How the School’s new undergraduate curriculum prepares students for real-world opportunities
A Message from the Dean

Moving Forward

As I near the end of my first academic year as Dean of the University of Miami School of Business Administration, I’m excited by the progress we have made. When I arrived here from Wharton, I said we would take a school that was already strong and make it a globally prominent school of business. We have the right foundation, we’re part of the right university, and we’re certainly located in the right city. There is much to be done to reach that goal, but I’m pleased to report that we’re on our way.

We have a new administration with a shared vision for our future direction. We have introduced new graduate business programs. We have completely revamped the undergraduate curriculum. We are moving ahead with a special initiative to make us the world leader in the business of health care. We are developing groundbreaking impact conferences on topics ranging from real estate to global business. We are attracting world-class research scholars to join our faculty, and a new generation of highly motivated, top-notch students to fill our classrooms.

Our alumni connection is another critical element, and I’m thrilled by the interest in the School you have shown as I travel around the country. I recently visited Philadelphia, New York, Chicago and Washington, D.C., and I met with several alumni groups, with newly admitted high school seniors and their families, and with parents of current students. Some of these meetings were held in private homes, others in company facilities, and I am grateful for the generosity of all involved. In Chicago, I was given special tours of the Mercantile Exchange and the Chicago Board of Trade. One alumna even took me to a spinning class at her health club! Now that was a first…

I want to meet with alumni groups in other cities, to share my strategy for the School and get your input. If you would be interested in hosting an event in your area, please e-mail me and let me know. And, as always, I value your suggestions and advice. We can reach our goal, but only if we work together.

— Barbara E. Kahn, PhD
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Cover: Undergraduate students (left to right) Kayzy Gibbs, Nick Kan, Bobky Poytis, Matt Sinerich and Chris Sciff-Peters on the move on Miami’s Brickell Avenue. Photo by Paul Morris/GMI
Parasuraman Named Vice Dean of Faculty

**IN A MOVE** to continue building leadership strength at the University of Miami School of Business Administration, Dean Barbara E. Kahn has named Arun Sharma, professor and holder of the James W. McLamore Chair in Marketing, vice dean of faculty. In this newly created position, Parasuraman will play a key role in efforts to increase the School’s research productivity and build its reputation for research excellence. This includes facilitating the recruitment of senior faculty, leading a program to provide more research support to faculty, and overseeing the expansion of the School’s PhD program.

“Let’s work together to help the School attract high-caliber PhD students who can collaborate with our faculty on cutting-edge research,” says Parasuraman. “Such collaboration will enable our PhD students to graduate with research published in major publications and then take positions with leading business schools, which will further enhance the reputation of our own school.”

School Sponsors Economic Impact Study

**FROM THEIR SOUTH FLORIDA OFFICES,** nearly 1,200 multinational companies generate combined annual revenues of more than $200 billion. That’s the conclusion of the first-ever South Florida Global Economic Impact Study, conducted by WorldCity Business magazine in conjunction with the Beacon Council, Miami-Dade County’s economic development partnership, and sponsored in part by the University of Miami School of Business Administration. The results of the study were presented on January 17 at the Coral Gables Country Club to an audience of some 200 local executives.

Dean Kahn joins Frone Nera, president and CEO of the Beacon Council (left), and Ian McCluskey, publisher of WorldCity Business, at the presentation of the economic impact study results at the Coral Gables Country Club.

Steven Witkoff expects the current real estate slump to last five years and told students (below) he is investing for the long term.

REAL ESTATE ENTREPRENEUR OFFERS CAREER ADVICE

**STEVEN C. WITKOFF**, founder and president of the Witkoff Group, a New York City-based real estate investment and management firm, spoke on February 26 to nearly 200 University of Miami School of Business Administration students about careers in real estate. The program was hosted by the School’s Office of Undergraduate Research and Student Support Services.

Witkoff has close ties with the School. This year, for the third year in a row, he was a judge in the Rothschild Entrepreneurship Competition, and his son, Andrew, is a freshman. In addition, he has been acting as a mentor to Josh Bergman, another freshman, who is interested in a career in real estate. Bergman introduced Witkoff at the event.

What, the students asked him, did he think about the falling values in the real estate market, especially in South Florida? “The real estate business today may be even worse than what you read in the papers,” Witkoff told them, “but the single greatest time to make it in real estate is when it’s most depressed. You just have to be prepared to wait it out. That’s when fortunes will be made.”

Witkoff encouraged interested students to learn all they could about real estate. “The more sophisticated you are in this field, the less competition you have,” he said.

MBA STUDENT A WINNER IN TRADING COMPETITION

**HEATHER WILLIAMS**, an MBA student at the University of Miami School of Business Administration, won $1,000 in an international algorithmic trading competition. The Interactive Breaking College Trading Olympiad is open to any undergraduate or graduate student with programming experience, but trades must be generated by computer algorithms. Nearly 400 students representing 32 countries competed using the program interface that professional traders use to create automated trading solutions. Williams worked with fellow MBA student Ingrid Gonzalez, but each entered separate strategies. Williams’ strategy was based on trade channeling and earned a profit of $47,904.

WINNER IN TRADING

**MBA STUDENT A WINNER IN TRADING COMPETITION**
THE UNIVERSITY OF MIAMI — School of Business Administration has appointed Jeff Heebner director of communications. In this new position, Heebner is responsible for developing and implementing the School’s integrated marketing communications program, which includes advertising, media relations, publications production, Web site development and other initiatives.

“That is clearly a business school on the move, and I am very excited to have the opportunity to help tell the story,” says Heebner. “We will be working very hard to raise the School’s reputation nationally and internationally, and to build a strong brand around our leading-edge faculty research, innovative academic programs and global orientation.”

Heebner joins the School from the University of Maryland’s Robert H. Smith School of Business, where he was managing director for marketing communications. Prior to joining the Smith School, he managed a full-service public relations and marketing firm, which he cofounded in Washington, D.C. Heebner began his career in broadcast journalism and worked as a television reporter, anchor and producer for more than 10 years. He holds an MBA from the University of Miami’s Smith School and a BA from Temple University.

STUDENTS RECOGNIZED FOR COMMUNITY SERVICE IN LITTLE HAITI

Three students from the University of Miami School of Business Administration received the Louise P. Mills Award for their efforts to provide women in Miami’s Little Haiti neighborhood with the skills and knowledge to be successful in today’s struggling economy. The students — (holding plaques, left to right) Cassandra Davilmar, Klar Diez-Canado and Henry Holaday — accepted the award, which is given to students who have made an outstanding contribution to the enhancement of women, on March 18 from the UM-Women’s Commission. Ana Alvarez (left in photo), vice president of the Women’s Commission, presented the award.

Led by Students in Free Enterprise and the Hyperion Council, two undergraduate student service organizations, the three award winners conducted weekly workshops in Little Haiti, teaching pricing, product placement, location and record keeping, among other business skills. The goal of the project was to “reach out to the community and utilize our business knowledge in order to have a positive impact on the City of Miami.”

GEORGE CORTON has joined the University of Miami School of Business Administration as its director of development. In this position, he will raise needed resources for professorships, scholarships, lecture series, new academic centers, and the naming of centers and buildings.

“I look forward to working with Dean Kahn to take the School of Business to the next level,” says Cotton. “Her strategy includes substantial outreach to alumni, the business community and friends of the School for the support we will require to achieve our goals.”

Corton was previously the director of development for the College of Law at Florida International University, where he secured major building gifts and directed the Dean’s Advisory Council. He holds a BA from Florida International University.

FEDEX EXECUTIVE SPEAKS ABOUT GLOBAL LOGISTICS

George Corton, executive vice president of FedEx Express Latin America & Caribbean Division, gives the keynote address at the 14th Annual Business Miami Scholarship Golf Tournament.

Two Alumni Inducted into UM Sports Hall of Fame

PGA golfer Woody Austin (BBA ’86) and NFL punter Jeff Feagles (BBA ’88) were inducted into the University of Miami Sports Hall of Fame at its annual banquet on February 13. Austin (left) led the UM men’s golf team all four years, was PGA Rookie of the Year in 1995, and finished second to Tiger Woods in the 2007 PGA Championship match. Feagles, who plays for the New York Giants and won a Super Bowl XXX in January, played on the Hurricanes’ 1987 national championship team.

INVESTMENT MANAGER PRESENTS “HEDGE FUNDS 101”

Kenneth Shewer, founder, chairman and co-CEO of Kenmar Group, a “hedge fund of hedge funds,” led what he called “Hedge Funds 101” on February 7 for students the University of Miami School of Business Administration. Among his lessons for anyone starting out in the investment industry, “Learning when to ask a question of a busy person (such as a boss or mentor) is as important as what you ask,” and “You have to run a business. A lot of hedge funds fail because the people running them are great traders but can’t run a business.” Shewer posed afterward with Andrea Heuson, professor of finance.
MBAs Participate in Live CNBC Broadcast

MORE THAN A DOZEN MBA students from the University of Miami School of Business Administration took part in a live broadcast of CNBC’s Fast Money program on February 29. The students, who are members of the School’s MBA Finance and Investment Banking Club, were among 700 people who turned out for the broadcast at the Biltmore Hotel in Coral Gables.

Much of the program focused on finance issues related directly to South Florida, such as the real estate market, Latin American business and baby-boomer industries. The students watched and listened as the show’s host, Dylan Ratigan, and the panel of professional traders discussed industries and specific stocks they like and dislike.

“It was a great experience for students to be around such high-caliber traders and hear from them,” says Heather Williams, president of the MBA Finance and Investment Banking Club. “These traders had a lot of insight into the markets, especially Latin America.”

Joining the students in the audience were Dean Barbara E. Kahn; Anuj Mehrotra, vice dean of graduate business programs; Finance Department Chair Douglas Emery and Associate Professor Ting Sun; and Linda K. Rump, associate director of the Ziff Graduate Career Services Center.

In addition to participating in the regular program, students had the opportunity to ask questions of the traders during a one-hour session called “Fast Money University,” which directly followed the live broadcast. Second-year MBA student Lucas Hard asked for some insight into telecommunications providers in Latin America and whether wireless or infrastructure companies look more attractive.

The students were invited to attend the Florida broadcast after many of them attended the first live taping of Fast Money in New York City last October, when they visited the studio during their annual Wall Street Week trip.

School of Business Hosts Project Management Competition

The South Florida Chapter of the Project Management Institute sponsored a competition for University of Miami School of Business Administration MBA student teams on November 8, 2007. Each team presented its solution for improving the recycling program of a Broward city. The winning team, which received a $1,500 prize, included (left to right) Supreet Ansa, Ronak Gehlot, Erika Gandullia and Matthew Schultz.

Undergraduate Students Advise Dean

The Dean’s Board of Undergraduate Advisors was formed to provide student input in the shaping of the School’s undergraduate curriculum. This year’s board members, shown with Linda Nieder, vice dean, undergraduate business programs; Ellen McPhillip, assistant dean, undergraduate business programs; and Dean Barbara E. Kahn, are (front row, left to right) Rachel Slagrob, Deborah Mass and Mitchell Albary; (back row, left to right) Ashley Fichler, Brandon Pickett, Arthur Pearsall, Thomas Bartman, Matthew Custaglia and Nick Kass.
NEW DIRECTIONS

Ready to Lead

How the School’s new undergraduate curriculum prepares students for real-world opportunities

By Robert S. Benchley • Photographs by Tom Salyer

ED BULL FOR THE CURRICULUM” IS THE DESCRIPTION USED BY ANDREA HEUSON, professor of finance, and the energy drink so popular with college students provides just the right analogy. Heuson, who heads two faculty task forces that have spent months examining everything the University of Miami School of Business Administration teaches, and how we teach it, is referring to the supercharging of undergraduate education that will begin this fall.

But the sweeping changes now under way go far beyond the classroom and amount to a revamping of the entire undergraduate experience. Under the leadership of Linda Neider, vice dean of undergraduate business programs, business education now begins in the first week of freshman year, and it will be second to no other business school curriculum in the world. This early focus will include ethical decision making, social entrepreneurship and a variety of community-engagement initiatives that will teach both leadership skills and how to work in teams.

The following pages describe the exciting changes taking place and profile more than a dozen outstanding undergraduates who represent the caliber of students we are already preparing for global business leadership.

HOME: Miami Beach
CLASS: Senior
ASPIRATIONS: Entrepreneur

BEST UM MOMENTS: “The chance to apply my academic teachings to real life.”

BRAGGING RIGHTS: “A lot of students spend their free time partying. I spend mine starting businesses. My first idea was We Wash, a laundry service targeted to college students. My first idea was We Wash, a laundry service targeted to college students. [We Wash won the 2008 Rothschild Entrepreneurship Competition’s Small Business category.] We pick up and drop off, different-colored bags keep clothing colors from getting mixed, and bar-code tracking keeps orders from getting mixed up. We are working to sign UM as the first participating university. I’m up and running with TheLuxuryIndex.com, an online rental site for high-end properties, automobiles, yachts, private jets and personal services, as well as conventional travel arrangements. [TheLuxuryIndex.com received an honorable mention in the Rothschild Entrepreneurship Competition’s High Potential Venture category.] I’m also partnering in the opening of a South Beach location of the San Francisco Peruvian restaurant Limón, and managing a talented young Colombian singer named Sindy.”
A New Generation

Blame it on the demographers, who seem compelled to label each generation to distinguish it from its predecessor. The baby boomers were followed by Generation X, then by Generation Y (also called the Millennium Generation, or the echo boomers because they are the children of the baby boomers). The Gen-Yers, who are currently moving through their college years and into the workplace, are a breed apart. Wired almost from birth, they are tech-savvy and linked through worldwide social networks that make the concept of a global economy second nature. They want to make a difference now, and they aren’t interested in a three-decade wait for a gold watch and retirement.

Fortune magazine devoted a cover story to the Gen-Yers last year, under the headline “‘Manage’ us? Puh-leeze…” They are forcing the corporate world to rethink entry-level opportunities — witness Xerox’s “eXpress yourself” program, says Neider — and recruiters visiting business schools have to pitch hard for their attention because it seems they’re all competing against Google.

The echo boomers are also having an influence on business education, and the strategic curriculum changes at the School of Business are as much in response to the attitudes of the students in the seats as they are to the rapidly changing work environment and the needs of the companies that will hire them. Current high school seniors who hear the call, and who qualify for admission (requirements have been toughened considerably), will begin a freshman experience so different that it will seem like the past has been turned on its head. And it has.

“Front-Loading the Curriculum”

“Traditionally, freshmen and sophomores took very few business courses while they completed their general education requirements in other UM schools and colleges,” explains Neider. “As a result, they did not acquire the more advanced knowledge...”

RACHEL DIAS

HOME: Atlantic Beach, Fla.
CLASS: Senior
ASPIRATIONS: Corporate finance (hired by General Electric).
BEST UM MOMENTS: “Presidency of Alpha Kappa Psi, the professional coed business fraternity; membership in the Hyperion Council, strengthening bonds between UM and the community; and UM sports!”

ALEXANDRA PRUEITT

HOME: Palm Harbor, Fla.
CLASS: Sophomore
ASPIRATIONS: Management consulting; overseas business-related mission work.
BEST UM MOMENTS: “Participating in a program in which UM students interview Holocaust survivors.”
BRAGGING RIGHTS: “For several months, I have been interviewing a woman named Irene Mermelstein. When she was 15, she and her family were taken from their home and sent to Auschwitz. I had heard horrific stories before — the Holocaust was history, words on a page, material on a test — but I had never talked with someone who was willing to share with me how that history affected each day of the rest of her life. In terms of my business studies and career plans, the experience has taught me a lot about interpersonal relationships, and about the importance of listening and interviewing skills.”

NICK GAVRONSKY

HOME: Knysna, South Africa
CLASS: Senior
ASPIRATIONS: Hired by Citigroup Latin America; enterprise software entrepreneur; maybe graduate school.
BEST UM EXPERIENCES: “Every moment here and every experience, including the amazing weather, small class sizes, great professors and education, friendly and diverse student body, and most important, the great opportunities UM provides for you to be successful and learn.”
BRAGGING RIGHTS: “I am most proud of the work that my fellow students and I have done on the Hyperion Council and SIFE (Students in Free Enterprise). I am also very proud of making it into the final round of the Rothschild Entrepreneurship Competition [runner-up in Small Business category], and of being nominated to represent the University of Miami at the Goldman Sachs Leadership Program in New York.”
and skills that employers require until they took more core business courses in their junior and senior years.

“What we’re doing now is front-loading the curriculum,” she continues. “It will be business-driven, enabling students to take upper-level courses by their sophomore year. This will give them a solid foundation for business-driven, enabling students to take upper-level courses by their sophomore year.

“Entering students will take courses in an array of quantitative courses, including statistics, calculus and, of course, completing the courses required by other students in the non-business academic requirements. "What we’re doing now is front-loading the curriculum,” she concludes. "It will be business-driven, enabling students to take upper-level courses by their sophomore year. This will give them a solid foundation for business decisions. The work of social entrepreneurs and nonprofit organizations that have been highlighted for their efforts in this area will be emphasized to show students the blending of both business objectives and social initiatives.

Proponents in both business and music schools whose real-world backgrounds create a fuller classroom experience and provide a window on the real world after graduation.”

BRAGGING RIGHTS: “I come from a small town, where everyone believed a career in the music business was a fantasy. Through the relationships I’ve made here, I’ve been blessed with the opportunity to intern at Estefan Enterprises. That has translated into an internship this summer at Bad Boy Entertainment and Atlantic Records’ marketing department in New York. Industry professionals were willing to give me the opportunity, and I followed through and succeeded.”

HOME: Miami
CLASS: Senior
ASPIRATIONS: Will attend University of Virginia School of Law; commercial litigation; pro bono work in child advocacy.

BEST UM MOMENTS: "Excellent academically, studying under brilliant faculty, receiving counsel from capable and supportive administrators, leading an organization comprised of infinitely driven students, and making lifelong friends."
The FIRST Step
MGT 100, as the course catalog will list it, will be best known throughout the school as FIRST Step. “FIRST” being an acronym for Freshman Integrity, Responsibility and Success through Teamwork.

“FIRST Step is designed to encourage first-year students to consider the notion that a corporate enterprise is part of a larger social fabric, and that ethical business practices and tangible relations with the local community are essential features of a corporate strategy for success,” says McPhillip, who will be one of three section leaders in the course. “The real goal is to get the students to appreciate the value of community engagement so they will continue it throughout their entire career. It’s not about being good, but about doing good.”

“Students will be placed in teams, will be mentored by upper-class students and will work in the community on projects designed to bring to life the concepts they learn in the classroom,” continues Neider. “Some teams, for example, will work on greening initiatives; others will handle specific projects, from beginning to end, for a variety of nonprofit organizations. Yet other teams may develop business plans to focus on social entrepreneurial ventures. The course is designed not only to help students understand key concepts, but also to give them hands-on experience practicing the concepts they learn. Ultimately, they will leave the course understanding a great deal more about what social entrepreneurship is, the critical issues confronting organizations today and how to work effectively in teams to solve problems.”

In many ways, the new undergraduate experience is as evolutionary as it is revolutionary.
tionary, as much of it expands on programs — in practice and in spirit — already in place:

- **THE PEER COUNSELING PROGRAM**, in which entering students (and now transfer students as well) are mentored by an upper-class student who serves as their guide to their first year at the School. Many go on to become peer counselors themselves. Starting this fall, peer counselors will also become teaching assistants in FIRST Step, working with teams of 10 students.

- **THE HYPERION COUNCIL**, an undergraduate honors organization through which students use their classroom training in a variety of community-engagement projects ranging from financial literacy to avoiding credit card scams. Special projects this year have included work with women entrepreneurs in Miami’s Little Haiti section and a similar on-site project with women entrepreneurs in Jamaica.

- **THE SCHOOL’S ETHICS PROGRAMS**, which dovetail with UM-wide ethics programs, and include guest speakers, a film series and competitive debates on ethical topics. Debate teams led by seniors Ryan Kairalla and Joshua Morales (profiles, page 15) won the national championship in the 2007 National Intercollegiate Ethics Bowl and second place in the 2008 national Bioethics Bowl competition.

- **THE MENTOR PROGRAM**, in which juniors and seniors (and graduate students) are paired with local business professionals for a year-long, one-on-one working relationship.

Goodbye to the “Easy A”

A phrase heard a lot around the School of Business these days is “adding rigor to the curriculum.” Translation: Coursework is going to become more exciting, but also more challenging, and grading is about to get a lot harder. “If part of our goal is to deliver a business education on par with the top 20 schools, then our standards have to match theirs,” says Heuson, whose task force has been busy examining the cur...
ALEXANDER CORREA

HOME: Miami
CLASS: Senior
ASPIRATIONS: U.S. government; international relations. Admitted to Master’s in Public Affairs Program at Princeton’s Woodrow Wilson School of Public and International Affairs and to Princeton’s Scholars in the Nation’s Service Initiative. Will first serve two years in U.S. government, with pay, as a Charles and Marie Robertson Government Service Scholar.
BEST UM MOMENTS: “Learning that anything is possible — meeting U.S. presidential candidates, traveling to Israel on an academic mission, interning on Capitol Hill.”

PARTNERS IN RESEARCH

Student-faculty collaborations explore real-world challenges

What better way to learn how to meet real-world business challenges than to work on a research project side-by-side with a faculty member? As part of an innovative program to foster student-faculty collaborative research, UM students are doing just that, says Eilish B. Lewis, director of the Office of Undergraduate Research and Student Support Services, which has paired 20 honors students with faculty members conducting scholarly research.

“The goals of the program are for students to learn how research is conducted, to assist the faculty in publishing research, and to conduct and submit to publications their own research,” says Lewis. “Students will also participate in the University of Miami Citizens Board Research and Creativity Forum and other events where they can showcase their research.”

Freshman Chris Papa was matched with Assistant Professor of Accounting Royce D. Burnett to work on an analysis of the impact of financial reporting by nonprofit organizations on potential donors. “We are looking at whether having information about financials and how efficiently resources received are used influences whether potential donors give, and the magnitude that they give,” explains Burnett, who saw the project as a good fit for the program. “It has relevance in today’s society, and thought undergraduates would be interested in contributing to a worthy cause.”

He was right. “I find the research extremely exciting,” says Papa, whose first phase of work on the project involved helping to gather eight years of tax returns (1998 to 2004) filed by the top 100 U.S.-based nonprofit organizations. “There are a variety of methods of collecting data both actively and passively, and those must be statistically employed in various combinations in order to achieve the desired results. Being involved in a research opportunity such as this is an excellent way to force yourself to think in new and unique ways that can be trademarked.”

Next, Papa and Burnett will employ a regression model to assess the relationship between information being disseminated to the public and the decision to give. Royce Burnett (right) and Chris Papa are researching how donors respond to nonprofits’ financial reporting.

TOM SAL YER

PHOTO: TAMARA S. ERIKSON

THOR BRUCE (center) works with Marcelle Adam, Stefan Fritz and other students analyzing UM’s chiller loop system (green pipes in background).

“The chiller loop serves as a ‘living case study’ for corporate decision-makers. There is always an opportunity for improvement,” says Thor Bruce, associate professor of finance, analyzing UM’s chiller loop system — a series of pipes carrying the cold water used to air-condition the university’s buildings.

Phase one of the system, which began in 1992, cost $1.47 million. Over the subsequent years, the system grew to connect most main campus buildings and saves UM an estimated $600,000 per year in energy costs — more than $10 million since 1994. Because the university continues to expand its facilities, and because energy costs change over time, the chiller loop serves as a ‘living case study’ for corporate finance students learning about cost-benefit analysis, explains Bruce.

“For example, expansion of the Miller School of Medicine chiller loop was deemed feasible when the university planned to build a new hospital, but circumstances changed when the university bought Cedars Hospital,” he says. “Now we need to reanalyze the chiller loop expansion to see if it is still feasible or, if not, whether it can be modified to be so.”

For Fritz and Adam, the project offers a hands-on learning opportunity, the chance to make a meaningful contribution to the environment and an opportunity to serve the school. “The work we do not only teaches us about finance but helps the university in its financial decision-making process,” says Adam, who was born in Miami but grew up in Brazil.

“It’s a great example of a project that is beneficial in an environmental way as well as a financial one,” adds Fritz, an exchange student from Austria. “Being involved in the analysis offers both an unbelievable learning experience and the opportunity to make a difference.”

— Jennifer Pellet
Carnival’s New Captain

CEO Gerald Cahill is focusing on the customer experience to steer the world’s largest cruise line into the future

By Peter Haapaniemi

As the CFO of Carnival Corp. — the parent of Carnival Cruise Lines and 10 other cruise brands — Gerald Cahill (BBA ’73) had what he says was “the greatest job in the world.” Nevertheless, when a new opportunity opened up last summer, he jumped at it. The job was president and CEO of Miami-based Carnival Cruise Lines. As much as Cahill enjoyed being CFO, he found the prospect of stepping out of…
his comfort zone appealing. Since his days studying finance and accounting at the University of Miami School of Business and Administration, he says, “I was always in the financial field, but I’ve always thought that the operational side would be interesting.” So when Carnival Corp. Chairman Micky Arison offered him the CEO position, he accepted immediately.

C

 Cahill believes he made the right choice. Being the CEO of the world’s largest cruise line has been a significant change and a learning experience for him, and it represents no small challenge. But, as he explains, “if you’re a young boy and a basketball player, you want to grow up to be a Michael Jordan. In the business world, you want to be a CEO of a large, successful company. So this really is the realization of my dreams.”

Expanding the Customer Base

For Cahill, the path that brought him to the helm of the cruise line went from UM to financial positions at Price Waterhouse, Resorts International and Safecard Services. He joined Carnival in 1994 as vice president of finance, became the group’s executive vice president and chief financial officer in 2003, and CEO of Carnival Cruise Lines last July. Cahill is now in charge of more than 37,000 employees and 22 cruise ships that carry 3.6 million guests a year to ports across the Caribbean and elsewhere.

The shift from finance to operations has been a big step, but Cahill says that his CFO experience was actually good preparation. “One of the things about being a CFO is that you have a license to poke your nose into almost anything. That’s just the nature of the job,” he says.

“So I had a lot of opportunity to sit down with the CEOs and presidents from the various cruise lines in the group and talk to them about their business.” Indeed, Cahill has been pleasantly surprised at how much he enjoys the operational side of the business and the variety that the job entails. “There are a lot of things coming at you every day, and I find that I like that,” he says. “Part of my day I may be working on the design of new cruise ships, another part may be spent on a new ad campaign and another on prioritizing IT projects.”

One area of focus is the enhancement of the onboard experience. Cahill has expanded the role of the company’s executive vice president of marketing to include responsibility for the “guest experience.” A key goal is to bring more first-time customers to the line, and Cahill sees significant untapped potential in the market. In North America, he estimates, only 17 percent of the population has ever been on a cruise.

Part of the challenge in reaching out to new customers is that Carnival’s ships have more than 53,000 beds to fill every week. It essentially needs large numbers of passengers of all ages to keep its ships fully booked. “We can’t say that we just want young people or old people or families. We need to cover the whole spectrum,” he says. At the same time, the company wants to sharpen its appeal to various customer segments: “Carnival is all about fun, but fun is different things to different people.”

“To do so, Carnival is working to provide several distinct experiences on each ship. For example, with its eight Fantasy Class ships built in the 1990s, it is spending nearly $50 million per vessel to create separate areas that target specific market segments. Thus, a single ship will have a water park for families, areas designed especially for children, young teens and older teens, and so forth. “We have a Serenity area for adults, with nice music, some Jacuzzis, bar service — all very quiet and relaxed,” says Cahill. “So we’re breaking the ship up into separate areas with their own facilities and activities, which gives us a real opportunity to target different kinds of customers.”

Weathering the Economy

Having that kind of segmented approach and focused appeal is all the more important in a soft economy, which is affecting customers’ discretionary spending and industry revenues. But Cahill says that the economy is not as big a concern for Carnival Cruise Lines as one might think. The all-inclusive nature of a cruise appeals to many budget-conscious passengers, and Carnival’s footprints were intentionally designed with such customers in mind. “A lot of our cruise ships have their home port along the Gulf of Mexico and the eastern seaboard of the U.S.,” he says. “The reason we do that is so people can drive to the port instead of having to fly, which reduces the cost of the vacation materially.” Carnival also offers a number of shorter cruises, which is an important factor for vacationers looking to keep expenses down. Overall, he says, the company is fairly positioned for a soft economy. “Our value proposition becomes even stronger in an economic slowdown,” he says.

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MARGUERITE BEATY

“How Payless’s CEO is reinventing a retail brand

Matthew Rubel and Dean Barbara E. Kahn

Wall Street likes for you to grow. If you don’t grow, you’re dead.”

Rubel asked the students if any of them knew how many major new malls had been built in the U.S. in the previous two years. The answer? One. “All the growth is in strip malls,” he said. “It’s coming to the neighborhoods.” With 4,600 stores, the Payless chain had enviable retail muscle in the right locations, but it didn’t have the cachet to attract the customer volume needed for the sales growth Rubel was seeking.

His solution was to create a vertically integrated global footwear and lifestyle company called Collective Brands. “We wanted not to be solely reliant upon the Payless brand, but to take some competencies and build it out,” said Rubel. He is doing that in several ways. First, through the acquisition of Stride Rite Retail Corp., with its lineup of “iconic American brands” such as Stride Rite, Sperry Top-Sider, Saucony and Keds. Second, through the creation of Collective Licensing, a youth-oriented fashion/athletic business with its own brands, such as Airwalk and Vision Street Wear. Third, through the continued “democratization of fashion” at Payless, which now sells many of those brands, as well as footwear created by up-and-coming designers Rubel has put on the company payroll. He also publicized the launch of a new marketing campaign called I Love Shoes — a fun look at women’s passion for shoes that will be promoted through ads on TV and in print, and through a companion Web site (www.iloveshoes.com).

“We want to reach our customers through multiple price points, especially during a time like now when mainstream customers are pulling back,” said Rubel. “And we want to reach them through retail, through wholesale, through licensing and through e-commerce.”

His strategy is beginning to show results. In 2007, the company sold 220 million pairs of shoes — representing 15 percent of all the footwear coming out of China — generating just over $3 billion in sales, up 8.5 percent over 2006 due to the addition of Stride Rite. Rubel’s efforts are receiving recognition from the media as well. The week after his talk, Payless was named by Fast Company as one of “The World’s 50 Most Innovative Companies.”

— Robert S. Benchley

WEATHERING THE ECONOMY

Matthew Rubel and Dean Barbara E. Kahn

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“Vous avez le choix. Vous pouvez choisir de rester dans votre confort zone ou de vous aventurer dans un endroit inconnu.”

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Consommateurs ont traditionnellement associé Payless ShoeSource avec des prix bas, mais la tendance au chic est en train de changer, et c’est le résultat d’une stratégie stratégique pensée pour complètement réinventer la chaîne. Matthew Rubel (MBA ’80), le compagnon du président et CEO, a dit la histoire derrière la stratégie au 15 février, quand il a prononcé le Discours d’Alumni Distingushe de l’Association des Grads de l’UM.

“Vous avez à regarder les entreprises comme elles se sont positionnées sur le marché. Vous avez à vous asseoir avec les dirigeants de la compagnie et parler de votre stratégie. Vous avez à regarder comment vous allez faire des économies. Vous avez à regarder comment vous allez faire une publicité.”

En effet, Cahill a été agréablement surpris par le travail de son équipe. “Nous avons créé des espaces séparés avec des services différents pour les différentes catégories de clients. Nous avons créé des espaces pour les adultes, des espaces pour les enfants, des espaces pour les seniors.”

Los consumidores tradicionalmente han asociado a Payless ShoeSource con precios bajos, pero la tendencia al estilo es en cambio, y es el resultado de una estrategia estratégicamente pensada para completarmente reinventar la cadena. Matthew Rubel (MBA ’80), la compañía Presidente y CEO, dijo la historia detrás de la estrategia en el 15 de febrero, cuando habló en el Centenario del Salón de Alumnado Distinguido de la Asociación de Alumnado de la UM.

“Tiene que mirar a las empresas como se posicionaron en el mercado. Tiene que sentarse con los dirigentes de la empresa y hablar de su estrategia. Tiene que mirar cómo van a hacer economías. Tiene que mirar cómo van a hacer publicidad.”

In fact, Cahill has been pleasantly surprised at how much he enjoys the operational side of the business and the variety of the job entails. “There are a lot of things coming at you every day, and I find that I like that,” he says. “Part of my day I may be working on the design of new cruise ships, another part may be spent on a new ad campaign and another on prioritizing IT projects.”

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no immediate plans to shift the company’s focus to Europe — a move other lines are making to contend with a weak dollar and to access the relatively undeveloped market there. “Carnival Cruise Lines will continue to be primarily focused on the Caribbean and this thriving market,” he says. “The Caribbean is accessible from ports people can drive to, it’s warm all year long, and the seas are calm. So I am perfectly happy to have everybody else take their ships to Europe.”

However, Cahill is concerned with a global, industrywide issue — high fuel prices. “That’s the biggest problem we have today,” he says. “Our fuel costs have nearly tripled in the past five to six years.” He estimates that the Carnival group now spends some $1.5 billion a year on fuel. In response, Carnival has added a supplemental fuel charge to passenger fees, but that only recoups about one-third of the additional cost. “You have to be careful, because the slightest thing you say can be misinterpreted by the organization. Everybody is looking to see how you’re acting, how you’re feeling, because it has an impact on the organization.”

The CEO’s Limits

Looking back over the past year, Cahill says that the biggest adjustment he has had to make is adapting to the relentless spotlight that comes with the job. “As CFO, you’re onstage some of the time. As CEO, it’s all of the time. You have to be careful.”

T. Kendall Hunt (BBA ’65), founder, chairman and CEO of VASCO Data Security International Inc., wasn’t talking about sports at all when he spoke at the School of Business Administration on March 27 as part of the UM Alumni Association’s Distinguished Alumni Lecture Series. He was using the metaphor to tell the students that business, like sports, is full of surprises. You need an overall strategy for winning, even if your immediate reaction is simply to fall back and punt.

It’s a lesson that Hunt knows well. A talented UM halfback who dreamed of a career in the pros, he had his dream ended in an instant by a non-sports-related ankle injury at the end of his sophomore year. “I had to redirect my energies,” he said.

Hunt spoke to students taking Entrepreneurial Consulting — a subject in which he has considerable expertise but which was never part of his redirected, non-football career plan. He originally went to work at IBM, then at several other technology companies, intent on following a conventional big-company path.

“I became an entrepreneur at age 40,” he said. “I got into a disagreement with the chairman of the company I was running at the time, and I got fired. I said, ‘The heck with this. I’m not going back to work for The Man. I’m going to be an entrepreneur.’ Hunt started a consulting business and soon, in an unusual move, took it public by merging into a Utah-based public shell. “That gave us stock to use for a rollup,” he said. “We didn’t have much cash, but you’d be amazed at what we were able to accomplish over time in terms of the acquisition of small technology companies around the world.”

Today, VASCO is a leading supplier of strong authentication and e-signature solutions and services, specializing in Internet security applications and transactions. It serves a customer base of nearly 6,500 companies, including approximately 1,000 financial institutions, in more than 100 countries. Total revenue in 2007 was $120 million, up 58 percent from 2006. VASCO is headquartered in Chicago, but only 7 percent of its business is in the U.S. Growth has been steady, but the road hasn’t always been smooth. With most of the company’s business elsewhere, Hunt believed it didn’t make sense to be running it from Chicago. In 1999, he made one of his European executives CEO and stepped aside. Three years later, he said, VASCO was “about to go over a cliff.” Realizing it was time to redirect once more, he took back control of the company. “If you’re going to be an entrepreneur,” he told the students, “you have to be prepared to do it multiple times.”

MARGUERITE BEATY

Ken Hunt told students why it takes strategy to win
Voters — especially young adults — are turning out in record numbers this campaign season. Is it the issues? The Internet? Media coverage? We poll faculty and alumni who have their finger on the political pulse to find out.

By Betty Spence
omething has the under-30 crowd worked up and voting in unprecedented numbers this election year. According to the Center for Information and Research on Civic Learning and Engagement (CIRCLE), the Iowa caucus saw youth turnout triple from 2000, and in New Hampshire’s early primary it jumped from 28 percent to 42 percent. On Super Tuesday, youth turnout tripled or quadrupled in Florida, Georgia, Missouri and Oklahoma. All primaries and caucuses boasted greater numbers of under-30 voters than other groups, who also have broken primary participation records. Has disaffection disappeared? 

“It’s the war,” says Gregory Koger, assistant professor of political science. “With the White House wide open and a five-year conflict in Iraq, it reinforces that politics matters. It can be hard to explain to students why government matters, but when they see classmates go off and get killed, it becomes clear that politics is important to their lives.”

But the Vietnam War didn’t send young voters scuttling to exercise their franchise. Their motto was “Turn on, tune in, drop out.” The current under-30 group is distinctly different, according to Koger’s colleague, Assistant Professor Joseph Uscinski. He says those born after 1980 — known as the Millennials — as a bred apart from the baby boomers and the Gen Xers who grew up through Vietnam and Watergate and were soured by politics. “We had a high level of cynicism in the country, so they didn’t vote at high rates,” says Uscinski. But the Millennials, he asserts, “are already into politics. They like it. They have idealism. As they hit college, we saw political science majors dramatically increase across the country.”

Engaged, Energetic Youth

Ali Ingersoll (BBA ’06) is one of these politically awake Millennials, and she has made it her mission to get non-college-educated youth worked up about voting. CIRCLE data show that a quarter of young Americans with some college education voted in primaries, compared to one in 14 with no college, and Ingersoll wants to close that gap. An entrepreneur-class major as an undergraduate, she leaped at the opportunity offered her last year by co-founder Justin Rockefeller to help start up a South Florida chapter of GenerationEngage, a nonpartisan, nonprofit organization previously established in California, New York, North Carolina and Washington, D.C.

“GenerationEngage is not like other youth movements getting people to vote,” explains the 25-year-old Ingersoll. “It’s about getting people ages 18 to 29 involved in the political process year-round, not just for elections. The people I’m working with have sometimes three jobs, they’re putting themselves through community college, and they have families. They haven’t been involved as voters — not due to apathy, but because they lacked information and access to candidates.”

Ingersoll provides that access at events she puts together with local civic leaders, including “commissioners and mayors and councilmen who normally aren’t accessible, and they talk about getting things done on the local level. They see they can have an effect on things that matter to them, like citizenship for immigrant children or protecting the Everglades.” She proudly reports that after an event with Miami Mayor Manny Diaz about environmental sustainability, “two young people landed jobs with the mayor’s office.” Local events have also included national videoconferences with former President Bill Clinton, Supreme Court Associate Justice Stephen Breyer, Coretta Scott King and filmmaker Spike Lee.

First fired up by the entrepreneurial challenge of building the South Florida chapter, including fundraising, outreach and infrastructure, Ingersoll has made GenerationEngage her life on social issues, but she says, “seeing the willingness and enthusiasm of these young people made me really care about where they go and what they do. Now I want to be the vehicle to get them involved as voters — not due to apathy, but because they lacked information and access to candidates.”

Engage her cause. “As the months went by,” Ingersoll says. “The whole exile experience awakened Cubans. They didn’t question why government matters, but when they see other kids around to play with. As a result, I grew interested in the news before most people my age,” he says. “The whole exile experience awakened Cubans to the importance of getting involved.”

He got pumped on politics at age 16 as a page in Washington for Florida Congressman Lincoln Diaz-Balart, and totally hooked while in college where he served as assistant director of Hispanic affairs for the Republican National Committee. Still in school, he ran campaign administration for both Diaz-Balart and his brother, “doing everything from paying bills to generating revenue to reporting to the appropriate election commissions.” He’s also worked for Florida Governor Charlie Crist.

Curbelo in the thick of it, organizing Senator John McCain’s campaign efforts in South Florida, then working for Senator Fred Thompson. “Before the Univision debate in December, I briefed Senator Thompson on immigration and foreign policy toward Cuba and Latin America. It was an amazing opportunity for someone my age,” marvels Curbelo, 28, who expects to work for the RNC this summer.

Curbelo also points to the increasing power of Hispanic voters. According to the Pew Hispanic Center, on Super Tuesday, Latinos represented 30 percent of Democratic voters in California. There’s also a growing group of young Hispanics — more than one in five Hispanic voters were between the ages of 17 and 29. More than half were under 45, compared to one-third of white voters. “The Hispanic vote is pivotal in this election,” says Curbelo. “Many aren’t registering a party affiliation. They are conservative on social issues, but because of the immigrant experience, they agree with Democrats on labor issues. So the Hispanic vote is not only critical, it’s also up for grabs.”

The Internet Effect

The increasing participation by cyber-savvy young voters has also helped drive the sophistication and impact of candidates’ Web sites, which are far more influential than in previous elections. The sites are filled not only with candidates’ positions on a host of issues but also with a wide variety of volunteer opportunities.

“The Internet,” says Casey Klopfad, assistant professor of political science, “lowers the cost of people’s participation by making it easy to become involved.”

The bad news: Any slip-ups get caught
Nontraditional Candidates

Newly energized young voters, new activists, and deep concern about the economy and the war in Iraq are combining with another element for a perfect storm of an election season: two Democratic candidates who look like no others in American history. Senator Hillary Clinton has started considering a presidential primary; as has Senator Barack Obama as the first African-American. Voters of all ages, from over-50 blue-collar women to young African-Americans and Hispanics, are waking up this year, because it’s the nature of the media beast. More coverage now, we know so little. Despite 24/7 attention have failed to probe what’s essential, however Kerr adds, “is that you move from there to describe what other goals will be ignored, where the money [to pay for them] will come from, things like that.”

He contrasts that to politics, where candidates talk of wonderful goals regarding health care, education and other issues. “They need buy-in from at least 50.1 percent of voters,” Kerr says of politicians’ medication. And whereas good corporate leaders follow up rhetoric with specifics, politicians should explain who’s going to pay for promised programs.

“The point I was making,” Kerr says, “is that while corporations work hard to put teeth in their mission statements and make them come alive, politicians seek to avoid that, because the more votes they can get without pinning themselves down, the more flexibility they keep.” Kerr acknowledges the roles that strong statements that can hurt you, so you can garner as many votes as you can. A critical media should force candidates on the record about Guantanamo or electronic surveillance, but they’re complicit in keeping important issues off the agenda, which is why Iran is not on the public’s radar.”

“Diversity and Hispanic leaders offer the most favorable press coverage of any candidate to win a major party nomination among their followers.” And, he adds, “They remain ambiguous. He’s projecting a giant inkblot, allowing followers to see their own definitions of what’s desirable. There’s nothing in it for him to be more specific.”

The Media’s Role

A Clinton–McCain (left brain/left brain) matchup would offer a more traditional presidential race than Obama–McCain, according to Schriesheim, despite there being nothing traditional about the first woman running. However, Obama’s run might make for a happier media community, which already has given him the most favorable press coverage of any candidate. Uscinski points to an October 2007 study by the Project for Excellence in Journalism and the Joan Shorenstein Center of the Press, Politics and Public Policy that showed 47 percent of Obama’s early media coverage was positive and 16 percent negative, compared to 27 percent positive for Clinton and 38 percent negative, and McCain’s 12 percent positive and 48 percent negative.

Few would deny that nonstop media coverage has fanned the flames of fascination with this campaign, with slanted press scrutiny of every occurrence, small or large. “Reporters and commentators are people with candidate preferences,” says Uscinski, who also is not happy with the media portrayal of the election as a strategic game. “Coverage is cynical now, with media questioning every motive. A politician can’t do anything without the policy being suspect, without pundits claiming the action was taken just to get votes.”

Gonzalez also faults the media, which despite 24/7 attention have failed to probe for specifics. He muses about how with so much more coverage now, we know so little. Indeed, the vaguer candidate is more likely to win, he says, because “all you need is a plurality, not a majority. State by state, it’s winner-take-all to the Electoral College. It therefore pays to be amorphous, to not make

should be held accountable for enacting their pledges — just as CEOs answer to board members, stockholders and customers. And if he were advising politicians? “First, they should tailor their message [to different audiences], but they shouldn’t say it to one group and not to anoth-er. They also shouldn’t pander or lie.” His second piece of advice is tougher: “You want politicians to be specific, but they can’t until the electorate starts rewarding them [with votes]. Politicians go where the rewards are.” — Bob Woods
Patricia Sanchez Abril says she “fell into” studying Internet privacy. “When I started teaching at UM four years ago, privacy was at the forefront of my students’ minds. They asked, ‘If we’re on Facebook, what will happen to our reputations?’ They were very concerned about how privacy law would protect them online.”

Concern has evolved into assistance, and her students now help her conduct legal research that results in law review articles. Abril’s focus is to inform practitioners, judges and legislators by bringing light to an ongoing issue, analyzing it academically and giving a prescription for how the law should change or adapt to it.

Her first article on the topic, published last year in the Harvard Journal of Law & Technology, looked at privacy in online social networks such as MySpace. Another, also published last year, was in the Northwestern Journal of Technology and Intellectual Property.

“If someone says something online about you or your company that’s embarrassing, the consequences are greater than they used to be,” says Abril. “Digital form allows for permanent malleability, total anonymity and transferability of the information and, in some instances, total anonymity of the speaker in ways that were never possible before. The stakes are much higher, but the law is more ineffective than ever.”

Businesses are highly affected by these issues. “From a public-relations standpoint, companies can no longer control all the messages about them,” she says. “There’s a digital dossier that both individuals seeking employment and businesses trying to maintain their good names need to contend with.” She describes a growing category of Web sites where users can write such things as “Don’t do business with this company.” Yet most of these sites have nothing in place to check the accuracy of such statements or the hidden agendas of posters.

Abril’s latest interdisciplinary research includes survey work, which is not traditional for law professors but is becoming popular as attorneys, legislators and judges realize that surveys reveal something about society that can ultimately inform law. She is exploring a section of the Communications Decency Act that gives total immunity to Internet service providers for any postings by third-party users. While the law intended to encourage the Internet’s early evolution, today, reputation-bashing Web sites are taking advantage.

Says Abril: “One of my research questions is, How does this law, enacted in 1996, gel with these kinds of Web sites whose business models seem to be geared toward harassment and defamation?” At the same time, her latest survey examines the younger generation’s concept of privacy and asks whether their online disclosures are rooted in immaturity or a societal privacy revolution. She says the results will inform businesses’ understanding of their young consumers and employees, and the law’s evolution in this area.

— Ellen Ullman
Finding Profits in Reverse Logistics

Repairing and reselling returned items can boost the bottom line

Ever wonder where all your old cell phones end up? Or all those appliances, clothing and cosmetics returned to retailers that can’t, for one reason or another, be resold? So did Vaidyananth Jayaraman, an associate professor of management who studies reverse logistics, or the management of products that flow back to companies from consumers.

Over the past decade, much has been made of the profit potential of speeding time to market and trimming costs through supply chain management. “But once products that flow back to companies are returned, how can companies optimally handle those returns?”

Reverse logistics is fast becoming a hot area of research. In fact, research conducted by Jayaraman and Yadong Luo, professor and chair of management, and originally published in Academy of Management Perspectives, caught the eye of editors of more mainstream publications, including The New York Times Magazine, and Harvard Business Review. The attention comes for good reason. Americans return more than $100 billion worth of products each year and discard staggering quantities of “e-waste” in the form of outdated computers, electronics and peripherals.

Jayaraman has met with dozens of companies seeking to turn the way they handle the deluge of returns into a strategic competitive advantage. These include using insights gleaned from analyzing the reason for the returns to improve products, mining returns for raw materials, refurbishing, remanufacturing, recycling and reselling products, or even farming out the sorting and selling of returned items to outside specialists.

Estée Lauder, for example, used to dump more than $60 million worth of returned cosmetics each year. Investing $1.3 million in a reverse logistics system capable of scanning the expiration dates of returned products to discern if they can be sold in developing markets or in stores, enabled the company to create a $250 million product line from these returned goods.

While bottom-line boosts like that factor heavily in reverse logistics strategy, environmental concerns are a major factor as well. In another research article that Jayaraman co-authored in the Journal of Operations Management, he discusses sustainable supply chains, in which sustainability must integrate issues and flows that extend beyond the core of supply chain management to include manufacturing-by-products.

“Often, the first question most companies ask is, ‘Does it make financial sense to take products back, work on them and put them back into the marketplace or distribute them through a third party?’” he says. “And, yes, it is profitable. But guess what? It’s also an issue of sustainability that is critical from both a societal and even a legal perspective. Many countries are passing laws that will make it a responsibility for manufacturers to provide proper mechanisms for consumers to return products. This is not an issue that is going to go away. It’s one that will intensify.”

—Jennifer Pellet

“Trust Me!”

When trust is broken, it’s time for damage control. The worst response is to do nothing at all

What do Oprah Winfrey, JetBlue Airways and Arnold Schwarzenegger have in common? All have weathered crises in which their trustworthiness was called into question, and all bared the challenge, according to Cecily Cooper, whose primary stream of research is trust repair, on both the individual and corporate/organizational level.

“When you say the word ‘trust,’ most people automatically think of it as an integrity or honesty issue, but trust is actually more complex. It’s multifaceted,” Cooper explains. “It’s not just about integrity. You can also trust in someone’s competence. And we’ve found that this integrity versus competence distinction is very important.”

Cooper, whose interest in the topic pre-dated the Enron scandal, has found a fertile field from which to draw material. She and her colleagues (Donald L. Ferrin at Singapore Management University, Peter H. Kim at the University of Southern California and Kurt T. Deeks at Washington University in St. Louis) currently have three articles in print — two in the Journal of Applied Psychology, the third in Organizational Behavior and Human Decision Processes. Two others are moving quickly through the review process.

Cooper’s research has shown that “the taint of an integrity violation lingers longer than that of a competence question, because it is perceived to be more diagnostic of who a person really is.” But central to trust repair is what the violator does after the transgression, “not responding is basically the worst thing that you can do.”

“I’m a business school professor, but I’m basically a social psychologist,” says Cooper. “Specifically, I study the social psychology of people in organizations, but our trust repair findings are equally applicable to other contexts, such as politics and the media. Also, when I conduct research, I am just as likely to use lab experiments as field studies. Lab experiments as a methodology are quite useful for studying the process of trust repair.”

Cooper has organized a symposium on trust repair that will take place in August at the Academy of Management in Anaheim, Calif. She and her colleagues will be presenting two papers — one on the role of the board of directors in maintaining trust with an organization’s stakeholders, the other on whether some individuals are simply more predisposed to trust again after their trust has been broken. A third project under way examines how groups differ from individuals in making trust judgments. “I would eventually like to write a book on trust repair for a general audience or to help people understand how to respond when their trustworthiness or that of their organizations has been called into question,” Cooper says.

—Karen Bennett
Lessons from Investment Bubbles

Consumers like to follow winning streaks — but only so far

pen a newspaper on any given day and chances are fairly good that you’ll run across at least one story about an investment bubble — an overvalued sector poised to burst. These days it’s real estate; less than a decade ago it was dot-com stocks. Joseph Johnson, assistant professor of marketing, set out to discover just what it is about the way consumers think and feel about markets that drives the bubble phenomenon.

“We found that consumers have interesting biases that lead to the investment bubbles you see,” he explains. Two well-known but contradictory biases are the “hot hand” in basketball — the theory that a player who has hit several shots in a row is more likely to score again — and the gambler’s fallacy — which holds that if a coin is tossed repeatedly and tails come up several times in a row, heads is more likely on the next toss.

“What we found is that those two biases exist in each individual and operate together,” says Johnson, who coauthored, with Gerard J. Tellis and Deborah J. MacInnis at the University of Southern California, an article on their findings that appeared in the Journal of Consumer Research. “All people will lose interest in a product would, on average, raise the price of a company’s stock — and potentially mean companies racing to capture the vast markets of India and China. “We did an historical analysis by looking at case studies and news reports to build a picture of why companies succeed or fail in these emerging markets,” he says, noting that one finding was that success in one market does not necessarily translate to the other. “They are very different animals. Even a company like Procter & Gamble, which succeeded in China, can fail in India and vice versa.”

What does boost the odds of making inroads? Control over entry — or entering a market directly rather than through a joint venture — and being based in an economically similar country, says Johnson, who plans to replicate the study for the emerging markets of Latin America.

A Cool-Headed Approach to Global Warming

Who you gonna call? Maybe an economist

Climbing temperatures, rising seas, Katrina-strength hurricanes. We’ve all heard the alarming predictions about what global warming will wreak upon the planet in the decades to come. Amid this mounting hysteria, Associate Professor David L. Kelly offers a pragmatic approach to the issue of climate change — one backed up by extensive research on multiple fronts.

“Much of my work focuses on the challenge of designing policy when the magnitude of change is uncertain,” explains Kelly, who points out that mounting evidence in recent years has shifted the global warming debate from whether changes are coming to when they will occur and how severe they will be. “Estimates of the change in temperature over the next 100 years range from one-half of a degree to 14 or 15 degrees — from a change that would be no big deal to one that would be catastrophic.”

That uncertainty has led to a wait-and-see approach among policymakers, who have argued that scientists would soon determine the extent of the problem, at which point it could be addressed. Kelly, along with Charles D. Kolstad of the University of California, Santa Barbara, created a computer simulation that included complicated realistic uncertainties, and published their results in the Journal of Economic Dynamics and Control.

“It turned out that it would take longer than anticipated to figure out what was going on,” Kelly says. The resulting policy recommendation: Act now and adjust that action as more information becomes available.

Kelly outlines a “ramp-up” strategy that begins with a modest program to slow rather than attempt to reduce the rate of carbon dioxide emissions viewed as contributing significantly to climate change. “As time goes on, technologies improve and the cost of reducing emissions comes down, and then you can get more aggressive,” he says.

Kelly’s research also extends to exploring the optimal structure for a cap-and-trade system, a strategy for reducing carbon dioxide emissions that involves creating a financial incentive for emission reductions. The cap-and-trade system works by establishing limits for emissions from certain groups of polluters, such as power plants, that are lower than their current emission rates. Individual permits are then issued for, say, each ton of pollution created, and companies are free to buy and sell those permits.

Kelly plans to devote his upcoming sabbatical to exploring some of the disaster scenarios predicted by global warming activists. “I want to design a better way to look into the worst-case scenario — a 14-degree temperature change — and potential disaster scenarios such as complete melting of all the ice caps, huge sea level rises and hurricanes,” he says. “And second, how reversible is that? In other words, could we shut it down and reverse the process? My goal is to figure out how these disaster scenarios would work more definitively.”

— Jennifer Pellet
The Costs of Customization

Research recommendations save John Deere tens of millions of dollars in unnecessary expenses

When Henry Ford began to mass-produce the Model T in 1914, he understood the concept of customization: Customers could have their car “in any color so long as it is black.”

Ford’s view may seem antiquated to today’s consumers, who customize everything from their morning coffee to their evening television. But companies are finding that a wide variety of product options can translate into heavy complexity costs — in the form of changeovers, decreased efficiency and additional training — that reduce profits.

That’s why John Deere, a leading producer of machinery, wanted to know how handle tiny problems, with a few hundred customers and products. But our approach was the first one capable of handling problems with up to tens of thousands of customers and millions of possible products.”

To achieve this breakthrough, the researchers used a three-step process. First, they employed standard marketing tools to understand how flexible Deere’s customers were. After gathering information through customer surveys and interviews with experts, they calculated how important a certain option is to a customer and assigned it a numerical value.

Next, they needed to determine a formula that assigned a dollar amount to the complexity costs. “In the John Deere case, the company already had a mathematical formula that they gave to us,” explains Yunes. “In other cases, it has taken us a few months to find that formula.”

The last step was to use operations research techniques to build an optimization model to decide what products to offer so that the company’s profit (revenue from sales minus costs, which include complexity costs) is maximized.

The model returned a list of which products to stop offering and which to keep. If John Deere wanted to attain the highest possible profit. “We were not really expecting them to use the model’s results blindly,” says Yunes, “but what they did was something we didn’t expect either.”

Rather than discontinuing any products, John Deere gave discounts to influence customers to buy those machines the model said they should sell. As a result, the company reaped complexity cost savings with no having to publicly announce any reduction in its product lines.

It was a win-win result. Yunes and his colleagues saw how a company could use their ideas to develop pricing strategies, rather than just following their recommendations, and John Deere has reported saving tens of millions of dollars.

— Jill Clifford

Family Ties

Children tend to do better in school if their parents are married — but marriage may not be the reason

It’s not unusual to hear that couples contemplating divorce have decided to stay together “for the children.” After all, research has shown that children whose parents are married do better in terms of health, behavior and educational achievement. But recent findings by Assistant Professor Shirley H. Liu suggest that the real picture is more nuanced.

In fact, Liu, a labor economist who specializes in family economics, finds “no evidence that divorce negatively affects children’s long-term educational attainment.”

Liu’s research is based on the Panel Study of Income Dynamics, a nationally representative study of 5,000 U.S. families dating to 1968. She looked at data on about 3,000 children in about 2,000 families. After accounting for factors such as family income, Liu found that “children of divorced parents tend to attain less schooling compared with those whose parents remain married,” she says. But even if children of divorced parents are completing less education, is it the divorce itself that’s to blame? “If parents aren’t getting along, the household environment may not be beneficial to children,” she notes. “So it might be the conflicts, and not the eventual divorce, that are causing the bad outcomes.”

Liu used statistical analysis to untangle the issues. “I looked at both the process of divorce and the process of investment in children over time,” she says, “and I found that divorce is not the problem. In fact, there is the possibility of a positive effect from divorce for some children.”

Liu looked at differences in cognitive development revealed by the Peabody Picture Vocabulary Test, which measures verbal ability. She also considered health problems such as asthma and behavioral issues such as attention-deficit hyperactivity disorder. A paper that she coauthored, with Frank Heiland of Florida State University, on the findings has been accepted by the journal Economic Inquiry.

For health and behavior, there was no difference whether parents got married. “Those factors were affected by parenting practices, not by whether the parents were married,” Liu explains. As for cognitive development, she found that children whose parents got married fared better. But as with divorce, it may not be marriage itself that makes the difference. “Married mothers tend to have a higher level of education than do unmarried mothers,” Liu says. “So they may be more likely to provide a stimulating environment.”

The findings have implications for public policy. Liu points out that existing and proposed state and federal programs promote marriage and marital stability. “But we need to understand how the different facets of these issues affect the probability of children’s success,” she says. “Rather than investing in policies that encourage couples to get married or that make divorce more difficult, it’s more important to provide assistance to families that need it, whether or not the parents are married.”

— Eric Scheiner
BusinessWeek, 3/31/08 – Dean Barbara E. Kahn sat down with BusinessWeek editors in March to discuss the School of Business Administration’s momentum and vision for achieving global prominence. In a 23-minute video interview posted on BusinessWeek’s Web site, the dean discussed the School’s efforts to increase the rigor of its programs, engage with other UM schools to create innovative cross-functional programs, and develop the School’s research caliber.

El Nuevo Herald, 3/26/08 – An article detailed how the new Canes Behavioral Laboratory is part of the strategy to build the research caliber and reputation of the School of Business Administration. The article included quotes from Dean Barbara E. Kahn and Michael Tamez, associate professor of marketing.

The Miami Herald, 3/24/08 – William Witherick, professor of management, was quoted in an article about whether administrative salaries and vehicle policies at the Miami-Dade School District are too generous. Witherick argued that the salaries and policies do not appear to be unfair for an organization of that size.

South Florida Business Journal, 3/3/08 – Ananta Bassi, associate professor of law, director of the Business Ethics Program and co-director of UM Ethics Programs, appeared in an article about UM Ethics Programs being designated a Collaborative Center in Ethics and Global Health Policy by the World Health Organization.

WOR Radio – New York, 3/21/08 – Dean Barbara E. Kahn was interviewed live on the popular Joan Hamburg talk show, which airs daily on New York City’s WOR Radio (www.wor710.com). During the 20-minute Interview Kahn spoke about the moment at the University of Miami, the role of marketing and business education in general.

CBS4 Miami, 2/27/08 – David Kelly, associate professor and chair of the Department of Economics, was quoted extensively in television segment on what’s been dubbed “The Perfect Storm,” a situation in Florida characterized by hurricanes, taxes andifton. Kelly was tapped as an expert because his research focuses on climate change and designing policy when climate change is uncertain.

The Miami Herald, 2/18/08 – Dean Barbara E. Kahn, in an article about reverse logistics – what happens when unwanted products are returned to the stores or Web sites from which they were purchased. From his first sale – at the age of 11 – to one of the residents in his Brooklyn, N.Y., apartment building. Stern learned a vital lesson, “It took two weeks to sell that box of greeting cards,” he recalls. “When I asked my dad for help, he said, ‘Just do it.’

Two years later, Stern’s father moved the family to Miami and brought into a wholesale clothing business. Today, that company is Lord Daniel Sportswear, a multichannel company that sells men’s and women’s apparel to more than 2,000 specialty stores. Stern acts as chief operating officer, overseeing everything from managing employees to making sure products are shipped correctly. “I’m a seven-day-a-week guy — on the computer, selling off unprofitable divisions, investing in new ones,” he says.

The Miami Herald, 2/10/08 – Two years ago he headed the next to the next generation to join the family enterprise, his son Brett. Given the uncertain economy, the company’s current goal is diversification.

BusinessWeek, 1/29/08 – Michael Conselli, professor of economics, was quoted in a story about how Florida’s economic woes seemed to be overshadowing the state’s presidential primary. “About 7,000 families have left the state; the quality of life is greatly diminished,” Conselli said. “There’s a greater fear from hurricanes, higher taxes that seem to be sticking, and more difficulty in finding good jobs.”

CBS Early Show, 1/29/08 – Casey Kolstad, assistant professor of political science, was interviewed about the importance of the Florida Democratic primary even though it awarded no delegates to the winner, Hillary Clinton. “Florida matters because it’s a real micromower for the country,” said Kolstad. As for why Clinton spent time in South Carolina following her defeat in South Carolina, she commented that she came to Florida “in order to get herself in the news again, in order for the focus to be pulled away from Obama and his rising ascendancy”.

The Miami Herald, 1/21/08 – Marc Jankunc, assistant professor of management, was quoted in an article about biodegradable lawn services. Jankunc noted that few consumers would likely be willing to pay the high additional cost. “When people are given an alternative between a product that is more environmentally friendly and one that’s not, they’re shifting in terms of the green market,” he said. “But definitely still a majority of people will still go for the economics. People aren’t just going to spend large amounts to be green.”

South Florida Business Journal, 1/25/08 – Joseph Uscinski, assistant professor of political science, was quoted in an article about political contributors who “bundle” the contributions of their friends and associates. “The only limits. “No matter what reform gets passed by Congress, there are always loopholes, ” said Uscinski. “If they tried to go after bundling, they’d run into a constitutional barrier there. It’s basically the freedom to assemble.”

The New York Times Magazine, 1/18/08 – Research by Vaidyanathan Jayaraman, associate professor of management, and Yang Lu, chair and professor of management, was cited in an article about reverse logistics – what happens when unwanted products are returned to the stores or Web sites from which they were purchased. Companies, says Jayaraman, have become much more efficient at handling the $100 billion in annual returns, preventing much of it from ending up in landfills and turning returned products into an additional revenue stream.
George Stoekert, BA ’70, MBA ’72
PRESIDENT; EMPLOYER SERVICES INTERNATIONAL, ADP, ROSELAND, N.J.

THE PATH TO SUCCESS

George Stoekert was a self-described “military brat” whose idea of what the business world was all about went no further than the local grocery store or dime emporium down the block. “Living on military bases, I never grew up thinking about pursuing a career in business,” he says. Today, Stoekert is president of the Employer Services International Division of Automatic Data Processing Inc. It’s the latest step in a long career in business, and he credits his education and experience at the School with playing an important part in his success.

Stoekert majored in psychology as an undergraduate and minored in economics. He says it was a “coin toss” as to which path he would pursue. “I had originally planned on continuing in graduate school in psychology. However, at the last minute I decided to go to business school,” he says. “The education I received there made a tremendous difference in my ability to make my way in the business world fairly quickly.”

His first job after receiving his MBA was with Southeast Banking Corp’s Trust Company, where he worked as a sales and investment analyst. He moved on to Ryder System about 18 months later. Ryder, a Miami-based leasing and logistics giant, had deteriorated heavily — and, as it turned out, unusually — in the early 1970s. Four months into Stoekert’s tenure, Ryder was overleveraged and on the verge of bankruptcy. “I ended up in a small group under (then-treasurer and later CEO) Tony Burns, and we did a tremendous amount of work to cash flow the company out of the pit it was in,” Stoekert says. He ended up staying with Ryder for over 16 years.

Stoekert accepted an offer from ADP in late 1991. He was named president of the Major Accounts division in 1996, responsible for the middle market, the largest part of ADP’s business. In 2003, he was tapped to head the company’s HRO international division, which “needed focus integration and growth opportunities at the time,” he notes. Stoekert’s’ positioning at ADP’s international HRO business as not just a payroll provider in individual countries but a broad-based provider of outsource and non-wage-related benefits and resources provided the stimulus to firmly accelerate growth in sales revenues and profits. A critical part of his strategy in achieved leveraging available technology. Today, the company provides solutions in more than 38 countries, and it has the seasoned management as one of the most significant accomplishments of his career.

Ralph Almeida (BBA ’76), president and chief operating officer of McDonald’s Corp., was recently named one of the “25 Best Latinos in Business” by Hispanic Business magazine and listed in the Top Leaders section of the magazine’s 2008 Corporate Elite. He is an active member of the Ronald McDonald House Charities. Almeida also serves on the UM President’s Council and the International School of Business Committee.

Joel Schachne (BBA ’74) retired in June 2006 from teaching high school math after 36 years. He had taught in Miami-Dade County’s Gifted Program since 1977. He was the county’s 1989-89 Math Teacher of the Year and served as the AP statistics faculty consultant master for the College Board. In 2007, he married Debbie Jenkins Jones. They reside in Davie, Fla.

Henry Weiss, MBA ’87, MSIE ’87
COUNTRY DIRECTOR, PEACE CORPS, CAPE VERDE

A LIFE OF SERVICE

Hank Weiss has ended up half a world away from Ohio and Illinois, where he grew up. But as Peace Corps country director in Cape Verde, he is living the ideals he absorbed there as a young man.

“I grew up during the Kennedy years and lived in a community with many traditional American values,” Weiss says. “I recall often hearing JFK’s famous words, ‘Ask not what your country can do for you; ask what you can do for your country.’”

Weiss earned an undergraduate degree in mechanical engineering in Ohio, and another at American University’s School of International Service in 1976. He was also a Peace Corps intern — an experience that would call him back to service many years later.

Weiss launched a career in international development work, spending the better part of a decade on projects in Central America and Africa. Then, he says, “I was assigned to work in South Florida. I knew the country director in Cape Verde, he is living the ideals he absorbed there as a young man.

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George Chien, BBA ’94
VICE PRESIDENT, INTERNATIONAL NETWORKS, SONY PICTURES TELEVISION INTERNATIONAL, LOS ANGELES

HOW EAST MEET WEST
George Chien jokes that although he was born in Taiwan, he was raised in an “homogenized Asian way of life” in New Jersey that dictated his career choices — law, medicine or accounting. He chose the third option.

“I chose to attend UM for its reputation and diversity,” he says. “However, when I entered as a fresh- man, I lacked direction. I knocked on the Peer Counseling Program’s door and Jeannie Batridge answered. She was remarkably helpful. She taught me how to stay with it. As a sophomore, when I had the opportunity to volunteer for the program, I signed on, shepherding freshmen through their first year just as Jeannie had done for me.”

After graduating, Chien went to work for Ernst & Young LLP in Miami and obtained his CPA. But then Elinor Fukuda (now his fiancée) and David Gardner, a UM classmate who had gone to Los Angeles to work in the entertainment industry, convinced him to stick and go west.

“When I was looking for a job, I was told that you better get experience in Chicago,” he says. “It was a ‘me or Chicago’ choice.”

“I’m not a megalomaniac,” he says. “I’d rather be doing.”

Chien quickly moved from the mailroom to reading scripts and recommending projects and casting. The next stop was Walt Disney Studios, where he worked primarily on music. He joined Sony Pictures Television International in 2001 as senior vice president, managing projects and casting, and his role expanded to lead the Asia/India region, which includes the company’s operations in India, Japan, and South Korea.

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“Of course, my parents thought I’d lost my mind, giving up prestige and security for ambiguity and in- security,” says Chien. “They defined success as a person making six figures. I showed them a 10-year busi- ness plan ending with an income with two commas. They thought I was nuts.”

Chien started in at United Talent Agency’s mailroom, known internally as the “agent training pro- gram,” for a fraction of what he made as an accountant. “I didn’t expect royal treatment, and I didn’t get it,” he says. “Nevertheless, starting at the bottom had its advantages. It taught me that entitlement has no place in business. I learned humility as well as every aspect of the industry, and I acquired lifelong skills. In hindsight, being on the bottom was the most valuable busi- ness experience I’ve had.”

Cynthia Sanborn, MBA ’92
VICE PRESIDENT, NORTHERN REGION, CSX TRANSPORTATION, JACKSONVILLE, FLA.

WORKING ON THE RAILROAD
On a typical morning, Cindy Sanborn can tell you what’s happening on some 9,000 miles of railway track across a huge swath of North America. As vice president of the northern region for CSX Transportation, her territory ranges north from Louisville, Ky., to Montréal, and east from Chicago to Boston. In that area she manages, she says, “anything that involves running a train.”

Sanborn graduated from Emory University in 1987, and went to work at CSX that June in Jack- sonville, Fla., her hometown. “Both my parents worked for CSX, and I always knew what I wanted to do,” she says. “It’s different every day — it’s like solving a big puzzle.”

She started as a transportation analyst, then took a leave to earn her MBA at the School of Business Ad- ministration. Back at CSX in 1992, she moved quickly through a series of positions around the country, then moved back to Jacksonville in 2005 as an assistant vice president. She began her current job in 2007.

“We begin the day with a situation conference call with all the divisions to get a pulse of where everything is and what kinds of challenges are out there, looking at it from a network perspective,” says San- born. “We move a lot of freight. When you turn on your electricity, you don’t think about how that thing is made and what kinds of challenges are out there, looking at it from a network perspective.”

Sanborn is a pilot in the U.S. Army, flying both airplanes and helicopters. She is also a contract manager for sever- al government contracts. Her home base is in El Paso, Texas, and she says she would love to hear from other alumni.

ROBERT A. NÚÑEZ (BBA ’93) is a financial representa- tive with Northwestern Mutual Financial Network. He was recognized this year for outstanding perfor- mance with an invitation to attend Northwestern’s president’s conference.

MITCHELL RICHMAN (BBA ’92) was recently promoted to director of sales in the south and southwest markets for Man’s Foods Inc. He lives in Charlotte, N.C.

ADETUNJI OLABIRAN (BBA ’92) is senior vice president and branch manager of the Miami office of the New York-based real estate consulting firm specializing in representing the offer- ing of lease negotiations and site locations. He lives in Palmetto Bay, Fla.

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JENSEN HANDE (BBA ’94) has been named director of BusinessMiami. He lives in Plantation, Fla.
WHAT’S IN A NAME?  
No matter where he lands, Winston Warrior makes a name for himself — literally. At the School of Business, he was “Up and Comer.” Each moniker (though perhaps not at first blush) has been a tribute to the energy, innovation and leadership seemingly encoded in Warrior’s high-achieving DNA.

As an undergrad, Warrior was president of Unital Black Students, chair of the Association of Greek Letter Organizations and the first Black vice president of the Student Government. Not surprisingly, he was tapped for Iron Arrow. “I was everywhere, and known around campus,” he says. However, he was known not as Winston Warrior, but as Comer.” Each moniker (though perhaps not at first blush) has been a tribute to the energy, innovation and leadership seemingly encoded in Warrior’s high-achieving DNA.

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Jeffrey Segal, BBA ’07

PROFESSIONAL RACECAR DRIVER, MIAMI MAN ON THE GO

To say that Jeff Segal’s mind was racing during his four years at UM isn’t totally accurate. More precisely, while earning his degree in entrepreneurship he also concentrated on racing. After sitting through classes, marketing, management and other courses during the week, he spent many weekends zooming around racetracks across the country.

“Simultaneously racing and attending UM full time certainly kept me busy, but ultimately the two activities balanced each other nicely and kept me from getting too wrapped up in either one,” Segal says. A year after graduation, he devotes nearly all his time to fast cars. “When I’m not racing, I’m either testing a racecar, instructing at driving-schools, training or kart racing for fun.” His race season, including about 25 events, runs from January to October. “From May to September, I’m usually on the road nonstop between obligations,” he says. He still lives in Miami—sort of. “It’s more like I keep a mailbox, storage, and a bed there.”

Like many pro drivers, Segal, a Philadelphia native, grew up loving cars, learning as much as he could about them and dreaming of racing. His father, who worked in the auto industry, did some amateur racing. “That opened the door for me to start racing when I was 12,” he says.

Segal set off in souped-up go-karts, then moved on to cars at 15. A year later, in 2002, Segal was the youngest driver ever to compete on the BMW CCA Club Racing circuit. “Since then I’ve been involved with factory-sponsored teams, from BMW and Mazda, and I’ve raced numerous Ferraris and Maseratis as well,” he reports. Currently Segal drives a Mazda RX-8 in the Grand-Am Rolex Sports Cars GT Class—endurance events ranging from three to 24 hours—and a BMW M3 in the Grand-Am KONI Challenge Series. On that circuit—which features shorter, faster and more furious races—he and co-driver Jep Thornton won the 2007 Driver, Team and Manufacturer Championships.

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