At Your Service

How you treat your customers is more important than ever.

Timing, timing, timing.
Real estate's new mantra.

A capital idea.
UM's campaign will help the school grow.
The world has never been known for its ability to stay still.

Neither has the University of Miami School of Business Administration.

Thanks to the overwhelming success of the Momentum campaign, which raised $1.4 billion, and the continued generosity of our supporters, the University has attained a unique trajectory in U.S. higher education. Climbing 29 spots in ten years, the University of Miami is now ranked No. 38 among the nation’s best colleges by U.S. News & World Report. No other institution of higher learning has come so far so fast.

Today the University of Miami and the School of Business Administration are home to innovative educational programs, influential research initiatives, an outstanding cadre of students, and faculty who are renowned leaders in their field. Our beneficial impact on the world grows more powerful every day. And—because every breakthrough brings fresh challenges—we are determined to achieve even more.

Every breakthrough is a beginning.

The UM School of Business Administration invites all who believe in the power of higher education to partner with us as we build on the enormous progress of the past decade to transform our shared future. Please make your investment in the future with a gift to the School of Business Administration through the Momentum2 campaign.

MOMENTUM 2
THE BREAKTHROUGH CAMPAIGN FOR THE UNIVERSITY OF MIAMI

To make a gift or learn more about Momentum2, please contact Laura Padron in the School of Business Administration Office of Development, Stewardship, and Alumni Relations at 305-284-4052 or laurapadron@miami.edu.
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Smart organizations know customer service can make or break the business. But too often companies have the wrong ideas about what makes service excellent.

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The Momentum2 campaign will enhance the School's drive for excellence.

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UM conference explores global real estate investment trends and urban design.

34 Lessons from the Real World
The School's Entrepreneurial Consulting course lets students put their classroom knowledge to work.
Uniting Behind Momentum2

TODAY’S BUSINESS SCHOOL graduates enter a world where business is global and innovation is at a premium. Since joining the School as dean last summer, I have been working with alumni, faculty, staff, students and other UM constituents to shape a set of strategic priorities that will enable us to equip our students to successfully meet the challenges ahead and make a positive difference in the world.

Your support is critical to our success. In this issue of BusinessMiami, you will read about the most ambitious fundraising campaign in our history — our part in the University’s $1.6 billion Momentum2 campaign (see page 21). Enriching international learning opportunities for students; expanding experiential learning programs to develop their ability to lead innovation and effect change; funding scholarships and innovative research programs; enhancing cross-disciplinary programs in health care, real estate and entrepreneurship; and recruiting more world-class faculty are the primary goals for the School.

In order to best prepare our students for the 21st century’s global economy, they must experience global business firsthand. We want to ensure that every UM business school student connects with others who are living, working, doing business and studying in other countries. To bring in the best and brightest students at all levels, we must provide scholarship support and innovative academic programs. To attract and retain outstanding faculty, we must fund endowed chairs and professorships.

The School of Business is experiencing remarkable momentum, thanks to the generosity of our alumni and other supporters in recent years. In the pages that follow, we introduce a few of the individuals whose gifts have made a difference the lives of our students and our community. I hope these stories inspire you to support the School, as well, through our ambitious Momentum2 fundraising effort, and in our work to define excellence in business school scholarship and education for the 21st century.

— Gene Anderson
genea@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.
Some 50 full-time MBA students from Fundação Getulio Vargas, one of the top universities in Brazil, spent a week at the School last fall as part of a new alliance between the two institutions. Students participated in nearly 20 sessions, led by School faculty, on such topics as doing business in the U.S., the global financial environment, innovation and change, mergers and acquisitions, and the relationship between Brazil and China. The International Program in Business also included a corporate visit to the headquarters of Burger King in Miami.

School of Business Group Joins Florida Governor’s Trade Mission to Brazil

TRIP BRINGS NEW BUSINESS TIES, STRENGTHENS RELATIONSHIPS WITH ALUMNI IN ONE OF THE WORLD’S FASTEST-GROWING ECONOMIES.

Leaders from the School of business joined nearly 200 executives and government officials from around Florida last fall for a five-day trade mission to Brazil. The mission, led by the state’s economic development arm, Enterprise Florida Inc., and Gov. Rick Scott, promoted building business relationships with the largest country in South America.

More than 35 alumni, business clients and friends of UM joined Gene Anderson, dean of the School of Business; Amelia Rea Maguire, associate dean for external affairs; Jenny Quintana, assistant director of alumni relations; and David Lecón, director of executive education, on the trip.

“We were delighted that the UM School of Business could join us in Brazil,” said Scott. “Our educational institutions, particularly our business schools, play an important role in connecting our state with the Latin American region. Working together, government, businesses and our education system can strengthen the economic climate in Florida and help create jobs.”

School representatives met with numerous corporations, including the pharmaceutical firm Novartis Brazil, which, as a result, is now interviewing the School’s graduating students for positions in that country. They also met with representatives of five multinational corporations to set the stage for the establishment of an executive education program for the local employees of each firm. They met with current clients, as well, and strengthened the School’s ties with Fundação Getulio Vargas, one of Brazil’s top universities. FGV will send 150 MBA students to the School for a special graduate certificate program this year, and will work with the School to deliver executive education programs in São Paulo and Rio de Janeiro.

The School of Business and the School of Engineering hosted more than 80 guests at a reception for alumni, parents, prospective students, corporate clients and other supporters at the Havana Club in São Paulo.

“This was a wonderful opportunity for us to conduct corporate and university visits to discuss executive education, graduate business internships and employment, student and faculty exchanges, as well as to engage with our alumni in Brazil,” Maguire said.
First Class in Puerto Rico Executive MBA Program Graduates; Second Begins

Members of the second class of the School’s Executive MBA program in Puerto Rico began their studies last October, just as the inaugural class — which entered the program when it was launched in 2009 — completed the program. Many of the first 25 graduates, who work for some of Puerto Rico’s leading firms, traveled to Miami to participate in the UM fall commencement ceremony in December as well.

Anuj Mehrotra, vice dean for the School’s graduate business programs and faculty affairs, welcomed the new students, calling the program “a testament to the School’s strong commitment to this region of the world.” He added: “We are delighted to continue our role in partnering with Puerto Rico’s business community as we work together to achieve our shared vision for the island’s economic growth and prosperity.”

Graduates in the first class say they have already seen a positive impact on their careers. “The UM Executive MBA program changed my life, immediately making me more marketable and competitive,” said Christina Kolb Guzman, a specialty sales representative for Janssen Pharmaceuticals. “The professors are first rate, and the strengths of my classmates brought the experience to an even higher level. I gained access to an incredible library of knowledge, found amazing networking opportunities and built relationships for life with my classmates.”

The program enables professionals living and working in the region to earn the School’s Executive MBA degree without interrupting their careers. Classes are held on Saturdays for a two-year period. The same faculty who teach on the School’s main campus fly to Puerto Rico each weekend to teach in the program.

Members of the first class in the School’s Puerto Rico Executive MBA program celebrated at a reception last fall.

Health Sector Programs Director Predicts Controversy

Expect to see more controversy about health care reform as provisions of the federal Affordable Care Act move closer to enactment in 2014. That was the message Steven G. Ullmann, director of the School’s programs in health sector management and policy, gave to some 300 industry leaders in Puerto Rico in February.

Ullmann was the keynote speaker at the Puerto Rico Health & Insurance Conference 2012: Economic Transformation in Health, co-hosted by the School and the Puerto Rico Chamber of Commerce. “First of all,” he said, “we have the individual mandate, perhaps the most controversial aspect of health care reform — the concept that every person must have health insurance or be subject to a penalty of up to $750 [per year].” Court challenges and the results of the fall elections may change the dynamics of the debate over reform, Ullmann noted, and there may be a number of unintended implications.

On a more positive note, Ullmann reported that health care spending growth was at its lowest level in 50 years between 2009 and 2010, which may reduce the cost of health care reform. “If these cost controls continue, maybe it will slow the growth rate of the costs of employer-based health insurance,” he said.
School Establishes Health Care and Real Estate Groups on LinkedIn

THE SCHOOL OF BUSINESS has established new industry-specific subgroups on LinkedIn, one for those working in the real estate sector and another for those in the health care sector. The School’s alumni base in these sectors continues to grow as it expands programs in both areas. These subgroups join already established subgroups, including one for alumni in the New York City region and another for those in Orlando, Fla. The main School of Business LinkedIn network now includes some 5,300 members. If you are not already part of this social media group, please join us.

Faculty, Students and Alumni Represent the World

COUNTRIES REPRESENTED BY THE SCHOOL’S ■ FACULTY ■ STUDENTS ■ ALUMNI

- Albania
- Algeria
- Antigua
- Argentina
- Aruba
- Australia
- Austria
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Bermuda
- Bolivia
- Botswana
- Brazil
- Brunei
- Bulgaria
- Burma
- Cameroon
- Canada
- Cayman Islands
- Chile
- China, People’s Republic
- Colombia
- Costa Rica
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czech Republic
- Denmark
- Dominica
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- England
- Estonia
- Ethiopia
- Finland
- France
- Gabon
- Gambia
- Germany
- Grenada
- Greece
- Guatemala
- Guyana
- Haiti
- Honduras
- Hong Kong
- Hungary
- Ireland
- Iceland
- India
- Indonesia
- Iran
- Israel
- Italy
- Ivory Coast
- Jamaica
- Japan
- Jordan
- Kenya
- Korea, Republic of
- Kuwait
- Lebanon
- Libya
- Luxembourg
- Madagascar
- Malaysia
- Martinique
- Mauritius
- Mexico
- Moldova
- Monaco
- Morocco
- Netherlands
- Netherlands Antilles
- Nevis
- New Zealand
- Nicaragua
- Nigeria
- Northern Ireland
- Norway
- Oman
- Pakistan
- Panama
- Paraguay
- Peru
- Philippines
- Poland
- Portugal
- Qatar
- Republic of Yemen
- Russia
- Saudi Arabia
- Scotland
- Senegal
- Serbia
- Singapore
- Slovenia
- Somalia
- South Africa, Republic of
- Spain
- Sri Lanka
- St. Lucia
- Suriname
- Svalbard
- Sweden
- Switzerland
- Syria
- Taiwan
- Tanzania
- Thailand
- Trinidad & Tobago
- Tunisia
- Turkey
- Turks & Caicos Islands
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- Uruguay
- Venezuela
- Vietnam
- Virgin Islands
- Windward Islands
- Zambia
- Zimbabwe

The School’s students represent as well as 65 2 countries U.S. territories

125

Number of countries represented by alumni

31

Number of countries represented by faculty
Undergraduate Entrepreneurs Dominate Regional Competition

STUDENT ENTREPRENEURS from the School dominated the regional finals at the Entrepreneur’s Organization Global Student Entrepreneur Awards (GSEA) competition, held in October. Four of the six finalists, including the grand prize winner, were members of the School’s entrepreneurship program. The competition recognizes undergraduates who run their own businesses while attending college. The UM students bested 30 others from South Florida universities.

Junior Quinn Worden won the grand award, which came with $10,000 in prizes and services, for his software company, PT United (PTUnited.com) which assists physical therapists in delivering better, faster, more affordable care. Worden, whose first business was a lemonade stand when he was 8 years old, also took third prize in the undergraduate category in the School’s third prize in the undergraduates attending college. The UM entrepreneur’s organization Global Student Entrepreneur Awards regional finals at the Entrepreneur’s Organization Global Student Entrepreneur Awards regional competition were Tyler McIntyre for Lucid Technologies, a smartphone application development firm; George Bahadue, whose website, The Internet, helps students find internships based on their interests; and Jon Kowalsky, creator of website Studio120. (Kowalsky also took second place with his plan in the 2011 Elevator Pitch Contest; see story, bottom right.)

Other School students who won awards in the GSEA regional competition were Tyler McIntyre for Lucid Technologies, a smartphone application development firm; George Bahadue, whose website, The Internet, helps students find internships based on their interests; and Jon Kowalsky, creator of website Studio120. (Kowalsky also took second place with his plan in the 2011 Elevator Pitch Contest; see story, bottom right.)

White House Recognizes School’s ‘Champion of Change’

SUSAN AMAT (BLA ’01, MBA ’04, PhD ’08), a management and marketing lecturer at the School, has become a regular visitor at the White House during this academic year. The cofounder and executive director of The Launch Pad, a UM initiative, which recruits and assists entrepreneurs, was recognized March 7 as one of 11 “Champions of Change” for outstanding leadership in entrepreneurial mentoring, counseling and training. The White House called Amat and the other honorees exceptional leaders who support small business owners by helping them accelerate their path to growth.

Amat had been at the White House just three months earlier: She was among leaders and entrepreneurs from Connecticut, Florida, Illinois, Massachusetts and Tennessee who joined the Startup America all-entrepreneur board and senior administration officials for an in-depth discussion on building strong startup ecosystems across the country.

Above: Susan Amat (far left), with Carol Attak, supplier diversity program manager for Accenture, and Sean Greene, associate administrator for investment and special advisor for innovation at the U.S. Small Business Administration.

Student’s ‘Elevator Pitch’ Brings Honors

UNDERGRADUATE BUSINESS STUDENT Jon Kowalsky took second place in the 2011 Elevator Pitch Contest in the student category for Studio120, a website that allows independent artists and music enthusiasts to share and sell their music. The competition, hosted by The Launch Pad and presented by The Miami Herald, was held during Global Entrepreneurship Week Nov. 14–20.

An “elevator pitch” is a brief overview of a company, product, service or project, delivered in the time span of an elevator ride — less than 90 seconds. Contestants were judged on their presentation skills, their business and marketing opportunities, general operations and the value created for their customers.

Top honors in the contest went to Mark Slaughter, CEO of the hospital services company Cohealo and a student in the School’s MBA for Working Professionals program. For more on Slaughter’s venture, see next page.
‘Startup Madness’ Winners Already Seeing Interest in New Venture

Two of the school’s MBA students are garnering the attention of venture capitalists in Florida and across the country. Cohealo CEO Mark Slaughter and CLO Brett Reed beat out competitors from schools such as Wake Forest, Boston College and Duke at the Startup Madness competition for startup companies, held in Durham, N.C., in March.

Styled after the “March Madness” that takes place every spring among college basketball teams, the bracket-style competition included 19 teams from 11 universities in the Atlantic Coast Conference. The competition was eventually narrowed down to a final four and the ultimate winners, Slaughter and Reed, who received the grand prize of $5,000. They are currently funded by a private investor. Their company, which has been supported by The Launch Pad at UM, seeks to deliver high-quality health care at a lower cost by enabling hospital systems to work as a single organization as opposed to stand-alone facilities.

“The biggest take-home was the many contacts we made in the venture capital community and the health care community in the mid-Atlantic,” said Slaughter. “We will be exploring working with several health systems up in the Carolinas and Virginia.”

Slaughter launched the company (formerly Collaborative Bioscience) with Reed and Michael Slocombe in 2011. The three also took first place in the statewide collegiate business plan competition at the Early Stage Venture Capital Conference last fall, beating out six other finalists from Florida universities.

PhD Candidates Win Minority Student Scholarships

Two of the school’s PhD candidates have been awarded $10,000 KPMG Minority Accounting Doctoral Scholarships for the 2011–12 academic year. The award, which is part of the KPMG Foundation’s commitment to increase the representation of minority students in business schools, is renewable at the $10,000 annual level for up to five years.

The students are John Barrios, who first received the award last year, and Andreya Marie Silva, a first-time recipient. Barrios plans to teach and pursue research in the areas of earnings management and corporate governance. “Because of the KPMG scholarship, I am able to dedicate my time to developing my research while not having to worry as much about the financial strains usually encountered by doctoral students,” he says.

Bernard J. Milano, president of the KPMG Foundation, says the two “have demonstrated that dedication, hard work and ambition pay off. Like all our scholarship recipients, they are key to our country’s future, and we look forward to following their success after graduation.”
School Hosts Leading Behavioral Finance Scholars

SOME OF THE WORLD’S leading behavioral science and economics researchers presented 15 new papers and findings from their research during the School’s second annual Behavioral Finance Conference, held in December. Behavioral finance looks at how emotions and cognitive errors influence the behavior of investors, executives and workers.

“This is a great opportunity for practitioners and academics to share ideas, since more and more people are realizing that behavioral finance has a power to explain what you see in markets,” said Christopher Malloy, associate professor of finance and a Marvin Bower Fellow at Harvard Business School. Malloy presented his paper, “Misvaluing Innovation,” during the conference.

Much of the research in the behavioral finance field looks at risk taking, identifying individuals, social groups and situations that might lead to excessive risk taking or unwarranted risk aversion, and the financial consequences that can come from both. This growing area of research offers, among other things, potential explanations for why stock markets do not always behave rationally and why chief executives might overbid when acquiring companies. It examines such topics as how risk aversion and altruism — fundamental economic attitudes — are influenced by environmental and social factors, or how worries about imminent risks versus more distant ones affect financial decisions.

Alok Kumar, the School’s Gabelli Asset Management Professor of Finance, organized the conference, which was chaired by Campbell R. Harvey, a distinguished scholar in finance at the School. Participants included 80 academics and business leaders from institutions including Cornell, Princeton, Yale, Harvard, Columbia and Duke universities; the London Business School; the Goethe University Frankfurt; the University of Rome; the U.S. Securities and Exchange Commission; the Federal Reserve Board; and the Federal Reserve Bank of New York.

“The conference has given not only the School but also the University great visibility,” said Kumar, who was also one of the conference presenters. “It will certainly raise the business school’s profile and will help us recruit better faculty and PhD students in the future.”

Presenter Christopher Parsons, assistant professor of finance at the University of California at San Diego’s Rady School of Management, noted the importance of bringing together researchers in the field. “A conference such as this one disseminates working ideas and provides a great venue to facilitate interaction, move projects along and help create research collaborations,” he said.

IBM Supercomputer Headlines Management Science Conference

ONE YEAR AFTER the IBM robot called Watson competed against and beat the all-time champions of the television game show “Jeopardy,” Manoj Saxena was at the School of Business to discuss the accomplishment with MBA students and academic scholars. Saxena, general manager of Watson Solutions for IBM Software Group, leads the effort to commercialize the supercomputer, which navigated the complexities of human speech, churned through 200 million pages of unstructured data in less than three seconds, and delivered a confidence-based response to beat the “Jeopardy” champions in February 2011.


Creating Watson was no easy feat, Saxena said, noting that it took the largest math department in the country five years to build the machine, which can read and understand millions of pages of information in seconds. He added that IBM hopes to integrate Watson into sectors such as health care, finance, government, insurance and education this year, as well as implement the technology using different languages in countries in Asia and Africa late next year.

“These solutions give us promise for the future, no matter what kind of career we choose,” said Gopi Kannan, an UM MBA student who attended the discussion.

The Institute for Operations Research and the Management Sciences is the largest professional society in the world for professionals in the field of operations research, management science and business analytics.
School’s faculty share their expertise with media around the world

Financial Times – 3/15/12
Yadong Luo, the Emery Findley Distinguished Chair and professor of management, authored a column defining key business terms on FT Lexicon, the newspaper’s online economics, business and finance glossary. Luo offered definitions for cultural friction, co-opetition, co-competence, co-evolution and organizational ambidexterity, about which he noted:

“...so many universities now embrace cross-campus, interdisciplinary collaboration, and entrepreneurship is a natural outlet...”

The Wall Street Journal – 2/22/12
A blog article cited research by Claudia Townsend, an assistant professor of marketing, which found that people are less likely to purchase a potentially embarrassing product if a social media symbol appears alongside the product online.

ISTÓRE Indepente – 1/27/12
The leading Brazilian news magazine cited research from Vidhi Chhaochharia, George Korniotis and Alok Kumar, all members of the School’s finance faculty, which found that in states where people are more optimistic, economic recessions are weaker, expansions are stronger, and the economic recovery is faster.

Financial Times – 12/19/11
An article about the School’s new MBA internship program, in which each student works at both Royal Caribbean and Bacardi during a single summer internship, included insight from Gene Anderson, the School’s dean, who noted that: “Mastering the core concepts and skills of business is still very important, but companies want students to be able to hit the ground running.”

USA Today – 3/7/12
A column about haggling with retailers to get a better deal featured insight and tips from Shweta Oza, an assistant professor of marketing, who noted that asking for a bargain is “always worth your while.”

Inc. – 3/4/12
The magazine tapped alumna and management and marketing lecturer Susan Amat (BLA ’01, MBA ’04, PhD ’08) for an article on the growing number of young entrepreneurs, in which she noted:

“We see products as extensions of ourselves, and we also see other people’s products as extensions of themselves.”

CFO.com – 3/15/12
A case study involving an ethical and business dilemma, developed by DJ Nanda, a professor of accounting, was featured in a column seeking reader solutions.

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Forbes – 11/28/11
In a blog post, Robert Plant, an associate professor of computer information systems, offered advice to consumers as technology makes it more likely marketers and other firms are tracking and using their personal data.

Voice of America – 10/5/11
A television segment about foreign investment in the Miami real estate market featured insight from Andrea Heuson, a professor of finance, who noted that to many buyers from Latin America:

“The purchase of a condominium unit, or four or five in a given building, seems like a bargain compared to what it was a year ago, simply because their currencies are stronger.”

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Hitting Health Care Costs Head-On

THE RISING COST of health care is having a significant impact on the competitiveness of U.S. companies, which are struggling to find ways to keep expenses down. It’s a tough order, because the economics of health care are different from many other industries. That’s according to Steven G. Ullmann, director of the School’s programs and center in health sector management and policy, who spoke in November to an audience of chief financial officers at the Miami chapter of the CFO Alliance, with which the School of Business has an ongoing partnership.

Ullmann reminded the attendees of the figures: More than 17 percent of GDP in the U.S. goes toward health care expenditures — more than in any other country. That figure is expected to rise to 20 percent within the next decade — roughly $13,000 annually for each American. “This is not just a domestic issue,” he pointed out. “This is a global issue, because this affects our competitiveness in the world market.”

Costs seem likely to keep going up in part because, unlike in other industries, competition in health care can actually raise costs, rather than lower them, Ullmann noted, offering this example: “If two hospitals across the street from each other have an MRI machine … and both have incorporated the capital to purchase the machines, the hospitals have to recoup the costs. How would they do that? By potentially overprescribing MRIs for patients that come through their offices. In the end, you have overutilization of health care, and costs go up.”

Indeed, the number of services performed per patient is growing, pushing prices upward as they follow demand, at a rate nearly double that of the Consumer Price Index. At the same time, the bulk of responsibility for the private costs of health care falls on insurance companies, and therefore to the employers that offer the health insurance, and falls on the government when it comes to those on Medicare and Medicaid. “If you reduce incentives to shop around, patients have an implicit incentive to overutilize services,” Ullmann said.

Ullmann pointed out that employers are trying to find ways to push more responsibility back onto patients. For instance, an increasing number are using “defined contribution” insurance plans, which shift the risk from the employer to the employee. Under a defined contribution plan, an employer gives an employee a capped amount of money with which to buy health insurance and pay for out-of-pocket costs, and the employee is responsible for monitoring their expenses.

“The concept is to have employees look for lower-cost plans and services, and it also theoretically allows health care plans and providers to become more competitive in what they’re offering to employees,” Ullmann explained. According to research from the McKenzie Institute, employees using these plans tend to forego treatment for non-serious medical problems, are three times more likely to utilize less costly treatment options, and seek preventive care at an equal or higher rate than those on traditional plans.

But even defined-benefit plans — which have plenty of benefits and can be confusing for individuals to work with — and services may not be affordable for all employees. And although in 2014 the Patient Protection and Affordable Care Act — colloquially known as health care reform — will allow most employers and individuals to decide between having health insurance or paying a fine, that alone is hardly expected to lower costs. Ullmann noted that it will take creative efforts by companies and the health care industry to do that.

— Robert Sobalvarro
The skills required to start a business are often very different from the ones required to lead it — and that can be an advantage when a second generation joins the top ranks of a family business. That was the consensus from the members of a panel discussion I hosted on the dynamics of family businesses, called “Keeping It in the Family.” The discussion, held at the School in November, was part of Global Entrepreneurship Week, an international initiative aimed at inspiring entrepreneurship.

Three father-son pairs talked about their experiences working side by side in the family business: Rick Tonkinson (MBA ’84, MPA ’85) and his son Steven, of the financial planning and advisory firm Rick Tonkinson & Associates; Arthur Steier and his son Alex, of manufacturer SSI Chusei; and Sandy Goldstein (BBA ’81, MBA ’84) and his son Sean, who expects to graduate this year from the School, of Capsicum Group, a digital forensics, data recovery and technology support company. All three fathers are members of the School’s Entrepreneurship Programs Advisory Board; Steier is chairman.

A key question was: “How do you pass on to your sons the entrepreneurial mind-set that made you so successful?” Rick Tonkinson responded: “As a family business, my mind-set of continuing to build on what we have already achieved over the past 20 years is embedded into the company culture. … Passing on my mind-set to move forward, despite the economic conditions, is conveyed by me to Steven through our weekly meetings. We are constantly evolving to another level of efficiency and level of service. It is not having to create something new from scratch, but rather mold what you already have.”

Sandy Goldstein suggested that entrepreneurs of the next generation need to be effective managers and process innovators. He distinguished between two types of entrepreneurs: those who invent something new and change the boundaries of their existing industries, such as Apple founder Steve Jobs, and what he deemed “incremental innovators” like Papa John’s founder John Schnatter, who built his pizza business by refining the process for an existing concept. Entrepreneurs like Schnatter could be called process improvers or industry hawks. Often, the members of the second generation in a family business must fall into the second category.

Arthur Steier noted that the first-generation entrepreneur may have been motivated by economic need. If so, then it may be difficult to instill that spirit in his children, as that necessity likely doesn’t exist for them. Steier’s conclusion was that entrepreneurs are neither taught nor born; rather, they are created by external forces that ignite an internal drive.

The panelists agreed that while you cannot teach someone to be a visionary, you can certainly help guide the development of an effective leader.

— Marianna Makri, Associate Professor of Management
To Disclose or Not to Disclose: A CFO’s Ethical Dilemma

SCHOOL JOINS CFO ALLIANCE TO EXAMINE CURRENT ISSUES.

NEARLY 200 CFOs and other senior finance executives from around the country gathered in Miami in December for CFO magazine’s CFO Playbook for Private Companies conference, for which the School of Business was the academic sponsor. A highlight was a session titled “To Disclose or Not to Disclose: An Ethical (Faustian) Dilemma,” moderated by DJ Nanda, a professor of accounting at the School.

The panel included James Cline, CFO of United Data Technologies; George L. Pita (BBA ’83), executive vice president and CFO of Stuart Weitzman Holdings, and a member of the School’s Accounting Advisory Board; and Patricia Souza (MBA ’11), market strategy manager for INTCOMEX. Among the topics discussed was whether to disclose to customers, owners and potential investors the identification of a compliance problem with a supplier. From their discussion, they came up with six best practices for CFOs.

1. Don’t underestimate the situation. First, gather all the facts. Assume you don’t understand the magnitude of the situation. Get to the root of the problem and identify whether it is an isolated incident. If it isn’t, ask: Do we need to change the company’s business model? Will this happen again?

2. Consider hiring a crisis management firm. A crisis management firm will help you determine the best approach to dealing with the media, including how to counter negative publicity.

3. Approach disclosure systematically. Keep a paper trail of all documents, and organize a multidisciplinary team of legal counsel, financial advisors and crisis management specialists. They will help you determine what to disclose, to whom and when, while offering diverse professional perspectives.

4. Set a disclosure deadline, and learn everything you can before that date. Although considerable weight should be placed on being honest with employees, stakeholders and board members, it is best to wait as long as possible to disclose, because coming forward with incomplete information could have an even greater adverse effect. Instead, set a date to reach definitive answers and work to resolve any doubts by that day.

5. Document, document, document. As a financial executive, your reasoning will be questioned. Be able to explain why you acted the way you did.

6. Make changes to prevent future issues. No matter how hard a company may be hit with a scandal, it’s possible to generate a positive outcome by moving forward and putting new boundaries in place to help prevent a similar situation in the future.

— Diana Jordan

FACULTY FAVORITES

BOWLING ALONE: THE COLLAPSE AND REVIVAL OF AMERICAN COMMUNITY
ROBERT D. PUTNAM
(SIMON & SCHUSTER, 2001)

AMERICAN GRACE: HOW RELIGION DIVIDES AND UNITES US
ROBERT D. PUTNAM AND DAVID E. CAMPBELL
(SIMON & SCHUSTER, 2010)

“In Bowling Alone, Putnam talks about the decline of social capital in the United States and how this decline leads to a fractious society. This lays the groundwork for American Grace, in which the authors draw on their own and others’ statistical studies to document and examine the general decline of mainstream religions and what these organizations are doing to stay relevant. In both books I found many parallels to the corporate world and to what established companies must do to maintain market share and customer loyalty.

“The business bookshelf is full of ‘quick fix’ books that solve every business problem in a blink. Putnam looks at the long-range issues of success and how organizations survive in a rapidly changing environment.”

— Ed Baker, Chair, Management Science

FACULTY FAVORITES
INTERIM PHD PROGRAM DIRECTOR ANNOUCED
Alok Kumar, the Gabelli Asset Management Professor of Finance, has been named the 2012 Interim PhD program director at the School. Kumar replaces A. “Parsu” Parasuraman, holder of the James W. McLamore Chair in Marketing and professor of marketing, who is taking a one-year sabbatical. “I am very grateful that Alok has agreed to add this important role to his broad portfolio of activities here at the School, and for bringing his great ability and passion for excellence to bear in such a core program for our community,” says Gene Anderson, dean of the School of Business. One of Kumar’s top priorities during his tenure is to bring together PhD students from different fields in the School. “I want to consolidate our seven PhD tracks so students can be exposed to several topics in business,” he says. “The ultimate goal is to have them pursue academic papers and attend PhD workshops together.” Kumar is also working to identify niches within different concentrations, such as behavioral finance, and to offer more multidisciplinary courses.

MANAGEMENT PROFESSOR IS WORLD’S TOP BUSINESS SCHOLAR
Yadong Luo, holder of the Emery Findley Distinguished Chair and professor of management at the School, is the world’s foremost international business scholar, according to the results of a study published in Management International Review. Luo is ranked No. 1 on the study’s list of the top 25 scholars from around the world. The same article ranks the University of Miami No. 2 in the world for international business research.

PAUL D. CONVERSE AWARD, MARKETING SCIENCE INSTITUTE GRANT
A. “Parsu” Parasuraman, holder of the James W. McLamore Chair in Marketing and professor of marketing, has been selected as a recipient of the 2012 Paul D. Converse Award. The award is granted every four years to individuals who have contributed significantly to marketing theory and to the advancement of science in marketing. Recipients of the award constitute the “Marketing Hall of Fame,” as reported by Fortune, and are selected by a nationwide jury of university, business and government scholars representing 37 universities and research organizations. Parasuraman was also awarded a $10,000 seed grant for his proposal for exploring the formation of a global consortium of service research centers by the Marketing Science Institute. His proposal was one of eight selected from 64 submissions. He will use this grant to help fund visits to service research centers in Asia, Australia, Europe and North America.

School Brings Together Leaders in Strategy Management

TOP SCHOLARS and pioneers in strategy management gathered at the University of Miami in November as part of an extension to the Strategic Management Society’s 31st annual conference. Management professors Yadong Luo, holder of the Emery M. Findley Jr. Distinguished Chair; Haresh Gurnani, the Leslie O. Barnes Scholar and chair of the department; and Joseph Gantisky, director of the UM Center for International Business Education and Research (CIBER), organized the workshop.

Titled “Co-Operation, Co-evolution and Global Strategy,” the workshop presented participants the opportunity to share ideas in an intimate setting. Leading scholars from across the country, including Luo and John Daniels, another of the School’s management professors, discussed the evolution of global strategy. Extension workshops were also held at Florida International University’s Miami campus, the University of Florida’s Sunrise campus, and Florida Atlantic University’s Boca Raton campus.

“We try to capitalize on having world-renowned scholars in Miami by creating platforms for them to share their latest research, findings and results,” said Luo, who noted that such conferences help position the School as a leader in the field.
on January 15, the online retailer Zappos woke to chilling news. Its computer network had been hacked and account information for 24 million customers exposed. Normally that’s a recipe for fleeing customers and a plummeting stock price. But two days later, shares of parent company Amazon were up 2 percent. And while some shoppers made for the virtual exits, there was no indication they were leaving en masse. In part that’s because Zappos acted quickly to inform customers and advise them how to protect their accounts. But more significant, it’s a reflection of the company’s almost unequaled customer loyalty, built on years of top-notch customer service.

Smart organizations know customer service can make or break the business. But too often companies have the wrong ideas about what makes service excellent.

by Eric Schoeniger
in depth: customer service
Customer service is everything you do before, during and after a sales transaction to give customers a good experience. “Our research has shown that service quality is a key contributor to customer loyalty,” says A. “Parsu” Parasuraman, holder of the James W. McLamore Chair in Marketing and professor of marketing at the School.

Recent economic trends have made service more crucial than ever. An increasingly global marketplace means companies have to compete across markets. New technology has raised customer expectations for service speed and quality. And a continued soft economy is driving unprecedented demand for value.

Yet when budgets need to be trimmed, service is often the first item on the chopping block. That’s a mistake, insists Parasuraman, an internationally recognized customer service expert. In fact, he says, rising expectations and greater competition mean that organizations need to continuously improve customer service. To do that, they should take four key steps: focus on service fundamentals, understand customer expectations, build a service culture and measure progress.

**BACK TO BASICS**
Markets change, technologies come and go, but service fundamentals remain, and companies should first focus on those. Parasuraman tells the story of a visit to Madrid, where his hotel offered nine different choices of pillow in its “pillow menu.” The hotel clearly was hoping to delight him. But in the meantime it neglected to place his wake-up call or deliver a document he was waiting for. It tried to do something special but failed at the basics.

Parasuraman has developed a customer service approach called SERVQUAL, based on decades of research. The most successful companies, he says, tend to be those that focus on SERVQUAL’s five key components:

1. **RELIABILITY.** First and foremost, customer service is about keeping promises. “If companies would simply do what they say they’re going to do, it would go a long way toward ensuring customer satisfaction,” Parasuraman says.

2. **RESPONSIVENESS.** Customer service is also about showing a willingness to be helpful. Customers should always feel like their questions and input are welcome.

3. **EMPATHY.** Striving to always view interactions from the customer’s perspective is a good way to uncover hidden problems and improve customer relationships.

4. **ASSURANCE.** Assurance involves employees’ knowledge, skills and credibility, and their ability to inspire trust.

5. **TANGIBLES.** Physical aspects such as stores, equipment and uniforms...
are part of service. Although this is the least important of the five attributes, it’s the one companies are most apt to emphasize.

Companies need to maintain their focus on those components over time — not always an easy proposition. “Some companies, like Starbucks, are founded on providing an excellent customer experience,” observes Ram Krishnan, research professor of marketing at the School. “But as they grow, they often find it difficult to maintain that.” In Starbucks’ case, a sales drop brought early leader Howard Schultz back to the company in 2008 to refocus it on fundamentals. Sales have surged as a result.

Ultimately, service fundamentals are about an organization’s core values, says Marlene Santos (BBA ’81, MBA ’84), vice president of customer service at Florida Power & Light. All FPL customers really want is reliable, affordable electric service. But that doesn’t mean the utility’s 4.5 million customers aren’t demanding. “We have three key values: commitment to excellence, doing the right thing and treating people with respect,” Santos says. “When they think of customer service, people normally think about the employees who answer the phone when there’s a problem. But for us customer service is much broader. It’s about delivering the services that are most important to our customers.”

MIND THE GAPS

After simply missing the fundamentals, the No. 2 service problem companies face is a gap between what customers expect and what they get. “One of the most common mistakes companies make is assuming they know what customers consider good service,” Parasuraman says. “If you don’t ask customers what their expectations are, you’ll invest in the wrong areas.” His research has shown that service is degraded by four critical gaps:

1. The gap between customer expectations and management’s understanding of customer expectations
2. The gap between management’s understanding of customer expectations and service-quality standards
3. The gap between service-quality standards and service delivery
4. The gap between service delivery and what’s communicated to customers

One spectacular example of failure to meet customers’ expectations comes from Netflix. Last July the company announced a price hike for its mail-to-home DVD-rental service. Then in September it split DVD rentals and streaming video into two services that required customers to maintain separate accounts. Neither move was market-tested, apparently, and customers responded with outrage. The missteps cost Netflix at least 800,000 customers and a nearly 75 percent drop in its share price. A company that had enjoyed a loyal customer base was forced to apologize and change course. In this case, Netflix was guilty of gap No. 1, the discrepancy between customer expectations and management’s understanding of those expectations.

“We have three key values: commitment to excellence, doing the right thing and treating people with respect.” — Marlene Santos, FPL

Research shows that often what’s
most important to customers is a sense of fairness,” Krishnan explains. “If they feel they’re being treated fairly, they’ll be more forgiving of customer service lapses. If they feel they’re being treated unfairly, you’ll have a much harder time retaining their loyalty.”

The focus on service needs to start at the top and cascade throughout the organization. “The customer service mind-set should be instilled in all employees, not just service reps,” says Dan Sarel, associate professor of marketing at the School.

That often comes back to core values, says Bernie Fernandez, MD (BS ’83, MBA ’11), CEO of Cleveland Clinic Florida. “You can have strategies and initiatives, but it’s the underlying values that unite your team and initiatives, but it’s the under-

lying values that unite your team and what you’re doing,” he says. For the nonprofit hospital, that team involves 2,200 staff members, including 200 full-time physicians, who admit 11,000 patients and handle 330,000 outpatient visits a year. Fernandez works to ensure all those employees are equally dedicated to customer service. But each of them is asked to think the same way Fernandez does.

“I have two roles at the Clinic,” he explains. “My second role is CEO. My principal role is as a physician and caregiver. In fact, all of our employees have the word ‘caregiver’ on their ID badge. This isn’t a marketing concept. Our goal is to satisfy patients from the moment they schedule an appoint-

ment to when they receive a bill. At every touch point, every employee should feel like a caregiver.”

That begins with recruiting people who have a passion for your business, research shows. At Cleveland Clinic Florida, for instance, Fernandez personally emphasizes the importance of customer service with every employee. “We have a formal training process that all employees must go through,” he says. “We assemble teams that include a physician, an administrator, someone from plant operations and so on. We put them together and discuss what’s important from a customer service perspective. Everyone on the team understands that nothing they do is too small.”

**UNDERSTANDING YOUR CUSTOMER**

**Ping and Response**

Technology has pervaded every aspect of customer service — but not everyone embraces it. That means your customer service technology has to accommodate a range of users. “We’ve developed a way to quantitatively segment customers by their technology-readiness,” says A. “Parsu” Parasuraman, holder of the School’s James W. McIlamore Chair in Marketing and a professor of marketing.

To meet the most needs, make sure your technology is customer-focused. “Companies are replacing human-based customer service with technology,” Parasuraman notes.

“But in many cases the goal is to save money, not provide better service.” That can backfire.

“How many times have you heard a customer service rep say something like, ‘The system won’t let me do that?’” says Robert Plant, associate professor of computer information systems at the School. “You can’t blame the computer. It took a human to design the system and specify what it can and can’t do.” The goal of any customer service investment should always be to improve the customer experience. “If the technology won’t let you do that,” Plant says, “then you need to change the technology.”

— E.S.
To promote an organization-wide service mind-set, the Florida center’s parent, Cleveland Clinic, has even created the Office of Patient Experience, headed by a “chief experience officer.” The department serves as an advisory center to ensure customer service standards and consistency at its facilities around the world.

**TRAIN AND MEASURE**

Despite the clarity of the research on the importance of service in retaining customers, companies don’t always invest in the right areas. “Companies are reluctant to provide in-depth training to service employees, who often have a high turnover rate,” Krishnan observes. “But if you hire the right people and give them incentives, you’re more likely to recoup your training investment.”

Those incentives are key. “Customer service is hard work,” Sarel says. “You need to reward employees for good customer service behavior.”

To reward the right customer service behavior, a company must define and measure it. But many companies focus on the wrong metrics when they do so, often valuing speed rather than actual customer satisfaction.

Sarel points to a basic mistake many companies make: awarding bonuses to service reps for how quickly they can get off the line with a customer, rather than for how many problems they truly resolve or how many service calls they handle that don’t require follow-up.

To create truly useful customer service metrics, a company should start by learning how customers perceive service levels. You can do that by tracking social media sites, recording and analyzing service calls, conducting customer surveys, deploying “undercover” shoppers to pose as customers, and similar means. Add in other research that’s relevant to the particular business. For instance, retailers should gather data on how often items are out of stock, how often items are returned and the reasons for those returns.

“Measure service from two perspectives,” Sarel advises. “Measure on a customer-by-customer basis, so you can respond to individual needs, and measure more broadly to uncover trends. If multiple customers are having the same problem, you might need to make systemic changes.”

Cleveland Clinic Florida, for example, sends a questionnaire to all patients after they’ve received care. It also uses tablet computers to randomly survey patients while they’re onsite. It takes a broad measure of what the surveys report to uncover trends, and to keep individual patients happy, a customer service manager immediately follows up if someone expresses dissatisfaction.

At FPL, service success is mea-
“If you hire the right people and give them incentives, you’re more likely to recoup your training investment.”

— Ram Krishnan, research professor of marketing

IN DEPTH: CUSTOMER SERVICE

sured both internally and externally. Internal measures include customer-satisfaction surveys and employee focus groups. “We find out from our employees what they’re hearing from customers,” Santos says. “They’re the voice of the customer, and they can drive changes to improve customer service.” FPL also carefully analyzes call-center interactions. “We can even measure by call types,” Santos says, “so we know satisfaction levels for customer installations, when there’s an outage, when there’s bill collection and so on.”

Externally, FPL participates in customer service benchmarking and awards programs. It has received the ServiceOne Award, bestowed by PA Consulting Group for excellent customer service among U.S. and Canadian utilities, for eight consecutive years. In 2011, it won the Edison Electric Institute’s National Key Accounts Award for Outstanding Customer Service.

If it sounds like truly good customer service requires a significant investment, that’s true — which is why it’s important for companies to measure how service investments are paying off. “The true measure of your return on investment in customer service is the bottom-line impact,” Parasuraman says. “That’s not something you can determine in the short term. But over time, if you’re investing appropriately, you should start to see an improvement on the bottom line.”

In fact, Parasuraman notes, research shows a strong correlation between excellent service and profitability. In large part that’s because good service leads to customer loyalty. And it’s a lot more costly to constantly look for new customers than to keep the ones you have.

For Zappos, the breach of its computer network — and of its customers’ expectations for service quality — was not without consequence.

Lawsuits were filed, of course, and plenty of disgruntled customers took to social networks to express their outrage. But just as many declared their undying love for all things Zappos, and some even expressed sympathy over the company’s cyber-woes.

Most business leaders would swoon over that kind of customer loyalty. But, as organizations like Cleveland Clinic Florida and Florida Power & Light have learned, when it comes to customer service, you get only as good as you give. But when what you give is good, what you get is fine indeed.

Is There an App for That?

NEW TECHNOLOGIES offer new customer service opportunities. “Not every experiment will work out,” warns Robert Plant, associate professor of computer information systems at the School. “But the most successful companies are those that aren’t afraid to try new things.”

Many of those experiments now involve smartphone and tablet apps. Plant’s research has identified three app categories:

• Informational. These apps simply deliver useful data. An example is GE Appliances, which provides details on GE’s Energy Star-rated products.

• Motivational. Some apps are about building customer relationships. For example, Philips BatterySense assesses smartphone usage and predicts remaining battery time.

• Aspirational. Ideally you want customers to aspire to your brand. Virtual MINI, for instance, lets car shoppers determine whether they’re right for a MINI Countryman.

All of these apps deliver some level of customer service. But some organizations are taking even more innovative approaches.

The global retailer Tesco is testing a unique application of quick-response (QR) codes, those pixilated squares that appear on ads and other promotions. In South Korea, the company has posted wall-length billboards in train and subway stations that give commuters a “virtual” shopping experience. The billboards feature photographs of grocery items on store shelves, along with a QR code for each item. Shoppers use their smartphones to scan the items they want, and the purchases are automatically delivered to their home.

Other retailers are trying similar strategies. Whole Foods, for example, lets shoppers scan codes on merchandise to instantly watch a video about the item. “It’s all about enriching the customer experience,” Plant says. “And that’s good customer service.” — E.S.
The *Momentum2* campaign will enhance the School’s drive for excellence.

In February, the University of Miami publicly launched *Momentum2: The Breakthrough Campaign for the University of Miami*, which will raise $1.6 billion by 2016. The School of Business is joining the University in the campaign, undertaking the most ambitious and comprehensive fundraising effort in its history. It is an effort that will change the face of business education at UM. “Business education is at an inflection point, and the funds we raise during this campaign will allow us to equip our students to be successful in a global, 21st-century economy,” says Gene Anderson, dean of the School of Business. “We’re better positioned and more agile, and we have the ability to make high-impact changes far faster than larger schools can.”

Funds raised through the *Momentum2* campaign will give the School of Business the means to attract the best faculty and students, offering them research opportunities, hands-on learning experiences, scholarship support, top-notch facilities and more. These
gifts will support opportunities for international learning and internships, as well as student engagement with local business and community organizations. The School will also bolster its distinctive programs in such areas as international business, health care, real estate and entrepreneurship. “To better prepare students for a world that’s more global and in which companies really want graduates to be able to hit the ground running, we have to provide them with international learning opportunities and experiential learning opportunities,” Anderson adds. “And giving access to those opportunities to all of our students will require additional resources.” But it’s what today’s rapidly evolving business landscape demands from higher education and research universities.

The School has an opportunity to ensure that it plays a central role in developing the innovative ideas and leaders that will transform global business and society. Although its current endowment of $40 million is far below that of many peer and aspirational-peer institutions, the School has attracted world-class faculty who are making a significant impact on business through their research. It also has consistently raised the caliber of students. “Many of our peers are operating with an endowment several times the size of ours,” Anderson notes. “One thing that’s amazing about the business school is that we’ve done so well despite that gap.”

The School’s success has attracted prominent alumni, business leaders, students and parents to give to the School. Two alumni are serving as co-chairs of the School of Business campaign: Raul Alvarez (BBA ’76), retired president and chief operating officer of McDonald’s Corp. and current board member of Eli Lilly and Lowe’s, and Patrick Barron (BBA ’75), who recently retired as first vice president and chief operating officer of the Federal Reserve Bank of Atlanta.

“The School of Business has been on a remarkable trajectory upward, and I am honored to serve in this role as we continue to work together to achieve a position as one of the world’s leading institutions for international business education,” says Alvarez, who is also a member of the School’s Board of Overseers.

Alvarez and Barron will be working during the next four years to encourage others to join them in giving to the School. “We are building a business school that promises to be an important cornerstone for future business leaders — providing them with the education they need to succeed in a world economy we can only dream about today — and Momentum2 plays a critical role in our efforts,” says Barron, who is also a UM trustee.

Every donor has his or her own reasons for giving. In the following pages, some of those who have made the School’s achievements possible share their inspiration for giving.

Scholarships, a Virtual Library and More

Judi Prokop Newman (BBA ’63) and Robert Newman have established scholarships, funded facilities around campus and helped the School’s entrepreneurship programs.

Walking around the UM campus, you will find Judi Prokop Newman and Robert Newman’s names on a variety of facilities. The School’s virtual library is named the Judi Prokop Newman Information Resource Center and Business Library, and alumni life centers around the Robert and Judi Prokop Newman Alumni Center. Judi Prokop Newman is a UM trustee, and Bob is a member of the School’s Entre-
Steve Witkoff, CEO of The Witkoff Group, established the Martin Witkoff Endowed Real Estate Fund (named for his father), which supports student scholarships, internships, program initiatives and other activities for both graduate and undergraduate students. Chairman of the School’s Real Estate Programs Advisory Board, Witkoff first became involved when his oldest son, Andrew, was a student at the School. Witkoff’s youngest son, Zachary, is now a student. Witkoff regularly speaks to students at the School, and actively assists in developing and promoting the real estate curriculum.

“I was approached to get involved, and at the time you could see that the School was going to move. A university of this caliber, just to keep where it is in its status, requires more money than the tuition that comes in. And for it to move forward and to attract even more top professors by having endowments for them — all of those things require real money. Now, having been involved for nearly five years, I’ve seen the evolution of the School. It’s a really energetic administration, and then they get some volunteers like me. The real estate board is an incredible board. Everybody participates in a substantive way. And the School listens. It’s hard not to be involved in an environment where you have people reacting that way.

“My youngest boy is going to graduate from this school, and he’s going to have a very, very realistic chance of getting a top-notch job out there in the business world because of the reputation of that school, and for the rest of his life he’s going to be proud of being a graduate from there. If I had to pick where I wanted to target my philanthropy, it’s certainly going to be at an educational institution like Miami that has supported two children in my family and is now doing wonderful things for other kids.

“I hope my gift will be a springboard for other people to hopefully give as well. But the gift was really just the beginning of it. It’s much more relevant to give with your time than with your money.”

Endowing an Area of Excellence

Steve Witkoff, a parent and advisory board member, established the School’s first real estate initiatives endowment.

— Judi Prokop Newman

“We’ve really been impressed with the growth of the University of Miami over the last 10 or so years that we’ve been more involved. I am a trustee at another university [University of Denver], and there’s nobody else in our peer set that has done the things Miami has, has grown the way Miami has, is such a star in the community.

“Through Judi, I’ve met a number of people on the faculty at the business school. When the entrepreneurship program was starting up, they asked me if I would be one of the judges in the business plan competition. That has evolved to where there’s also mentoring as part of it. I’ve really enjoyed it. I’ve met some interesting students with some interesting projects.” — Bob Newman
Honoring Three Generations with Scholarships

After meeting at the School, Patricia McBride Herbert (BBA '57) and Allan Herbert (BBA '55, MBA '58) have given gifts of scholarships, building funding and even a bridge.

Patti and Allan Herbert have funded scholarships at the School of Business, and their gifts to the University have earned their names on the Herbert Wellness Center and helped create the “Love Bridge” that leads to it. Together, they have been involved with multiple activities at the School and the University, including class reunions, homecoming and fundraising.

“We thought we got a very good education at the School, and after graduation, we started giving. It’s something that we thought would help other people, and hopefully inspire them.” — Patti Herbert

“The first giving we actually did was in 1958. The University had no endowment in those days, but they had the Century Club and they asked that alumni contribute $100 a year to the Century Club. In the 1990s we established one scholarship, and eventually a total of three. We’ve really seen the success that our recipients have been able to achieve as a result of us giving to UM. “We were both very fortunate that we had excellent business careers as a result of studying at UM and participating in UM extracurricular activities. We continue to look for ways to help the University, because we got so much out of it, and because we met there.” — Allan Herbert

Getting Students Out in the Field

MBA student Benjamin Elias (MBA ’11) helped other students participate in the School’s MBA Consultants to Non-Profits program.

While he was studying in the School’s intense one-year MBA program, Benjamin Elias (pictured below with Gene Anderson, dean of the School) spent his summer doing an internship at Habitat for Humanity through the School’s MBA Consultants to Non-Profits program. Shortly after finishing that work, he facilitated his family foundation donating to the program, which pays students a stipend while they are working.

“Working at Habitat was definitely one of the most significant experiences that I have ever had. I was working in accounting, and I was working in construction management, and I was working on acquisition — skills that I really need. At the same time, I was on the job site every Friday. It gave me experience in the real estate industry and the opportunity to help others.

“When I saw that I had a chance to help this program and help another student experience what I experienced and gain what I gained, I had to take it. It was such an enormous experience for me that I had to support it.

“Also, I think it’s very important for the University of Miami to be connected with the Miami community. We’re only going to be as strong as our alumni base and the reputation we have. A program like this — sending students out into the field — it really helps to solidify that bond and help UM elevate to the next level.”
An Endowed Scholarship Helps Veterans, Others

Recognizing the value of his education, Dean Fogel (BBA ’70) wanted to help other students like him.

As a young veteran, Dean Fogel attended UM with the help of veterans benefits. Years later, he endowed a scholarship that would give preference to veterans but that could be used for whichever students had the most need. Over the past 13 years, Fogel Scholars have included veterans, international students, students receiving matching scholarship funds and students supported almost entirely by his fund.

“I was a young veteran when I applied to UM, and I’m forever grateful for the chance that UM took with me. Without my degree, I would not have had doors opened to business opportunities that ultimately resulted in the success that I now enjoy. I wanted to give in a way that would have an impact on the individual level, where students are trying to balance academic achievement with financial obligations. I chose the scholarship route because I have a deep appreciation for how much it meant to me to be in school and have someone outside of the family providing financial help.

“Today we have thousands of vets returning to civilian life, and many will go back to college for undergraduate and graduate degrees. They bring unique leadership skills needed by private enterprise. Scholarship money helps UM compete with other top schools for these future leaders.

“The personal rewards have really been tremendous. Over the past 13 years, I’ve touched the lives of many great students. That’s pretty much what has motivated me to continue to add to the scholarship annually. I want to continue adding to the scholarship fund, hoping to inspire other alumni that building scholarship funds is the way the School is going to continue to attract the best and the brightest students.”

A Young Alumnus Gives Generously

Shortly after his graduation, Christopher S. Yingling (BBA ’09) and his family were already giving back.

Chris Yingling was just beginning his career when he and his family decided to give a generous gift to the School. His family’s gift supports undergraduate placement initiatives, and in October the School named a classroom in the Aresty Graduate Building after Yingling to honor his gift.

“When I was an undergrad at Miami, the School of Business gave me a very generous academic scholarship throughout my time there. After I graduated, my family and I thought, What better way to give back to the School than to make a gift? I wanted to make that sort of opportunity — the scholarship as well as the broader opportunities that you have as a student at the School — available to future students. The gift was to serve the School of Business in whatever areas of need it has. I’ve already been able to see the immediate, direct impact just in the administrators and faculty who were there with me on the day of the dedication. The sincerity of their appreciation created an amazing feeling of giving back to the University that gave me so much. But even more than that, if my giving can serve as an inspiration to others to perpetuate even more future giving, that in itself, I think, is a tremendous return.”

To discover ways you can support the School’s continued progress, contact Laura Padron, assistant dean for development and stewardship, at 305-284-4052 or laurapadron@miami.edu.
real estate investing and development have evolved alongside the shifts in the global economy, and today, success depends on deploying capital effectively and pinpointing small opportunities rather than following larger trends, as well as applying fresh ideas to urban design.

That’s according to panelists at the University of Miami Real Estate Impact Conference, held Feb. 10. Some 300 professionals and students attended the daylong conference, which explored the reshaping of urban spaces through global capital and ingenuity. The event, presented by the Kislak Foundation and The Witkoff Group, was organized by the School of Business Administration and the School of Architecture, which collaborate on a number of cross-disciplinary real estate programs. It was held at one of Miami’s newest corporate towers, 1450 Brickell, in the Brickell Business District.
“Real estate today needs to be about ideas, technology and experiences,” said Robert S. Wennett, president of the Miami-based real estate developer UIA Management, in an afternoon panel session. “Creativity is the key for architects and developers to be successful going forward.”

GLOBAL REAL ESTATE INVESTMENT TRENDS

Keynote speaker Sam Zell, the industry giant and chairman of Equity Group Investments, and moderator Jorge M. Perez, chairman of the Florida-based developer The Related Group and a UM trustee, told attendees that in the current economy, global real estate investing and development are more about timing than about location.

“Sam has been inventing and reinventing real estate for four decades, and understands the U.S. and global economies and how they interact,” Perez noted. “After listening to Sam, I believe the old real estate maxim, ‘location, location and location,’ has been replaced by ‘timing, timing and timing.’”

“We have been playing a game of extend and pretend for years now,” Zell said. “But to move forward we have to clear the market. We have to look at the economy in a realistic fashion. I think a true recovery depends on strengthening the confidence of the business community.”

Zell asserted that successful real estate investment and development depend on meeting unmet market demands. That’s why he has turned in recent years from the U.S. to emerging markets, developing low-cost housing in Mexico and Brazil, for example. “It is much easier to fill preexisting demand than to create new demand,” he said.

The U.S. real estate industry remains on shaky ground, he contended. On the residential side, new home construction has been at a standstill for the past five years. In 2009, only 100,000 homes were built, while 300,000 homes were lost to various causes. In the office market, occupancy levels have slowly improved, although most cities still report double-digit vacancies.

Zell noted challenges in the retail real estate market as well. “Many of the lifestyle centers are now dying on the vine,” he said. “Then there are the power centers where three of the five big-box retailers are now in bankruptcy. And those 300,000-square-foot enclosed malls, where none of the tenants can afford to pay the operating costs? They are obsolete.”

Looking at the nation’s foreclosure crisis, Zell faulted government policies that have slowed lenders’ ability to resolve the problem. “As a result there are 4 to 5 million homes in purgatory where the owners are not...
making mortgage payments. That's a massive moral hazard,” he said.

While Perez argued that government policies — especially support for low-income housing — have been historically important in getting U.S. families across the threshold of home ownership, Zell cited his experience in emerging markets: “In Mexico and Brazil, I discovered you can build affordable housing today with very low default rates. Families want to buy a 600-square-foot, two-bedroom home for about $22,000. But in the United States, that opportunity is long past. Today’s buyers would say such a starter home is much too small.”

Perez then wondered if Zell saw any opportunities in the U.S. market. “Back in the 1990s, success or failure was all about scale,” Zell responded. “Today, there are no broad themes. It’s basically looking for the right spot or a one-off project. Until we sort out the financing mess, I don’t see how you can have any consistent or predictable theme.”

SOUTH FLORIDA’S REAL ESTATE OUTLOOK
According to Zell, in South Florida, real estate investment interest is centered on the multifamily sector rather than office space, and the reason is a lack of growth prospects in the business sector. “Ultimately, Miami’s future will depend on whether or not it is capable of creating a sophisticated, intellectual, educated population. To me that’s the challenge going forward.”

Perez noted, however, that the Miami real estate market, as opposed to other markets, has benefitted
greatly from South American demand. “I sense that things have turned around here,” said Steven Witkoff, chairman and CEO of the New York-based real estate investment firm The Witkoff Group and chairman of the School’s Real Estate Programs Advisory Board. Witkoff moderated a panel session titled “The Role of Global Equity and Debt Capital Flows in Reshaping Urban Real Estate Markets.” Panelists Tobin Cobb, co-CEO of LNR Property, and Thomas F. Gilbane, managing member of Rockpoint Group, agreed with Witkoff’s optimism, pointing to Miami’s continuing ability to attract wealthy, intelligent people as well as talented real estate professionals.

Others on the panel agreed with Zell. Claudio Zichy, managing director of Chile-based Independencia Asset Management, pointed out that many large companies are choosing cities like Boston rather than Miami because of the presence of a large, skilled workforce.

Gene Anderson, dean of the School of Business, who introduced the panelists, concurred on the importance of an intelligent workforce for the area’s future. “We believe a strong intellectual environment is essential for economic growth,” he said. “Our university is a catalyst for developing intellectual capital, and we are targeting areas where we can contribute to the region.”

Miami does stand on the brink of a new round of urban development that could transform the city. Blake R. Berg, managing director of J.P. Morgan Asset Management, pointed to Midtown Miami, the Wynwood Arts District and the Mary Brickell Village retail center as examples of the city’s attractions. “We think Miami will be a good place to invest over the long term,” he said.

REAL ESTATE INVESTING STRATEGY
The panelists in the equity and debt session offered their own take on Zell’s assertions about the real estate investing market. There’s no single strategy for success, they agreed, but there are opportunities in different markets, provided an investor has the skills to resolve complex situations, the ability to act quickly and the insights to deploy capital resources efficiently.

“I don’t think we’ll see a boom in real estate in the next 10 years,” said Brian Harris, CEO of Ladder Capital. “To be successful, you have to get back to basic blocking and tackling on specific projects.” In the retail sector, Harris noted that one of his firm’s strategies is to pick the best asset in the worst market, since that property, such as a local mall, is typically best positioned to be a survivor when others fold. “If you select the right sites and get the right prices, you can get great returns,” he said.

Gilbane believes there are opportunities to provide rescue equity capital and restructure high-quality assets, but those windows of opportunity close very quickly. “With the flow of information in our business, once you think you’re on to something, others figure it out right away,” he said. “Today, you have to be able to get into messy situations and fix the capital stack to add value to the asset.”

Cobb added that his firm has raised $350 million in new equity to invest in real estate debt. But his company takes an approach similar to Zell’s opportunistic strategy, funding assets one or two at a time, since so few investment deals are attractive.

Berg said J.P. Morgan is bullish on
multifamily projects and has committed funds to 29 developments, but may be taking a pause on fresh investments until the nation’s job recovery appears more solid. He added that the firm focuses primarily on coastal markets, because cities like Miami typically outperform inland secondary markets.

GLOBAL URBAN DESIGN IN MIAMI

“Miami is among the world’s leading cities in regard to urban design and real estate trends,” said conference host Frances Aldrich Sevilla-Sacasa (AB ’77), executive advisor to the dean of the School of Business and a key organizer of the conference. “What happens in Miami can truly have a global impact.”

In a session titled “Global Urban Design & Miami 2020,” panelists discussed a planned development that exemplifies that impact. Brickell CitiCentre, a 4.6-million-square-foot mixed-use project, will transform a nearly four-block area just west of the Brickell Avenue financial corridor into a “city within a city.” The plans, approved by the city of Miami last year, call for multilevel retail stores and restaurants, office towers, residential units, medical services and a hotel, supported by underground parking, covered sidewalks and a renovated Eighth Street Metromover transit station.

Hong Kong-based Swire Properties is developing the project. Guy Bradley, Swire’s CEO for Mainland China, noted that the Brickell area’s urban characteristics, including a growing residential population, easy access to transit facilities and an under-retailed local market, attracted the company to the site. To successfully complete it, Swire will draw on its longstanding Miami presence, leading-edge developments in China, financial resources and long-term investment perspective. The company sees Miami in the same light as Hong Kong: an international gateway city whose economy is reinforced by a flow of offshore capital, Bradley said.

“Right now, this area is the hole in the doughnut in the Brickell neighborhood,” said Bernardo Fort-Brescia, founding principal of the Miami-based architecture firm Arquitectonica, and the architect for several Swire projects in Asia. “It will be easy for residents to walk, bike or take the Metromover to Brickell CitiCentre, which offers easy access from I-95. The buildings will hug the streets, which will remain open to vehicles. It’s a very urban solution to the site.”

Fort-Brescia added that Brickell CitiCentre incorporates numerous energy-saving features, including a multi-block “green” roof, a specially shaped trellis that will funnel tropical breezes to the outdoor walkways, solar panels, and a climate ribbon that collects water for the project’s cooling towers and landscape irrigation system. “This will be the first sustainable neighborhood development project in the U.S. of this magnitude,” Fort-Brescia said. “For us, it’s all about designing a lasting urban environment that will support the Brickell neighborhood.”

URBAN DESIGN AND ECONOMIC GROWTH

Well-conceived and -designed urban real estate projects can help cities attract the talented younger professionals who drive economic growth, according to two innovative developers, UAI’s Robert Wennett and Steven J. Gutman, chairman of Storage Deluxe and former chairman and CEO of Federal Realty Invest-
“People are interested in new experiences, not new buildings,” Wennett said during a panel session titled “The Urban Developer: Investing, Place Making and Developing in Cities (Then and Now).” “They want a place where they can socialize, connect with others and share ideas,” he said. “The size and shape of the building is irrelevant to young people. It’s the social impact that matters today.”

Elizabeth Plater-Zyberk, dean of the UM School of Architecture, said that is why, at UM, “we are preparing architects to be community leaders with expertise in design and place making.”

Citing the importance of young adults to a city’s workforce, moderator Carol Coletta, director of the public-private place-making partnership ArtPlace, said one of the best ways to attract creative professionals and entrepreneurs to an area is to develop appealing, mixed-use urban communities. Both Wennett and Guttman agreed, but staked out somewhat different positions.

“I don’t think place making can generate economic growth on its own,” Guttman said. “You need a local government that’s able to attract new employers. Unless the jobs are there, people will want to leave. But once those economic ingredients are in place, creating an attractive urban fabric can happen organically.”

Miami Beach is a good example of that natural evolution, he added, citing the city’s free Wi-Fi program, convenient bicycle rentals and Sunday green market on Lincoln Road. “Even the signage and lighting make people feel better and the urban scene more vibrant,” Guttman said.

Wennett suggested that urban neighborhoods in cities like Washington, D.C., and Brooklyn, N.Y., have been revitalized “organically” by attracting artists, musicians, designers and new cultural activities. “If your city doesn’t have a cool neighborhood in your housing stock, you’ll miss out,” he said.

Wennett said his firm looks closely at demographics, market demand and social dynamics before launching a project. A good example is 1111 Lincoln Road, an award-winning Miami Beach parking garage that doubles as a venue for weddings, VIP parties and other events. “We were very conscious of Lincoln Road’s appeal in terms of dining, contemporary design and overall aesthetics,” he said. “Now, people like the idea that someone took something as mundane as parking and reconceived the whole approach.”

Developers, property owners and particularly local governments should also support creative real estate ideas, according to Guttman. “If you are going to do fresh and creative projects, you need to challenge the zoning,” he said. “Very few great projects with great architecture and design fit into an older zoning code. Unless the architect is allowed to stretch the zoning, you’re likely to have a weak project right from the start.”

Ultimately, creative projects and a fresh, well-thought-out approach to decisions are required in the real estate industry, said Richard J. Campo, chairman and CEO of Camden Property Trust, a multifamily investment trust in Texas. “We just have to power through this part of the real estate cycle and try to create new value every day,” he said during the conference’s closing remarks. “I am optimistic about the nation’s economy getting fixed in the future.”

Campo said his firm recently raised about $260 billion for capital investment and continues to look for real estate opportunities. He concluded by emphasizing Miami’s professional talent pool. “We have $750 million invested in Miami,” he said, “and don’t let anyone tell you this is not a great city.”

Among the speakers at the conference were Steven Witkoff (left), chairman and CEO, The Witkoff Group, and Thomas Gilbane, managing member, Rockpoint Group.
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Lessons from the Real World

The School’s Entrepreneurial Consulting course lets students put their classroom knowledge to work. By Diana Jordan

Vanessa Valera-Nolte never had the chance to take her classroom training for a real-world spin as a student. But today, as one of the School’s success stories, she and her company are giving undergraduate entrepreneurship majors the opportunity to do just that.

Valera-Nolte (BBA '05) is the cofounder, with her brother, Diego Valera (BBA '06), and owner of the kitchenware company Holstein Housewares (www.holsteinhousewares.com). Holstein has participated in the School’s Entrepreneurial Consulting course since 2008.

“This capstone course is a career transition for students and a chance for them to apply what they’ve learned in four years,” says Ken Colwell, director of the School’s entrepreneurship programs, who has taught the course since 2009.

The consulting course is taken by entrepreneurship majors in the spring of their senior year. Approximately 50 students are assigned in teams of three to five students each to the 12 to 15 companies that sign on as partners. Most of the work is done remotely, and student teams meet with representatives from their company both in person and by telephone, depending on distance and the nature of the project. Students don’t escape entirely from the classroom; sessions on project management and management consulting are also part of the course.

Some students who participate in the course go to work in their family businesses after graduation, implementing the innovative solutions and strategies they have learned at the School. Andrea de Cassan, a senior on last year’s Holstein team who also interned with the company this past fall, plans to work in her family’s petroleum business, Stico Corp., in Venezuela, her role still undecided. As an intern, she helped Valera-Nolte prepare for the March 2012 International Home + Housewares Show, at which the company unveiled two new lines, Holstein Housewares Fun and Holstein Housewares Coffeeware. Although housewares and petroleum seem to have little in common, “the course really helped sharpen the marketing skills I used during my internship and will use throughout my career,” de Cassan says.

The experience with Holstein was especially beneficial for team member Krista Rios (BBA ’11), who plans to open her own home furnishings line and boutique. “This project taught me that working on a campaign is not just about coming up with ideas,” says Rios. “We researched everything from designs and tax laws to transportation and permissions, which we saw come together in our final presentation.”

Another team member, Kayla Dittrich (BBA ’11), is now applying the business and artistic skills she used working on the creative side of Holstein’s campaign in St. Thomas, U.S.V.I., where she works as a graphic designer. “Learning how to be flexible and work well with customers and in teams is an important lesson I took from the course, and a part of business I experience every day,” she says.

“It’s very rewarding to me to observe the students grow and progress while seeing their weaknesses turn into strengths,” says Valera-Nolte. “I always meet with the students myself and make sure to give them hands-on projects that focus on their specific business interests.”

“The biggest advantage is the access to real-world situations,” says Colwell. “This is more than just a course; this is a great example of experiential learning and an important centerpiece of the entrepreneurship program.”

If your company would like to participate in the Entrepreneurial Consulting course, contact Colwell at kcolwell@miami.edu or 305-284-8588.
Top 10 Ways to Get Involved with the School of Business

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5. MENTOR students
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Contact Jennifer Quintana, Assistant Director of Alumni Relations for the School of Business, at jquintana@miami.edu
Purchasing a well-designed, visually appealing product — anything from a calculator to a pair of sunglasses — may send you home with a cheerier disposition and feeling better about yourself after a day of shopping. In fact, even a choice that is less practical than its retail shelf mates, as long as it is more attractive, often gives a consumer a self-affirmation boost, according to research by Claudia Townsend, an assistant professor of marketing at the School.

Townsend describes self-affirmation as “a process by which a person becomes more confident and aware of his or her values.” She explains that it is strongly linked to how consumers act when shopping and choosing between similar products. People may feel guilty when they pay a premium for a better-looking product, she says, yet we are all predisposed to picking items that are indicative of what we aspire to be, and associating oneself with a beautiful product improves a consumer’s sense of self.

Townsend’s research, conducted with Sanjay Sood at UCLA’s Anderson School of Management, found that product choices are often based on consumers’ desire to reaffirm their self-confidence. “Owning a product that looks nice — regardless of whether it helps or hinders functionality — may make us more attractive to others and similarly boost our sense of self,” she says.

The research also found that those who chose a product with better-looking design were more open to counterarguments when discussing matters they felt strongly about, in addition to being less likely to commit to a failing course of action, indicating a strong sense of confidence. “We propose that the ‘beauty premium’ often found in judgments of people applies to product choice, such that when something is good looking it is often perceived as good in other, unrelated areas as well,” she says.

What does this say about how you should shop? Quite a lot, actually. Although buyer’s remorse may strike after the purchase of a highly attractive product, it shouldn’t, according to Townsend. “It should be OK to like good-looking things,” she says. “If something makes you feel good about yourself, you’ll treat people better.”


— Diana Jordan
Road Trip
MLB TURNS TO BUSINESS SCHOOLS TO SOLVE UMPIRE SCHEDULING CHALLENGE.

It’s not just the teams that spend the season traveling in Major League Baseball. The crews travel too — the quartets of umpires who call every game and who are subject to such complex work rules that scheduling their movements from city to city took a team of business professors and MBA students to perfect.

Baseball is a game of statistics, so let’s start with the numbers. Thirty MLB teams play a total of 2,430 games in 780 scheduled series in 27 different cities during a six-month season. Each team plays half of their games at their home park. Once the teams’ playing schedules have been determined, the umpiring crews have to be scheduled too.

That’s a very complex problem. Umpiring crews have no home park; their life is one of constant travel — 35,000 miles, on average, each season. It might sound practical to simply assign one crew to each team, but the rules, designed to maintain impartiality, forbid any single crew from calling more than four series for any team during a season. They also should work each team at home and on the road. Crews are required to visit each Major League Baseball city at least once during a season. Umpires can’t call a game the day after they travel, nor can they work any more than 21 days in a row without time off. And those are just some of the rules, all of which have to be taken into account when putting the travel schedule together.

Other factors to be considered are efficiency — minimizing travel times and distances whenever possible to reduce wear and tear on the crews — and economy — keeping travel costs as reasonable as possible.

It’s a daunting process, and one that previously took weeks to obtain sub-optimal results when done manually by a former umpire using a Microsoft Excel spreadsheet, explains Tallys Yunes, assistant professor of management science, and part of the group brought in by MLB to computerize the scheduling process. He worked with Michael A. Trick at Carnegie Mellon University’s Tepper School of Business, Hakan Yildiz at Michigan State University’s Eli Broad College of Business, and a group of MBA students.

Their challenge was a vastly more complex version of the classic “traveling salesman problem,” which determines the most efficient route for a salesman to hit all of the cities in his territory. Yunes’s team went at the project, which they dubbed the “traveling umpire problem,” using mathematical techniques from the field of operations research.

Specifically, they developed a method of creating a mathematical representation of the situation and then feeding that model into a computer. “It’s a what-if game. Billions of combinations are possible. None are absolutely perfect, but some are always better than others,” Yunes says. “The computer zips through the universe of possible answers and is able to quickly produce a high-quality solution.” In 2006, the first year they worked on the problem, the team came up with three “best” scenarios, each slightly better than the others in certain ways, and let MLB select the one it liked most. As the model evolved, just one scenario is now sent to MLB each year for its input or approval. Their research was published in an academic paper in the operations research journal Interfaces, in its 2011 special issue, “Analytics in Sports.”

“The lesson from our paper isn’t specific to baseball,” says Yunes. “It’s the usual lesson one can take from papers that apply an analytical approach to decision making. Using advanced analytical techniques allows firms to tackle complicated decision problems more quickly and more effectively. It’s not unlike the way airlines schedule their routes or call centers schedule operators. Long gone are the days when business can be run by relying only on one’s gut feelings and experience. Mathematics and statistics have become essential tools for success.”

— Robert S. Benchley
Though Leadership

Road Trip
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— Robert S. Benchley
Investing Overseas

WHAT MAKES ONE COUNTRY MORE ATTRACTIVE THAN ANOTHER?

Individual investors, small businesses and even massive corporations within the United States have been allocating portions of their investment portfolios toward international stocks for decades. And the debate has grown fierce and fiery about exactly how those investors choose stocks in one particular country or another.

Now two assistant finance professors at the School — Vidhi Chhaochharia and Sandro Andrade — have produced findings that cast serious doubt over what was formerly the most popular assumption: that investors care deeply and research heavily the quality of institutions abroad.

Not so, they say. Rather, Americans choose to invest in the foreign economies about which they have the most information. And that, say the researchers, is something policymakers should consider.

“Before our research, the information story was losing ground to the institutional-quality story,” Andrade says. “And we thought, Perhaps we’re not seeing that the information matters because we’re not measuring it correctly.”

Researchers from all over had devised seemingly countless ways to quantify investor trust, Andrade explains. They analyzed insider-trading laws, created corruption indexes, examined tax compliance issues and famously measured how much power controlling shareholders had over minority shareholders. “They would show empirically these measures correlate with international investments,” says Andrade. “It made sense.”

But that didn’t prove any of those factors as the cause for investing, which Andrade and Chhaochharia determined by looking at Federal Reserve data. First they examined the dollar amount of foreign direct investment that U.S. governments and businesses made in particular countries. Then they measured the dollar amount that aggregated U.S. investors — a group that includes individual and corporate portfolios — spent on equities in those same countries. They determined quickly that one side effect of investments in bridges, manufacturing plants and other infrastructure abroad is that information about those projects and the countries in which they’re located is disseminated throughout the U.S. As we become more familiar with a nation, says Chhaochharia, we’re more likely to invest there.

“If the U.S. is building a plant in India,” she says, “there will be more information about India in newspapers. Even the failure of the plant would involve more information. When you acquire knowledge of a certain country, you build up an endowment of knowledge. We found that private direct investment predicts portfolio investment.”

When the two performed a regression analysis — a statistical technique that measures the correlation of variables — they found that equity investment and foreign direct investment were so closely tied that the theory of institutional quality, by comparison, held no significance.

“The new measure of information drives it away,” says Andrade. “The point is that you have to reasonably and plausibly measure the effect of information. And then the quality of the institutional story doesn’t matter anymore.”

The implications are critical for policymakers looking to attract U.S. investors to their countries’ stock markets. First, forget the investment-quality implications that would dictate leaders revamp the local business environment by passing new laws and overhauling institutions.

“You have to make sure information is flowing,” Andrade says. “The U.S. has strong economic ties to some countries,” he adds, “and that knowledge of the country makes people more willing to buy stocks because they’re more familiar.”

— Brett Graff
Distinguished Speakers at the School of Business


11/7–Evan Lazarus (BSC ‘97), chief knowledge officer at T3 Trading Group.

1/19–Guillermo de Aranzabal Agudo (MBA ‘84), president and CEO, the Haro, Spain-based wine business Grupo La Rioja Alta S.A., on “Leading with Innovation: Building a Thriving Family Business,” a Distinguished Alumni Lecture Series presentation.

2/9–Bill Fisse (BBA ’75, MBA ’77), Citi Global Transaction Services senior human resources officer, on “Focus on Asia: Building a Career and Doing Business in a Global Environment,” with Michael Werner, accounting lecturer, and Yongtao Guan, management science professor.

2/20–Former President Bill Clinton spoke about health care costs and the difference between Medicare and Medicaid to UM President Donna E. Shalala’s class on the U.S. Health Care Crisis, in Storer Auditorium. Clinton took questions from students as well.

2/23–“Grace Under Pressure: The Secrets of Elegant Success,” presented by the National Association of Women MBAs South Florida and featuring Frances Aldrich Sevilla-Sacasa, former president, U.S. Trust, Bank of America Private Wealth Management and executive advisor to Gene Anderson, dean; Tere Blanca (BBA ’81, MBA ’83), president and CEO of Blanca Commercial Realty; and Brenda Yester (BBA ’89), senior vice president, revenue management, Carnival Cruise Lines.
Fall Commencement

More than 250 students from the School of Business participated in the fall 2011 commencement ceremony, including 80 undergraduate students and 172 graduate students who completed the School’s Executive MBA and MBA for Working Professionals programs.

Featured Alumni Events

10/6–Network & Learn Series, featuring Steven G. Ullmann, professor and director, UM School of Business programs in health sector management and policy.

10/22-10/27–Florida Gov. Rick Scott (left) and wife Ann greet guests at an alumni reception in São Paulo, Brazil.

10/11–New York City UBS young alumni mentor event at UBS’s New York office, hosted by Al Marsicano (BBA ’76), senior vice president of UBS. Pictured with Gene Anderson, dean of the School of Business.

11/1–Alumni partnership with the Wharton School, UM School of Law and the University of Pennsylvania Law School: Business & Law: A discussion with former chief justices of the Florida Supreme Court, featuring former chief justices Arthur England (LLMT ’72) and Gerald Kogan (BBA ’55, JD ’55), and moderated by Anita Cava, professor of business law.

12/1–Network & Learn Series, featuring Alok Kumar, Gabelli Asset Management Professor of Finance.

3/15–Network & Learn Series, featuring Edward Baker, chair, management science, on “Forecasting the Future.”

Accelerating Ambition Tour, featuring Thomas J. LeBlanc, University of Miami provost and executive vice president, on the following dates:

10/4–Atlanta; 10/19–Los Angeles; 1/25–Tampa/St. Petersburg; 2/8–Palm Beach, Fla.; 2/22–Southwest Florida/Naples; 3/6–Fort Lauderdale.

More commencement photos, video and highlights from speaker Jackie Nespral, Emmy-winning NBC Miami anchor: bus.miami.edu/magazine
**Events**

**Best & Brightest Luncheon**

(Left) The School honored undergraduate students who made the President’s Honor Roll during the spring semester at the Best & Brightest luncheon, held Oct. 7. Ann M. Olazábal, vice dean for undergraduate business education, and Gene Anderson, dean of the School of Business, pose with two of those students, Jing Liu and Bing Liu.

Student Michael J. Gottlerer with Ann M. Olazábal and Dean Anderson.

**Outsmart Dinner and Cocktail Reception**

Outsmart, the School’s gay and lesbian MBA club, joined the MedicOUT and OUTLaw clubs from UM’s medical and law schools for a dinner and reception with Israeli television star Assi Azar (left), shown here with Arnel San Pedro, president of Outsmart.

**Upcoming Events**

**March 28**
- Chicago Accelerating Ambition Tour

**April 4**
- Student and Alumni Career Symposium

**April 13**
- University of Miami Business Plan Competition, hosted by the School of Business - Awards Luncheon

**April 18**
- Mentor Program Appreciation Dinner

**April 25**
- UMAA Get Carded Reception

**April 27**
- Annual School of Business Scholarship Luncheon

**May 10**
- Graduate Commencement
- Undergraduate Commencement

**May 16**
- Boston Accelerating Ambition Tour

Visit bus.miami.edu/events for details about these and other upcoming events.

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If a picture is worth a thousand words, then what would a chapter of your life say? The University of Miami wants to learn about the moments and people that have shaped your life. It could be the birth of your child, the trip of a lifetime, the one who inspired you to be who you are today—whatever makes up the Story of U. Because the UM family is a collection of incredible individuals with extraordinary stories to tell, stories that uplift, ignite, teach, touch and transform.

Share your story today at Alumni@miami.edu
If a picture is worth a thousand words, then what would a chapter of your life say? The University of Miami wants to learn about the moments and people that have shaped your life. It could be the birth of your child, the trip of a lifetime, the one who inspired you to be who you are today—whatever makes up the Story of U. Because the UM family is a collection of incredible individuals with extraordinary stories to tell, stories that uplift, ignite, teach, touch and transform.

Share your story today at Alumni@miami.edu
class notes

1950s

MICHAEL H. COLLINS (BBA ’58), president of Collins & Watts Inc., was honored as the 2011 secretary of the year of the California-Hawaii Elks organization.

1960s

WALTER HARRIS (BBA ’66) is celebrating the 40th year in business of his company, Walter Harris Photography. He is also a commissioner for South Miami.

ROBERT HOWARDS (BBA ’67) says he “can’t seem to retire,” even after closing his marketing agency after six successful years. He is currently developing three businesses, including an issues forum website, a storefront florist and a jewelry importing company. He lives in Clearwater, Fla.

DAVE OLIVER (MBA ’64) is president of the Miami Lakes Loch Isle Homeowners Association, president of the Miami Lakes Duplicate Bridge Club, director of the Miami Lakes Senior Softball Program and director of the town of Miami Lakes’ elderly affairs committee.

SUZETTE S. POPE (BBA ’69, MBA ’71) was reelected as corporate treasurer for Alliance for Aging, the area agency for the aging of District II in South Florida.

STUART P. ROSE (BBA ’69) is vice president for business development at Nuovo Biologics, a research and development lab dedicated to reaching FDA approval of Panavir, an antiviral medication.

ROBERT A. SCHATZMAN (BBA ’67, JD ’71) of the Miami office of GrayRobinson PA, has been elected to the board of directors of the American Jewish Committee and was included in the Best Lawyers in America 2012 list.

1970s

ANDREW P. BANDKLAYDER (BBA ’79, MBA ’80), a financial advisor with Merrill Lynch in Miami, has been named one of “America’s Top 1,000 Advisors: State-by-State” by Barron’s.

ARTHUR B. BARZILAY (BBA ’73), a Miami-

Building Hospitals from the Ground Up

DAVID LIBENSON, MBA ’93
CONSULTING CEO, INTERNATIONAL HOSPITAL CORP., NEW YORK

DAVID LIBENSON has mastered the art of segueing. An alum of the School’s Executive MBA program with more than 40 years of experience in health care, he travels the Americas as CEO for newly forming hospitals in developing countries. He shepherds them through construction, overseeing the process from concept through groundbreaking to opening ceremonies. He hires doctors and staff members, identifies necessary equipment and manages every last detail, down to the hospital’s electricity and trash removal service. He ensures that every step runs smoothly before a permanent CEO is hired.

The ultimate goal is to be accredited by the Joint Commission International, which recognizes hospitals for their safety standards and regulations. A hospital with JCI accreditation is on par with those in the United States. His employer, International Hospital Corp., works to ensure that the hospitals it develops earn that accreditation.

In addition to raising standards of medical care, the accreditation offers stiff competition for non-accredited hospitals in the area, Libenson explains. “It’s really important to have competition because it forces people to get better,” he says. “Quality care for the local people is our main concern.”

Last year, Libenson oversaw the construction of the Guanacaste CIMA Hospital in Guanacaste, Costa Rica. From April through December, he watched over every detail, including the completion of a medical office building and heliport. Prior to that assignment, Libenson acted as CEO for a hospital in Monterrey, Mexico.

To bring health care to thousands of people, Libenson depends heavily on his employees. “Your most important resource is your employees,” Libenson says. “If you treat people well, they’ll do a good job.” It’s not a simple thing to hire and properly prepare employees when you’re only around for a short period of time. Libenson makes it a habit to meet daily with at least one staffer, always concluding his meeting with a question: “If tomorrow you had my job, what would you change?” The answers have provided a great deal of insight into improving hospitals and employee satisfaction.

“All my life I’ve believed that doing the right thing for people is the most rewarding thing in life, like being able to bring quality care to part of the world that didn’t have access to it,” he says. “If you can just save one person, it’s all worth it.”

— Diana Jordan

CARE GIVER David Libenson is working to bring health care throughout the Americas.

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Bringing Help — and Hope
PETER GROVERMAN, BBA ’05
CEO, GROVARA LLC AND POINTS.LY, PHILADELPHIA AND MIAMI

As he sat over coffee in 2005 discussing the devastating effects of Hurricane Katrina with his UM classmates, Peter Groverman decided something had to be done to help those who had lost everything. In that moment, sitting in the Einstein Bros. Bagels shop a few blocks from campus, the wheels started turning, leading him to create the RELIEF Foundation, which stands for Relieving and Embracing the Lives Interrupted by Earth’s Forces.

Groverman led a group of volunteers, including 40 UM students, to Biloxi, Miss. They arrived not long after Katrina and went to work helping to salvage residents’ possessions — and their hope. “The people we helped were so grateful to us,” he says. “It was very humbling.” The then-mayor of Coral Gables, Donald Slesnick, awarded Groverman and his team the keys to the city for their work.

Five years later, Slesnick joined members of the foundation as they traveled to Haiti following the major earthquake there. “Within five minutes of the earthquake in Haiti I was getting calls from friends who had made the trip to Biloxi, asking me if we were going to Haiti,” Groverman recalls. “It’s incredible that these people were willing to drop everything they were doing to come make a trip with us.” Just three weeks after the earthquake, he was on a plane to Haiti with a team of 120, on their way to help rebuild an orphanage in La Plaine. (RELIEF was officially formed after the Haiti earthquake.)

Organizing relief efforts hadn’t always been part of the plan for Groverman, who first had his eyes set on a career in the film and television industry in Hollywood, and worked on the set of ABC’s reality series “The Bachelor.”

“After being in that environment I thought, ‘This isn’t what I want to do with the rest of my life,’” Groverman says. Ultimately, he founded an advertising-related company, and is now CEO of Grovara LLC, an import and export distribution company that exports American-manufactured products to 23 countries. He also is CEO of Points.ly, a company that helps nonprofits facilitate donations through text messages and social media sites.

RELIEF, of course, occupies a great deal of Groverman’s efforts. He is currently working on promoting the foundation through social media, which he credits for helping relief efforts skyrocket through financial contributions. “The impact we leave is what the foundation stands for,” says Groverman of his foundation’s work. “This is a very personal effort and every person understands this is their group too.” — Diana Jordan

RELIEF EFFORT
Devastating natural disasters keep Peter Groverman moving.

based financial advisor with Merrill Lynch, was recognized in 2011 — for the second year in a row — as one of “America’s Top 1,000 Advisors” by Barron’s.

JOHN CHACONA (BBA ’78) is a copywriter for Gannon University’s marketing staff.

HARRY R. DUNCANSON (BBA ’72), a semi-retired CPA, is a member of the Florida Judicial Qualifications Commission and chair of the Florida Early Learning Advisory Council.

DAVID D. HARTMAN (BS ’76, MBA ’79) is a visiting assistant professor of management at the Quinnipiac University School of Business.

RICHARD W. JONES (AB ’76, MBA ’83, MPRA ’83) has been named CFO of the Reading Hospital and Medical Center in Reading, Pa.

ARMANDO OLIVERA (MBA ’76), CEO of Florida Power & Light, is retiring after 40 years of service to the company. He is a member of the board and a past chairman of the Florida Reliability Coordinating Council, a member of the board of Enterprise Florida, a member of the Florida Council of 100 and a member of the Cornell University Board of Trustees.

HAGAI GRINGARTEN (BBA ’84, MBA ’86) is editor-in-chief of the Journal of Multidisciplinary Research and a professor of marketing at St. Thomas University.

PHILIP S. KELLER (BBA ’82) is a pilot with UPS.

MARK LEBOWITZ (MBA ’82) is CFO of Bunim/Murray Productions.

PAUL D. NOVAK (BBA ’80) has been promoted to the rank of captain in the Civil Air Patrol, United States Air Force Auxiliary, and serves as the legal and public affairs officer for CAP’s Miami Beach Cadet Squadron.

MICHAEL ROSEN (MBA ’84) is a professor of international management at the Lake Forest Graduate School of Management and is senior vice president of the America Israel Chamber of Commerce of Chicago.

GRETA SCHULZ (BBA ’83), president and CEO of West Palm Beach, Fla.-based sales consulting company Schulz Busi-
Glass Breaker
MARITZA GOMEZ MONTIEL, BBA '73
VICE CHAIRMAN AND DEPUTY CEO
DELOITTE LLP, WASHINGTON, D.C.

WHAT DO YOU CALL a Harley-riding Latina whose reading material includes *Harvard Business Review* and *Metropolitan Home,* In the case of Maritza Gomez Montiel, you call her vice chairman and deputy CEO.

Montiel has spent her 30-plus-year career with Deloitte LLP, the nation’s top-ranked accounting firm. It’s been no easy path, and Montiel has made a habit of breaking through glass ceilings along the way. She credits the fortitude of her parents, who fled Cuba in 1961 to come to America, and the education she got at the University of Miami with helping to drive her success.

Today, Montiel is the highest-ranking Hispanic woman at Deloitte, but there weren’t many women, and even fewer Hispanic women, there — or in the accounting profession as a whole — when she arrived in the 1970s. “When I made partner in 1984, I truly was ‘breaking glass,’ as there were only two other women in my class, giving Deloitte a grand total of five female partners,” she recalls. “Fortunately, great mentors invested in me.”

Prior to assuming her current role last June as head of legislative affairs, quality and risk, Montiel was managing partner of the firm’s leadership, development and succession initiative, and managing partner for its leadership-training center, Deloitte University. Earlier, while serving as managing partner for Deloitte’s Southeast region, she led and was an architect of Deloitte’s strategy to grow its federal practice. She served a stint as managing partner – regions, overseeing all the U.S. regions of Deloitte, and she has held various other leadership positions, including two terms on the U.S. board of directors. Along with her current duties, she serves as the advisory partner for several of Deloitte’s major clients, including Capital One.

Montiel describes herself as happily married, with one daughter, and she’s enjoyed an eclectic pursuit of interests over the years. She likes to drive fast cars and has owned a dozen motorcycles, ranging from Ducatis to BMWs; her last bike was a Harley-Davidson Fat Boy. At the same time, she gobbles up interior design and art magazines and loves landscaping and “anything that’s artistic,” she says. “That’s my escape from the world I live in every day.”

— Michael J. McDermott

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Glass Breaker

Maritza Montiel balances her busy career with diverse interests, from motorcycles to art.
as country manager of the Japanese subsidiary of Haglöfs, one of the world's largest outdoor equipment companies.

DAVID M. RUDY (BBA ’95) worked as both executive producer and producer on Baby Let Your Hair Hang Down, a feature-length documentary about an autoimmune disease that affects more than 130 million people worldwide.

CHRIS A. VAN BERKEL (BBA ’94) was promoted to senior executive of Accenture, a global management consulting, technology services and outsourcing company serving clients in more than 120 countries.

CRAIG J. WALKER (BBA ’89), a colonel in the United States Air Force working in the office of the Secretary of Defense, has been selected as the next vice wing commander of the 27th Special Operations Wing at Cannon AFB, N.M.

2000s

JASON N. ABRAHAMS (BBA ’05) has joined Club Colors in Schaumburg, Ill., as marketing manager. He is responsible for conceiving and executing marketing strategies and tactics that drive consumer growth.

SUSAN AMAT (BLA ’01, MBA ’04, PhD ’08), a management and marketing lecturer at the School and executive director of The Launch Pad, received the WITI (Women in Technology International) “Women to Watch” Award and the Carolyn Leighton Leadership Award.

JASON J. AYARS (BBA ’07) is vice president of investments and a financial advisor at Wells Fargo Wealth Management.

MARThA L. AYERDI (MBA ’04), president of human resources for MWL Management Inc., has been appointed as a board member of the American Society for Public Administration Non-Profit Forum. She is also a member of the Diversity Committee of the Association of Fundraising Professionals’ Miami-Dade County Chapter.

BRIAN A. BRIZ (BBA ’00) was named a partner with the firm of Holland & Knight LLP. He focuses primarily in the areas of international, cross-border and commercial litigation and arbitration.

JULIAN CARTER (MBA ’01) is the owner of ElderProofHome.com, which offers valuable information, advice, tips and products to make any home “senior safe.”

ROBERTO CASTRO (BBA ’04, MBA ’08) has joined HBO Latin America as senior manager – consumer digital marketing.

ILEANA E. CHRISTIANSON (BBA ’00), an attorney with the Miami office of Gray Robinson, PA, was recently honored by the Cystic Fibrosis Foundation’s annual 40 Under 40 Outstanding Lawyers of Miami-Dade County.

SPENCER DUKE (BBA ’04, MBA ’06), a UM Citizens Board member, is director of financial and information technology consulting at Sunera Business Consultants.

PEDRO FABREGAS (MSPM ’08) has been appointed senior vice president of customer service at American Eagle, the regional airline affiliate of American Airlines. He retains his position as president of San Juan, P.R.-based Executive Airlines, a subsidiary of AMR Eagle Holding Corp.

LUIs ANTONIO GONZALEZ (BBA ’04) is the founder, president and chief investment officer for Cybele Capital Management, in Ponce, P.R.

CLAUDIO A. KAvECkI (BBA ’01) served as a golf caddie for Davis Love III in the 2011 McGladrey Classic Pro-Am at Sea Island, Ga., after being selected from among more than 20,000 applicants.

MAX MARTY (MBA ’09), CEO of Blueseed, plans to anchor a ship 12 miles off the California coast and offer office space to international businesspeople unable to obtain work visas in the United States. He came up with the idea after seeing many of his classmates at the School return to their home countries because they could not secure work visas.

DANIEL M. MILLER (BBA ’02) is leading the portfolio management team at the Gabelli Focus Five Fund, an actively managed best-ideas portfolio. He also financed and produced the movie For a Good Time, Call, which was selected to be in the premieres category at the 2012 Sundance Film Festival.

LESLIE O. MURRAY (BBA ’02), an attorney with Murray & Murray Co., LPA, was selected by Ohio Super Lawyers Magazine as a “Rising Star” for 2011. “Rising Stars” go through the same rigorous selection process as the “Super Lawyers,” except that they must be under the age of 40 or have been in practice for less than 10 years.

ELGIN F. POLO (MBA ’02) joined the accounting and advisory firm Kabat, Schertzer, De La Torre, Taraboulos & Co. as a partner. He also is a member of the board of governors of the Florida Institute of Certified Public Accountants and recently completed a one-year term as president of the organization’s Miami Downtown Chapter.

MICHAEL P. RABINER (MBA ’07) has successfully passed all three levels of the CFA exam and is associate vice president at Morgan Stanley Smith Barney in Coral Gables.

PERVIS TAYLOR III (BBA ’02), CEO of his company, Right Angle Entertainment, recently published his first book, Pervis Principles Volume One, which has been incorporated into select Upward Bound Programs.

ADRIENNE VENDETTI (BBA ’09) and STEPHANIE VENDETTI (BBA ’11), sisters and natural-born redheads, have launched a website, www.howtobearhead.com, to provide beauty and fashion advice to women with red hair.

2010s

JOY AMBLER (BBA ’10) has received the Spanish Cultural Ambassador Teaching Grant to teach at a school in Madrid. The program, which is supported by Spain’s Ministry of Education, Culture and Sport, aims to promote understanding and appreciation of different cultures.

ROY BALL (MBA ’10) is vice president of research and development at Mersen USA/Mexico and is responsible for new product research, development and sustaining engineering.

DANIEL ZIRIAKUS (MBA ’11) has been appointed director of marketing at Camper & Nicholsons International.
Opportunities emerged in the wake of Hurricane Andrew.
By Jorge Mas (BBA '84, MBA '86)

Jorge Mas is the chairman of MasTec, a $3 billion publicly held company based in Coral Gables, Fla. MasTec designs and builds communications infrastructure, cable TV networks and utilities infrastructure, and has been involved in some of the most complex construction projects in the U.S. Mas, a member of the School’s Board of Overseers, joined MasTec’s predecessor company, Church & Tower, right out of college,
and served as MasTec’s CEO from 1994 to 1999. The company has recorded significant, consistent growth; even during the difficult period of 2007 to 2011, it saw 29 percent compound annual growth in revenues. But Mas traces much of MasTec’s success to a single early moment at Church & Tower.

IN 1992, I was working as the president of Church & Tower, a local, family-owned company in South Florida that was in the business of building infrastructure for the power and telecommunications industries. Things were going well enough, and the company was thriving. However, we were about to face a calamity that really put us to the test — and ultimately led us to new opportunities.

In August of that year, Hurricane Andrew struck South Florida. For those who weren’t there, it may be hard to picture the level of destruction, but for those who were, it’s hard to forget. The storm was one of the most powerful in U.S. history, with winds exceeding 175 miles per hour. Dozens of people lost their lives, billions of dollars worth of property was damaged, and the National Guard was called out to help handle the emergency. Tens of thousands of people were left homeless, and thousands of jobs were lost.

The storm passed right over our company headquarters, essentially destroying the structure and a great deal of our equipment. Worse, a significant portion of our employee base became homeless overnight. We quickly set up a tent city for them at our offices and struggled to supply food and water — things that we normally take for granted.

We were clearly operating in a crisis mode — the kind of situation where conventional wisdom, and maybe common sense, would tell you to retrench and gradually work your way back. But in the hours and days after the storm, it struck me that we could go in a different direction. We could look further ahead and not only recover, but grow aggressively and position ourselves for the future. And that’s what we did.

Instead of hunkering down, the company actively sought out and took on a great deal of work. A number of our customers wanted to rebuild and strengthen their infrastructures to prepare for possible future disasters, and we were there to help them. Keeping up with this demand was not simple. Replacing our damaged equipment took time and stretched our financial resources. But our greatest challenge was people. Our workforce had been tremendously disrupted by the storm, yet we were able to work two shifts a day for more than a year. We also did a great deal of hiring. Again, we were thinking long term, so instead of depending heavily on contractors, we focused on ramping up our in-house workforce so that down the road we would have the expertise and capacity to support our expansion.

On another front, we were developing a good relationship with our largest competitor, Burnup & Sims. They had not been as hard-hit by Andrew as we were, and shortly after the storm they called us to offer help. Among other things, I remember them sending truckloads of water to our homeless employees. In the ensuing weeks, we saw that our two companies had a lot of shared goals and synergies. Seven months after Andrew struck, we bought Burnup & Sims and named the new combined company MasTec.

The months following Andrew were difficult for South Florida and our company. But in dealing with the devastation, we were able to provide immediate employment and good, permanent jobs to a lot of people, help grow the local economy and contribute to rebuilding the area’s telecommunications and power infrastructure. The experience marked the real beginning of MasTec. The direction we took as a result of Andrew led us to grow our employee base, double our size over the course of 18 months, and create a platform that propelled us into being a national firm with nearly $3 billion in revenue.

On a more personal level, I drew some valuable lessons from the experience. One of those is to always remember how resilient people are. Andrew showed us that when people see a challenge, they step up to it — and the human spirit can overcome a lot of problems. That was something that I had known on an intellectual level, but seeing it in action reinforced that idea, and gave me a gut-level appreciation for the resiliency of people.

The experience also demonstrated the importance of providing people with a vision — with giving them motivation and a clear understanding of a direction to head in when they face adversity. When we decided to move forward with growth, instead of retreat, we were able to help people look beyond their shattered homes, devastated neighborhoods and uncertain economic prospects. There is tremendous potential in helping people see the opportunities that lie on the other side of the tough times.

I can’t say I didn’t have doubts about our plan in the weeks following the hurricane. But sometimes you need to take calculated risks and think through where you can take a business and how you can get there. It involves a leap of faith — one that’s backed up by homework, planning and conviction. And if you do it right, people will take that leap with you.

— As told to Peter Haapaniemi
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