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Building Our Future Together

A progress report on the Johnson School's Strategic Plan

Global Focus

A glimpse at the Johnson School's international study treks

Profile in Leadership:

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the dean

Broadening our horizons

Earlier this summer, I attended the Cornell Global Forum on Sustainable Enterprise, hosted in New York City by the Johnson School and our Center for Sustainable Global Enterprise along with the Cornell Center for a Sustainable Future. Conceived by Professor Stuart Hart, the event brought together 100 global pioneers in clean technology and base of the pyramid business development to focus on the "Great Convergence" — the intersection of those two areas. Following two days of working sessions, the forum's culminating event brought together leaders in sustainability — the Honorable Al Gore, alumnus Fisk Johnson, CEO and chairman, S. C. Johnson & Son, Ratan Tata '59, chairman of the Tata Group, and Stuart Hart — in a panel discussion moderated by Charlie Rose.

The Global Forum stands as evidence that we are continuing to do exciting things in spite of these difficult economic times. Read more about it on page 16.

We are increasing our emphasis on global curriculum and programming in other ways. We have hired two full professors who have expertise in management and financial aspects of global business. In addition to classroom courses, we offered students global study trips to China, Eastern Europe, Colombia, Japan, and Korea (see page 34). The trip to Colombia, led by Associate Professor Wes Sine, was an outstanding success: Johnson School students partnered on consulting projects and had unprecedented access to business and political leaders, including Colombian Vice President Francisco Santos. Many students also participated in career treks to London, Hong Kong, and Dubai.

I enjoyed engaging with many of you during my travels this past year in U.S. cities and in London, Brussels, Paris, Hong Kong, Seoul, and Tokyo. The London event, held in the British Museum, drew well over 300 people. It was the largest Cornell alumni event held outside the U.S. More than 200 people came to applaud alumni leaders and listen to Professor Hal Bierman speak at the Johnson School's Alumni Awards event in New York City.

I am grateful to our alumni for your ongoing involvement and support of the school, especially in these difficult times. Along with the rest of Cornell and many people and organizations throughout the world, we face financial constraints this year, and job placement has been challenging. Many alumni have helped by mentoring students through our new JS-Pals and JS-Coaches programs, participating in recruiting efforts, sending us job postings, and hiring new graduates as consultants through our MBA Project Initiative. We deeply appreciate your input and involvement.

"The Global Forum stands as evidence that we are continuing to do exciting things in spite of these difficult economic times."

There is a lot of good news. Our applications continue to be strong, and the incoming students in all of our programs are outstanding. Our student-managed Cayuga Fund posted a positive return in 2008: 0.42 percent, compared to -25.5 percent for the

HFR Equity Hedge Index. A group of students added to our suite of student-managed consulting services with the creation of BR MicroCapital (see page 12.) Two MBA/MD students launched the Cornell Business & Medicine Symposium, held at Weill Cornell Medical College and broadcast to Sage Hall.

Many of you have vivid memories of our stellar faculty. Knowing you still will enjoy learning from them, we launched Thought Leadership@Cornell, a new, quarterly e-newsletter focused on faculty research. Learn more about it on page 15.

We are confident that the coming year will be exciting. In May, we graduated 3 PhDs and over 450 MBAs from our four programs.

Already, we have welcomed a new class of Accelerated MBA students, our Executive MBAs will arrive soon, and we look forward to welcoming another outstanding class of two-year MBAs later this summer.

As always, stay in touch with news about yourself and your ideas for us.

L. Joseph Thomas

Anne and Elmer Lindseth Dean



Cornell Enterprise online www.johnson.cornell.edu/alumni/enterprise

Clean Technology, Rapid 6 Deployment, Better World

Leaders in clean technology and base-of-thepyramid enterprise development addressed the world's most pressing problems at the Cornell Global Forum on Sustainable Enterprise.





Performance Learning

Student consultants analyze and identify new business opportunities, from the big picture right down to the details, when they tackle real-world challenges in the first-year immersion program.

Resurrection, Inc.

With the economy falling and bankruptcies rising, restructuring specialists are busy bringing failed companies back to life.





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A fresh approach to films and finance

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A winning team: Johnson School students in New York after winning the ACG Cup competition in April (left to right) Sasha Kaganas, MBA '09, Denise Chow, MBA '10, Henry Hendrawan, MBA '09, Ashwini Inamdar, MBA

Top honors for financial strategy

A team of Johnson School MBA students won first place at the Association for Corporate Growth (ACG) Cup competition hosted by ACG New York. This two-round case competition requires student participants to provide strategic financial advice to a holding company and private equity firm.

In the first round of the competition, the team determined the optimal financial strategy for a medium-sized holding company consisting of a publishing and apparel business. Their recommendations included selling off the apparel business to unlock a higher breakup value and use the proceeds to both invest in the publishing company's online media business and buy back shares. Competing against teams from Baruch College, Fordham University, Hofstra University, New York University, and Pace University, students were asked to present to a mock investment committee of a private equity firm during the competition's final round in new York City. The judges included practitioners from leading private equity firms such as Wasserstein & Co. and

Allied Capital. The students performed a leveraged buyout analysis, made recommendations and answered questions on the offer price, structure and exit strategies for the private equity firm that was interested in a standalone fashion company.

"The ACG Cup was an exceptional experience for all of us," said team member Denise Chow, MBA '10. "It was a lot of hard work, but gave us a chance to network with industry professionals and students from other schools, learn from each other's experience, and apply all the concepts we've learned over the last year in the Investment Banking Immersion."

Eyes win the prize

BR Ventures (BRV), the Johnson School's student-run, early stage venture fund, awarded top honors to medical device company Bombyx Technologies, founded by Benjamin Rollins, MBA '09, and Brian Lawrence, a PhD student in biomedical engineering, at the first annual Cornell Venture Challenge on May 8, 2009. Bombyx Technologies regenerates eyesight lost due to injury. Through innovative

technology, Bombyx will introduce a less expensive, less invasive, and more effective alternative to current solutions, such as corneal transplants. Bombyx Technologies received \$10,000 for their first place win. In addition, because the company is based on Cornell technology, the prize money will be matched by Cornell's Center for Technology and Enterprise (CCTEC), for a total prize of \$20,000. Bombyx will also receive 20 hours of free legal advice from BR Legal.



New career tools for alumni

In the interests of helping alumni navigate through this challenging economic cycle, the Johnson School significantly expanded its career planning and job search offerings for alumni this year, providing access to a variety of career and business research tools. New resources include access to online services CareerBeam, IvyExec.com, and Ladders. com; access to two new business research databases; the Johnson School Alumni Resume Database; an online Career Guide; and the services of Alumni Career Advisor Lynne Allen. You can find out more about these resources at [www.johnson.cornell. edu/alumni/career.html] and access them via Johnson Alumni Connection (JAC) at [www.jac.johnson.cornell.edu/alumni].

Why good people do bad things

Professors Dana Radcliffe of the Johnson School and Brad Wendel of Cornell's Law School joined forces to offer a new halfsemester course for MBA and law students this spring, Ethics and Corporate Culture. Designed to help students understand how a firm's culture can tempt - or push - employees into unethical behavior, the course also acquainted students with strategies for dealing with ethical challenges posed by a problematic corporate culture. The course featured several speakers who drew on personal experience in candid tales of failed ethics in the corporate world:



Frank Raiter, a managing director and head of residential mortgagebacked securities ratings at Standard

and Poor's from 1995 to 2005. Raiter testified before Congress in October 2008 about the role the rating agencies performed in the residential mortgage market.



Milton Regan, a professor of law and co-director of the Center for the Study of the Legal Profession at Georgetown

University, is the author of the 2004 book, Eat What You Kill: The Fall of a Wall Street Lawyer.



Barbara Toffler presented this year's Day Family Ethics Lecture on April 22. A former Harvard **Business School**

professor with a PhD from Yale, Toffler is the

author of Final Accounting: Ambition, Greed, and the Fall of Arthur Andersen. She was brought in to Arthur Andersen as a partner to develop consulting services in Ethics and Responsible Business Practices. She left Andersen four years later, because of concerns that have since become common knowledge.

Link to videos of these speakers in the Web edition of Cornell Enterprise at [www. johnson.cornell.edu/alumni/enterprise].

CQEMBA expands to **New Hampshire and Boston**

The Cornell-Queen's Executive MBA Program has expanded to New Hampshire, where it hopes to attract managers and professionals from Boston and southern New Hampshire. "Now more than ever, working professionals should be looking to gain new skills and broaden their employment opportunities and network," said Danny Szpiro, director of the program. Within the U.S., the program is now offered in New Hampshire, Georgia, New York, Ohio, Oregon, Texas, Washington state, and Washington, D.C. Offered in partnership with Queen's University in Ontario, Canada, the CQEMBA program has 107 students enrolled in the Class of 2010.

To the Editor

I enjoyed the article on Professor Thomas in the Fall '08 issue. Joe Thomas' ability to remember names does not just pertain to current students. A number of years ago, I was at Cornell for a recruiting trip. That evening, I happened to notice Professor Thomas walking through the Statler Hotel lobby. Although I recognized him immediately, I was not expecting Professor Thomas to remember me. I had not seen Joe Thomas for almost 20 years and certainly was not

one his more memorable students. Despite the passing of years and the fact my chance encounter with him was at the Statler (not Sage Hall), Professor Thomas waived and without hesitation, greeted me by name.

- Dave Turissini, MBA '83

enterprise

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Business Roundtable

Affordable + innovative = real solutions

By Kay Cotton

When designing a project for social change, focus on the long run social or environmental impact it will create. That message rang true through all the panelists' presentations at "Creative Design for Affordability: Innovations for the World's Biggest Challenges," one of four Johnson School panels at Entrepreneurship@Cornell's Celebration 2009, held on campus, April 16-17, 2009. Moderated by Reena Jana, innovation editor at BusinessWeek, speakers at this event shared their own successes and advice for future entrepreneurs as they examined how organizations approach the idea of creative design for affordable products in developing nations, how they obtain funding, and how the products are deployed to target markets.

Making sure people have affordable access to clean water is one of the worldwide challenges panelists addressed, including Kevin McGovern, chairman and CEO of McGovern Capital LLC, who shared stories of his company's clean drinking water projects. One Latin American project involves a consumer-designed home delivery system that provides efficient access to clean water at a much lower cost than traditional methods. McGovern Capital also concentrates on clean coal initiatives to combat respiratory and environmental issues in areas such as South America and China.

A product designer at IDEO, Liz Johansen has also had the opportunity to work on clean water programs. Partnering with a global non-profit organization, the Acumen Fund, IDEO has uncovered major contamination issues due to improper storage methods throughout the developing world. Through

research and utilization of user-centered design, IDEO and Acumen have begun to develop prototypes, additional partnerships, and solution proposals for the problem.

User-centered design is a component that Liz stressed throughout her presentation. "Get into the field early and often and make sure that you are creating a technology that people really want to use," she emphasized, "Having end-users assist in the design process will help you to avoid setbacks."

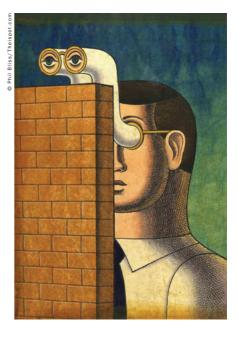
Panelist Christopher Fong, through his work with Google.com and Google.org, participated in a project called the Google Internet Bus Project, a venture focused on educating people in rural India about the Internet and how it may benefit their lives. A bus filled with several colorful, large-screen computer work stations traveled to 17 different cities to enable citizens to interact with the Internet as a resource for communication, education, and information.

In spite of the worldwide recession, Fong offered some good news about the realities of funding projects

today. "Google Ventures and other companies are always looking for the next great idea," he said. He advised

aspiring entrepreneurs to make the most of networking events, noting that "people are always looking to invest in social initiatives."

Panelist Mike Lin, a self-proclaimed "accidental entrepreneur," is the founder and principal of Vestal Design Atelier, LLC. This company recycles waste plastic into fashion items such as belts, wallets, and bags, transforming them into more valuable products. His advice? Don't be afraid to fail. "The more times you fail, the more opportunity you gain to learn," he stressed.



The speakers also emphasized the importance of understanding a project's host country. "Know the country's laws and use local resources on your team to better understand labor laws and ease of doing business," said McGovern. Knowing currency, costs, customs, and local manufacturing opportunities can be an important aspect to any social initiative.

"Having end-users assist in the design process will help you to avoid setbacks."

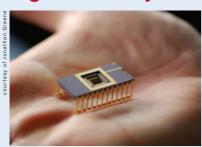
Liz Johansen, product designer at IDEO

Most importantly, all five panelists agreed, you must believe in your cause. According to Lin, when you are "in it for the long haul to make the maximum impact you can make," you are already on your way to success.

View videos of this and other Entrepreneurship@Cornell's Celebration 2009 panel discussions sponsored by the Johnson School in Cornell Enterprise online at [www.johnson.cornell.edu/ alumni/enterprise].

Newsmakers

Big news in tiny batteries



Jon Greene, MBA '04, is poised to make a big impact with tiny batteries. His company, Widetronix, was selected as the winner of this year's New York Creative

Core Emerging Business Competition and will receive \$100,000 that will help the company complete necessary product development milestones and volume sales in 2010.

Widetronix is commercializing an innovative new battery technology based on advanced semiconductor materials research completed at Cornell's College of Engineering by Postdoctoral Associates M.V.S. Chandrashekhar and Christopher Thomas, and Professor of Electrical Engineering Michael Spencer. While not a replacement for all conventional battery technologies, the Widetronix platform uses betavoltaics technology to produce very small batteries with a lifetime greater than 25 years. The company is targeting numerous defense applications in partnership with several defense contractors and is working to expand its business development activities in the medical sector for both sensors and implants.

GeneWeave Biosciences, a company cofounded by Jason Springs, MBA '09, was also selected as one of the five finalists. GeneWeave Biosciences is a medical company developing the world's first disposable genetic tests for bacteria that will allow health care professionals around the world to rapidly diagnose patients with drug-resistant or toxic bacterial infections without the need for laboratory equipment, and at a lower cost than current rapid methods.

Dean Thomas on the road



Dean Joseph Thomas took time out of a busy travel schedule to meet with several top-tier media reporters in New York City and around the globe. In February, he met with Forbes for a video interview, in which he discussed admissions for the Executive

MBA and residential MBA programs, as well as the job market.

During his trip to London he was interviewed by the Financial Times, which led to a feature article, "A globetrotting agenda" (3/29/09). In the article, Thomas covered many of the new initiatives in the strategic plan, including job placement, academic programs, global expansion, the Cornell Queen's Executive MBA program, and the school's advising initiative.

Much ado about the economy

The economic turmoil has made Professor Robert Frank a hot commodity in the media. He continues to write his monthly "Economic Scene" column for the New York Times, in which he has covered such weighty topics as Congressional oversight on executive pay, repealing tax cuts for the rich, and racial bias in hiring decisions. He also wrote "Why Big Paydays Aren't All Bad," for Newsweek (3/21/09); commented on saving and spending habits of Americans for the Associated Press in "Americans saving more, spending less" (2/1/09); and appeared in December on the PBS news show, "NewsHour with Jim Lehrer," in a segment about infrastructure spending as a means to boosting the economy.

The Nexus of Business & Medicine



Weill Cornell Medical College and the Johnson School cohosted the Cornell Business & Medicine Symposium in Weill Cornell's Uris Auditorium in New

York City and broadcast it live to Sage Hall on April 30, 2009.

Conceived and organized by two Accelerated MBA students in the process of completing their medical degrees, Adam Hill and Dean Arnaoutakis, both MBA '09, the symposium brought together business leaders, clinicians, academics, and students to explore how business and medicine can collaborate to solve today's health-care challenges. The event featured two panel discussions: one on the state of collaboration among industry, academia, and government to address global public health needs; another on the ways that evolving reimbursement practices are changing what it means to be a doctor.

Link to a video of the Business & Medicine Symposium's two panels in Cornell Enterprise online at [www.johnson.cornell. edu/alumni/enterprise].

talk

How to be an outstanding candidate

Know the market - and yourself - to impress prospective employers

By Irene Kim

When Keith Cowing, MBA '10, heard about the Business Insider blog's contest to improve the profitability of social-news site, Digg. com, he decided to throw his hat into the ring. His entry — a thoughtful, innovative, solidly put-together PowerPoint presentation suggesting the site sell ads on its home page and let users vote on winning ads — won the contest. Cowing soon found recruiters and entrepreneurs knocking his door down. "I was worried about investing too much energy in a competition where I had little chance of winning," says Cowing. "But I decided it was worth the risk, and I got lucky." Cowing will work at the Business Insider for a few weeks this summer before his internship with PricewaterhouseCoopers starts.

Cowing's experience shows that, even in today's challenging job market, there are opportunities for talented, motivated individuals. "The opportunity is in proving that you can create your own playbook and execute your own ideas," he says. "If you can do this, you can differentiate yourself in an environment where the old rules don't apply anymore."

Put your talents on display

Not everyone can find a high-profile business competition to enter, much less win. But the good news is that you can find opportunities to showcase your talent and carefully market yourself as an invaluable resource to potential employers — and, in so doing, present yourself as a great candidate.

Communications consultant Jodi Glickman Brown, MBA '02 [www.greatonthejob.com], suggests a tactic similar to Cowing's — displaying your capabilities to companies in your industry of interest. "I would offer to craft a short-term internship, write an article, or start a blog about the industry, so that I became a thought leader or got some traction in the world I wanted to break into,"

"The opportunity is in proving that you can create your own playbook and execute on your own ideas."

Keith Cowing, MBA '10

she says. "The blog concept allows you to become a thought leader pretty easily. At an interview, you can point out that you've been following and writing about the industry, and getting acquainted with the major players, for months."

Define your brand

Success in job hunting starts with good marketing. And that requires finding suitable niches for yourself. "More than ever, individuals need to seek opportunities in industries, companies, and jobs for which they are a perfect match," says Karin Ash, director of the Johnson School's Career Management Center. "Now is the time to ask, 'Where could I best contribute and add value? In what environments am I most successful?" adds Johnson School Alumni Career Advisor, Lynne Allen.

Finding the answers to these questions requires, first, a thorough knowledge of your capabilities and values. "What matters to you? What marketable skills do you have? What is your brand?" asks Allen. "What sets you apart from other people with your background?"

Glickman points out that your "story" is essential to convincing interviewers of your employability. "If your story is like everyone else's, you need to explain how you're different; if your story is different, you need to explain away the difference." Glickman worked in the Peace Corps before attending the Johnson School, and then wanted to break into investment banking. Her story? "I had spent years working in the public sector; in business school, my absolute favorite classes were finance and strategy. The overlap led to banking."

Find your niche

Diligently research organizations that interest you, and look for roles that will suit you. "Think about the environment and culture, and about your talent and skill set," says Glickman. "If you're a great communicator, you should think about sales - maybe not about being an equity research analyst where there won't be a lot of one-on-one personal interaction."

> Cultivate relationships. "I would spend as much time networking with as many people as possible, really understanding those businesses and what fits with your personality and your strengths," says Glickman. Scott Goodfellow, finance manager with Procter & Gamble, suggests finding alumni currently employed at your target organizations. "Take them out to lunch, and ask them everything — what they did and didn't like, what the



"If your story is like everyone else's, you need to explain how you're different."

- Jodi Glickman Brown, MBA '02, communications consultant (www.greatonthejob.com)

career path is like," he says in an interview with Romi Kher, host of Cornell's weekly career advice podcast, "10 Good Minutes" [10goodminutes.com].

At the same time, don't limit your network to people at your target organizations. Someone outside your company of interest may have contacts within the company, for instance, or may have great ideas for other opportunities. "Networking is not initially job hunting. It's building relationships," says Allen. She tells of a Johnson School alumnus in his 50s who had worked for decades for sell-side firms, who wanted to move to the buy side. "But his experience was all on the sell side, and he was older than the typical person who gets into the buy side."

He networked heavily with people on the buy side, asking their opinions and advice on where he could be useful. Through networking, and revamping his resume, the client was able to identify the traits that best fit with his target employers. "He redefined himself as someone who had transferable skills," says Allen, adding that he ended up at a buy-side, high-yield hedge fund.

Show me the value

Outstanding candidates, like Cowing, are those who bring immediate value to their prospective employers. "You want to say, 'I won't just add to your overhead — I can come in and solve a business problem that you're facing," says Glickman. Since employers are looking for flexible, adaptable types who can hit the ground running, she suggests positioning yourself as someone



"It is important to try to understand corporate culture and connect with an interviewer."

- Deborah Matson, MBA '87, managing director for Links Recruiting (Hong Kong)

with many universal skills. "You want to say, 'I'm a quick learner, I'm great working with teams, I'm a big-picture thinker, or I've been great at spotting trends," she explains.

Your resume must showcase measurable results. "Make sure that you're listing goals and achievements," says Deborah Matson, MBA '87, managing director for Links Recruiting (Hong Kong). And, before an interview, prepare a few solid examples of how you applied leadership skills in the past. "That's

where people usually fall down," says Goodfellow. "But if you went through your resume and thought, 'Where was I a leader? How would I explain this in 30-60 seconds?' you'd come up with answers that say, 'I did this, taught this, learned this, and even though I left that company, it still lives on past me."

Matson also suggests researching the employer's competitors. "Be able to demonstrate that you understand the industry at a high level and know how you can contribute."

Responsiveness to a prospective employer is vital, too. "Candidates need to be motivated, flexible and interested in the job they are interviewing for," says Matson. "It is important to try to understand corporate culture and connect with an interviewer, not just on job skills, but on the intangibles that are important in challenging times — teamwork, the willingness to work outside of your job description if necessary."

Show what you can do

Go above and beyond to single yourself out as a candidate. As a follow-up to an interview, for example, offer to help address a prospective employer's business problem. "Offer to work on a part-time or consulting basis, or say, 'I have some thoughts for you on this topic that I'd be willing to provide," says Glickman.

Putting in volunteer hours is another wonderful way to stand out. "Serving on a board of directors for a nonprofit is a great way to volunteer with a limited time commitment," says Glickman.

As non-intuitive as it may sound, the current weak economy also

offers great opportunities for exploring alternative paths you might not have considered in boom times. "It may be the ideal time to work on the business plan you've been thinking about for years," says Ash. "Now might be the time to work or live abroad - start an Internet café in Asia or build houses in Latin America," adds Glickman. "When you come back, that experience makes you a far more interesting candidate."

point

The global crisis hits Eastern Europe:

Now what?

By Elena A. Iankova

Twenty years after the post-communist revolutions, Eastern Europe is in the middle of another maelstrom. The Eastern European countries are now seeing the global economic and financial crisis wipe out many of their hard-earned gains achieved during the period of liberalization, privatization and structural adjustments to meet the European Union (EU)'s accession criteria. They have embraced openness and integration into the global economy, only to find themselves especially vulnerable to the crisis within the emerging-market universe.

Eastern Europe (also called "emerging Europe") entered the crisis in a weak position — with relatively high current account deficits, low foreign exchange reserves, very rapid credit growth, and a consumption boom financed by foreign currency borrowing. With the unfolding of the global crisis, they have experienced sharp economic contraction, currency depreciation, and even risks of sovereign default. A comparison of Eastern Europe now with Asia in 1997-98 indicates that the drop in economic activity has actually been sharper and deeper in Europe than in Asia, according to research by Danske Bank. Eastern Europe's high vulnerability is primarily driven by two factors: collapsing exports; and the drying up of capital inflows. Eastern Europe's real GDP growth is expected to fall from 5.7 percent in 2007 to 4.2 percent in 2008 and 2.5 percent in 2009, according to IMF November 2008 estimates.

Varying impacts

As Tolstoy wrote in his masterpiece, Anna Karenina, "All happy families are alike; every unhappy family is unhappy in its own way." The same holds true for Eastern European countries today, some of which are doing much worse than the others. The hardest-hit countries are undeniably Latvia, Hungary and Ukraine, though for different reasons. Latvia's woes started with its real estate market and its housing bubble, which popped in 2008. Furthermore, Latvia's current account deficit reached a colossal 25 percent of GDP in 2007. Hungary's debt-heavy economy and currency crash are the defining features of its dire situation. Ukraine suffered tremendously due to its high levels of corruption, chaotic governance and the slowdown in its main export market, Russia.

For some observers, Eastern Europe has become Europe's version of the subprime market. As Jack Ewing wrote in BusinessWeek.com: "The Continent's banks may not have written subprime mortgages, but it turns out they financed something worse: subprime coun-

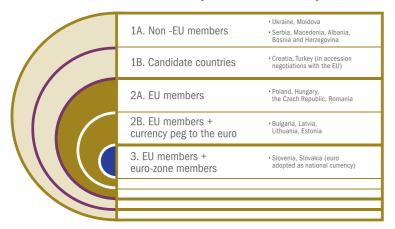
tries." Over the last ten years, foreign and domestic banks have offered cheap loans and mortgages to consumers in Eastern Europe, and a lot of this credit was lent in foreign currency, primarily euros and Swiss francs, which offered lower interest rates than local currency equivalents. According to experts at Morgan Stanley, Eastern Europe has borrowed \$1.7 trillion abroad, much on short-term maturities. It must repay — or roll over — \$400 billion in 2009, equal to a third of the region's GDP. Good luck. With local currencies in a tailspin, many consumers in Eastern Europe are unable to pay their debts. Poland's zloty has dropped 29 percent against the euro and 41 percent against the dollar in the past six months, and the Hungarian forint, the Romanian leu, and the Czech koruna have dropped by 20 percent, 17 percent and 12 percent against the euro, respectively. Banks from Austria, Italy and Sweden which have invested and lent heavily in Eastern Europe, could end up with catastrophic losses. Austrian banks are in a particular danger — they have lent 230 billion euros to the region, equal to 70 percent of Austria's GDP.

Overall, businesses in Eastern Europe have to deal with a double whammy: on the one hand, a slowing demand for goods; and, on the other, difficulties in meeting their payments to foreign lenders with the fall of local currencies. Repaying the foreign-currency debt has become a huge mountain to climb. Today's downturn in the global economy is much more synchronized compared with the situation in the 1990s, and Eastern European economies and businesses cannot so easily export their way out of recession, as Asia did in the 1990s. Demand for goods is plummeting almost everywhere in the world.

How can the region work its way out of the crisis?

The answer to this question has to be sought along the lines of Europe's contemporary divides. Eastern Europe has been divided historically along numerous lines — between Slav and non-Slav peoples, between western Christendom and eastern Orthodoxy, and between the region's former empires — Russia, Germany, Turkey and Austria-Hungary. Nowadays, the major divide appears to be membership in Europe's highly cherished club, the European Union. Three broad groups are highly visible (see Figure 1). The first one includes countries that are a long way from joining the EU (1A), as well as countries which are in the process of accession negotiations with the EU (1B). The second group includes countries that are already members of the EU but not yet members of the euro zone (2A) as well as countries which have, in addition to EU membership, pegged their national currencies' exchange rates to the euro (2B). And finally, the third group comprises countries that are members of the EU and in addition have already adopted the euro as a national currency (3). For each group of countries, different

FIGURE 1. **Eastern Europe and Membership in the EU**



remedies and recovery steps seem to be in place, with help coming from different sources.

First of all, in all these countries national crisis responses have already provided some support to the real economy. However, national measures alone and even coordinated local efforts are unlikely to make any difference, given the scale of the problem. Coordinated assistance from the international financial institutions is vital. For the first group of countries — those outside the EU — the main burden falls on the International Monetary Fund (IMF) and the multilateral financial institutions to help. Ukraine has already received financial assistance from the IMF. These countries will have to take the IMF medicine of debt restructuring and fiscal tightening.

For the second and third group of countries — the new EU member states — help will come not only from the IMF and the international financial institutions, but from the EU's structural funds and the European Central Bank as well. It took some time for the EU leaders to arrive at that conclusion. Many of them view help for Eastern Europe as highly unfair, given the fact that some Eastern European countries have spent the money available from the EU structural and cohesion funds not for reforms but for construction/real estate and consumption. Facing recession at home, some of the Western European leaders further acted exclusively in defense of their national interests. France, for example, has ordered CEOs to close factories in Eastern Europe in order to save jobs at home. The crisis has thus turned into an existential test for the EU, posing the most significant challenge in decades to its founding principle of solidarity.

But the issue here is, can the EU afford not to provide assistance? The latest developments in Eastern Europe and its western neighbors, especially Austria, whose banking industry is so heavily exposed to its Eastern neighbors, raise depressing parallels with the 1930s: It was the 1931 failure of a Viennese bank, Creditanstalt, that was a turning point in what became the Great Depression. Such historical comparisons have helped West European leaders realize that bailing out Eastern Europe has nothing to do with European solidarity; it is a matter of their own countries' survival. In March 2009, they pledged support for Eastern Europe on a country-bycountry basis, while rejecting Hungary's proposal for a regional bailout of \$230 billion. This has left a lot of room for the IMF and other multilateral institutions. The IMF has already provided financial assistance to Latvia and Hungary, in addition to Ukraine, Belarus, Iceland, and Serbia. And it is looking to double its lending capacity to \$500 billion.

Another remedy for the second group of countries is to accelerate their path to the euro zone. Poland and Hungary are already considering pegging their currencies to the euro in 2009. In order to join the euro zone, aspiring EU members have to meet the tough convergence criteria which include keeping budget deficits, government debt, and inflation below certain specified ceilings, and holding national currencies within a preset range to the euro for two years. In early April 2009, with the potentially disastrous impact of the global crisis in mind, Germany and France cautiously supported a Hungarian proposal that countries that fulfill the requirements of entry into the euro zone should not have to spend two years waiting in the ERM-II Exchange Rate Mechanism. They should be allowed to join immediately.

Having lived through communism, dictatorship, and 300 percent inflation, the Eastern Europeans have become very resilient to turmoil. Luckily for the Austrian and other foreign banks with high exposure to the region, so far the crisis has not translated into populist or protectionist politics that could, in effect, lead to the expropriation of their loan books. The biggest casualty of the crisis in Eastern Europe could be deregulated capitalism, so earnestly embraced during the post-communism transition. That model is now badly tarnished and open markets are no longer viewed as the natural panacea to all economic illnesses.



Elena lankova is a lecturer in international business at the Johnson School. Her book, Eastern European Capitalism in the Making (Cambridge University Press, 2002), traces the metamorphosis of the relationship between business, government, and civil society in Eastern Europe after the fall of communism. She published a new book this spring, Business, Government, and EU Accession: Strategic Partnership and Conflict (Lexington Books, 2009).

UDS

BR MicroCapital:

Coaches and capital for small, local entrepreneurs

By JAY WROLSTAD

Seated around a conference room table in Sage Hall one Monday night, five MBA students iron out the wrinkles in an innovative program that promises to boost the local economy, one small step at a time, and takes business school instruction out of the classroom and into the community Cornell calls home.

These are the men and women responsible for launching BR MicroCapital (BRM), a lending and advisory services effort, led by Johnson School students, that targets small-scale entrepreneurs in Ithaca and Tompkins County. It is one component of the Entrepreneurship@Johnson Startup Suite that also includes BR Ventures, a venture-capital organization; BR Incubator, a project-based advisory service for startups; and BR Legal, the legal arm offered in conjunction with the Cornell Law School.

The discussion this night touches on topics ranging from client recruitment and potential loan agreements to an update on the pairing of student coaches with business owners seeking a helping hand.

"This represents the possibilities of bringing the resources of Cornell and the community together to make an impact on the under-served, under-developed businesses and individuals in Ithaca," says Mike Pezone, MBA '09, BRM's director of operations.

Pezone credits Jeff Fuchs, MBA '08, with conceiving the program in 2007 and recruiting members of the current staff. He explains that the program, which debuted in January, targets self-employed individuals who have been in business for at least six months and demonstrate an interest in outside support.

BRM's primary push is to offer client entrepreneurs the coaching services of first-year students, who provide one-on-one guidance geared to their specific needs. Andrea Findley, MBA '09, director of BRM's client support services, explains that participants typically receive marketing tips, advice on expanding a product line or increasing the work staff, and a customized business plan. "Client relations are as important as providing money to these individuals," she says. "Often, clients have access to capital, but they need guidance on strategy."

For those requiring a cash infusion to jump-start a promising venture, Ithaca's Alternatives Federal Credit Union (Alternatives) provides loans of up to \$5,000. BRM participants, who raised \$10,000 in seed money, manage the loan fund, along with a matching donation from the credit union and an additional \$4,000 from the Johnson School's Sustainable Global Enterprise program.

Client recruitment focuses on those who earn less than 75 percent of the Tompkins County median income (\$40,000 for a one-person household), and who have difficulty obtaining loans.

As of March, a handful of clients representing a cross section of small businesses had been accepted into BRM, including a landscaping operation, a transcription service, and a shop owner. As might be expected in Ithaca, the growing numbers of green-ori-

> ented businesses and organic farmers have also shown interest.. With a little luck and a lot of hard work, as many as 15 clients will be served within 18 months of the program's inception.

Among those already reaping the benefits of BRM is Mark Clookey, owner of Greener Gardening, a one-man business that helps city residents make the most of their small patches of tillable earth through sustainable living practices such as raising food crops, composting waste, and retaining rainwater.

"I've learned a lot working with my coach, [first-year MBA student] Harlan Blynn," Clookey says. "He doesn't have all the answers, but he challenges me and provides a second set of eyes to examine the business. "It's great to have the expertise of Cornell MBA students



The students who launched BR MicroCapital (BRM), a lending and advisory services effort that targets smallscale entrepreneurs in Ithaca and Tompkins County, include: (clockwise from left): Taryn Goodman, director of community partnerships; Ryan Kelley, finance director; Mike Pezone, director of operations; Andrea Findley, director of client support services; and (seated) Kandea Mosley, director of marketing, all MBA '09 .



"Often, clients have access to capital, but they need guidance on strategy."

Andrea Findley, MBA '09, director of BR MicroCapital's client support services

available to help with marketing strategies and determining the value of my services. He keeps me focused."

The student directors view BRM as an extension of their previous work with entrepreneurs in the U.S. and the developing world. For Findley, that includes nine years of microfinance experience in Latin America, assisting poor rural women through the Grameen Bank. The bank, established in Bangladesh to provide loans to entrepreneurs in the developing world, has gained international acclaim.

Pezone served in the Peace Corps, concentrating on microfinance in the Philippines before attending the Johnson School. "Together this group has 20 years of experience in international development," Pezone says. "And we'll probably head that way after graduation."

Kandea Mosley, MBA '09, director of marketing for BRM, was an AmeriCorps Vista volunteer in Ithaca and later worked at the Cornell Public Service Center, helping local public schools design programs for disadvantaged students. "BRM enables me to work with the contacts I have established in Ithaca over the years," she says. "I strongly believe the university should be involved in community development and this is a good way to do that. It helps create value in the community."

Taryn Goodman, MBA '09, BRM's director of community partnerships, is of the same mind. "It appeals to me to take an active role in the community," she says. "I graduated [undergraduate] from Cornell, but didn't have much contact with the off-campus community; now I can do something."

"We may not have all the answers, but we can guide clients to solutions available in Ithaca; they just need to know where to look," she says

Those words are music to the ears of the folks who run Alternatives, a financial institution with a reputation for giving a leg up to moderate- and low-income entrepreneurs. "These students are showing a commitment to the businesses in the BRM program, which is also commitment to the Ithaca community," says Carl Graham, director of community relations and development at the credit union.

He cites coaching as the critical component in helping small enterprises reach the next level. "They may need financial help, but money without knowledge can be a hindrance if it isn't spent wisely," he says. For BRM participants this means one-on-one

interaction with business owners, and serving as a hub of information on resources available to startups.

Graham is confident the program will gain a foothold in Ithaca, noting that BRM's pioneers designed the program to be sustainable by ensuring that second-year students enlist first-years to take over the program's reins. Operations director Pezone concurs, saying, "We are only here for a short time, so we are making sure that future students get involved early on in their MBA studies."

At the same time, success for clients would mean increased sales, more jobs, and a stronger business foundation, he says. And that, in turn, could establish a template for similar efforts at other business schools and credit unions. "It's a great opportunity for certified community development financial institutions like us," Graham says, "because it ties in with what we are already doing."

As they get BRM up and running, the program's five principal players are bullish about its potential. "This is a tremendous learning opportunity," says Ryan Kelley, finance director. "We are working on actual microfinance cases and impacting the livelihood of our clients. There is a sense of urgency to do this right."

Wheeling and Dealing



Mark Clookey practices what he preaches. The owner of Greener Gardening, an ecological gardening/land-scaping business, he has essentially eliminated his carbon footprint by using a bicycle and small trailer, eschewing the more popular pickup truck, to serve his customers in Ithaca.

"The idea is to build long-term solutions for urban homeowners, using the plots of land they have available," he says. That means designing and creating gardens that help city dwellers return to the practice of growing their own food.

Clookey, who has been pedaling around town since last July, gives the BRM program high marks, noting that it keeps him focused on the bottom line. He especially values the marketing strategies and pricing expertise he got from his coach, Harlan Blynn, MBA '10.







ups

Startup Snapshots

Sharon Dauk, MBA'89: No longer lonely at the top

Where do CEOs go for guidance? Most people would ask their peers. But many CEOs have no peers.

Enter Sharon Dauk, executive coach since 2007. Dauk draws on her multifaceted experience in finance, investment, and corporate boards to help high-level executives manage their relationships with boards of directors and other stakeholders, or navigate through transitions.

The CEO-board relationship is a complex one, especially in the post-Enron world, Dauk explains: "The dynamic between CEOs and their boards tends to be almost adversarial, and the board has an inherent conflict in its dual role of being a fiduciary to the shareholders while providing strategic guidance to the CEO."

Dauk also helps executives in transition, often individuals starting up an enterprise. "Unique issues come up when you start a business, such as deciding what sort of people to hire, and how to relinquish some control," says Dauk.

Dauk became aware of her coaching talents while at the investment company she runs with her husband. "Two of the CEOs of companies we had invested in said, 'Sharon, you're a very good coach, in terms of understanding all the intricate needs of what senior management has to deal with."

Dauk acts as a combination peer, guide, and confidante. "A



Sharon Dauk, MBA '89, founder and principal, Sharon Dauk Executive Coaching, LLC [sharondauk.com]

lot of people need help identifying what their goals are, and charting a course to reach them," she says. "I add a heavy dose of common sense, reality, and business perspective."

That business perspective is what differentiates Dauk from the competition (most coaches tend to be psychologists). "All those problems you try to solve by yourself while standing in the shower, you can talk to me about," she says.

Brian Thompson. MBA '00: Premium beers for a premium market

To hear Brian Thompson describe it, the microbrewery business is still a homespun cottage industry with considerable regional charm. His company, Santa-Barbara-based Telegraph Brewing, produces handcrafted beers for sale in surrounding areas.



Brian Thompson, MBA '00, founder and CEO, Telegraph Brewing Company [www.telegraphbrewing.com]

"One nice thing about the microbrewery world is that there is still regionalism you can find distinct flavors in California, the Northeast, or the Pacific Northwest," says Thompson. "For a beer aficionado, that makes travel very interesting."

It should come as no surprise that Thompson himself is a beer aficionado. After graduating from the Johnson School and working as a Wall Street equity research analyst, he decided to pursue his passion for microbrewing by joining New York City-based Heartland Brewery as an assistant brewer. There he honed his craft — and hatched his plans for founding his own brewery.

"I had always toyed with the idea, and I really enjoyed David BenDaniel's entrepreneurship classes," says Thompson. "I thought, 'I'll make a fortune on Wall Street and start a business I really want to start." He didn't make the fortune, due to bad timing — he began on Wall Street shortly after the dot-com peak in 2000 and quit just months before the market hit rock bottom — but he did realize his dream, founding Telegraph in 2005.

He wisely chose Santa Barbara for its affluence and its inhabitants' taste for gourmet products. The company has grown more than 65 percent annually. Recent growth is due to expansion to Los Angeles, San Diego, and the Bay area.

Telegraph's product line is simple, elegant, and upscale. Its latest creation is a rye wine ("barley wine" describes a beer with high alcoholic content, and Telegraph has added rye to the mix). "It's new and different," Thompson says. "Rye has a nice spiciness. I think it's going to be a very exciting flavor profile."

- Irene Kim

ThoughtLeadership@Johnson

IN JUNE 2009, THE SCHOOL LAUNCHED THOUGHTLEADERSHIP@JOHNSON, A NEW WEB SITE HIGHLIGHT-ING THE RESEARCH, KNOWLEDGE CREATION, AND EXPERT INSIGHTS OF THE JOHNSON SCHOOL FACULTY. The multimedia site brings the powerful expertise of our faculty to a broad audience via audio interviews, video insights on current topics in business, in-depth research presentations, and engaging features and briefs on breaking research. Each quarter, subscribers to ThoughtLeadership@Johnson receive an e-newsletter with links to new features, like the one below, on the Web site. Readers can browse content by topic, comment on stories, and get stories and PDF files, among other features. To subscribe, go to ThoughtLeadership@Johnson and submit your name and e-mail address.

Discovering the value of a line of credit

Professor Robert Jarrow devises a model that banks can use to estimate prices of business loan commitments

By Robert Preer



Professor Robert A. Jarrow

How much should a bank charge for a line of credit? Valuing credit lines issued to businesses can be very difficult. The lender does not know when the borrower will exercise the loan. In the meantime, interest rates could shift; the borrower's industry or the entire economy could rise or fall;

and the borrower could run into serious financial trouble, which is often the case when a business taps a line of credit.

The question is not simply academic. Loan commitments or credit lines are the most widely used form of bank lending today, representing more than 82 percent of all business loans by U.S. banks. And clearly the failure of banks to value loans accurately was a major contributor to the current global economic crisis.

Robert A. Jarrow, professor of finance and economics at Cornell University's Johnson School, and Texas A&M Professor Sudheer Chava have devised a mathematical model that banks or anyone can use to determine the value of a loan commitment. The formula accounts for a host of variables that affect the credit worthiness of a borrower and the value of a loan.

With the model, a bank could insert the variables related to a line of credit and find out what it should charge.

"Loan commitments are extremely important for the financial system," says Jarrow. "When corporations are in financial distress, they have to call in their loan commitments to keep the business going."

Jarrow and Chava described the model and the research behind it in a recent issue of the journal Finance Research Letters. The article shared with another paper the journal's prestigious Ross Best Paper Award, named after MIT Sloan School of Management Professor Stephen A. Ross.

Businesses use lines of credit for almost any purpose — to buy and develop land, construct buildings, back up other debt, facilitate mergers and acquisitions, and finance day-to-day operations. A government survey in 2000 found that \$2 trillion in loan commitments had been issued in the United States with more than \$1.2 trillion not drawn.

Lines of credit are more uncertain than a simple loan, which is issued when the borrowing is approved. With a line of credit, the borrower's financial health often is in doubt when the money is drawn. "They are used exactly when they're most needed, when the business is in financial difficulty," says Jarrow.

Jarrow and Chava devised a complex mathematical formula incorporating many variables, including interest rates, loan commitment fees, default rates, and measures of uncertainty in the economy. Then, they tested the model using a database with 25 years of information on corporate debt. They found that the model's predictions on loan prices conformed closely with actual market prices.

"We found that it explains loan rates very well," Jarrow said.

The banking industry, trying to avoid problems of bad debt in the future, is following closely the work of scholars in the field of mathematical finance. Jarrow said that to his knowledge, banks are not yet using the model he and Chava developed, although some in the industry have expressed interest.

"Innovations take time for banks to adopt," Jarrow said.

TECHNOLOGY, RAPID DEPLOYMENT, BFTTFR WORLD

The Cornell Global Forum on Sustainable Enterprise brought together 100 of the world's leading practitioners of disruptive innovation in clean technology and base-of-the-pyramid enterprise development. Their objective: to accelerate the commercialization of clean technology innovations in the developing world, improving living conditions for the poor, creating new business opportunities, and optimistically acting to heal the planet.

BY SHANNON DORTCH When the 100 delegates to the Cornell Global Forum convened in New York City on June 2, 2009, they got down to the business of generating ideas and initiatives aimed at driving the "Great Convergence," the intersection of clean technology and business development among the world's four billion poor at the Base of the income Pyramid (BoP), a concept introduced by the Johnson School's Stuart Hart. In a series of task-team meetings over two days, delegates generated ideas to accelerate the rate of commercialization of clean technology enterprises in the developing world. They brought with them diverse perspectives, from the areas of alternative fuels, renewable energy, social investing, wireless communication, consumer products manufacturing, and sustainable agriculture — even bioplastics.

"The great convergence is a tremendous challenge and an opportunity to actually start meeting the needs of some of the poorest people in the world with some of the most advanced technologies that are being developed today," said Sagun Saxena, chairman of CleanStar Energy, a company that has created a process to turn seeds and hulls into fuel to power conventional diesel generators, without using the chemicals and processing needed to produce biodiesel fuel.

Hart, the Samuel C. Johnson Professor in Sustainable Global Enterprise, asked delegates in his opening remarks to consider alternatives to the "green giant" model of commercializing new technology. These rollouts typically take place at the top of the income pyramid, are backed by big investment dollars, and are scaled out to a broader market as quickly as possible to reduce costs.

They rely on existing infrastructures and centralized distribution systems, such as the U.S. power grid, for quick viability.

Most new technologies do, in fact, enter the market at the top of the pyramid, Hart said, because that's where the investment and consumer dollars are to support them. Yet, to use solar energy as an example, it's clear that these technologies must come to market at a premium price, compete with existing "old" technologies, and eventually hit a "hard stopping place," Hart said. That stopping place is a barrier almost universally experienced by new, "disruptive" technologies — technologies that challenge entrenched companies, business models, and consumer behavior patterns. Point-of-use energy generation — such as those offered by small-scale solar, wind, and fuel-cell technologies — simply have not gotten a toehold in the U.S., with its well-established and -maintained centralized power grid.

The very lack of such infrastructures in the developing world may make it an ideal place to commercialize clean technologies, because there are fewer barriers to the disruption they cause, Hart said. Pairing fewer barriers to disruptive advances with low-investment, small-scale, locally based rollouts — what Hart terms the "little green" model — may significantly advance both clean technology and the living standards of the world's poor.

"The base of the pyramid is the best place to commercialize many of these clean technologies, precisely because of their disruptive quality," Hart said. "As you get traction, you can migrate your product up, adding features and cost."

In his keynote address at the forum's opening session, H. Fisk Johnson, '79, MEng '80, MS '82, MBA '84, PhD '86, chairman and CEO of S. C. Johnson & Son, Inc., shared his company's experiences with disruptive technologies, noting that disruption in all its forms is the antidote to the incrementalism that characterizes most approaches to sustainable enterprise today. "If the business community continues to use incrementalism in its sustainable business practices, we will run out of time." Johnson said. "The alternative to incrementalism is disruption."

An advocate for disruptive leadership in business, in government, and among consumers, Johnson argued that government must lead not only in identifying critical priorities and creating an action plan, but must also engage Americans in it. As he noted: "A plan is not leadership. Leadership is getting people to act on that plan."

DELEGATES ON TASK

The ideas for converging clean technology and base-of-the-pyramid enterprise development developed by delegates to the Cornell Global Forum took two forms: concrete action plans for initiatives in the field; and data collection, mapping, or "best practices" projects to lay the groundwork in advance of launching specific projects.

Spurred by Cleanstar's Saxena and another team member whose company has the technology in place to create biofuels, the alternative fuels task team proposed demonstration projects at the base of the pyramid that would use existing tree seeds and seed and hull waste - known as "feed stock" in the biofuels domain - for biodiesel and non-diesel fuel production. This initiative appealed to delegates, because it relies on existing technology, and it leverages available seed and oil stocks, rather than converting food-production land to oil seed propagation. This practice, termed "opportunistic deployment of existing feed stock," also provides clean power generation without contributing to the deforestation caused by converting forest land to crop production. "Most of the technology is already there — we can start with what we have," said Rod McLaughlin, founder of Indigenous Energy Systems. "The projects would really focus on the needs of base-of-the-pyramid consumers and identify the local assets we can build upon for this 'little green' solution."

McLaughlin's company is negotiating with the island nation of Fiji to manufacture biodiesel fuel on site to power its centralized electric plant. Coconut oil, a by-product of coconut processing on the islands, would serve as the primary material for the fuel. The biomaterials task team also plans to put a project on the ground, this one based on the "cradle to cradle" model of systems and product



Some of the world's leading thinkers on sustainability shared their views at the closing session of the Cornell Global Forum on Sustainable Enterprise, held at the 92nd Street Y in New York City, June 3, 2009, including (pictured left to right) moderator Charlie Rose, Professor Stuart L. Hart, former Vice President Al Gore, H. Fisk Johnson, chairman and CEO, SC Johnson, and Ratan Naval Tata, chairman, Tata Group.

BETTER world



Members of the Center for Sustainable Global Enterprise's Advisory Council shared their experiences in converging clean technology at the base of the pyramid at this roundtable discussion. Pictured (left to right): Kevin McGovern '70, chairman and CEO of McGovern Capital LLC, Fred Keller, chairman and CEO of Cascade Engineering, Benson Lee '64, president and CEO of Technology Management, Inc., Justin DeKoszmovszky, MBA '06, manager of strategic sustainability, S. C. Johnson & Son, Inc., and Peter Knight '73, president of Generation Investment Management

development promoted by William McDonough and Michael Braungart in their 2002 book, Cradle to Cradle: Remaking the Way We Make Things. The cradle-to-cradle approach is one that seeks to create systems that are efficient and essentially waste-free.

As a result of their participation on the biomaterials task team, delegates from Nike, Inc., and the Brazil-based cosmetics maker Natura teamed up to find new materials for their respective manufacturing processes. For Nike, this may include using local microentreprenurs to produce the initial fiber used in its products, and innovating ways to reduce the water used in its intensive dying processes, said Nike's Kelly Lauber. "Natura and Nike are going to have a pilot project in Brazil to start to look at cradle-to-cradle products and using non-traditional partners in that model," he said. "And create a new market," added Marcelo Cardoso of Natura.

Faced with the complexities of delivering health care at the base of the pyramid, the health task team proposed an initiative to develop and share a protocol aimed at enabling companies and entrepreneurs to effectively and efficiently launch health-care services in communities in the developing world.

"Given the regulatory environment, the need for clear engagement of ministries of health, and the complexity of clinical environments in health care, we're going to launch an initiative to design a healthspecific BoP protocol," said health task team member Rex Widmer, marketing leader for rural health at GE Healthcare Systems.

The initial framework for a BoP Protocol process was developed in 2004, and the first edition of the BoP Protocol was released in March 2005. It specifies a process for building new, locally embedded businesses and catalyzing the local market in a progressive, evolutionary

THE GREAT **CONVERGENCE:** the time for change is now

The Johnson School's Stuart L. Hart thinks a lot about the 4 billion poorest people in the world. He considers how to solve their biggest problems - lack of clean drinking water, persistent hunger, degradation of the natural environment on which they depend. Yet unlike many policy makers who share his interest in bettering the lives of those living at the base of the pyramid, Hart believes the solutions to the world's most pressing problems also offer sustainable, profit-making opportunities for business.

"The major opportunity and challenge of our time is to create a form of commerce that uplifts the entire human community of 6.5 billion in a way that respects both natural systems and cultural diversity," says Hart, the Samuel C. Johnson Professor of Sustainable Global Enterprise. "This is the only realistic and viable pathway to a sustainable world. Business can, and must, lead the way."

Hart's vision is shared by the school's Center for Sustainable Global Enterprise. The center frames the world's social and environmental challenges as unmet market needs that can be addressed most appropriately through business innovation and entrepreneurship. Its research and teaching programs develop novel approaches for private enterprises to creatively address problems such as climate change, ecosystem degradation, and poverty — and make a profit doing it.

During the past five years, a growing number of companies have become aware of opportunities at the base of the pyramid; throughout the same period, development of clean technologies gained momentum.

Venture capitalists caught on to clean tech as fast-growth investment opportunities, backing these enterprises with \$8.4 billion in 2008, a 38-percent increase from 2007, according to data from the Cleantech Group.

Yet amid the buzz and flowing capital, the vast majority of investments in sustainable technology development targeted



Unlike the traditional model of rapid industrialization, which relies heavily on conventional (unsustainable) technology, the Great Convergence seeks instead to fuel growth through the incubation and rapid commercialization of the green, sustainable technologies of tomorrow. Through such a strategy, the emerging economies of the world could become the breeding ground for the "Green Leap" Revolution.



Professor Stuart Hart explains the Great Convergence at the opening session of the Cornell Global Forum on Sustainable Enterprise.

the top of the pyramid, says Hart. Companies doing enterprise development at the base of the pyramid had little contact with the booming clean-tech community, and vice versa.

"It seemed increasingly evident that these two communities didn't connect in any significant way," Hart says. "If you look downstream, that could have some significant consequences."

The Cornell Global Forum aimed to do two things: bring 100 of the world's leading entrepreneurs, intrapreneurs, financiers, and change agents together to identify and begin implementing initiatives in what Hart terms the "great convergence" of clean technology and base-of-the-pyramid enterprise development, and to dramatically raise the visibility of the Center for Sustainable Global

"The major opportunity and challenge of our time is to create a form of commerce that uplifts the entire human community of 6.5 billion in a way that respects both natural systems and cultural diversity."

Professor Stuart Hart

Enterprise's work in the "convergence" domain.

"I hope over time the Global Forum will move well down the path to being a well-established global institution — an ongoing, growing, thriving platform called the 'convergence initiative' that will produce a wide range of action projects and accelerate the rate of this kind of enterprise in the world," Hart said.

BETTER world



H. Fisk Johnson, '79, MEng '80, MS '82, MBA '84, PhD '86, chairman and CEO of SC Johnson, provided the opening keynote address at the Cornell Global Forum on Sustainable Enterprise.

"A plan is not leadership. Leadership is getting people to act on that plan."

- H. Fisk Johnson, chairman and CEO, SC Johnson

simultaneously improving the living conditions of the world's

Charlie Rose commenced the roundtable discussion by asking Gore: "You said 2009 will be the Gettysburg of the environment; why is this year so crucial?"

"It's another kind of great convergence," Gore responded, referring to the combined crises of environmental degradation and extreme poverty and disease. "The phrase sounds

shrill to my ears, but it's dead-on accurate." Gore issued a call for the U.S. to lead the entire world to an agreement to curb CO2 emissions — from emerging markets, where the greatest increase in emissions is occurring, and from the industrialized countries that created the problem in the first place.

Emphasizing the importance or reaching a global agreement, Gore noted that "If the U.S. and every wealthy country cut greenhouse gas emissions to zero, and there was no change in the developing world, the crisis would still overtake us."

Hart agreed, saying "The rapid transformation to a more sustainable way of living is a global proposition — no single country can take it on."

The companies run by CEOs Johnson and Tata exemplify a few ways conventional technologies can be adapted to help ease the crisis, and, in some cases, improve the quality of life for the world's poor. Tata Motors' Nano car, for instance, uses an internal combustion engine, powered by fossil fuels. Yet it does so with astonishing fuel efficiency — 65 miles per gallon — and sells in India at the unprecedented low price of about \$2,300.

"Indians travel with a family of four or five on a two-wheeler, through rain and through the night," said Ratan Tata, chairman and CEO of the Tata Group, parent of Tata Motors. "It occurred to me that there ought to be a safer means of a family traveling at an affordable price."

The innovation that brought India the Nano will benefit the U.S. within two years, Tata promised, when Tata Motors introduces an all-electric car here.

SC Johnson aims not only to reduce its CO2 impact but to help heal the planet both by adapting conventional technologies and integrating newer ones, said Johnson. On the operations side, the company powers its plant in Indonesia entirely with biofuels, and another overseas plant runs on landfill gasses. Smaller-scale initia-

manner. The Center for Sustainable Global Enterprise has partnered with two corporations to implement the BoP Protocol: SC Johnson, in Kenya, and the Solae Co., a subsidiary of DuPont, in India.

GLOBAL CRISIS, BUSINESS SOLUTIONS

The closing session of the Cornell Global Forum, hosted by the 92nd Street Y, featured a panel of notable thinkers and leaders in sustainability, including former Vice President Al Gore, H. Fisk Johnson, Ratan Tata '59, chairman of India's Tata Group, and Stuart Hart, moderated by PBS's Charlie Rose. They discussed the magnitude of the global crises of climate change and endemic poverty, and the urgency of engaging the developing world in slowing and reversing environmental and climate degradation. They spoke as advocates for commercializing clean technology in the developing world, an idea they see as essential to slowing, and ultimately reversing, the rate of global environmental degradation and climate change, while



Monica Touesnard, managing director of the Base of the Pyramid Learning Lab, a program of the Center for Sustainable Global Enterprise, facilitates a working session of the Cornell Global Forum on Sustainable Enterprise.

tives include helping farmers in Rwanda to enhance their production of pyrethrum, a natural insecticide extracted from the dried flower heads of chrysanthemums. SC Johnson is a key purchaser of pyrethrum, used in making its well-known, biodegradable insecticide products like Raid.

Efforts like these drew a resounding endorsement from Gore, who said his company, Generation Investments, would invest in SC Johnson "in a nanosecond" if the firm were publicly traded. "SC Johnson is one of the most sustainable companies in the entire world," Gore said.

THE TYRANNY OF SHORT-TERM HORIZONS

Even as SC Johnson draws the praise of the former vice president, the company is largely unique in its deep commitment to sustainable business. The reason may lie in what Gore terms the "tyranny of the quarterly earnings report." Because of the pressure to meet quarterly projections, CEOs and CFOs frequently turn down investment opportunities that would make their firms stronger in the longer term, but cause them to miss short-term quarterly estimates.

"It is a tyranny, and it does weigh heavily on a company's stock price," Tata said. "All of us can feel that if we were free of that, we could be much better managers of our shareholders' interest in the long term."

"You describe these initiatives that are so incredible," Gore said, addressing Johnson. "Could you do them if you were a publicly traded company?"

Johnson acknowledged that, as a privately held company, SC Johnson may have an advantage over publicly traded competitors in its ability to make decisions in support of sustainability, without fear of negative market response in the short term. "We can think about

what will be happening in the next 20 years, and we don't have to worry about next quarter's earnings," Johnson said.

A case in point: As good stewards of the environment, SC Johnson decided to remove chlorine from Saran Wrap, a venerable household product. But consumers didn't like the resulting product. Rather than put the chlorine back in, Johnson said, "We walked away from that business." A publicly traded company would be hard pressed to do the same.

A CALL FOR ACTION

Throughout the Global Forum, delegates and speakers discussed the immense complexity of the problems humanity faces, the difficulties and necessity of solving them, and the key role business could play in addressing them. For instance, distributive generation — non-centralized, point-of-use power generation — appears to pose an excellent alternative to the loud, smelly, polluting diesel generators found throughout the developing world, including India, where they power cell phone towers. Actually deploying fuel cells or windmills across the vast Indian continent, however, represents a monumental undertaking. Nevertheless, urgency demands that commerce and the community of nations unite quickly to place projects like these on the ground.

"We've got to get out in the field and we've got to prototype things," said delegate Beto Lopez, design project lead for IDEO, a global design consultancy. "We've got to do something that's rough, rapid, and right for the appropriate market. "

Gore shared an ancient proverb to illustrate his agreement. "There's an old African proverb that says, 'If you want to go quickly, go alone; if you want to go far, go together," he said. "We need to go fast and far."



Former Vice President Al Gore speaking at the closing session of the Cornell Global Forum on Sustainable Enterprise.

"If the U.S. and every wealthy country cut greenhouse gas emissions to zero, and there was no change in the developing world, the crisis would still overtake us."

— Al Gore, on the importance of reaching a global agreement to curb CO2 emissions



Performage ning

Analysing and identifying new business opportunities from the big picture right down to each unique, differentiating detail, students in the first-year immersion program act as consulting teams, tackling real-world challenges posed by the companies that engage them.

BY SHARON TREGASKIS

Classes have ended for the semester and spring has finally reached Ithaca: The sun shines, a gentle breeze blows, and a blue sky dotted with a few fluffy clouds offsets soft pink crabapple blossoms. In Collegetown, the Saturday afternoon mood is relaxed; undergrads in flip-flops and shorts stroll the sidewalks, exams still a distant concern. In a swank lecture hall in the basement of Sage Hall, a team of five first-year Johnson School students in business casual attire stands in front of a digital video camera and a dozen classmates, poised to pitch a series of marketing

recommendations 15 weeks in the making. Management communications professor Angela Noble-Grange sets a digital timer, adjusts the camera, and gives them the go-ahead.

"Hello. We're the World Kitchen team," says one-time Cap Gemini senior consultant Ben McLaughlin BS '03. Spurred by the clock and a rush of adrenaline, the aspiring brand manager breezes through introductions of the four students whose names appear at the bottom of the title slide behind him and clicks to an overview of their presentation. "You tasked us with development of two or three new product concepts in

the realm of innovative technology and portion control," he says, as though the corporate clients with whom the team has worked all semester were present for this dress rehearsal. "You asked us to become students of portion control, dive deep into secondary research and current trends, and understand both the wants and needs of your consumer base."

Upstairs in a small conference room adjacent to the atrium, a trio of first-year Sustainable Global Enterprise students speeds through a deck of PowerPoint slides in final preparation for their own dry run with a teaching

PERFORMANCE learning

Jason Koski, Cornell University Photos







assistant. Known as the GNS team, an acronym for the initials of their clients, Kristen Lyons, Lori McMahon, and Peter Zullo have spent the semester exploring the market opportunities of a three-way partnership formed by Jim Fonzi, owner of Rochester-based Gates Automotive, with manufacturer Sherwin-Williams and distributor NAPA, to showcase an environmentally friendly, water-based paint.

Both teams are running out of time to hone a compelling narrative to reflect the hundreds of hours they've spent coming up to speed on niche industries, conducting focus groups and quantitative surveys to provide rigorous insights, and crafting actionable recommendations for paying clients. The pressure is on.

Unlike the cut-and-dry case studies that have long formed the bulk of graduate business education, the Johnson School's first-year Immersion Learning program introduces aspiring MBAs to the messy intersection of incomplete information, pressure to produce, and complicated client dynamics that comprise the realities of the careers for which they're training. Students opt into one of seven tracks: marketing, strategic operations, investment banking, managerial finance, entrepreneurship and private equity, capital markets and asset management, or sustainable global enterprise. Integrated into a slate of complementary conventional coursework, the immersion program serves as the capstone of the first-year curriculum and a vital leg up when it comes to thriving in the summer internships that set the stage for post-MBA employment.

"Real-world data doesn't neatly fall into buckets," says Ashok Kaliyamurthy, MBA '09, whose three-member Hershey team spent the Spring 2008 semester developing a marketing plan to help the established chocolatier appeal to twenty-something Millennial consumers. "It was completely nebulous. We had to work with ambiguity, grapple with indecision." In his subsequent internship with Colgate-Palmolive, the soft skills the Bangalore University grad had developed proved vital. Less than two weeks after he started with the Fortune 500 firm, Kaliyamurthy's supervisor offered him the opportunity to develop and present a project for senior leadership. "In the internship, you want quick wins," says the former engineer. "Through the immersion, I was able to talk the language."

Center for Sustainable Global Enterprise director Mark Milstein, who heads the SGE immersion, sees ambiguity as perhaps the most powerful teacher. "The course is not painless," says the lecturer, who assigns a paper that often maxes out at between 50 and 100 pages to accompany the final presentation. I know students throw themselves into their projects and take themselves right to the breaking point — it's exhausting and they can't see the forest for the trees." That baptism by fire gives each student the confidence to fully engage with the

internship that follows. In sustainability, where integration of disparate fields of knowledge and a certain trail-blazing sensibility prevail, says Milstein, confidence can mean the difference between success and a missed opportunity. Students may struggle as the semester winds down and deadlines loom, he says, but "slogging through the fire is part of the experience. But I know they will get done, they will still be talking to teach other. And they will be better professionals."

As in the SGE immersion, assistant professor Manoj Thomas emphasizes the importance of thorough research and substantiation in the Strategic Marketing Immersion. Prospective clients whose project needs don't hinge on data collection and analysis don't make the cut. "Marketing is not about taking instinctive positions based on how you think consumers behave," says Thomas, who also takes the students on a week-long trip to Manhattan for visits with top executives in the field. "It's not about being flamboyant or making great presentations. It's number crunching and thinking combined with real-world experience."

Clients profit from the approach, says Sherwin-Williams director of marketing for associated products and distribution, Rob Gray, who credits the trio of students on the GNS team with producing solid data to bolster a unique perspective on the best ways to posi-



Jim Fonzi, owner of Gates Automotive, describes the technology of the company's new paint booth to Sustainable Global Enterprise immersion students.

tion the company's Vortex paint, a fast-drying finish that conforms to stringent new environmental regulations already in place in California and marching swiftly across the country. "We could have hunted and pecked, but from a market research perspective, we might never have gotten there as quickly," says the Cleveland-based executive. While some clients direct each step of the process, Gray and his counterparts at NAPA (which distributes the product under

the Martin Senour brand) and Gates Automotive took an intentionally hands-off approach with Lyons, McMahon, and Zullo. "I didn't want them to have preconceived notions," says Gray, who hosted the team on a visit to his Cleveland office, met with them at Gates Automotive in Rochester, and ultimately sat through a full day of final SGE presentations, gleaning insights from several of the teams. "I wanted them to have free rein."

World Kitchen Chief Marketing Officer, Lee Hanlon Muir '85, MBA '90, says her company has gotten solid value for the \$4,000 annual fee it paid to participate in the marketing immersion in 2008 and again this year. "My generation knows how to cook," says Muir, who notes that the World Kitchen target audience ranges in age from 18 to 35 years old. "Your mom sat you down and taught you how to do it." For a younger generation that came of age with the microwave, cooking and entertaining have been transformed, creating new product development and marketing challenges for the firm. "Having students do the research gets us so much closer to our target audience in terms of how they think about cooking and preparing food. They give us actionable data relevant to our brand for our target business."

A STEEP CURVE

A scant four months ago, the World Kitchen team knew next to nothing about the company that would consume their thoughts this semester, and even less about the niche areas in which they were charged with developing new products. In December, Thomas collected ranked bids from all of the marketing immersion students and, by January 8, McLaughlin and teammates Alanna Bartee, Divya Bharadwaj, Jessica Hochberg, and Ed Rifenburg BS '00 had their assignment. In early February, the team made their first class presentation, introducing World Kitchen — a multinational whose subsidiary brands include CorningWare, Pyrex, and Corelle — to their classmates, and synthesizing preliminary analysis of the trends likely to affect their work.

Scroll forward a few weeks: The five students have logged hundreds of hours making a site visit to Corning and digesting the preliminary data provided by CorningWare brand manager Neil Hart and World Kitchen director of marketing Debra Canfield. But as spring break and a client conference to review their online survey for 300 women in the company's target market loom, a 45-minute late February meeting in the atrium reveals that the team is still struggling to understand what Hart meant by "smart kitchen." Portion control looks like a more viable focus, and the team is debating how to narrow in on the charge they expect to yield the greatest opportunities: deploying the name recognition of World Kitchen's brands to leverage the 100-calorie snack-pack craze that

PERFORMANCE learning

Jason Koski, Cornell University Photos







has captured Hart's imagination. With the lunchtime hustle and din of the atrium as a backdrop, the group bounces from whether to incorporate pricing in their upcoming focus group sessions to the relevance of microwave ovens for their target market, and then veers into their own cooking habits. "Who even eats leftovers?" asks one of the women with more than a hint of disdain. "I do," says McLaughlin, revealing that he cooks one large dish each weekend to furnish the week's sustenance. Meanwhile, they're running out of time before Rifenburg and McLaughlin hike up to the Ag Quad for a meeting with Mindless Eating author Brian Wansink, the Dyson Professor of Consumer Behavior and an expert on the psychology of portion control.

LIFE LESSONS INCLUDED

Conflict isn't foreign to the process, and each immersion student acquires new skills in the 15-week process. Manoj and Milstsein say they've occasionally had to intervene to facilitate reconciliation, but that doesn't happen often, and usually each group forges its own strategy for managing the strong personalities and high passions that emerge during the semester. For the GNS team's McMahon, learning to manage laterally was perhaps the most valuable aspect of the project. "You have to be able to influence people who have no

reporting line to you," she says. "I had to learn how we could align our priorities so we weren't just getting together once a week for a brain dump." The team also had to learn how to keep one another motivated and invested, occasionally pinch-hitting when another member had competing responsibilities.

Combined with the intense workload, that challenge leads some teams to the brink of meltdown, says the GNS team's teaching assistant, Ryan Kelley, MBA '09. They start out seeing only the wide array of opportunities before them, and overlook the challenge of limited time and personal influence. "They cycle from wide eyes to this lack of information and a need to suck in everything they can learn, to 'What now?'" says Kelley. In the final two to three weeks of the semester, as each team begins to synthesize the information they've collected, the groups undergo a transformation. "They start to climb the wall, innovate around obstacles."

They also forge a sense of community that persists throughout the remainder of their time at the Johnson School. "The extended meetings can really push you," says the 2008 Hershey team's Kaliyamurthy. "People get tired, your ways of thinking are different, and they want to go home. You want to do this in a simulated environment before you go out in the real world." While Kaliyamurthy, whose secondary education wasn't in the group-project-centered U.S. system, struggled with the intensity of the interaction, he wasn't the only one. "I had never worked so closely with other people before," says Barnaby Kendall, MBA '09. "We'd get annoyed but had to get over it. Now we go out to dinner every week — it created a bond."

MOMENT OF TRUTH

Four days after their dress rehearsal with Noble-Grange, the World Kitchen team returns to the Sage Hall lecture room where the marketing immersion has met throughout the semester. CorningWare brand manager Neil Hart has traveled to campus for the afternoon, while Lee Muir and Debra Canfield have a live feed of the presentation at the company's corporate headquarters in suburban Chicago, Ill. Since Saturday, Noble-Grange's suggestions and a series of impassioned debates among the students have yielded a complete overhaul of the group's slideshow. Today, May 6, they seem relaxed and confident, free of the jitters that dominated the earlier runthrough. The presentation goes off without a hitch and, afterwards, Hart peppers the group with questions about their marketing proposal and product pricing suggestions. Even after Thomas has dismissed class and the Chicago team has returned to their work, Hart remains to follow up on the students' product recommenda-

"I Had never worked SO CLOSELY WITH OTHER People Before. We'd **GET ANNOYED BUT HAD** TO GET OVER IT. NOW **We go out to dinner** every week — It **CREATED A BOND."**

— Barnaby Kendall. **MBA'09**

tions. "The basic nugget is here," says Hart, pleased that the students' work has affirmed viable prospects in portion control. "But we've got a ton of work to do."

Seventy-two hours and myriad revisions following their consultation with TA Ryan Kelley, the GNS trio stands before a full Sage Hall lecture room on May 5 to deliver their final recommendations for Gates Automotive, NAPA, and Sherwin-Williams. Four executives — as the well as the owner of the Rochester marketing firm that represents Gates, and C.J. Fonzi, MBA '08, son of the automotive shop's owner - have traveled

to Ithaca for the event. Lyons, McMahon, and Zullo have produced a set of market analyses and recommendations for each of their clients, but perhaps their most important insight is guidance for Jim Fonzi's auto shop that goes against the grain. Because customers sometimes conflate environmentally benign products with price premiums, they urge him to eschew a generic "green" pitch and instead highlight specific product attributes that appeal to subsets of their customer base: To reach car owners, leverage guest speaking opportunities, columns on the local eco-blog, and other word-ofmouth channels to promote the company's portfolio of sustainability initiatives as an extension of Gates Automotive's long-standing commitment to excellent customer service. For fleet operators and insurance companies, sell the savings associated with faster drying time and better tint matching. The students extend the concept in their recommendations for NAPA and Sherwin-Williams, creating a dummy "Vortex Impact Calculator" for sales reps to demonstrate for prospective customers the significant cost savings associated with the less-energy-intensive, less-polluting product.

Milstein has allotted the team a scant half hour for the presentation and discussion, but with a posse of clients making follow-up comments, the trio are still answering questions 45 minutes after they took the floor. Sherwin-Williams's Gray asks about the value of third-party certification and McMahon doesn't miss a beat. "You can't lean on green," she tells him with the confidence of a seasoned professional, "even if it's certified. "There's something to be said for positioning, but position the financial perspective. This is a solution sell." Finally, Milstein clears the room by urging those who wish to continue the conversation to reconvene in the atrium; he then reiterates his invitation to all of the 2008 and 2009 SGE immersion participants for a celebration at his home later in the evening.

That evening, under a tent in Milstein's back yard, Gray and Fonzi are still raving about the GNS team's work. "They've brought things to light that none of us would have thought of before," says Fonzi, who initiated the project on his son's advice and incorporated Sherwin-Williams and NAPA to insure that the students would have plenty of material to engage them. "There are some cool things that came to the table that I hadn't thought of at all that have some promise and would reach out to people for whom our sustainability practices would really matter. We've also helped the students look at things differently, too, from a more real-world or practical sense." Long after the party has ended and Lyons has put her 18-month-old son to bed, she sends McMahon and Zullo an e-mail. "I know it's been a lot of hard work," she writes, "but I think it all came together exceptionally well. I've learned a great deal, and I think our sponsor companies did as well."

RESURRECTION, INC.



With the economy falling and bankruptcies rising, restructuring specialists are busy bringing failed companies back to life BY ROBERT PREER

For many years, the Wornick Company of Cincinnati prospered. A producer of pre-made meals, the company was well run, and it had one very good customer in the U.S. military, which purchased Wornick's meals-ready-to-eat or MREs.

But in 2006, Wornick stumbled. A consumer product launch flopped. Then an attempt to cut costs by replacing a Texas packaging plant with a new one closer to Cincinnati headquarters backfired. The new plant was plagued by inefficiencies, and managers ran up huge overtime costs. Cash flow plummeted, and the heavily leveraged company soon faced a debt payment it could not make. The company filed for bankruptcy.

From his office in Waltham, Massachusetts, David J. Breazzano, MBA '80, observed the Wornick Company's travails. The head of DDJ Capital Management, a firm that specializes in investments in distressed firms, Breazzano saw opportunity in the failing company.

"We look at a company and its business, and we say to ourselves, 'Is that a company that has a reason to exist?" says Breazzano, who has been involved in restructurings since he received his MBA. "We ask, 'Can we add some value to it? Is it a company we want to own?'"

The answers all being yes, Breazzano and his partners discreetly acquired Wornick's debt, which subsequently was converted into equity of the reorganized company. Before long, DDJ funds owned 51 percent of Wornick, and Breazzano was chairman of its board of directors.

Now, relieved of its debt burden and guided by DDJ, the company refocused on what Breazzano calls "blocking and tackling." He and his colleagues reshuffled management, which got the manufacturing and packaging plants running smoothly again. In June 2008, Wornick emerged from bankruptcy, healthy, and eyeing the possibility of growth.

"We stabilized its core operations," says Breazzano. "It's still early, but from that platform we believe we can grow a private sector business over the next couple of years."

When a business crashes, someone must come in to sift through the wreckage and clean up. In normal times, restructuring specialists do their jobs out of the limelight, often in the shadows of flashy dealmakers and entrepreneurs. But today, the people who handle broken businesses — advisors, investment bankers, bankruptcy attorneys, and investors — are taking center stage in the drama that is the global financial crisis.

"The world we operated in used to be very below the radar," says Antonio M. Alvarez III, MBA '91, managing director of the Europe, Middle East, and India practice of Alvarez & Marsal, one of the world's leading firms specializing in restructuring and performance improvement. "Now it's going mainstream."

Corporate doctors on call

The specialists who restructure distressed businesses are a select group, and those who do it well are much in demand.

"It takes people who are knowledgeable, not just about the law but about value and how value is created," says Jerome E. Hass, professor of finance and an expert on restructuring.

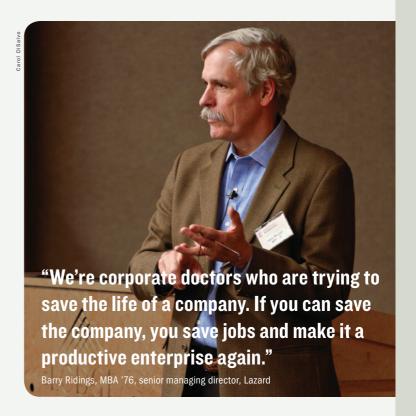
Senior Lecturer Richard A. Marin '75, MBA '76, says, "You can't just be a financial engineer and a bankruptcy wizard. You have to have a blend of skills."

For the world economy to heal, the failed companies that litter the landscape must be dealt with, one way or another. Thus, restructuring specialists have become crucial players in the effort to overcome the current crisis, according to Robert C. Andolina, MBA '86, senior lecturer of finance. "They take companies at risk of breaking under financial pressure and find a way to relieve some of that stress, to the benefit of the company and the investor. It creates a place from which all parties can start to move forward together again," he says.

Barry Ridings, MBA '76, and senior managing director of Lazard in New York City, works as an advisor and investment banker to distressed companies. His first job out of Cornell was with Chase Manhattan Bank, where, after his training session, he was assigned to the restructuring department. He has been in the field ever since, working for a series of banks before settling at Lazard a decade ago. He now heads the firm's restructuring department. In the first quarter of 2009, Lazard was involved in nine of the ten largest bankruptcy cases in the United States.

"In simple terms, we're corporate doctors, who are trying to save the life of a company," says Ridings. "If you can save the company, you save jobs and make it a productive enterprise again. If you don't, a lot of people are out of work and the company fails."

Most of the time, Andrew Horrocks, MBA '92, managing director at UBS investment bank, advises healthy firms, but occasionally he works with distressed companies. Based in New York City, he has been in investment banking his entire career, first with Bankers Trust and then Dillon, Read, and Co., which UBS acquired in 1997. In recent months, Horrocks has been involved in one of the country's highest-profile restructurings. He has been a key advisor to Fiat in its talks with Chrysler over a possible ownership stake in the troubled American automaker. Horrocks admires people who do this kind of work all of the time.



"They are a bit like the pediatric oncologists," says Horrocks. "It takes a special kind of person to take joy in solving problems in situations where there is tremendous sadness."

Selling before the assets vanish

Ridings has been in the middle of what has been, at least until now, the biggest bankruptcy in U.S. history: Lehman Brothers Holdings, Inc. He heads a 50-person team at Lazard working on the \$600 billion case. Lazard is serving as investment banker in the proceedings, while Alvarez & Marsal, the firm co-founded by Bryan Marsal and Antonio Alvarez II (Tony Alvarez III's father), has been hired to run the company.

"We work hand-in-glove," Ridings says. "We do different things. We are the ones selling the assets. Alvarez & Marsal is managing what's left of the business."

Ridings also is personally overseeing what had been a legitimate piece of Bernard Madoff's empire, a market-making business not part of the notorious Ponzi scheme. In addition, Ridings represents a number of troubled auto parts firms, as well as the creditors of Lyondell Chemical, a \$27 billion firm that filed for bankruptcy in January. In the past, Ridings was involved in the bankruptcies of Trump Casino Group, Marvel Entertainment, Vlassic Foods International, and US Airways.

While all of those cases were extraordinary, Lehman Brothers stands out, according to Ridings. Much of the action in the case

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came late last year, when markets were in turmoil and global financial collapse seemed a real possibility. He sold the Lehman Brothers investment banking operation to Barclays in a deal astonishing for its size and speed.

"It was monstrously complex," Ridings says. "In a business like asset management or investment banking, your assets walk out the door every night. Those sorts of businesses don't do well in bankruptcy, so you need to sell them to get value before everything disappears. We sold the investment bank of Lehman Brothers in about a week — for a couple of billion dollars. It's pretty unprecedented."

Ridings recalls the federal bankruptcy court hearing at which the sale to Barclays was approved — a session that started in the morning and lasted all day and all night, ending at 5 a.m.

"The judge said we're not leaving until we have it done," says Ridings. "We all ate PowerBars. There's nothing open at 2 o'clock in the morning in that part of the city. It was fine for me."

The recession's growth industry

For restructuring specialists, there is no shortage of work these days. The one-two punch of heavy borrowing followed by recession, which collapsed demand for goods and services, has produced a surge of defaults and bankruptcies that shows no signs of easing.

The recent high-profile bankruptcies are only the tip of the iceberg of distressed businesses. In 2008, some 43,546 businesses filed for bankruptcy in the United States, a 54 percent increase over 2007, according to U.S. Courts data.

This year, the pace of business failures quickened. The first quarter of 2009 saw a 78 percent increase in filings by large businesses over the same period in 2008, according to a report on the Bankruptcy Statistics Web site. In March of 2009, there were 7,843 commercial bankruptcy filings, a 23.2 percent increase over the 6,365 filings in February.

"It's pervasive" says Marin. "It extends to almost every industry and certainly all of the financial industry."

Breazzano foresees the default rate on corporate debt hitting double digits, which, he says, could mean that between 30 and 40 percent of large companies in the United States will need to restructure. "This is unprecedented in our careers. You hate to use the 'd' word, but this is a depression. This is going to get as bad as it was in the 1930s, although, hopefully not as long and as deep."

Ridings sees the troubles of the economy lasting a long time. "Default rates had been low for the last couple of years, but now they're about to fall off a cliff," he says. "That means tens of billions of dollars lost in defaults — this year and next year and the year after."

Finding value in distressed companies

To people inside failing companies, the end days seem desperate. Workers are losing their jobs; shareholders are being wiped out. Fear is a dominant emotion, according to Tony Alvarez III, who is known within Alvarez & Marsal as "A3." "People don't know what you are going to do. They fear their jobs are at stake and now in your hands. There's a lot of anxiety and frustration. You need to provide leadership and clarity, so very clear communication is key."

The bleakness sometimes clouds the judgment of even the highest-ranking officials.

"The owner of the company is usually the CEO, and we joke that he's on the river in Egypt called 'De-Nile' and he doesn't quite get it," says Ridings. "We usually start by saying, 'Let us tell you what's happening in the industry — the problems the industry is facing.' The CEO goes, 'Yep, yep it's a good thing we don't have those problems.' Then as I leave, the CFO slips me his card and says, 'I need to talk to you tomorrow."

Like Ridings, Breazzano takes a tactful approach. "You don't go in with a hammer and say, this is what you have to do. You try to guide them into the proper direction," he says.

The term "restructuring" sounds like a mechanical process, as if companies can be dismantled and reassembled like LEGOs. In fact, restructurings are often disorganized, untidy, and emotional.

Restructuring specialists usually begin by asking a couple of simple questions. Is this a good company with a bad balance sheet? Or does it have both bad management and a bad balance sheet?

Poorly managed companies with flawed business models are difficult to save, according to restructuring experts. "They require simultaneously restructuring the operations of the company, as well as restructuring the balance sheet," says Horrocks. "Those kinds of bankruptcies tend to be the longest. They can last for years."

A quick sale or dismantling is often the best solution for companies plagued by management and balance sheet woes. Says Ridings, "Those almost always get sold or liquidated. It's tough to restructure around a company where you've got bad management."

But many companies fall into the first category: Good business model, competent management, but a bad balance sheet, typically caused by ill-considered or ill-timed borrowing. "The business generates cash, employs people and makes a good product, but it has a mountain of debt," Horrocks says. These companies often can be saved by finding ways to keep creditors at bay long enough for the patient to recover.

First step to recovery: reduce debt

Relieving a company of its debt burden can be accomplished in a number of ways.

"We can take an unsecured bond and give it collateral," says Ridings. "If you have a \$1,000 unsecured bond trading at 20 cents on a dollar, although it has a face value of one thousand, it's trading at two hundred. We can often exchange that for a bond that trades at \$400 with collateral. Right there, you've wiped \$600 off the balance sheet." The deal makes sense for the creditor, who could wind up with nothing in a bankruptcy proceeding.

Ridings recounts the tale of a Texas utility that got into trouble with lenders several years ago after energy prices tumbled. At a meeting of the parties, Ridings offered to collateralize the debt in return for more lenient conditions and additional credit. When the banks refused, Ridings countered by pointing to a stack of papers on the conference room table.

"I said, 'This is the bankruptcy petition we'll be filing tomorrow morning in Wilmington, Delaware." The banks accepted the original offer.

Trading debt for a stake in the company is another widely used strategy. Ridings used it in his efforts to save Owens Corning Corp., a Fortune 500 company that in the late 1990s faced huge claims

from individuals exposed to asbestos in the firm's fireproofing and other building materials.

After the initial jury verdicts went against Owens Corning, the company in 2000 filed for Chapter 11 protection. "It had been a great company in many ways, but they had this huge asbestos liability," Ridings says.

Ridings understood that the claimants, as well as lenders and bondholders, would have to be compensated. However, he wanted Owens Corning to come out of the process a viable company, eligible for the investment-grade credit essential in the home building industry.

His solution: Swap debt for equity. Ridings negotiated a deal with the claimants and creditors that gave them a stake in the firm. A \$7 billion trust fund also was established to compensate victims. In 2006, Owens Corning emerged from bankruptcy and is again a leader in its field. Despite the woes of the housing industry, Owens Corning registered nearly \$6 billion in sales in 2008.

Another strategy of restructuring experts is to sell assets, particularly those outside the company's core. "Lots of companies grow and they diversify and they get out of what they do best, what made them unique and strong. We get rid of those non-core assets and use the money to pay down debt," Ridings says.

Finding solutions and good information

Complex cases often require a range of tactics. Bridge Information Systems, a global telecommunications firm with operations in 18 countries and 40 separate corporate entities, was Tony Alvarez's first big restructuring case. In 2001, Bridge was on the verge of collapse, and it turned to Alvarez & Marsal for help.

"We cut costs. We sold some of the businesses. We managed cash a lot tighter," Alvarez says. He also entered into a long-term contract with the buyer of the U.S. business. Bridge emerged smaller, but a viable company again. "One can certainly point to this time period as the beginning of the turnaround movement in Europe," he continues.

Valuing the debt of distressed companies is a major challenge — as the U.S. Treasury has learned in trying to rid toxic mortgage-based assets from the balance sheets of banks. Rene Robert, MBA '95, started Advantage Data two years after he left Cornell to gather and

> analyze information about the corporate bond market. The company's database, the largest of its kind in the world, aggregates prices from over 300 broker-dealers, regulatory agencies, exchanges, and other sources. It is used by most of the world's leading restructuring firms.

"Restructuring distressed businesses takes people who are knowledgeable, not just about the law but about value and how value is created."



inc.

"In Europe, you either try to negotiate something out of court or you go into court, and going into court is very value-destructive."

- Antonio M. Alvarez III, MBA '91, managing director for Europe, the Middle East, and India, Alvarez & Marsal

"Restructuring shops that are advising companies need to know where debt is priced along with many other risk parameters," says Robert.

The global financial crisis has been an interesting phenomenon for Advantage Data. Top tier firms are in decline but second and third tier firms are growing. "The demographics of our client base are changing with changes in the financial landscape. Additionally," says Robert, "it's much harder to get good information these days, and that's what we do really well." He reports that the company has seen steady growth even during the recession.

Bankruptcy's cleansing effect

Sometimes, out-of-court restructurings are impossible. Negotiations with creditors break down, or so many parties are involved that there is no way to get everyone to agree. This is when firms file under Chapter 11 of the U.S. Bankruptcy Code.

In the current crisis, troubled firms often file for bankruptcy rather than settle out of court, according to John Nozell, MBA '83, managing director, investment banking, Seabury Aviation & Aerospace LLC. "It is more acrimonious. Creditors just want to get their capital back. I see debtors in difficult situations throwing up their hands and saying, 'Go ahead. Take the assets.'"

In bankruptcy, assets are divided up among creditors through a set process supervised by a judge. Chapter 11 also provides a means for companies to continue to operate and reestablish themselves.

"The courts offer a cleansing process," says Horrocks. "It facilitates an orderly rearrangement of the balance sheet, so the company can re-emerge and function."

U.S. bankruptcy law provides for "debtor-in-possession financing," which allows companies to borrow to continue operating even

The term "restructuring" sounds like a mechanical process, as if companies can be dismantled and reassembled like LEGOs. In fact, restructurings are often disorganized, untidy, and emotional.



while other debt is in default. The providers of the new financing go to the top of the list of creditors in court proceedings.

Chapter 11 bankruptcy involves estimating the value of the surviving entity and then allocating that value across creditors and shareholders. Shareholders are often left empty-

handed, but a viable core business survives rather than being liquidated. "The Chapter 11 process, as I see it, is really a law that's trying to do the right thing for society," Hass says.

In Europe, bankruptcy laws are much harsher. Typically, existing management is ousted when a firm goes into bankruptcy, and an outside administrator takes over the operation. Thus, restructuring specialists in Europe try hard to settle matters through negotiation.

"In Europe, you have two alternatives," says Alvarez. "You either try to negotiate something out of court or you go into court, and going into court is very value-destructive."

In the United States, an unusual hybrid has emerged in the current economic crisis. General Motors, Chrysler, and the large banks avoided bankruptcy, at least for a time, with infusions of cash from the U.S. Treasury. Like a bankruptcy judge, the government dictated corporate policy to the companies — the sacking of General Motors head Rick Wagoner being a prime example.

"The U.S. Treasury has so much influence, the process is very much akin to a bankruptcy," Horrocks says.

Job satisfaction

The life of a corporate restructuring doctor is neither simple nor easy. Practitioners work long hours and almost always are laboring under tight deadlines. The pay is good, and the psychic rewards are sometimes priceless.

"Crisis and turnaround management can be like being part of a special-forces unit in a combat zone. You end up having incredible bonds with your unit," Alvarez says.

Ridings arrives in his office at 6:45 a.m. and leaves at 6:45 p.m. an even 12 hours. "There's a high degree of stress, but there is a great sense of accomplishment when you can get things done," he says.

Breazzano loves the variety in his work, from evaluating companies to investing in them to running them. His greatest satisfaction comes when he saves a company.

"Some people would call us vultures and say we're going to pick the company clean and discard it. That's absolutely incorrect," Breazzano says. "We try to resurrect them. In the long term, we save and create jobs."

Building Our Future Together

The Strategic Plan: A progress report



The Johnson School's new strategic plan supports its broad strategy of being a school of general management that develops students to their full, unique potential through performance learning, cutting-edge research, an intense collaborative community, and Cornell connections. This new plan's three overarching objectives are:

- Develop business leaders who create, transform, and sustain successful organizations — our MBA graduates
- Create research and new knowledge that shapes the future practice of management — our faculty
- Train the next generation of management scholars our PhD graduates

Information gathered from several hundred Johnson School alumni, students, employees, friends, and corporate partners informed the strategic plans' six initiatives. (full text is at www.johnson.cornell. edu/strategicplan.) Many are participating on task forces focused on implementing these initiatives. Below is a brief progress update.

PROGRAM INNOVATION Building on the school's strong, innovative program content and experiences, one task force team has focused on increasing connections and collaboration among students in the school's four programs through both curricular and extra-curricular activities. Already, the school has implemented new strategies to connect the residential Accelerated MBA and two-year MBA students. Plans are in the works to bring Executive MBA and residential MBA groups together for networking events, faculty lectures, or panel discussions. Task forces focused on creating areas of concentration for second years, advising, and leadership and management are engaged in data collection and benchmarking, information they'll use to create small pilot programs for 2009-10.

GLOBAL EDUCATION Aiming to educate students to excel in a complex global business environment and contribute to improvements in global business practices, the global education initiative is focused on creating stronger global alliances, creating a presence abroad, and assessing and adding to our global curriculum. One task force has reviewed competition to understand their global presence and approach. A second task force, focused on global programming in our curriculum, has reviewed corporate needs. In addition, they have researched competitor schools in depth and obtained input from our students and faculty to understand our current curriculum

compared to future needs. Both groups will analyze their research over the summer to develop specific recommendations.

THOUGHT LEADERSHIP Innovative thought leadership enriches the practice of business and our students' educational experiences. Working to ensure that the Johnson School is viewed as a thought leader on important business topics, this task force is engaged in improving how we communicate our research scholarship to people inside and outside the school, including enhanced Web access for research in progress and published work, and commencing the process of considering prospective new centers in such areas as global business, entrepreneurship, and marketing.

ALUMNI ENGAGEMENT Seeking a lifelong partnership with alumni that enhances both students' experience and the value of the Johnson School degree, focus areas for this task force include building alumni engagement during the student experience, strengthening alumni services, bridging Cornell Connections, enhancing alumni programming, and strengthening alumni marketing and communications. New programs already launched include greatly expanded career resources and JS-Pals and JS-Coaches, mentoring programs that connect students and alumni. Projects in the works include enhanced communication to and between alumni via social networking and lifelong learning opportunities.

DEEPEN CONNECTIONS TO BUSINESS Seeking to deepen connections with businesses on a multitude of levels, this task force aims to identify connections that help businesses find real solutions to their challenges, while helping our students forge careers with the best companies in the world. Now in the data gathering stage, participants are researching peer schools, surveying students, and holding focus groups with faculty to determine how they would like to be engaged with companies, as well as interviewing companies to determine how they would like to be engaged with business schools. The task force will use this data to inform recommendations for the school.

FINANCIAL SUPPORT A mixture of revenue sources sustains the school's operations, including the Annual Fund and returns from endowments. To ensure ongoing support for achieving the school's vision, efforts are underway to increase our endowment and its proceeds by securing funding for new programs associated with the strategic plan, including new initiatives in curriculum, global business, and alumni services.









- (1) Students visited the submarine division of the ThyssenKrupp Marine Systems — Hellenic Shipyards S.A., the biggest shipyard in the Mediterranean. They learned about the production of submarines, fast attack crafts, fast patrol boats/gunboats, corvettes, mega-yachts, oil tankers, and others.
- (2) At the Bulgarian-American Enterprise Fund in Sofia, students discussed the impact of the world financial crisis on the real estate business in Bulgaria with Kostadin Petkov, the fund's senior project manager in real estate. Students also visited the Bulgarian Ministry of Finance and the ski resort in Borovets, Bulgaria.
- (3) Students listen to a presentation by Eren Kiliclioglu, head of the Foreign Relations Department of the Istanbul Stock Exchange.
- (4) Students don caps and lab coats for a tour of the new production line for Kit-Kats at Nestlé Bulgaria.

BAL

Sometimes, there's no substitute for being there: To be successful leaders in a global business environment, MBA students need firsthand experience in different cultures.

Recognizing this, the Johnson School's new Strategic Plan stipulates a clear commitment to global education, pledging to offer students enhanced global programming and curriculum.

International study treks offered during winter, spring, and summer breaks already provide students with international experience: In 2008-09, "Experience in International Management," a 1.5-credit course, offered students international study treks to China, Eastern Europe, Colombia, Japan, and Korea.

"The purpose of all these study trips is to expose our students to business operations in different parts of the world (mostly emerging markets), and to provide practical, first-hand experience on how business is conducted there," says Elena Iankova, lecturer in international business. "We visit companies and have meetings with local government officials and company representatives, as well as lectures by local faculty."

Two of these treks are highlighted below. To learn more, go to the Web Extras links in Enterprise Online at [www.johnson.cornell.edu/alumni/enterprise].

Emerging and established economies in Eastern Europe

Study Trip to Bulgaria, Turkey, and Greece Dec. 26, 2008 - Jan. 11, 2009

Led by Elena lankova, lecturer in international business

Elena Iankova designed this trip to enable students to compare and contrast how business is conducted in countries that are at varying stages of accession to the European Union: Greece, an established EU country; Bulgaria, a new EU country; and Turkey, an aspiring EU member. A native of Bulgaria and an award-winning expert on the economy of Eastern Europe, Iankova is the author of Eastern European Capitalism in the Making (Cambridge University Press, 2002), and Business, Government, and EU Accession: Strategic Partnership and Conflict (Lexington Books, 2009).

In addition to providing students with background material in advance of the trip, Iankova scheduled lectures on the economic and cultural background of each country, including its general business environment and relationship to the EU. These were presented by faculty from the region's leading universities. "The trip was great because the speakers were so open about the challenges that are ahead," says Gary Gordon, MBA '09. On a bus between cities, participants discussed read-

FOCUS

ings and lectures and traded impressions about the places they had visited.

"The 'Business in the European Union' trek was quite simply the best I took at Johnson!" says Esohe Denise Odaro, MBA '09. "It was an essential kit to discovering and getting a good sense of the less-trodden path in the EU; a rare firsthand opportunity to compare cultures, businesses, and external relations within and outside the EU."

Annabell Satterfield, MBA '09, anticipates the experience "will be immensely helpful when thinking about international expansion or investment, understanding current events, and working with people from these regions."

Business and Politics in Colombia

March 14 - 22, 2009

Led by Wes Sine, PhD '01, associate professor of management and organizations

Professor Wes Sine and a group of Johnson School students spent a week in Colombia over spring break to explore the intersection of business and politics, and have a little fun. As part of a course, Johnson School students partnered with students from Colombia's leading business school, Universidad de los Andes, to work on consulting projects that included work for the Ministry of Communications, the Marriott, Cine Colombia, Grupo Chia, and others.

In addition to the project work, students obtained unprecedented access to business and political leaders. They met with Colombian Vice President Francisco Santos and had a tour of the Palacio Nariño. They had lunch with Mr. Fernando Ferrari, a partner at McKinsey & Co., and attended meetings with Dr. Alejandro Figueroa, the CEO of Banco de Bogota, and Dr. Miguel Largacha, the CEO of Fondo de Pensiones y Cesantias Porvenir. During a tour of one of the country's leading media companies, Caracol T.V., they ended up being part of the live morning show.

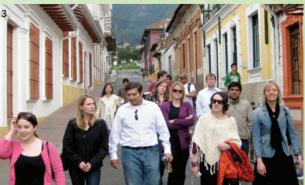
Access to business and government leaders and easy navigation of a foreign land were helped by the group's many Colombian hosts, including Johnson School alumnus Luis Carlos Sarmiento Jr., MBA '85, and students Margarita Blanco and Santiago Canela, both MBA '09. "We wanted to help the course be successful and also show off our country," Blanco said. "We wanted to show a different face of Colombia and change the perspective of how Colombia is seen."

INTERNATIONAL CAREER TREKS

In addition to the for-credit study treks highlighted here, Johnson School students also have the option of participating in week-long international career treks during Thanksgiving, winter, and spring breaks. This year, students traveled with a faculty member to London, Hong Kong, and Dubai, typically visiting two companies per day.









- (1) Johnson School students with Francisco Santos, the vice president of Colombia. Santos "candidly discussed the challenges and opportunities facing his nation," wrote Zachry Brown, MBA '10, in a Cornell Business Journal article about the trip.
- (2) Assistant Professor Wesley Sine with Colombian Vice President Fran-
- (3) Students sightseeing in Bogota's Candelaria neighborhood, the city's historic downtown district
- (4) Assistant Professor Wesley Sine is interviewed on the television show "Día a Día" at the studios of Caracol T.V. "At Caracol several students, including Kate Capossela, Brandon Ray, and myself, were anointed with TV stardom by appearing on Día a Día (think Today Show) and representing the Johnson School on national Colombian television," wrote Zachry Brown, MBA '10.



In his youth, Jean-Luc Bélingard competed on the French junior national sailing team. Maybe that helps to explain how he learned to navigate the storm-tossed world of pharmaceuticals.

By Merrill Douglas

"You're always in the business of managing uncertainty and risk," says Bélingard, speaking of an industry where firms routinely pour hundreds of millions of dollars into research with no guarantee of a viable product.

It takes a strong focus and a steady hand to steer through such uncertain waters. Those are just two of the assets that Bélingard brings to his work as chairman and chief executive officer at the French pharma company Ipsen Group.

Bélingard's sailing orders were clear when he joined what was then called Beaufour Ipsen in 2002. The family that owned the Paris-based firm planned to take it public. They wanted to make Ipsen a force in markets around the globe. And they wanted Bélingard to achieve those goals while continuing to honor Ipsen's traditional corporate culture.

"They made it very clear to me that the basic human criteria were fundamental to them - loyalty to the majority shareholders, business ethics," Bélingard says.

Having spent most of his career at Merck, Sharp and Dohme and F. Hoffman-La Roche — two huge corporations with established infrastructures — Bélingard relished this chance to shape a company's future. "I was hired to be an entrepreneur, with full responsibility and flexibility in the way I could envision operating," he says. Of course, he would honor the philosophies of the majority shareholders. "But the responsibility was fully delegated to me."

A rare combination of strategic vision and tactical acumen make Bélingard the right person for a challenge of that sort, says Thomas MacMahon, chairman of Laboratory Corporation of America in Burlington, N.C. As president of Roche Diagnostics in the 1990s, MacMahon reported to Bélingard, the CEO.

"He has the ability not only to be at 30,000 feet and understand where he thinks the health care industry is going, but to act on that," says MacMahon.

As he started turning strategy into action at Ipsen, Bélingard's first agenda items were to form an executive team and put the company in shape for an initial public offering. "That was absolutely fascinating, because it was new territory for me," he says. Preparations included revamping the financial systems and recruiting directors for the board from outside the firm.

He also embarked on a global road show. "When you sell a company to the markets, you have to have an equity story," he says. His job was to tell that story — Ipsen's vision of the future — to the world. He must be a fine raconteur. "We were oversubscribed several times," he says.

> Ipsen's story since 2002 is a tale of transformation. Before Bélingard arrived, the firm concentrated mainly

> > on primary care, with just 40 percent of its efforts devoted to products for specialty medicine. Bélingard flipped that ratio.

> > > "We felt that with our size" - as a mid-sized pharma company with 4,000 employees — "we were far better positioned to be highly competitive in the specialty care segment," he says. Today, Ipsen largely focuses on finding solutions for use in oncology, endocrinology, and neurology.

The geographic transformation proved even more dramatic. France once represented 70 percent of Ipsen's market; today, it's 30 percent. Research partnerships in the U.K., the U.S., and the Netherlands

helped expand the company's global presence. So did the purchase last year of three U.S. firms, including endocrinology specialist Tercica in Brisbane, Calif.

"Now we have a very significant commercial presence in the U.S., and we have very important growth prospects there," Bélingard says. He points with pride to Ipsen's first product nod from the Food and Drug Administration, in 2008. "We received approval flat out with not one single remark, not one single change in our dossier," he says.

Bélingard's third big initiative was to reorganize Ipsen's scientific base. Most pharma firms make discoveries and develop those advances into products inside a single organization, he explains. "We think research and development are two highly different processes." So Ipsen has split R&D into separate units. "We think that you can be even more efficient in the way you manage the process by clearly differentiating and structuring those two activities," he says.

Ipsen has fared well under Bélingard. Even in the midst of global economic turmoil, the company achieved revenues of €1.04 billion (\$1.34 billion) in 2008, passing the €1 billion mark for the first time. "During the three years before the financial crisis, we were probably one of the best performing stocks in the French environment," Bélingard says. "Last year we declined, as many

leadership

other stocks did. But today we're still trading at €34," he said in late February, "way above the initial IPO price [of €22.2]."

Bélingard's success comes as no surprise to Fritz Gerber, honorary chairman of F. Hoffman-La Roche. Then chairman and CEO of the Swiss giant, Gerber met Bélingard in 1983, while the Frenchman was working for Merck in the U.S. Recognizing "a first class young manager," Gerber invited Bélingard — just 35 years old at the time — to run Roche's business in France.

"He's extraordinarily disciplined and precise," Gerber says. "He has very good instincts for marketing, and he really knows the business." That includes a deep comprehension of the science. "No effort is too much for him to understand a problem."

At Roche, Bélingard helped make history by prompting the firm to acquire the patents for the polymerase chain reaction (PCR). A technology for working with DNA, PCR is widely used to conduct research, diagnose hereditary and infectious diseases, investigate crimes. and identify human remains, among other applications

"You could not find the AIDS virus in the body without PCR, or the human papilloma virus," says MacMahon. And, he maintains, those breakthrough applications emerged because Bélingard convinced people at Roche to acquire the technology.

To get more mileage out of the patents, Bélingard also persuaded Roche to acquire the German diagnostics firm, Boehringer-Manheim, making Roche Diagnostics the dominant player in its field, MacMahon says. "The distribution channels for PCR throughout the world were much stronger because we were such a large diagnostic company."

That achievement at Roche is a prime example of Bélingard's power as a leader, says David Anstice, a friend for more than 30 years. Bélingard's powers were already evident when he and Anstice worked as colleagues in a management development program at Merck in New Jersey.

"He was extremely curious, and focused on the particular objective of his working group," says Anstice, who recently retired as executive vice president at Merck and Company. If Bélingard felt that the best way to gain an objective was to try a new strategy, he knew how to rally the necessary support. "I think a trait of an effective leader is that you can not only articulate a different, a better way of doing things, but you can carry others with you," Anstice says.

"Pleasantly persistent" is how MacMahon describes Bélingard's demeanor when pitching an initiative. At Roche, he showed similar persistence when mobilizing his own team. "Once he gave everybody an opportunity to buy into the concept, then we had time frames, we had goals, we had budgets, and we didn't have excuses. We got things done."

High standards, a calm demeanor, impeccable politeness and a deep interest in people mark Bélingard's leadership style, says Christophe Jean, executive vice president and chief operating officer at Ipsen. "He is able to remain relatively distant, but at the same time very friendly." His manner is transparent: what you see is what you get, Jean adds. And because he makes employees feel respected and trusted, they strive to live up to Bélingard's expectations.

His affinity for people also makes Bélingard a strong negotiator. "He has surprised me on a number of occasions by his ability to sense what the other side is thinking," Jean says. "He's got a lot of antennas and a lot of terminal nerves, sensing what is going on around him."

Bélingard leaves it to others to define his virtues, but he's clear about the values that a leader should display: transparency, intellectual honesty, fairness, personal commitment. "A lot of it has to do with behavior," he says. "And there are very simple ways of behaving. When there is a problem, you're part of it. You don't duck issues. Balanced. Healthy. Those simple, positive words are key and fundamental to me."

Another key word is "calm." Although a certain degree of "healthy anxiety" is essential in business, he says, it's best always to stay positive. "Whenever there is something brutal — and in the pharma world you've got lot of brutal things happening to you - I always remain calm and say, 'Okay, let's deal with that."

One more asset Bélingard brings to his work is a profound passion for his industry's mission. "The life science world is a researchbased world, and the evolution of science since the early '70s has been absolutely amazing," he says.

Opportunities to work with Nobel laureates, to advise the French government on research and to foster transformative medical discoveries make Bélingard excited to get up every morning. "This is an environment which is, first, in direct connection with what life is all about — our own individual lives," he says. "But at the same time, it's moving and changing, and offers all kinds of individuals challenges. I feel very privileged to be exposed to that."

"Bélingard has the ability not only to be at 30,000 feet and understand where he thinks the health care industry is going, but to act on that."

- Thomas MacMahon, chairman of Laboratory Corporation of America

Reunion 2009

JUNE 4-7, 2009

Reunion 2009 was a huge success! Over 450 alumni, friends, faculty and staff joined us in Ithaca and helped make reunion weekend so memorable.

PHOTOS:

- 1. The Class of '84 enjoyed bowling at the Helen Newman Bowling Lanes on Friday, June 5.
- 2. Barbara Garten gets a warm greeting from her husband, Daniel Garten, MBA '84 (right), and Professor Levent Orman at the dinner with the Dean in Sage Hall's Dyson Atrium, Saturday June 6
- 3. A warm smile for an old friend at the Half Century Luncheon in Ramin Parlor, Sage Hall, Friday, June 5.
- 4. The Class of '94 hams it up for their Reunion portrait at the Alumni Class Reception in Wee Stinky Glen, Saturday, June 6.
- 5. Singing with Dean Joe Thomas at Thursday night's Welcome Reception in his home, June 4.
- 6. Friends exchange news at the Dinner with the Dean in Sage Hall's Dyson Atrium, Saturday, June 6.

View a slide show of Reunion photos in Cornell Enterprise online at [www.johnson.cornell.edu/alumni/enterprise].

Photos by Shai Eyna











What's News With You?

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

Submit Class Notes online at www.johnson.cornell.edu/alumni

Call us at 607.255.9437, or fax us at 607.255.2075

Email us at alumni@johnson.cornell.edu

Mail us at Alumni Affairs, The Johnson School at Cornell University, 130 E. Seneca Street, Suite 400, Ithaca, NY 14850-4353

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").

(E) denotes a graduate of the Executive MBA program

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

1960s

CLASS OF 1960

Hervé de Carmoy, executive chairman of Almatis, was a panelist in the Parker Series event, "Are Global Markets Behind the Curve?" held March 12, 2009, in Paris, France.

CLASS OF 1966

Lewis M. Eisenberg, co-founder and co-chairman of the investment management company, Granite Capital International Group LP, was appointed senior advisor to Kolhberg Kravis Roberts & Co. KKR is a global alternative asset company that sponsors and manages funds for investments in private equity, fixed income, and other assets in North America, Europe, Asia, and the Middle East.

John Miers has retired from the National Institutes of Health,



but is "busier than ever." He is chairman of a local halfway house for persons recovering from mental illness, and is a chaplain in a local hospital. John also serves on the National Council of Churches Committee on Disability, as well as the county commission for persons

with disabilities and the mental health advisory committee, and is a member of the county's Medical Reserve Corps.

1970s

CLASS OF 1974

Jeffrey Bastable reports he has "finished his role at St. Joseph's Hospital Center," and is now working on several projects as a consultant for planned giving and other fundraising efforts. He was honored as a Syracuse University LetterWinner of Distinction "in recognition for his lifetime achievements in service to SU, his community, and in his professional work," and remains busy with volunteer activities. John's wife, Susan, is interim associate dean of Applied Health Sciences at Le Moyne College; son, Garrett, resigned from the Navy and now works at Apple Inc. in San Francisco; daughter, Leigh, is a Navy nurse, stationed at the Naval Hospital in Yokosuka, Japan.

Alan B. Cohen '72 says, "I'm working in accounting software implementation and consulting, as I have since 1992." Alan and his wife, Eilene, live in northwest Baltimore, and his daughter and son-in-law live "a close 75 minutes away" in Wilmington, Del. He was sorry to hear about Bob, the Hot Truck Man, and sends his best wishes to Bob's family and friends.

CLASS OF 1975

Thomas H. Litz, MHA '75 was appointed president and CEO of Warren Hospital in Phillipsburg, N.J. Before joining Warren, he was corporate VP of Integris Health, in Oklahoma City, Okla.

William Powers, MPA '75, is CEO at Bonnie Brae School for



boys in Liberty Corner, N.J., a "private, nonprofit, accredited residential school for boys ages 8 to 18," which "provides a safe, supportive, therapeutic, and educational environment for boys whose needs cannot be met by their families, schools, and communities." Bill announces that the Bonnie Brea Knights drum corp was selected to march in the Inaugural Parade, saying, "choosing the Knights to perform...send[s] a powerful message to the nation's children who are in foster care, group homes, or residential centers."

CLASS OF 1976

Ken Flatto has been mayor of Fairfield, Conn., "for the past decade, and doing well leading our community." Three of his four children are in college, and the youngest is a tenth-grader.

Joel Helmrich '75 joined the Pittsburgh office of Dinsmore & Shohl LLP, a full-service law firm with offices in nine cities and headquartered in Cincinnati. He says, "I will continue to represent creditors in debt sales, asset sales, and Chapter 11s and 7s, as well as out-of-court workouts."

Scott Spitzer, MPA '76, JD '77 was appointed deputy mayor of Bernards Township, N.J. (also known as Basking Ridge), having served for seven years on its planning board. Scott is senior VP, general counsel, and corporate secretary of Bowne & Co. Inc., "a world-wide financial communications company based in New York City...first organized in 1775...the oldest public company listed on the NYSE." Scott and his wife, Toby, have two sons, Steve and Reid.

CLASS OF 1977

Curt De Greff reports that he has completed ten years with Regus, "A UK-listed [property investment] firm that is the largest operator of business centers in the world." Curt is CFO for Latin America. He heads up the M&A function for the Americas and the CRO functions for Latin America, and oversees the establishment and running of shared service centers. He lives in Pinecrest, Fla.

Wendy Libby '72 was named president of Stetson University, in DeLand, Fla. Wendy is Stetson's ninth president, and its first woman president.

CLASS OF 1978

Jean-Claude L. Balcet, PhD '98 (CU) is an independent consultant, having retired from the World Bank "after 28 years in that august institution." He still works primarily for the World Bank, but also serves other institutions, including the United Nation's Food and Agricultural Organization, and government agencies.

Jay R. Bloom '77 joined Trian Partners, at "a low point in the credit cycle." Trian is an investment vehicle with "several billion dollars at its disposal to deploy in all types of credit investments, such as corporate bonds, bank loans, or the outright purchase of ailing companies through their debt." Jay says, "It's 1990 all over again, but it's so much bigger and so much broader."

Hanna Hasl-Kelchner of

LegalLiteracy.com was featured in BusinessWeek.com's "Smart Answers" column in Oct. 2008, offering practical tips on preventing lawsuits. Her recent article, "Avoid the Trap," (American Executive, Feb. 2009) discusses pitfalls of wage and hour laws.

1980s

CLASS OF 1980

Ted Bergh is CFO of Metro, Southwest Ohio's fixed-route bus



service, and executive director of Everybody Rides Metro, an independent charitable foundation providing transportation to the economically disadvantaged of Cincinnati. ERM, Ted's brainchild, is the first foundation of its kind in the country. In Oct. 2008,

Dee Berger, MPA '79:

KIDS, FABULOUS

As someone who has focused her entire career on the nonprofit world, Dee Berger would be the first one to tell you that, compared to her classmates, she took the road less

traveled. And she's thankful for it every day.

For 27 years, Berger has worked for the United Cerebral Palsy Association of Nassau County, first as clinical director, then assistant executive director, and since 1996, as principal of UCPN's school, the Children's Learning Center, which serves 250 children, ages 1 to 21, who have disabilities.

"Thirteen year ago, we needed a new principal for the school — it was not in good shape," recounts Berger. "My boss said to me, 'You've been complaining about this school since you started here, why don't you put your money where your mouth is and become the principal?"

So Berger went back to school to earn state certification as a principal and superintendent of schools, completing 30 credits in nine months at the C.W. Post campus of Long Island University. And she did it all while working as acting principal of the Children's Learning Center. "I crammed it in, and it was worth it," says Berger. "I was appropriately certified, and could fast track the mission

of transforming the school into a fabulous place for the children."

And that's exactly what she did: With "above and beyond" commitment from faculty she views as second to none, a mediocre school was transformed to "one that now gets rave reviews."

As the head of an organization with a staff of 200 and a \$10 million budget, Berger says, "I need the same skills as my classmates



Dee Berger with some of her preschool students and a special guest.

who went on to jobs in the corporate world. Understanding accounting, hiring, relevant laws — those of us in leadership roles can't just care about kids, we have to have those skills." Going to business school at Cornell was a great experience, she says. "A course in organizational development helped the most — theories of motivation, what makes people tick."

Knowing how to motivate others comes in handy for someone like Berger, who acknowledges that she has high expectations both for herself and others. "I hardly ever feel a barrier can't be overcome. I'm continuously plotting how to make a program flourish, and how to encourage faculty to develop and run with new ideas."

When asked what makes her good at what she does, Berger describes herself as tenacious, highly organized, detail-oriented, and assertive — and most of all, she believes wholeheartedly in the importance of her work: giving special needs kids a chance to reach their potential. Her inspiration and motivation comes from watching these children work so hard to overcome their limitations, and succeed with joy, every day.

"I just look at the kids, there's so much to celebrate," says Berger. "My wealth is kids. They're fabulous; they make it easy to be devoted to what you do."

- Janice Endresen

Gregg Greenberg, MBA '98:

Gregg Greenberg has an ear for dialogue, developed while spending much of his working day conversing with fund managers and Fortune 500 CEOs as a

reporter for TheStreet.com, and he has fashioned some quips and smart exchanges into a play that enjoyed a brief but promising off-off-Broadway run earlier this year.

Inspired by a conversation overheard at a pastry shop in New York City's Little Italy that mimicked a line from "The Godfather" film, Greenberg penned "Clemenza and Tessio are Dead." It tells the story of "The Godfather" from the perspective of two "goodfellas" in the Corleone crime

family, with a nod to Tom Stoppard's modern classic "Rosencrantz and Guildenstern Are Dead."

Despite the production's four sold-out performances at the Broadway Comedy Club, and a screenplay in the works, Greenberg isn't ready to quit his day job. "Those are side ventures; they're fun, but what I like about TheStreet.com is that I get to speak with some very smart people on a daily basis," he says. "Fund managers in particular



Gregg Greenberg, MBA '98 (middle), with the actors who performed in his play, Nick Raio (left) and Dennis Witt (right). Greenberg's play was selected to run in New York's International Fringe Festival in August 2009.

often have stock ideas that most investors are not aware of. Often, where you make money is on things that are out of the media spotlight."

Pundits dispensing advice to Greenberg and his audience over the past six years include George Soros, Hank Greenberg, David Einhorn, and TheStreet.com founder and CNBC analyst, Jim Cramer. It was Cramer who brought Greenberg on board with the financial news Web site after the two met while Greenberg served an internship at CNBC and studied business journalism at New York University. The Web site has since become a popular destination for investors and others seeking the inside scoop on financial markets, industry trends, and financial planning, through stories and online videos produced by a stable of staff contributors.

A good interviewer, Greenberg says he knows what questions to ask and the best order in which to ask them. "A good journalist, like a good playwright or novelist, is trying to tell a good story. Business news does not have to be boring. In fact, when told properly, it's the most exciting stuff out there," he says.

- JAY WROLSTAD

Metro received the American Public Transit Association's Innovation Award for creating ERM. Ted says, "This foundation started in 2006 and grew from providing 2,000 rides per month in 2007 to 22,000 currently," and "our goal is 3 percent or 70,000 rides."

James Kerby, VP and associate broker with Prudential Douglas Elliman, reports he is "still running a townhouse sales and marketing business in New York City. Avoided the condo collapse so far!"

Robert Redmond joined the Macquarie Group as vice chairman of its capital advisors group, New York City, to meet "the challenge of advising clients that have fallen on troubled times," including failing, debt-ridden companies that must be rehabilitated or shut down. Before joining Macquarie, Rob was vice chairman of Barclays Capital and, before that, a vice chairman at Lehman, where he headed its global financial sponsor coverage business, which he helped create.

CLASS OF 1989

Frédéric Chauffier, managing parker, Duke Street, was a panelist in the Johnson School's Parker Series event, "Are Global Markets Behind the Curve?" held March 12, 2009, in Paris, France.

John T. Gourville is the Albert J. Weatherhead Jr. Professor of Business Administration at the Harvard Business School. His article, "Eager Sellers and Stony Buyers: Understanding the Psychology of New-Product Adoption," was published by Harvard Business School Publishing, June 2006.

Andrew Kellner '87, MEng '88, managing director and head, DCRM Trading at Barclay's Capital, London, was a panelist in the Johnson School's Parker Series event, "Are Global Markets Behind the Curve?" held March 12, 2009, in Paris, France.

1990s

CLASS OF 1990

Scott Taylor developed and introduced a new food product, SweetFiber, a sugar substitute that is 100 percent natural, has no calories, and contains fiber. He says, "SweetFiber is one of those foods that is good for you." Scott worked as a brand strategy consultant for 10 years before deciding to start his own company. He and his wife, Nancy, and their two sons live in Pacific Palisades, Calif.

CLASS OF 1992

Eugene LeCouteur is the associate for Christian formation and education at St. Stephen's Episcopal Church in Richmond, Va., having completed the master of divinity degree at Union Theological Seminary in the fall of 2008. He says, "It is exciting putting my theological education to work in ways that directly affect parishioners' lives."

Peter Valenti III was named president, North America, Vision Care, of Bausch & Lomb, the global eye health company. Before joining Bausch & Lomb, Pete was VP and general manager of surgical devices (U.S.), for Covidien, where he led sales and marketing strategy.

CLASS OF 1993

Brian Holden published HyperTransport 3.1 Interconnect Technology (Mindshare Press), a technical book about the bus on AMD's microprocessors. Brian is VP and chairman of HyperTransport Consortium, noting, "I have been the chair of the consortium that standardized the bus for a long time."

CLASS OF 1994

Alan Acquatella and his family moved from Brazil back to the U.S. in 2003, and live in McKinney, Texas. Alan is director, oil and gas,



at Schneider Electric in Houston. He and his wife have two children: Eric, 2, and Camille, 8.

Lara Jackle Dickinson has "officially changed my name," and she and her



husband have a baby girl, Audrey Kathleen. Lara is doing consulting work supporting health and wellness packaged goods companies in strategic planning, sales, and marketing. She says, "All the economic changes in the world have compelled me to end maternity leave earlier than planned, but I am enjoying my new projects immensely."

Brent Meyers is president and CEO of Manex Consulting. He reports, "Our company, which provides a broad suite of consulting solutions to middle-market manufacturers, distributors, and their supply chains, was named the thirteenth fastest-growing company in the San Francisco Bay Area," and does "a great deal of development of 'green' and 'sustainability' solutions." Brent's wife, Deb, and children are "doing their part to keep the economy going while I continue to try and out-earn their spending."

CLASS OF 1995

Scott Carter, head of Deutsche Bank's hedge-fund capital group and global prime-finance sales in North America, was quoted in the Wall Street Journal in March 2009 ("Why Hedge Funds' Biggest Fear Is Their Investors," by Jenny Strasburg), saying, "Hedge funds that have the cash to invest have an opportunity to perform really well this year. The challenge for some funds will be to hang onto their investments for the next 12 months."

Derek Derman and his wife welcomed a second son, Cayden, born Jan. 16, 2009.

Rustom Desai relocated to New Delhi, India, in mid-2008, as president of Corning India, and is responsible for expanding Corning's presence in this emerging market. Before moving to India, Rustom spent five years in the Greater China region, with backto-back assignments for Corning in Shanghai, the Peoples' Republic of China, and Taipei, Taiwan.

CLASS OF 1997

Jamia Jasper manages a mutual fund, "American Israeli Shared Values Capital Appreciation Fund," which she launched Dec. 2007. There is a News & Updates tab listing all the press on Jamia and the fund on its website, www. sharedvaluesfund.com.

Michael Masnick '97 is founder, president, and CEO of Techdirt,



a technology and business analysis blog, and of Floor 64, a company that provides customized business and trend analysis for individual companies.

Hernan Saenz, MILR '98 was named head of the Dallas and Mexico offices of Bain & Company, a global businessconsulting firm that serves clients on issues of strategy, operations, technology, organization, and mergers and acquisitions.

Jeremy Segal is senior director, business development, of Akamai Technologies, a Web-optimization technology company in Cambridge, Mass. He and his wife, Cori, live in Boston with their children, Carly, 4, and Adam, 2.

Kelly Ward is a colonel in the U.S. Army. He returned to West Point to teach systems engineering after earning his PhD from Penn State and training at the Command and General Staff College in Leavenworth, Kan.

Simon Yoo is managing director of Nikko Citigroup Ltd. in Tokyo,



and head of FEG, Japan. He reports, "My wife and I recently celebrated the birth of our first child. We named him IT."

CLASS OF 1999

Geoff Archer teaches entrepreneurship at Oregon State University. He says he has over 200 students writing business plans, "some of which aren't half bad!" Geoff says, "If you are making decisions about sustainability and manufacturing I would love to share with you some Green Chemistry/Green Engineering principles that...will pretty much always make you money."

Robert Fauber was promoted to senior VP, corporate development, of Moody's Corp., assuming additional responsibility for the

company's enterprise data strategy and data governance. Moody's Corp. is the parent company of Moody's Investors Services and Moody's Analytics, which provide credit ratings and research covering debt instruments and securities, and quantitative credit analysis tools, for the financial market. Before joining Moody's in 2005, Rob held several executive positions at Citigroup. Rob works in New York City and lives in Pelham, N.Y.

Paul Belle Isle '90 is senior director, loyalty and retention, Charter Communications, in St. Louis, On a personal note, he continues to teach and train in karate, and is looking forward to training for a week in London with a senior instructor "who is kind of one of my idols."

report that Deb is enjoying her work at HP, and was offered a "fun new position" after only six months with the company. Deb says, "They offer a great work-life balance, which comes in handy with a one-year-old," (a daughter, Sydney). Joe has been traveling a

Joe and Deborah King Garber

Rachel Gong works in Shanghai at a venture capital fund.

bit more with his work lately, "but

gets to work with the CEO on a

daily basis, so not a bad thing."

Lori Harris '95 is with Moody's Investors Service corporate finance group, in New York City. She says all is good, but the end of the year was rough: "Things at my company were/are tense, we had layoffs...I am fine." She looks forward to ski trips in the coming year.

Martin Mehalchin works with clients in sales and marketing for the Vitalent Group, a Seattle consulting firm. Martin reports that his company has "lots of work," and is looking for people in the Northwest who have consulting or management-level marketing experience.

Ian Mehr is managing director of Golden Pine Ventures, a seed fund in Research Triangle Park, N.C.,

that provides life science companies active management until the Series A round of financing. While attending a recent conference he also had dinner with Rachel Gong.

Steven M. Miska, a captain in the U.S. Army, in Iraq for a third tour of duty, reports, "Iraq has radically changed since the dark days in Baghdad from late 2006 through 2007, [with] the Iraqi Security Forces [taking] control of most of the country....They still face tremendous challenges, but they are standing on their own two feet." He and his family make their home in Bavaria, Germany, where his wife, Amy, a family readiness advisor, shepherds over 300 families through the stresses and anxiety of a combat deployment, while teaching third grade full-time and raising their two children. Son, Robert, 13, loves acting in plays, and daughter, Heather, 11, also acts, competes in spelling bees, rides horses, and is "our in-house comedian." The family hopes to return to the U.S. in the summer of 2010.

Andy Orth is an executive recruiter in Russell Reynolds Associates' healthcare practice. He says, "Everyone be prepared — I may be calling."

Julia Gosset Pomerantz is a product leader in Master Card Worldwide's global consumer credit group. In family news, all is great. Her family celebrated New Year's Day with John Wolff, and Gautam Khanna and his family.

Shannon Monigal Wadsworth looks forward to breaking ground on the new home she has been designing, saying "Luckily, the lot we bought is right next door so we don't have far to move."

2000s

CLASS OF 2000

Jonathan Alford is running a new travel company, [www.traveler.

com]. He and his family are doing well in Seattle. Daughter, Molly, is an "all-grown-up first-grader," and son, Oliver, is a three-year-old "who loves throwing things. Anything."

Aaron Bailey '93, MEng '96 writes from Dallas that he has taken a hiatus from the business world to step into a more clinical role as a pharmacist in a level-one pediatric trauma center - the only one within a six-state region. He says, "It's by far the most exciting position I have ever held, although it can be extremely draining and emotionally explosive in the really bad trauma situations...I work seven days on and seven days off; I figured that working only half the year sounded like a good deal, but I think the part I enjoy most is that I wear scrubs to work every day and I don't have to worry about drycleaning anymore... oh! and saving lives is pretty cool, too."

Kevin Callahan is a manager, marketing strategy, at Level 3 Communications LLC, in Broomfield, Colo. He lives in Boulder, where he enjoys the outdoor lifestyle, skiing, and competing and training in triathlons. He also traveled to Florida and Hawaii: "Hawaii is the 49th state I've visited; still have North Dakota."

Alex Chen is a product manager with Hancock Funds, and his wife, Denise Kampf, is director of operations and client services at Windward Investment Management. They have two children, Livi, 3, and Pete, 1. Alex says, "We are still living in downtown Boston trying to stay in the city as long as we can. Now that Pete has our bedroom and we are sleeping on a sofa bed in the living room, we are a bit closer to moving to the burbs and a house (can you say at least 3 bedrooms!!!)"

Jay Chong lives in Shanghai and is a product-marketing manager at Intel, working on a Local PC OEM growth strategy. He expects to be in Shanghai until the middle of 2010.

Mattison Crowe is with Seven Cycles, where he is "transitioning from the account executive side to the marketing side, which is something I have wanted to do for some time." He and his wife. Linda, live in Watertown, Mass.

Don Douglas is general manager at Woodside Electronics LLC, Woodland, Calif., a company that designs, manufactures, and services electronic color sorters for mechanical harvestors and processing facilities. He says, "My boys, Will and Blake, are now 4 and 5, and are doing fine. My wife Alyson completed her interior design degree and is working on various design projects. Business is going well as long as everyone keeps eating tomatoes, blueberries, and walnuts — so eat up!"

Matthew Flippen is president of Cooper Stone Corp. in Jarrell, Texas. Last year he and his wife, Heather, adopted twin boys from Ethiopia, Joshua and Josiah, who joined big brother and sister, Christopher and Jessica. Heather has now set up a blog, [immeasurablyblessed. blogspot.com], where "you can read more about our adventure."

Iames Folino works for IBM in Somers, N.Y., and has moved into a new role in business operations, supporting the general manager of IBM's business process outsourcing business. He notes that he's probably "the only person from our class that has been with one company since graduation." He also reports a new addition to the family: Shadow, a black lab puppy.

Heather Tannen Hobson reports "quite a few changes in the Hobson household in recent months. Husband, Jared, took a new job as an equity analyst with Century Capital in Boston, and they sold their house in Wellesley and moved to Wayland, Mass. Heather is enjoying life as a stay-at-home mom to Mallory, 3, and Hadley, 1, and "trying my best not to get too addicted to Facebook...where I've definitely enjoyed catching up with many of our classmates."

Megan Heuer reports a "wild ride" this last year. After a six-year hiatus from consulting, she joined Satmetrix in New York City to help companies with their net promoter research programs, "but in one of those 'opportunity knocks' moments on LinkedIn" she heard about a job at SiriusDecisions [www.siriusdecisions.com], a company offering research and advisory services on best practices. "So, second stop on the wild ride is Sirius, where I enjoy writing about and helping clients with all sorts of interesting marketing issues." Megan lives in Redding, Conn., with husband, Mark, and daughter, Natalie, 3.

Nadav Kaufman works at Ortho Clinical Diagnostics, where he leads strategic planning for the firm's franchise development group. He also recruits at the Johnson School. In family news, daughter, Abby, celebrated her first birthday in October, and "she's a big fan of anything airborne and round: bubbles, balloons and airplanes." Nadav's wife, Amy, a speechlanguage pathologist, is now a full-time mom, which means they can travel more together; they spent two weeks in Israel in May 2008, and a week on Lake Winnipesauke, N.H. around Labor Day.

Doug Kenner is at Manhattan Mortgage in New York City, where he is "weathering the economic storm in the residential mortgage industry." He reports he's had "delightful conversations with Brendan Tierney, Johnny Kyles, and Lee Shufro." He is also a big fan of Facebook: "I think everyone should join in the Facebook fun!"

Mike Kiser is director, new business, at for Marubeni America, a U.S. subsidiary of a Japanese conglomerate, in New York City. He says his work is divided "50 percent on developing new business, and 50 percent providing internal M&A support — kind of interesting to be able to see the front line and the back office." He and his family moved from Brooklyn to Westchester County last year, and after strug-

Alexander Sapundshiev '96, MBA '99:

TRACKING hospitality

Alexander Sapundshiev knows he's in the right place at the right time both professionally and personally. He lives in Dubai, where luxury resorts rise along the Persian Gulf coast with regularity and the property developers need hotel industry professionals like Sapundshiev to keep a close eye on their holdings.

As vice president of asset management for Dubai-based Kingdom Hotel Investments (KHI), Sapundshiev monitors all of the revenue-producing and cost-generating operations associated with the company's properties.



Those range from room and restaurant sales to office space and marina rentals.

KHI has an interest in 28 hotels in 19 countries, including management agreements with the Four Seasons, Fairmount, and InterContinental upscale lodging chains. "These companies all want to maintain a return on their investments and I can advise them on how to do that, as well as offer advice on the value of holdings if the property is sold," Sapundshiev says.

To give sound advice, he stays current on asset variables, such as hotel room rates and occupancies, that change from day to day. "I get constant feedback from the hotel managers and investors; there is a host of issues to deal with every day, which makes the job compelling."

Sapundshiev notes that even destinations like Dubai, which attract visitors from Europe, Asia, and the Far East, are now dealing with the impacts of a global economic downturn. "People are traveling less, which is having a negative impact on market values in the hotel business worldwide," he says. "But that also represents an opportunity to get properties at a temporarily reduced price."

Is Dubai the land of opportunity? "Maybe in the long run," Sapundshiev says. "The real estate market here stopped breathing for a while, but there are 40,000 hotel rooms here and 10,000 more under development in the next two years, so there is reason to for me to be optimistic."

Living in the Middle East emirate offers the benefits of tax-free income for Europeans like Sapundshiev, a native of Bulgaria, as well as the chance to spend more time with his wife and two young children. "I'm in Dubai because it provides a better family life," he says. "I am at home more because there is a lot less travel than working in hotels in Europe."

- JAY WROLSTAD

Raju Venkatraman, MBA '09(E):

A FRESH APPROACH TO films & finance

An entrepreneur at heart, Raju Venkatraman sees his latest venture as a way to keep the creative juices flowing. A foray

into filmmaking is a departure from his primary role as CEO of Syven Global Services, a New York City-based business consulting company he founded in 2005. But he calls it a labor of love.

Venkatraman says he made his initial film, "Oliyum Oliyum," to give something back to his home country by using rising but unknown talent, including a young and gifted writer/director, and a woman in the leading role who cannot speak or hear. "It's a story about the silent struggle for freedom and power among poor women in India, who are often treated as second-class citizens, at the time of Indian independence in the 1940s," he explains. While the film was released in India



this June, it is not yet available in the U.S.

The use of a disabled actor as the star is unprecedented in Indian cinema, the producer says, noting that while there is no dearth of talent in that country, there is a lack of opportunity for individuals such as those who worked on this film.

Venkatraman's approach to building relationships with

the cast and crew is mirrored in his interactions with the investment banks and financial services firms that are clients of Syven Global Services. Since its founding, Syven has extended its offerings to include financial analysis and modeling at a research center in New Delhi.

"I believe in the human potential, and cherish and nourish each and every relationship I have made," says Venkatraman, a graduate of the Cornell Executive MBA program in Palisades, N.Y. "Most importantly, I totally enjoy what I do and I try to do it as best I can."

As in making movies, creativity plays an important role in drafting solutions and meeting the business challenges for his customers, he says. "What's satisfying is engaging in strategies with the top decision makers among our clients on new and emerging markets."

Given the current economic crunch, the challenge is to get corporate clients to invest in long-term financial strategies. "Many companies have abandoned all discretionary projects and spending, and managers are having a tough time justifying their projects and preserving the teams," Venkatraman says.

In taking the long view with his film production company, Venkatraman sees plenty of available material. "There are millions of 'Slumdog Millionaire' people in India, each with their own compelling story."

- JAY WROLSTAD

gling for a year to find stable child support, now have a live-in nanny to help care for their two children, a daughter, Tamao, who is in middle school, and a son in fourth grade.

Keigo Kuroda is a director with the Blackstone Group in Tokyo. He joined the company's real estate group last summer to set up the Tokyo office with two colleagues from the firm's New York City office. He says, "It is a small office, but...there are only 100 people, including back office, in our whole real estate group [and] our office employs 10 percent of the group, so it is not too small" and "it has been going well." In personal news, Keigo and his wife, Natsuko, were married last spring.

Knut Kvindesland is senior contracts administrator at StatoilHydro, a Norwegian oil company. He has traveled to Houston a few times to work on a project there, and says, "I think it is fun to come over to the U.S. again. There is lots of talk about relocating to our Houston office for a year or two, but nothing has materialized yet." On the home front, his son, who was born in Ithaca, is now 10, and Knut "can't believe it's 10 years" since his time at the Johnson School.

John Kyles writes, "As many of you know, my wife, Cara, passed away on February 16 after a long fight with colon cancer. Those who had a chance to meet her would certainly agree that she was an incredible woman and mother. Throughout the last three years, I had incredible support from many members of the Johnson School community. There were also many people from our class who traveled great distances to attend the memorial service. I was grateful to have my friends around me during such a difficult time. I wanted to take this opportunity to thank everyone again." John reports that he and his daughter, Charlotte, 4, are doing well. In professional news, John has returned to Citigroup, working in a group that helps private equity, infrastructure,

real estate, and hedge funds raise capital from institutional investors.

Jeff Labovitz is a senior global brand manager Hasbro Inc. in Pawtucket, R.I., and points out that "our three-and-a-half-year-old decided that his dad needed a job with better access to toys." Jeff is leading product marketing for the G.I. Joe business and re-launching the brand in line with the summer 2009 live-action G.I. Joe movie from Paramount. His wife, Alex, is a pediatrician. The family relocated to Barrington, R.I. from Madison, Wis. when Jeff joined Hasbro, and say, "It's great to be back home in New England!"

Mingui Lin joined Lafarge China in Beijing in September, to lead its China strategy. Before moving to Lafarge, he worked for five years at Honeywell China. Mingui reports that August was busy in China, with Irene Yang and Wendy Xiong visiting Shanghai and Beijing for the Olympics, and "it was great to get together with all the Johnson families in Shanghai. Well, more kids than adults."

Jennifer Loveland '99 is a project manager at Dell Computer Corp. in Austin, Texas. She writes, "Big news for me this is year is that I flirted with leaving Dell, but got sucked back in. I am now working on global supply chain strategy. Very nebulous and fun...I get to be a consultant, but don't have to travel every week." On the personal side, Jennifer travels for fun whenever possible: "I did Antarctica last year."

Doug MacLean, JD '00, is counsel at Bingham McDutchen in Boston, dealing with hedge and private equity funds. He and his wife welcomed a son, Phinneas Wakefield, Aug. 7. Doug says Phinneas "has become the new toy for his twin brothers, Graham and James, and big sister Grace...I was hoping that Phinneas would be born on 8/8/08 but my wife paid no attention while I was holding up the stop sign. My

solace is that it actually was 8/8/08 in China when he was born so apparently that will provide him with good luck."

Jin Oh is marketing director for Blizzard Entertainment in Seoul, Korea. He reports that he and his wife have been married for one-anda-half years, saying, "Despite big changes in my lifestyle, marriage is a very good thing. I finally feel that I have stability in my life. I'm just thankful that someone was gracious enough to marry this old man."

David Parmelee is associate director, program management, at Genzyme Corporation in Cambridge, Mass., and he is "still really enjoying it. Biotech has turned out to be a good place to be in this economy." Daughter, Lucy Evelyn, is a year old, and "everyone is sleeping really well now." In David's "spare" time he runs and bikes, and recently completed a 50-mile, 7-hour, mountain bike race called the Vermont 50.

Daniela Peiser is a senior manager, Deloitte consulting, with Deloitte & Touche, LLP in Cape Town, South Africa. She came to Cape Town with Deloitte in Jan. 2007, planning to stay six months, and officially transferred to the South African Deloitte firm in Sept. 2008. She says, "I'm really loving living 30 seconds from the beach, a head's turn from the mountains, 45 minutes to the winelands, and a beautiful drive anywhere from my flat." She also traveled back and forth to Hyderabad, India during the past two years; she has completed the work she was doing there, and is now "enjoying a more normal life with no travel (for right now)."

Khaleda Najeem Sallade is program manager, diesel environmental technologies, with Corning Inc., in Corning, N.Y. Her husband, Tim Sallade, MBA '02 is VP, investment research, with John G. Ullman & Associates, also in Corning. Khaleda writes that there have been

many changes for Tim and herself, "with Tim getting his CFA and my fifth job change here at Corning." Khaleda and Tim also co-chair a Young Alumni Committee, and are looking for classmates who would be interested in becoming volunteer members. On the family front, their children are growing: Camron is 6, and Maya is 4.

Uresh Sheth structures mortgagebacked securities for "a very small broker-dealer in Greenwich, Conn. The commute continues to be hell and the deal flow has dried up for now, but amazingly I'm still working so I am thanking my stars for a job." On the family front, "the kids keep me busy."

Brendan Tierney writes, "My wife, Jen, and I were recently visited by none other than Jack Higgins. Jack and our son, Finn, got along famously. The Supernanny has nothing on Jack."

Tim Van de Water is a consultant and associate partner with IBM. He still travels four to five days a week, and is currently working with Whirlpool in Benton Harbor, Mich. He says, "I just need to sell more work on the West Coast, so I can spend more time at home!" In family news, Tim and wife, Lisa, report that son, Jonathan Grant, born June 2008, is "a happy kid and growing like a weed."

Jen Kath Weld writes from Madison, Wis., "we are now officially cheeseheads!" Jen does part-time work on special projects for the dean of the business school. where husband, Bill, MBA '01, is teaching corporate finance to undergraduates — a big adjustment, since he'd only taught MBAs and Exec MBAs before. Daughter, Alexandra, is now two-and-a-half and in preschool three days a week.

CLASS OF 2001

David Bloom married Naama Ashkenazi, MBA '03, last year, and moved from American Express to "a leadership role in a small

company." He loves married life, and his new job, and is learning something new every day.

Michelle Thevenin '92, MILR '01 joined Endicott College as director of development. Before moving to Endicott, Michelle worked in Cornell's alumni affairs and development office in Boston. She says, "It's really quite a different experience to work in a small college — Endicott has only 18,000 alumni compared to Cornell's 250,000."

Brian Thomas was promoted to managing director within J. P. Morgan's private wealth management business, and was recognized by Institutional Investor News as one of "20 rising stars of wealth management" in 2008. Brian also teaches as a adjunct professor of finance at DePaul University in Chicago.

Christina Tunnah is director of marketing for the Americas at travel



guidebook publisher Lonely Planet. She describes Lonely Planet as "a lifelong beacon of my travels," and her job is a match for her marketing expertise, love of travel, and fluency in English, Spanish, French, and Mandarin Chinese. Before moving to Lonely Planet, she was a partner and director of sales and marketing at Counter Production LLC, a sustainable business manufacturing solid surfaces primarily using post-consumer and post-industrial glass. Christina recently upgraded her Berkeley, Calif. house, and says she learned a lot about construction and architecture from her experience with solid surface manufacturing, and used that knowledge to build a "truly custom, energy-efficient home."

CLASS OF 2002

George Hung and his wife welcomed their first child, Casey Christopher, in February.

Dick Krieger reports a "chance IGSM encounter" December 2008



at the Indian River Lagoon of Vero Beach, Fla., a popular kayaking destination. When the participants of a six-person tour introduced themselves they realized that four of them were Johnson School alumni: Jim Byrnes '63, MBA '64, an Ithaca banker, there with his wife, Terry, and son, Andrew; Melva Covington, MBA '04, an Indianapolis pharmaceutical researcher; Laura Nogelo Krieger '94, MBA '01; and himself, a marketing manager with Welch's. The Kriegers live in Acton, Mass.

David Streicher was promoted to partner at Rockwood Capital LLC, a private real estate investment company; he works in the firm's New York City office. He has been with Rockwood since 2004, and is responsible for all of its financing, debt structuring, and capital markets activities. Before joining Rockwood, David worked at the Related Companies, a real estate developer, manager, and financier.

CLASS OF 2003

Jamey Edwards '96 and his wife, Elise, welcomed their first child, Ethan Henry, Dec. 22. The family lives in Santa Monica, Calif.

Kelsey Kohler launched Digital Certainty LLC [www.digitalcertainty.biz] in partnership with Assured Information Security (AIS) of Rome, N.Y. Digital Certainty, located in Cambridge, N.Y., provides a commercial outlet for federally funded technologies, to integrate into a small number of partner



businesses, starting with AIS. It will identify technologies with commercial potential, and spearhead business development, licensing, and product development efforts needed to turn these into saleable products. Before launching Digital Certainty, Kelsey was executive director of the Center for Economic Growth's Innovation Center in Watervliet, N.Y.

CLASS OF 2004

Charles Hamilton '95.

Entrepreneur-in-Residence at the Johnson School, was a panelist in the Johnson School Club of the Finger Lakes' Clean Technology Commercialization event held March 30, 2009, in Vancouver, B.C., Canada.

Ryan Oettinger works for Chevron in Miami, Fla. He is area sales manager for the Caribbean, overseeing all retail, commercial, and industrial fuels operations and sales for the 23 Caribbean countries in which Chevron operates. Ryan says it's a great opportunity to learn about different countries and use his Spanish.

Shane Sugino became associate director, career management center, Kellogg School of Management, Northwestern University. He is responsible for MBA career coaching, career workshop development, student group advisory, and building and maintaining recruiting relationships. Before moving to Northwestern, Shane was VP, acquisitions and business ventures. with GE Capital. He and his wife, Daisy, and their two daughters, Zoey and Mira, live in Chicago.

CLASS OF 2005

Melissa Moore is director of National Institute Operations, Teach for America, and has been a member of Net Impact since 2003. Committed to using her business skills to make the world a better place, she develops efficient systems and processes related both to technology and to finance operations for TFA's teacher preparation program. She says, "The better systems that we are able to create in our internal support structures, the easier it will be for this organization...to continue driving toward educational opportunity." Melissa lives in Atlanta, Ga.

CLASS OF 2006

Adam B. Hocherman '97 celebrates the fifth anniversary of

his company, American Innovative, whose mantra is "Products that make sense." Reflecting on the company's success, he says, "I would argue that the ultimate source of economic security lies in our ability to invent."

CLASS OF 2007

Philip Bell, manager of business development, Corning Inc., was a panelist in the Johnson School Club of the Finger Lakes' Clean Technology Commercialization event held March 30, 2009, in Vancouver, B.C., Canada.

Justin Charise and Christy Benson were married October



2008 in Newport, R.I. A number of Johnson and Cornell alums helped celebrate the day: Suzi Drabic '01, MBA'06, Ash Vaidya '99 and wife, Jen (Jolly)'00, John Carr '01, ME '02 and wife, Alison (Gilmore) '01, Christina Keller, Greg Rinsky, Emanuel Naim, Rich Newitter, and Adam

Granoff. Justin is a financial advisor with Northwestern Mutual in Westport, Conn. He and Christy live in Fairfield

CLASS OF 2008

James Delano Ford was accepted into the Broad Residency in Urban Education. The Broad Center is a management development program that places talented, early-career executives from the private or civic sectors into two-year, full-time, paid positions at the top levels of urban school systems across the country.

Brady Nunley (CQ) is a buyer for online goods in the seasonal and outdoor living department at Sears Holdings. Before that he was the project manager running a pilot of Halloween temporary stores.

CLASS OF 2009

James Frederick Bridenstine

(E) is executive director of Tulsa Air and Space Museum & Planetarium. He is responsible for managing the human and financial resources of TASM. A former Navy pilot, Jim owns a team within the new Rocket Racing League, where pilots will fly manned, rocket-powered aircraft in a three-dimensional track in the sky [tulsaworld.com/ rocketracing]. He sees his affiliation with the league to be synergistic with TASM, saying, "TASM, like the RRL, is uniquely positioned to reintroduce youth to the exciting world of flight and space." Jim and his wife, Michelle, have two children, Walker, 2, and Sara, 8 months.

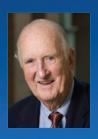
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Jerold Krieger '57, MBA '58 Cory Satin, MBA '99 Karen W. Seldomridge, MBA '81 J. C. Sprung, MBA '65

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