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  - January 2011 Global Business Forum
  - The School’s new Michael Grove-designed Miguel J. Fernandez Family Entrepreneurial Building
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COVERAGE ILLUSTRATION: DAN BEJAR
FROM THE DEAN

Looking Forward with Pride

AS MANY OF YOU may know, I am stepping down as dean of the School of Business Administration effective Jan. 15. I came to this decision reluctantly, after long thought and careful consideration. For personal reasons, I have decided to return to Wharton, where my husband is also a professor.

I have been honored to serve as dean since 2007, and I am proud of everything the faculty, staff, students, alumni and supporters of the School have accomplished during this time. Their work has been crucial to the School’s tremendous growth and strong position.

The School is well on its way to achieving global preeminence. It has strong leadership from the vice deans, department chairs and heads of academic centers. Business leaders from around the world serve on important advisory boards and participate in co-curricular activities. All of these leaders are extremely committed to the School, and will serve it well as it moves to yet another level of excellence in the years ahead.

Executive education offerings continue to expand, the new Miguel B. Fernandez Family Entrepreneurship Building will commence construction in 2011, and top faculty from around the world continue to join the School each year.

New global initiatives, including an executive MBA program in Puerto Rico, a Center for International Business Education and Research, the Global Business Forum and partnerships with leading business schools around the world have increased the School’s global reputation and offerings. New programs in real estate and health care are further cementing the School’s reputation in those crucial sectors. Other enhancements to the graduate and undergraduate curriculum, as well as a new PhD program, will further enhance the School’s growing reputation.

In 2010, we saw the School’s undergraduate program ranking jump to No. 57 in U.S. News & World Report’s “America’s Best Colleges” list, up from No. 71 in 2007. Our Executive MBA program is ranked No. 33 in the U.S. by the Financial Times, up from No. 42 in 2007, and our full-time MBA program is ranked No. 43 by Forbes. Also, critical to the School’s strategy, the faculty research ranking in 2010 jumped to No. 40 in the world, up from No. 58 in 2007.

I remain passionate about the University of Miami and the School of Business, and am a proud parent of a business school sophomore. I will continue to serve the School and the University in any way I can.

Thank you to all of you who have given your support to the School and to the work I have helped start here. I look forward to continued accomplishments.

— Barbara E. Kahn
bkahn@miami.edu

Mission Statement: The mission of the University of Miami School of Business is to provide an environment in which the creation and dissemination of business knowledge can flourish.
New Center Focuses on Business, Policy of Health Care
CENTER BRINGS TOGETHER RESEARCH, EXPERTS, COMMUNITY, AND COMPLEMENTS NEW UNDERGRADUATE MAJOR

ANSWERING THE call for advanced research and additional programs in health sector management and research, the School of Business Administration has established a new Center for Health Sector Management and Policy on the Coral Gables campus. The School also began offering an undergraduate major in health sector management and policy this fall.

The center builds on the School’s strengths in research and education in the health care sector. It is available as a research and academic resource for businesses and policymaking bodies, and to conduct and disseminate research. Through its expert speakers bureau, leading authorities in health sector management and policy offer their expertise on a variety of state, national and global health care-related issues.

In addition, the center offers open enrollment and customized health sector executive education programs. Among these is a business certificate program for physicians, the first of which was delivered in August through a partnership with the Florida Medical Association.

The center’s research and consulting services will help health care organizations tackle challenges in such areas as process improvement, supply chain management, economics, cost analysis, leadership, ethics and compliance, international policy and technology.

“As government agencies, organizations and businesses struggle with complex issues surrounding the cost and delivery of health care, the demand for thought leadership and training in health management and policy has never been greater,” said Steven Ullmann, professor of management and the center’s director. “We are impacting public policy, helping organizations optimize performance and shaping the future of our health care system.”

Dean Barbara E. Kahn noted that the center’s reach will extend beyond South Florida.

“This new center of excellence will play a pivotal role in helping businesses, governments and organizations — throughout the U.S. and globally — to find solutions to today’s complex health care challenges,” Kahn said.

New Major Anticipates Industry Growth
Adding to the School’s portfolio of health sector programs, the new undergraduate health sector management major prepares students for business careers in the health care industry, or to pursue advanced degree programs in health administration, health economics, medical sociology and public health. Coursework is designed to give students a thorough understanding of the specialized language, financing and politics of health care, and includes electives offered through the University’s College of Arts and Sciences and School of Nursing and Health Studies.

More than 16 percent of economic activity in the U.S. is in the health care sector, according to Ullmann, and the sector is expected to grow more than 20 percent over the next eight years.

“The launch of this new major in health sector management and policy is another important step in the School’s ongoing strategy to build on its core areas of strength, and in areas where we see a growing demand from our students and the business community,” Kahn said. “Part of our mission is to foster excellence in health care management education, policy and research, and this major, along with our other innovative health sector programs, helps fulfill that.”
International Business Center Finds a Home at the School

The federally funded center is one of three established this year in the U.S.

With a grant from the U.S. Department of Education, the University of Miami is establishing a new Center for International Business Education and Research (CIBER), which will be housed within the School of Business Administration. The center will conduct research and offer education and outreach programs designed to increase and promote the nation’s capacity for international understanding and competitiveness, particularly in the service sector.

“The service sector is the largest sector of the U.S. economy, and the fastest-growing sector of international trade,” said Joseph Ganitsky, research professor of management at the School and CIBER director. “This center will be an important gateway for business and government leaders, citizens, students and faculty to develop and strengthen their international competencies.”

UM’s CIBER is one of three new CIBERS to be established this year, among 33 that received funding. The federal government will provide $355,000 in the first year of the four-year grant cycle, for which UM has requested $1.5 million. The University will match the grant each year.

Faculty and students from all 12 UM schools and colleges will work with and benefit from 45 programs that CIBER will cosponsor.

Initially, the center has prioritized four international service subsectors for study: health care, financial reporting, infrastructure development and environmental sustainability.

BusinessMiami Gets Its Own Website

With this issue, we unveil a new website for BusinessMiami at bus.miami.edu/magazine.

You’ll find all the content from the current issue of the magazine, organized for easy online reading, as well as Web-exclusive content, links to more information about certain stories, additional photos, video and more.

The website is a work in progress, and we welcome your feedback and suggestions. Check back throughout the year as we add new content and features.

Multimedia:

- BP’s Shattered Reputation – Cecily Cooper, an associate professor of management and expert on trust repair, talks about oil giant BP’s tough road ahead to repair its image.
- Global Economic Forecast – Megatrends, insights for marketers and how businesses should react to trends, from Arun Sharma, professor of marketing.
- Leadership Minutes – The School’s faculty on topics from data mining to understanding statistics to decision making, and more.

At Facebook.com/umschoolofbusiness

Slideshows from commencement, the Jamaica Project’s most recent visit to that nation, orientation and more.

Responses from last issue’s Web poll: Do you feel your company’s leadership team sets a good example of ethical behavior?

At bus.miami.edu/magazine, Chester A. Schriesheim, University Distinguished Professor of Management, talks about the poll results, what they mean and how employees’ perception of managers’ behavior affects their work.
YPO Leadership Development Series Kicks Off
SESSIONS TARGET YOUNG EXECUTIVES

Do younger executives face different challenges than those of their older peers? Not necessarily, but how they handle those challenges was the focus of the first of a series of programs designed by the School of Business for the Young Presidents’ Organization’s Miami Chapter. Chief executives and board members under the age of 45 gathered at the School of Business for “Leadership in a Changing World,” a custom executive education program the School developed for YPO. The session focused on marketing leadership, strategic options in challenging economic times, emerging markets and leading through change. The Executive Development Series is part of an ongoing partnership between YPO and the School.

“YPO Miami is pleased to be embarking on this partnership with UM,” said Joanna Schwartz, YPO Miami’s vice education chair. “We are looking forward to our members’ participation in the School’s wonderful executive programs, such as the one that marked the start of our relationship.”

Making Connections
B-SCHOOL CONSORTIUM INCLUDES COLUMBIA, GEORGETOWN AND HARVARD ALUMNI

Alumni from the UM School of Business had a chance to mingle with alumni from the Georgetown, Columbia and Harvard business school clubs of South Florida on March 8 at the first B-School Consortium event, hosted by the School at Storer Auditorium. It was the first of several events that the group plans to hold each year. Michael Mauboussin, chief investment strategist for Legg Mason Capital Management, was the featured speaker, talking about the disconnect between the process for making good decisions and how the mind really works. Mauboussin is the author of Think Twice: Harnessing the Power of Communication.

“The School is a valuable resource for our alumni to engage in the business community,” said Laura Padron, the School’s assistant dean of development and stewardship. “We partner with other globally prominent business schools to offer this programming.”

The School approached alumni representatives at Georgetown, Columbia and Harvard about creating the consortium, with the idea that bringing together alumni from all four schools would yield strong networking opportunities. “We hope that our alumni feel we are making connections and opening doors for them long after they have graduated,” Padron said.

“We value their support and collaboration,” she added, referring to representatives from all three business schools. She and her team are working on hosting similar programs in other cities, including one in New York in partnership with INSEAD and Cornell University.
The Business of Health Care: Defining the Future

The stage is set for the University of Miami’s 2011 Global Business Forum, “The Business of Health Care: Defining the Future,” which will bring together influential leaders in the health care industry and government.

The three-day forum, which the School of Business is organizing, will be held at the University of Miami Jan. 12–14. A number of prominent speakers will join hundreds of professionals from a variety of industries for keynote plenary sessions, keynote addresses, nearly two dozen roundtable discussions, professional networking and more. Featured speakers include Jeffrey R. Immelt, chairman and CEO of General Electric; William A. Hawkins, chairman and CEO of the medical technology company Medtronic Inc.; Thomas M. Ryan, chairman and CEO of drugstore and pharmacy giant CVS Caremark; and Thomas M. Finn, president of global health care at Procter & Gamble. Two of the U.S. government’s top health care officials will also speak at the forum: Kathleen Sebelius, the U.S. secretary of health and human services, and Margaret Hamburg, commissioner of the U.S. Food and Drug Administration.

The cross-disciplinary Global Business Forum will bring together professionals from areas such as business, architecture, medicine, real estate, engineering, music, education and more. Attendees will be able to choose from panel discussions in six different tracks: economics and health care, the aging population, innovation (including biotechnology and telemedicine), wellness and prevention, global health issues, and health care delivery (focusing on what hospitals and health care delivery systems will look like in 2030).

“Leaders from all facets of the health care industry will be in one place during the Global Business Forum, allowing participants to exchange ideas, gain new perspective on the future of the industry and interact with key players from around the globe,” said Steven Ullman, director of the School’s health sector management and policy programs. “New industry giants and thought leaders continue to commit to participating as keynote speakers and panelists, and attendees from around the world are already registering to attend.”

Faculty and other experts from the School of Business will lead many sessions, as will those from schools across the University of Miami, including the Miller School of Medicine, the Rosenstiel School of Marine and Atmospheric Science, the School of Nursing and Health Studies, the School of Architecture, the School of Education, the Frost School of Music and the College of Engineering, all of which are organizing panel sessions.

This will be the University’s second Global Business Forum, coming two years after the first event, which brought together nearly 700 people to discuss the economic crisis and issues surrounding increased global connectivity. The 2011 forum is already drawing global health care CEOs and other senior executives, physicians, health industry analysts, consultants and attorneys, benefit managers and human resource directors, architects, planners and developers, medical equipment manufacturers and engineers, and many others representing business and government.

Key sponsors for the Global Business Forum include Blue Cross and Blue Shield of Florida and Bank of America Merrill Lynch.

To find out more about the Global Business Forum, including registration information, visit www.umglobalforum.com.
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- Jeffrey S. Landry, Chairman and CEO, Centurion
- W. Bruce & Rose Gay, Chairman and CEO, Mount Sinai
- Thelma E. Hyman, Chairman and CEO, Omnicare
- Megan Berde, M.D., Co-director, U.S. Food and Drug Administration
- Patricia A. F. Rizzo, President, Global Health Care, Freedom & Goode
- Ruby Reinstein, M.D., Senior Vice President, UnitedHealth
- Dennis R. Jankowski, President, University of Miami

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Committing to Action
THE CLINTON GLOBAL INITIATIVE UNIVERSITY GIVES STUDENTS A CHANCE TO IMPLEMENT COMMUNITY PROJECTS

More than 1,500 college students, university officials and representatives from youth organizations around the world joined former President Bill Clinton on the University of Miami campus in April to participate in the annual Clinton Global Initiative University (CGI U) conference. Among the dozens of UM students involved were two School of Business teams that each received $1,000 in seed money for “Commitment to Action” community projects they proposed as part of the program.

The nonprofit CGI U seeks to engage young leaders from college campuses to address global challenges. Before they can participate, students develop their Commitment to Action — a specific plan to address a challenge the world faces. In receiving the Commitment to Action grants, which were funded by the Office of the President, UM’s Butler Center for Volunteer Service and Leadership, and Florida Campus Compact, the two School of Business teams received special placement at the conference and were able to collaborate with other groups through plenary sessions, working sessions and skill sessions. Their proposals were selected from among 113 submitted.

“More than anything, I think CGI was inspiring,” said marketing major Jake Weinfeld, one of the students whose group received a grant. “You learn a lot of things, and to see how so many people from all these different countries are already doing incredible things was really inspiring for someone like me who just has a plan on a piece of paper.”

Weinfeld and economics major Natania Widensky’s project, “Alleviating Poverty through Experiential Education,” will provide a leadership and personal development class for ninth-grade students from low-income backgrounds. The class, modeled after a similar class Weinfeld helped create with the nonprofit Breakthrough Miami, will focus on public speaking and leadership skills, as well as fundraising. The students will be able to use the funds they raise to attend an academic summer camp at UM.

“Next for my project is meeting with various campus leaders, and then I’m going to start speaking up in all of my classes to get some good education majors involved to help me teach the class,” Weinfeld said. “We’re also going to start reaching out to schools to get students involved.”

Members of the School’s Hyperion Council also received a grant. The team was led by finance major Arthur Peersall Jr., accounting and finance major Hayley Donaldson (BSBA ’10), accounting major Naveen Kirpalani, and marketing and entrepreneurship major Jordan Chadsey. They plan to expand an existing Hyperion project that teaches essential business skills to Jamaican women. The Jamaica Project started with students and faculty traveling to the island nation to teach entrepreneurship skills to at-risk communities, but the group wants to expand the program to other countries. Their grant will help pay for the creation of DVDs and presentation materials that can be distributed and used for training.

Although the grant is very helpful, Donaldson says the most beneficial part of participating in CGI U was talking to other students. “They just brought up a lot of great ideas and questions and issues that we didn’t think of, and it was a great way to get feedback about our project,” she says. “Also, we met a lot of people who had outlets in Africa and other countries where they could use our project to help people there.”

Alumna Hannah DeLetto (BBA ’07) is CGI U’s event operations associate.

Students talk about their CGI U experiences:
bus.miami.edu/businessmiami
**Students Honored for Research Excellence**

FOUR ALSO RECEIVE GRANTS AND HONORS CREDITS

FOUR UNDERGRADUATES from the School received prestigious Honors Summer Research Program grants for 2010. The four grants are among approximately 10 awarded university-wide through a competitive process that includes a grant proposal submitted by faculty and interviews.

The grants went to senior Sara Michalski (mentored by Dean Barbara E. Kahn, professor of marketing), and juniors Robert Till (mentored by Edward Baker, chair and professor of management science), Katherine Schueller (mentored by Ana Olazabal, associate professor of business law) and Andrew Fernandez (mentored by Sundaresh Ramnath, assistant professor of accounting).

“Each student worked six to eight weeks over the summer, and many had already begun their research in the previous spring semester,” said Elisah B. Lewis, the School’s director of research and student support services, and facilitator of the Honors Research Program. Upon completing their project and a research paper, each student received a $1,500 stipend and three honors credits.

Michalski’s research explored the interaction between shoppers and packaging through visual cues. Till’s looked at options available for balancing environmentally friendly building design with costs and potential savings. Schueller considered airline practices concerning frequent-flier programs. Fernandez looked at company errors in reporting earnings per share.

Many students from the School participated in research throughout the year, including competing in the Annual Citizens Board 2010 Research, Creativity and Innovation Forum, for which they wrote abstracts, created display posters and gave presentations about their research. The Office of Undergraduate Research and Community Outreach and the Graduate School sponsored the university-wide competition, held April 6, and winners were named from each of the participating schools. The forum is designed to motivate students to engage in peer-reviewed research.

Three graduating seniors from the School were among the top business winners at the forum. Lindsey Morgado (BSBA ’10) and Charles Walker (BSBA ’10) won first place for their research, “Optimization Through Simulation.” Hayley Donaldson (BSBA ’10) took second place for her research, “Strategically Creating an Investment Portfolio in the ‘Down’ Market of 2009.” And Lisette Hichez (BBA ’10) won third place for her research, “A Global Perspective on Women Gender Discrimination.”

Supporting Jamaican Entrepreneurs

UNDERGRADUATE STUDENTS and alumni from the School of Business journeyed to Jamaica July 14-20 to support entrepreneurship there as part of the School’s ongoing Jamaica Project, which provides training to small- and micro-business owners. The project was started by the School’s Hyperion Council in 2008.

This year, students were supported by alumnus Pedro Fabregas (MSPM ’08), president and CEO of American Eagle Puerto Rico, the Caribbean, Bahamas and Florida, and a member of the School’s Board of Overseers, Fabregas, through American Airlines/American Eagle, provided crucial funding, including airfare and rewards for top performers in the program.

Students and alumni helped 39 members of a cooperative farm complete a three-month training program with six days of entrepreneurship skills sessions. They also helped farmers develop business plans to secure additional financing.

Lessons covered such topics as business operations, basic accounting, financial statements and marketing. “All these lessons we created and taught came from the skills and knowledge we learned in class,” said Aubrey Swanson (BBA ’10), who participated in the Jamaica Project this year and while she was a student.

Joining Swanson and current students Kalpesh Patel, Naveen Kirpalani, Colby Meyers, Jordan Chadsey and Jennifer Tang on the trip were Ellen McPhillip, assistant dean of undergraduate business programs; Michael Rios, director of administration and planning for American Eagle; Tracie Hoo-Glinton (BBA ’91, MBA ’93), regional sales manager for American Eagle Bahamas and Florida, and Evette Negron, regional sales manager for American Eagle.
New Program Fast-Tracks Master of Accounting

The school’s new Accelerated Master of Accounting (MAcc) program allows high-achieving students of accounting to complete both their bachelor’s and master’s degrees in just four and a half years, while making significant progress toward the CPA exam. Students who are accepted into the program, which begins this upcoming academic year, start their graduate work while they are seniors; some will be able to take the CPA exam during their four and a half years of study.

The Accelerated MAcc is offered in three tracks, each with distinct elective coursework: an assurance track for those planning to go into public accounting; a corporate track for those planning careers as controllers, chief financial officers or financial analysts; and a taxation track for those planning a career in taxation.

All the students have the opportunity to add an international designation to their degree. To earn the international designation, they must take additional courses in international business and complete one semester of study abroad and an international internship. They must also demonstrate fluency in a foreign language.

New Director Takes Reins at Ziff Center

MARY M. YOUNG joined the School in May as director of the Ziff Graduate Career Services Center. She replaced Alex Pons, who left to pursue other career opportunities. Young manages multiple aspects of career services for MBA students, including developing and implementing strategy.

Young has been involved with the School as a FIRST Step MGT 100 lecturer and civic engagement consultant to the undergraduate program. She is the immediate past IBM Americas Group Location leader for Miami, and spent 20 years with IBM. Before joining IBM, she held leadership positions at AT&T and Price Waterhouse Consulting. She holds a bachelor’s degree and an MBA from Millsaps College in Jackson, Miss.

A Winning Case

MBAS WIN TOP PRIZE IN SECOND ANNUAL ACG CUP CASE COMPETITION

A TEAM OF FOUR MBA STUDENTS won first place and a $10,000 prize in the region’s second annual ACG Cup competition, held March 25. The MBA case study competition is sponsored by the Association for Corporate Growth. The UM team beat out teams from Florida Atlantic University, the University of Florida and Florida International University.

With their winning presentation, Jordan Barrocas, Jarred Leibner, Jonathan Brackman and Robert Fishman — all first-year MBA students at the time — took the role of consultants for a private equity company in a hypothetical case where a family was looking to either sell or refinance the company it owned.

Fishman said the competition’s judges noted in particular that the UM team projected a high level of confidence, and he credited their intense preparation. “We spent some long nights together leading up to the final-round presentation. It felt like we were in an investment bank, and I remember at JP Morgan I had some nights like that where I would stay up late,” said Fishman, reflecting on his two years working at that firm in New York City.

The Association for Corporate Growth is a global association for professionals involved in corporate growth, corporate development, and mergers and acquisitions.

School of Business undergraduate rankings:

#57 overall and #24 for international business

SBA faculty share their expertise with media around the world

**Christian Science Monitor** – 8/13/10
An article about fear of Friday the 13th cited research by Ricardo Rodriguez, an associate professor of marketing, which found that stocks are more likely to lose ground on that day than on another Friday.

**Chicago Tribune** – 8/12/10
In an article about new research and high-tech tactics being used by retailers, Juliano Laran, assistant professor of marketing, talked about the ways subtle in-store cues can cause consumers to spend more, including showing a customer a full-featured product and asking which ones to eliminate, and using more sincere, detailed flattery. The only antidote, he said, “is being aware of these things.”

**Marketplace (NPR)** – 8/6/10
Andrea Heuson, professor of finance, gave advice for condominium purchasers who are using a law to get out of preconstruction contracts.

**The Today Show (NBC)** – 7/8/10
Dean Barbara E. Kahn offered insights into women’s grocery store buying habits and what they say about the buyer.

**SmartMoney.com** – 6/29/10
In an article on the Case-Shiller report that showed that home prices dropped again between March and April, Andrea Heuson, professor of finance, said that while it’s hard to say if home prices have reached an absolute bottom,

“I don’t think you’ll ever be ashamed to admit that you bought a house in 2010.”

**AOL Money & Finance** – 5/25/10
In a story on April’s jump in home sales, Andrea Heuson, professor of finance, attributed the jump to an expiring tax credit for homebuyers and indicated it could be short-lived: “It gushes out for a while, but when the pressure goes away, everything slows down again.”

**Nightly Business Report (PBS)** – 5/10/10
A segment on how framing information in different ways can lead to different investment decisions included comments from Howard Marmorstein, associate professor of marketing. The segment talked about how Berkshire Hathaway announced its first-ever stock split, dividing the company’s stock pie into more pieces. Marmorstein said the split could have given some investors the wrong idea:

“Individuals may not appreciate that a 16-inch pizza is the same, whether it’s cut into eight or 16 pieces.”

**The Miami Herald** – 5/1/10
In an article about whether states will opt to run federally mandated high-risk insurance pools themselves or allow the federal government to run them, Steven G. Ullman, director of the School’s Center for Health Sector Management and Policy, noted that, despite subsidies for policies, “they still may be priced so they’re not accessible to everybody.”

**Harvard Business Review** – 4/1/10
The magazine featured research by Michael Tsiros, chair and professor of marketing, that showed that retailers can increase revenues and profits by gradually increasing the price of discounted products, rather than returning to the regular price immediately:

“Retailers have been offering reductions of 60 percent to 80 percent, and stores can’t offer those discounts forever.”

**The Miami Herald** – 3/31/10
Douglas Emery, chair and professor of finance, offered insights into how drivers react to express toll lanes on Interstate 95 in Miami. He said the toll lanes are too crowded because,

“fundamentally, they’ve set the price way too low to force hard choices on commuters.”

**United Press International** – 3/24/10
An article picked up by media including the Times of India featured research by Juliano Laran, assistant professor of marketing, that reveals that American consumers buy healthier foods for themselves than they do for others: “One of the reasons the population gets more and more obese is that a lot of the food we consume is chosen by other people.”

**Reuters** – 3/11/10
In an article published by more than 60 news outlets, including The New York Times and The Washington Post, Chester Schriesheim, University Distinguished Professor of Management, talked about Toyota’s surge in sales despite its recall crisis. He said discounts are helping Toyota snag undecided customers:

“But they’re going to exhaust that pool ... and then they’ll find it harder in the longer term to raise the prices.”

**CFO.com** – 3/2/10
The website featured an article on research by Andrew Leone, chair and professor of accounting, about what happens to chief financial officers when a company has to restate its financials.

Leone’s research found that CFOs are more likely to be fired after a restatement when the company’s CEO is also its founder.

The research also found that fired CFOs from such founder-run companies were less likely to be the subject of a Securities and Exchange Commission enforcement action, and more likely to find subsequent employment.
Seeking Answers to the Issues for Audit Committees

CONFERENCE FOCUSES ON CORPORATE GOVERNANCE AND HEALTH CARE COSTS

In February, KPMG’s 6th Annual Audit Committee Issues Conference, hosted by KPMG’s Audit Committee Institute, was co-sponsored by the School of Business. The conference, a gathering of audit committee members of public company boards of directors, was held in Aventura, Fla. Kay Tatum, associate professor of accounting, and Hector Mojena (BBA ’83), KPMG’s managing partner for South Florida, helped organize the event, which marked the first time KPMG partnered with a university for the conference.

Speakers included UM President Donna E. Shalala and Arthur Levitt Jr., former chairman of the U.S. Securities and Exchange Commission, in addition to panelists from a number of top corporate boards, including AIG, Comcast, ExxonMobil, JPMorgan Chase, Microsoft and Oracle. Below are highlights from Shalala’s and Levitt’s talks.

Healing the Health Care System

Economics will drive change in the U.S. health care system, Shalala said. But while much of the dialogue about health care reform has been about coverage, not enough has been about cost containment, she said. Shalala, who was the Secretary of Health and Human Services during the Clinton administration, believes that electronic medical records and other technology spending mandated in federal economic stimulus packages will help. “For the first time,” she said, “we’ll see … what we’re spending money on, and we’ll have a better handle on our costs.”

Specifically, she said, savings will come from bundling of services for a single incident; tort reform that will lead to tests and procedures performed out of medical necessity, rather than as a precaution against malpractice claims; the use of store-based clinics; telemedicine; and outcomes-based compensation of health care providers.

Real innovation, though, will come from people outside the health care industry, she said. “It’s going to come from entrepreneurs and businesspeople who see the financial opportunities and want to get into the business, and I think that’s a very good thing.”

A Call for Continued Financial Regulatory Reform

Corporate governance has improved, but further reform will not happen without action by corporate board members, Levitt told the conference attendees. Levitt, a champion of financial regulatory reform, was the longest-serving chairman of the SEC, holding the position from 1993 to 2001. He is currently a senior advisor at the Carlyle Group, a global private equity investment firm based in Washington, D.C.

Levitt said boards’ regulatory structure must improve, as must their corporate structure—including membership requirements and bylaws.

“In general,” Levitt said, “I favor elements that improve transparency and accountability. Basic improvements, like giving investors access to the proxy, would push boards to be more proactive and more sensitive to investor concerns.”

But, he added, “only Washington can have a lasting and broad impact on corporate America, by setting far stronger standards for disclosure and transparency.”

— Rochelle Broder-Singer

“In general, I favor elements that improve transparency and accountability. Basic improvements, like giving investors access to the proxy, would push boards to be more proactive.”

— Arthur Levitt Jr., former SEC chairman

THE BLACK SWAN: THE IMPACT OF THE HIGHLY IMPOSSIBLE

NASSIM NICHOLAS TALEB

(RANDOM HOUSE; 2010)

“This unconventional book helps us understand how rare and unpredictable events shape society, with implications for business, investment and the economy. It’s a fun read, after which you will view the world differently.”

— Marc Junkunc, Assistant Professor of Management

THE AGE OF THE INFOVORE: SUCCEEDING IN THE INFORMATION ECONOMY

TYLER COWEN

(PLUME, 2010)

“This book describes the world’s rapidly changing information environment and how humans must change their behaviors to better process the diversity of information that is becoming available.” Highlights include a look at how people with autistic spectrum disorder are especially gifted in processing this information deluge.

— DJ Nanda, Professor of Accounting
In Advertising, a Shift in Power
AD MAN MILES NADAL ON THE FUTURE OF THE INDUSTRY

MILES NADAL is an international entrepreneur and philanthropist, and the founder, chairman and CEO of MDC Partners. Under his leadership, MDC Partners has grown into one of the world's 10 largest marketing communications firms; its holdings include Crispin Porter + Bogusky, kirshenbaum bond senecal + partners, Bruce Mau Design, henderson has, Redscout, Attention, Sloane & Company and others. During his recent visit as an Executive in Residence at the School, he shared with BusinessMiami how the advertising industry is changing. Below are excerpts from that conversation.

On a major shift in brand-building influence:
Over the past several years, there has been a dramatic change to what was traditionally known as advertising — radio, TV and newspaper advertising. There is a shift of dollars going from traditional media to things like interactive, digital, social media, public relations and experiential marketing. I think that’s happening because the brand-building pendulum has gone from influence from traditional media to persuasion from trusted sources. That’s why YouTube, MySpace, Facebook, Twitter, etc., are having such a profound impact — because of the interactive dialogue between the consumer and the brand and the consumer. … There’s this expression: “I know that half my advertising doesn’t work. I just don’t know which half.” Clients now are looking for measurability, targetability, and are looking to drive increasing return on their marketing investment.

On lasting beyond the downturn:
I believe that [this shift] was stimulated by the economic downturn, but I think now that the downturn is starting to recede … clients have started to be a lot more discriminating as to where they put their dollars and what return expectations they have. … If you can’t perform in that regard, you’ll perish. I believe that the old agency model is dead. And I think that you need to be in the business of using high-value-added marketing strategies to drive financial performance.

On the new advertising model:
The traditional model of yesteryear was that you had 15 percent for all paid media. So if a client spent $100 million, they’d pay you $15 million. That’s gone away and it was reintroduced as fees and retainers. … Now people are saying they’ll pay a certain amount of fees just for what you do, then they pay you for performance based upon predetermined metrics of success.

On the balance of power being tilted toward the client:
Right now the power is with the brands. The client has all the power because there’s more capacity than there is demand in the marketplace. So, if you want to work with the great marketers, you’re going to work basically on the terms that they will demand. … But, if you believe in your ability to produce high-value creativity that produces great results, then ultimately you should be prepared to put your money where your mouth is and have skin in the game. Great creative ideas that produce results will get rewarded. — Susannah Nesmith

Web Poll:
Will social media positively or negatively affect your business in the future?
Vote at bus.miami.edu/businessmiami
ORGANIZATIONAL BEHAVIOR AND HUMAN DECISION PROCESSES EDITORIAL BOARD Cecily Cooper, associate professor of management, joined the editorial board of Organizational Behavior and Human Decision Processes for the 2010-2013 term.

OUTSTANDING EDUCATOR AWARD The Academy of Management’s International Management Division gave John Daniels, professor of management, its Outstanding Educator Award for 2010. The award recognizes continuous excellence and innovation in promoting and teaching international management.

TOP DOWNLOADED PAPER A paper by Howard Marmorstein, associate professor of marketing, was on SSRN’s Top 10 download list for the journal CON: Psychology. The paper, titled “Structured Products for the Retail Market: Regulatory Implications of Investor Innumeracy and Consumer Information Processing,” will be published in a forthcoming edition of the journal.

DISTINGUISHED VISITING PROFESSOR A. Parasuraman, James W. McLamore Chair and professor of marketing, was a Distinguished Visiting Professor at Hamdan Bin Mohammed e-University in Dubai in March. During that time, he also delivered the keynote address at the 2010 Annual Quality Congress and awarded the “Parasuraman Excellence Research Prize” to a professor at King Abdulaziz University in Saudi Arabia. In addition, a paper he co-authored, “Crowd-Funding: Transforming Customers into Investors through Innovative Service Platforms,” won Overall Best Paper at the American Marketing Association SERV SIG International Research Conference held in Porto, Portugal.

Faculty Rated No. 1 in International Business

YADONG LUO NAMED WORLD’S FOREMOST INTERNATIONAL BUSINESS SCHOLAR

Yadong Luo, Emery Findley Distinguished Chair and professor of management, is the world’s foremost international business scholar, according to a study published in the March 2010 issue of International Business Review. The same study ranks the School of Business No. 20 in the world for international research, ahead of such elite institutions as Harvard University and the London Business School.

The findings are based on an examination of approximately 17,000 academic articles published between 1996 and 2008 in 29 international business journals deemed to be the world’s best by the researchers. The authors were ranked based on a formula that took into account the number of pages published by each author and each journal’s “impact factor.” In all, the study looked at articles published by nearly 4,000 authors from more than 1,200 institutions. Luo is ranked No. 1 on the list of the top 50 scholars from around the world.

“To be recognized as the world’s top scholar in international business is truly remarkable and is a testament to amazing research talent,” said Barbara E. Kahn, dean of the School of Business.

School Welcomes New Faculty

THE SCHOOL OF BUSINESS welcomes four new faculty members from leading business schools as well as the Federal Reserve System.

ALOK KUMAR  was appointed Cesarano Scholar and professor of finance. He had been an associate professor at the McCombs School of Business at the University of Texas at Austin. Kumar, whose PhD is from Cornell University, specializes in behavioral finance, empirical asset pricing, corporate finance and computational economics.

GEORGE KORNIOTIS  joins the School as an assistant professor of finance, following four years as an economist with the Risk Analysis Section of the Board of Governors of the Federal Reserve System. Prior to that, Korniotis, whose PhD is from Yale University, was an assistant professor at the Mendoza College of Business at the University of Notre Dame. His research areas include asset pricing, behavioral finance, individual investor behavior and risk management.

CHRISTOPHER PARMETER  was appointed assistant professor of economics. Parmeter, whose PhD is from Binghamton University, was most recently an assistant professor of agricultural and applied economics at the Virginia Polytechnic Institute and State University. His research interests include constrained nonparametric estimation and inference, application of hedonic methods, robust benefit transfer and growth empirics.

CLAUDIA TOWNSEND  joins the School as an assistant professor of marketing after earning her PhD from the Anderson School of Management at the University of California, Los Angeles. Her research interests include judgment and decision making, behavioral decision theory, aesthetics and product design in choice and self concept and consumer choice.
Jessica Staple believes Miami Marine Stadium can be brought back to life after 18 years of neglect. By adding a specialty retail center to the outdoor landmark, Staple (MBA '10) and the other members of her student team hope to revitalize one of Miami’s prime waterfront sites.

“We want to find viable uses to support the stadium,” says Staple, who also holds a bachelor’s degree in architecture and worked in historic preservation before enrolling in the School’s MBA program.

Designed by the Cuban-American architect Hilario Candela, the 6,566-seat stadium was the first purpose-built venue for powerboat racing in the U.S. The concrete open-air facility hosted concerts, political gatherings and other events for nearly 30 years until it was closed after Hurricane Andrew in 1992.

Last spring, graduate students in one of the School’s real estate finance courses analyzed three development strategies intended to bring people back to the historic site on Virginia Key near downtown Miami: a marine retail center, a marine business center and a marine museum. Undergraduate students evaluated their proposals. At the same time, an architecture class led by Jorge Hernandez and Candela examined how the stadium fits into Miami’s overall plans for Virginia Key. They were aided by city officials, local developers, members of Friends of Marine Stadium (a coalition to preserve and revive the stadium) and a leader from the World Monuments Fund, all of whom shared with the students the details of the site and the challenges facing any renewal project.

“This course provides a real opportunity for our finance students, who tend to be detail-oriented, to work with architectural students, who are more visual,” says Anuj Mehrotra, vice dean of Graduate Business Programs and professor of management science. “The result has been a...
collaborative approach that combines vision with practicality, developing plans that can actually work.”

The success of any of the plans depends on the students’ understanding of the local real estate market, notes Andrea Heuson, the finance professor who teaches the class. “That nitty-gritty analysis is crucial for any successful development,” she says. “We believe that the student plans will help generate private development opportunities. In five years, we hope to be able to drive out to Virginia Key and see their work.”

If that happens, the students’ work will have helped revive a site with local, national and international significance. Last year, the World Monuments Fund placed the Commodore Ralph Middleton Munroe Miami Marine Stadium on its “2010 Watch List,” calling it “both a South Florida landmark and an icon of modern design.” “This building is important to the history of Miami and to its future as well,” says Staples’ teammate Lek Jani, a second-year student in the Masters in Real Estate Development and Urbanism program in the University’s School of Architecture.

Joining the Public Process
Options for the 240-acre Miami Marine Stadium site, which includes a stadium, basin and marina, originated with proposals from local preservationists and developers. City planners reviewed the concepts — and the students’ numbers — this summer in developing recommendations for the master plan for Virginia Key. “All three student presentations are part of the public process,” says Don Worth, co-founder of Friends of Marine Stadium. “In effect, they are consultants who are providing solid information to the city.”

In April, Enrique Nuñez, chief of the urban design section of the city’s planning department, and Perla Gonzalez, a planner, attended Heuson’s class to see the three student presentations in person. “The students’ real estate finance work is extremely important and complements the architectural design proposals,” Nuñez says.

While the students gave city planners three different proposals, Heuson notes that some of the development concepts could be combined or adjusted in scope. “While [the marine museum] is a stand-alone commercial development, the retail-only scenario could also incorporate the Miami maritime museum in a future phase,” she says. “In any case, the students have helped to move the project forward while learning from each other. These pro-forma financial projections and site plans are valuable personal assets they will be able to take on job interviews in the future.”

Along with input from the Friends of Marine Stadium and other marine and environmental groups, the city’s planning department studied the student proposals in formulating its recommendations for the site. “Based on the information we are receiving, the Miami Marine Stadium area offers a great opportunity to generate money to operate the city’s marinas and support some of the … recreation amenities on the island,” Nuñez says.

Options Capitalize on Prime Location
Jani, Staple and fellow team members Daniel Chilgren, Bill Wilson and Chris Coutin made the development of a specialty retail center with an emphasis on outdoor recreation the focus of their proposal. “Virginia Key is a prime location for active-lifestyle and environment-based retail businesses,” Coutin says. “This would be oriented toward residents and visitors who enjoy the outdoors.”

Under their proposal, the site would be revitalized with 59,550 square feet of retail space just west of the stadium, while other areas would accommodate social and water-oriented recreational activities. The students estimate the single-story project would cost around $7.78 million, including building to Leadership in Energy and Environmental Design (LEED) Silver certification.

A second scenario envisions the creation of the Miami Marine Industry Center of America (MICOTA), a $37 million, 160,000-square-foot mixed-use facility that would provide exhibition, showroom and office space to manufacturers, builders and distributors of marine products, as well as a marine workforce training program and marine-related retail.

That concept comes from Manuel Alonso-Poch, founder of the Academy of Hearts and Minds in Coconut Grove, Fla., and a potential private developer. “We feel this could be a very good match with the marine stadium,” Alonso-Poch told the students. “It epitomizes the connection between people, water and business.”

In their presentation, business and architecture graduate students Alex Buzznego, Beck Daniel, Justin Guerra, Robert Siebken and Marina Sanchez McEvoy said the success of boat shows
in Florida indicates a strong market for a permanent marine industry trade center in a convenient, central location. “This would generate revenue for the city, strengthen the marine industry, create jobs, preserve a local historic landmark and develop within this environmental context,” Buznego said.

Taking a third approach, Rita Cabases, Juan Castro, Melissa Harrison, Olivia Ramos, Caroline Sand and Dipti Sharadendu analyzed the prospects for a maritime museum, a $150 million project suggested by the owner of a European marine manufacturer.

“Together, the museum and the Miami Marine Stadium will act as cultural anchors in establishing Virginia Key as an international waterfront destination,” the students said in their presentation.

The museum would showcase the history of boating through indoor and outdoor exhibitions. While Florida has a history of boating through indoor and outdoor exhibitions, there are none in Miami-Dade County. With an appeal to students in Heuson’s class. “It’s like the bones of your body — and those bones are still in good shape.”

Moving Ahead
On July 22, the Miami City Commission unanimously approved the master plan for Virginia Key, which includes the Miami Marine Stadium and Basin, as well as UM’s Rosenstiel School of Marine and Atmospheric Science and Miami Seaquarium. The plan, which has been under development for more than four years, points toward the creation of a multipurpose Miami Maritime Exhibition and Island Orientation Center, leaving open the options for potential development of that space.

As for the stadium itself, a study co-sponsored by the World Monuments Fund puts the cost of repairs at $5.5 to $8.5 million — well below initial estimates. That’s because its basic structure is sound, according to architect Candela. “When you look at the stadium, what you see is structural concrete combined with steel to create a sail-like sculpture that echoes the ripples of the water,” he explained to students in Heuson’s class. “It’s like the stadium project.”

Miami-Dade County has already set aside $3 million from a historic preservation bond fund to provide a matching grant toward renovation. Miami Mayor Tomás Regalado has made restoration of the stadium a priority for his administration. As Worth says, “While we still have a long way to go, there is excellent momentum for the stadium project.”
in depth: global management
Successful strategies for managing the business and cultural challenges of multinational teams, in an economy where all business is global.

By Rochelle Broder-Singer

Diversity itself … can bring increased efficiencies because you get a variety of ideas you wouldn’t have had otherwise,” says John Daniels, a professor of management at the School of Business who has worked in nearly 40 different countries during his career. “But it comes with a cost, in that people are coming with very separate agendas, [and there are] communication problems that go beyond the language, into such things as how people go about solving problems, for example.”
Even the most successful managers can falter when dealing with other cultures. “All these cultural quirks that make you less efficient than you were before can be very frustrating,” Daniels says.

Francia Baez, head of global diversity and inclusion for Visa and a former mentor at the School, recalls working with a manager who had been promoted from a post in Argentina to one in Ecuador. His strong personality and Argentina-centric Spanish didn’t mesh well with the culture in Ecuador, and the disconnect showed in the business unit’s results. “This was a high-performing, top-talent person coming with his own style and thinking that it was going to be OK because this had made him successful everywhere he had been,” says Baez, who co-authored a book on Latino culture in the workplace (Latino Culture: A Dynamic Force in the Changing American Workplace). Baez did an exercise with all of the manager’s direct reports to identify what wasn’t successful, then worked with him to help him make changes.

Being willing to learn from and about other cultures is one of the keys to successful multicultural management. People make mistakes, Baez says, when they “pretend that those differences don’t exist or that they know enough to get around. They think that they have it covered and can just wing it.”

**BE HUMBLE**

Among faculty, alumni and others who have worked both around the world and in the U.S. with people from other cultures, the most common piece of advice is to be humble. Assume that there is a lot you don’t know, ask questions, and realize that you will make some mistakes.

That can be a tall order for some students coming out of American business schools, according to Joseph Ganitsky, research professor of management and director of the School’s Center for International Business Research (CIBER). “At business schools, we encourage students to be strong, powerful and confident in themselves, but I don’t know if we teach enough about humbleness,” he says.

But it’s crucial, says William Werther, a professor of management who has taught and consulted in places like Portugal, Honduras, Chile, Germany and Switzerland over the past three decades. “A person has to be willing to be an observer, to be a student, and the first step is to really observe what it is people do,” he says.

Werther adds that it’s important to understand that other cultures approach business relationships, processes and rituals differently from the way you do — and that isn’t necessarily bad. “Accept that they’re different, and treat that more as a learning opportunity than a value judgment or criticism,” he says.

In his own international experience, Werther says one of the things that helped him the most was to assume that people were being rational, even when their behavior seemed irrational. “It’s often that they’re operating from a rational set — but a different set — of assumptions,” he
T R E Y  C L A R K

Werther recommends asking yourself which assumptions would make the behavior rational, then using those as a stepping stone to greater understanding.

That technique worked for Baez when she was training employees in Asia. She found that they weren’t actively contributing in training sessions. An Asian colleague pointed out to her that Asians tend to be very respectful of hierarchy and may feel it’s disrespectful to just speak their minds. Baez began calling on specific employees by name, and it turned out they had a lot to say — but only when directly asked.

RESPECT DIFFERENCES

“The common thread to developing relationships with diverse cultures is to approach other cultures with a deep respect for their knowledge, even though it is different than ours,” says Marta Alfonso (BBA ’83, JD ’98), a partner at the Miami accounting firm Morrison Brown, Argiz & Farra who works with intercultural teams around the world. Focus on the shared result, she says, and be more flexible about the tactics and means of getting there. “You realize that while business values may be approached differently, the end result is the same,” she says.

Jose Armario (MSPM ’03), McDonald’s group president for Canada and Latin America, takes a similar approach: he tries to keep in mind that, whether he’s dealing with an employee, a McDonald’s franchisee or a joint venture partner, the goal is to understand the local issues and challenges they are going through, while at the same time sharing McDonald’s best practices, he explains. It’s one of McDonald’s core philosophies of “Freedom within a framework,” which it applies to management practices and to the food, décor and service at its restaurants. The company never strays from its core mission and values, but it considers local laws, cultures and habits in all of its decisions, trying to provide as much flexibility as possible within the company’s overall framework. “Understand the culture, make some changes, but don’t lose your identity,” Armario says.

Ganitsky agrees that a set of common core values is particularly important when trying to bind people across cultures; it gives employees a common reference element and guiding principles. Ian Thurston (MBA ’02), marketing communications manager for Symrise North America, points out that managers need to make an extra effort to communicate company culture and those core values to employees in other countries, and take the time to hear from employees to make sure they understand the corporate values and culture clearly.

EXPATRIATES working overseas face unique challenges in terms of adjusting to a new culture and workplace, which contributes to high failure rates. In fact, studies show that as many as 25 percent of expatriate assignments end early, usually because adjustment proves to challenging for expatriates and/or their families. Mentoring relationships, though, may increase the likelihood of a successful assignment.

Terri A. Scandura, dean of the graduate school at the University of Miami and professor of management, and John Mezias, an associate professor of management, have been studying mentoring and expatriates, specifically the idea of having multiple mentors work with an expatriate, even before the cross-border assignment begins.

“Expatriates need multiple mentors more than most managers because the skills and experience that can help them adjust to challenges in each of the three stages of an expatriate assignment — pre-departure training, cross-border assignment and repatriation — are likely beyond the scope of one person,” Mezias says.

Such mentoring relationships can be formal or informal, and mentors can work for the same company as the expatriate or be employed by a different company. Mezias says that “the reality and complexities of life in organizations these days, particularly for expatriates ... really requires that they get help from different people with different skills.” He and Scandura are conducting further cross-cultural mentoring research to identify best practices.

— R.B.
But what happens when the corporate culture is in conflict with the national culture — for instance as it relates to bribery and corruption? What a U.S. company might consider unacceptable may be a normal way of doing business elsewhere. In that situation, says Armario, you need to be especially aware of your own values and the company’s values and stick to them. “When you’re opening a business, establish what you stand for and what your business practices are,” he says. In countries where such cultural conflicts exist, he adds, managers must invest extra time getting to know the people they are hiring and dealing with, to form strong relationships and be certain that those people share the company’s values.

Managing cross-cultural relationships often does take more time and effort than managing ones where individuals come from similar backgrounds. Thomasina Tafur (MBA ’01) found as much during the 20 years she spent working for FedEx. Tafur, who now runs a consulting company, recalls that in her last position, as FedEx’s senior manager, market council, one of her employees was Nigerian. She learned that he was used to a culture where women are treated as second-class citizens, which she felt made it difficult for him to work for her and to accept when she made decisions that were not in his favor. She spent a lot of time talking with him, explaining her thinking, positioning her response. “It is extremely time-consuming,” Tafur says. “You have to negotiate with your employees sometimes in order to maintain a relationship.” While her American instincts pushed her to be direct, Tafur recognized that in order to help this employee perform — and thus improve the group’s performance — she had to “be a little creative in the way you explain things or … position things,” she says.

Misunderstandings happen more easily in cross-cultural management situations, whether the parties both speak the same language or not. It is extremely important to clearly and explicitly communicate objectives to employees, then check to make sure they understand those objectives the same way that you do, Thurston says. “Actively listen to those to whom you are giving direction,” he adds. “Make sure they understand by having a two-way dialogue — not in a condescending manner, but in a way that both parties have the opportunity to ask questions.”

EASING THE WAY
Managing across cultures isn’t only fraught with perils. An expat manager, for example, brings his or her own views and ways of doing business to the table. Implemented carefully and sensitively, they can convey their own business advantage. “If you do everything the way the local company does things, you have no advantage over the local company,” Daniels points out.

But, Daniels cautions, “there’s a danger of being what we would call too
In 2007, Chris Colbert (BBA ’93, MBA ’97) had a front row seat as two giants of European industry spun off a joint venture to form a new company. Nokia Siemens Networks combined units from the German conglomerate Siemens and the Finnish mobile communications giant Nokia. Successful integration required combining two unique cultures. Siemens valued structure, process, control and hierarchy, explains Colbert, now Nokia Siemens’ global head of recruitment programs, based in Boca Raton, Fla. Nokia employees tended to have more autonomy, a flatter organization and “a little more free spirit.”

In seminars and through online forms, they all worked together to come up with a shared set of corporate values and ways of doing business they could each find comfort in. “It’s still something, three years down the road, that we’re struggling to work through,” he says.

Colbert believes the most important part of managing people from multiple cultures is recognizing that there’s more than one way to solve a problem. A German employee, for example, might tackle an assignment by making a flow chart, mapping out its stages and creating a formal project management scenario. A Finn, on the other hand, might jump straight to execution and build a network of people to help on the fly. “As a manager, you have to find a way to balance that and respect both opinions,” Colbert says. In this case, he explains, that means giving the German enough structure to operate comfortably, but ensuring the Finn doesn’t feel overburdened by too much methodology.

There was a big rebellion over that,” Schneider says. “They actually wanted to beat up the cooks.” He made sure the Italians were well fed after that. While it was a subtle thing, he learned a lesson: “In Italy, food is very important,” he says. “A bad meal can incur employee rebellion.”

THE REWARDS
Whatever challenges managers face in dealing with employees in diverse cultures, there are plenty of rewards too. Both companies and managers benefit
from the variety of perspectives and the learned ability to look at problems and opportunities in new ways. They can enjoy greater understanding of customers, open new markets and have a chance to bring the best talent in the world onboard. And there are personal benefits, too.

Armario, for instance, has had the opportunity to help McDonald’s partners and franchisees around the world grow. He is proud that he and McDonald’s have been able to set an example on matters like gender equality in the workplace. And his experiences have been personally valuable. “One of the most rewarding things about having worked around the world is that I can literally pick up the phone and call someone in perhaps 25, 30, maybe even 40 different countries,” he says. “You can learn something new every day.”

Don’t Get Lost in Translation

Growing up in the United States during the Cold War, Adam Goldstein imagined workers in communist China to be pliant and conformist. But as CEO of Royal Caribbean International, he’s found staff in the cruise line’s three China offices today to be among the most aggressive and capitalist.

“Our employees there are so intensely competitive that we have to teach them to be collegial,” Goldstein said at an April 20 forum at the School of Business titled “Managing Across Cultures.” The School hosted the panel discussion with INSEAD, the European international graduate business school known as a pioneer in international business education.

Goldstein and executives from McDonald’s, Cartier and FedEx all reached the same conclusion: It’s no longer a nicety but a necessity to manage well across borders, ethnicities and even diverse interests within a corporation, as business goes increasingly global.

Doing so is neither easy nor static, however, panelists stressed.

McDonald’s approaches the challenge largely by deferring to local people in each market. Headquarters sets standards for products and service systems, but locals handle the rest, from finding ways to motivate employees to choosing ads, explained Raul Alvarez (BBA ’76), a former president of the restaurant chain that derives more than 65 percent of revenues from outside the U.S. “To think you can compete in Europe without Europeans running your business is impossible,” Alvarez said. Innovations that cater to local market needs have made France McDonald’s most successful market internationally, followed by Australia and Russia.

But things still get lost in translation. Francisco X. Santeiro (MA ’04), a managing director for FedEx, recalled a meeting in Mexico where a local manager raised in Mexico’s more dramatic and hierarchal culture gushed repeatedly about how honored he was to have a top boss visiting from the U.S.: the female chief, or “jefa” in Spanish. The honored executive misunderstood. “If he’s calling me a heifer, I’m going to fire him,” she confided to Santeiro, who quickly clarified.

Economic differences also weigh in building a brand image worldwide. Christophe Maincourt, now Cartier’s president for Latin America and the Caribbean, recalled starting up boutiques for the French luxury goods maker in China in the early 1980s. The Chinese sales staff were not used to testing samples of expensive perfumes or offering samples. “For them, spraying a provincial customer was probably like pouring gold into a basket,” Maincourt said.

As business becomes more global, corporations must nurture talent worldwide. Gone are the days when headquarters could rely heavily on expatriates or “expats” from their home country to run operations overseas. Foreign experience is vital for American managers, but now, many companies also bring in foreign nationals or “impats” to headquarters to build multi-cultural skills for the group. “Cross-pollination is very important,” said Goldstein.

“It’s all about getting the best talent from wherever it’s at,” Alvarez said, “to produce the best results.”

— Doreen Hemlock
INTERNATIONAL IMPACT
POLITICS AND BUSINESS sometimes clash, but several graduates of the School of Business are finding that a background in business and economics can help build a career in public service. The president of Honduras, the tourism minister of the Bahamas and the former finance minister of Peru are among those who credit the School with lessons in analysis, teamwork, time management and, above all, the value of lifelong learning that have contributed to their success. They are among a growing group of alumni — including Alvaro E. Tomas (MSM’08), the Panamanian ambassador to Spain — who are bringing their business expertise into the government sector.

PORFIRIO “PEPE” LOBO
PRESIDENT OF HONDURAS SINCE JANUARY 2010

The first University of Miami alumnus to become president of a country, Porfírio Lobo (BBA ’70) says, “I’ve learned to never stop studying. It’s vital to stay up to date in a world where everything changes so quickly.” Born to a wealthy family of ranchers from Honduras’ ruling elite, Lobo started in politics as a teenager in a rough-and-tumble province. After earning his degree, he returned to Honduras to develop the family’s cattle and grain business. He also taught economics and...
English at a local institute for 11 years. In 1990, he was elected to Honduras’ Congress, and served as president of the Congress from 2002 to 2006.

In 2005, Lobo ran for president on the conservative National Party ticket. His campaign focused on creating jobs and fighting crime, including restoring the death penalty. He narrowly lost to Manuel Zelaya of the Liberal Party. When the army ousted Zelaya in June 2009 in a fracas over constitutional reform, Honduras convulsed. Lobo’s party voted in Congress to back the coup, but Lobo himself did not cast a vote and tried to stay neutral on Zelaya.

In November 2009, with the country still under army rule, Lobo ran for president again and won on a platform of national reconciliation and job creation — in Honduras, 70 percent of residents live in poverty. But mending the Central American nation of 7.3 million people has proved tough. Lobo has charged that many of the same wealthy elite behind Zelaya’s ouster now are plotting to remove him from office too.

At age 62, the embattled president harks back to the practical, real-world lessons he learned at UM in the 1960s. He recalls a professor noting that absolutes don’t exist; even during the Cold War, as capitalism and communism faced off, the U.S. government, not private business, owned and operated such vital projects as the electricity-producing Tennessee Valley Authority, the teacher said. Lobo has kept that in mind as he moves forward in Honduras.

But the most crucial way his business school education has influenced his work as president, Lobo says, is through what he learned about leadership. “You learn something very important,” he says. “You learn how to have relationships with other people, and that’s a very important part — the most important part — of leadership. If you don’t know how to manage relations with other people, you’re in trouble.”
Mercedes Araoz was touted as a future contender for president of Peru, her South American homeland of nearly 29 million people. She was the nation’s finance and economics minister — the first woman to hold that position — from December 2009 until she resigned in September.

Araoz is not one to skim the surface. In economics, she’s completed doctoral studies at the University of Miami, done consulting for the World Bank and Inter-American Development Bank, and still finds time to teach.

“A hard worker and deep thinker, Mercedes Araoz (MA ’91) is touted as a future contender for president of Peru, her South American homeland of nearly 29 million people. She was the nation’s finance and economics minister — the first woman to hold that position — from December 2009 until she resigned in September.

Previously, Araoz was Peru’s minister of foreign trade and tourism, and then production. Araoz is not one to skim the surface. In economics, she’s completed doctoral studies at the University of Miami, done consulting for the World Bank and Inter-American Development Bank, and still finds time to teach.

“The level of demands at UM has made me seek excellence in all I do. I’m not satisfied with Band-Aid solutions, but rather search for the root of the problem and strive for an optimal solution,” Araoz says. “And UM taught me, because the work load was so heavy, to manage time effectively.”

After leaving UM in 1993, Araoz worked as professor and researcher at her prestigious undergraduate alma mater, Peru’s Universidad Pacífica, specializing in international economics and trade. She later served as an advisor on trade negotiations with the United States, on her country’s competitiveness council and as president of its export promotion and tourism commission.

Araoz says team projects at UM helped her to value the importance of different perspectives in addressing problems. She continues to teach to remain close to academia, young people and the latest ideas from around the world in economics and other fields.

Working in government, Araoz says she drew on the economic theories and skills she learned at the School. But the 49-year-old also learned to adjust those models for variables too often underestimated in classrooms, especially legal and institutional constraints to economic policy.

“I would have liked to study more the relationship between law and economics, a course offered at UM back then,” Araoz says. “Nowadays, I work a lot with lawyers, and I think in general, it’s important to educate economists with a clear, interdisciplinary vision.”
IN HER OWN WORDS: MERCEDES ARAOZ

What lessons from the School have best served you in your career? I decided to study economics, because the field provides solid tools to understand social issues and contribute directly to development in my country. My work is based on the theoretical tools obtained by studying economics and the practical experience of applying those tools to the economic realities before me. That led me years back to get involved in public administration.

What advice would you give students today based on your professional experience? I’d suggest students follow their dreams and don’t give up in the face of adversity. If you set clear goals and work for them, you’ll get results. But you need to be passionate about what you do. In my case, the education I received helped lead me to one of the most gratifying jobs in public administration: to be a member of the cabinet. Passion has allowed me to move ahead. ... I also try to stay true to myself and my interest in youth, so that I can keep up with the new trends the globalized world offers. Even with all my responsibilities, I still teach undergraduates. I think if you’re organized, you can stay in academia, which is something that fulfills me. It’s fundamental to keep learning in life, to keep reading, to stay current with economics and interdisciplinary studies. That helps you stay creative and find solutions to problems.

What has surprised you in your professional life that is different from what you learned in class? At UM, I learned that economic models are a good base to understand reality, but they are not reality itself, and so we analyze specific facts and revise our models to adjust our predictions. But I’ve since found that sometimes we forget to adjust for other variables that are not economic in nature. For example, we don’t consider the legal framework that we work in or the institutions that constrain what government can do. —D.H.
VINCENT VANDERPPOOL-WALLACE
MINISTER OF TOURISM & AVIATION IN THE BAHAMAS SINCE JULY 2008

WORKING IN A TOURISM-DEPENDENT nation in the world’s most tourism-dependent region, Vincent Vanderpool-Wallace (MBA ’80) draws on a key marketing lesson he learned at the School: to see the world from the perspective of the customer. What do visitors to the Bahamas want? How can planners anticipate their needs?

He uses the rigorous analysis and “quant” calculations he mastered at the School, but also says he has realized that “because something cannot be easily measured does not mean that it is not very important.” Still, he says, “I find the business school experience to be quite useful in the political environment.” And, though he says public-sector work is much more difficult than private-sector work, with a bottom line that is harder to define, “it is the most satisfying phase of my working life.”

A Harvard undergraduate, Vanderpool-Wallace first put his MBA to work during 11 years at Resorts International (Bahamas), where he eventually rose to senior vice president.

He became the Bahamas’ director-general for tourism in 1993 — the youngest person to hold the post — and served for 12 years, while also sitting on boards of the Central Bank of the Bahamas and the Chamber of Commerce. He then moved to a regionwide role, spending three years as head of the Barbados-based Caribbean Tourism Organization and co-chief of the Caribbean Tourism Development Co., a group he helped create.

A passionate advocate for tourism, Vanderpool-Wallace is not inclined to run for higher office in the island nation of 300,000 people. “If you know our current prime minister, you would know that I have neither the skills nor the natural talent nor the patience for that job,” the 57-year-old says.

Instead, he is more likely to innovate or teach, using tools such as the Internet and social media that are now vital to international business but that were not available during his MBA experience. “Education and learning are lifelong processes,” Vanderpool-Wallace says. “Business school is merely the place to develop and hone the habits to facilitate those processes.”

“Education and learning are lifelong processes. Business school is merely the place to develop and hone the habits to facilitate those processes.”

—Vincent Vanderpool-Wallace

IN HIS OWN WORDS: VINCENT VANDERPPOOL-WALLACE

What did you learn at the School that you feel has helped you in your career?
There are lessons that have stood the test of time. One that is difficult for many is to try in marketing to see the world from the perspective of our prospective customers. ... It is only when one looks at products and services from the perspective of the customer that we focus on the urgent and important, instead of the true but relatively trivial. ... That focus is also the source of much creative thinking — by anticipating customer needs and providing for those needs before they have to ask for them, or even before they know that they might want them. There is also no diminishing the kind of quantitative analyses that business school introduced to our thinking. ... Often, once such an analysis is done, what once appeared to be a great idea is seen to require much more work.

What advice would you give business school students based on your professional experience?
I would advise them to be students of human behavior as much as they are “quants.” [For instance,] we conduct some research by observing people, then asking them about their likes and dislikes, only to find significant differences between their behavior and the way they answer the questions. Answers on questionnaires are often the way people would wish to see themselves instead of the way they really are. So understanding the sociology of human behavior is most important.

I have also come to understand the impossibility of acquiring perfect information before making a decision. But the concept of perfect information is quite valuable in terms of deciding what is important to be known in making a decision, then deciding how much of the information is at hand.

What has most surprised you in terms of how things really are in the workplace, versus what the School taught you?
I found the business school experience more affirming than surprising — it gave a sense of confidence that could not be found otherwise. ... To this day, I see much hesitation among people who have not had the business school experience, no matter how successful they become. They still seem to defer to people with that experience for the final word.

—D.H.
THE CHANGING HEALTH CARE LANDSCAPE, increased consumer spending on personal well-being, greater connectivity via mobile technology and a generation’s interest in social entrepreneurship — all these trends played roles in the various proposals presented in the 2010 University of Miami Business Plan Competition, sponsored by the School of Business Administration. So did the current economy, with the winning plans taking a tempered approach to raising capital in a struggling economy.

“None of them were typical venture-capital deals,” observes Ken Colwell, director of Entrepreneurship Programs at the School. During the dot-com boom of the 1990s, when investment money was easy and plentiful, startups would look to raise millions of dollars. Now, Colwell says, “these plans want to raise $100,000 to $200,000. And although they’re all for-profit companies, several have social goals that are as important as the financial goals.” Still, the winning teams readily accepted their cash prizes, which totaled $42,000.

Final presentations and judging took place April 9. In its eighth year, the Business Plan Competition attracted a diverse group of students beyond just those enrolled in the School of Business. “We had law students, a music student and two from the medical school,” Colwell says of the 2010 entries. “In fact, in the graduate category, MBA students were in the minority.”
The business plan for The ACAdvantage begins with a startling statistic: “on average, one in 91 children has autism, making it the most rapidly growing developmental disorder on the planet.” Caring for the estimated 1.5 million Americans who live with autism — a “spectrum disorder” that typically appears during the first three years of life and affects a person’s ability to communicate and interact with others — is an enormous daily challenge for their families. The ACAdvantage, the proposed startup that won the Grand Prize in the competition’s undergraduate category, seeks to ease that burden.

The business plan calls for The ACAdvantage to offer three tiers of care: essential companionship provided by professionally trained employees, nursing care, and autism-specific applied behavioral analyst (ABA) therapy for children. Most autism-care companies offer only one or two tiers. The three business school students who submitted the proposal believe their approach will allow The ACAdvantage (AC stands for autism companionship) to “emerge above competitors in the home health care industry, with high specialization at one-third of the price.”

It was personal experience that got Brett Warner (BBA ’10), a management major and spokesperson for the trio, thinking about the potential of a company like The ACAdvantage. “Starting in 10th grade, I worked for about two years as a personal companion for a 23-year-old mentally challenged man,” says Warner, who also took a second job as a summer camp counselor overseeing children with autism. “Those two jobs left me with a soft spot for people with mental disabilities, as well as an appreciation for the hardships their families face.” That’s also when, Warner says, he decided his future lay in the health care industry.

At the School, Warner met a fellow management major, Nikolay Nedyalkov (BBA ’10), who had worked...
in health care in his native Germany. After sharing job experiences as well as entrepreneurial aspirations, Warner and Nedyalkov resolved to develop The ACAdvantage idea for the Business Plan Competition. They diligently researched the home health care industry, specifically as it applies to autism. “We interviewed families affected by autism and met with CEOs of home health care companies,” Warner says. Readily attesting to his lack of accounting and finance skills, he also recruited his good friend, finance major Taylor Holcomb (BBA ‘10), to crunch the numbers and navigate the health-insurance labyrinth that covers the types of in-home services that The ACAdvantage would offer. The group believes the company can position itself as an affordable provider in the growing field. The team benefited from lessons Warner learned in Associate Professor Marc Junkunc’s Entrepreneurship class, “which required us to turn in a business plan model for a startup company,” Warner says. Their assigned mentor for the competition, Andrew Heitner, co-founder of Miami-based advisory firm Alcon Partners, connected the team with home health care executives and attended meetings with them. “The next step for The ACAdvantage, following graduation, is turning the idea into reality,” Warner says. “We made so many connections throughout the competition, and we look forward to using them in the future.”

### Just What the Doctors Ordered

A pair of MD/MBAs gets smart(phone) with electronic medical records

NOTEWRX (pronounced “note works”) merges two burgeoning technology trends: smartphones and electronic medical records. Brandon Faza and Joel Salinas, who wrote the business plan for the company, describe it as a “health care information technology development firm.” They’re working with programmers to develop the flagship product, NoteWRx, a web-based application designed for smartphones and mobile computing devices such as the Apple iPad. It will allow users to electronically record, modify, store, retrieve and exchange patient information.

Faza and Salinas, both fourth-year students in the School’s five-year MD/MBA program, were juggling heavy schedules between classroom, hospital and medical research work when they decided to enter the labor-intensive Business Plan Competition. Appropriately enough, their idea aims to lighten physicians’ and other health care providers’ loads.

As hospitals, outpatient facilities, doctors’ offices and other health care outlets move to convert paper-based patient records to the digital domain, adding the mobility of smartphones makes medical and business sense. NoteWRx will be a stand-alone record-keeping app, initially separate from institutional electronic medical records (EMR) systems, though users will be able to store data on their mobile devices and share it with other NoteWRx subscribers who use either free or premium versions of the app. What differentiates NoteWRx from competitive apps is its relatively
A former lemonade stand operator has an idea for another thirst-quenching venture

Austin Zaslow is a natural-born entrepreneur. As a tyke, he set up lemonade stands. In grade school, he hawked his car-washing business by stuffing fliers under windshield wipers. In ninth grade, he launched a Web-hosting company that eventually employed seven friends, one of whom bought the business from Zaslow. “I was always doing some-thing,” he says, reflecting on those youthful ventures as he recalls the inspiration for his latest one.

“I drink a lot of smoothies, and I began realizing how expensive and inconvenient it is to drive to Smoothie King every day,” says Zaslow, this fall a senior at the School, majoring in finance with a minor in entrepreneurship. After reading about last year’s winners of the Business Plan Competition in BusinessMiami, he thought, Why not enter it myself this year?

Zaslow came up with SoSmoothie.com, a website where consumers can order premeasured, fresh-frozen smoothie ingredients — basically fruit, sans juice, milk or other liquid — to be delivered to their homes. The package of fruit is ready to be dropped into a blender with liquid and, if desired, supplements. Zaslow began experimenting, and before long, his kitchen was awhirl with blenders, mounds of fresh fruit, a vacuum-sealer, dry ice and shipping boxes.

“I went to local farms and bought a ton of fruit, and made different types of smoothies for my friends,” Zaslow says. The next step was sealing ingredients in plastic bags, packing them in boxes with dry ice, and shipping them to friends and family members around the country. In the meantime, he had a business plan to develop with a team of fellow students: Scott Feldman, a double major in management and entrepreneurship; Garrett Lorentz (BBA ’10), a finance major with a minor in management; and Laura San Fillipo, a marketing major.

Because SoSmoothie.com deals with both fresh food and the packaging and shipping of it, Zaslow had to navigate a regulatory gauntlet. From the U.S. Food and Drug Administration he got a food-handling permit, another to deal with dry ice, and yet another to send dry ice and food in the mail.

Regardless of impressing the judges — with both his business plan and sample smoothies during the presentations — Zaslow is determined to see SoSmoothie.com through. He pledges to invest $50,000 of his own money in the business, and is trying to get branded products into Miami-area supermarkets and convenience stores, with an eye toward private labeling in the future. “My main goal remains getting on the Internet,” he says, “but I don’t want to rush into it.” In other words, he wants a smooth transition.
So you need brake pads for your late-model Crown Victoria. Mike, your friendly mechanic, calls the Ford dealer with a part number from a catalog, but it doesn’t match the dealer’s catalog number. Same problem occurs when Mike contacts a local parts distributor, who has yet another number, and again when he checks with an online giant based in China. Yikes! Now who ya gonna call?

Well, if Joe Russell (MBA ’10) and Hsing Yi Chung (MBA ’10) can turn their second-prize-winning business plan into reality, your mechanic will someday type “autosupport.com” into his browser and navigate to a single part number for that Crown Vic’s brake pads, along with listings for tens of thousands of other auto parts, thus solving a numbing numbering conundrum that’s befuddled the automotive aftermarket for decades.

Russell and Chung didn’t just stumble upon the notion of simplifying that haphazard identification system, which has up to six different numbers for the same part. Last year, Chung invited Russell to partner with him in a startup, Shou Ie, that imports and sells — you guessed it — auto parts. “I actually thought I’d go into health care,” says Russell, confessing his naiveté about the auto industry.

Once the two teamed up for the Business Plan Competition, they focused on the dilemma confronted daily in their own enterprise: the absence of an international standard for identifying auto parts, which confounds not only mechanics, dealerships, distributors, and retailers, but also the manufacturers that service that enormous supply chain. “We wanted to create an online subscription service that aggregates all the conflicting data and allows people along the supply chain to easily view and cross-reference them so they can communicate more intelligently with manufacturers and distributors,” says Russell, explaining the essence of AutoSupport.com.

“At first we want to concentrate on brake and suspension parts,” Chung says, “because the turnover in very high and there’s a huge import market that really struggles with the item-numbers problem. In the future, we’ll add other categories, ultimately incorporating all auto-parts numbers.”

The greatest challenge cited in their business plan (along with raising $75,000) is building the actual database, culled from scores of disjointed sources. “We had to figure out what it would cost to hire people to enter all the data,” Russell says. They agreed that outsourcing the hosting of the database on a cloud-computing platform makes sense, as does hiring part-time data-entry people.

Their solutions to that and other problems afflicting the auto-parts aftermarket obviously convinced the competition’s judges that their business plan is viable. And while newly minted MBAs Russell and Chung initially plan on growing Shou Ie, AutoSupport.com might someday be the answer to the question, “Who ya gonna call?”
Like many of his generation’s new breed of social entrepreneurs, Ian Koslow accedes that business can play a part in making the world a better place. To that end, he and his team have created a company that harmoniously combines existential idealism with turning a profit.

Time-Peace, the third-prize winner in the competition’s graduate category, is described in its business plan as “a revolutionary, new-age watch, clock and apparel company aimed at helping people change their perception of time so they can stop worrying and start being.”

Time-Peace actually has been up and running since September 2009, selling a line of analog watches on its website.

Koslow, who graduated in 2009 from the University of Florida with a journalism degree, enrolled in UM’s School of Law last fall but left during his first semester to focus on Time-Peace. “I’ve been developing the philosophy pretty much my entire life,” he says. “It’s all about awareness and getting to know yourself better.”

For the time being, Koslow says he and his team at Time-Peace are committed to growing the company and its business-not-as-usual plan, which includes sending free Time-Peaces to major bloggers, musicians and artists, and a marketing campaign managed exclusively through social networking sites. But their ultimate goal is, as Time-Peace’s website says, “to help create a radical shift in the way we view the world … through the idea of living in the present moment.”

Koslow, whose title is “chief executive dreamer,” says, “This is not your typical business. We’re not after money or personal gain. We’re just trying to create change in the world.”

Sound of Mind and Body
An alternative idea for advancing health through audiovisual technology

Sean Skelton (BBA ’10) concedes that SoundMind Wellness Systems “is a little bit out there,” but that’s not how it came across to the competition’s judges, who deemed it worthy of third prize in the undergraduate category. Nonetheless, it takes some explaining to convey Skelton’s notion of using music-and-light therapy to help people manage pain, align their spine, maintain a healthy heart and more.

That Skelton does so — convincingly — is a testament to his firm belief in the mind-body connection as a pillar of alternative medicine and to countless hours spent researching the field and developing technology. Skelton, an entrepreneurship major, was a teenager when he began exploring the principles that interconnect the mind and body to mental and physical wellness. Also a musician, “I had a personal sense for how music could be incorporated into basic mind-body studies,” he says.

Ultimately, Skelton designed an 8-by-10-foot therapy “studio” in which a client relaxes in an ergonomic chair while being stimulated with customized music and light displayed on a 55-inch monitor. With repeated sessions administered by trained therapists, he says, the interaction will relieve stress and improve physical health. SoundMind, as he conceives it, will sell the studio concept to physicians as an additional revenue source for their practice, and eventually will open up stand-alone locations.

NOW HEAR THIS Sean Skelton’s plan for light-and-music therapy sounds like a winner.
Students Cited for Outstanding Work

HEFFNER FELLOWS ▲

Four students were honored with the annual University of Miami Heffner Entrepreneurship Internship Endowments. Each received a $2,500 grant toward an entrepreneurial internship opportunity that they created or located. The Heffner fellows, who were juniors in the School at the time, are pictured above: From left: Marc Junkunc, assistant professor of management; Bryan Holmes; Jacqueline Boss; Alexis Wiseley; and Santiago Mingo, assistant professor of management. Not pictured: Heffner Fellow Stephanie Sullivan.

Other Business Plan Competition Winners

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3r Water: Nicole Doucet and Jess Page

4TH PLACE – GRADUATE
Stractor: Matt Montag

BEST WRITTEN PLAN – UNDERGRADUATE
Bits & Watts: Brian Beers and Bryan Holmes

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PAUL K. SUGRUE ENTREPRENEURIAL SPIRIT AWARD
Spencer Lewin (Fetch Me)

JUDGING THE BEST

Real-world experience helps put business plans in perspective

A panel of nearly two dozen judges from around the business world reviewed the teams’ Business Plan Competition submissions at every phase of the competition. Judging began in fall of 2009, when the initial judging committee received 70 proposals, from which they selected 24 to submit final business plans and present their ideas in the semifinal round on April 8. From there, judges selected seven teams to compete in the final round.

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Pasha’s

David Epstein,
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Sandy Goldstein (BBA ’81, MBA ’85),
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Bob Newman,
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Founder and CEO, Schumann/Steier

Heffner Fellows ▲

Four students were honored with the annual University of Miami Heffner Entrepreneurship Internship Endowments. Each received a $2,500 grant toward an entrepreneurial internship opportunity that they created or located. The Heffner fellows, who were juniors in the School at the time, are pictured above: From left: Marc Junkunc, assistant professor of management; Bryan Holmes; Jacqueline Boss; Alexis Wiseley; and Santiago Mingo, assistant professor of management. Not pictured: Heffner Fellow Stephanie Sullivan.
Red, Blue, Bear, Bull?

WHICH POLITICAL PARTY IS IN THE WHITE HOUSE CAN AFFECT HOW YOU INVEST IN THE STOCK MARKET

AS AN INVESTOR, you approach the stock market unemotionally, always mindful to diversify your portfolio, invest for the long term and, if possible, buy low and sell high, right? Not necessarily. In fact, your feelings about who is in the White House have a significant impact on your investing, a recent study suggests.

In particular, if your preferred political party is in power, you’re more likely to feel optimistic about financial markets and adjust your investment behavior correspondingly. That’s according to research by Alok Kumar, Cesarano Scholar and professor of finance; Yosef Bonaparte, assistant professor of finance at Claremont McKenna College; and Jeremy Page, a doctoral student at the University of Texas at Austin. The research has been circulating in a paper titled “Political Climate, Optimism, and Investment Decisions.”

The researchers looked at statistics from 1991 to 2002, during which Democrats and Republicans each took turns in the driver’s seat. They got their data from a large discount brokerage house, in which case political preference was extrapolated based on ZIP codes and local voting patterns.

What they found was enlightening. When investors’ preferred party was in control, they felt better about the economy and viewed domestic markets as undervalued and more likely to deliver higher returns. That drove them to hold more domestic stocks and take more risks. Ultimately, their portfolios performed about 2.7 percent better than those of investors preferring the opposing party.

In contrast, when their preferred party was in the minority, investors perceived greater market uncertainty. As a consequence, they held more familiar, local stocks; picked active mutual funds with high fees; and traded more actively. Perhaps not surprisingly, based on their increased trading frequency, the performance of their portfolios suffered.

Kumar points out that these politically driven behavioral biases prompt two different kinds of risk taking. “One involves systematic risk, related to the overall macro economy,” he explains. “The other involves idiosyncratic risk, related to a specific company.” When investors’ preferred party was at the reins, “they took more systematic risk, and the rewards were greater. When the preferred party wasn’t in power, they took risks in just one stock or a few stocks, exposing themselves to high volatility.”

The results were the same whether investors were Democrats or Republicans. They were also similar whether investors’ party of choice was only in the White House or had control of both the White House and Congress.

Kumar says that he and his colleagues found some evidence that the effect was stronger among less sophisticated investors. The researchers focused on individual investors, but Kumar reports that they’re currently developing a paper that measures the effect on institutional investors.

The takeaway for those of us investing in the stock market? For one thing, Kumar posits that share prices of companies held more by investors of one party than another may become misvalued when the opposing party is in power. “The stocks of these companies will be traded more actively, so prices are likely to be further away from the fundamentals,” he says. For example, research has shown that Republicans are more likely than Democrats to invest in industry sectors such as tobacco, firearms, defense, logging and mining.

In conclusion, Kumar advises, “Use caution when the political regime shifts, especially if you have a strong political identity. When your preferred party loses, you’re more likely to make investment mistakes.” And that’s something we’d all be happy to avoid.

— Eric Schoeniger
Mirror, Mirror
NEW RESEARCH SHOWS THAT STORE MANAGERS TEND TO EMPLOY WORKERS WHO LOOK LIKE THEY DO

IT HAS BEEN NEARLY 40 YEARS since the black novelist James Baldwin referred to race as “America’s original sin.” That said, a common belief today is that globalization, the Internet and a host of other influences have made business color-blind.

No so, according to new research by Laura Giuliano, assistant professor of economics, who studied the impact of race or ethnicity on new hires and other employment-related data at a large national retail chain. In fact, her findings reveal that when a store manager is replaced by someone of a different race, the racial makeup of the store’s employees changes to become more like that of the new manager.


The retail chain in the study operates stores across the United States. The three researchers analyzed human resource records for more than 100,000 frontline entry-level employees at more than 700 stores over a period of 30 months. Some 80 percent of the stores studied had at least one managerial change during that time. Turnover among all employees is very high: approximately 90 percent leave within one year. The average store hires five new employees each month.

“The typical store’s racial and ethnic composition — 60.4 percent white, 15.1 percent black, 13.2 percent Hispanic and 10.2 percent Asian — was very similar to that of the retail sector as a whole,” says Giuliano, “and generally more diverse than that of the customer population it serves.”

On average, managers and employees are between 22 and 30, about a decade younger than in the retail industry overall. But Giuliano says the group’s research found age and gender to be neutral factors.

There in Black and White
“Their strongest finding is that all non-black managers — whites, Hispanics and Asians — hire more whites and fewer blacks than do black managers,” Giuliano says. “When a black manager is replaced by a non-black manager in a typical store, the share of employees that is black falls from 21 percent to 17 percent, and the share that is white rises from 60 percent to 64 percent. In a typical Southern store, the share of blacks falls from 29 percent to 21 percent.”

Giuliano suggests several factors that may contribute to this finding. First, it is clear that there are “taste-based” decisions — especially those made by employees. White job-seekers, for example, may choose not to apply at a store with a black manager, and her research found that white employees quit in disproportionate numbers when the white manager who had hired them was replaced by a black manager. But Giuliano notes that prejudice often flies in the face of experience. “Remarkably,” she says, “we also found that white employees have similar or better outcomes in terms of dismissal or promotion rates under minority managers than under white managers. Blacks, however, do better under a black manager.”

Managers, she adds, tend to hire employees who live near them. If they live in a predominantly same-race area, that will be reflected in their hiring network. Interestingly, Hispanic managers tend to hire more Hispanic employees only in areas with more than 30 percent Hispanic population.

Impact on Sales
How did leaders of the chain studied respond to the findings? “I can’t say to what extent they are changing their practices,” Giuliano says, “but they are concerned about training their managers to be sensitive to diversity issues.” The larger concern, she says, is the potential impact of the race makeup of individual stores on their sales. “Our tests can and do detect significant differences in sales along some demographic dimensions,” she says. “For example, sales fall over time in establishments that become blacker in white neighborhoods, and in establishments with some language mismatches.”

— Robert S. Benchley
Rethinking the Data Center
RISENG COSTS AND EMERGING OPTIONS COULD MAKE THE TRADITIONAL COMPUTER ROOM A THING OF THE PAST

For as long as there have been computers in business, there have been computer rooms. Secured behind lock and key, carefully controlled for temperature, these data centers house the servers, network devices and myriad software applications that keep businesses up and running.

Yet while data centers have changed over the years, their role and the way they’re managed have remained largely the same. But that’s beginning to change, according to ongoing research by Robert Plant, associate professor of computer information systems. Plant has been gathering data and meeting with IT companies to learn just where the data center is headed. And for many organizations, it might be headed out the door.

Two factors are driving this change. The first is cost, especially for running and cooling the computers. “Business executives often think, ‘Servers are getting cheaper, so we can get more of them,’” Plant says. “What they don’t realize is that the cost for the electricity and cooling systems to run those servers is becoming prohibitive.”

The second factor is emerging computing models, notably cloud computing. Generally, Plant says, cloud computing allows businesses to access computing resources from a remote data center owned by an outside firm, as a service over the Internet. Resources can scale up or down almost instantly to meet changing business needs.

Cloud providers, including Microsoft, Google and Amazon, offer a single access point for a range of applications, such as e-mail, scheduling and other productivity tools, all integrated and running in their own giant data centers. And increasingly, business software vendors such as IBM and SAP are offering their applications in a software-as-a-service model.

The benefits of cloud computing can be compelling. Subscribers get access to state-of-the-art data centers without the cost and headache of building and maintaining them. They also get better security, backup and disaster recovery than they could afford themselves. Perhaps most significant, they mitigate some of the factors associated with rising costs for power and air-conditioning.

Plant recently toured Microsoft’s new $500 million data center in Chicago. At 700,000 square feet, it’s considered the world’s largest. The facility can draw up to 198 megawatts of power — the equivalent of 3.3 million 60-watt light bulbs. But Microsoft can run its data center far more efficiently than most businesses could.

“Microsoft can monitor every application … in terms of electricity draw,” Plant says, “so they know how much it costs to send a single e-mail. And they can optimize the load across all their servers. Very few companies can do that in their own data centers.”

Who can benefit from offloading their data center to the cloud? “If you already have an efficient data center and great security, you might not gain much by moving to the cloud,” Plant says. “But if you’re a smaller company or you have aging IT resources, then the advantages can be huge.”

Still, it’s not for everyone. “Investment banks on Wall Street, for example, have to perform huge amounts of analytical processes very quickly,” Plant explains. “And they need their data centers close by because there would be issues with latency” over Internet connections. For them, annual electricity bills exceeding $100 million are just part of the cost of doing business.

Plant points out that the disappearing data center doesn’t mean the end of the IT department. But the department’s role will change from one of maintaining equipment to managing contracts with service providers and focusing on strategic projects.

“In 10 or 15 years, companies won’t be able to afford their own data centers because they won’t be able to afford the energy costs,” Plant concludes. “The time to start thinking about that is now.”

— Eric Schoeniger
Graduate Commencement

NEARLY 150 MBA and MS students from the School of Business Administration, as well as those from the School’s Tampa Executive MBA program, graduated on May 13.

They included Ghislaine Guez, the first graduate of the School’s MD/MBA program, which is offered jointly with the Miller School of Medicine.

The students, whose ceremony included those graduating from schools and colleges across campus, heard from commencement speaker William Walker, dean and University librarian. After the ceremony, the new graduates enjoyed a reception and awards ceremony outside the School.

“Be prepared in a changing environment to reinvent yourselves over and over again.”
—William Walker, graduate commencement speaker
Undergraduate Commencement

At the spring 2010 undergraduate commencement on May 14, speaker Leonard Abess urged the new graduates to go out into the world and learn who they are in order to make the world a better place.

Abess, a UM trustee and chairman and CEO of City National Bank of Florida, spoke to more than 600 graduating seniors. After the ceremony, the new graduates joined faculty, staff, parents and friends for a reception outside the School.

At the May 12 Undergraduate Business Programs Awards Ceremony (bottom row, center), Sebastian the Ibis, the University mascot, led attendees in the traditional singing of UM’s alma mater.

“I believe you make the world a better place by making yourself a better person.”
— Leonard Abess, commencement speaker
EXECUTIVE IN RESIDENCE

PEDRO FABREGAS

Pedro Fabregas (MSPM ’08), president and CEO of American Eagle Puerto Rico, the Caribbean, Bahamas and Florida, and a member of the Board of Overseers, spoke to students as part of the School’s Executive in Residence program on Feb. 19.

ENTREPRENEURSHIP PROGRAMS ADVISORY BOARD INAUGURAL MEETING

From left: Robert Newman, founder, Greenwood Guich Ventures and a UM trustee; board chairman Sandy Goldstein (BBA ’81, MBA ’85), president, Capiscum Group; William Heffner (BBA ’77), president, App Rok Materials; Betty G. Amos (BBA ’73, MBA ’76), president, The Abbey Companies and a UM trustee; Arthur Steier, president, Schumann Steier; Ruy Chaves, founding partner, chairman and co-CEO, Plastrom Tecnologia Ltda.; Orlando Roche, regional president, Lydian Bank and Trust. Not pictured: Romero Britto, Britto Central; David L. Epstein, managing partner, chairman and co-CEO, Plastrom Tecnologia Ltda.; Orlando Roche, regional president, Lydian Bank and Trust.

ANNUAL MENTOR APPRECIATION DINNER

The School honored those who give their time as student mentors at April’s Mentor Appreciation Dinner.

MENTORS

From left: Peter Kleinerman (BA ’73, MBA ’74), a private investor; Wendy Unger (BA ’70), member services director for the Miami Beach Chamber of Commerce; Don Taylor (BBA ’85, MBA ’86), a private investor; Marvin Stein (BBA ’70), president of Marvin Stein CPA, and Marcelo Alvarez (BBA ’62, MBA ’65), director of EFG Capital International.

ANNUAL SCHOLARSHIP LUNCHEON

Nearly 100 scholarship donors and students met at the 30th annual School of Business Scholarship Recognition Program and Luncheon on April 23. Attendees included Professor James Sawyer Memorial Scholarship recipients: Shaun Forbes (far left), Carlos Antonorsi (second from left), Jakub Hejl (back) and Paul Chiariello (far right), shown here with Sergio Gonzalez, UM’s senior vice president of advancement and external affairs; James Sawyer’s son Jimmy Sawyer; and donor John Hoover (BBA ’67), along with donor and UM Trustee Judi Newman (BBA ’63) and student Emily Stanch.

FIRST MEETING OF REAL ESTATE PROGRAMS ADVISORY BOARD

Front row, from left: Mark Rose, chairman and CEO, Avison Young; Scott Sime (MBA ’89), president, Holly Sime Realty; Howard Lorber, president and CEO, Vector Group; Board Chairman Steve Witkoff, chairman and CEO, The Witkoff Group; David Luski, president and CEO, DRA Advisors. Middle row, from left: Scott Panzer (BS ’79, MBA ’80), vice chairman, New York Region; Jones Lang LaSalle: Malcolm Butters (BBA ’82), president, Butters Construction and Development; Tere Blanca (BBA ’81, MBA ’83), president and CEO, Blanca Commercial Real Estate. Back row, from left: Noelia Moreno (BBA ’86, JD ’89), president, Latin Builders Association; Gary Trock, senior vice president, CBRE Retail Services. Not pictured: Paul Amoruso (BBA ’82), managing director, Oxford & Simpson Realty; Michael Comras (BBA ’83), principal, Comras Company.

HARVARD CLUB JOINT NETWORKING

On Feb. 18, the School of Business partnered with Harvard Business School Club South Florida for a joint networking event. Attendees included Jennifer Quintana, the School’s assistant director of alumni relations; Fred Smith (BBA ’50); Gerry Smith; and E. Alexander Goldstein, Harvard guest.
The Language of Business

GABRIELLE RAPKE (BBA ’06, AB ’06)
BUSINESS DEVELOPMENT MANAGER, CITIGROUP LATIN AMERICA, MIAMI

Some 70 percent of the population in Latin America is known as “unbanked” — having a low income and no traditional banking relationships. Gabrielle Rapke’s work helps them pay bills and perform other financial transactions.

A business development manager at Citigroup’s Global Transaction Services for Latin America, Rapke’s work focuses on leveraging mobile phones as a payment channel. The individual transactions are very small, but the overall volume is enormous — hence Citi’s interest. “I’m building business models, analyzing risk and interacting with our senior management,” Rapke explains. “If there is a word for what I do, it’s innovation.”

Rapke’s assignment, which involves extensive international travel and working across a variety of cultures and languages, is exactly what she had long hoped for. “I always wanted an international business career,” she says, adding that choosing the University of Miami gave her the right education in the right location to make her dream come true. “Miami is a big city that offered me links to the international business community. This is where it’s all happening.”

A standout student, Rapke earned two degrees — a BBA with a major in economics and minors in finance and marketing, and an AB with majors in Spanish, French and German — summa cum laude. In her spare time, she picked up Portuguese and Italian (“because I learn languages easily, and I thought they would be useful in an international career,” she says), and now speaks six languages.

A summer analyst position with Citi between her junior and senior years resulted in a full-time job following her graduation in 2006.

But if Rapke is driven to succeed, she is also driven to connect. That began with her participation in the School’s Mentor Program as a student, when she was matched with William Armstrong (MBA ’97), an executive in Latin American/Caribbean franchise operations at Wendy’s. “Now that I am working in the field, I can appreciate how helpful he was,” she says. Rapke has become a mentor in the program herself, and her protégé, senior Deborah Moss, who was a summer analyst at Citi in New York, will be joining the company’s New York office as an analyst after graduation.

Rapke’s other post-graduation activities have included the presidency of Kappa Kappa Gamma sorority’s Miami-Dade alumnae association and work with the Junior League of Miami. “I enjoy networking with women who are new to the area and helping them connect,” she says.

— Robert S. Benchley

GONE GLOBAL
Gabrielle Rapke has combined her business and language skills at Citigroup’s Global Transaction Services for Latin America.
JOSEPH ECHEVARRIA JR. (BBA ’78) has been elected to the Orange Bowl Committee. He is the chief operating officer and managing partner at Deloitte LLP US.


WILLIAM L. KANE (MBA ’75) became president and CEO of Brookhaven Bank in Atlanta.

DAVID MAURICE PARRIS (BBA ’73) is in his 37th year with Deloitte & Touche, currently working in field operations in the company’s Boca Raton, Fla., office.

RICHARD A. SEIDLER (BBA ’78, BBA ’77) was appointed president and CEO of Trinity Regional Health System in the Quad Cities area of Iowa. He is also president and CEO of Allen Health System in Waterloo, Iowa.

JOEL B. TABACHNIK (BBA ’71) was named chief operating officer of PetLabsMD.com in Hollywood, Fla.

GORDON TAYLOR (BBA ’78) received the Texas State Business Administrator of the Year award. He is the chief financial officer of the Texas Department of Aging and Disability Services.

1980s

LINDA APRILETTI (BBA ’84, MSt ’85) had a solo exhibition of her landscape paintings at the Ernest Coe Visitor Center Gallery in Everglades National Park in Florida.

ROBERT BEDASSE (MPA ’83) is in operations with Comcast Corp., overseeing warehouse, payment center and connections activities.

RICHARD L. COCHRAN II (BMO ’86) founded American Educational Partners, which provides online assessment tools and performance management solutions for workforces.

WILFREDO FERRER (AB ’87) recently became United States attorney in Miami.

SHELLEY N. GROFF (BBA ’84, JD ’87) was elected chair of the board of directors for Jewish Community Services of South Florida.

CHRISTINE D. HANLEY (MBA ’85, JD ’89)’s law firm, Christine D. Hanley & Associates, received the Legal Aid Society

The Ice Cream Man Comes to China

ALEX CONWAY, BBA ’04
PRESIDENT, MISTER SOFTEE CHINA, HONOLULU

Ice cream is part of Alex Conway’s heritage. His grandfather William Conway co-founded the Mister Softee company with his brother in 1956 in Philadelphia, and the white and blue trucks tolling the trademark jingle soon became an enduring part of the sweetness of summer nationwide. The company moved its headquarters to Runnemede, N.J., two years later, and eventually Alex’s father, James, and uncle John Conway took the reins.

Now the jingle heralds Mister Softee’s — and Alex Conway’s — arrival in Suzhou, China. Conway is quick to credit his college roommate,Turner Sparks (BSC ’04), for the idea to expand to China. A communications major, Sparks was teaching English there and observed the locals buying soft ice cream from chains like KFC and McDonald’s. Why not Mister Softee? he thought. A full year of research convinced the pair that they would be able to set up a supply chain.

“One of the biggest things that we did to help us get moving forward with the government was to find a third partner who is a Chinese national, Jeffrey Cai,” Conway says. “There are a lot of forms you have to fill out and approval processes you have to get through to get started, and having Jeffrey really helped us a lot because he had a lot of connections in the local government.”

Conway, who lives in Honolulu and works full time as a consultant with Booz Allen Hamilton, is equal partners with Sparks and Cai in Mister Softee China. The business, which opened in 2006, employs about 40 people and imports its milk from an American company with distribution centers in China. All the other supplies and trucks are sourced locally.

Although it still sells soft-serve ice cream out of trucks, Mister Softee has made some changes. “Our biggest insight was gearing [our product] to the local taste,” Conway says. “We had a party, we got a bunch of ice cream suppliers, maybe 10, we bought the ice cream and gave it away for free in the city, and we said, ‘If you taste the ice cream, can you rate it?’ And we found that in China they don’t like ice cream as sweet or as heavy as we do in the West.” The company accounts for other local tastes too. “We also have a lot of local toppings and flavors that you wouldn’t see in the U.S.,” he says, such as milk tea drinks and floats and kiwi sundaes.

Local staff give Mister Softee insights on how to market its products, what to sell, even where their trucks should be and when. “They’re the experts. We try to listen to them as much as we can,” Conway says.

— Karen Bennett
ALFRED F. MARSICANO, BBA ’76

SENIOR VICE PRESIDENT—INVESTMENTS, UBS FINANCIAL SERVICES, NEW YORK

Amidst Loss, a Passion Discovered

ALFRED F. MARSICANO graduated from the School of Business with a relatively modest ambition: to become a partner in an accounting firm. But he dabbled in the stock market too — an experience he reflects on today as “humbling but life-changing.” Using stock options to leverage his investing power, Marsicano turned an initial investment of $2,500 into $450,000 — and then lost it all.

“Many people would look at that as a terrible experience, but it changed my whole mind-set,” he says. He was fascinated by investing. “I realized I had a passion for investing and needed to make a career change.”

He left accounting and has worked in financial services ever since, advising clients on investments as well as tax and estate planning strategies at Merrill Lynch, Oppenheimer & Co. and, for the last 22 years, at UBS. He is currently a member of the prestigious UBS Chairman’s Council.

“I like having an influence on people’s lives, not only in terms of advising them on how to invest their money, but also ensuring that their wealth is structured properly,” Marsicano explains. “It’s rewarding to help people protect the wealth they’ve worked hard to build and ensure that it ends up where they want it to go.”

Even “the end of the world,” as Marsicano describes the financial crisis of late 2008, didn’t dampen his enthusiasm. “I’m proud of the fact that I kept everyone’s head on straight,” he says. “People get very emotional when you’re dealing with money, but that’s where I add the most value: helping my clients move forward even during periods when markets are changing so dramatically.”

A member of the University of Miami’s President’s Council, Marsicano also finds it rewarding to help UM students get a foothold in the New York financial world. Since 2008 he has sponsored an annual MBA student-alumni mentor reception.

“It’s not easy starting a career in this business, especially today,” he says. “So hosting the reception is a way for me to give back to my university and help kids connect with people who can open doors for them.”

— Jennifer Pellett

1990s

THOMAS BALCOM (BBA ’94, MBA ’00) is the founder of Boca Raton, Fla.-based IBIS Wealth Management, and was recently named president-elect of the South Florida Financial Planning Association.

ROBERT D. BARBONI (BBA ’94) is a nationally ranked certified financial planner and founder and president of Ibis Financial Group, based in Boca Raton, Fla. He is a financial advisor for the National Football League Players Association.

DOYLE BENEFY (MBA ’97) is president and CEO of CPS Energy in San Antonio, Texas.

RICK BONVIE (BA ’95, MBA ’97) owns Bonvie Realty and Development, which concentrates on development and brokerage work in St. Lucie County, Fla.

BENJAMIN A. BREIER (MBA ’95) became chief operating officer of Kindred Healthcare in Louisville, Ky. Previously, Breier
was executive vice president and president of the company’s hospital division.

BARBARA WHITE BRYSON (MBA ’99) is the co-author of the recently released book *The Owner’s Dilemma: Driving Success and Innovation in the Design and Construction Industry*. She is the associate vice president for facilities engineering and planning at Rice University.

ALFRED BUNGE (MBA ’97) became marketing manager of J.P. Morgan’s U.S. Private Bank in Miami.

GEORGE CHIEN (BBA ’94) was promoted to senior vice president, international networks, Asia-Pacific for Sony Pictures Television. He is based in Culver City, Calif.

CHRISTOPHER M. COLEMAN (BBA ’96, MPRA ’97) joined Railworks as a finance manager in New York City.

PAUL CONWAY (BBA ’91) has been appointed CEO of SearchMedia Holdings Ltd., a Chinese nationwide multiplatform media company. He was previously managing director of media investment banking at Oppenheimer & Co.

JOSEPH CUOMO (BBA ’99) co-founded the commercial real estate valuation and advisory firm Lighthouse Advisory Services in New York City.

DARREN DUPRIEST (BBA ’91) was recognized as a “Patriotic Employer” by the National Committee for Employer Support of the Guard and Reserve. He is president and CEO of Validity Screening Solutions in Overland Park, Kans.

DANIEL FOODMAN (MSTX ’97, JD ’00) recently founded the Waserstein Nunez & Foodman law firm in Miami with three partners. He has also been appointed to the UM President’s Council.

DAVID A. GREENE (BBA ’93) joined the West Palm Beach office of Fox Rothschild as a litigation partner. He specializes in complex commercial litigation.

STEPHEN P. HESTER (BBA ’90) was voted to the board of directors of the Painting and Decorating Contractors of America. He is president of Skokie, Ill.-based Hester Painting & Decorating.

PAUL R. MIRABELLA (BA ’93, MBA ’99) is an investment counselor for the South Florida region of Citi Private Bank, where

— Michael J. McDermott
he develops and directs investment programs, helps develop new business and consults for ultra-high-net-worth families and nonprofits.

PHILIP R. NEEDLES (BBA ’91) is assistant dean at the University of Missouri-Kansas City Bloch School and is programs manager for the university's Institute for Entrepreneurship and Innovation.

JORGE A. PEREDA (MBA ’98) was promoted to CEO of All-Med Services of Florida, based in Miami Lakes.

JORGE J. PEREZ (MBA ’98), a former Circuit Court Judge, joined the Miami office of Gordon & Rees LLP as a partner and chair of the firm's receivership group.

GREGORY VIEJO (MBA ’94) joined J.P. Morgan as a private banker in its Miami Private Bank.

BRENDA K. YESTER (BBA ’90) was promoted to senior vice president-revenue management for Carnival Cruise Lines in Miami. She also chairs the board of directors for the Make-A-Wish Foundation of Southern Florida.

JORGE VALDES (BSEE ’85, MBA ’92) was appointed chief technical officer of DexCom, a glucose sensor technology company.

DEDICK EPPS (’10), a former Hurricanes tight end, was the 235th overall pick in the 2010 NFL draft, drafted by the San Diego Chargers.

ILEANA ESPINOJO CHRISTANSON (BBA ’00) was named president-elect of the Bankruptcy Bar Association Southern District of Florida. She is a litigation attorney with GrayRobinson's Miami office, and was named a 2009-2010 Super Lawyers “Rising Star.”

JASON FOX (BBA 10), a former Hurricanes offensive tackle, was drafted by the Detroit Lions; he was the 128th overall pick in the 2010 NFL draft.

JIMMY GRAHAM (BBA ’09) was a late third-round pick by the New Orleans Saints in the 2010 NFL draft.

MITSUHIRO MIYABE (MBA ’04) was promoted to commercial director at Ricoh Latin America.

DARRYL SHARPON (BBA ’09), a former Hurricanes middle linebacker, was picked by the Houston Texans in the 2010 NFL draft. He was the fourth pick in the fourth round, and 102nd overall.

SCOTT SABING (MBA ’03) is director, finance at Graybar Electric Co. in Tampa, Fla.

LAVERN S. THOMPSON (MBA ’09) was appointed manager of the authorizations department of the Securities Commission of the Bahamas.

MIKE TOMAS (MBA ’01) was appointed president, CEO and board member of biotech company Bioheart in Sunrise, Fla. He continues to serve as president of the early-stage private equity firm The ASTRI Group.

JAVIER VILLAMIZAR (MBA ’04) is head of international sales for Dublin-based SerCom Solutions, a supply chain specialist. Villamizar will be based in the U.S. and primarily build the company's business in the U.S., Latin America and Asia.

DOUGLAS J. YANNUCCI (MBA ’04) was named vice president of sales planning and category management for footwear marketer R.G. Barry Corp. (maker of Dearfoams) in Pickerington, Ohio.

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**UPCOMING EVENTS**

**OCTOBER**
- Grand Opening of the Robert and Judi Prokop Newman Alumni Center
- Mentor Program Finance, Banking and Real Estate Roundtable
- UM School of Business visits New York City
- Network and Learn Series featuring Dr. Howard Gitlow on “Professional Management”
- Business Leadership Lecture Series featuring Juan A. DelBusto, CEO of the Federal Reserve, Miami District
- Network and Learn Series featuring Dr. Steve Ullmann on “How Sick Is Our Healthcare?”

**DECEMBER**
- Network and Learn Series featuring Dr. Alok Kumar on “Politics, Religion and Finance”
- Fall Commencement

**JANUARY**
- Network and Learn Series featuring Dr. Steve Ullmann on “How Sick Is Our Healthcare?”
- Business Leadership Lecture Series featuring Shelly Lazarus, chairwoman, Ogilvy & Mather
- Mentor Program Marketing and International Business Roundtable

**FEBRUARY**
- Mentor Program Law Roundtable

**MARCH**
- Mentor Program Entrepreneurship and Management Roundtable

For more details, including dates and times, visit bus.miami.edu/alumni/events
Uncovering a $45M Fraud
And helping the company survive
By Bill Pruitt (BBA ‘66)

Shortly after the enactment of the Sarbanes-Oxley Act in 2002, privately held engineering firm PBSJ Corp. decided to begin complying with the act’s new financial and reporting controls — even though the employee-owned company, with $560 million in annual revenue, would not be legally required to do so for years. An unexpected result of that decision was that PBSJ discovered its CFO and two other employees were embezzling $500,000 a month, for a total of $45 million over a dozen years. School of Business Alumnus of Distinction and CPA (inactive) Bill Pruitt (BBA ’66) headed the two-year investigation into the theft. Pruitt, a member of the School’s Accounting Advisory Board who is now a PBSJ board member and chairman of its audit committee, recently spoke with BusinessMiami about how the discovery came to light.
Uncovering a $45M Fraud

"Bill, I was looking at some bank reconciliations and I found an $800,000 reconciled item. I asked about it, and talked to the CFO, but I can’t understand it." I looked at it, and I couldn’t understand it either. I thought they might have falsified the first-quarter financial statements to make them look better for their shareholders meeting. I called the CFO on a Monday, and he couldn’t give me a great explanation. He said he’d look into it and report back on Wednesday. I called the CEO, John Zumwalt, to let him know there might be a problem, and that I’d be at the offices Wednesday to meet with the CFO. When I showed up, there was a big crowd of PBSJ executives, and I invited John into the meeting.

The CFO started giving me this explanation that the money consisted of old checks that they had reversed, that they had issued checks to vendors and nobody had cashed them. I asked for a list of the checks. He said, “Well, we may not be able to give you a list because we went into the system and reversed the checks one by one.” I asked him about Florida’s escheat law, which requires companies to give uncashed checks to the state. “Why didn’t you do that?” I asked. I didn’t get a good answer.

I said, “You know what I’m going to do? I’m going to get the audit committee to hire their own lawyers and accountants and we’re going to investigate any financial irregularities.” The CEO almost choked. For the first time, the firm had brought in outside people to be a part of its governance, and now the outsiders wanted to investigate the company’s financial reporting. To his credit, he thought a couple of minutes about it and decided to go ahead.

We started that Monday. Two days later, one of the forensic accountants called. More problems, he said. He was looking at other reconciliations and reviewed a small medical savings account. The bank statement he had was a photocopy — and it didn’t look like it added down.

Sure enough, it didn’t.

We drove to the bank that afternoon and asked for the original statement. As it turns out, someone had “whited out” $500,000 worth of checks in that one month. We could see these checks were coming from a bank account in Orlando that wasn’t under the company’s control. We asked that bank to look into it. Two days later, they called on my cellphone. A lot of checks were going to the CFO from the account. Money was also going to the woman who ran our financial systems. And then the phone rang one more time. Money was also going to the woman who reconciled our bank accounts.

Our CFO and two employees were stealing from us. The CFO was on vacation, so I waited for him at his office the following Monday. He never showed up. Instead I got a visit from his lawyer. She walked in and immediately said that he would admit to everything, return his assets and cooperate if we agreed to one thing: to go to the federal government with the case, because he didn’t want to go to state prison.

The fraud went back at least 12 years, beginning with the two women. Later, the CFO joined in. One of the things they did was divert money through the employee medical savings account we had discovered, and make up for it by padding the firm’s overhead rates. The CFO signed the checks, one woman went into the financial systems to hide it and the other falsified the bank reconciliations.

It was a case of perfect collusion. PBSJ had external auditors the whole time. They never picked it up. You could say that’s a failure, but when you have three-way collusion, it’s very difficult to pick up.

Overall, the problem was PBSJ was run like a family partnership. It was employee-owned, like a family to many people. They let the CFO take care of the financials. They didn’t have the controls they should have because they trusted the “family.” They learned a tough lesson. I caught the fraud because I was skeptical. I didn’t believe the story. I wanted to investigate.

Ultimately, all three of them went to jail. We investigated the case for nearly two years, and the SEC, the FBI and the Justice Department accepted the findings.

There’s a good end to the story, though. PBSJ was able to pay back to its clients all the money that had been overcharged because of the embezzlement. The company didn’t lose one client, because it kept them apprised of the investigation all along. And in August, the firm was sold for $280 million to a British consulting group, WS Atkins, giving the shareholders and employees who own the company a considerable gain.

The story could have ended another way. The company could have gone bankrupt if these people had kept going too much longer because they were stealing so much. The employees and the shareholders would have lost everything. As it turns out, they did very, very well.

— As told to Marika Lynch