign investments.

"My experience is that you must embrace change: Be open to new opportunities and go where you have passions," said Hoover.

In concluding her address, Hoover sounded a positive note while emphasizing the influence individuals can have on creating a more diverse corporate climate. Early in her career, she was asked to give a presentation in Korea, in part because she is of Korean descent. But, because women don't typically deliver such presentations in that male-dominated society, the hosts were reluctant to let her speak. They relented when her company said it would leave the meeting if she could not speak.

"I thought it was a bad presentation and the experience led me to vow that I would not return to Korea," said Hoover. "But I later learned of the profound effect that presentation had on the Korean audience. There were some who said that if an American woman can take on such a role, Korean women could do the same — and a women-in-finance program was launched by one company following my presentation.

"The lesson is, don't underestimate the impacts of your actions, because you don't know what those impacts will be down the road."

Newsmakers

Global Innovation Index 2013

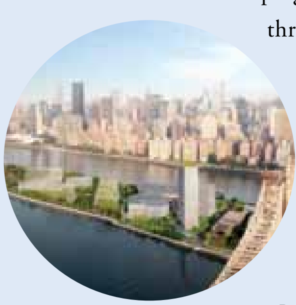
Dean Soumitra Dutta spoke to dozens of journalists in July 2013, when one of his major research projects — the Global Innovation Index 2013 — was unveiled at the United Nations in Geneva, Switzerland, and in New York City.

Published annually since 2007, the index is evolving into the chief benchmarking tool for business executives, policy makers, and others seeking insight into the state of innovation around the world. The 2013 report looked at 142 economies, using 84 indicators, gauging both innovation capabilities and measurable results. It is co-published by the World Intellectual Property Organization, a specialized agency of the United Nations, Cornell University, and INSEAD.

The results of the Global Innovation Index 2013 were reported by some 400 media outlets worldwide. Media in the U.S. covered the release extensively, as the U.S. rose in the index to fifth, behind Switzerland, Sweden, the U.K., and the Netherlands. Major media outlets covering the report included *The Economist, Bloomberg BusinessWeek, China Daily USA, Economic Times of India,* and *Information Week.*

An MBA for the digital economy

Doug Stayman, associate dean for MBA programs, was in the spotlight in July 2013, when Johnson announced its new MBA program to be offered at Cornell NYC Tech beginning in May 2014. The announcement was covered by the *Financial Times, The Economist, Bloomberg BusinessWeek,* and *Crain's New York,* as well as more than 350 additional online and traditional media outlets. In August 2013, Stayman did an extensive audio interview on the new program with Accepted.com. He talked about how the new MBA program is meeting a business need identified through extensive research: "There are people out there who are technologically knowledgeable, and there those who are business savvy. The issue is that there are very few people who can bridge the gap." The first students in the new program begin their studies in May 2014. "This is a focused MBA for people interested in the digital economy — it is not a tech MBA," Stayman said. "It is a one-year, very rigorous program for career enhancers, not career changes."



Rendered illustration of the Cornell NYC Tech Campus

Generation gap's role in the government shutdown

Kathleen O'Connor, associate professor of management and organizations and expert on negotiation, penned an opinion piece for FoxNews.com, in which she described how generational differences among members of congress contributed to negotiation impasse and government shutdown ("Is congressional 'generation gap' holding up compromise in Washington?" Oct. 9, 2013). "The classic partisan divide is only part of today's congressional dysfunction," she said. "More than illustrating a classic Democrat-Republican split, the current shutdown highlights differences in how generations of representatives understand what it takes to legislate, what it means to make good on campaign promises, and how to move forward artfully when compromise is the only way to go."

Setting new standards in business education

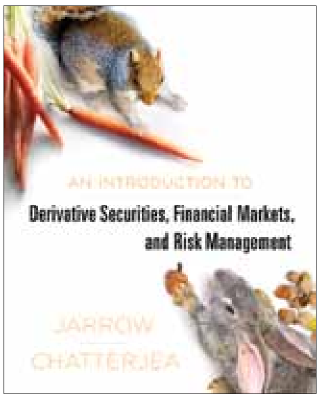
Robert S. Sullivan, MBA '68, dean of the Rady School of Management at the University of California, San Diego, was named chair of the Association to Advance Collegiate Schools of Business International (AACSB) board of directors effective July 1, 2013, for a one-year term. AACSB is a global, nonprofit membership organization of educational institutions, businesses, and other entities devoted to the advancement of management education. In an article published in AACSB's *BizEd* magazine ("Defining Tomorrow," Sept./Oct. 2013), Sullivan discussed the forces that will affect the association and management education in the coming months, including new AACSB accreditation standards designed to make sure institutions "focus on innovation, impact, and engagement," and how technology is enhancing education and also changing the ways in which universities deliver education and compete for students.

Explaining Derivatives

Robert Jarrow Publishes an Accessible Introduction to the Complex Securities at the Heart of the Financial Crisis

By John E. Young

An Introduction to Derivative Securities, Financial Markets, and Risk Management
by Robert A. Jarrow and Arkadev Chatterjea



The cover is the first clue: this is not your usual derivatives textbook. Two eager commodities traders — a rabbit, bearing acorns, and a squirrel, bearing carrots — face off across the front of a new introductory text by Robert Jarrow and Arkadev Chatterjea '91, PhD '93.

"Look at the covers of the other texts in the field," says Jarrow, the Ronald P. and Susan E. Lynch Professor of Investment Management and professor of finance at Johnson. On the tomes he pulls from his shelves — some bearing his name — are towering skyscrapers, maps of the world, mathematical graphics, and dense rows of securities quotes. "They are designed to intimidate!" he says, with a laugh. "For an introductory book, why scare them off?"

Virtually all derivatives textbooks before this have been written for aspiring financial engineers, with emphasis on mathematics at the expense of context. Jarrow, one of the world's top experts on securities valuation and risk, and Chatterjea, a Cornell PhD in economics and Jarrow's former student, set out to write a very different kind of book, one accessible to advanced undergraduates and first-year MBA students, but with enough depth to be useful to investment practitioners.

An Introduction to Derivative Securities, Financial Markets, and Risk Management still contains plenty of Greek-letter equations, but it also includes a rich leavening of history, current events, and practical explanations of how markets work and how businesses use derivatives to manage risks. The book's treatment of forward sales and futures, for example, touches on their origins in ancient India, Greece, and Rome; the formalization of such markets in medieval Europe and Edo-period Japan; and the 19th-century development of the modern futures contract at the Chicago Board of Trade.

The authors stress how the evolution of derivatives was driven by the price and supply assurance needs of farmers, grain merchants, and purchasers of bulk commodities. They also convey a fundamental principle of securities valuation: To find a complex asset's value, find a way to replicate its cash flows using a combination of simpler, more easily valued instruments. This principle underlies all the valuation and risk-management models explained in the book. Among these are cost-of-carry models for futures and forwards, the famous Black-Scholes-Merton option-pricing model, the industry-standard Heath-Jarrow-Morton models for valuation of interest-rate derivatives, and value-at-risk and scenario analysis.

Why write a book like this? Jarrow argues that the abuse of high-risk financial instruments that led to the recent crisis has led to a simplistic view of all derivatives by the general public. To most people, the term connotes the exotic securities — collateralized debt obligations (CDOs), synthetic CDOs, credit-default swaps, and so on — that brought the global financial system to its knees. Even a distinguished Cornell colleague told him, "Derivatives destroyed the world!"

"The general public's perception that derivatives are evil obscures the crucial role they play in helping businesses manage risk," says Jarrow. The term actually encompasses all securities whose values are derived from one or more underlying assets. These include options to sell or buy stocks or other assets, forward-sale contracts (most often for commodities), futures contracts (on commodities, stocks, bonds, and other assets), index investments, swaps, and more. Non-specialists need to understand these financial

Read about the following books published this year by Johnson faculty members in Cornell Enterprise Online

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Levent V. Orman
Professor of Management Information Systems at Johnson, published *Technology and Its Discontents: The Deadly Embrace of Technology and Society* (CreateSpace Publishing, 2013)

Richard A. Marin
Clinical Professor of Management at Johnson, published *Global Pension Crisis: Unfunded Liabilities and How We Can Fill the Gap* (Wiley Finance, 2013)

instruments, their practical uses, and how they can be abused. Most of the abuses today's regulators confront are variations on those their counterparts faced several centuries ago in Amsterdam or London, says Chatterjea, albeit with additional complexity, scale, and speed.

Public understanding of derivatives is particularly important as governments consider how to regulate risk in the financial sector. Poorly designed regulatory measures can often end up creating more-complex problems. For example, usury laws — legal restrictions on the charging of interest — led the legendary 19th-century financier Russell Sage to develop "synthetic loans," securities that combine stock shares and options to provide cash flows equivalent to loans, to get around them. Of course, more complex securities are less transparent, and reduced transparency can obscure excessive risk.

"This book is intended to be as much about managing risk as it is about derivatives," Jarrow says. To this subject he brings not only his work as a theorist — he is the co-developer of some of the most widely used valuation models in finance — but also his experience as a practitioner. In addition to his Johnson responsibilities, he also serves as managing director for research of Kamakura Corp.,

Robert A. Jarrow, Ronald P. and Susan E. Lynch Professor of Investment Management and professor of finance at Johnson, engages in research relating to the pricing of credit derivatives, liquidity risk, and risk management. He is a graduate faculty representative in four fields: management, economics, operations research and industrial engineering, and applied mathematics.

"The general public's perception that derivatives are evil obscures the crucial role they play in helping businesses manage risk."

– Professor Robert Jarrow

a leading global provider of risk management software, information, and consulting. In this role, he is regularly exposed to the day-to-day concerns of investment managers and CFOs. "Good risk management comes not only from good models, but from a solid understanding of their uses and limitations," Jarrow emphasizes.

All in all, *An Introduction to Derivative Securities, Financial Markets, and Risk Management* is a unique, readable, and frequently entertaining primer. It is also the product of a remarkable, 15-year intercontinental collaboration — and longer friendship — between its co-authors. Starting in 1997, when the book was conceived over a meal at a now-defunct Elmira Road restaurant, the two traded ideas and manuscripts between Ithaca and the universities where Chatterjea has been based, which have included the University of Colorado, Indiana University, the Indian Institute of Management Calcutta, and the Kenan-Flagler Business School at the University of North Carolina.

Chatterjea also has returned regularly to Cornell for visiting appointments, summer teaching, and consultations with his co-author. Jarrow credits Chatterjea — who has considerable experience teaching undergraduates and introductory courses — with setting the book's accessible, readable tone. Chatterjea, in turn, says that collaboration with one of the world's preeminent finance scholars is what ensured its intellectual rigor. The combination is likely to command the attention of generations of business students to come.

The emerging market swoon of 2013: Fed-inspired or just investors dog-tired?

By Andrew Karolyi

It has been another bumpy ride in most emerging markets this year. Currencies and bourses from Sao Paolo to Mumbai and Budapest to Johannesburg have been beaten down, rebounded, and then were beaten down again. Volatility reigns supreme once again.

None of this is a surprise, of course. Emerging markets are almost hard-wired to be vulnerable to dramatic inflows and outflows of money that induce the kind of dislocation in market valuations we have seen this year. This summer, Ben Bernanke and the U.S. Federal Reserve have been the special object of scorn for emerging-market central bankers, market regulators, and fiscal policy authors for having inspired the painful capital flow withdrawals they have endured. In June, Mr. Bernanke and his Federal Open Market Committee colleagues laid out a responsible timetable with conditions for the withdrawal of monetary stimulus — the so-called "tapering" exercise. He cautioned that the scale-back in the Fed's $85 billion-per-month bond-buying program would only happen if economic data were better and added that interest-rate hikes were still far into the future.

© Illustration Source/Dave Cutler

What was the reward for his effort at greater Fed guidance? In the Group of 20 communiqué in September, a number of political leaders expressed grave concerns about what they saw as the turmoil unleashed by the prospect of the U.S. slowing the flood of dollars into the world economy. The leaders of Brazil, China, Russia, India, and South Africa specifically commanded "an eventual normalization of monetary policies to be effectively and carefully calibrated and clearly communicated." These very countries announced they would commit $100 billion to a currency reserve pool that could help them jointly defend against balance of payment crises. Read: insurance against further Fed policy shocks.

Lots of research has shown that global risks, like unexpected shifts in monetary policy in the developed world, are important factors driving waves of capital flows in emerging markets. As global risks increase, investors either stop investing abroad and retrench to their home-country markets, or they leave their home-country markets and flee to markets with more stable financial systems. One cannot help but wonder, however, if the Fed's prospect for tapering as a driver of the current swoon, while influential, may be overstated. A more fruitful perspective would be to turn one's gaze inward rather than wave one's fist outward. Perhaps emerging market leaders need to focus less on trying to manage external influences beyond their control and refocus their energies in favor of resourcing the kinds of institutions that make it more attractive for global investors as a long-term play. After all, it is these very investors that help these countries solve the undercapitalization problems that impede their long-term growth potential.

What are these institutions that can alleviate global investors' concerns and thus dampen down excessive capital flow volatility? Research shows that responsible long-term-oriented investors care deeply about market transparency and sound corporate governance standards. They want to reduce arbitrarily tough restrictions on market access for foreign interests and especially the uncertainty about how these restrictions apply and are enforced. Deeper capital markets and more operational systems for the trading of securities are critical toward heightening investor confidence. Global investors care about strong legal protections for minority investors in public corporations in the event of a dispute resolution with respect to actions (or inactions) of family- or management-led controlling stakeholders. Long-term investors also care deeply about a stable political environment.

"What can alleviate global investors' concerns and thus dampen down excessive capital flow volatility? Research shows that responsible long-term-oriented investors care deeply about market transparency and sound corporate governance standards."

The good news is that there are lots of examples that emerging market regulators and political leaders are making serious investments in improving these institutions. Consider Brazil's Novo Mercado, a listing segment of the BM&F Bovespa for the trading of shares issued by companies that commit themselves voluntarily to adopt corporate governance practices above and beyond those required by law. Since its founding over 10 years ago, mostly positive outcomes have been seen in terms of value, liquidity, and capital-raising capacity for the firms that have signed contracts to adhere to a set of good corporate governance practices.

Another good investment is in stronger cooperation among regulatory authorities in emerging and developed markets. This year, the U.S. Public Company Accounting Oversight Board (PCAOB) announced that it had entered into a memorandum of understanding on enforcement cooperation with the China Securities Regulatory Commission and China's Ministry of Finance. The goal of the agreement is to facilitate joint inspections in China of audit firms that are registered with the PCAOB and that audit Chinese companies that trade on U.S. exchanges. It is a solid step toward protecting the interests of global investors who lean on U.S. institutions, like the Securities and Exchange Commission and the PCAOB, to ensure the integrity of financial statement disclosures and to facilitate good governance practices of the many companies from around the world that list and trade on those markets.

Global investors seek predictable and reliable market access in emerging markets. Almost immediately following his late August appointment, Reserve Bank of India's Governor Raghuram Rajan announced a series of reforms to liberalize the banking sector, to strengthen capital market institutions, and to close some gaps in securities market regulation. It came not a minute too soon, with the rupee's dramatic decline and an exit of almost $1 billion from equity markets during the preceding month. Specific proposals included the promotion of more small, private banks; disinvestment in small, underperforming state-run banks; the freeing up of branch licensing rules; and generally greater participation of foreign investors in Indian capital markets.

These are very good developments, but the work is not yet done. So much more can be done to secure the confidence of responsible, long-term global investors to emerging market stock, bond, and currency markets. Investors want to see a bigger effort toward increasing operational efficiencies of the trading markets, toward limiting or even eliminating arbitrary restrictions on foreign investor access that distort capital flows, toward toughening legal protections for minority investors, and toward blocking potentially predatory government actions that distort well-functioning market mechanisms. Attracting such investors to their shores has to be the best medicine to stabilize underlying flows and to secure financing for the steady long-term growth they so desperately need.

Andrew Karolyi is the faculty director of the Emerging Markets Institute, Alumni Professor in Asset Management, and professor of finance at Johnson. An internationally known scholar in the area of investment management, with a specialization in the study of international financial markets, he has published extensively in peer-reviewed journals of finance and economics, and his research is covered extensively and regularly in the business press. He also serves as editor of the *Review of Financial Studies*, one of the top-tier journals in finance, and is an associate editor for a variety of journals. Karolyi received his BA in economics from McGill University and earned his MBA and PhD in finance at the Graduate School of Business of the University of Chicago. He is actively involved in consulting with corporations, banks, investment firms, stock exchanges, and law firms. This fall, he is serving as a visiting scholar in the research department of the International Monetary Fund.

News flash: Your interviewer is a person, too

By Irene Kim

Your résumé is full of impressive business accomplishments and stellar educational credentials. But what if the other candidates are just as qualified as you? How do you put yourself over the top?

It sounds like something your wise old grandmother might have said: Put yourself in the interviewer's shoes.

Whoever hires you, says Career Management Center associate director Steve Calk, has a huge stake in your hire and is making an enormous commitment. "This is a real person who is vouching for you and is putting him or herself on the line," says Calk. "He or she wants to be proud to introduce you to the rest of the team."

How can you increase your chances of getting hired by a real person? Interviewers look for several qualities, says Calk.

➡ Relevant qualifications.

You've already got these on your résumé, so don't rehash them, and don't brag about your accomplishments. Talk about something you did that's relevant to the company; provide concrete results; and keep it simple, but dramatic.

➡ Likeliness to accept.

"For me to make you an offer, I have to believe that you are likely to take the offer," says Calk. "Before J.P. Morgan, the banker, would make you an offer, you had to accept it!" If Charles rates a 95 and Mary a 93, but Charles doesn't seem that interested and Mary seems very likely to accept, guess who probably gets the offer?

➡ Longevity.

An organization usually doesn't reap its initial return on investment on a new hire for a full year, says Calk. "So, the company wants to believe that you'll stay for a while." Some West Coast firms are reluctant to hire East Coast candidates, he says, because they're leery that the new hires will miss family or friends back East and leave after a year. They may not hire a candidate, for instance, unless he or she has truly compelling reasons to stay on the West Coast.

➡ Emotional intelligence (EI).

The EI factor comprises your social skills, empathy, understanding and management of your emotions, and motivation. It is the number-one factor with interviewers.

"If I connect with you on a personal level and sense that you are good with people, I will relax my requirements on your likeliness to accept, longevity, and even relevant qualifications," says Calk. "And, as the person who hired you, I get points for a new hire that everyone likes."

He tells of a recent Johnson grad who, although he had no business experience and was the least-qualified person on the recruiters' schedules, received four finance job offers — more than anyone else in the graduating class. Why?

"He was genuinely excited, and the recruiters could feel it," says Calk. "He was so interested talking about the job that he was almost bouncing in his seat. It was downright infectious."

What recruiters really look for are people who do the job because they love it, Calk explains. They want someone who says, "This is what I would do even if I weren't getting paid for it."

"This is a real person who is vouching for you and is putting him or herself on the line."

— Steve Calk, associate director, Career Management Center

BR Venture Fund Looks to Expand Investments

By Sherrie Negrea

The pitch from the startup's CEO was firm and direct. "We want to be to the apartment market what Bloomberg is to finance," said John Njoku, founder of Kwelia, a Philadelphia-based market research firm for the multifamily property industry.

For the seven MBA students listening in the Sage Hall conference room, the presentation was the fourth they had heard from entrepreneurs in a single week. Yet the request for seed-stage financing from Njoku and his co-founder, Cornell alumnus Greg Phillips '08, seemed to energize the students who manage Johnson's BR Venture Fund (BRV).

"Nobody is doing what they're doing with the multifamily housing market," Aaron Walls, MBA '14, a BRV fund manager, said after the presentation. "If they can execute and pull together this new company, then they will have something special."

Over the next year, Walls and his fellow venture capitalists will hear pitches from more than 100 startups that want a slice of BRV's $1.6 million. Only one or two will pass the due diligence the students carry out with each startup and be awarded with an investment, which can range from $20,000 to $100,000 of seed or Series A financing per company.

Since it was launched in 2001, BRV has provided financing to 13 startups. Now BRV is launching a campaign to increase the size of its fund to $5 million through alumni donations so it can have a greater impact on the venture capital market.

"When you invest early on in a company, you get a certain ownership percentage, but … your ownership will get diluted unless you participate in the additional rounds of investing."
— Emily Walsh, MBA '14, BR Venture Fund manager

"When you invest early on in a company, you get a certain ownership percentage, but as the company raises more and more capital, your ownership will get diluted unless you participate in the additional rounds of investing," says fund manager Emily Walsh, MBA '14. "Right now, we are limited in our ability to do that."

In the venture capital world, where millions are invested in startups that show promise of becoming the next Google or Netflix, it can be difficult for BRV to compete with much larger firms, says Eric Young '78, a co-founder of Canaan Partners, a venture capital firm based in Menlo Park, Calif. What makes BRV unique, however, is its access to Cornell faculty developing new technology and alumni working in startups across the country.

"BRV has a huge network that is available to its calling, and if it's wise about how it uses that network, it will have a significant advantage there just in terms of knowledge and wherewithal," says Young, who has been advising the fund for the past two years.

Take BRV's most recent investment with Venga, a Washington, D.C.-based company that has developed a guest management system for restaurants that can track diners' purchases and preferences. The company came to the attention of BRV when its co-founder, Winston Lord, became an entrepreneur-in-residence at Cornell's School of Hotel Administration. Last spring, BRV

The student-managed fund invests in companies that possess a strong management team, a viable business plan, a potential for growth, and a disruptive technology, says Peter Cassara, MBA '14, president, BR Venture Fund. **BR Venture Fund managers** (left to right): **Pete Cronin, Emily Forsyth, Pete Cassara, Chris Lesmes, Aaron Walls, Emily Walsh, and Carlos Escamilla, all MBA '14.**

made a $50,000 investment in Venga, which was followed up by an additional $12,500 in financing in September.

"Startups are very risky compared to more mature companies," says Chris Lesmes, MBA '14, a BRV fund manager who also serves as chief operating officer. "But this management team in particular exceeded the goals they set out to accomplish, and we liked what they were doing."

BRV invests in companies that meet several key criteria, including a strong management team, a viable business plan, a potential for growth, and a disruptive technology — "something that's going to change the landscape of how things are typically done," as BRV Fund President Pete Cassara, MBA '14, describes it.

To find such enterprises, the fund managers scour the Ithaca campus, visiting entrepreneurial hubs such as the PopShop, a new storefront in Collegetown where students from different majors design startups, and the eLab, the four-year-old incubator run by Entrepreneurship@Cornell. The student investors also regularly travel across the state to meet with startups seeking financing.

Another source of potential deals is the annual Cornell Venture Challenge, which attracted 75 entries from Cornell-related companies competing for a $25,000 first prize last spring. "It's something that we use not only to expand our footprint at Cornell and in the upstate area but also to funnel deals for the fund," says Emily Forsythe '09, MBA '14, a BRV fund manager. Since the 2013 competition, BRV is considering investing with two of the finalists, including the winner, Cognical, which builds algorithm-based underwriting engines for lenders.

As with any venture capital investment, the goal is to earn a return, either through a company acquisition or an initial public offering (IPO) filing. In the past five years, BRV has had two successful exits: It made 1.5 times its investment in SightSpeed, a video conferencing company that was sold to Logitech in 2008, and it earned 5.4 times its investment with Pacific Biosciences, which designs machines to accelerate DNA sequencing, after its IPO in 2010. The profit on Pacific Biosciences resulted in a six-figure payout that was returned to the fund for future investments.

"As a second-year student, I get to make investment decisions on real companies. It's really an unparalleled experience."

— Chris Lesmes, MBA '14, chief operating officer, BR Venture Fund

Aaron Holiday, MBA '12, an entrepreneurial program manager at Cornell NYC Tech, still remembers the heady days of running BRV when Pacific Biosciences went public. Taking the advice of BRV's advisor, David J. BenDaniel, the Don and Margi Berens Professor of Entrepreneurship, to "always sell too soon," the fund managers exited from the company just before the U.S. credit rating was downgraded in August 2011, causing stocks to plunge.

"We got lucky because we sold too soon, and after we sold the market shifted," says Holiday, who is also working on a "stealth-mode" company in New York City.

Beyond its profits, the prime benefit of BRV is ultimately the experience it provides to the students. Lesmes, for example, arrived at Johnson after serving in the U.S. Air Force for eight years, including tours in Iraq and Afghanistan, with no business experience under his belt. But that all changed once he joined BRV.

"As a second-year student, I get to make investment decisions on real companies," he says. "It's really an unparalleled experience that I don't think I could find at any other school. BRV has been an amazing experience that I would recommend to any business student who wants to become an investor."

The Cornell Venture Challenge

Every spring, startup companies from around the country converge at Sage Hall to pitch their business plans in the Cornell Venture Challenge. In the 2013 competition, 75 Cornell-related companies submitted entries, more than in any other year.

The competition, BR Venture Fund's flagship event, awards $25,000 to the first-place winner, $5,000 for second place, and $1,000 for third place. The Cornell Center for Technology Enterprise and Commercialization (CCTEC) doubles the prize money to winners who use technology developed at Cornell.

The ten-year-old competition is a major source of possible investment for BRV fund managers, who review all the applications and select the finalists. A panel of professional investors and entrepreneurs then chooses the three winners.

Cognical [www.cognical.com], cofounded by Brandon Wright, MBA'12, and Chinedu Eleanya '12, took first place and the $25,000 prize at the 2013 Cornell Venture Challenge. A company that builds intelligent decision engines, Cognical uses sophisticated algorithms to find hidden and complex patterns in data that are predictive of successful outcomes, driving revenue and cost savings for several industries, including finance, insurance, and marketing.

Startup Snapshots

Bridging the investment gap

John Kallassy, MBA '03, president and founding partner, I-Bankers Direct [ibankersdirect.com]

In March 2013, John Kallassy launched his Web-based "crowdfunding" platform, I-Bankers Direct, to mine what he saw as a rich vein: the opportunity created by the Jumpstart Our Business Startups (JOBS) Act. Signed into law by President Obama in April 2012, the act eases certain regulations on small businesses regarding disclosure and SEC registration, with the aim of helping them raise funds and grow.

Kallassy's I-Bankers Direct is a "matchmaker" between small, growth-stage companies and potential investors. "Accredited investors" (households with a net worth of more than $1 million excluding their primary residence, or annual income in excess of $300,000 or $200,000 for individual tax filers) can invest in the firm's portfolio of companies at investment thresholds as low as $5,000.

"We provide the public with access to an asset class that traditionally has been the territory of institutional investors, private equity, and investment professionals," says Kallassy, who has started several companies himself. Kallassy worked closely with classmate John Lott, MBA '03, to refine his business plan, and Lott serves as an advisor to I-Bankers Direct.

"These businesses typically are looking for investments of $1 million to $5 million, and that's a difficult amount to raise through conventional means," he adds. "It's a range that's often too high for friends and family and too low for institutional investors."

The companies are thoroughly vetted by bankers at I-Bankers Direct. Investors can read companies' business plans and documents online, watch company presentations, or meet with company management via Web conferencing. "Investors may even help the company with advice and contacts," Kallassy says, adding that he sees I-Bankers Direct becoming a powerful online investment community.

Offering value that clients understand — and want

Lori Asbury, MBA '03 (E), president and CEO of CMOco [cmoco.com]

Lori Asbury's two-year-old startup, CMOco, has a simple value proposition: Rent a chief marketing officer (CMO). "Many companies, typically in the range of $10 million to $100 million, have a need for a senior-level CMO, but can't afford or may not want a full-time, six-figure-salary CMO," says Asbury. "We tell them, 'You'll have a senior-level CMO with more than 25 years of experience in building billion-dollar brands, who will work with you not only on marketing strategy but on high-level corporate strategy, with no risk or overhead. You pay for only the hours you need.'"

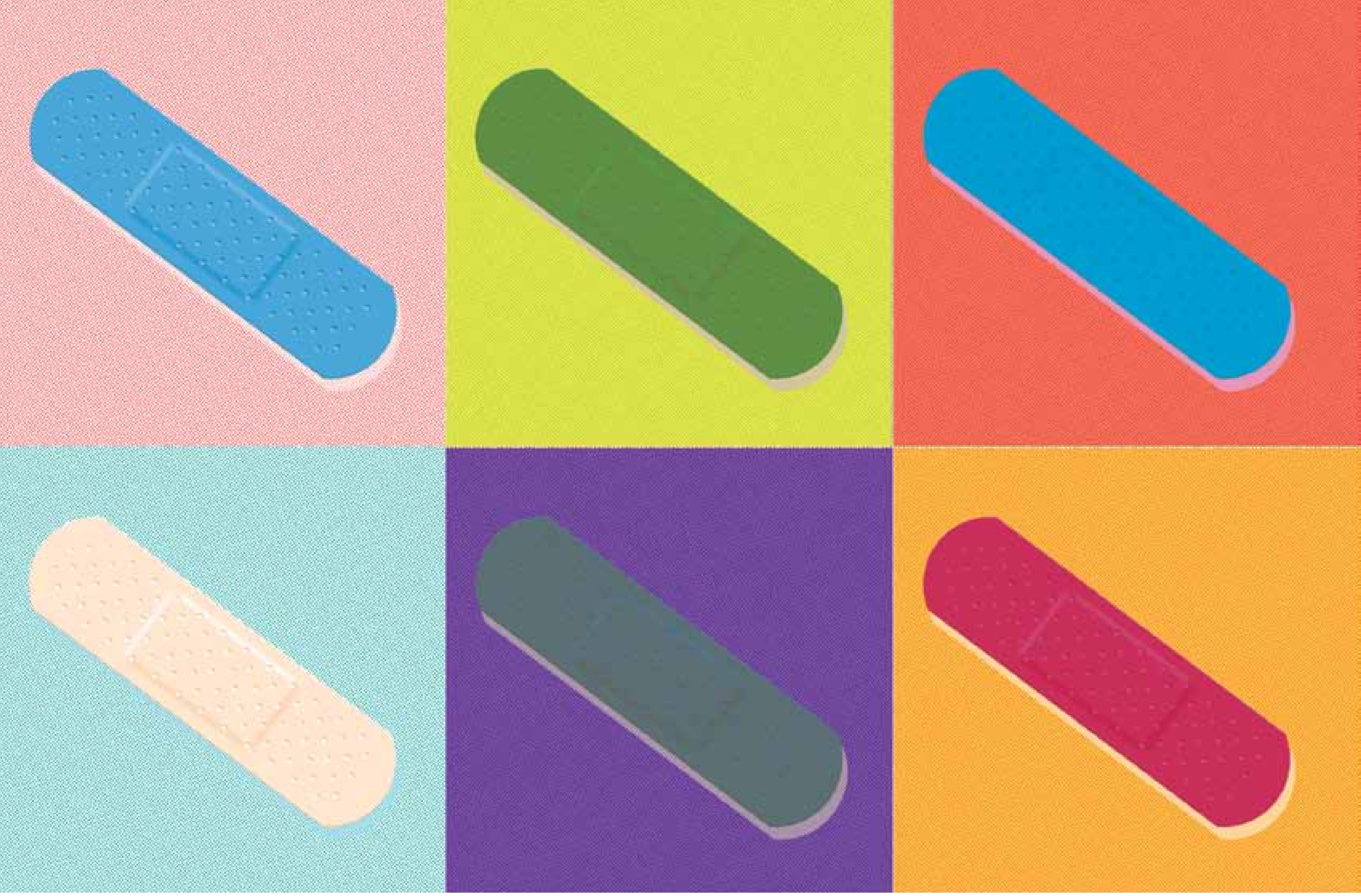
"The clients grasp the concept quickly," she adds. And they love it.

The idea for CMOco evolved a few years ago, while Asbury was senior vice president of marketing for HGTV in Knoxville, Tenn. A local entrepreneur, Parker Frost, enlisted her help in growing his two marketing companies. At the time, Asbury had been helping two other organizations — a water-purification company and a digital music company — with business development and marketing strategy.

Asbury and Frost began talking about developing a full-service marketing firm. Asbury already had two clients in her portfolio and saw the advantage of drawing on Frost's established corporate infrastructure and resources for a startup. The time was right: CMOco was launched in the spring of 2011.

With revenues of nearly $1 million in its first year, CMOco is now working on diversifying its client portfolio, hiring additional CMOs from different industries, and annexing office space next door. "Like any small business, we have an ebb and flow. Some months are great; other months, I wonder whether to pay myself," says Asbury. "But we have been really blessed; things are going great."

— Irene Kim



WHAT'S IN A NAME?

With reputations at risk, companies seek new ways to bolster and protect images

By Robert Preer

A popular carmaker's vehicles accelerate suddenly, causing deaths and injuries, which trigger lawsuits and investigations. An airline known for customer service is grounded for a week by an ice storm, while stranded passengers vent their frustration on social media. A coach in one of the nation's most respected college football programs is accused of child rape, which higher-ups may have known about but failed to report.

In the digital age, corporate reputations built over decades can be shattered overnight. The rise of social media and the easy availability of information on the Internet have empowered groups outside of companies — consumers, shareholders, employees, advocacy groups, and watchdogs. Organizations that have invested great resources in shaping their image and brand can lose control of both in the time it takes a rumor to spread online.

"In the constellation of risks a company has to deal with on a daily basis, reputational risk is one of the greatest," Elena A. Iankova, senior lecturer of management, says. "Events can undermine public trust. When a company becomes associated in the popular imagination with health safety issues, pollution, or child labor, it can lose sales and find it hard to recruit talented staff."

The challenge of building and preserving corporate reputations is getting new attention from business scholars, specialists, and practitioners. For many years, companies simply handed the task of managing reputation to their communications or public relations departments. But the latest thinking in the field links reputation management with all aspects of business strategy, while developing new approaches to corporate social responsibility, corporate citizenship, and ethics.

"Reputation is a corporate asset," Dana Radcliffe, senior lecturer in both management and business ethics, says. "In some industries, it is your most important asset."

Simon Barker, MBA '04, senior vice president at global consulting firm Marsh & McLennan Companies, believes most businesses are still struggling to discover how best to approach reputation management. "Companies have the capability to do the right thing to protect corporate reputation and to grow their businesses," he says. "They are already spending millions of dollars on issues management, crisis management, and corporate social responsibility. But too often they go about it the wrong way."

REPUTATIONS IN NEED OF REPAIR

The results of surveys both in the United States and abroad show how far corporations have to go to improve their reputations.

"To the extent that you isolate responsibility for reputation management, you are definitely vulnerable."

— William G. Raisch, MBA '81, director of NYU's International Center for Enterprise Preparedness

A Harris Interactive poll in 2013 found 44 percent of respondents viewed corporate America's reputation as either poor, very poor, or terrible. Asked their opinions about 60 well-known American companies, those surveyed by Harris identified only six with great reputations, down from 16 in 2011.

A Gallup survey in June 2013 on public confidence in institutions found big business near the bottom. Only 22 percent of respondents said they had a great deal or quite a lot of confidence in big business. A third of those surveyed reported very little or no confidence in big business.

"When a company becomes associated in the popular imagination with health safety issues, pollution, or child labor, it can lose sales and find it hard to recruit talented staff."

— Elena A. Iankova, senior lecturer of management

The Edelman Trust Barometer, issued each year for the past 13 years by the global public relations firm Edelman, showed trust in business plummeting worldwide after the financial crisis then rising slightly in recent years, paralleling the economic recovery. In the most recent Edelman global survey, about 50 percent of respondents said they trusted business to do what is right, while only 18 percent trusted business leaders to tell the truth.

High-profile scandals have hurt the reputations of business leaders generally, according to Edelman, which cited the cases of former McKinsey Managing Partner Rajat Gupta and Livestrong founder Lance Armstrong.

Barker says companies typically are not organized well for reputation management or for responding to a crisis. "Particularly for large multinationals what you find is a hierarchical reporting structure, in which information is not being shared fast enough. When we work with a company, what we try to do, in many cases, is break down some of these silos in order to increase understanding of the risk and to speed decision making."

William G. Raisch, MBA '81, director of New York University's International Center for Enterprise Preparedness, believes that companies need to take a broad view of reputation risk. "To the extent that you isolate responsibility for reputation management, you are definitely vulnerable," he says. "I think the most promising approach, which corporations have been adopting to varying degrees, is to take a more holistic view of risk across the firm."

AWAY FROM THE SPIN CYCLE

Simon Barker had been working in the Washington, D.C., office of Edelman public relations for about four years when he began to question the standard approach of public relations firms to reputation.

"We were dealing with companies and governments," Barker recalls. "When someone contacts a large firm like Edelman, the issue is pretty much over. The company realizes they haven't handled it well, and they're in big trouble."

About all that Barker and his colleagues could do then was to craft a communications strategy. "We worked on what we were going to say, who were we going to talk to, which editorial boards we would contact — basically, how we were going to spin our way out of it. There was no real ability to change the decisions the company had made that had gotten them into the spot that they found themselves."

To take his profession to the next level, Barker decided to go back to school. He enrolled at Johnson, where he delved into issues like risk management, corporate social responsibility, and business strategy while earning his MBA. After graduation, he worked for three years with Visa International as vice president in charge of issues management, then moved to the consulting firm Marsh & McLennan, where he has worked as senior vice president for the past five-and-a-half years. Barker is a leader of Marsh & McLennan's reputational risk and crisis management practice.

"We go to companies and talk to them about reputation and encourage them to understand its contribution to their businesses. We help them to incorporate it into their decisions," Barker says. "While it has some of the same dynamics as public relations — something has gone wrong and they need support — the perspective we bring is a much broader look at issues, strategy, and what companies need to do."

"Reputation is something we don't try to manage at our company. We work at trying to do the right thing. We believe if we do that, we'll probably have a pretty good reputation."

– Fred Keller, CEO, Cascade Engineering

A NEW PERSPECTIVE ON REPUTATION

Barker is now in the midst of writing a book on corporate reputation based on what he has learned in his career and at Johnson. The core of his ideas — and what he says companies need to master — is what he calls "outside-in" thinking. In retail, outside-in has come to mean seeing things from the customer's perspective. In reputation management, it means seeing things from the perspective of many stakeholders, including customers, employees, investors, the media, and regulators, and actively incorporating those expectations into strategy and decision making.

Taking an outside-in perspective can lead to business decisions different from those that would result when managers are looking from inside-out, according to Barker. He describes a client whose business had to close in the aftermath of a mass shooting that took the lives of four people. The company faced a decision whether to continue paying its employees, many of whom were part-time, while the business was closed.

"The standard policy was that if employees were not working, they don't get paid," Barker says. "Reputation has to be viewed as a strategic input to corporate decision making, not a byproduct. By looking at the issue in a different way, the company realized that its employees are its ambassadors and the people most directly affected by the shooting. If you tell them they aren't going to get paid after seeing the people they work with shot, they are probably never going to come back. In the age of social media, the story will come out, and the damage to your reputation could be quite profound."

The company took Barker's advice, kept paying its employees, and also offered counseling and contributed to funds for victims and their families. The employees came back, and the company's reputation was unharmed.

Raisch of NYU says that companies should not only see the perspective of outside stakeholders but also engage actively with these groups and individuals. "The more successful entities work proactively with NGOs, regulators, the media, legislators, and critics — especially critics," he says.

Engagement with critics opens the possibility of compromise and also builds valuable trust, according to Raisch. "By proactively engaging critics of the firm, you have the opportunity, first and foremost, to understand their issues, even if you don't agree with their positions," he says. "Also, you have the opportunity to understand where they are going in the future, and you can start to prepare for that."

By engaging with critics, a firm also will have a chance to adapt its positions and avoid conflicts that could become lightening rods, according to Raisch.

If relations with critics are frank, consistent, and trust-based, a firm can gain other, unexpected benefits, Raisch says. "Sometimes your critics can be your best defenders," he says. "They may not give up their primary tensions with you, but if you have a relationship based on trust, they can dispel spurious or unfounded criticisms more effectively than anything your company can say."

Banner benchmark

Johnson & Johnson's response to the Tylenol tampering case has long been regarded as the model of how companies should respond to a crisis. In 1982, seven people in Chicago died after taking Extra-Strength Tylenol capsules that had been laced with poison. The company immediately recalled 31 million bottles of Tylenol and halted all production and advertising. The company collaborated with authorities to find the killer and offered a $100,000 reward. Later, the company reintroduced Tylenol in tamper-proof packaging with steep price discounts. The company's stock, which fell when the crisis hit, recovered in less than a year. The brand also recovered quickly and has remained one of the top-selling pain relievers in the United States and the world.

Pepper in cyberspace

In November 2011, campus police at the University of California, Davis, pepper-sprayed demonstrators from the Occupy movement in an attempt to disperse them. The protestors were seated on a path in the university quad. The incident was captured on numerous cell phone videos, which were uploaded to YouTube and picked up by mainstream and online media. The videos, which feature a university police lieutenant casually spraying demonstrators in the face at point-blank range, went viral on the Internet, sparking more student protests, as well as formal investigations by the university and state government. Commentators compared the police action in California to the police brutality inflicted on civil rights protestors in the South in the 1960s. The UC Davis pepper spray incident became a signature moment in the Occupy movement.

A bad break goes viral

Canadian musician Dave Carroll's $3,500 guitar was destroyed after he had checked it as baggage on a 2008 United Airlines flight from Chicago to Omaha. After the airlines denied his request for compensation, he composed a country song, "United Breaks Guitars," and recorded it with his band, Sons of Maxwell. The song was a hit on both YouTube, where it received half a million views three days after its release, and on iTunes, where it was number one in downloads from the iTunes music store the week after its release. The success of the song brought a flood of negative publicity to the airline. United eventually apologized to Carroll and offered him $3,000 in compensation, but a music store already had provided him with two new guitars to use in a subsequent video. In 2012, Carroll published a book, *United Breaks Guitars: The Power of One Voice in the Age of Social Media.*

MEASURING GOOD WORKS

Discussions of corporate reputation frequently turn to matters of corporate social responsibility and ethics. It stands to reason that a company's reputation will be enhanced if the organization behaves responsibly and ethically.

Cascade Engineering CEO Fred Keller believes that businesses should take the lead in solving problems in their communities. While providing jobs and contributing to the local economy, companies can also address social and environmental concerns and behave in an ethical fashion, according to Keller, a visiting senior lecturer of management at Johnson.

"Reputation is something we don't try to manage at our company. We work at trying to do the right thing. We believe if we do that, we'll probably have a pretty good reputation," Keller says.

Headquartered in Grand Rapids, Michigan, with facilities throughout North America and Europe, Cascade Engineering specializes in plastic injection molding. It is a leading multibusiness manufacturer in transportation, recycling, office furniture, and renewable energy industries.

Cascade Engineering runs a fundraising program for breast cancer research, trains welfare recipients for careers in the company, promotes antiracism awareness, and maintains a diverse roster of other environmental and social initiatives. Every year, the company issues a "triple bottom line" report, a practice adopted by many firms to demonstrate their performance on social, environmental, and financial criteria.

The concept of triple bottom line — sometimes referred to as "People, Planet, Profit" — was developed by the British consultant

WHILE INCREASING RISK,
SOCIAL MEDIA ALSO PRESENTS OPPORTUNITY

In June 2011, a photograph surfaced on Twitter of a sign that appeared to be posted in the kitchen of a McDonald's restaurant. Above the company logo were instructions to charge African-American customers an additional $1.50 as insurance after a string of robberies.

The photograph went viral on social media. For one weekend, what had become known as "Seriously McDonald's" was the highest trending topic on Twitter. The sign was, of course, a hoax, and the furor later subsided after the company responded with a social media blitz of its own.

But while the reputation of McDonald's suffered no long-term damage, the episode revealed the vulnerability of companies to anyone with malicious intent. The rise of social media has handed a megaphone to critics, who now can level charges and distribute them widely with no supporting evidence. Sometimes the public will give more credibility to the anonymous attack than the statement from a corporate spokesperson.

"We live in an age of instantaneous communication," says Bill Raisch, MBA '81, director of the International Center for Enterprise Preparedness at NYU. "The filtering and fact checking that traditional media channels provided is bypassed. Misinformation and cascading responses can escalate into a reputational crisis."

A group in one country with grievances against a multinational corporation can quickly enlist allies in another country, Elena Iankova, senior lecturer of management, points out. "It is much easier to mobilize protests and boycotts. What would have been local or regional now becomes international," she says.

The emergence of social media also has brought new scrutiny to companies, according to Simon Barker, MBA '04, senior vice president at Marsh & McLennan Companies. The WikiLeaks exposure of Bank of America's lending policies should be a lesson to companies that today no corporate secrets are safe from public scrutiny, he says.

"One difficulty with social media is that it can distort the relative importance of events," Barker says. "That makes social media difficult to manage. You are never really sure what is going to become the next issue."

According to Barker, the fundamentals of how companies can protect their reputations in the age of social media haven't changed: consider the perspectives of outsiders, pay attention to issues, embrace responsible practices, and be prepared to respond in a crisis.

"There has been a decline in trust in corporations, and the cause of it is not social media," Barker says. "It has resulted from a lack of attention to corporate reputation over a long period of time."

Dana Radcliffe, senior lecturer in business ethics, says, "Consumers have been empowered by the Internet. It behooves companies manage their reputations, and the best way to do that is to manage your business well so you have satisfied customers."

While social media has brought challenges to companies, it also has provided opportunities, according to Deb (King) Garber, MBA '99, global brand manager at Hewlett-Packard.

"We try to be very active on social media because it is a wonderful gauge of how we're doing — where we're doing well and where we might have some opportunities," Garber says. "We use it to help understand our customer's needs, preferences, and perceptions, especially around emerging IT areas like cloud and mobility. It also helps us identify potential customer issues and intervene. For example: If someone is struggling with one of our printers, we need to be actively listening so that we can quickly respond and provide a solution."

Fred Keller, visiting senior lecturer of management and CEO of Cascade Engineering, says his company has used social media to highlight its accomplishments in communities. In 2009, the company launched its "Pink Cart" program, selling pink plastic garbage and recycling containers to haulers and municipalities with each sale contributing $5 to the American Cancer Society's breast cancer awareness programs. The company promoted the initiative with a social media campaign that has attracted approximately 800 Twitter followers and over 57,000 Facebook "likes."

Barker compares social media to the village market of ancient days. "If you sold a bad product then, you heard about it right away. Social media makes it possible to recreate those relationships."

Savvy companies monitor social media actively and try to answer customer complaints quickly, according to Barker. "They know that if they resolve an issue through social media, they will get credit for it, and there will be a halo effect," he says.

"Companies ... are already spending millions of dollars on issues management, crisis management, and corporate social responsibility. But too often they go about it the wrong way."

— Simon Barker, MBA '04 senior vice president, Marsh & McLennan

John Elkington in 1997 to measure what he considered the three main aspects of sustainability.

Management Professor Mark Milstein, director of Johnson's Center for Sustainable Global Enterprise, says that while the triple bottom line approach has helped firms to be more aware of social and environmental issues, measuring performance has been difficult. "Companies have found it a bit easier to try to identify measures that relate to environmental performance, such as how much carbon dioxide you put out and what your wastewater looks like," Milstein says. But there are no generally accepted accounting principles for social return.

That's why the Center for Sustainable Global Enterprise takes a different approach to business and sustainability: framing social and environmental challenges as unmet market needs. The center attempts to get companies to address these needs from a business perspective by fostering entrepreneurship and business innovation to create enterprises whose very foundation is grounded in competitive products and services that solve those challenges.

In East Africa, students from the center developed a plan for establishing a network of franchises to sell inexpensive solar products in remote or very poor areas. In Belize, the center and its students worked with a consortium of private companies and government agencies to develop a plan to promote sustainable tourism that can promote economic growth while preserving the landscape and ecosystem.

"Looking at corporate social responsibility through a reputation lens is natural for most managers," Milstein says. "The harder thing is to really understand the nature of problems in the world today and then to develop a product or service for the marketplace that will allow your company to make money by helping to solve these problems."

LIVING VALUES

For many years, Hewlett-Packard (HP) was among the most respected names in corporate America. A founding company of Silicon Valley, HP was known for its generosity toward its employees and commitment to responsible business practices. But starting in 2005, the company found its once solid reputation dented by a series of troubles — the firing of three CEOs, a sexual harassment charge, uncertainty around the personal computer division, thousands of layoffs, and plunging share values.

Deb (King) Garber, MBA '99, global brand manager at HP, says the company is climbing back from its problems and rebuilding its reputation under Meg Whitman, who became CEO in September 2011.

"She has been very consistent. Her message internally is, 'Look, we are going to say exactly what we are going to do and do exactly what we say.' She believes in transparency. We've been doing that quarter after quarter to try to regain consistency and credibility in the marketplace," Garber says.

And throughout its troubles, HP has maintained corporate responsibility programs initiated more than 50 years ago. Employees are afforded the opportunity to participate in up to four hours of volunteer work a month during business hours. The company collaborates with nonprofit organizations on community, education, health, and environmental initiatives. The company also has strived to reduce its carbon footprint and eliminate waste across its supply chain.

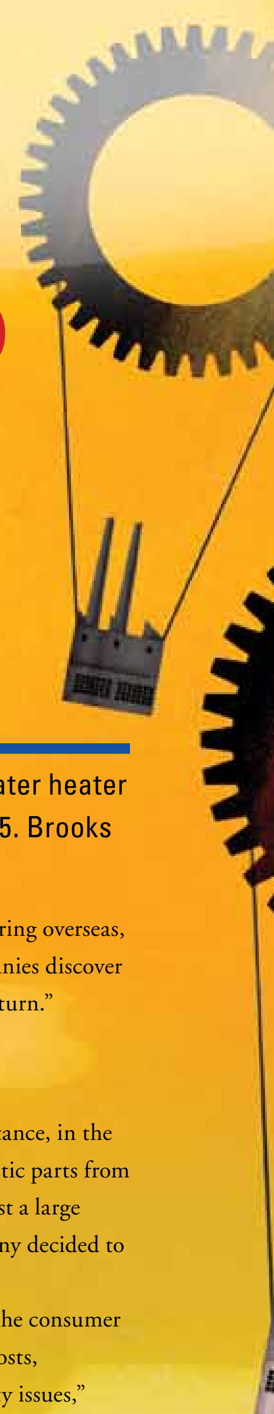
Radcliffe says it really is not complicated for companies to build and maintain their reputations.

"A good guiding principle is to walk the talk," he says. "Most companies have codes of conduct and mission statements. Some companies are very diligent about making sure their employees embody these values, while for others, these are just books on a shelf."

Keller is fond of quoting Ralph Waldo Emerson on reputation: "Who you are speaks so loudly I can't hear what you're saying."

"I think that applies to reputations of companies," he says. "Your reputation is out there. It's important to be who you are and to do what you think is right."

Robert Preer, a correspondent for the *Boston Globe* and contributing writer for *CommonWealth* magazine, writes regularly about trends in business and finance for *Cornell Enterprise.*



Coming Home?

Thanks to some recent trends, more companies are giving the U.S. a serious look as a manufacturing location.

By Merrill Douglas

Chinese computer manufacturer Lenovo opens a plant in North Carolina. General Electric shifts a water heater factory from China to Kentucky. Ford announces plans to create 12,000 hourly jobs in the U.S. by 2015. Brooks Brothers locates 70 percent of its men's suit production in Massachusetts.

Do these moves add up to a movement? Or how about these figures?

A 2012 survey of 340 U.S. companies by the MIT Forum for Supply Chain Innovation and Supply Chain Digest finds that 15.3 percent of respondents have decided to bring some production back to the U.S., with another 33.6 percent considering such a move. In June 2013, the U.S. Commerce Department reports that the nation's trade deficit has dropped to the lowest point since October 2009. And in August 2013, Boston Consulting Group predicts that by 2020, gains in U.S. exports, plus the return of manufacturing from China, will produce 2.5 million to 5 million American jobs.

After decades spent shipping production overseas — building plants in lower-wage countries or outsourcing to foreign-owned plants — are U.S. companies reversing that trend? Have we arrived at the verge of a reshoring renaissance?

The answer isn't clear, and of course the factors that determine where companies make their products are varied and complex. But among many observers, there's a growing sense that, at least for certain kinds of companies and products, a return to American shores might be the wave of the future.

"I won't say that it's a tsunami running back toward the U.S.," says Bruce Stirling, MBA '73, a supply chain consultant with Cincinnati Consulting Consortium. But as manufacturing overseas, especially in China, gets more expensive, and as companies discover other drawbacks to offshoring, "the tide has started to turn."

Why the change?

Stirling has seen this phenomenon firsthand — for instance, in the case of a U.S. consumer products firm that bought plastic parts from one of his clients in Canada. The Canadian supplier lost a large chunk of business when the consumer products company decided to procure parts in China instead.

"Shortly after it made the offshore move to China, the consumer products company encountered rising transportation costs, longer-than-promised lead times, and significant quality issues," says Stirling. The Chinese supplier also had trouble matching production to seasonal demand. "Nominal savings were wiped out by the unexpected costs and complications," he says. Eventually, the U.S. firm returned much of that business to North America.

At Lenovo, the company's decision to open a plant in Whitsett, N.C., is part of a move toward regionalization, a strategy that involves positioning itself as a "global-local" company.

"For particular markets that we're attacking, we want to have speed, flexibility, and good will," says Keita Broadwater, MBA '03,

senior manager of operations at Lenovo in Beijing. With a plant in the U.S., Lenovo can serve that market fast, and it gains the flexibility it needs to offer customized products to American customers, he says. "As for good will — having it made in the USA is a plus when you're selling to the U.S. market."

Among those who believe that U.S. manufacturing is ready to rebound, though, one of the most-cited explanations is the rising cost of labor in China.

That country gained its position as factory to the world thanks largely to a vast pool of skilled workers who earn far less than their counterparts in the West. But the gap between wages in China and the U.S. has narrowed in recent years. That's made the argument for offshoring — at least to China — less compelling.

Factory workers in China used to earn one-tenth to one-fourteenth as much as their American counterparts, says William Drislane '82, MEng '83, MBA '84, vice president of engineering at Dragon Innovation, a Boston-based consultancy that works with technology hardware manufacturers. "Today, labor rates in China are probably one-fourth to one-sixth of what they are in the U.S."

Although that leaves labor in China still somewhat cheaper than in the U.S., labor also has come to count much less in the total cost of manufacturing of certain products. The reason is advanced automation, which makes it possible to turn out massive volumes of product while keeping payrolls small.

For example, a September 19 story in the *New York Times* cites Parkdale Mills, a textile factory in Gaffney, S.C., which spins 2.5 million pounds of yarn a week with just 140 employees — volume that would have needed more than 2,000 workers in 1980.

"Spending a lot of time and effort, and accepting risk by moving your production offshore, is getting you less and less benefit, because labor as a function of the total product cost is not as significant as it used to be," says Doug Merrill '89, MEng '90, MBA '91, a veteran supply chain professional. Merrill is co-founder and chief operating officer of Sunward Systems, which makes solar water heaters in Shelburne, Vermont.

Of course, for industries that are still labor-intensive, reshoring isn't the only possible response to higher Chinese wages. "A lot of colleagues in other companies have told me they're looking at moving manufacturing from China to Vietnam, for example, or Malaysia," says Broadwater. That's an easy enough move for electronics firms, because Southeast Asia offers plenty of good sources for components.

"I won't say that it's a tsunami running back toward the U.S. … the tide has started to turn."

— Bruce Stirling, MBA '73, supply chain consultant, Cincinnati Consulting Consortium

But moving in search of lower wages isn't feasible for every product. "In addition to having the labor force and factory buildings, you have to have a whole community of subsuppliers that can provide parts," Broadwater says. "Or you have to have a very efficient logistics model, so you can get parts quickly and reliably." Not every spot on the map can boast a critical mass of suppliers, or suitable roads and ports.

Heightened risk, hidden costs

Even if a company finds the right ecosystem overseas, if it races to foreign shores without due deliberation, it may well stumble over other obstacles. With the recent rise in fuel prices, for instance, the cost of shipping components or finished goods halfway around the world may cancel out the benefits that low-wage countries provide.

"The only way that incredibly long and complex supply chains are possible is if transportation prices — meaning fossil fuel prices — are low, and if interest rates are relatively low, so money doesn't lose value over time," Merrill says.

Shipping products over long distances also increases the risk of supply chain disruption, says L. Joseph Thomas, associate dean of academic affairs, professor of operations management, and dean emeritus. To offset that risk and make sure they have enough product to meet customer demand, companies keep extra inventory in their distribution centers and bear the carrying costs.

"The higher the value of the product, the more likely you are to want a short supply chain, because the inventory costs more," Thomas says. And the more discerning the customer, the more a company profits by providing excellent service, he says. It's easier

"For particular markets that we're attacking, we want to have speed, flexibility, and good will."

— Keita Broadwater, MBA '03, senior manager of operations, Lenovo

3D printing gives reshoring a new dimension

To hear some people tell it, the technology called three-dimensional printing could one day put the global supply chain out of business.

A 3D printer sets down layer after layer of a powdered or liquefied substance — a plastic or metal, for example — to build a three-dimensional object based on a set of design instructions. The technology isn't new, but it has recently grown capable and cheap enough to set people dreaming of a day when 3D printers will become as ubiquitous as microwave ovens.

"Missing the battery cover on your remote control? Print one," wrote reporter Steven Overly in the *Washington Post* in July. With a machine like that in every home and office, the theory goes, there's no need for factories with thousands of workers on the payroll. And so there's no need to manufacture in low-wage countries.

Consumers with desktop printers aren't about to replace traditional production lines any time soon, experts say. But in the near term, 3D printing could change the way companies make certain products — and where they make them.

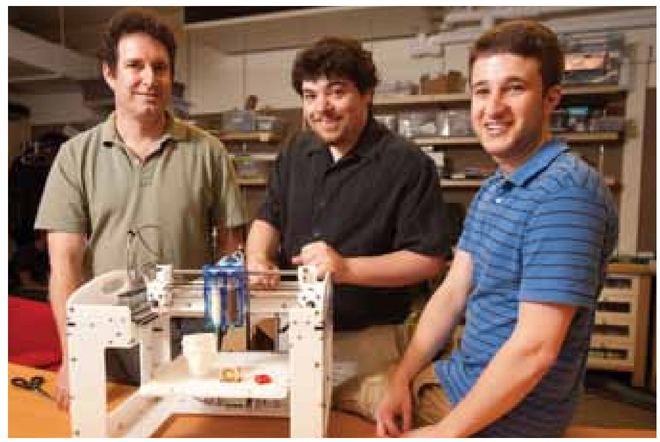
Manufacturers today use 3D printers mainly to create prototypes. "Ninety percent of what we use 3D printing for is to get a sense of the physical size and shape of a product we're designing," says Adam Hocherman '97, MBA '06, and president of American Innovative, a consumer electronics firm based in Beverly, Mass.

Since tweaking a design on a 3D printer means simply modifying the electronic design file in the computer, rather than paying a shop to cast new molds, designers can produce prototypes in as many iterations as they need, with little effort and at a relatively low cost.

Once American Innovative perfects a design, it produces the item by conventional means in China. Three-dimensional printing won't become practical for large-scale production until it can turn out objects as fast as injection molding, and with the same high-resolution surface, Hocherman says.

When companies do use 3D printing for full-scale production, they generally use it to make components rather than complete products, says Hod Lipson, associate professor in Cornell's School of Engineering and coauthor, with Melba Kurman, of the 2013 book *Fabricated: The New World of 3D Printing.*

Just as 3D printing reduces setup costs for prototypes, it provides a similar advantage for complex parts, highly customized parts, or parts that are sold in fairly small numbers. For U.S. companies that make those kinds of components — or want to — 3D printing could well inspire a move back home from overseas, according to Lipson.



Professor Hod Lipson with graduate students **Jeffrey Lipton** (in black) and **Jim Smith** (blue) assemble the Fab at Home 3D printer in their Upson Hall lab after showing the device at Maker Faire in San Francisco.

> "If you had a tool that could make things in short batches and complex shapes, you would use that."
>
> — Hod Lipson, associate professor in Cornell's School of Engineering and co-author of *Fabricated: The New World of 3D Printing*

"Often, companies would prefer to custom-make parts or make them in short runs, but given the economics of mass production, they have to make them in large quantities," Lipson says. They stick with a few standard versions of the product, and they keep costs low by making components in low-wage countries.

"But if you had a tool that could make things in short batches and complex shapes, you would use that," Lipson says. The low setup costs would offset the wages paid to the few employees needed to manage the printing process — so the company could make the product anywhere. "3D printing might allow them to abandon mass production and go back to what really makes sense for that product."

Spending a lot of time and effort, and accepting risk by moving your production offshore, is getting you less and less benefit, because labor as a function of the total product cost is not as significant as it used to be."

— Doug Merrill '89, MEng '90, MBA '91, co-founder and COO, Sunward Systems

A company embedded in a supply chain cannot single-handedly make a decision to move elsewhere. It has to stay close to its supply base to be competitive."

— Vishal Gaur, professor of operations management

to respond quickly and nimbly to customer demand when you manufacture close to your market.

That's certainly the case for Sunward Systems. The assembly operation in Vermont chooses components to fit each customer's individual needs. About 90 percent of the parts for its water heaters come from North America, mainly from Halifax, Nova Scotia.

As a small firm, Sunward can't afford to tie up capital in goods that are sitting in an overseas plant, on a dock, or in a ship, Merrill says. Sunward's push for continual innovation — bringing a new generation of product to market about every six months — also makes a long supply chain a risky proposition. "If we upgrade a component in our system, the last thing I want is to have three containers' worth of material that's no longer compatible."

Other aspects of a long supply chain — a 12- or 13-hour time difference, a language barrier, and disparate business and cultural norms — complicate communications with overseas partners, and complexity imposes hidden costs, Drislane says. Also, a company that outsources to Asia must keep an office and staff there or hire a firm such as Drislane's to manage relationships with vendors. "We're cheaper than doing it yourself, but we're not cheap," he says.

Vishal Gaur, professor of operations management at Johnson, agrees that outsourcing can prove harder and costlier than companies expect. At manufacturing forums that Johnson sponsored in June 2012 and September 2013, several senior executives made exactly that point, Gaur says. "Even when manufacturing is outsourced, one needs to have feet on the ground to manage the supplier with respect to quality, safety, labor standards, and other issues."

Worries about poor product quality, theft of trade secrets, and knockoff products have also fueled interest in reshoring. Some U.S. manufacturers bring production home to better safeguard their intellectual property and brands and to minimize supply chain risk, Gaur says.

For other companies, reshoring is part of a broader strategy toward regionalized production. Lenovo pursues regionalization as a marketing strategy, but some companies also view it as a way to reduce supply chain risk. If something disrupts the supply chain, the company can always ramp up production elsewhere to keep meeting demand, says Stirling. "People are willing to take on a little more cost in order to have supply flexibility and to be able to react to local markets."

When reshoring works, and when it doesn't

While some observers see an incipient movement back toward U.S. shores, Drislane observes that reshoring isn't the right choice in every case. "I don't think it's fair to call it a trend," he says. "It's a measured business practice in certain situations."

Good candidates for U.S. production include items made in highly automated factories, where labor costs are a minor factor, says Drislane. (Parkdale Mills in South Carolina is a prime example.)

U.S. manufacturing also suits products with complex technology, Drislane says. And keeping production close to home might be a good idea if you need to custom tailor products for different customers. "That can be dealt with overseas, but it's harder because of communications," he says.

Domestic production is a good choice as well for large, bulky items such as refrigerators. "You want to at least assemble them locally, or else the transportation cost is too high," says Gaur.

But reshoring also has potential drawbacks. For instance, it can be hard to find U.S. sources for certain kinds of parts and materials. "Most of the components come from China," says Drislane of

Doing the right thing: how and where

Donna Brin, MBA '03 (E), co-founder of Pueri Elemental, a toy company, sources all the materials and work that goes into making Eco-Bonk, an inflatable "bop" toy for young children, in the U.S. because she wanted to help create manufacturing jobs in this country.

When the Rana Plaza garment factory in Bangladesh collapsed in April 2013, killing more than 1,000 workers and injuring more than 2,500, that tragedy threw a spotlight on the hazards of outsourcing to low-wage countries.

Other incidents have also sparked worries about sourcing overseas, including a spate of suicides at China's giant Foxconn factory in 2010 and scares involving tainted baby formula, pet food, and pork products from China. But Western companies — under tremendous pressure to meet customer demand for low-priced goods — have responded mainly by trying to monitor better and mitigate potential problems, not by pulling production back home.

After the Rana Plaza disaster, for instance, about 70 retailers, most of them European, agreed to pay for improvements at factories they use in Bangladesh that don't meet their safety standards, according to the *Wall Street Journal*. Large U.S. retailers developed a competing plan that also pledges money for safety improvements but, unlike the European pact, is not legally binding, said the *New York Times* in July.

Brand owners certainly worry about safety, working conditions, and other matters of corporate social responsibility, says Vishal Gaur, professor of operations management at Johnson. But when an industry concentrates in one region the way factories producing lower-priced garments concentrate in Bangladesh, the local network of suppliers and contractors offering the necessary materials and services grows too important to ignore.

"A company embedded in a supply chain cannot single-handedly make a decision to move elsewhere," says Gaur. "It has to stay close to its supply base to be competitive."

One key to socially responsible outsourcing is to work with factories that serve big names such as Hasbro, Intel, and Motorola, says William Drislane '82, MEng '83, MBA '84, vice president of engineering at Boston-based consultancy Dragon Innovation. "There are Chinese factories whose clients are all Western companies, all of whom will drop the factory in a New York minute if the factory is involved in any kind of problem." When Dragon negotiates contracts with factories on behalf of clients, it writes industry-standard codes of conduct into the agreements, he says.

Although it is feasible to ensure a contractor's conduct and performance from afar, sometimes a company's DNA dictates that it keep manufacturing close to home anyway. That's the case for Pueri Elemental, co-founded by Donna Brin, MBA '03 (E). Brooklyn-based Pueri Elemental makes Eco-Bonk, an inflatable "bop" toy for young children. Vinyl for the toy's inflatable unit is milled in Maryland and fabricated in New Jersey. Fabric for the outer cover comes from South Carolina. Pueri Elemental has the cover sewn in North Carolina, printed in a suburb of Chicago, and then shipped to its warehouse in New Jersey to be married up with the vinyl unit.

"This is about as far from practical as you can get," says Brin. Sourcing in the U.S. is expensive, and the supply chain can get complicated. But she very much wanted to help create manufacturing jobs in this country, she says.

As she works to produce a product that's safe for children and for the environment, sourcing in the U.S. also allows Brin to stay closely involved in quality control, she says. It's entirely possible to make a high-quality product in a sustainable manner overseas, she adds. "But for me, it's about taking a hands-on approach to ensure that I'm producing the best toy that I can — a toy that I'd feel good about giving to my own children."

the technology hardware products his clients produce. It's ten to 15 percent cheaper to buy those products in China than to import them into the U.S.

Not only are suppliers abundant in China, but they cluster conveniently close to one another. "If [they're] manufacturing in southern Guangdong Province for example, [our clients] can get just about any part they need within 50 miles," Drislane says.

Like Drislane's clients, Adam Hocherman '97, MBA '06, finds China an incomparable source of components. Hocherman is president of American Innovative, a firm in Beverly, Mass., that designs and manufactures clocks, night lights, and other consumer electronics. He launched the company before he arrived at Johnson, and he credits the expertise he gained in the MBA program, and guidance he received there, with helping him further develop the business.

American Innovative makes all of its products in China, and Hocherman agrees that that country is the best location for producing electronics. "It's all in one place," he says. "When I visit my suppliers, we say, 'Let's go visit the LED factory,' and we get into the car and go over there."

Regrettably, manufacturing at home has never been a viable option for American Innovative, says Hocherman. That said, he adds, outsourcing to China is tough, and startups that don't gain the right experience and skills or develop the right relationships often fail.

Some of the people behind those failed efforts complain that offshoring yields poor-quality products, Hocherman says. But the blame lies more with the way those entrepreneurs do business than with offshoring itself. "There's a myth that you can throw something over the fence, and it comes back from China and it's done," he says. "It's nothing like that. It's an enormous amount of work."

"There's a myth that you can throw something over the fence, and it comes back from China and it's done. It's nothing like that. It's an enormous amount of work."

— Adam Hocherman '97, MBA '06, president of American Innovative

Along with the allure of a rich supply base, another issue that keeps some U.S. companies producing overseas is a shortage of suitable workers at home. According to a 2011 report by the Manufacturing Institute, manufacturers in the U.S. find it hard to expand, innovate, or increase productivity due to a shortage of trained machinists, operators, craft workers, and others with specialized skills.

Such shortages became another topic for discussion at the Johnson forum in 2012, says Thomas. "A majority of the people at our seminar said this was a real problem for them."

The nearshoring alternative

Of course, for companies seeking to reduce costs, control risk, and boost flexibility, reshoring isn't the only option. "Nearshoring" also has become a popular strategy.

Nearshoring means making products for the U.S. market in countries such as Mexico and Brazil, where labor rates are lower than in the U.S. and shipping routes are shorter than from Asia. Many automakers, for example, assemble vehicles in Mexico and then ship them to the U.S. According to a story published Sept. 9 on FTAdvisor.com, Honda, Mazda, Nissan, Audi, and BMW all plan to open new facilities in Mexico and boost auto production there by 35 percent.

"Production in Mexico offers time advantages that are similar to the U.S.," says Gaur. "It is easier to monitor quality, safety, and labor practices there than on the other side of the globe, and the lead time is almost as short as in the U.S."

As companies take a more holistic view of the supply chain, some other conditions that might influence where they source or produce include product safety standards, corporate tax rates, energy costs, political pressure, and the level of corruption prevalent in various countries, Stirling says. "I think companies are making much more sophisticated analyses of where they want to locate their manufacturing facilities."

Given trends such as rising wages in China, high transportation costs, increased factory automation, and greater interest in regionalization, reshoring is likely to remain a hot topic in the coming years. Whether the next wave of U.S. manufacturing sweeps toward our own coast, our neighbors', or another part of the world, the calculations that propel that wave are likely to grow even more complex than they are today.

Merrill Douglas writes about a wide range of business topics for trade magazines, university publications, nonprofits, and corporate clients, and covers supply chain issues as a contributing editor for *Inbound Logistics* magazine.

THE FUTURE OF FLICKS:

SPOTTING STRATEGIES FOR SUCCESS AS THE DIGITAL AGE TRANSFORMS THE BUSINESS OF ENTERTAINMENT

BY DOUG MCINNIS

The shift to digital media has ratcheted up the pressure to diversify in the already highly competitive entertainment industry. While there are more ways to make money, there are also hundreds of new competitors scrambling for the same dollars. Life in the fast lane just got faster. Here is a glimpse of a few players who are learning to thrive in this new world.

RECOGNIZE AND EMBRACE GAME-CHANGING IDEAS

Meredith Amdur, MBA '03,
vice president of Digital Strategy at DirecTV

DirecTV already has a huge customer base: 30 million U.S. and foreign customers. It wants more, and so do its competitors. The game is Darwinian evolution at warp speed, and the rules are simple: Adapt or perish.

As the company's vice president for digital strategy, Meredith Amdur helps assure that DirecTV not only survives but thrives. Her job is to figure out what the company should do next. "But it's like chess," she says. "You can't reveal the moves that are coming.

"For example, should we invest in a country that I can't name? What companies should we buy? And who should we partner with?" To come up with her recommendations, she gobbles industry blogs, research reports, customer surveys, and other data — and by necessity she reads extremely fast. She sandwiches research between meetings and other duties. If she has only five minutes to spare, she reads something. "It's similar to being a Wall Street analyst," she says. "I'm trying to keep up with an industry that's changing rapidly."

When she makes a recommendation, Amdur must convince top decision makers to go along. PowerPoint presentations are a staple of her working life. She recalls the time she proposed DirecTV purchase Hulu, the Internet-based service that streams television shows, movies, and new media. Although it represented a strategic diversification from DirecTV's main business, satellite TV, "we saw that Hulu could be a hedge if our current business slows down," she says. "It's good to have a hedge." The deal didn't go through; Hulu's owners pulled it off the sale block earlier this year.

"YOU'RE CONSTANTLY ASSESSING INFORMATION AND THE COMPETITIVE ENVIRONMENT. THERE'S INFORMATION OVERLOAD, BUT ... IT STIMULATES NEW IDEAS."

— Meredith Amdur, MBA '03, vice president of digital strategy at DirecTV

"Strategy is about connecting the dots," notes Amdur, who previously served as general manager of strategy and planning for Microsoft's consumer online services business. "It's day-to-day. You're constantly assessing information and the competitive environment. There's information overload, but in some ways I benefit from it. It stimulates new ideas."

Amdur knows just how much the entertainment industry needs new ideas to thrive. She witnessed first-hand the damage digital technology did to organizations that failed to evolve. Ten years ago, she was a print journalist at *Variety*, where she served as New York bureau chief and finance editor. In the intervening years, print media has been in free-fall.

To keep DirecTV from suffering similar tribulations, Amdur peers into the future. But she doesn't peer too far. The once-common five-year plan for business is history; things are changing much too fast for that. So Amdur limits her projections to three years or less.

"Technological change is highly unpredictable," she says. "To look out five years is a foolhardy task. What's important is being able to respond to change."

"AIRPLANE REPO," ARM WRESTLING, AND MOBSTERS

Jansen Noyes IV '04, MBA '11, vice president of development at Undertow Films

At last count, DirecTV had 285 channels, or roughly one channel for every 1.1 million Americans. The implications of those numbers are striking: There is more opportunity than ever for new shows to find a niche somewhere on TV. On the other hand, the mass audiences of the past are increasingly elusive.

Undertow Films is a case in point. Undertow produces the Discovery Channel's hit reality TV show "Airplane Repo," which zeroes in on people who make a living repossessing aircraft and yachts that haven't been paid for. The average "Airplane Repo" audience numbers about 1.3 million. In the 1950s, when the U.S. had half as many people and just three networks, 50 million people tuned in to "I Love Lucy."

"Technology lowered the barrier for entry by lowering the cost of creating a channel," says Jansen Noyes IV, the company's vice president of development. "Once you had cable and satellite, you could create channels relatively cheaply." All those channels that are up and running need shows to fill them. And that's where Undertow comes in. With the success of "Airplane Repo" under its belt, Undertow has produced a second show, slated for AMC, that reveals the world of underground arm-wrestling competitions. A third show, about mobsters who voluntarily leave the federal witness protection program, is in development.

"If you just had three networks, there wouldn't be an 'Airplane Repo' or shows on organized crime," says Noyes. "There aren't enough hours in the day for the [major] networks to put on all the shows that are on all these other networks."

But the proliferation of channels has also created intense competition to attract viewers. If you tune into Discovery, for example, a banner runs across the bottom of the screen. "It might say check out discovery.com for information on next week's 'Airplane Repo,'" Noyes says. "All the networks do social media as well. Many shows have Twitter and Facebook pages."

New competition crops up regularly. For instance, in addition to Web-only television series such as the Emmy Award-winning "House of Cards" produced by Netflix, Internet-based webisodes that feature branded entertainment are rapidly growing in popularity. These programs typically run four to 15 minutes long and serve as

"IF YOU NOTICE SOMETHING THAT PEOPLE WANT THAT ISN'T OUT THERE, THAT'S AN OPPORTUNITY FOR YOU TO BE THE FIRST PERSON TO PROVIDE IT."

— Jansen Noyes IV '04, MBA '11, vice president of development at Undertow Films

advertising vehicles. "Companies saw the big audiences YouTube videos drew and came up with the idea of commissioning short programs to promote their business," Noyes says.

Typically, a branded webisode consists of an entertainment segment combined with a plug for the sponsor. Canon is among the companies commissioning webisodes, says Noyes. Production companies that land webisode orders may earn millions of dollars for producing 30 minutes of programming.

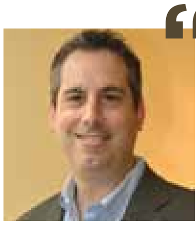
"I spend maybe a day a week working with our team and our agent to come up with webisodes for our corporate clients," Noyes says. "It's a lucrative opportunity."

Whether Noyes is working on a webisode or a television show, the trick is to come up with something fresh and new. That's the hard part, but Noyes says he applies "a business school analytical approach," to the task, a creative process that is clearly working.

Take the planned show on witness protection, for example. Noyes began by systematically analyzing what has been successful in the past and found a lot of shows on organized crime. Knowing he needed a new angle, he noticed that past shows tended to end with a mobster's arrest. Wondering what happened to them next, he found out that some turned state's evidence and went into witness protection. Upon further digging, he found that some larger-than-life tough guys went stir crazy living quiet lives under assumed names in small-town America — and wanted out of witness protection.

Noyes pitched the idea to Undertow Films, which optioned it and then offered him a job.

Such creativity is all part of an effort to make money by catering to ever-smaller segments of the market. "The other networks were developed to meet demand for shows that weren't on regular TV," says Noyes. "If you notice something that people want that isn't out there, that's an opportunity for you to be the first person to provide it."



"FROM MY PERSPECTIVE, DIGITIZATION AND GLOBALIZATION ARE WORKING TOGETHER, DRIVING CHANGES IN THE BUSINESS MODEL FOR ENTERTAINMENT."

— David Viviano, MBA '03, chief economist at SAG-AFTRA

FOLLOWING AN EVER-SHIFTING MONEY STREAM

David Viviano, MBA '03, chief economist at SAG-AFTRA

The economics of a career in acting can be explained mathematically: There are more actors than there is work to keep them busy. So actors have long gotten by on secondary revenue streams generated by the roles they do get. When their shows are rerun, shown in foreign markets, or sold in DVDs, they get residuals.

But when the digital revolution swept in, the economic model shifted in ways that meant more money for some actors, less for others, says David Viviano, chief economist for the union that represents 160,000 entertainment workers, Screen Actors Guild and the American Federation of Television and Radio Artists (SAG-AFTRA).

For instance, the growing number of cable and satellite channels required more original shows. "Overall, there are more opportunities to work," says Viviano, who advises union leaders on economic shifts in the industry and serves on the union's contract bargaining team.

On the other hand, he says, there is less money from broadcast network rerun residuals in the U.S. Traditionally, residuals put food on the table when work dried up. But with so many additional channels, U.S. viewers don't have to watch something they've already seen. And these days, many programs don't get rerun here.

Revenue from DVD sales is also shrinking. Each time a DVD sells, the cast gets roughly one percent of the revenue. At the peak, global DVD sales topped $11 billion a year. Then the market changed. "Movie piracy has eroded the market for DVDs," Viviano says. "There are some countries where they watch American movies like crazy, but it's all on the black market." Other movie distribution sources, such as Netflix streaming, have taken a bite out of the pie, too. Although actors still get a cut when Netflix streams a movie, the price of a streamed movie is less than the sales prices of a DVD, and that translates into less money for actors, Viviano says.

Nevertheless, the news isn't all bad; other forces are helping to buoy actors' income. Globalization has created huge new markets for American films, television shows, and DVDs. When a show or movie runs on a legitimate channel in a foreign market, actors get a cut. It's the same with legit foreign DVD sales, says Viviano. "From my perspective, digitization and globalization are working together. They're both driving changes in the business model for entertainment."

For that reason, Viviano and his staff pore over industry data to identify trends that impact the union's membership. "My staff does most of the basic research," he says. "But I review a lot of material myself. I read the *Hollywood Reporter, Variety,* proprietary databases we subscribe to, Nielson ratings, and comprehensive reports from any number of sources." Viviano also cultivates industry sources ranging from investors to agents.

The data Viviano compiles and analyzes help the union prepare for contract negotiations, which in turn offer a chance to level a playing field turned topsy-turvy by changing times. In the meantime, actors do what they've always done: Look for all the work they can handle.

"Many actors have gone through dry periods when they haven't worked," says Viviano. "So they want to make as much money as they can when they can."

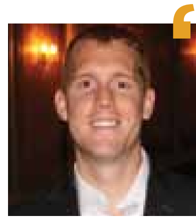
CUSTOM SHOWINGS FOR CUSTOM AUDIENCES

Jeff Cloetingh, MBA '12, CEO and co-founder of Flicstart

Well into the digital age, most movies slated for the theater were still shot on film and shown on film projectors. Then, in 2009, the digitally filmed 3D movie "Avatar" set box office records, and the industry scrambled to change its ways. Today, most filmmakers and theaters have switched to digital.

This sea change caught the eye of Jeff Cloetingh and Andrew Schoen '12, who saw an opening for a new line of business. Acting on the premise that ordinary theaters could make money by showing old films to self-selected audiences on slow nights when almost no one showed up for newly released films, Cloetingh and Schoen worked together on the business plan for it in a Johnson course and subsequently won the Hemmeter Award for the business plan most likely to launch a successful business (as determined by Johnson's entrepreneurship faculty). Meanwhile, Schoen introduced Cloetingh to Paul Heran Yang '12, MEng '13, whom he met at Cornell's 3-Day Startup event. Together, the three of them founded Flicstart, a startup that "empowers movie lovers to demand screenings not only of movies, but any content at any theater," says Cloetingh.

"Any content" includes archived films as well as alternative content, such as music, sports, and arts on the big screen, says Cloetingh. "If enough people join in advance by preauthorizing payment, the event happens and everyone enjoys the show. With only 15 percent of theater seats filled on average, movie theaters are keen to improve capacity utilization." Targeting otherwise slow nights,



> "FLICSTART EMPOWERS MOVIE LOVERS TO DEMAND SCREENINGS NOT ONLY OF MOVIES, BUT ANY CONTENT AT ANY THEATER."
>
> — Jeff Cloetingh, MBA '12, CEO and co-founder of Flicstart

theaters would get new revenue from added ticket sales and lucrative concessions while Flicstart would get a cut of the ticket sales for drumming up an audience. "We're creating new demand without cannibalizing existing ticket sales," says Cloetingh, Flicstart's CEO.

Here's how it works: Anyone who wants to see an old movie, a sports event, a music performance, or other content on the big screen at a local theater can schedule it through Flicstart, then spread the word via email and social media. Tickets are sold in advance online via Flicstart. If too few people pay for a movie, the showing is canceled and no one's credit card is charged.

Flicstart is a case in point of how the digital revolution creates remarkable opportunities for those who can seize the advantages the technology makes possible. Digitization brought about four critical changes that enabled Flicstart to find a niche. First, it cut film shipping costs dramatically. A full-length feature film weighs 30 to 50 pounds and costs $50 to $100 to ship and insure — a critical consideration since Flicstart movies are shown only once for an audience that might have as few as 40 people. Lightweight digital copies can be shipped and insured for a fraction of that cost. Second, films wear out the more they are shown and "the old film copy we get might be inferior," Cloetingh says. Digital offers crisp images. Third, it can be hard to locate a rentable copy of film versions of some old movies. And last, "Sometimes it's too much trouble for the money for a studio to dig out a film for a single showing," he says.

Flicstart's five-member management team, all Cornell graduates, have full-time jobs and run Flicstart in their off hours. Cloetingh is a consultant at L.E.K. Consulting in Boston; Schoen is an M&A analyst at Blackstone Group in New York City; CTO Yang is a product manager at AppNexus in New York City; Director of Marketing Mayda Dorak '13 is a business analysist at Deloitte in Istanbul; and Director of Community Research Development Joe Skovira, PhD '90, is a high-performance computing consultant in Ithaca. The far-flung team holds conference-call management meetings on the weekends.

Without digital technology , "I don't think Flicstart would exist," says Cloetingh. "Digital technology is penetrating the movie making and distribution process, shaking up markets, and creating a ton of opportunities."

DOUG MCINNIS WRITES ABOUT A WIDE RANGE OF TOPICS FOR A HOST OF MAGAZINES AND NEWSPAPERS FROM HIS HOME ON THE RANGE IN WYOMING.

PROFILE IN LEADERSHIP

Sense and Sensibility in a Master Dealmaker

LUIS CARLOS SARMIENTO JR., MBA ’85

BY CHRIS KRAUL

Luis Carlos Sarmiento Jr., the CEO of Grupo Aval, Colombia’s largest financial services holding company, likes nothing more than making deals.

Evidence suggests that he is good at it. The biggest of the 16 transactions he directed over the last decade, Aval’s $1.9 billion purchase of Costa Rica-based BAC Credomatic from GE Capital in 2010, produced $286 million in net income last year, a spectacular return.

To pull it off, Sarmiento stared down a competing bid from the much larger Canada-based Scotiabank and skeptical representatives of seller GE Capital. To prevail, he offered $1.9 billion, all cash — nearly a quarter of Aval’s equity — against the Canadian bank’s cash and stock offer.

Early negotiations were not propitious. GE’s representatives asked Sarmiento questions that reflected their “doubts about whether Aval was the better prospect to buy the bank,” he says. But

> **"Luis Carlos' intelligence and mathematical skills are important elements of his management style and his ability to analyze deals. But so is his emotional intelligence."**
> — Alejandro Figueroa, president of Banco de Bogotá

drawing from his years working in corporate America and Wall Street, Sarmiento convincingly made his case with language and figures the sellers understood.

"I wasn't intimidated, and I was able to persuade them I could deliver what they were looking for in us," says Sarmiento, a Johnson Advisory Council member who was honored with Johnson's 2013 Distinguished Latino Alumni Award for his dedicated service, outstanding leadership, and exemplary commitment to the school. "The dynamics of the negotiations seemed to change after that."

The deal-making pace has increased in recent years as Sarmiento's father, Aval founder and chairman Luis Carlos Sarmiento Sr., cedes to his son more and more responsibility for the $150 billion assets-under-management company, a financial behemoth based in Bogotá that controls not just four banks but Colombia's largest gas company, a hotel chain, toll roads, and even a rubber tree plantation.

Now 80, Sarmiento Sr. still works a 70-hour work week, which helps explain how, according to *Forbes* magazine, he has become one of the world's richest men with a net worth of $13.8 billion.

Since the BAC Credomatic deal, Sarmiento has sealed other big deals, including the $541 million purchase earlier this year of Spanish banking giant BBVA's Colombia pension unit, which will be merged with Aval's Porvenir, Colombia's largest pension administrator. In June, he announced the acquisition of Guatemala's Banco Reformador for $411 million and in July of BBVA Panama for $490 million. Both will become BAC Credomatic affiliates in each country and will raise Aval's direct employees to 70,000.

"One of my father's rules is that if your business is not growing, you're losing ground," says Sarmiento

THE MAKING OF A MASTER DEAL BROKER

For honing his negotiating skills, Sarmiento credits the time he spent studying and working in the U.S. before returning home to Colombia in 1996 to help run Aval. The milestones were his MBA at Johnson, his four years in Procter & Gamble's finance department, and a stint at First Bank of the Americas in New York.

"My 19 years in the States gave me a global way of looking at things," Sarmiento says. "I totally empathize with Wall Street and the American way of doing business. It's why we have internationalized our business. I always fall back on my experience in the U.S. to negotiate a deal and to transact."

Although his career path took a subsequent U-turn, Sarmiento's undergraduate engineering degree at the University of Miami, where he graduated *magna cum laude*, was also essential to his deal-making acumen.

"Engineering is more than calculating bridges, buildings, and roads. It's all about a philosophy and a way of thinking. The mental organization I use to tackle and solve problems totally comes from my engineering training in Miami," Sarmiento says.

Alejandro Figueroa, president of Banco de Bogotá, the flagship and largest of the four Colombian banks that Grupo Aval owns, has worked alongside Sarmiento for 17 years, long enough to know that his number-crunching prowess is a major asset.

"Luis Carlos' intelligence and mathematical skills are important elements of his management style and his ability to analyze deals," Figueroa says. "But so is his emotional intelligence. He has an intuition about people that is usually correct. Not everything is black and white — some things are shades of gray — and many times you have to decide among the grays, and that's where you can appreciate Luis Carlos' management."

Asked to further define his management style, Sarmiento says he likes to mix business meetings with casual, fun conversation to "give people a sense of teamwork and caring." Another rule: He doesn't delegate a task unless he is capable of doing it himself. "If not, I won't be able to understand the finished product after I receive it."

With his bloodline, Sarmiento could have eased into the top management job at Grupo Aval. But that's not his style. The varied path that Sarmiento, an avid pilot and former marathon runner, took to finally assume the operational reins of the Aval holding company says a lot about the values and approach of a man who, associates and relatives say, is driven to prove himself.

Sarmiento's son, also Luis Carlos and now a management student at University of Miami, agrees, saying his dad "never wanted a position of power based on his name. He wanted to earn it, and he has definitely earned it. He's excelled at every single thing he has done."

Discussing his career trajectory, Sarmiento says he especially loved his time at Procter & Gamble, what it taught him about consumers and consumer products, and the way the P&G corporate culture "made you ambitious and want to get ahead without stepping on anyone to do so. … It was like getting a second MBA or a PhD."

Procter & Gamble apparently returned the sentiment, offering Sarmiento a plum job in its Paris office in a bid to keep him, recalls Alfonso De La Espriella, a 25-year member of Grupo Aval's board of directors. "But Luis Carlos Sr. just smiled and said, 'Congratulations on the Paris offer. Now pack your things and get down here to Bogotá.'"

Managing Grupo Aval, especially over the last decade amid a booming Colombian economy, has been an intense, high-stakes, and highly competitive challenge that Sarmiento clearly relishes. When considering an acquisition, he likely has several other competing banks, foreign and domestic, looking over his shoulder and hoping to expand in the region.

FOSTERING RESPONSIBLE AUTONOMY

Just as impressive as BAC Credomatic profits is the fact that none of the Central American bank's top managers have left since Grupo Aval acquired it. That reflects the team spirit that Sarmiento has been able to engender in the newly acquired organization, as well as an ability to clearly communicate policies and expectations, says Banco de Bogotá president Figueroa.

Valentin Hernandez, managing director of Citi's Latin America financial institutions division in New York and a long-time friend and colleague of Sarmiento's, says people he knows at BAC Credomatic have told him they are "delighted" with Grupo Aval as its parent company.

"Luis Carlos' style is to support them and be hands off, to be able to delegate without abdicating responsibility. He lets them do the best they can with their own resources," Hernandez says. "It's a process he has followed with the other banks Aval owns. He's the boss, but he lets the people do what they have to do."

Increasingly, Sarmiento looks to grow Aval with acquisitions in Central and South America, partly because the company is nearing the maximum limit of Colombian financial assets with which Colombian regulators feel comfortable under one owner. That means a lot of hard work and travel to perform the requisite due diligence.

"I think Luis Carlos enjoys it because he sees it as sort of his permanent apprenticeship, in terms of strategy and learning the business practices, legal norms, and tax systems of other countries," Figueroa says.

GIVING BACK

When he delivered Johnson's Durland Lecture in October 2012, Sarmiento urged Johnson students to "share your gains," and it was no throwaway line. Among the many charities Aval supports is one especially close to his heart called Colfuturo that each year finances the graduate studies abroad of 1,000 Colombian students, mainly at universities in the U.S. and Europe.

Students who come back to work in Colombia after completing their graduate degrees get 50 percent of their student loans forgiven. The big appeal for most students, Sarmiento said, is to have access to colleges and universities known worldwide for their research. "For the country to benefit, obviously, you have to entice them back — and they have been coming back," Sarmiento said. "There is such a capacity for the Colombian job market to absorb good people here that anyone who is good will get a job."

Sarmiento also makes his piloting skills and his twin-engine Beechcraft King Air plane available to a worthy cause: He regularly flies medical emergency rescue missions, ferrying doctors and patients in and out of remote areas of Colombia.

BE BOLD, BUT CALCULATED

During his Durland lecture, after sharing several experiences as well as the expertise and perspective he gained as a result, Sarmiento urged students to "dare to lead," learn from successful executives, explore the world, and be bold.

"Being bold is about taking the right calculated risks, not the stupid plunges," Sarmiento said in his speech, a conviction that could describe his deal-making approach. "In time, you will learn the difference between the two. Gut is not really the way. It's about studying and putting in the time and understanding what you're getting yourself into and then using your common sense."

A former foreign correspondent with the *Los Angeles Times*, Chris Kraul is a freelance writer based in Bogotá, Colombia.

CLASS notes

What's News With You?

Please send updates about your career, family, honors, or other news. Your classmates want to hear from you!

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Cornell Enterprise is happy to publish photos along with your news in the Class Notes section. We're happy to scan and return color slides and prints, and we can use digital photos if the resolution is high enough (we recommend at least 300 dpi at 4"x6").

(A) denotes a graduate of the Accelerated MBA program

(E) denotes a graduate of the Executive MBA program

(CQ) denotes a graduate of the Cornell-Queens Executive MBA program

THE 1950s

CLASS OF 1948

Peter Miller '44 writes, "Since Reunion this year marked the

65th anniversary of the first Johnson class, I thought a summary of those members still greeting the rising sun might be in order. **Herb Englehardt** and I attended the Half Century Club luncheon with our wives and especially enjoyed getting acquainted with Dean Dutta and his wife. I tried to reach the remaining class members with limited success. **Shel Joblin '47** could not attend. **Bill Knauss '45** also had a longstanding commitment to the Rotary Club of Ticonderoga immediately preceding Reunion and felt his heart wouldn't appreciate the excitement of a Cornell weekend. Everyone else either didn't return messages or had disconnected their phones. The Johnson staff really looked after us! Pictures of faculty in our day have been retrieved, framed, and hung in the 1948 break room. This was a project of several years! "

CLASS OF 1951

Donald Ellison "retired from commissioned services in the U.S. Air Force in 1970, retired from U.S. federal service after 20 years in 1991, and finally retired, retired." He lives in a continuing care community, Ashbury Methodist Village, in Gaithersburg, Md.

CLASS OF 1956

William S. LaLonde '54 says he and his wife, Susanne, "closed our business three years ago. Sold our home in Rhode Island and moved to a retirement community in New Jersey," where he and his wife grew up and where one of their sons lives. "So far it is working out."

Ludwig Tamari says, "I am actively retired, and my children now run our import-export business, Tamari Trade and Industry, in Amman, Jordan. Our family is also involved with a school that we support in Amman … set up in memory of my father, who was a local philanthropist." Ludwig and his wife live in Potomac, Md.

CLASS OF 1957

William Ramsgard '56, whose pen name is Willie Gaard, wrote a book, *The Ancestor Chain*, which (per Amazon) "explores the often desperate circumstances of our direct-line relatives living hundreds and even thousands of years ago." Willie says, "Writing is more fun than the finance, accounting, and computers I have worked on all through my life. Doing this book was a joy!"

THE 1960s

CLASS OF 1961

Daniel Bidwell '60 is a retired special agent with the Federal Bureau of Investigation. He spends the winters in Sedona, Ariz., and is "otherwise home in Michigan, or with daughters in Colorado, Minnesota, and at Michigan State University with the College of Veterinary Medicine."

CLASS OF 1963

Gustavo Levy is president of Vital Learning Center, where "we teach Spanish, translate for English/Spanish and Spanish/English, and also teach public speaking (Spanish and English) … tailored to the special needs of students." Gustavo also teaches Spanish at Montgomery College in Rockville, Md.

CLASS OF 1967

Warren Staley, the retired CEO and chairman of the board of Cargill Inc., was commencement speaker at Kansas State University in May, where he received an honorary doctorate. Warren and his wife, Mary Lynn, are active in promoting education on a global scale and travel internationally for Habitat for Humanity and Opportunity International, which provides small business loans, financial services, and training to those in need. The Staleys are the major benefactors for the first high school under construction in Mamponteng, a town in Ghana.

CLASS OF 1968

Robert S. Sullivan, dean of the Rady School of Management at the University of California, San Diego, was named chair of the Association to Advance Collegiate Schools of Business (AACSB) International board of directors.

THE 1970s

CLASS OF 1972

Michael David Naumes is president and CEO of Naumes Inc., a family business of fruit growers that supplies pears, cherries, apples, and other fruit to markets across the U.S. and overseas.

CLASS OF 1979

Steven Benov is managing director of Raymond James in St. Petersburg, Fla. Raymond James is a diversified financial services company engaged primarily in financial planning, wealth and asset management, and investment banking.

Nancy Schlichting, president and CEO of Henry Ford Health System, was selected one of the "Top 25 Women in Healthcare" by the editors of *Modern Healthcare* magazine. The selection honors executives in all fields of healthcare "for making a positive difference in the industry." This is the third time Nancy was recognized by the magazine.

THE 1980s

CLASS OF 1982

Katherine P. Ward Feld, JD '83, joined the U.S. Securities and Exchange Commission in May as attorney-advisor in the

Division of Investment Management's new Risk and Examinations Office.

CLASS OF 1983

Murray Bolesta says he is "delighted to be selling my art

all over the world to folks and institutions loving fine art photography. I've just started selling large, limited-edition prints on London-based saatchionline.com/murraybolesta."

Naomi Kelman '81, head of the over-the-counter (OTC) division at Novartis, spoke at a Women in Leadership panel at Cornell Sept. 10.

CLASS OF 1986

Karling Alice Leung is the founder and principal of Sapientiae, a biotech management and consulting firm based in Oakland, Calif., focused on advising "biopharma and investors on strategy, drug development, and corporate development. It is refreshing to see the industry from another perspective,"

she writes. Alice also joined the board of directors of the Gastric Cancer Foundation and looks forward to "helping find cures for this relatively underfunded research area."

CLASS OF 1987

John Merrill joined DigiCert Inc. as its COO. DigiCert is an online trust provider of enterprise security solutions with an emphasis on authentication, public key infrastructure (PKI), and high-assurance digital certificates. The company is headquartered in Lehi, Utah.

CLASS OF 1989

Tim Pynchon has joined Oppenheimer Asset Management, a unit of Oppenheimer Holdings, as portfolio manager for high-yield tax-exempt funds in the company's Boston office.

Mike Sweeney in his blog "Target Thinking" (July 18) wrote about **Gary Allhusen '84, MBA '89, MEng '93**, and presented a video interview with Gary about his startup, a mobile phone app that lets local businesses donate a percentage of every sale to local nonprofit organizations.

THE 1990s

CLASS OF 1990

Ajay Singh is the co-founder and chairman of Argentum Motors,

his latest turnaround venture. Known as the "turnaround man" in New Delhi, he has made a career of reviving struggling businesses in both the private and public sectors and turning them into successful companies.

CLASS OF 1991

J. W. Clements joined Access Point Financial as senior VP, capital markets. He is charged with initiating a major outreach to real estate and mortgage brokers from a new office in Philadelphia, Pa., as well as establishing a vendor alliance program providing in-house financing for key hotel suppliers.

CLASS OF 1992

Mark Brennan is an adjunct associate professor at New York University. He writes, "After leaving the hedge fund business in 2005, I spent the next eight years studying and teaching at the University of Pennsylvania where I finally (!) received my PhD in history in May 2013. My dissertation, 'Consecrated Toil,' analyzed the role of American Protestant missionaries in Cuba's post-independence political

David M. Bowen, MBA '77

BRINGING MORE INTELLIGENT HEALTHCARE TO the U.S. Military

Consolidate, cut costs, and upgrade: Since being named Chief Information Officer (CIO) for the Department of Defense Military Health System (MHS) last September, David Bowen has been called to do all three at the same time.

The most daunting mission of the past year, Bowen says, has been preparing for the launch of the government's new Defense Health Agency. For years, the Army, Navy, and Air Force administered medical and administrative processes separately; but in late 2012, in an effort to cut costs and increase efficiency, Congress mandated that all three branches' systems be combined into a single shared system. Managing such a transition, Bowen says, "has been less a technology challenge than a change-management challenge. Or, put another way, an exercise in anthropology."

Simultaneous to planning this overhaul, Bowen has been fighting to improve the methods by which private-sector healthcare facilities that treat military patients share patient data with the MHS — and to significantly upgrade the information technology (IT) used by the MHS. For a long time, Bowen says, the military's IT outpaced that of its commercial counterpoints. Today, though, the opposite is true. Because the military's IT has taken the form of custom "homegrown systems," up to 95 percent of the IT budget goes to maintenance, while less than 5 percent goes to technological enhancements. To help bring government systems up to speed, Bowen says, the MHS will soon be reaching out to the commercial market.

Working for the MHS, a network that serves more than 9.6 million active-duty and retired military and their families, Bowen says, has been "a nice way to cap off a healthcare IT career" in that the job brings to bear both his long experience as a private-sector healthcare information officer and his previous experience working with government bureaucracies as CIO at the Federal Aviation Administration.

"I just love it here," he says. "Never before have I worked with such a uniformly high-caliber group of people. Everybody's just very focused on the mission: the care of our military servicemen and women."

— Mark Rader, MFA '02

evolution between the end of the Spanish-American War of 1898 and Castro's communist revolution in 1959. I am now teaching a variety of undergraduate and graduate courses at NYU's Stern School of Business."


William Tara

William Tara is a senior managing partner of Clear Peak LLC, a vendor-neutral big-data and business intelligence consultancy, located in Greenwood Village, Colo.

CLASS OF 1993

Paul Villa is senior VP with Double Helix Consulting, a full-service strategic and technical market access consultancy serving pharmaceutical, biotech, and medical device companies.

CLASS OF 1994

Wendy Mayer '92 is VP for worldwide innovation at Pfizer. She spoke as a panelist at the MedCity Converge Summit for Healthcare Innovation July 12. The panel addressed the question, "How Can You Innovate in a Big Shop?"

CLASS OF 1995

John P. Graham joined Align Technology as VP of marketing and chief marketing officer. He is responsible for Align's global marketing strategy and product management of the Invisalign business and leads the continued evolution of the iTero hardware/software scanning platform technology for restorative dentistry.

John Lamy was named Southern Oregon catalyst manager for the Oregon Entrepreneurs Network.

CLASS OF 1996

Tanya Ezekiel is president and founder of CareerCoach.com. She says, "I help successful professionals, worn and weathered by the recent economic down-turn, get their mojo back. This is why I chose to become a career coach."

CLASS OF 1997

Len Herstein '91 is CEO and president of ManageCamp. He spoke at Smart Meetings July 31 about what inspired him to start his own brand-marketing company.

Jean Viret says, "my company, diaDexus (DDXS), saves lives by identifying the hidden risks of heart attacks and strokes. Check out our PLAC test." Jean also announced that his son, Julian, entered Cornell as a freshman in fall '13; his other son, Christophe, is a junior at Duke.

CLASS OF 1998

Mark Cameron is a principal with Redhill Healthcare Consulting LLC in San Rafael, Calif.

Hernan J. F. Saenz III, MILR '98, managing partner for Bain & Company's Dallas, Houston, and Mexico offices, addressed fellow alumni at Reunion 2013 in June. The title of his presentation was "Business Myths and Global Realities: Some of the Things I've Learned Since Graduation."

Adam Steinberg joined the board of professional advisors for ADHD Aware, a nonprofit run by and for people with attention deficit hyperactivity disorder (ADHD). He writes: "Our purpose is to empower children, adults, and families affected by ADHD, educate those who impact us, and enlighten all people as to the courage and competence of our singular community. … I am the parent of a child with ADHD, and my involvement with this organization began after a very challenging evening of homework for my bright son. I decided that I am an intelligent, successful person who should be doing more for his child."

CLASS OF 1999

Brad Adams is "still doing tech M&A with TM Capital and having some fun working with middle-market clients on a global basis." On the personal front, Brad's children, Danielle, 9, Cameron, 6, and Brooke, 6, "are growing up way too fast."

David Benini and his wife, Jill, got married in July, "with our immediate fams presided over by none other than the Rev. **David Crescenzi.**" David is VP of marketing at Aware, a biometrics software company in Bedford, Mass.

Alex Christou started a new job in New York City in January, "so we moved back East to Ho-Ho-Kus, N.J., after four great years in the Bay Area … a hard decision to leave Calif., but nice to be closer to our families."

Luis del Valle says, "all is well in Houston," where he's met up with **David Gunn, MBA '98,** and classmate **Bill Davis**. Luis and his wife, Rebecca, have two children.

Jennifer Dulski '93 is president and COO of Change.org. In a CNNMoney interview with her published July 11, she discussed "ten questions about life outside of work, the company she admires most, and industry advice for young entrepreneurs."

Laura Sullivan Ethridge married Steve Ethridge June 22, with 25 Johnson friends joining the party. She is "now the stepmom of two teen boys." On the career front, in April she joined Wells Fargo as a senior VP on the consumer lending team.

Beth Wollberg Flume left her job at Amazon in June to spend more time with her five-year-old twins. She writes, "My world is changing dramatically — attended my first PTA meeting … and am diving into elementary education with gusto."

Joe and **Deborah King Garber** live in Idaho with daughter Sydney, 6. They both work at HP, where Joe is a VP with Autonomy, and Deb is global brand manager. They report that, "between the two of us, we had a busy summer with work travel — Toronto, Australia, U.K., France, Germany, and all over the U.S." Sydney is active in gymnastics, golf, and art, and is also a voracious reader — "must take after Mom."

Andrew Timothy Guida joined Macquarie Group, Macquarie Capital, as managing director of bank and thrift and specialty finance, within the Financial Institutions Group, based in the firm's New York City office. Macquarie Group is a global provider of banking, financial, advisory, investment, and funds management services.

Michael Keogh works at Apple in Shanghai. His wife, Ilaria, works in Beijing, so "we decided to stay there, and I commute to Shanghai weekly and Cupertino almost monthly."

Sarah Brubacher MacDonald reports that after a year of battling two cancers, she is "doing just great … the prognosis is good." She says that after being bald for several months she is "happy to report that I have a short haircut that I really love, and … platinum blonde … why the hell not? Depending on your generation, you might think I look like Annie Lennox, Pink, or Miley Cyrus." On the career front, Sarah works at eBay as chief of staff to the president.

Wens McCormick works for Motorola in Buenos Aires, "one of the most beautiful cities in the world." He and his wife, Victoria, have four boys: Paddy, 13, Connor, 11, Jack, 8, and Colin, 5.

Martin Mehalchin is a partner at Lenati LLC in Seattle, Wash. Lenati is a national management consulting firm that specializes in sales and marketing strategy. Over the summer, Martin and his wife "had a great time at the wedding of **Greg Bellinger '93, MEng '00**, and **Jennifer Anderson '95, MBA '06**.

Scott Neuman '93 and his family live in Prague, where he is on assignment for IBM to oversee marketing for more than 30 Central and Eastern European countries. The posting is a great business opportunity for Scott and a great adventure for the whole family: his wife, Amy, and their three children Annie, 14, Henry, 12, and Emma, 10. Scott writes: "Coming from the mountains of

Vermont, city living of any kind is quite an adjustment. But what a city. Charming — both architecturally and culturally."

Marshall Stocker '97 wrote a memoir, *Don't Stand Under a Tree When It Rains*, in which he addresses the ethical dilemmas of investing during an uprising and provides anecdotes on dining, bargaining, traveling, praying, and grasping at the cultural nuances of working in a foreign country — in this case, Egypt. One review notes that the saying, "invest when there is blood in the streets," was not just a metaphor, it was Marshall's reality. Last summer he joined Eaton Vance in Boston as global macro equity strategist, portfolio manager, and VP, and is responsible for leading "a new mutual fund which focuses on identifying the best countries in which to make public equity investments."

Alaka Sundararajan is based in Singapore, "in year three of my PhD program in strategy, management, and organization behavior, trying to get my dissertation going." Alaka has a daughter, 4, and a son, 2.

THE 2000s

CLASS OF 2000

Nathanial Roe is head of marketing at Rogue Ales in Newport, Ore. He says, "In August I joined Rogue Ales, a 25-year-old craft brewery ... after more than a few months looking for the right position, I finally found what may be my dream job."

CLASS OF 2001

Bill Bihlman (A), MPA '03, completed a cross-country bike

ride, cycling 7,000 miles for charity. He rode solo from San Diego to Virginia Beach and maintained a blog during his trip [www.ridingforhope.com]. Over the four-and-a-half-months of his trip, he peddled 7,045 miles, visited 27 states, and raised $15,000 for the O'Connor House, a residential home to help single pregnant women improve life for themselves and their children in Carmel, Ind. He said he was blessed to have met so many incredible people along the way — "a good sign that acts of compassion and generosity are still alive and well." He spent most of his time "focusing on three simple themes/virtues: humility, focus, and patience" — he bemoans that the latter is "still work in progress." Bill is president of Aerolytics LLC, a boutique management consultancy that specializes in aerospace, based in South Bend, Ind.

Anne Cramer is co-founder and COO of SuiteCX, an enter-

prise software company in San Francisco. SuiteCX identifies both broad and niche problems for companies of all sizes and industries and presents proven ways to turn gaps into opportunities, initiatives, and planned improvements.

CLASS OF 2002

Zulfe Ali was appointed COO by Bahrain Mumtalakat Holding Company, the investment arm of the Kingdom of Bahrain. He is responsible for overseeing Mumtalakat's corporate functions, including finance, risk management, legal information technology, and corporate finance.

Bruce Lasko joined Depository Trust & Clearing Corp. (DTCC) as head of benefits. DTCC, through its subsidiaries, offers clearance, settlement, and information services for equities, corporate and municipal bonds, government and mortgage-backed securities, money market instruments, and over-the-counter derivatives.

Tracy Sinclair was promoted to marketing director, premium coffee, at Kraft Foods. She is responsible for the Gevalia and Tassimo brands.

CLASS OF 2003

James Edwards '96 was named an Ernst & Young Entrepreneur of the Year 2013 Finalist in Greater Los Angeles. Jamey is CEO of Emergent Medical Associates, which provides emergency care and episodic care management services to patients, communities, physician groups, and hospitals throughout Southern California.

John Kallassy is president and co-founder of I-Bankers Direct, a crowd-funding program that enables individuals to invest directly in selected small-cap growth businesses.

Martine Kok (A) is Central and Eastern Europe finance director

for TNT Express, a Netherlands-based provider of express delivery service. In this capacity, she continually searches out and identifies business practices that can be improved. Formerly based in Indonesia, she says that "in general, I am a person who is keen on change, who likes change."

Roland Kurt Springer was selected by the Bureau of Reclamation to lead the Upper Snake Field Office (USFO) and oversee the management and operation of reclamation facilities in eastern Idaho and western Wyoming. The USFO manages six projects, eight dams, and two power plants in the region, delivering irrigation water and providing hydroelectric generation, flood control, and recreational opportunities.

CLASS OF 2004

Brett Blumenthal '96, and her husband, **David Wax,** welcomed a son, Alexander Lee, May 17.

Paul Liu is managing director of Cambridge Associates in Sydney, Australia. He is helping to build the consulting practice for the company in the Asia-Pacific region, out of the Sydney office. He and his wife, Lee O'Haver '95, along with daughters, Grace and Kate, moved to Australia in 2011.

CLASS OF 2005

Amanda Shaw '00 is the executive director of student services at Johnson, where she oversees the offices of the Registrar and Student Activities and Special Events for the residential two-year and accelerated MBA programs.

Andreas Wankerl '96, PhD '01, is co-teaching, with MIT professor Eugene Fitzgerald, an MIT massive open online course (MOOC), "3.086x Innovation and Commercialization," which the White House Office of Science and Technology Policy has recognized as a key resource for bringing innovation to market more efficiently. The course was developed from an innovation approach described in Fitzgerald and Wankerl's 2010 book, *Inside Real Innovation*, which is also the textbook for the course. Andreas is operations director of Innovation Interface, which works

Mike Sweeney, MBA '89

EMPOWERING WOMEN, ONE VIDEO VIEW at a Time

Mike Sweeney with Hedgers, Bankers, and Thinkers host Fereshteh Forough

For the past two years, Mike Sweeney, managing partner of Film Annex Capital Partners, has been deeply involved in promoting WomensAnnex.com — an interactive web platform that supports the empowerment of women in developing countries. The idea for the platform, Sweeney says, grew out of a conversation Film Annex's founder Francesco Rulli had with Roya Mahboob, a young female technology entrepreneur busy setting up U.S.-funded Internet services for Afghani universities. After Mahboob expressed her desire to create Internet classrooms at the high school level in Afghanistan, Film Annex helped fund the development of ten Internet classrooms and two Women's Annex studios, equipped with digital video cameras and editing equipment that in total serve 40,000 students in Afghanistan. Shortly after, a unique place under the Film Annex umbrella was created for sharing that content — as well as content created by and for women in countries around the world.

Sweeney says the business model for WomensAnnex.com is a "unique mix of sustainable philanthropy and business." Counting on better content to drive more traffic in years to come, Film Annex is investing $3 million annually to help populate the site with meaningful and attractive niche content. Proceeds are shared with content makers based on what's called their Buzz Score, an algorithm that factors in quality, frequency, and influence. Some five thousand women from Afghanistan contribute content to the platform, says Sweeney. While for many the payouts are relatively small, the top ten to twenty earn up to $6,000 to $9,000 per year in a country where the average income is less than $1,000. This enables the women to "have a really significant influence in their community."

Sweeney's primary role in the company is attracting publicity and seeking out partnerships. But he also serves as executive producer of the Women's Annex's highest-profile program: Hedgers, Bankers, and Thinkers, a recurring series recorded at the Film Annex studios in Manhattan in which host Fereshteh Forough ("the Katie Couric of Afghanistan," he calls her) interviews Wall Street hedge fund managers, bankers, and other "thought leaders" in the New York City financial community about their philanthropic efforts.

As Sweeney and the rest of the Women's Annex team look toward the future, they continue to think big: Over the next few years, they hope to provide Internet access to more than three million people in Central Asia and the Middle East. "What we want," Sweeney says, "is to be the dominant platform for women and children to tell their stories in a way that can be heard all over the world."

— MARK RADER, MFA '02

Anindo Dutta, MBA '05 (E)

GLOBAL OUTSOURCING WITH A human touch

According to Anindo Dutta, outsourcing "comes in two different flavors": Information technology and application outsourcing (the most commonly known), and business processing outsourcing (BPO) — his area of expertise. As vice president-Americas BPO at Hewlett-Packard (HP), Dutta helps provide corporate clients with domestic and offshore solutions devoted to handling traditional BPO services such as finance, human resources, and accounting — as well as increasingly popular "big data solutions" that help companies maximize their operational processes.

Clearly, he is good at it: Dutta was recognized as one of the Outstanding 50 Asian Americans in Business 2013 by the Asian American Business Develop Center (AABDC) in June of this year.

The goal with every client, Dutta says, is "to figure out what their business challenges are and find the solution that best tackles that." An engineering major as an undergraduate, Dutta has a strong background in both technology and business. This unique skill set, he says, allows him to serve as a bridge between clients looking to increase market share or productivity and HP's technology resources — everything from "the pure insight from our PhD-level analytics teams" to "our tremendous amount of tools and software."

Born in India and raised in the U.S., Dutta had worked in Europe, Asia-Pacific, and Latin America before entering Cornell's Executive MBA program. However, he credits his experience on the global business project he did in Costa Rica as a Johnson student for prompting him to think about what emerging growth markets like India, Brazil, and China could offer the rest of the world.

Jokingly self-described as "your typical global road warrior," Dutta travels for business between a quarter and half the year, going as far north as Canada and as far south as Argentina. Though the focus of his work is connecting employers and employees thousands of miles apart, Dutta says that when it comes to establishing and maintaining relationships with customers and vendors in his region, there's no substitute for having "feet on the ground." This is especially true, he says, in countries like India, Japan, Brazil, and Mexico, where business relationships are based more on personal connections than corporate contracts.

"It's the difference between saying, 'Hey, I've got a plane to catch, sign here' — and actually getting to know a person, building trust, and creating positive business outcomes."

— Mark Rader, MFA '02

with corporations on innovation processes and innovation projects at the corporate/university interface.

CLASS OF 2006

Dominic Maher is VP, corporate services and real estate, for Goldman Sachs Services (Private) Limited in Bangalore, India. He is also a LEED Green Associate. He says, "In the fall of 2008, as the financial meltdown occurred, I was laid off from Tishman Speyer. I spent the next four years traveling the globe. Went to 180 countries. Was kidnapped twice and rescued on both occasions by the U.S. government. I have been to Afghanistan, Iraq, Iran, North Korea. I feel that this adventure is a fascinating story and has been the highlight of my life."

CLASS OF 2007

Phillip Bell is a product line manager with Corning Incorporated in Corning, N.Y. He presented his paper, "Big Windows, Light Weight," at a Transportation Weight Loss Conference in Stuttgart, Germany. "Automotive windows made from Corning's Gorilla Glass can be 60 percent lighter and 40 percent stronger than today's windows, which improves vehicle efficiency and makes the car more fun to drive," he writes. Philip spends much of his time visiting European carmakers to develop the idea, which he describes as "pretty much my dream job."

Christina Keller was named president of CK Technologies (CKT), a key business unit in the Cascade Engineering family of companies, which specializes in developing technologies for the commercial truck and bus industry. She and her husband, Andy, and their son, Jackson, live near CKT's Montpelier, Ohio, facility.

Dinesh Singh is director of student engagement at the Sunstone Business School, with locations in Delhi, Pune, and Bangalore, India. In an article on IndiaInfoline.com (July 8) ("Why is education more important than mere certification?"), he urges certificate-offering schools to focus more on learning, because then "byproducts such as career transitions, career growth, entrepreneurship, etc. come automatically."

Sharletta Clady Wojtczak and her husband, Daniel, welcomed a daughter, Natalie Marie.

CLASS OF 2009

Nad Ajlani and **Joanna Cheng '04** report that "our Singapore Johnson family has grown to include many friends of friends, significant others, and spouses." Their daughters, Addison, two-and-a-half, and Emma, 6 months, "enjoy growing up in the company of **Vicki Chen Liu, MBA '10**, her husband, Alex Liu, Hotel '08, **Matt Shear, MBA '10**, and [classmate] **Joel Lyon**, who is now based permanently in Singapore."

Jim Bridenstine (E), a former Navy pilot, a United States congressman (R-OK), and member of the House Armed Services Committee, had the opportunity to "fly" Lockheed Martin's F-35 Lightning II interactive cockpit demonstrator at an event Aug. 26.

John Burnett (E), was profiled on CBS News Aug. 8 and appeared in numerous other news outlets and stories while campaigning as a candidate for comptroller for the city of New York.

Shania Chien writes from Hong Kong: "We're trying to do a

once-a-year flagship event in Hong Kong with formal dinner and speaker. This year we had Johnson's Professor Eric Yeung speak about "Accounting Controversies Affecting Offshore Listed Chinese Companies." We also took the occasion to celebrate Eric's appointment as full-time accounting professor at Johnson. … Eric is a native son of Hong Kong, so it was particularly meaningful."

Michelle Colban '08 and **Seth Flowerman '08** live on the Upper West Side in New York City. Michelle is a brand manager at Unilever in the foods division, managing the Country Crock brand. Seth is at PLT Health Solutions, "on a constant search for the next new health ingredients."

Ben Fielding says that life is great for the Fieldings. "The twins are at a great age and are so much fun. Ella is a great, if not somewhat jealous, big sister. … It's amazing how busy you can be and still have so little to report."

Steve Gellert '03 works at World's Best Cheeses. He says, "In November we acquired our largest competitor, and … now have a West Coast office … I have been splitting my time between California and a newish apartment in the West Village."

Damien Greenwood '01 and his wife, Amy, moved to Boston last year and are enjoying the change of pace from a frenetic three years in Manhattan. Amy raced her third Ironman in Canada in August.

Rosny Hartono says, "Time flies," as his daughter has celebrated her first birthday.

Linda Kao is the Web marketing manager at ViSalus, a heath/fitness startup that sells shakes, energy drinks, and supplements. She also does some freelance consulting for people who want an online or social media presence for themselves or their business. Linda's husband, **Patrick Chu '10**, cofounded a wealth advisory firm, Marrick Wealth, and they have relocated from Orange County to downtown Los Angeles. They also are trying to keep up with their quarterly Cornell brunches for those in the SoCal area.

Nara Kim left the corporate world of marketing pasta sauce and hair care last year, "to find my OM and third eye. Enjoying the world of marketing for Pure Yoga and getting paid to do yoga and work out with my Equinox and Soul Cycle colleagues."

Jason Krieger joined American Express as director, business development, in the corporate payment solutions group. He will have a five-state territory. As a result of the new job, Jason and his wife, Holly, and son, Finn, relocated to Madison, Wisc.

Ray Lansigan is an associate partner at Rosetta Marketing Strategy & Insights. He says, "I get paid to do what I love — identifying growth opportunities by building strong connections between the brand and the consumer. I think of it like hosting a summer dinner, particularly the consonance of that moment after a delicious meal, surrounded by good company, and another glass of wine. That special experience is what I love creating at scale for my clients, both strategically and tactically."

Sandeep Mankikar joined Merck Serono as the business unit head for the oncology franchise.

Joe Moschella and his wife, Lily, were married last year in Century City, Los Angeles. In January, Joe became general counsel to Fuhu, makers of the "Nabi" line of kids' tablets. He writes: "While the U.S. market is starting to stabilize, we're expanding globally," including offices in Taiwan and Hong Kong.

Chris Noble '03 and his wife, Jen, welcomed a daughter, Adelaide Violet, April 1. Adelaide joins big sister, Emilie, 2. Chris writes: "Work-wise, life has been good on the farm. Agriculture generally has been on the uptick in recent years. I've been working on a renewable biogas project for the past six months … this 'cow-powered' project will produce enough electricity to supply more than 300 homes." Chris and his family live in upstate New York.

Susan Ngo is settling into life in New England. "Some of my firsts include: seeing the Red Sox at Fenway Park, watching minor league baseball and hockey games, visiting the Cooperstown Baseball Hall of Fame, deep sea fishing in the Atlantic, growing my very own vegetable garden, tasting lots of beers at Boston's American Craft Brew Fest, celebrating St. Patrick's Day in Ireland, and checking out Quebec's Winter Carnival and Ice Hotel."

Joe and **Bailey Stoler O'Dea** live in Manhattan, enjoying "an adorable, extremely energetic toddler." Joe works in equity research at Vertical Research Partners. Bailey consults for the New York Stock Exchange.

Stacie Palmer is a director of state operations for Liberty Mutual, managing all of the personal insurance products in Maine and Rhode Island, and working out of the firm's Boston office. She and her husband, Andrew, and son, Michael, have moved from Boston's Back Bay to the suburbs: "It's incredibly different … but we love it."

Alex Pan is working at nWay, "the gaming (video games, not gambling) startup in San Francisco that I joined one-and-a-half years ago. Spring was filled with many late nights (or early mornings depending on how you look at it) as we wrapped up our final few months of beta testing. … We recently launched our game last week, and if you like video games or are bored at work, check it out." [www.chronoblade.com]

Brandon Richter '04 and **Andrea Tebay Richter** write that their daughter, Avery, 1, is keeping them very busy, and that they are "really enjoying this age and having a blast with her."

Ben Rollins is enjoying the entrepreneurship scene. His startup, Vaporsens, received some investment and grant funding to develop explosives/narcotics detectors. Ben and his wife, Nicole, and children, Luke, 9, Caleb, 7, and Greta, 3, live just outside Salt Lake City.

Annabell Satterfield is a product marketing manager at a pre-IPO startup, BitTorrent, in San Francisco. She says, "I'm managing growth for BitTorrent's torrenting-related products, including µTorrent desktop and mobile."

Ping Shen works at T-Mobile in Seattle and is "definitely loving it in the Pacific Northwest thus far."

Adam Treadwell works for Cigna on the international side of the operations. He and his wife, Michele, and children, Nicole and Chase, have moved back to Utah to be closer to family. Adam says, "Luckily I was able to bring my job with me where, when not traveling, I'll be working from home, which means I finally have the top-floor corner office with a view."

Britta von Oesen married Tim in Wrightsville Beach, N.C., in May. Johnson classmates in attendance included **Sarah Scudder Heddleston**, **Sara Standish**, **Ben Hansen**, and **Kate Capossela**. Britta and her husband live in San Francisco.

THE 2010s

CLASS OF 2010

Taimur Ali Ahmed married Abbe Kopra. They had their first wedding in Lahore, Pakistan, "a week-long event with people flying in from all over the world." Then, in August, they had a second, traditional "white" wedding in Chicago, with "you guessed it — friends once again flying in from all over the world … we are making the rules up as we go."

Neelam Bhatia reported, "Saurabh and I got married last November in India. We have moved to Seattle, where I am working with Microsoft. Saurabh is a consultant with AT Kearney." They are exploring areas in and around Seattle and have made some fun trips, with several more planned.

Will Brassel '02 is with Johnson & Johnson. He is the brand manager for adult and children's Sudafed, working out of the firm's Fort Washington, Pa., location.

Sarah Brown '04, MPS '10, and her husband welcomed a son, Finnegan Potter. Finnegan joins big sister, Harper.

Anna Bruno is heading to the Iowa Writers' Workshop for two years, to focus on fiction. She says, "I'm working now on a business thriller (my MBA will come in handy). The plot centers around insider trading with a heavy dose of personal drama — in other words, everything our classmates are hopefully not doing." She recalls a conversation with **Jared Rasmussen**, when, if money were no object, "I said I'd be a novelist, and he said, 'So why don't you just try to be a novelist?' I'm finally taking his advice."

Vicki Chen married Alex Liu in Phuket, Thailand, and they "were especially grateful for the 50+ people who traveled all the way from the U.S. to vacation and celebrate with us." They send a shout-out to classmates **Marisa Badua**, **Tyeise Huntley**, **Andrew Joyce**, **Amber Rieg**, **Kate Shain**, and **Suzette Tiongson** for coming to the wedding.

Patrick Chu cofounded Marrick Wealth, an independent, fee-only, wealth advisory firm helping business owners, executives, and professionals align their personal and financial goals. The company is located in Newport Beach, Calif., and serves clients throughout the U.S.

Rolf de Thouars and his family are moving back to the U.S. after a three-year stint in Brussels. He begins a new marketing role within Pfizer HQ, focused on emerging markets. Rolf and his wife, Gail, and children, Nicholas, 3, and Philippe, 2, will live in the Maplewood, N.J., area.

Christian Duncan and his wife, Tanesha, and big sister, Amya, welcomed a new addition to their family, Angela Joi, born on St. Patrick's Day.

Charlie Follet is still with Deloitte, but recently left consulting to accept an internally focused role as manager in the firm's strategic analytics group. "The highlights are interesting internal consulting projects and working primarily from home." On the personal front, Charlie and his wife, May, "have welcomed two kids post-Johnson: CJ (Charlie Jr.), Feb. 14, 2011, and Amelia, Oct. 1, 2012."

Jim Ford is a senior global equity research analyst at Long Focus Capital Management. LFC is a global macro fund investing in equities, options, fixed income, currencies, and commodities. Jim and his wife, Kelly, live in Greenville, S.C.

Michael Harrington and **Jackie Mecca** were married in Rye, N.Y., April 27.

Lori McMahon runs a youth engagement program called Intel for Change, "focused on young people, spreading awareness, and driving action around the barriers to girls' education globally." The program has sent teams to Ecuador, India, and Kenya to learn about social and economic issues and built an online community to share footage and information from the trips [www.intelforchange.com].

Tiffany Washington, MBA '12 (E)

THE BUSINESS OF REACHING KIDS

Changing Lives

"In a way," says Tiffany Washington, "I grew up on Sesame Street twice."

Like millions of other kids, Washington credits the beloved television show for helping her learn her numbers and ABCs. But, in her case, the company brought Big Bird to millions of children around the world is also responsible for her growth as a business professional: Washington has spent more than a decade — her entire career, in fact — in a variety of roles at Sesame Workshop, Sesame Street's nonprofit educational organization.

Today, as a director in the Project Finance Division, Washington helps facilitate the long-range planning and implementation of a wide range of domestic and international initiatives. Especially with projects in emerging markets, Washington says, there are a fair number of little emergencies to deal with. But, she says, "fixing things is the part I like best."

In keeping with the Sesame Workshop's goal to "reach the kids wherever they are," as their CEO and President, H. Melvin Mig, often puts it, the projects both span the globe and provide resources to families in a variety of media. Recent offerings include videos and literature for children in American military families dealing with separation from their parents and death of a loved one, radio awareness messages about malaria in Tanzania, and educational TV as well as educational mobile apps for educators and caregivers in Bangladesh. For a new project sponsored by the Gates Foundation, the Workshop is creating a multimedia hygiene and sanitation initiative in conjunction with Sesame Workshop India, Sesame Workshop Bangladesh, and partners in Nigeria.

In addition to reaching kids where they are, the Workshop seeks to reach them via the technology they use. "We tend to offer at least TV and community outreach in most of our emerging markets, and sometimes radio," says Washington. If it's a known quantity that a high percentage of people in a particular country have mobile phones, "we figure out how to start sending text messages to educators and parents, or create and distribute teacher training videos."

Working at Sesame Workshop, Washington says, "is like being part of a fun and loving family. It's a cliché, but it's true." That spirit of playful camaraderie is obvious as soon as visitors enter the offices in midtown Manhattan. Framed pictures of classic Sesame Street Muppet friends line the lobby walls; office TV monitors broadcast live footage from the show's Astoria set; plush characters garnish every workstation. And at her desk, Washington fits right in. Though she walks in every morning in high heels, she prefers to do her work wearing something more comfortable — her fuzzy pink Sesame Street Muppet slippers.

— Mark Rader, MFA '02

Kristin O'Planick is an enterprise development specialist with the U.S. Agency for International Development. She writes, "I've been leading part of the Powering Ag Energy Grand Challenge, which is an initiative to promote clean energy technologies for productive agricultural use." It is a partnership between the U.S. Agency for International Development (USAID), Duke Energy, and Sweden's development agency. [www.poweringag.org].

Mark Payne works for DaVita Heathcare Partners and "enjoys running the dialysis clinics in South Carolina and Georgia and working with wonderful healthcare professionals." He and his wife, Ashley, live in Greenville, S.C., with their children, Charlie, 4, Lily, 2, and Becket, born in July.

Sandra Persing is the founder and CEO of Blueprint Fit, an on-site corporate wellness company. Sandra and her Blueprint Fit team won first place in the Best Go-To-Market business plan at the Palo Alto Hackathon and received full corporate support from AT&T's mobile development team, "which has been invaluable to getting from beta to live." Blueprint Fit then mentored developers in the Women in Tech Hackathon event, where classmate **Aleda Schaffer** served as a judge. Sandra notes that tech is becoming a necessary skill set, even in the business of linking yoga teachers and meditation coaches to managers and executives.

Dave Pisacich is a senior financial analyst with Fidelity Investments, supporting the institutional distribution team. He and his wife, Sarah, traveled to Italy last fall and "fully appreciate why **Ludo Denza** sings Italy's praises."

Jonathan and **Aleda Lyon Schaffer** welcomed a son, Landon Chambers, in July last year. Three weeks later, they moved to California for Jonathan's new job at Idea Couture, an innovation strategy firm in San Francisco; he is now the head of the San Francisco office. Aleda works for American Airlines as manager of strategic partnerships for startups.

Kim Susko and her husband, Joseph, live in Boston. Last April they welcomed a son, Kyle, who joined big sister, Caitlin. Joseph enrolled in culinary school; he has now graduated from the Cordon Bleu and is working at an Italian/Peruvian restaurant in the North End. Kim is a consultant for McGladrey, an accounting and consulting firm that does strategy and advisory work around business process and technology.

Hiroshi Takahashi (E) and his family returned to Tokyo after six years in New York City, where he worked for Mizuho Trust & Banking Co. (USA). He is now with Mizuho Trust & Banking Co. Ltd., the parent company of the U.S. bank, and was promoted to deputy general manager of the securities and custody business department.

Piyush Tiwari is a director at American Express. He leads a team of four to support new co-brand deals, M&A efforts, card distribution, and other partnership deals, as well as developing business cases for the commerce innovation investments in U.S. consumer services.

Jennifer Walvoord reports, "My rotational program with Liberty Mutual opened the door to a role with the environmental specialty team, where I am focusing on expanding our presence in Latin America." Jen and her husband, Trav, live in New Jersey and travel whenever then can.

David Wrigley married Amanda on the shores of Cayuga Lake, Aug. 2, and they were joined by "a contingent of great JGSM friends." In October, David and Amanda moved back to his hometown of Salt Lake City, where he joined a local pension fund as a portfolio manager.

CLASS OF 2011

Sridhar Sharma (CQ) is chief technology officer of Ugam Solutions. He will lead the company's new office in Dallas. Ugam Solutions is a provider of insights and analytical solutions to the retail industry.

CLASS OF 2013

Richard Battle-Baxter gave advice to students applying to business schools in an article in *Poets and Quants*, "My Story: From Bloomingdale's to Cornell B-School," June 18.

Clemencia Fonseca (CQ) was promoted to global accounts marketing leader at Hitachi. She is in charge of designing the marketing strategy for information management solutions for elite accounts around the world, in EMEA, APAC, North America, and South America.

Chengya Liang is with the leadership development program at Thermo Fisher Scientific in Fremont, Calif.

IN memoriam

David J. Culbertson '50, MBA '51

John Andrew Drechsel '57, MBA '58

Gerald R. Fry '60, MBA '61

Theodore H. Horwitz, MBA'65

Lance B. Kurke, MBA '79, MPA '80, PhD '81

John J. Meakem Jr. '59, MBA '61

Patrick J. Poggi '88, MBA '94

James B. Wells, MBA '78

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