How to Earn it, Keep it and Repair it When it Goes Bad

Entrepreneurship According to Artist Romero Britto

A New Real Estate Pricing Model

The Business of Health Care: Defining the Future
Tap into the global University of Miami School of Business Administration alumni network.

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- Connections with fellow alumni to form high-level business relationships
- Personalized career counseling and assistance
- Customized internship programs and sourcing of our top graduates for your company’s recruiting needs.
- Executive education programs designed especially for your company
- Exclusive sponsorship and partnership opportunities, including:
  - January 2011 Global Business Forum
  - The School’s new Michael Graves-designed Miguel B. Fernandez Family Entrepreneurship Building

To tap into your network, contact Jennifer Quintana at jquintana@miami.edu, or visit our Web site at www.bus.miami.edu/alumni
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Raising the Value of Our Good Name

REPUTATION is on the minds of many today, as some of the names that were once among the world’s most well regarded — from Tiger Woods to Toyota — take a hit. In our cover story, beginning on page 36, experts from the School’s faculty weigh in on how to build a good corporate reputation with both internal and external stakeholders, how to repair it when things go wrong and how reputation is reflected in a company’s finances.

The story showcases one of the things the School does best: bring together world-class thought leaders from across disciplines, ranging from management, marketing and accounting to business law, to apply research and experience to real-world issues.

Similarly, we’ll bring together experts from around the University of Miami and around the world to explore the business of health care when the School hosts the 2011 University of Miami Global Business Forum (read more on page 5).

That forum, which will take place Jan. 12–14, 2011, follows up our successful 2009 Global Business Forum.

The Global Business Forum and other initiatives you will read about in this issue are part of the School’s ongoing work to raise our international profile on all fronts — work that includes developing new academic programs, forging deeper relationships with alumni and the wider business community, and strengthening our faculty and research. But we cannot do it alone. To assist us, in February, we announced the formation of a new Board of Overseers. This remarkable group of individuals will help guide the School in this exciting era of growth and promise.

Each distinguished board member is an alumnus of the School who has made a commitment to provide the time and resources that will help us realize our vision. All of them bring invaluable expertise and ties to the business community, and will help us promote the School’s brand regionally and internationally, participate in the School’s fundraising activities and help us foster new ties with the business community.

I hope you will join us as we work together to earn the University of Miami School of Business recognition as one of the world’s truly great business schools. Participate in our Global Business Forum, speak in classes, mentor students, connect with other School alumni, and take advantage of our business partnership programs and executive education opportunities.

If you want to know more about how the School can help you, or how you can help us, or if you have any thoughts or suggestions, please do not hesitate to contact me.

— Barbara E. Kahn
bkahn@miami.edu
School Prepares for New Addition

MIGUEL B. FERNANDEZ FAMILY ENTREPRENEURSHIP BUILDING TO INCLUDE CLASSROOMS, CONFERENCE FACILITIES, EXECUTIVE HOUSING

THE SCHOOL OF BUSINESS is set to break ground on the Miguel B. Fernandez Family Entrepreneurship Building, a stunning six-story, 175,000-square-foot addition to the School complex designed by renowned architect Michael Graves. The $60 million project will be home to the School’s new multidisciplinary centers of excellence in health sector management and policy, real estate and entrepreneurship. It will also provide additional state-of-the-art classroom space, first-rate meeting facilities and concierge-level executive housing to augment the School’s degree, certificate, customized and other executive education programs.

“The construction of the Miguel B. Fernandez Family Entrepreneurship Building will mark another important milestone in our path to achieve recognition as one of the world’s greatest business schools,” Dean Barbara E. Kahn said. “This expansion will enable our planned centers for excellence to become powerful leaders in shaping business practice and public policy. It will also allow us to grow our executive education programs and position the School as the executive education provider of choice for South Florida, Latin America and beyond.”

Bearing the name of Coral Gables entrepreneur and University of Miami Trustee Miguel (Mike) Fernandez, the building illustrates the entrepreneurial and cross-disciplinary spirit of the University in that it will also house programs of the School of Law. The building will foster further collaboration between the two Schools, which currently offer a joint JD/MBA degree program.

The building will be constructed along the scenic central waterway that winds through the heart of campus, in between the existing School of Business complex and the Lowe Art Museum, on the museum side of the waterway. A picturesque footbridge stretching across the waterway will connect the new building to the third floor of the School’s Aresty Graduate Building.

Graves’ design calls for two perpendicular wings flanked by handsome terraces and lush landscaping. Its first and second floors will house the School’s centers of excellence, a large amphitheater-style auditorium and executive education classrooms. The third floor will be home to more than 40 executive residence units and breakout rooms for visiting executives. On the sixth, or “penthouse,” floor will be a stunning executive boardroom outfitted with advanced conferencing and multimedia equipment, as well as an expansive space for special events.

Exterior design features include an oval-shaped garden in the courtyard between the new building and the Lowe Art Museum and a rectangular reflecting pool centered in a patio adjacent to the main entrance.

The School is continuing its fundraising efforts related to the building, including naming opportunities ranging from the garden and reflecting pool to the lobbies and classrooms.
Helping in Haiti

WHEN NEWS OF THE earthquake in Haiti broke on Jan. 12, hundreds of volunteers rushed to board flights and help the Caribbean nation recover from the devastating tragedy. The University of Miami, which has a longstanding presence in that nation through its Project Medishare and the UM Global Institute for Community Health and Development, set up a 240-bed tent hospital near the airport in Port-au-Prince.

School of Business alumnus Pedro Fabregas (MSPM ’08, founding member of the Board of Overseers), who is president of American Eagle in Puerto Rico, the Caribbean, Bahamas and Florida, was among the first to arrive in the country.

With American Eagle’s strategic presence in the Caribbean, he was able to put together an emergency humanitarian relief mission that arrived in Haiti at 10 a.m. on Jan. 13 — less than 18 hours after the earthquake. Fabregas, who is based in Puerto Rico for the American Airlines subsidiary, arranged a direct flight from San Juan.

He had begun gathering volunteers immediately following the earthquake, and when he and his group arrived in Haiti, they brought with them some 10,000 pounds of emergency supplies, food and water. Fabregas’ work did not stop there, however. Since then, he has been continually working on relief efforts in Haiti.

Between Jan. 13 and Feb. 27 alone, he and his team operated 26 non-commercial humanitarian flights to Haiti and delivered more than 250,000 pounds of food, supplies and medicine.

On Feb. 4, Fabregas (pictured above) and the team delivered food, supplies and teddy bears to some 70 children at the UM hospital in Port-au-Prince. “You have to see the big smiles from all the kids at the hospital when they got their teddy bear,” he says. “What we did, visiting the UM doctors and hospital, will change the lives of all these kids.”

To learn more about the University’s efforts in Haiti, visit www.miami.edu/haiti.
The School of Business is organizing the University of Miami’s second Global Business Forum. Scheduled for Jan. 12–14, 2011, “The Business of Health Care: Defining the Future” will cover the topic from many angles.

The Forum will include keynote addresses by some of the world’s most prominent business leaders, including Jeffrey Immelt, chairman and CEO of General Electric, and Kathleen Sebelius, the U.S. secretary of health and human services. There will also be a series of panel discussions, organized by schools across campus, on a variety of topics that shape the business of health care, such as medical science and technology, health care education and wellness, the future of nursing, the hospital of tomorrow, ethics in medicine, and health care and the environment.

The Forum will come two years after the University’s first Global Business Forum, which drew nearly 700 people to campus for discussion on the economic crisis and issues surrounding increased global connectivity. Speakers at the 2009 Forum included former GE CEO Jack Welch, Coca-Cola Co. President and CEO Muhtar Kent, and McDonald’s Vice Chairman and CEO Jim Skinner.

“Like the first Global Business Forum, which was held in the midst of the worst economic crisis since the Great Depression, the 2011 conference will provide an unparalleled opportunity for deep discussion on some of the most critical issues of our time — areas where business and health care intersect,” said Barbara E. Kahn, dean of the School of Business. “With the participation of schools across campus, this will once again be a truly interdisciplinary program.”

University of Miami alumni and members of the community are invited to attend the Global Business Forum. The early registration fee of $399, available through June 15, offers a significant discount off the regular fee of $750. To register and obtain more information, visit umglobalforum.com.

Corporate sponsorship for the 2011 Global Business Forum is available at various levels. For information, contact George Corton, the School’s senior director of development, at 305-284-4052 or gcorton@miami.edu.
Island Inspiration
EXECUTIVE MBA PROGRAM IN PUERTO RICO
DRAWS STUDENTS FROM AROUND THE WORLD

Students enrolled in the school’s first Executive MBA class in Puerto Rico have studied at top universities around the world, and hail from as far away as Spain and Colombia. “Our EMBA Program in Puerto Rico is training individuals to become the island’s business leaders,” said Cristina Raecke, director of recruiting and admissions for graduate business programs. “This program helps students become better negotiators, strategic thinkers and more effective team players in a variety of business-related situations. It also gives UM the opportunity to play a significant part in Puerto Rico’s growth. Our current class is composed of a very diverse and ambitious group that is already successfully applying the program’s learning to their everyday work scenarios.”

Students in the first class have undergraduate degrees from top-ranked universities in the United States, including Penn State, Cornell and Georgetown, as well as from top schools in Puerto Rico and throughout the Caribbean and Latin America. All current residents of Puerto Rico, they work for such multinational corporations as Banco Popular, Econo Supermarket, Triple S, Oracle, Johnson & Johnson and Scotiabank.

The Puerto Rico EMBA program, which launched in October, is taught by the same world-class faculty who teach in the MBA programs on the School’s Coral Gables campus. It is part of an integrated effort by the School of Business to continually meet the advanced educational needs of businesses and working professionals across Florida and the Caribbean.

Wall Street Journal Names School “Hidden Gem”

The School of Business was one of five business schools worldwide listed as “Hidden Gems” in a special report published last fall in The Wall Street Journal. The report resulted from a survey of alumni and students in one-year MBA programs, and called each school “a hit.” The newspaper noted that the School’s one-year MBA program allows a full summer off for students to gain real-world experience with internships, which is unusual with accelerated MBAs. It also noted the availability of elective courses and networking with two-year MBA candidates.

55% Portion of students in the newest Executive MBA in Health Sector Management and Policy class who are foreign-born

#40 #35

Research Excellence

2010 Financial Times Full-Time MBA rankings

ON AIR

On the Air in Puerto Rico

The school is running a series of short clips titled “Leadership Minute” on Puerto Rico’s English-language radio station WOSO. The audio series is an opportunity for professors to present material from their fields of expertise to a business audience in Puerto Rico. During the “Leadership Minute” series, faculty from the School have about a minute to discuss important business topics relevant to the current economic situation. Topics include product customization, business charisma and maximizing resources. To date, Arun Sharma, a professor of marketing, and Chester Schriesheim, University Distinguished Professor of management, have each recorded two clips.

Island Inspiration

On the Air in Puerto Rico

more on the program:
bus.miami.edu/embapr

see the full article:
bus.miami.edu/businessmiami

Wall Street Journal Names School “Hidden Gem”

THE SCHOOL IS RUNNING A SERIES OF SHORT CLIPS TITLED “LEADERSHIP MINUTE” ON PUERTO RICO’S ENGLISH-LANGUAGE RADIO STATION WOSO. THE AUDIO SERIES IS AN OPPORTUNITY FOR PROFESSORS TO PRESENT MATERIAL FROM THEIR FIELDS OF EXPERTISE TO A BUSINESS AUDIENCE IN PUERTO RICO. DURING THE “LEADERSHIP MINUTE” SERIES, FACULTY FROM THE SCHOOL HAVE ABOUT A MINUTE TO DISCUSS IMPORTANT BUSINESS TOPICS RELEVANT TO THE CURRENT ECONOMIC SITUATION. TOPICS INCLUDE PRODUCT CUSTOMIZATION, BUSINESS CHARISMA AND MAXIMIZING RESOURCES. TO DATE, ARUN SHARMA, A PROFESSOR OF MARKETING, AND CHESTER SCHRIESHEIM, UNIVERSITY DISTINGUISHED PROFESSOR OF MANAGEMENT, HAVE EACH RECORDED TWO CLIPS.

Portion of students in the newest Executive MBA in Health Sector Management and Policy class who are foreign-born.
Engaging the Next Generation of Entrepreneurs

The School of Business Administration joined other University of Miami schools and colleges, UM’s Launch Pad and organizations around the world in November when it participated in Global Entrepreneurship Week. Activities were designed to inform, mentor and engage the next generation of entrepreneurs. The School and other groups around UM hosted events ranging from a presentation by pop artist Romero Britto, who discussed issues specific to artists as entrepreneurs, to a talk on growing a global business by Jeremy Ring, a Florida state senator and former Yahoo! executive.

“As the region’s leading business school, the UM School of Business has a critical role to play in supporting new venture growth, not just here on campus but across the community,” said Dean Barbara E. Kahn. “We are very pleased to be able to bring entrepreneurial leaders … to share insights that will help us build an even stronger entrepreneurial community in South Florida.”

The week kicked off with the MIT Enterprise Forum, which featured a panel discussion about strategies for creating and maintaining a successful business during difficult economic times. Ken Colwell, the School’s director of entrepreneurship programs and the organizer of the School’s weeklong series of events, was the moderator. Panelists included Bo Fishback, vice president of the Ewing Marion Kauffman Foundation; Helen Greiner, CEO of The Droid Works; Daphne Zohar, founder and managing partner of PureTech Ventures; Eric Kriss, a UM School of Business Entrepreneur-in-Residence and chairman of Kriss Motors Corp.; Marty Schultz, founder of McGruff SafeGuard; and Manny Negriero, founder and CEO of Health Research Sciences.

Other sessions included the presentations from Britto, who has agreed to serve on the School’s new Entrepreneurship Programs Advisory Board (see page 22), and from Ring, who shared his experiences and insights gained from both the political and business worlds.

There was also a panel discussion on entrepreneurship in a global economy. That session, moderated by Marc Junktunc, assistant professor of management, featured David Clarke, founder and managing partner of BGT Partners; Ruy Chaves, founder and chairman of Plastrom Sensormatic; Scott Deutsch, founder and president of Orange Clothing Co.; and Kenneth Rader, founder and president of The Cereal Bowl.

Prominent Developer to Chair Real Estate Advisory Board

The School of Business has named prominent real estate developer Steve Witkoff chair of its new Real Estate Programs Advisory Board. Witkoff is chairman and CEO of The Witkoff Group LLC, a New York City-based real estate investment firm whose holdings include Manhattan’s famous Woolworth Building. The company owns office, industrial and residential properties, as well as land, in several cities around the United States.

The School is in the process of naming the other board members, who will assist the School in the ongoing development of its real estate curriculum; the program includes interdisciplinary courses conducted with the School of Architecture. The board will also advise the School as it creates a Center of Excellence for Real Estate Studies and Research, which will be housed in the new Miguel B. Fernandez Family Entrepreneurship Building.

“We are pleased that Steve Witkoff has agreed to serve as chair of our new Real Estate Advisory Board,” said Barbara E. Kahn, dean of the School of Business Administration. “The School will benefit immensely from Steve’s wide-ranging real estate experience and knowledge, as well as his connections across the industry.”

Student and Councilman

SCHOOL OF BUSINESS student Stephen Murray became one of Miami’s youngest elected officials last fall when he became one of the nine members of the Coconut Grove Village Council.

Murray, a junior political science major and management department teaching assistant, is the youngest person ever to serve on the council and one of the youngest elected officials in Miami’s history. He ran against 18 other people for the nine spots on the Village Council.

“I’ve never really felt that my age has been an issue,” he said. “People are more excited that someone young is interested in local politics.”

Murray had been working as an activist in the West Grove area of Coconut Grove for more than a year before he decided to run. “I was finding that without real community support, which is kind of what an election represents, it was difficult to get things done,” he said.
Burger King Alumni Gather

MORE THAN 50 ALUMNI NETWORK AT THE COMPANY’S HEADQUARTERS

School of Business Dean Barbara E. Kahn and University of Miami President Donna E. Shalala joined a group of more than 50 alumni — many of them from the School of Business — at Burger King headquarters in Miami in November for a networking event that allowed alumni to reconnect with one another. Burger King CEO John Chidsey was there to speak about the partnership between UM and Burger King as well.

The School has a long history with the hamburger giant, whose co-founder, James McLamore, was a generous donor to the School. The School’s James W. McLamore Executive Education Building is named for him, and Burger King hires many graduates and interns from the School. The event offered an opportunity to engage with the company’s top executives as well as with its large base of UM and School alumni.

“Our relationship with Burger King exemplifies our Corporate Affiliate Partnerships, where we seek to have deep and wide interaction with company representatives,” said Amelia Rea Maguire, the School’s associate dean for external affairs. “We work with our partners in the areas of internships and placement of students — which affords access to top talent and targeted recruiting — and in other areas of relevance to the company, such as networking, scholarship availability for Executive MBA, customized executive education programs, access to cutting-edge research and business strategies. These relationships help the school advance its mission to become a preeminent global business school.”

Joris Jabouin (BBA ’90, MBA ’92), Burger King’s head of global internal audit, was instrumental in organizing the event, which gave alumni — many of whom didn’t know each other — the chance to connect with each other and to reconnect with the School. He had such good feedback, Jabouin said, that “it would be nice to do this again.”

The School plans more events like the one at Burger King. “We’re always looking for corporations where we have a strong alumni base, where we can bring those alumni together, reconnect with them and strengthen existing corporate partnerships or form new ones,” said Laura Padron, the School’s assistant dean of development and stewardship.

LinkedIn Group for New York Alumni

SCHOOL OF BUSINESS alumni living and working in New York City now have their own LinkedIn group. Called “‘Canes to ‘Canes New York City,” the group gives the School’s largest alumni base outside of South Florida an additional place to network and connect with each other. Members can share job opportunities, articles and business news, as well as stay connected with news and updates from the School of Business. Alumni interested in joining can find the group by searching for “‘Canes to ‘Canes New York City” under groups on LinkedIn.

Connect with the School via a variety of social media:
bus.miami.edu/connect
Ezekiel Emanuel’s work on medical ethics issues is highly regarded.

White House Health Care Advisor Speaks at School

DISCUSSES ETHICS AND ALLOCATING SCARCE RESOURCES

EZEKIEL E. EMANUEL, President Barack Obama’s special health care advisor and a leading bioethicist, spoke to University of Miami students, alumni and others in October when he delivered the Adrienne Arsht Distinguished Speaker Series in Ethics lecture at the School of Business.

Emanuel’s talk was titled “Who Should Get the Liver for Transplantation? The Ethics of Allocating Scarce Resources.”

Students who attended had the opportunity to ask questions of Emanuel, who is the author of The Ends of Human Life. His work on the ethics of medical research, end-of-life issues, euthanasia, the ethics of managed care and the physician-patient relationship has been widely published as well.

The Arsht Speaker Series brings nationally and internationally recognized experts to the University of Miami for student education, faculty development and community engagement. The series is made possible by the generous support of UM trustee Adrienne Arsht, who in 2008 donated $5 million to support key initiatives across the University, including $2 million for the University of Miami Ethics Programs. She made her initial $1 million donation to the programs in 2006; the gift she made in 2008 established the largest contribution to ethics in Florida’s history.

In addition to the speaker series, Arsht’s support funds an ethics debate series and a research program. Led by Anita Cava, associate professor of business law at the School and director of the Business Ethics Program, and Kenneth Goodman, a UM professor of medicine and director of the University’s Bioethics Program, the UM Ethics Programs are in their 18th year of supporting a range of efforts and activities dedicated to education, research and community service in ethics.

Corporate Leaders Speak at the School

THE SCHOOL OF BUSINESS’ year-old Business Leadership Lecture Series, coordinated by the Ziff Graduate Career Services Center, is offering one more way for prominent businesspeople from around the world to connect with the School. The series brings them to the University of Miami campus, where they speak to MBA students, alumni and faculty about the challenges of real-world business and strategies for success.

These executives share their industry, corporate and personal experience, and discuss with students ways to achieve their own goals. In its first year, participants have included Luis Negri, general manager for emerging markets for Latin America at Baxter International; Cindy Sanborn (MBA ’92), vice president and chief transportation officer for CSX Corp.; and Leslie Wolfson, president of Modern Luxury Magazines.

The speakers have touched on subjects such as real estate, finance, marketing, consulting and management, and entrepreneurship, tying all of them in with recent economic developments.

Bridging the gap between academia and industry, the lectures may be a roundtable discussion, panel presentation or a speech. All allow for plenty of audience participation and questions.

In addition to helping students and alumni acquire knowledge of real-world business practices directly from prominent individuals, the Business Leadership Lecture series is a great opportunity for them to network and make connections with local business leaders.
UM Students Head to National Mock Trial Competition

THE UNIVERSITY OF MIAMI’S mock trial team, which includes two business students, is heading to the American Mock Trial Association’s National Championship Tournament.

Team members included senior Page Little; juniors Marie Tranakas and Haley Kornfield; sophomores Josh Kornfield, Will Godar, Zach Gonzalez and Elana Reman; and freshman Nicole Chessin. Tranakas and Chessin are students at the School of Business, and Gonzalez has a minor in the School. The team advanced to the finals after competing in the Orlando Regional competition in February, where Gonzalez was also recognized as an outstanding individual.

The advancement comes on the heels of two mock trial competitions held at the School of Business. This past fall, some 350 competitors, coaches, spectators and volunteer attorneys participated in the first Hurricane Invitational mock trial competition, organized by Don Donelson, business law lecturer and team advisor, who also serves on two board committees of the American Mock Trial Association. Teams from around the South participated, and more than 70 attorneys from around South Florida volunteered as judges.

In January, the School hosted another competition, this one with 12 universities from around the U.S., some from as far away as California. All had finished among the top 15 teams in the nation last year. Around 100 students competed, with more than 120 attorneys from around the U.S. judging.

Organizing competitions of this magnitude helps enhance UM’s and the School’s reputation with other colleges and in the community, Donelson said. “Hosting events such as these raises our profile among national universities, as it shows our commitment to academic endeavors,” he explains. “In addition to the schools that attended, with so many attorneys attending as volunteer judges, the event helps our perception among the South Florida legal community.”

Although UM did not place first in either event held at the School, Kristin Gibson, one of the team members, from the fall event, said participating was about more than just winning. “The most valuable part of the competition for me was the feedback from the judges,” she said. “They give really great advice on what occurs during the trial, and seeing that they are all lawyers and some are actual practicing attorneys, the advice is really valuable.”

The opening rounds of the national championships take place in Greenville, S.C., in March.

Author Rosabeth Moss Kanter Speaks at School

TOUGH ECONOMIC TIMES should promote new ways of economic thinking. That’s the message in Rosabeth Moss Kanter’s new book, Supercorp: How Vanguard Companies Create Innovation.

In October, the celebrated author and Harvard professor visited the School of Business to speak about her book and host a book signing for students, faculty and alumni. Kanter, who holds the Ernest L. Arbuckle Professorship at Harvard Business School, has written 18 books. In her latest, she shows how companies that project humanistic values and promote social responsibility come out on top of their peers — findings she discussed in her presentation at the School.

“If at the heart of business strategy there is a sense of purpose and the greater good, and the view that society ought to be thought of every day in the business, it will make businesses more innovative and more profitable, and at the same time make them better for the world,” Kanter said. “Right now is the perfect time to think differently because of the global financial crisis.”

In her book, Kanter promotes the idea of socially conscious business by pointing to companies that are helping society through their everyday practices. In her talk, she listed a number of socially responsible and successful companies, including IBM, which has worked closely with schools and emerging businesses in South Africa, and Procter & Gamble, which has helped to raise the quality of life in India and other developing nations.

“It makes sense when you think about it, because the entire purpose of businesses is fulfilling other people’s needs, so helping society through your business would be good business practice,” said one student who attended her talk.

“This event symbolizes what [the School of Business] is doing as we work with socially responsible companies to promote social responsibility and social entrepreneurship,” Dean Barbara E. Kahn added.

After speaking, Kanter took time to answer questions, talk with people individually and sign copies of Supercorp.
SBA faculty lend expertise to media around the world

St. Louis Post-Dispatch – 2/26/2010
An article about the popularity of haggling with retailers included insight from Shweta Oza, assistant professor of marketing, who noted: "The economy has acted like a trigger – it’s telling [consumers] that you can ask retailers for a break and that you’ll usually get it."

NDTV (India) – 2/20/2010
A. Parasuraman, vice dean of faculty, holder of the James W McLamore Chair in Marketing and a professor of marketing, addressed customer service as a key differentiator between products and companies, the role of technology in customer service and other issues as part of a television segment on the leading business television channel in India.

Supply Chain Management – 2/18/2010
In an article detailing the supply chain challenges faced by relief agencies in the wake of the January earthquake in Haiti, Haresh Gurnani, chair and professor of management, said that when airports, ports and communications are destroyed:

“Disaster relief requires unprecedented cooperation and coordination between private firms, government and NGOs.”

The Wall Street Journal – 1/25/2010
The newspaper’s “Business Insight” special report included an article authored by Robert Plant, an associate professor of computer information systems, who detailed a model that aims to help companies decide which green initiatives to pursue and which to avoid: “Executives need to be constantly looking at new technologies, regulatory issues, economic forecasts and marketing analyses.”

Portafolio (Colombia) – 1/22/2010
The national business paper featured research by Michael Tsiros, chair and associate professor of marketing, that found that retailers can substantially increase sales and profits if they increase the price of a sale item to its original cost in gradual steps.

The New York Times – 1/21/2010
In writing about a Supreme Court decision striking down a ban on corporate campaign spending, the newspaper’s “Room for Debate” blog published commentary from Christopher Cotton, an assistant professor of economics. “Campaign spending has less of an impact on election outcomes than most people think.”

Nightly Business Report (PBS) – 11/1/2010
In a segment on decisions by investors based on the past performance of a stock or mutual fund, Joseph Johnson, associate professor of marketing, explained that investors widely ignore warnings that past performance is no indication of future returns.

Dow Jones News Service – 1/7/2010
In a report picked up by media including CNNMoney.com and FOX Business News online, Michael Tsiros, chairman and associate professor of marketing, offered insight about online versus brick-and-mortar holiday retail sales:

“[Retailers] wanted to show they have a presence, and doing so may actually have cost them more than the sales they received.”

Florida Trend – December 2009
A section on workforce diversity featured a study by Laura Giuliani, an assistant professor of economics. It found that white, Asian and Hispanic managers tend to hire more whites and fewer blacks than black managers do.

Terri Scandura, professor of management and the academic director of the Leadership Institute, offered suggestions for finding a good career mentor:

“Tell someone that you really admire his ability to develop strategic plans, and most will be so flattered they will say yes.”

Fox Business Network – 12/24/2009
Steven Ullmann, director of the School’s health sector management and policy programs, provided insight on the health care reform bill passed by the U.S. Senate earlier in the day.

Dean Barbara E. Kahn explained how consumer confidence and spending can be influenced by the way in which economic and other information is “framed” in the marketplace: “Consumer confidence will begin to grow when we start to see and promote the glass as half-filled rather than half-empty.”

Le Temps (Switzerland) – 12/18/2009
The French-language publication cited research on emotional intelligence in the workplace conducted by Marie Dasborough, assistant professor of management.

USA Today – 10/13/2009
An article about the Miami Dolphins football team adding celebrity limited partners included commentary from Arun Sharma, professor of marketing, who noted that the strategy is aimed at attracting the most affluent fans in a market that has a wide mix of white, Hispanic and black population:

“It’s much more about the high end because skyboxes are in trouble all around the country.”

MSNBC.com – 10/11/2009
Patricia Abril, assistant professor of business law, was quoted in an article about employees who use their personal accounts on social networking sites to post updates that promote their companies: “At the core of this is a blurring of social and professional. Before it was a lot easier to establish when you were wearing your work hat and when you weren’t.”
Managing in Crisis
CANTOR FITZGERALD’S VICE CHAIRMAN CITES CRITICAL BALANCE IN THE WAKE OF 9/11

THE MANHATTAN-BASED global financial services firm Cantor Fitzgerald lost 658 employees — about two-thirds of its workforce — when two hijacked airliners crashed into the World Trade Center on Sept. 11, 2001. In an emotional, turbulent time, the company was charged with balancing the need to stay in business with the need to comfort the survivors and families of lost employees, said Stuart Fraser, Cantor Fitzgerald’s vice chairman.

Fraser, whose son is a senior at the School of Business, spoke in October to students, faculty and alumni as part of the School’s Executive-in-Residence program. The topic was his experience managing during a time of crisis.

After the Sept. 11 attacks, Cantor Fitzgerald began by immediately setting up a crisis center, which was flooded with 5,000 family members looking for lost loved ones. “People would come to the crisis center every day and ask the same questions over and over again. They just needed to be heard,” Fraser recalled. “Our culture at Cantor was such a family. We lost 24 sets of brothers in 9/11, and five sets of twins. Cantor was like a wheel with many spokes, and our center got blown out.”

But the company’s executives could not entirely ignore the business itself: Backup systems had kept its trading platform running, which meant customers continued to trade even as the Twin Towers were crumbling to the ground.

Cantor put much of its energy into the social challenges, which were immense. “We needed to help each other. The people who got through the initial shock — and not everyone did — were able to pull themselves together and focus on the one goal of keeping the company alive,” Fraser said. “If we couldn’t keep the company alive, then we couldn’t help the families.”

Helping the families has remained a part of the firm’s operations. The Cantor Fitzgerald Relief Fund provides direct aid and support to those affected by terrorism, disasters and emergencies. To date, the fund has raised and distributed more than $175 million to more than 800 families and 950 children of the victims of the attacks.

Recently, the Relief Fund expanded its scope to include natural disasters, such as the devastation caused by Hurricane Katrina along the Gulf Coast. Cantor Fitzgerald Chairman and CEO Howard Lutnick, who lost a brother on 9/11, joins with the firm’s partners to underwrite all the expenses of the fund so that 100 percent of the monies are distributed to victims’ families and children.

Fraser told his School of Business audience that Cantor is a stronger company today than it was before 9/11. Its financial systems are stronger. Its culture is stronger. And its future is stronger — even in the midst of a world financial crisis. In fact, Fraser says that the lessons learned in the wake of 9/11 are helping the company thrive at a time when other financial services firms have gone bankrupt.

“Since 9/11 we’ve expanded our business. We now have over 2,100 people in New York. We went through a horrible thing, but we had a fresh start,” Fraser said. “We’ve gone to great lengths to cover every angle we can cover. We won’t forget history.” — Jennifer LeClaire
Egalitarianism vs. Rent for Space

IN THE FINAL ROUND OF AN ETHICS DEBATE, TEAMS ZEROED IN ON AIRLINES’ TREATMENT OF OBESE PASSENGERS

Is it ethical to charge obese airline passengers a premium because they take up more space on the plane? That was the final question posed in the dramatic conclusion to a series of debates hosted by the School of Business Administration and organized by the Business Ethics Program and the UM Ethics Society in October.

Five teams of undergraduates from across the University competed in the sixth annual UM Ethics Debate, sponsored by Karl Schulze (BBA ’74), principal in the business consulting and forensic firm Schulze, Loevenguth and Co., in Los Angeles.

After the semifinal round, two teams were tied. That led to a fierce final round in which the teams (which both included students from the School of Business) debated the question of charging obese airline passengers extra. Although the teams were not assigned positions — they were judged strictly on the persuasiveness of their arguments — the final debate turned out to be a traditional contest, with Team 5 taking the position that it was indeed an unethical business practice, while Team 1 took the opposite stance.

Team 5’s Andrew Hamner, a junior political science major, maintained that differentlyabled people have the right to the same goods and comforts as everyone else, and that airlines agree to provide that comfort when a ticket is purchased. Categorizing all obese people as suffering the consequences of their lifestyles “ignores medical reasons for the condition,” he said.

And charging extra for someone who suffers from a medical condition amounts to price gouging. He cited a restaurant’s willingness to provide seating for those in wheelchairs without opting to charge them extra.

“Using the categorical imperative, you can’t universalize treating these passengers differently for something they can’t control. That would be using them as a means to a profit and not providing a service for a fee,” Hamner said. Otherwise, as Team 5’s Elana Reman, a sophomore media management and political science major, put it, “Airlines are looking for a loophole to make a profit.”

Team 1’s Robert Levine, an economics, accounting and finance major, rebutted that air travel is not an inherent right — customers are paying rent for a seat, and the seats are a scarce resource. “Whoever takes more space gets charged a premium,” he said. Unlike restaurants, where the customer is paying for food, airline passengers are renting space on the plane in order to be transported. To invoke the categorical imperative (which maintains that there are universal truths) in this case would be to violate the “norms of business.”

Judges zeroed in on Team 5’s anti-free-market implications during a rigorous round of questioning, asking whether it was fair for the other passengers to absorb the cost of the extra seat taken by the obese passenger. Ultimately, they remained unpersuaded and gave the contest to Team 1 and its argument that charging more is not unethical.

With funding from Schulze as well as support from the Arsh Ethic Initiative, both teams were able to move on to regional competition at the Mid-Atlantic Ethics Bowl in Richmond, Va., in November. In that competition, the members of Team 1 tied for first place. They head to the National Ethics Bowl in Cincinnati, Ohio, in March. — Tristram Korten
Reform: How Will It Affect the Business of Health Care?

PHYSICIANS AND HOSPITALS FACE CHALLENGES TO THEIR BUSINESS MODELS

As BusinessMiami went to press, Congress was still debating health care reform. While it’s not clear what changes, if any, will happen, health insurance coverage may be expanded to include millions who are currently uninsured. We asked some of the members of the School’s Health Sector Management and Policy Advisory Board how that might affect the business side of health care. They each had their own take on the possible ramifications. Below are some of their comments.

If reform results in coverage being expanded to millions who are currently uninsured, how will physicians be organized and integrated in the new system?

FRANK V. SACCO (BA ’70)
PRESIDENT AND CEO, MEMORIAL HEALTHCARE SYSTEM:
In the case of the specialist who is really tied into the hospital – cardiac surgeons, pediatric specialists, endovascular surgeons, cardiologists, oncologists – you will see a total integration, whether that’s employment or a group practice plan and linkage with hospitals. But then you will see some form of integration with primary care physicians and the specialists in the hospital through the exchange of electronic medical records. In the community itself you will see a hybrid model of clinics and private practices. ... Then you link urgent care centers and minute health clinics into your health information exchange for one complete electronic medical record. This is where technology meets the boots on the ground. You need the electronic medical records because you need all information available to everyone caring for the patient. You need case management, where a nurse – not necessarily a nurse practitioner, but a nurse counselor – can work with ... people with chronic illnesses. ... You need to have a medical home where the primary care physician and physician extender follow and shepherd that patient through the system.

RICHARD L. CLARKE
PRESIDENT AND CEO, HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION:
We are already seeing dramatic shifts. Physicians especially are seeking employment with hospitals and other care providers. It is difficult to make it on your own as a physician today. Payment rates are barely enough to keep a practice open, and then there’s the hassle of processing insurance claims. Liability insurance coverage is almost unaffordable. Also, physicians today need automated systems (electronic medical records, PACS systems, etc.) and private physicians have a difficult time coming up with the capital to undertake that transition.

Will more insurance coverage mean greater demand for primary care?

LINDA S. QUICK
PRESIDENT, SOUTH FLORIDA HOSPITAL AND HEALTH CARE ASSOCIATION:
If, in fact, we have more people with coverage, they will be more likely to take advantage of primary care.
... In South Florida we have a pretty good constellation of federally qualified community health centers that has taken up the slack for the uninsured. The question for those will be whether those formerly uninsured individuals will still go there once they get a card.

The question for [federally qualified community health centers] will be whether those formerly uninsured individuals will still go there once they get a card.

What is the potential impact of universal or nearly universal insurance coverage on hospitals’ business models?

CLARKE:
If it is achieved through a public option with a Medicare-type pricing authority, that would be a concern because the payment that providers get from Medicare, and Medicaid especially, is viewed as inadequate. So providers would be very concerned about patients who are currently covered by commercial payers going into public options, which would pay lower rates. Also, there is some question about what will happen to [facilities'] tax exemptions if there is less charity care. Another issue is the special payments Medicare makes to hospitals serving a disproportionate share of the uninsured. Those payments are substantial for many organizations.

QUICK:
If we have a new system where uninsured people have insurance and they have choice – and choice is one of the pillars the president is looking for – then public institutions everywhere will have to compete with private institutions. The quality of public hospitals is excellent – if you can get in. ... Right now, for example, it can be six to nine weeks to get an appointment at specialty clinics. People with insurance cards are not going to wait that long, even if the appointment is with a well-recognized specialty physician from the university.

The University of Miami’s second Global Business Forum, organized by the School of Business, is titled “The Business of Health Care: Defining the Future” and will be held Jan. 12-14, 2011. For registration, sponsorship opportunities and more: www.UMglobalforum.com.
Ethical leaders show respect to others, listen, coach and educate their team. They set the tone for an organization’s values and communicate a shared vision. That was the message from Leonard Abess, CEO of City National Bank of Florida, when he spoke to alumni, students, professors and others attending the 2009 Cobb Leadership Lecture Series in November. “You can define ethical behavior, and I think you can imprint why it’s a good thing and why it’s important, but I think it’s much deeper,” he said. Later, Abess added that to be a leader, “You’ve got to be self-confident, you’ve got to be prepared, and you’ve got to be ready to be the one in the room who’s messing up.”

Abess, who is also serving a term as Miami branch director of the Federal Reserve, is vice chairman of the University’s board of trustees, chairman of its executive board and a member of several other University committees. He received national attention after selling a majority interest in City National Bank to Spain-based Caja Madrid and sharing $60 million of the proceeds with the bank’s staff and many former employees. That act led Time magazine to select him as one of the top 100 leaders in the world, and President Barack Obama singled him out during his address to the Joint Session of Congress in February 2009. “Ethical leadership … is learned from life lessons,” Abess told the audience, explaining that much of what he knows about leadership he learned from his father. Abess’ family owned the bank that eventually became City National, and Abess spent much of his youth working in the bank and traveling with his father. He learned his earliest lesson, he recalled, around the age of six. An avid coin collector, he was allowed to go through bags of coins at the bank to find additions to his collection. He brought home four quarters and a pencil. His father told him he’d have to put a dollar back for the four quarters, and then asked him where the pencil came from. Frightened, Abess said he got it at school. But the pencil had the bank’s name on it, so his father immediately found him out — and made him return it in front of a lot of people. “I learned that if I wanted to lead, I had to conduct myself above the highest standards that I expected from other people,” Abess said. “You can tell 99 truths and one lie and you’ll be known forever for that one lie.”

During his time leading City National, Abess said, he has never worried about asset quality, regulators, market share or customers withdrawing funds. “But what I did worry about every day was retaining the only true capital we had: human capital,” he said. “When people did leave, I saw it as a failure of my leadership.”

Ethical leadership, Abess stressed, comes from how you choose to live your life every day. Courses on ethics and discussions on ethics, he said, “can only help you to understand what it means and why it is important. Only you can decide how to live.”

The long-running Cobb Lecture Series is made possible through an endowment gift made by Ambassador Sue Cobb for the birthday of her husband, Ambassador Chuck Cobb, in 1986. Past speakers include Henry Kravis, founding partner of Kohlberg Kravis Roberts & Co.; David Stern, National Basketball Association commissioner; Casper Weinberger, former U.S. secretary of defense; and H. Ross Perot, chairman emeritus of Perot Systems Corp. — Rochelle Broder-Singer

Web Poll:

Do you feel your company’s leadership team sets a good example of ethical behavior?

Vote at bus.miami.edu/businessmiami

(for more on the importance of the example company leadership sets, see “The Authentic Leader,” page 43.)
FINANCIAL MANAGEMENT ASSOCIATION INTERNATIONAL
After a two-year term as president of the Financial Management Association International, Douglas Emery, chair and professor of finance, handed over the reins to a new president and took a seat on the organization’s board of trustees. The 8,000-member FMA disseminates knowledge globally about financial decision making.

FERBER AWARD Juliano Laran, assistant professor of marketing, won the 2009 Robert Ferber Award from the Journal of Consumer Research for his paper “Behavioral Consistency and Inconsistency in the Resolution of Goal Conflict.” The award, announced at the Association for Consumer Research conference, is given to the best interdisciplinary doctoral dissertation article published in the Journal.

ACCOUNTING JOURNAL REVIEW BOARD Contemporary Accounting Research named DJ Nanda, professor of accounting, to its 2010-2013 editorial board. The publication is the quarterly journal of the Canadian Academic Accounting Association.

DISTINGUISHED MARKETING SCHOLAR The Society for Marketing Advances gave its 2009 Elsevier Distinguished Marketing Scholar Award to A. Parasuraman, professor and holder of the James W. McLamore Chair in Marketing and vice dean of faculty. The award is a lifetime award for exceptional scholarly achievements. Parasuraman delivered a plenary talk on his academic career at the award session in New Orleans. He also delivered a plenary talk on service quality and customer perceptions at the Academy of Marketing Science’s World Marketing Congress in Oslo, Norway.

ECONOMETRIC SOCIETY FELLOW Manuel Santos, professor and holder of the James L. Knight Chair and chair of the economics department, was elected as a fellow of the Econometric Society. During the past decade, the international society has elected only about 15 fellows a year, all of whom must have published original contributions to economic theory or to statistical, mathematical or accounting analyses that pertain to problems in economic theory.

OUTSTANDING SERVICE Chester Schrieszehim, University Distinguished Professor of Management, received the Jerry Hunt Sustained Outstanding Service Award from the Southern Management Association. Each year, the award recognizes an SMA member’s continued outstanding service to the organization. Schrieszehim has been active with the SMA since 1979. He also received the Bernard Bass Distinguished Speaker Award.

JOURNAL OF RETAILING BEST ARTICLE Michael Tsiros, department chair and associate professor of marketing, received the 2010 Davidson Award for the Best Article in the Journal of Retailing 2008 (Volume 84). The article, “The Effect of Compensation on Repurchase Intentions in Service Recovery,” was co-authored with Anne L. Roggeveen and Dhruv Grewal.

The Science of Service
A. PARASURAMAN CONTRIBUTES TO A KEY REPORT LISTING PRIORITIES FOR SERVICE STUDY

WITH SERVICE BUSINESSES a driving force in economies around the world, academic institutions and businesses are increasingly looking to build a science of service. A. Parasuraman, professor and holder of the James W. McLamore Chair in Marketing and vice dean of faculty, is among the contributors to a new report that aims to set priorities for the study of services.

Parasuraman, an internationally known expert on the study of service quality, participated in in-depth interviews and wrote a commentary for the report, “Research Priorities for the Science of Service,” which was published in the February 2010 issue of the Journal of Service Research. His commentary also appears in a summary aimed at business leaders. Parasuraman wrote about measuring and optimizing the value of service, noting that the field needs robust models that examine ways to optimize the offering of value-added services and superior customer service by considering both cost-effectiveness for a company and benefit maximization for customers. He noted the need to develop metrics for optimizing non-monetary costs and benefits of services.

Fewer than 50 academics and executives contributed sections to the article and report, which was written by the Center for Services Leadership at the W.P. Carey School of Business at Arizona State University. The goal of the project, according to the center, is “to help guide decisions and investments of academic, business, and government and spur research to advance the field of service globally.” — Rachelle Bruder-Singer
HELPING HANDS

At the School of Business, lending a hand in the community is no longer just a matter of altruism. It’s a necessary FIRST Step.

BY ERIK BOJNANSKY

Above, from left, students Christina Farmer, Gabriel Perez, Jenna Alexandra Gutta, Nicholas Panayotidis, and Stephanie Felt, with management lecturer Sheryl Alonso.

In JUST ITS SECOND year, the School’s new required freshman course, FIRST Step, is making a significant impact on the community, in addition to providing students with the opportunity to apply what they learn in their business classes to real-world issues.

Started in 2008 by Linda Neider, the School’s vice dean for undergraduate business programs, the mission of FIRST Step (short for Freshman Integrity, Responsibility and Success through Teamwork) is to show students that business and entrepreneurship go beyond just making money. Working in teams, students apply what they learn in the classroom to semester-long projects for leading nonprofits such as the March of Dimes and Goodwill Industries.

“We really want to make sure that the next generation of business leaders addresses the questions of ethics and sustainable business practices across the board,” says Ellen McPhillip, assistant dean of undergraduate business programs. “It’s clear that a first-class business education must include training students about the ethical questions business leaders face, regardless of what industry they go into.”

At the School of Business, lending a hand in the community is no longer just a matter of altruism. It’s a necessary FIRST Step.
So far, more than 700 students in the course have partnered with more than 50 organizations. McPhillip says the program has been so successful that the School is eager to expand it. “We have made some real amazing progress, and we want to keep getting better,” she says. “We want more non-profits involved with FIRST Step.”

Notable accomplishments include creating a database marketing tool to target business leaders for the March of Dimes Foundation’s Healthy Babies, Healthy Business workplace education campaign; developing a bilingual brochure and bus stop ad campaign to help the Girl Scouts of Tropical South Florida reach Miami-Dade’s Hispanic community; instituting a bicycle helmet public service campaign for the Epilepsy Foundation; and planning radio and social networking marketing strategies to connect young adults with Goodwill Industries’ low-cost thrift stores.

APPLIED ASSISTANCE
These projects are designed to solve real challenges that the nonprofits are encountering. Indeed, many of the organizations have integrated the students’ creations and recommendations into their work almost immediately. For instance, Bahamas-based Hands for Hunger (H4H) got help in the form of campaigns to educate Bahamian students about food disparity, as well as plans for “greening” its operations.

H4H is dedicated to combating hunger in the Bahamas, where it works to persuade luxury resorts, restaurants, wholesalers and farms on the island of New Providence — where unemployment more than 15 percent — to donate their surplus fresh food. H4H then picks up the food in refrigerated trucks and delivers it to churches, shelters and other organizations that serve the needy.

Like many nonprofits, H4H struggles with minimal resources. Alanna Rodgers, co-founder of Hands for Hunger and a senior at the School majoring in entrepreneurship and marketing, says the students’ work allowed her organization to take major steps forward.

“These students embraced this project with eagerness and professionalism that resulted in a number of high-value deliverables,” she says. “In our case, because the students faced a unique challenge of not being able to physically visit or witness Hands For Hunger in action … their commitment and willingness to work beyond this obstacle was particularly impressive.”

Part of H4H’s mission is to educate people about hunger and food waste, a problem that Rodgers notes is considerably “hidden” in the country. But with just two employees and one full-time truck, trying to save food before it’s tossed into the trash bin consumes the majority of its resources.

That’s where FIRST Step came in. Sheryl Alonso, a lecturer in the management department who is also in the School’s PhD program, was
charged with establishing FIRST Step partnerships. She identified her former student’s nonprofit as a good match, and Rodgers welcomed the help. Despite an ocean separating Coral Gables from Hands for Hunger’s Nassau headquarters, more than 32 FIRST Step students signed up in four separate teams. They were energized by the fact that H4H was founded by a UM student, says junior finance major Gabriel Perez, a teacher’s assistant on the H4H project. “It was such an inspiration for us,” he adds.

One team worked on ways the organization could educate children about hunger. They produced fliers, brochures, PowerPoint presentations, and quizzes and activity books designed to inform a middle- and upper-class audience, and developed separate materials for grades K–3, 4–7 and 8–12. “This younger age group would be able to tell their parents what they did was truly unique.”

**A PATH FOR GOING GREEN**

At Rodgers’ request, another group of students performed an environmental audit of H4H’s operations. “In the Bahamas, the infrastructure for eco-friendly activities and operations is lagging,” Rodgers says. After the analysis, the green teams created sections for H4H’s employee handbooks, outlining how to reduce the group’s carbon footprint through such simple acts as turning off lights and closing the doors of their refrigerated trucks whenever possible. They researched the availability of alternative fuel options such as biodiesel, and compiled a list of accessible green office equipment and supplies.

The students recommended that fundraising efforts also talk about the organization’s drive to go green. “A lot of the suggestions, like [changing] the light bulbs, are more expensive, so we are hoping that not only will people contribute to help Hands for Hunger through donated food, but also in its effort to go green,” says freshman Stephanie Feit.

Nicholas Panayotibis, an international finance and business major, says he’s proud of the work his green team did. “It was really interesting helping an organization go green. Even if they are little steps, it’s moving toward something positive,” he says.

**POSITIVE DIFFERENCE**

The desire to make a difference inspired Rodgers to help form Hands for Hunger, though she admits she didn’t always have such ambitions. “Ten years ago, if you’d told me I’d be involved in a nonprofit, I would have laughed at you,” she says. Back then, she says, her life revolved around sports, particularly tennis. Prior to transferring to UM, she played competitive tennis for Rice University in Houston.

In 2007, Rodgers lost her passion for the game. “I kind of engaged in a period of self-discovery. I asked myself what I wanted to do in terms of making a difference,” she says. In the course of soul-searching, she learned about food rescue programs in New York and Toronto and asked herself, “Why not Nassau?” To date, H4H has delivered 175,000 meals.

But Rodgers doubts her organization would have been able to green its operations or spread its message without the help of the FIRST Step teams. “We have been given enhanced tools to more effectively raise awareness about hunger in the Bahamas and the action that can be taken to ameliorate the problem, as well as the practices to carry out this work in a more socially and environmentally responsible manner,” she says.

Combining sound business practices with social awareness is in line with the course’s curriculum, which shows students and nonprofits alike that good business practices are important to all organizations, whether they are moneymaking ventures or not. “It is not enough for nonprofits to do good,” McPhillip says. “They must be financially sustainable and entrepreneurial in every aspect of their operations.”

Students benefit from the classwork in many ways. The H4H work, says freshman Jenna Alexandra Gulla, was “more like a real-life experience than most other projects.”

Freshman Zack Estock admits the course took him by surprise. “I didn’t know that my first semester we would be doing this,” he says, “but it was actually really fun.” And educational: “It gave us more experience in working in teams to accomplish something. We really worked to make a difference.”

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**“It gave us more experience in working in teams to accomplish something. We really worked to make a difference.” — ZACK ESTOCK**

Young, a FIRST Step lecturer. “They far exceeded my expectations,” she says. “What they did was truly unique.”
Inspiring Accounting

The Kimmelman Scholarship fund helps undergraduate accounting students finish their education.

BY TYLER FRANZ

Kimmelman (BBA ‘49) dedicated his life to helping others. Now, even after his death, he continues to have an impact on people’s lives through the $2 million Eloise Kimmelman Scholarship in Accounting, which he created through his estate in honor of his late wife, Eloise. The fund assists undergraduate accounting students at the School of Business with life-changing scholarships, awarded based on a combination of need and merit.

Even though the Kimmelman Scholarships were first given for the current school year, they have already touched the lives of countless students. One of them is Tyler Baram, a junior accounting major. Like many families, his was hit hard by rough economic times: his mother and his sister both lost their jobs, and his father, who suffers from heart disease, was left with the burden of providing for the entire family. For Baram, continuing to attend the University of Miami was a financial challenge. Knowing the impact that the scholarship could have on both his life and his parents’, Baram completed the application. His positive attitude and hardworking spirit landed him one of the scholarships in 2009, the summer before his junior year.

Like many of the School of Business students who receive scholarships, Baram needed financial assistance to stay at UM. “I am extremely proud of where I come from and truly appreciate the intelligent financial planning my parents did when they knew they wanted a better lifestyle for my sister and me,” he says. “However, successful financial planning and a hardworking 64-year-old dad can only do so much in such a tough economy. If I had not received the scholarship, I would no longer be a Miami Hurricane.”

Baram recognizes the tremendous impact Kimmelman’s donation has had on his family’s life. “I knew the scholarship was worth much more than the actual monetary amount I received when I saw the smile on my dad’s face when he heard about my achievement,” Baram says. And he believes it has had a similar impact on his life: “I mentioned it during an interview with a Big Four firm, and I now have an internship this summer in New York for audit.”

Baram’s life was so affected by the donation that he has been inspired to return the favor in the future. “I will never forget what this opportunity has done for me,” he says. “I only hope that someday soon I can make a generous donation to help out another ‘Cane in need of some support.”

Valerie Jeffries is another of the 17 Kimmelman Scholarship recipients.

“I was uncertain of how I was going to continue to finance my way through college, and the Kimmelman Scholarship gave me the extra aid that I needed,” says Jeffries, also an accounting major. Like Baram, Jeffries recognizes the impact that the donation has had on the lives of its recipients and is extremely grateful for the opportunities that it is providing her. “I think that it is an amazing and humble gesture for a University of Miami alum to want to help out current students,” she says. “[The scholarships] are giving students opportunities to continue on with their dreams.”

In addition to helping individual students, Kimmelman’s donation helps the University of Miami. His gift, and those of other alumni, can help the University continue to climb in national undergraduate rankings, because alumni giving is a factor in some of them. Furthermore, donations such as Kimmelman’s are a strong indication of just how valuable a UM School of Business education is, as donors seek to provide future students with the same opportunities they had.

“I think it is obvious that alums realize that [the School] was a great investment for them and want to help give others that same opportunity,” says Lizanne Ortiz, one of the Kimmelman Scholars. “These donors believe in UM and know that the school has a lot to offer to its students, so it’s no wonder that many have so generously chosen to give back.”
Painting a Picture of Success

How painter and sculptor Romero Britto, the newest member of the School’s Entrepreneurship Advisory Board, succeeds as an artist and as an entrepreneur  INTERVIEW BY JENNIFER LECLAIRE

Romero Britto’s bold designs have graced everything from cars to laptops to Sun Life Stadium, home of the Miami Dolphins. Now, he’s bringing his knowledge of the art world to the School of Business as part of the Entrepreneurship Program Advisory Board.

ROMERO BRITTO travels the world living his dreams. Now, the renowned Brazilian-born pop painter and sculptor is working to inspire students at the School of Business to live theirs.

As a member of the School’s Entrepreneurship Program Advisory Board, Britto will help promote awareness and collaboration between the entrepreneurship program and the local and international business communities, as well as offer entrepreneurship-related strategic advice.

A self-taught artist, Britto inspires students with his unlikely success story. He grew up among eight brothers and sisters in the city of Recife, Brazil, his early canvases scraps of newspaper and cardboard. Britto moved to Miami Beach to set up a studio in the early 1980s and played the part of struggling artist before getting his big break in 1989. That’s when Absolut Vodka selected him to design a commemorative label, giving the young artist seemingly overnight worldwide fame.

Today, Britto’s work appears in more than 100 galleries and museums from Singapore to Dubai and from London to New York. Companies actively pursue his designs for advertising, product logos, sculptures, murals and public art. The New York Times has described his work as “Matisse channeling Picasso.”

We talked with Britto while he was working on an oversized, brightly colored painting for a collector, just before he was to fly to the World Economic Forum in Davos, Switzerland in January. Britto discussed his art, his entrepreneurial ventures and his sources of inspiration. But first, he discussed a sketch he made for School of Business Dean Barbara E. Kahn to illustrate his view of entrepreneurship.
Can you tell me a little bit about this sketch [pictured above]?
It’s about how I deal with the world of creativity and business. I made this sketch and explained that one side of the drawing is creativity and the other side is structure. The line dividing the two sides represents the passage from the world of creativity to the world of structure. To make sure ideas happen, you need some sort of structure, one step after the other. The biggest challenge for someone who is very creative is following up. You can have a great idea, but if you don’t follow up nothing happens. So you need some structure, you need communications, and you need follow-up.

What other characteristics do you see as being vital for entrepreneurs?
Two things: to be open to all possibilities and timing. Timing is everything, because you may have an idea today, but if you don’t move fast, tomorrow it may be old news. The wind of opportunity moves fast.

How do you blend entrepreneurship with your art?
I never saw myself as an entrepreneur. I see myself as an artist. When you love something and you put your energy into it, chances are it’s going to happen. I heard Bill Gates talking some time ago and he said that if you have a good product and a good work ethic, you can do great things. I believe that.

What lessons did you learn from your early days trying to break into the art world? Were there struggles and mistakes?
Yes, there were struggles, there were mistakes. But you learn. You go along. I learned to keep my mind open to new ideas and learn as much as possible from people that have experience. A young person should look for a mentor. It’s good to read as much as possible. It’s also good to go to a university and learn, because it gives you an advantage when you get into the business world.

Where do you find your inspiration for your art?
My inspiration is everyday life. I think about my past. I think about my future. I think about things that I want to do. I think about my dreams. It’s very important to dream and visualize what you want to do. How are you going to get what you don’t have? You also have to work on your dream. It never happens if you don’t think about it, make a plan and work step-by-step towards your dream. Money doesn’t inspire me. My dreams do.

Have you ever felt like giving up?
There were times when it was very discouraging because many people are not open to new ideas. But I never thought about giving up painting. I once studied to be a diplomat. But once I moved forward and decided to be an artist, I never thought about anything else. If you follow your dreams and you work hard and do a good job, the money will come. Many times, people lose because they are too scared to make a move. You have to follow your gut.

How will you help the School of Business as a member of the advisory board?
I’m honored that I was asked to be part of the board. I hope my story inspires people. It can be hard for a young person to look at someone like Bill Gates or so many other amazing businessmen and imagine that they once started out in the same place. I have to start somewhere. I’m still at the beginning of my story, but maybe I can inspire someone. Inspiration is important.
Great institutions are created and sustained with the guidance of experts who bring to them new perspectives and ways of thinking. In January 2010, the University of Miami School of Business Administration established a 10-member Board of Overseers comprised of current and former top executives of some of the world’s most prominent companies. The Board will work with the dean, faculty and administrators to help the School realize its vision to gain recognition as one of the world’s top business schools.

“Each member of the Board of Overseers brings the School unique experience, business connections and perspective,” says Dean Barbara E. Kahn. “The input and support of these ambassadors is vital to strengthening the School’s academic reputation, increasing our financial resources, and connecting us to business leaders and their organizations.”

The School’s vision is supported by a strategy that is built upon three pillars: research excellence, innovative cross-disciplinary programs (focused on such areas as health sector management and policy, real estate and entrepreneurship) and community engagement.

The charge of the Board of Overseers is to provide counsel on the mission, goals and strategic planning of the School; to promote the School regionally, nationally and internationally; to help strengthen the School’s fundraising efforts; and to serve as a “sounding board” for research projects, educational programs and external activities. Membership on the Board is exclusive to School of Business alumni who have exceptional stature in the business community.
Serving Up Success

Raul Alvarez retired in December 2009 as president and chief operating officer of McDonald’s Corp., a highly visible position in a long career in the fast food industry that has included executive stints at not only McDonald’s but also competitors Burger King and Wendy’s.

Alvarez was born in Havana, but at age 5, in the wake of Fidel Castro taking power in Cuba, he moved with his family to Florida, where he grew up and later attended the University of Miami School of Business, graduating cum laude. Shortly thereafter, he began his career as a budget analyst for Burger King Corp. Moving to the operations side, Alvarez soon found himself managing Burger King’s business in Spain, which led to him overseeing much of the company’s European operations. From Burger King, he moved to Wendy’s International, where he was a corporate vice president. Ironically, Alvarez tried twice to join McDonald’s in the 1980s, but couldn’t get in the door because the company tended to hire from within. But by 1994, McDonald’s had noticed Alvarez, and actively recruited him.

At McDonald’s, Alvarez moved up the ladder rapidly, becoming president of McDonald’s Mexico and then president of the central division of McDonald’s U.S.A. He took on the president’s job in 2006, becoming one of the highest-ranking Hispanic executives in the country.

“It was always interesting to work in various places, learning different cultures,” he says. “Those are great journeys — they really make you grow as a person.”

At McDonald’s, Alvarez was “considered an operations whiz,” according to The Wall Street Journal. He emphasized flexible menu pricing and cost control while ensuring that quality remained high. And he was known to don a hat and sunglasses on occasion to make anonymous visits to franchises to get a firsthand view of operations.

Alvarez has served on the boards of the National Retail Federation, Eli Lilly & Co. and Chicago’s Field Museum. Now, as a member of the School of Business Board of Overseers, he is leveraging his experience in the educational realm. “As an immigrant to this country, I know the importance of being well educated and having a competitive spirit,” he says. “It’s exciting to work with the School as it cultivates an international perspective and continues to provide the kind of education needed for a generation of business leaders who can compete in a global arena.”

— Peter Haapaniemi

Putting Passion into Play

Joseph Echevarria believes in thinking about and planning for the long term. “The choices you make shape your outcome,” he recently told students attending a presentation he gave while on campus as a School of Business Executive-in-Residence.

It’s a philosophy that forms the foundation of Echevarria’s successful career. Growing up as a “latchkey kid” in the Bronx, Echevarria got a job working in a gas station for 50 cents an hour. It was observing a customer there — a wealthy accountant who drove a Cadillac El Dorado — that inspired Echevarria to study accounting.

After graduating from the School of Business, Echevarria joined Deloitte, rose quickly within the firm and was admitted, as an audit partner, into the partnership in 1988. Since then, he has held many leadership positions within Deloitte, including U.S. deputy managing partner, regional managing partner of the Southeast Audit Practice, audit partner in charge of Florida, and audit partner in charge of South Florida.

In 2007, Echevarria was named U.S. managing partner of operations, overseeing the management and operations of Deloitte’s four business units, which deliver audit, tax, consulting and financial advisory services to clients worldwide.

While smart choices helped shape Echevarria’s career, he also credits a passion for his work in client service and his belief in “being a people person”
for contributing to his success. “Passion and effort compensate for a lot of things you lack,” he has advised students. “What distinguishes you from other people is passion and commitment.”

Echevarria practices that advice daily, both in his work with Deloitte’s clients and employees, and in lending his leadership skills to a number of groups, including the School’s Board of Overseers. He has served on the Greater Miami Chamber of Commerce’s Board of Governors and Trustees and the Dade Education Fund board, and as president of the United Way Young Leaders of Florida.

In joining the Board of Overseers, Echevarria continues to demonstrate a commitment to giving back by sharing his expertise to help the School of Business grow.

“The University of Miami prepared me for my career at Deloitte and gave me a solid foundation for success,” he says. “I’ve enjoyed returning to the campus as an Executive-in-Residence. Serving on the board and working with Dean Barbara Kahn, I can support the School in its efforts to continue to grow and build upon its strong academic standing.”

— Jennifer Pellet

**Taking Flight in Latin America**

Pedro Fabregas, president and CEO of American Eagle in Puerto Rico, is as passionate about the success of the American Eagle subsidiary he oversees and the growth of travel and tourism as he was the day he started his career 26 years ago at the American Airlines ticket counter.

“I was 18, had never stepped inside a plane, but I knew I had found my passion,” Fabregas says.

While working his way through an undergraduate business degree at Puerto Rico’s University of the Sacred Heart, Fabregas checked bags at the ticket counter at American Airlines, whose parent company, AMR Corp., owns American Eagle. Tenacious and hardworking, he quickly progressed to ramp supervisor and then to administration field manager, overseeing 70 daily flights and 2,000 employees.

“It was a lot of responsibility for a 21-year-old, but my job then — and now — is about people, safety, airline reliability and dependability,” says Fabregas, who has worked for AMR his entire career.

Energetic and innovative, Fabregas has built an impressive résumé. After 14 years with American Airlines, he joined American Eagle as director of finance for Puerto Rico, the Caribbean, Florida and Bahamas. A promotion in 2002 to director of sales, marketing and planning tapped his talent for management and motivation. He was promoted again to vice president of finance and planning and CFO. People noticed too: In 2003, Caribbean Business named Fabregas one of the “Most Influential Businessmen in Puerto Rico,” and in 2005 the Senate of the Commonwealth of Puerto Rico honored him as its most important business leader.

But Fabregas wanted to take his career even higher. So he earned a degree in the UM School of Business Masters of Science in Professional Management (MSPM) program, which is taught in Spanish to high-level executives. The program was a natural fit.

“MSPM is one of the most well-respected programs in Latin America. It’s full of talented individuals who thrive on discussing their corporate cultural, political and economic ideas and issues. It was the perfect place for me, and I met an amazing network of people that I’m still connected to. But most important, the program advanced my career. I came here as VP of American Eagle and left the program as president of American Eagle for Puerto Rico, the Caribbean, Florida and Bahamas,” he says.

Today, Fabregas oversees one of the airline industry’s largest executive regional operations—a fleet of 39 aircraft in 50 cities worldwide. He spends 40 percent of his time traveling. “I have so many destinations that it takes me a year to visit them all,” he says.

On the ground, Fabregas was instrumental in helping the School establish its Executive MBA program in Puerto Rico, where he is based. As a member of the Board of Overseers, he is focused on helping the School of Business further build its credentials. “The MSPM program helped advance my career, and I will help and support the School to strengthen its presence in Puerto Rico and throughout Latin America,” he says.

— Stephanie Levin
Tech Supporter

As his high school’s first recipient of a full athletic scholarship awarded by a major university, T. Kendall “Ken” Hunt thought the University of Miami was his stepping stone to a professional football career. However, life offers unexpected twists, and this was not to be. Hunt, the founder, chairman and CEO of VASCO Data Security International, arrived in Florida from southern Illinois to play football. “I was big and I was fast,” he recalls. But his dream of a career as a gridiron professional was shattered in an instant when he was accidentally shot above his left ankle at a sport-shooting range at the end of his sophomore year.

“The university honored my scholarship when they didn’t have to,” Hunt says. “I owe them everything.”

After graduating, Hunt began his career at IBM, earned his MBA at Pepperdine University in California, and launched his first business at age 41. “I have been involved in high tech my entire career,” he says.

VASCO is a leading developer and supplier of strong authentication used to protect high-risk Internet transactions. Its client base of 9,000 includes 1,350 banks as well as government agencies, health care organizations and other enterprises. Headquartered in Chicago, VASCO conducts business in 110 countries. Recently the company became involved with security applications for Internet gaming as well.

Hunt is a hands-on CEO, but his passion is education, an interest reflected in his position on the School of Business Board of Overseers, as well as on the UM President’s Council. He is able to share his expertise in technology and his experience building his own businesses. “One of the most important things for any [school] board of advisors is bringing the real world into the classroom,” he says.

Hunt also serves on the board of advisors at the Kellogg School of Business at Northwestern University and the advisory board of the Posse Foundation, which provides college scholarships to urban minority students who have shown leadership potential.

Hunt is excited about his role on the Board of Overseers: “I am proud to say that I went to the University of Miami, and I want to give back.”

— Catherine O’Neill Grace
areas, which involved everything from heading up the company’s real estate business to helping build its capital-markets franchise. Along the way, he found time to complete the Advanced Management Program at Harvard Business School in 1990. In 1995, he was named president and chief operating officer of Merrill Lynch, a post he held until becoming CEO a year later. In 1997, he also took on the position of chairman of the board.

Komansky’s seven-year watch as CEO encompassed not just the longest bull market in history but significant industry challenges too: the Asian currency crisis, the bursting of the largest stock market bubble in history, a long and difficult bear market and the Sept. 11, 2001, terrorist attacks. As CEO (he held the job until 2002) and chairman of the board (a post he held until his retirement in 2003), Komansky oversaw dramatic growth and the transformation of Merrill Lynch from a domestic firm to a financial services leader with a market presence around the world. “It was a remarkable experience, with seasons of triumph and tribulation, but never, for a moment, dull,” he says.

Komansky has also been involved in a variety of civic activities. In addition to serving on the School of Business Board of Overseers, he has served on the boards of the New York Stock Exchange, the American Museum of Natural History and the New York City Investment Fund, among others. In 2005, he and his wife, Phyllis, provided funding for the Komansky Center for Children’s Health at New York-Presbyterian Hospital/Weill Cornell Medical Center. He is a member of the board of directors of asset management, risk management and advisory company BlackRock Inc., and serves on the International Advisory Board of the British-American Business Council.

Komansky sees his involvement as chairman of the School’s Board of Overseers as a good fit with both his background and his interests. “I am happy to have the opportunity to support the dean’s vision for expanding the [School’s] presence on the global stage,” he says. “This institution already has a track record of producing global business leaders, and it is well positioned to continue that role. I believe that this is vitally important work, because I am convinced that the spread of open, fair and free markets is the surest path to global prosperity.”

— P.H.

Board of Overseers

Family Values

When Jorge Mas speaks of his company’s “family values,” he’s actually talking about many thousands of families—the families of the company’s employees. Mas is chairman of MasTec, a $2 billion, publicly held company that designs and builds communications infrastructure, cable TV networks and utilities infrastructure, doing everything from engineering and maintenance of networks to installing wiring, erecting radio towers and digging the ditches for cable lines.

“The concept of family is important to us,” he says. “Shared work and sacrifice will allow you to succeed not only in life but also within our company. We’re not only responsible for 9,000 employees, but also for 9,000 families and the thousands of other families at our vendors and subcontractors. We have an impact on tens of thousands of people a day. That’s how we have to look at it when we make decisions.”

In fact, there would be no MasTec without the Mas family. In 1994, his father, Jorge Mas Canosa, merged Church & Tower, an underground utility construction firm he had acquired, with Burnup & Sims, a publicly traded telecommunications construction company. The merged company was renamed MasTec.

Jorge and his brothers—Jose (BBA ’92, MBA ‘94), who is president and CEO, and Juan Carlos (BBA ’87, JD ’90, who is chairman of Neff Corp., a heavy-construction equipment rental company with Mas family roots—all grew up with ties to MasTec.

“I always felt that my UM education complemented the education I was getting at the company,” Mas says. “I was able to employ the concepts I was learning in the classroom almost on a real-time basis.”

He believes MasTec’s philosophy helps honor the company’s beginnings. “How do you maintain that entrepreneurial spirit while building a multibillion-dollar company?” he asks. “That has been a challenge to us in a cultural sense, but on an operational basis too.”

Mas brings that perspective to the Board of Overseers. “One of the many strengths of this group is that we’re all alumni and we all have a vested interest in the success of the School. But more important, we can help shape the next generation of business leaders. That’s really what has compelled me to become a part of this group. Many times I have attributed much of our company’s success to my education. This is part of giving back.”

— Robert S. Benchley

Jorge Mas, BBA ’84, MBA ’86
Chairman, MasTec

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Michael Misiorski has contributed to the fiscal health of private enterprises — from Price-Waterhouse to Occidental Petroleum to Seagram Co. Ltd. The valedictorian of his Executive MBA class is now the chief financial officer and senior vice president for Bacardi North America, where he oversees financial matters for the U.S. division of the world’s largest privately owned spirits company.

By serving on the School of Business Board of Overseers, Misiorski says he “can provide, as a business leader in the community, some insight into what companies are looking for, and help the School’s graduates succeed when they get out into the business world.”

Misiorski’s experience has taken him from established firms to near startups. At Seagram, his career took him from New York to Miami — where he was director of finance and operations for Latin America — and back again to New York, where he eventually became director of global Absolut reporting.

But Misiorski says his biggest career challenge came in 2001, when he left Seagram to become vice president and chief financial officer at the newly formed Absolut Spirits Co. Ironically, he had just negotiated Seagram’s divorce from Absolut while acting as Seagram’s director of global Absolut reporting.

In addition to nailing down operational basics such as phone lines and computers for the newly independent Absolut, Misiorski secured the Swedish vodka company’s U.S. base of operations, negotiating the lease on a 40,000-square-foot space in New York City and overseeing its $7 million design. He also grew the company’s workforce from 12 to 80 employees, developed a financial reporting package that generated $750 million in revenue, and participated in Absolut’s acquisition of Cruzan International.

After the French spirits company Pernod Ricard bought Absolut for $8.3 billion in 2008, Misiorski moved to Miami to become the CFO for Bacardi North America. He enjoys working at the 148-year-old family-owned company, particularly its nurturing atmosphere. “For me it is not about the job. It is about enjoying going to work every day,” he says. “No matter what the issues are, the people [at Bacardi] care, they work hard, they can laugh, and they can have a good time.”

Most of all, Misiorski says he and Bacardi share a philosophy of “giving back to the community.” On behalf of Bacardi, Misiorski serves on the board of directors of AMI Kids, a nonprofit organization dedicated to assisting troubled youth. Previously he co-sponsored Children of Nowhere, a New York-based organization dedicated to children with AIDS and HIV, and helped organize relief drives for New Orleans after Hurricane Katrina.

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years as the company returned its focus to core media businesses.

Reynolds’ career at CBS was itself the product of an acquisition. He left PepsiCo in 1994 to become CFO of Westinghouse Corp., a financially troubled conglomerate. Within a year, he had helped Westinghouse divest itself of a variety of companies, while retaining a handful of television and radio stations. That set the stage for the purchase in 1995 of CBS (the merged companies kept the CBS name), and in 1996 of Infinity Radio, and then a merger with Viacom in 2000. Reynolds was named president and CEO of the merged television station groups — about 20 CBS affiliates and 20 UPN (now called CW) stations — in March 2001.

“That was my first CEO role, and it was probably the best experience of my career,” Reynolds says. “It was taxing but it was fun. I put in millions of miles traveling, visiting at least two stations every week.”

He encouraged his stations to work toward a No. 1 rating in their markets by developing top-quality local news and information programming, and he replaced general managers he found lacking in the necessary drive to meet that goal. On the national level, he partnered with syndicators of shows that needed the reach of a large network. “You have to have content that people want to watch,” Reynolds says. “My companies never made things. It was all about ideas, and it’s the human capital that matters.”

By 2005, many companies had decided that bigger was not necessarily better and began to sell off assets. CBS became a stand-alone company again, and Reynolds returned to the CFO slot. Today he sits on the boards of Kraft Foods and AOL, another newly single entity following a sell-off by Time Warner.

Reynolds feels his service on the Board of Overseers can help the School of Business give students the skill sets companies are looking for in today’s global marketplace. What’s his best advice for students? Travel internationally — and not just as a tourist.

“Any kind of internship or other assignment will help you,” he says. “It worked for me. The more diversity you can be exposed to, the better. The Chinas, the Russians, the South Americas — that’s where the growth is going to be.” — R.S.B.

Smooth Sailing

That’s Brian Rice’s business philosophy, and it’s one that’s served him well as he’s navigated sometimes complicated career waters. The key to getting better, he says, is to keep learning. And that’s one reason he enjoys helping the School of Business as a member of its Board of Overseers.

Rice believes his experiences as a graduate student at the School of Business were critical in his business success. “What I learned at UM is how to learn,” he says. “You don’t learn the answers. You learn how to think and how to reason.”

As a member of the Board of Overseers, Rice is returning the favor by contributing to the institution that taught him so much, helping the School of Business develop the programs and skills students need to succeed in the global business world. But there’s no reason for him to stop learning: “I have a son who is a sophomore in the business school,” he says. “I hear from him about the courses he is taking and I am quite impressed. The Board is building off of what the School already has.”

Rice recalls how he adapted after earning his MBA in 1982 and plunging into a job market racked by recession. “I found that to get a reasonable income I needed to switch my area of focus,” he says. He accepted a job as a financial analyst with Caressa, a Miami-based manufacturer and importer of women’s shoes.

Three years later he drew on his skills in marketing and finance when he joined Kloster Cruises Ltd. In addition to focusing heavily on revenue forecasting and financial growth, he was soon presenting ideas about how to improve operations at the company. His supervisors recognized his talents, and Rice quickly moved up the ladder, eventually becoming the director of sales, planning and administration.

He jumped to Royal Caribbean Cruises — a $6.5 billion publicly traded company — in 1989, just as the company was beginning its
international expansion. “Cruising had been mainly a North American product,” Rice explains, but in the early 1990s Royal Caribbean was seeking a global presence. The effort has been so successful that Rice projects that in 2011 more than half of Royal Caribbean’s guests will come from outside of the United States.

Today, as executive vice president and chief financial officer, he oversees several departments, including accounting, corporate and strategic planning, treasury, investor relations, information technology, internal audit and revenue management.

Although Rice has been instrumental in helping Royal Caribbean steer through recessions, global conflicts and turbulent oil prices, he is quick to share the credit for that success. “This is not something I’ve done by myself,” he says. “It’s been a wonderful experience to be part of a company that is able to grow profitably in spite of all those curve balls thrown at us. I guess you could say we weathered the storm.”

— E.B.

Niche-Dominating Entrepreneur

Entrepreneur Marvin R. Shanken found a way to become successful pursuing his personal interests, eventually developing a publishing empire that includes Wine Spectator, Cigar Aficionado and a host of other high-end magazines, newsletters and Web sites. He says he has no plans to ever retire. And why should he? Enjoying golf and fine food, wine and cigars with celebrities, sports figures and world leaders is his job.

It’s that entrepreneurial perspective that Shanken strives to bring to the School’s Board of Overseers, balancing the perspectives of other members who have spent the bulk of their careers in large corporations. It’s a point of view he has shared with students at the School, advising them that they need both a “competitive fire” and an understanding “that you will be in business 24/7. It’s a total commitment.”

Shanken himself has always drawn on other top executives for inspiration. He recalls a 1995 Fortune magazine interview with Roberto Goizueta, then the CEO of Coca-Cola. Referring to his company’s perennial battle with Pepsi for market share, Goizueta said, “If you don’t have an enemy … create one.”

“That was a very helpful thought,” Shanken says. “I have used it to fast-track many of my projects. Niche domination was my agenda. I didn’t want to be a part of things; I wanted to take a leadership role in any category I was in. If you’re an entrepreneur, your goal has to be to succeed, to be better than anyone else in that space. Survival is not enough.”

Survival, however, is often the first order of entrepreneurship. In 1973, Shanken left a secure job on Wall Street, spent $5,000 to buy a small wine and spirits trade newsletter, Impact, and started publishing it from his apartment. “The first 10 years were a constant struggle. ... We just barely made our costs,” he told students when, as the 2009 UM Alumni Association Alumnus-in-Residence, he lectured to Dean Barbara E. Kahn’s Strategic Brand Management class.

In 1979, Shanken bought Wine Spectator, then a dying, tabloid-size newspaper, from a friend in hopes of saving it, which he did. He launched Cigar Aficionado after a 1992 trip to Cuba. Two years later, he interviewed Fidel Castro.

Although he loves being an entrepreneur, Shanken believes his experience on Wall Street was valuable, teaching him how business works. For future entrepreneurs, he says it’s a question of knowing when to “jump,” or go out on your own. When asked if, looking back on his own career, he would have jumped sooner or later, Shanken laughs. “I jumped sooner without having the good counsel of someone like me who would have talked me out of it,” he says. “I pretty much listened to myself and took my chances. I was lucky.”

— R.S.B.
GO-TO GUY

After helping to found companies from venture capital giant Bain Capital to Inc. 500 member MediVision, Eric Kriss helps business students pursue their own dreams as an Entrepreneur-In-Residence. BY MARIKA LYNCH

As a college student, Eric Kriss launched a magazine to cover the jazz and blues scene. In the process, he amassed a handsome music collection, but, rather than keep it sitting on a shelf, he decided to open a used-record store. And because the magazine’s typesetting machine lay idle much of the year, Kriss used it to sell professional-looking contracts to law firms.

Kriss says launching three businesses while he earned his bachelor’s degree from Amherst College seemed normal at the time — a means of survival, in fact, as the early 1970s economy faltered. >>

Eric Kriss is drawing on his own business experience to help students at the School discover whether they have the desire and aptitude to strike out on their own.

BILL WISSER
Today, after decades of starting and running companies, Kriss believes it’s best for those with the entrepreneurial itch to try their hand at a young age. He’s actively helping students do just that as a new Entrepreneur-In-Residence at the School. “I think it’s important to do this at this level with undergrads and graduates, because starting something like this, you can only learn by doing,” Kriss says. “It’s better to do it now … when the risk is relatively low.”

Launching businesses came naturally, but Kriss pursued a different career path at first. As a young adult, he thought the music business was his future. A keyboardist, he produced and played on guitar great Mike Bloomfield’s *If You Love These Blues, Play ’Em as You Please*, and wrote books on the blues piano. But after receiving his MBA from the University of Chicago and doing a round of interviews at top music labels, he grew disillusioned with the corporate side of the business. “I was horrified because the people I was interviewing with didn’t seem to have an interest in music. … They didn’t talk about artist development or finding new talent. It was appalling to me,” Kriss says. “I didn’t know it at the time, but I was interviewing just at the inflection point in the industry, when the early pioneers who developed the record business were retiring and it was being taken over by lawyers and accounting executives who had a different orientation.”

Instead, he joined Bain & Company, then a small firm that he felt had an edgy, start-up feel. Of course, Bain grew into one of the nation’s top management-consulting firms. Kriss became a partner. In 1984, he branched off to help launch the private equity firm Bain Capital, focusing on leveraged buyouts and investing in some start-ups, the most famous early one being Staples.

Over the years, Bain Capital led to a patchwork of assignments and jobs, from taking over a faltering lingerie company to founding MediVision, which grew into the nation’s largest network of eye surgery centers and was No. 35 on the Inc. 500 list in 1989.

In his quest to satisfy the ever-present question in his head, “What’s next?” Kriss twice entered the public sector. First, he served as an assistant secretary for administration and finance for Massachusetts Gov. William Weld. Later, he was secretary of the same department for his former Bain colleague, Gov. Mitt Romney.

When his oldest child, Aaron (BBA ’04), enrolled in the School of Business, Kriss, who had often visited relatives in South Florida, fell for the University and the area. He founded a Miami-based firm, Kriss Motors Co., which develops automotive information Web sites.

“You’re next?”

Yet the “what’s next?” question begged another answer. Kriss contacted the School and proposed getting involved in some way. Impressed with Kriss’ track record and areas of expertise, the School jumped at the opportunity to bring him in.
“There are many entrepreneurs out there, but there aren’t as many who have seen the whole process from the idea stage all the way through to a successful exit of [selling to] a very large firm. That was unique,” says Marc Junkunc, an assistant professor of management.

Kriss comes to the School as it strengthens its focus in both entrepreneurial studies and health care management, where Kriss has expertise. Ken Colwell, the School’s director of entrepreneurship programs, says Kriss’ experience as a private equity investor, turnaround specialist and entrepreneur also gives him a unique and valuable perspective. “He has a perfect background for this because he has been on both sides of the table from the entrepreneurial perspective,” he says.

GUIDING YOUNG ENTREPRENEURS

Kriss, who began his new position in September 2009 and has an office at the School, teaches, lectures, counsels students on their entrepreneurial ventures — more or less anything that will help the School’s current and potential entrepreneurs.

For instance, he helped students in Junkunc’s fall MBA class, Entrepreneurship: Creating New Ventures, as they explored the prospects of commercializing some of the technologies created by University of Miami researchers.

MBA student Carl Garcia’s group weighed the feasibility of marketing a cornea transplant surgery technique. At first, the group thought its customers were patients. But, after meeting with Kriss both in and out of class, they changed their minds.

“He helped us to realize that [the customer] was the corneal surgeons — if they don’t buy in to the process, it doesn’t matter how great the patients think it is,” Garcia says.

Kriss is also teaching his own practicum on starting a business, and it is open to students, alumni and the general public. The practicum is designed to move beyond a business plan and get into the nuts and bolts of what’s next: What do you need to incorporate? Who should the founders be? How do you create an invoice or develop a Web site?

Kriss says one of his main tasks is helping students discover whether they have the desire and aptitude to strike out on their own. “Students with an entrepreneurial orientation are trying to overcome the ‘Can I really do it?’ type of question ... because it seems scary,” he says. “And I think the perspective needs to be, ‘Yeah it’s scary and it’s hard work, but so is everything else.’ ... There is nothing inherently more risky about going out on your own than working for someone else.”

**ERIC KRIS ON WHAT EVERY ENTREPRENEUR SHOULD KNOW:**

“Use Ben Franklin as your role model until you find someone better (I haven’t yet).”

“Learn more from your competitors than they learn from you.”

“Pick your business relationships with great care, as in marriage.”

“Eat your own cooking (i.e., be your own best customer).”

“If you can’t keep your mind off your business, you’re doing something right.”

“Being cheap is a virtue, not a social disease.”

“The customer is not only always right, but pretty smart too.”

“Don’t give up. If you do, change your mind the next day.”

MORE ON ENTREPRENEURSHIP PROGRAMS: eentrepreneurship.com
in depth: corporate reputation

Integrity
Reputation
Trust
The School’s faculty on how to maintain a good reputation in an era of corporate mistrust, instant global communications and social networks.

By Rochelle Broder-Singer | Photography By Tom Salyer
“Much more so today, reputation management becomes an important part of risk management,” says Joseph Johnson, an associate professor of marketing at the School of Business. He points to the downfall of the financial sector, where 200-year-old banks were swept away in just a few months when their reputations went downhill. “When something bad happens to a big firm, markets really punish you,” he adds.

Consider Toyota. Once revered as the leader in automotive quality, the company has recalled some 8 million vehicles in recent months, following complaints about uncontrolled acceleration or malfunctioning brakes. When the problems were revealed, the company tried first to blame them on improperly installed floor mats, then on one of its parts suppliers. By the time Toyota got around to taking responsibility, its reputation was so damaged that some say lost sales and the repairs it must make could cost it some $2 billion this year.

The School’s faculty experts on branding, trust, finance, leadership and management all look at reputation from different perspectives, but they all agree: The bottom line is that any company that is not concerned about its reputation should be. Reputation has an impact on everything from the choices consumers and businesses make about which products and services they buy, to employee retention and recruitment, to a company’s access to and cost of capital. Investors are more likely to put money into a company they consider reputable, employees are more motivated when they hold the company in high esteem, and consumers like to buy from companies they trust. A good reputation, says the School’s experts, boils down to this: Do what you say you will do, be what you say you are, and deliver on the expectations you set.

**IT BEGINS WITH TRUST**

While reputation was once simply built on the perceived quality of a company’s products or the competence of its services, today it is far more abstract, formed in part by such factors as the interactions people have with a company, trust in a company and its management, and the reputation of company leadership. In addition, reputation derives from what people say about a company — and with the advent of social media such as Facebook and Twitter, that means anyone can join the conversation.

Companies concerned with earning a good reputation, maintaining that reputation or repairing it when something goes awry need to keep all of these factors in mind, but the foundation is trust. “In times of economic uncertainty, and in the face of these Ponzi schemes and all sorts of other things where people feel duped, reputation is based on trust,” says School of Business Dean Barbara E. Kahn. Indeed, research by the Edelman Trust Barometer, which surveys opinion leaders about their attitudes toward corporations, found that Americans view trust and transparency as more important to corporate reputation than the quality of products or services.

But trust can be difficult to pin down. Generally, it is defined as the trusting party having confidence in the trusted party’s competence, benevolence and integrity, says Chester Schriesheim, University Distinguished Professor of Management. He breaks those three components down further: Competence is the perceived ability to accomplish or help accomplish goals that are important to the other party; benevolence is the sense of having

**STEPS TO REPAIRING TRUST**

To repair a damaged reputation, a company must restore trust by signaling remorse, usually through apology, explanation and/or paying a price. Cecily Cooper, an assistant professor of management, outlines steps to repairing trust:

- Admit that the company (or the CEO) is responsible.
- Signal repentance by paying a price, generally financial compensation and/or a sincere apology.
- Enact a future-oriented response signaling similar acts will be prevented. —R.B.
positive or helpful intentions toward the other party; and integrity is seen as congruence between words and deeds. To establish trust and develop a good reputation, a company generally must develop a relationship with its customers, and the relationship has to be dynamic, meeting their needs as they change. “You’re seeing reputations that are based not only on understanding customers but also on understanding customers over time,” Kahn says.

Juliano Laran, an assistant professor of marketing who studies consumer behavior, agrees. “Consumers will trust the companies that try to develop relationships with them,” he says. “You do that by doing exactly what customers want, [and then] do more than expected.”

Consumers who repeatedly have good experiences with a company will give that company a lot of leeway when it comes to potentially damaging transgressions. “Once we feel like something is really to our benefit as a consumer, we start looking for the positive aspects of everything and just hide the negative information,” Laran says. “People will actually become blind to these lapses.”

THE RISE OF THE CELEBRITY CEO
A company’s reputation is also influenced by the character of its top executives, who are increasingly public figures whose private lives matter. “Do perceptions about an organization’s leader influence perceptions about the company as a whole? Absolutely,” says Linda Neider, the School’s vice dean for undergraduate business programs and a professor of management.

Having a well-known CEO can boost a company’s stock price and the business opportunities available to it. “The CEO’s fame, if you will, merges with the company and the company gets on the radar of important people, politicians, etc.,” says Patricia Sanchez Abril, an assistant professor of business law at the School. At the same time, some research indicates that a company’s bottom line does not necessarily rise with its CEO’s celebrity status. And, she cautions, “hitching a company’s reputation to one human being can be quite costly.” For example, Apple Inc.’s reputation is very much tied in with CEO Steve Jobs, whose illnesses during the past couple of years have created volatility for the company’s stock.

It’s not just the potential loss of a leader perceived to be integral to a company’s success that can affect reputation. Abril says people also look at a chief executive’s behavior in his or her personal life — for instance, doing drugs or spending lavishly — and wonder what that says about the person’s respect for the law, prudence, or how those activities might affect his or her decision making on the job.

THE EVOLUTION OF REPUTATION
Marketers have gone through a number of paradigm shifts during the past few decades, and that deeply affects how company reputations are formed, says School of Business Dean Barbara E. Kahn. Initially, she says, product attributes were the source of reputation. Corporations like Coca-Cola and Gillette had reputations based strictly on what they made. In the mid-1990s, as competition intensified, reputation began to require both a good product and a good understanding of the needs of the customer. It became more customer-focused, and marketers used approaches that appealed to their emotions. Customer loyalty became an important result of reputation.

Since then, economic uncertainty, corporate misbehavior, Ponzi schemes and other deceptions on the part of companies have all changed the way reputation is formed. Today, Kahn says, reputation is based on trust. Companies must understand their customers over time, they must form relationships with their customers, and they must earn and maintain their customers’ trust. How do they do that? In the simplest terms, says Kahn, “I think it’s what you are what you say you are and you deliver real value.” —R.B.
In times like this … reputation becomes more important and harder to maintain."
—TERESA SCANDURA

“After all the corporate scandals of the early 21st century, people are more likely to hold CEOs accountable for their private actions because the public is looking for evidence of the leaders’ moral fabric,” Abril says. “The law, in turn, is less likely to protect their personal lives because their moral fabric is legitimately newsworthy and affects important public issues.”

Teresa Scandura, a management professor, adds, “In times like this, I think reputation becomes more important and harder to maintain. Everything that a CEO does or everything that a manager does gets scrutinized.”

Perhaps no stakeholder is influenced by a chief executive’s reputation more than a company’s employees, say Neider and Schriesheim, who have done extensive research on leadership and reputation. The CEO’s reputation is strongly linked to how committed and engaged employees feel in their jobs. “Organizationally, there is no doubt the extent to which employees believe their leaders are trustworthy and ethical has an effect on their motivation and willingness to commit to the leader’s vision,” Neider says.

“The reputation of companies is so crucial, particularly to retaining and attracting top talent,” Schriesheim adds. They explain that over the past several years, the greed and corruption that have come to light at the highest levels of blue-chip companies have made employees cynical and given them what they describe as a “thirst” for authentic leaders. Authentic leaders, according to their research, possess integrity, humility and moral fortitude, and consistently practice the company’s — and their own — stated values.

Scandura, who is an expert in the relationships between managers and employees, stresses that for employees to hold their company in good stead, the entire management team, from the CEO on down, must be aligned with the company’s core values. And, she says, an individual’s direct manager can have an impact on the way that person perceives the company.

Managers can positively affect company reputation in several ways, Scandura says. One-on-one meetings with direct reports give them the chance to talk about the company’s values, listen to people’s concerns and respond appropriately. They can also build teams for special projects and give leadership roles to other staffers, offering them the chance to demonstrate those values.

REPUTATION’S NEW FRONTIER: SOCIAL NETWORKS

Management interaction with employees is one of the oldest ways of forming company reputation. The newest way is through social networks, a potentially scary frontier that includes blogs, Twitter and Facebook.

Certainly, social networks have been a boon to many companies, making them more accessible, says Abril, who has done extensive research on the topic. “When a big corporation can be your ‘friend’ on Facebook, all of a sudden it becomes almost human,” she says. It also lets a company stay in touch with its customers in a way that was not possible before.

At the same time, social media give a platform to anyone with something to say, reducing the control companies have over their reputations. “It is harder than ever for companies to manage their reputations online. That’s why an online presence is so important — you want an opportunity to monitor and react quickly,” Abril says.

To safeguard its reputation, a company must learn how to communicate through social media, says Dan Sarel, an associate professor of marketing who teaches courses on managing communications. Most
important, he says, is to understand that communication is a two-way street; a company needs to listen to what is being said in the blogosphere, the Twitter-verse, on Facebook, Yelp, TripAdvisor and elsewhere, and respond honestly and in a way that furthers the conversation, rather than tries to dominate it. Take people’s feedback seriously, he advises, because if a company is not honest or its response is just talk, the online world will quickly reveal it.

“Consumers are controlling the conversation,” Sarel says. “You need to learn to work with it and participate in this discussion. You can’t control it. You should listen to it, learn from it, and respond to concerns raised by participants.” There’s no magic bullet, though. The online world is constantly evolving, and companies must try different ways of communicating. Mistakes will happen, Sarel says, but companies should learn from them, change their strategy and move on. “Unless you know what is going on and unless you participate in the discussion, you are completely losing control of your reputation,” he says.

Sarel notes that a proactive approach to reputation management is key in today’s fast-paced, globally connected business world. And that’s not just in the realm of social networks — it should be an important part of every aspect of a company’s business. No matter how well a company communicates, if its service or product is not what the customer expects or is not delivered with a positive experience, its reputation will suffer.

“Reputation is really determined in every interaction the consumer has with an organization. Therefore, every employee’s responsibility is to contribute to that,” Sarel says. He recommends that an executive at an organization’s highest levels drive reputation management by taking a clear, companywide approach. “Internal communication across departments and functions is essential for ensuring a cohesive and consistent message,” he adds.

GETTING BACK YOUR GOOD NAME

Even the best-managed reputation may suffer bumps. When a defective part, lavish expenditures, a stock-options scandal, misuse of funds or worse damage a company’s reputation, fast action is required to restore it. The way to do that is to signal repentance by apologizing or paying a price in some way, according to Cecily Cooper, an assistant professor of management who has done extensive work in trust repair. “As an organization, you need to address what has happened in the past. So whatever it was that you did, you need to make that right.” Cooper says. Signaling repentance requires that the company pay a price — either a financial repayment, sometimes with additional compensations for actual or perceived harm.

Brand names are at the vanguard of reputation, but slogans can push consumers to rebel against the brands that use them, according to research by Juliano Laran, an assistant professor of marketing. “They don’t mind brand names, but they do mind slogans,” he says. Brands and brand names convey information about reputation, and consumers appreciate that. But if they think companies are trying to persuade them — for instance, through a pushy slogan — they feel threatened and come to distrust those companies, and react by trying to do the opposite of what the slogan says, Laran found. In one study, he looked at people about to make a purchase decision. When they were showed just a logo for a luxury brand, they tended to look for luxury products instead of cheaper ones. But when they were shown the slogan for the same brand, they went as far to the opposite as they could, looking for cheaper products instead of high-end ones. “Consumers realize that, in general, any marketing tactic is used to persuade,” Laran says. “But when they feel their freedom is being threatened and companies are making strong attempts to persuade them, consumers will do the opposite.” – R.B.
sation, or a verbal repayment, such as an apology. What’s important is that the company takes responsibility for failing stakeholders, investigates the cause of the failure (if not known), and is transparent in its communications.

In addition to addressing what occurred in the past, Cooper says that companies’ trust-restoration efforts should go one step further and include a future-oriented response. That often takes the form of a self-imposed monitoring system, such as a customer bill of rights or an oversight committee. “People have to believe that the company won’t re-offend,” she says.

Repairing reputation can be even trickier when the CEO commits the transgression. If the CEO is staying with the company, it’s important he or she initiates the signals of repentance and pays a cost for whatever went wrong. If the CEO is leaving, a company’s board of directors can initiate the repair effort — for instance, demanding a CEO apologize or return some compensation.

Schriesheim says that in order to restore its reputation and repair trust, a company has to address the specific component of trust that it is perceived to have breached. If it doesn’t, repair actions can be unsuccessful. Going back to Toyota, for example, the company’s early communications related to its recall were geared toward trying to convince people of its benevolence. “I think that in their case, they’re dealing with an issue of competence,” Schriesheim says. “They’re probably going to be best advised to communicate clearly that they have the technical competence to diagnose the problem, develop solutions and deliver them effectively. … Then they need to basically communicate the fact that they have integrity — that what they say … is what they actually believe in.”

**PUTTING A DOLLAR VALUE ON REPUTATION**

The consequences of not managing or repairing reputation the right way are significant: lost customers, wary investors, demoralized employees, derailed mergers and more. It’s clear that these consequences affect a company’s finances. But how exactly do you put a financial number on reputation?

It’s often easier to think about the value of a good reputation by looking at the potential costs of a damaged one. Elaine Henry, an assistant professor of accounting, presents one scenario: For professional services firms such as accounting firms or law firms, she says, “What they’re really selling is in large part their reputation, and that’s why the value of the company is essentially equivalent to the value of its reputation. If they lost their good reputation, the value of their firm would be zero.”

The rest of the time, though, it’s a lot harder to put a dollar value on reputation. In general, valuation...
combines future cash flows and a discount rate. For cash flows, a damaged reputation could hurt sales as customers go elsewhere, pressure margins as remaining customers would pay lower prices, and increase costs as the company recalled products or increased advertising. For the discount rate, a company’s reputation may also be reflected in its cost of capital. “Capital providers care not only about a company’s financial strength, but also about the quality of a company’s financial reporting and the trustworthiness of management,” Henry says. “Damage to a company’s financial-reporting reputation increases its cost of capital and, at the extreme, might even eliminate the company’s access to capital.”

There are other ways to assess the financial value of reputation. “Accounting statements cannot measure something like reputation,” says Johnson, who has tried to examine its effect on a company’s stock price.

In one study, Johnson and his colleague looked at what happened to companies’ stocks after Walt Mossberg reviewed their technology in his widely read Wall Street Journal column. They wondered whether his good reviews raised a company’s stock price and whether his bad reviews lowered it. They discovered that there is an effect, but it depends on the size of the company. When Mossberg gave a large company’s product a negative review, the company’s stock took a serious hit. But when a large company’s product received a positive review, there was very little rise in the stock. For small companies, it was just the opposite: a positive review caused a much larger jump in the stock price, whereas a negative review had very little impact.

The difference, Johnson believes, comes back to expectations. People routinely expect a good product from a large company, so the reaction when a product is perceived as inferior is much stronger. But they have lower or no expectations from a small company, so the company gets a stronger bump from a product perceived as good.

Of course, a stock market bump from a product’s good reputation can be temporary. The School’s experts stress that reputation is really formed over the long term. A company must build trust with all its stakeholders by delivering on and exceeding their expectations, then maintain its integrity and take responsibility quickly when things go awry.

According to Linda Neider, vice dean for undergraduate business programs and professor of management, and Chester Schriesheim, University Distinguished Professor of Management, the authentic leader:

- Understands his or her own strengths and weaknesses
- Shows humility
- Has moral fortitude
- Practices espoused values consistently
- Is open to learning from others and evolving over time
- Openly shares information
- Empower them
- Assume that employees do have something to offer

Other actions include creating multidimensional reward systems based on meritocracy and being open to changing your opinion in light of new information. Note that all of these actions are about doing, not saying. “Employees quickly assess the difference between rhetoric and authenticity, and from this, draw conclusions about a leader’s integrity as well as trustworthiness,” Neider says. – R.B.
What would have happened to housing prices if there had never been a real estate bubble spurred by overly loose mortgage lending? Or, more accurately, where should housing prices be if the only thing that affected them was the underlying fundamentals of the real estate market? Those are the questions that Andrea Heuson, a finance professor at the School, has tried to answer with a housing price model she created.

“It was obvious, both from some other academic research and from what people in the industry had said, that housing prices in a lot of areas had deviated from whatever their historical fundamentals were,” Heuson explains.

Her research is based on correlations that occurred before the bubble. She refers to that period of increased flow of mortgage credit as a structural shift that caused housing prices in some areas to diverge from their underlying fundamentals. The model predicts housing prices based on these factors:

- Population growth
- Per-capita income growth
- Unemployment rate
- The national 30-year mortgage rate
- The value of the U.S. dollar relative to other currencies
- A 1997 change in tax laws that allowed homeowners to avoid taxation on the first $500,000 of capital gain on the sale of their home

Heuson’s model predicts “what would have happened to house prices based on income, unemployment, mortgage rates and all those factors, without the structural shift,” she says.

These charts show the difference between median housing prices and those predicted by Heuson’s model. They don’t show actual prices, but the index change starts from the baseline year of 1976, when the value in each area was set at 50.

Heuson says the indexes in Atlanta and Davenport, Iowa, appear not to have diverged too far from where her model predicts they should be, and are beginning to rebound. The index in Miami rose significantly, but is approaching the predicted level after a steep fall. And in New York City, she says, median prices are still significantly above what the economic fundamentals would suggest.
Making the Right Call
A STRATEGIC CALL-CENTER OUTSOURCING MODEL SHOWS COMPANIES HOW TO CUT COSTS AND INCREASE REVENUES.

Most organizations recognize that outsourcing their call-center operations can save them money. But few are aware of the potential for those call centers to generate revenue — for the largest firms, to the tune of millions of dollars.

Developing a structured, comprehensive approach to leveraging this revenue-generating potential was the idea behind recent research by Anuj Mehrotra, vice dean of Graduate Business Programs, and Hari Natarajan, assistant professor of management. Their paper will be published this year in Production and Operations Management.

“It all started with one of my master’s degree students in management science who now has a job at a Fortune 500 financial services company,” Mehrotra says. “He approached us to look at their routing of calls and scheduling at call centers.”

The student’s employer uses several service-delivery channels, including telephone transactions, which were being handled by a network of call centers dispersed geographically and with varying capabilities, costs and revenue-generating opportunities.

Telephone transactions typically account for about 30 percent of a financial services company’s total customer interactions. While companies have traditionally treated their call centers as cost centers, they are beginning to see that a call that requires interaction with a customer service representative has the potential to turn into a sale. “Once you realize that, you should be evaluating your call centers not only in terms of how much it costs for you to run them, but also in terms of how much revenue they are able to bring to you,” Natarajan says.

Mehrotra and Natarajan recognized that the challenge for companies was in building a network that would best distribute the various types of customer service calls — upward of 100 different types — and volume among the selected vendors. Doing so would save money by processing calls more efficiently and by sending the callers whose profile offered the possibility for upselling to the most appropriate agents.

The two professors set out to find a mathematical model that would take into account the complexities inherent in a company with large-scale operations. Mixed-integer programming, which is a mathematical framework to represent linkages between business decisions, data, constraints and specific business goals, emerged as the right choice. They developed a novel mixed-integer model that provides an integrated approach to selecting vendors, call distribution and agent scheduling, and that is robust enough to have a wide applicability.

They ran a simulation using data from the financial services company and went through several iterations. “Our results were consistent with what we expected,” Natarajan reports. “We can conservatively estimate a savings of 10 percent.” That represents a significant economic gain for big financial services firms, with their large-scale call-center operations. Such firms regularly spend hundreds of millions of dollars on outsourcing these services.

The researchers are confident their findings have larger implications. “These sophisticated mathematical models are becoming increasingly important in all businesses, from financial services to health to travel,” Mehrotra says. “In the very near future, there is no question they will all be using these methods. The winners and losers are going to be decided not by who is using it, but who recognizes it first.” — Jill Colford
Wall Street Analysts’ Popularity Contest

Visibility and reputation are more important than performance, according to recent research.

Two of the country’s most prestigious rankings of Wall Street analysts — the kind of accolades that turn stock-pickers into stars — are based more on the analysts’ popularity than on their performance, according to research by Douglas Emery, chair of the School’s finance department and Bank of America Scholar. His paper on the topic was published last year in the Journal of Financial and Quantitative Analysis.

“In these rankings, we’ve found that visibility and reputation are more important than performance,” Emery says. The annual lists of the top equity forecasters in the U.S. are revealed in two separate publications covering the investment industry: Institutional Investor and The Wall Street Journal. Institutional Investor has been bestowing praise on analysts longer, and was often criticized for its selection process, Emery says. The Wall Street Journal even published opinion pieces denouncing the magazine’s work — until editors there started compiling their own list. “There was a general feeling in the investment community that these rankings were based on popularity,” Emery says. That prompted his investigation, which produced findings that show that both rankings are skewed. “That was a surprise,” he says.

Emery examined more than 11 years of picks from among more than 6,000 analysts — many of whom never made either list — and noted how many recommendations each issued and the ratio of the buy to sell suggestions, as well as those stocks’ risk levels. He considered the size of the brokerage firms where the analysts worked, the reputation of the firm’s initial public offerings and the accuracy of each analyst’s predictions.

“We also looked at a fairly involved measure called the information ratio, which tells you how informative each recommendation is,” he adds. While he concluded that both publications were selecting the best-known analysts, they had different strategies for overlooking the most accurate ones. Institutional Investor, for starters, repeatedly praises the same celebrated people from recognized brokerages. In fact, Emery found that about 70 percent of those chosen reappeared the following year, while those who fell off the list either had a blatantly obvious number of mistakes or had left the industry. “It’s like a country club,” Emery says. “Once you’re in, you’re in.”

On the other hand, The Wall Street Journal concentrates on selecting those with high performance records. But the newspaper also imposes restrictions that work to disqualify a big portion of lesser-known, yet highly effective, analysts. For example, to be considered for the paper’s rankings, a forecaster has to cover two companies of a substantial size — of either the Fortune 500 or 1000 variety — which is typically done only by those employed at large firms. So, while Emery found that a number of analysts tracking smaller companies at boutique firms hit the mark more frequently, they rarely saw their names on these prestigious lists. The rankings were instead filled with the best-known, most frequently quoted and most highly celebrated analysts. “Think of it like a tournament,” Emery says. “There were lots of people who were not invited but who actually outperformed those who were allowed to play.”

The incentive for these publications to glorify only the industry’s most popular analysts? It’s difficult for a spectator to pinpoint, Emery says. But the research findings may serve as a warning to individual investors who might otherwise put weight in these analysts’ words. Rather than follow a single forecaster’s market moves, Main Street stock watchers would do well to stick to the broad diversification strategies offered by mutual funds or index funds, Emery says. “Take a position and hold for long periods of time, using a relatively passive strategy,” he adds. “Because of the economic activity beneath the stock price, the market, on average, brings positive returns.”

— Brett Graff
The Mother Lode of Invention
FOR HIGH-TECH COMPANIES, MERGER SUCCESS MAY BE TIED TO THE ‘COMPLEMENTARITY’ OF THEIR KNOWLEDGE.

WHEN CONSIDERING MERGER PARTNERS, many companies look for businesses whose areas of expertise relate closely to their own. After all, if you’re familiar with the same concepts and technologies, you’ll likely be able to share knowledge and work together successfully.

But high-tech companies in particular should be looking for complementary knowledge — technologies, approaches and fields of inquiry that are similar to their own and also expand their existing knowledge base. That’s according to research by Marianna Makri, an assistant professor of management at the School; Michael A. Hitt, distinguished professor at Texas A&M University; and Peter J. Lane, associate professor of strategic management and technology at the University of New Hampshire. The research will be published in the June issue of Strategic Management Journal.

“Past research on M&As has focused on knowledge relatedness,” Makri says. “We wanted to develop a model of relatedness and post-merger invention performance that also considers complementarity.” In fact, the researchers developed a method companies can use to quantitatively assess the knowledge complementarity of potential merger or acquisition targets.

Makri and her colleagues looked at nearly 100 M&As among high-tech companies in the pharmaceutical, chemical and electronics industries. She focused on deals designed to combine knowledge (excluding those motivated by financial synergies or intended to provide access to new markets), and considered two types of knowledge: science and technology. Science knowledge is concerned with basic research that doesn’t necessarily have a practical application. Technology knowledge involves applied research with a commercial objective. Both facilitate a company’s ability to develop new products and processes, Makri says.

Makri determined whether merging companies’ had similar or complementary science knowledge by comparing the overlap in the research communities in which they published. She measured knowledge similarity and complementarity in technology by reviewing patent filings.

Invention — the solution to a scientific puzzle or the development of a technology not yet exploited in the marketplace — was the key post-merger performance indicator Makri considered. She differentiates that from innovation, which is the exploitation of an invention through product development, manufacturing and marketing.

All the mergers studied were completed in 1996. Makri compared the quantity, quality and novelty — that is, the transformational nature — of inventions in the three to five years following the mergers with that of the three years preceding. She found that when both science and technology complementarity were high, such as when Baxter International acquired Immuno International, the merged companies achieved the highest level of invention quality, as measured by looking at the extent to which the merged companies’ patents were cited in other patent applications.

On the other hand, when science and technology knowledge similarity were low, as in Boston Scientific’s acquisition of Symbiosis, invention novelty was high. Makri determined invention novelty by measuring how much the merged companies’ patent portfolio extended into new areas. Finally, while knowledge similarity had a negative affect on invention novelty, it had no effect on invention quantity or quality.

Overall, the research suggests that acquiring firms in high-tech industries should identify targets that have complementary science and technology knowledge. It also introduces an objective measure of knowledge relatedness that allows merging companies to better assess their invention potential.

Makri points out that companies tend to focus on the financial status of acquisition targets, but don’t often think carefully about the integration potential of their knowledge platforms. She suggests that managers and boards of directors would be wise to evaluate the similarity and complementarity of both science and technology knowledge. “Quantitative assessments of science and technology complementarity using the measures developed in our study can help identify the best acquisition targets for enhancing invention quantity, quality and novelty,” she says.

— Eric Schoeniger
December Commencement

Hollywood actor and wrestling champion Dwayne Johnson (BGS '95), addressed the December commencement audience, which included more than 100 graduating undergraduate students from the School of Business and more than 125 from the Full-time MBA, Executive MBA and MBA for Working Professionals programs. Johnson (top left, with UM Trustee Dany Garcia, BBA '92) exhorted the graduates to seek out lives of “inspired action.” Afterward, the graduates and their guests celebrated with a reception outside the School.

Homecoming 2009 and Alumni Weekend
Friday–Saturday, Nov. 6–7

Alumni returned to the “U,” celebrating at the annual Homecoming parade and football game, as well as at Friday night’s annual Alumni Avenue block party.

Homecoming/Alumni Avenue celebrants included: Patricia Herbert (BBA ’57) and Allan Herbert (BBA ’55), who proudly wore their Iron Arrow jackets, Denise Mincey-Mills (BBA ’80), a member of the President’s Council, Dean Barbara E. Kahn and Dennis Lingle, president of Lingle Investments, at the Homecoming football game, Alumni Association President Pat Barron (BBA ’75), first vice president and chief operating officer of the Federal Reserve Bank of Atlanta, and his wife, Martha, at the football game with Dean Kahn, Iron Arrow member Johan Ali (BS ’96, MBA ’01) and Tamara Ali (BSIE ’04, MBA ’06, MSIE ’09).
HOLIDAY RECEPTION
Dean Barbara E. Kahn and her husband, Robert Meyer, hosted a holiday reception at their home. Guests included (left-to-right): 1 Jeanette Slesnick of Slesnick & Associates and Coral Gables Mayor Donald Slesnick, with Dean Kahn. 2 Obdulio Piedra, Miami-Dade market president for Great Florida Bank; Amelia Rea Maguire, the School’s associate dean for external affairs; and Bernie Navarro, president of Benworth Capital. 3 Obdulio Piedra; Bernie Navarro; Adriana Verdeja, UM development director; Dean Kahn; Noelia Moreno, president of the Latin Builders Association and owner of Moralmar Kitchen Cabinets; Liz Lamar of Britto Central; Andres Correa of the Latin Builders Association; Associate Dean Maguire; and Rudy Pittaluga, vice president at Deloitte.

SORKIN BOOK SIGNING

LCD TV DONATION
School of Business sophomore Adam C.J. Ziff donated two flat-panel television monitors to the School. “I wanted to make that area a more interesting place, so that people can keep involved in the School; they can know what’s going on and so they can start – if they’re not already – watching CNN or CNBC,” Ziff said. Video of Ziff: bus.miami.edu/businessmiami.
Thriving on Challenge

DANIEL M. MILLER, BBA ’02
HEAD OF INSTITUTIONAL EQUITIES, GABELLI & CO., RYE, N.Y.

It wasn’t just luck that caused Dan Miller to pass on a position at Lehman Brothers in New York City when he graduated from the University of Miami School of Business in 2002. Despite interning at the financial services firm for two summers, he instead took what he describes as “a once-in-a-lifetime opportunity” to work for legendary value investor Mario Gabelli. Shortly after Miller joined GAMCO Investors, Gabelli asked him to assist in reactivating the firm’s institutional equities business, an operation Miller now heads.

Lehman Brothers, alas, is no more. Perhaps the highest-profile casualty of the 2008 financial markets collapse, it made history as the largest U.S. bankruptcy ever. Miller, on the other hand, is doing just fine. During his tenure with Gabelli & Co., the unit has increased revenues more than 700 percent, he reports.

Miller manages many aspects of sales, trading and research — including new product development. One of the products his team developed is the Gabelli & Co. Focus Five, a quarterly report comprised of five of the firm’s best stock ideas. From its inception in January 2006 through the end of 2009, the Focus Five picks were up 133.8 percent, versus a decline of 14.6 percent for the S&P 500 over the same period.

Miller is also responsible for managing client relationships that represent approximately $200 million in public funds, endowments and family office assets. “In addition, I am leading a team that is tasked with developing our hedge fund business, the fastest-growing area of our firm,” he says.

Just thinking about that agenda is enough to leave most people breathless, but Miller thrives on it — even with what he admits is a challenging travel schedule.

With everything else Miller has on his plate, he nevertheless maintains ties with the UM community. “I try to remain as active and engaged as time will allow,” he says. “We make it a point to host a group of business school students at least once a year in our New York office, and I actively recruit undergraduates. We’ve hired seven UM students in the past couple of years, and we’ll have two more joining our firm in June, continuing our tradition of hiring the University’s best and brightest.” —Michael J. McDermott
PAUL F. PRINCIPINO (BBA ‘71) earned a doctorate in counseling and work-life studies and serves as a crisis counselor for the Veterans National Crisis Hotline. He recently celebrated his 36th wedding anniversary and lives in Rochester, N.Y.

FREDRIC G. REYNOLDS (BBA ‘72), retired CFO and executive vice president of CBS and Viacom, has been named to AOL’s board of directors. He is a member of the School’s Board of Overseers.

TIMOTHY SUMMERS (MBA ’78) joined Newbridge Securities Corp. as senior vice president and equity research analyst covering the semiconductor equipment sector.

RUSSELL R. VENTI (BBA ’76) was appointed division chief of the U.S. Coast Guard Auxiliary’s AuxCHEF division in its National Department of Personnel. Venti, who has been with the USCG Auxiliary for 22 years, is based in San Diego and works for bkm OfficeWorks.

1960s
ERIC I. BUSTILLO (BBA ’85, JD ’89) has been named regional director of the Securities and Exchange Commission’s Miami Regional Office. Bustillo was previously an assistant U.S. Attorney and chief of the South Florida office’s economic and environmental crimes section.

GARY EFFREN (MBA ’89) has been named president of Los Gatos, Calif.-based Akeena Solar. Effren was previously the company’s CFO.

ANGEL FERRER (BBA ’85) joined Citi Private Bank in Miami as director and senior private banker.

BYRON GLINTON (MBA ’87) has joined Eleuthera Real Estate in the Bahamas as its managing agent. Glinton is a licensed member of the Bahamas Real Estate Association.

JANICE B. GONZALEZ (BBA ‘85), president and CEO of Miami-based advertising firm JBG Communications, was recently honored at Business Leader Media’s annual Movers & Shakers Awards.

CHRISTINE HANLEY (MBA ’85, JD ’89) is principal of Christine D. Hanley & Associates, a West Palm Beach, Fla., law firm focusing on employment and labor studies and serves as a crisis counselor for the Veterans National Crisis Hotline.

HORSE SERVICE
John Brunetti successfully combined his love of horse racing with real estate.

Horseman of Hialeah
JOHN BRUNETTI SR., MBA ’52
PRESIDENT, HIALEAH PARK INC., HIALEAH, FLA.

JOHN BRUNETTI started living out his dream at the University of Miami in the 1950s, and continued it with his return to South Florida in 1977 to purchase the world-famous Hialeah Park in Hialeah, Fla. After spending years reviving the grandeur of the “World’s Most Beautiful Racetrack,” Brunetti encountered competition and discourse between Hialeah Park and the other racing facilities in the Miami-Dade and Broward county areas. This led to a discontinuance of racing in 2001.

After several years of continuing the real estate development of Hialeah Park, Brunetti was approached by Hialeah Mayor Julio Robaina and several of the area’s business leaders to consider reopening Hialeah Park, along with a destination real estate development at the racetrack.

“After much research, and armed with the enthusiasm of the citizens of South Florida and the obvious need for creating a business stimulus in the area, I undertook the challenge of a new beginning for Hialeah Park,” Brunetti says.

With the aid of the area’s legislators and the business community, along with a core of thoroughbred racing enthusiasts, Brunetti has begun the $750 million development of Hialeah Park. When complete, the park will include thoroughbred racing, quarterhorse racing and a state-of-the-art casino, along with one or more hotels and a major commercial business entity. Brunetti envisions employing as many as 5,000 people during construction, which should be concluded by 2020, followed by the permanent employment of upwards of 7,500 people for the operation of a world-class destination, business and entertainment center.

The years of operating a racetrack have not been a source of any great profitability, Brunetti says. “But, the appreciation of the land component, along with the other lands owned by my family in Orlando and Ocala, Fla., emphasize the confidence and belief we have in the present and future in the State of Florida,” he adds.

With most of the family now living in Florida, Brunetti’s two sons, John Jr., 48, and Stephen, 42, participate in the family’s business activities. The next generation includes John Jr.’s daughter, Courtney, and Steve’s son, Stephen Jr. “They show that our family is totally committed to South Florida for the long term,” Brunetti says.
Ready to Deliver Answers
JENNIFER CONNELLY, BBA '06
SENIOR, ASSURANCE SERVICES, ERNST & YOUNG LLP, MIAMI

Jennifer Connelly recalls the first day she walked into lecturer Juan Rodriguez’s introductory accounting class. “Waiting for us, on every desk, was a handout listing the top 10 reasons why life isn’t fair,” she says. Rodriguez also had the habit, when he asked a question of the class, of just turning and pointing at someone for a response. “He put people on the spot. If you didn’t know the answer, he ‘fired’ you,” Connelly laughs. “I took three courses with him, and I was probably fired several times in each course.”

But as humorous as the story is in retrospect, Connelly understands that Rodriguez (BBA ’62, MPrAcc ’02), a retired tax partner from KPMG LLP, was preparing his students for what life would be like when their jobs really were on the line. Today, Connelly is a senior in Ernst & Young’s Assurance practice. Her current focus is the hospital industry, where she works year-round assisting clients on the various aspects of their accounting needs.

“When you’re 22, right out of college and starting in this profession, you’re often sitting in front of controllers and CFOs of multibillion-dollar companies,” she says. “When they ask a question, you have to be able to deliver.”

Connelly comes from a family of accountants, and she felt her career path was never in question, although she did tack on a dual major in finance as a “plan B.” Her path to the University of Miami became settled when she visited UM while still in high school. Having been raised in a very small town on Florida’s west coast, she wanted to experience big-city living and clicked with Ellen McPhillip, assistant dean of undergraduate business programs at the School of Business.

During her time at the School, Connelly eventually became president of Peer Counseling, and was the student speaker at UM’s spring 2006 commencement. A summer internship at Ernst & Young led to a full-time position with the firm after graduation.

As the team leader for recruiting efforts at UM for Ernst & Young, Connelly regularly returns to campus for career fairs. Last year, the firm made offers to UM students for 18 full-time positions and internships. Seventeen of the 18 accepted. “Only one got away,” she laughs.

Accounting, says Connelly, “has been the perfect career for me. I enjoy the challenge of it. I enjoy the fact that I go to work every day and learn something new. It’s a profession that you get as much out of as you put into it. It has long hours, but I feel that the experience I’m getting out of those long hours is well worth it.”

Connelly is engaged to Sam Phillips (BBA ’06), who works at the Donlevy-Rosen & Rosen law firm in Coral Gables and attends law school at night.

Robert S. Benchley
North Texas chapter of Partnership for Philanthropic Planning. She is a member of the firm’s private client group and focuses her practice on federal estate and gift tax and trust matters.

Danielle Orcutt (BBA ’01) founded BE Green, an eco-friendly boutique that sells green products online. She currently lives in Stamford, Conn.

Scott A. Poulin (MBA ’91) has been named senior vice president, wealth management, for Miami-based Professional Bank.

Cindy M. Sanborn (MBA ’92) has been promoted to vice president and chief transportation officer of CSX Transportation, a Jacksonville, Fla.-based rail transportation company.

2000’s

Jeffrey Cohen (MBA ’07) has joined the Irvine, Calif. office of C.K. Cooper & Company as a senior research analyst in its health care research department. Cohen is also an adjunct professor at Lynn University, where he teaches economics and management.

Alexander Correa (AB ’08, BSBA ’08) is now a desk economist covering the Andes for the U.S. Department of the Treasury.

Gilbertson Cuffly (BBA ’02) was promoted to product manager, beverage at Sara Lee Corp.

Jean Paul Antele Dabdoob (MBA ’09) is the vice president of a Bank of America branch in Miami.

Jessica Friedman Raithel (BBA ’07) married Philip Raithel in 2009. She and her husband live outside of St. Louis.

Alexandra Garce (BS ’05) earned her Doctor of Osteopathic Medicine and Master of Public Health degrees from Nova Southeastern University, and is completing her residency at Mount Sinai Medical Center in Miami Beach.

Matt Harrison (BBA ’05) is author of the recently published book “The American Revolution,” which analyzes the development of ideas and technology as well as an ever-changing economy in the U.S.

Andrew Levine (BBA ’06, MBA ’08)

When an unexpected career opportunity in Panama’s Foreign Service presented itself last year, Álvaro E. Tomas didn’t hesitate. The Panamanian ambassador to Spain admits that throughout his extensive career in the business sector, politics piqued his interest.

“I love my country deeply and humbly. I was a staunch adversary and critic of the military dictatorship and participated actively in several presidential campaigns as a fundraiser, but I never had the opportunity or the desire to leave the private sector,” says Tomas, whose official title is Extraordinary and Plenipotentiary Ambassador of the Republic of Panama to the Kingdom of Spain.

The opportunity arose when Ricardo Martinelli won Panama’s presidential election in May 2009.

“As optimism swept Panama, I understood this was the moment to participate in forging my country ahead,” says Tomas, who formally assumed the diplomatic position in October.

Tomas studied law and political science at the University of Panama while simultaneously working in the financial industry to pay for college. To his surprise, he found endless opportunities in the banking sector, and put his law degree temporarily on hold to obtain a business degree.

He went to work in fiduciary and securities for the prestigious Morgan & Morgan Group of Panama, and completed his law degree after embarking on his Masters of Science in Professional Management from the School of Business, one of the School’s Spanish-language executive education programs. “I looked forward to the classes, the emphasis on leadership and the discussions on culture, politics and economic issues,” he says.

As ambassador, Tomas adroitly bridges the worlds of business and diplomacy. “Globalization has changed the world and the way we look at diplomacy,” Tomas says. “Diplomacy is less about formality and more about practicality. It is oriented more to business and commercial possibilities. Panama is not a diplomatic powerhouse, so I view this as an opportunity to attract foreign investments [and] tourism, and generate business possibilities for Panama.”

The best part of his job, he says, is sharing Panama’s rich culture and history at the same time as he adapts to Spain’s customs. “Panama is ‘Americanized,’ particularly its business practices, pace and schedules,” he says. “Panamanians move at a quicker pace — time is money. Spaniards have a different relationship with time. They live every day with gusto and at a less frenetic pace. I’m learning to relax and enjoy lengthy lunches and savor the gastronomic experience that is cherished by friends and coworkers here.” — Stephanie Levin
founded Audimated.com, an online social network for independent musicians and their followers.

SZE W. LIU (MBA ’04) is currently a partner in Knightsbridge Media, a Miami Beach-based niche publishing and new-media company focusing on education and health care.

YANIXIA MARTINEZ (BBA ’07) founded Louvet Watches, which sells fashion watches online.

MITSUHIRO MIYABE (MBA ’03) has been promoted to commercial director at Ricoh Latin America.

COLEEN MARY PETRIK (BS ’05) is a graduate student at Massachusetts Institute of Technology, and recently published her first authored paper in the oceanography journal Marine Ecology Progress Series.

LUIS SALAZAR (MBA ’03) joined the Coral Gables, Fla., law firm of Infante, Zumpano, Hudson & Miloch as a partner and chairman of the firm’s the corporate reorganization and bankruptcy department. He was formerly a senior partner with Greenberg Traurig.

EMILY SHAOFON PAN (BBA ’02, JD ’05) was named to the boards of Cincinnati Area Senior Services and the St. Joseph Home of Cincinnati. She is an attorney at Graydon Head & Ritchey, practicing in the areas of estate planning and trust administration.

JORDAN SOLOP (MBA ’08) currently holds a position in hospital management for the Cleveland Clinic in Weston, Fla., thanks to a connection he made as a student at UM.

LARS SOREIDE (BBA ’05) and LEIF SOREIDE (BBA ’01, MBA ’02) founded Soreide Law Group, based in Fort Lauderdale, in 2009. The brothers’ firm specializes in securities fraud stock loss recovery cases.

RAMON VESA (BBA ’02) has enrolled in the University of Miami School of Law’s Real Property Development program after practicing law for several years.

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In January 1994, after 13 years at PepsiCo, Fredric G. Reynolds was recruited by Westinghouse CEO Mike Jordan to help bring the Pittsburgh, Pa.-based company back from the brink of economic disaster. He quickly set about cutting costs, raising capital, divesting businesses and, ultimately, acquiring CBS Corp. to transform the staid conglomerate into one of the nation’s largest and most powerful media companies.

He served as CFO for the ensuing 15 years (from Westinghouse to CBS to Viacom and back again to CBS), until his retirement in August 2009. Reynolds, who is a member of the School’s Board of Overseers and spoke at the School in November as part of the Executive-in-Residence program, reflects on how he leveraged financial acumen to save and rebuild an ailing company.

**WE HAD TO TAKE** on a very tough task. Westinghouse was very overstaffed. We couldn’t maintain that level of employment. Within my first 90 days I realized that we had to lay off 10,000 employees. And we did. A number of businesses also had to be divested. We were fortunate that interest rates had been lowered due to the liquidity crisis and that strategic buyers were able to acquire those assets at a rapid pace and at a good value. Within nine months, we were able to bring our debt down from $11 billion to $6 billion. Then one day I was complaining to the former treasurer about something and he said, “If you think that’s bad, we’re distributing $50 million a month out of the pension plan because people are taking lump-sum payments.”
said, “That’s $600 million a year. The assets in the plan are only $3 billion. We’d better get a real assessment.”

It turned out that what we thought was a $1 billion underfunding of the pension plan ended up being a $3 billion underfunding. The plan’s assets were being depleted in part because, with the company in dire financial straits and getting weaker by the minute, everyone opted to take the lump-sum payment upon retirement. In 1994, we were third on the list of the most underfunded pension plans in America.

We jumped into action. Our pension real estate and other investments weren’t doing well because interest rates were falling. So we decided that the only way out of this mess would be to invest 85 percent of our assets in equities. It was a risky bet and was a radical departure for Westinghouse. We eventually convinced the board about that, and it’s one of the decisions I’m most proud of.

After we dodged the bullet with financial services in 1994, Mike Jordan and I said, “Now we have to think about how to grow.” We needed a high-margin, low-capital-intensive business, as our balance sheet was still too fragile to support capital-intensive businesses. Within the conglomerate group was a little division called Group W, made up of five TV stations and 17 radio stations. The margins in that business were 35 percent, and we probably spent less than $10 million a year in capital.

QVC’s Barry Diller had recently tried, and failed, to buy CBS Corp., so I told Mike, “We should buy CBS.” The network and the seven corporate-owned TV stations and 21 radio stations were almost all complementary to the markets we were already in. Mike said, “I’m not sure, but let’s analyze it.” But we kept talking about it and eventually we decided to call Larry Tisch, CEO and the largest single shareholder of CBS.

We started negotiating with Larry in early 1995. Larry was all about price. We offered $66 a share, the same offer Diller had made, but he wanted in the $80s. It was frustrating, but I loved every minute of it. It seemed like we were in his office once a week for nine months trying to do a deal. At the same time, we were talking our board through the idea because, as you can imagine, they were still shellshocked from having come so close to economic collapse. They were saying, “You want to borrow $5 billion and go back to owing $10 billion again to be in the network business? We’re an industrial company.”

We eventually convinced the board and came to terms, agreeing to pay $82 a share in cash for CBS. It was more than we wanted to pay. But in hindsight, buying what would become the No. 1 network for $5 billion was probably one of the greatest acquisitions ever done.

After we signed the deal in August 1995, we had 30 days to raise $5 billion. We were already at a BB credit rating, and as soon as we announced the deal the rating agencies put us on a negative watch. We had the best treasurer, Claudia Morf, who had come from PepsiCo. We went to our banks to explain the logic of the acquisition and how we could repay the debt very quickly. We ended up doing the largest junk-bond bank deal ever. Today you’d have to add another zero to say that, back in 1995 it was unheard of to have a BB-minus-rated company raise $5 billion. There were such tough terms on it and such a high cost — nearly $300 million in fees, which was stunning — that I worried every minute of the day. We were basically betting the whole company. But by the end of the year we had sold the electronic systems and furniture businesses for $4 billion and $800 million, respectively, paying back almost all $5 billion within four months.

From there we went off on a mad rush to buy radio and television stations and production companies. Next, we decided that we needed a cable presence, so in 1999, we decided to merge with Viacom, which had MTV, Nickelodeon and all the cable networks. The cost savings were enormous.

Ultimately, we became one of the largest media companies in the U.S. When I joined Westinghouse in January of 1994, our market equity cap was $3 billion, we had $11 billion in debt, and the stock price was $8 a share. By May 4, 2000, six years later, our market cap was $78 billion and the stock was $75 a share.

One of the things I’ve learned over the years is that the key is management: You have to roll up your sleeves and know what is going on. We looked at three measures every day: ratings, the company’s heart rate; cash, how much came in, how much went out and how much we were going to collect and disburse; and sales, how much revenue was coming in. If you look at those things weekly, you are looking too late. You can’t influence them.

— As told to Jennifer Pellett
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