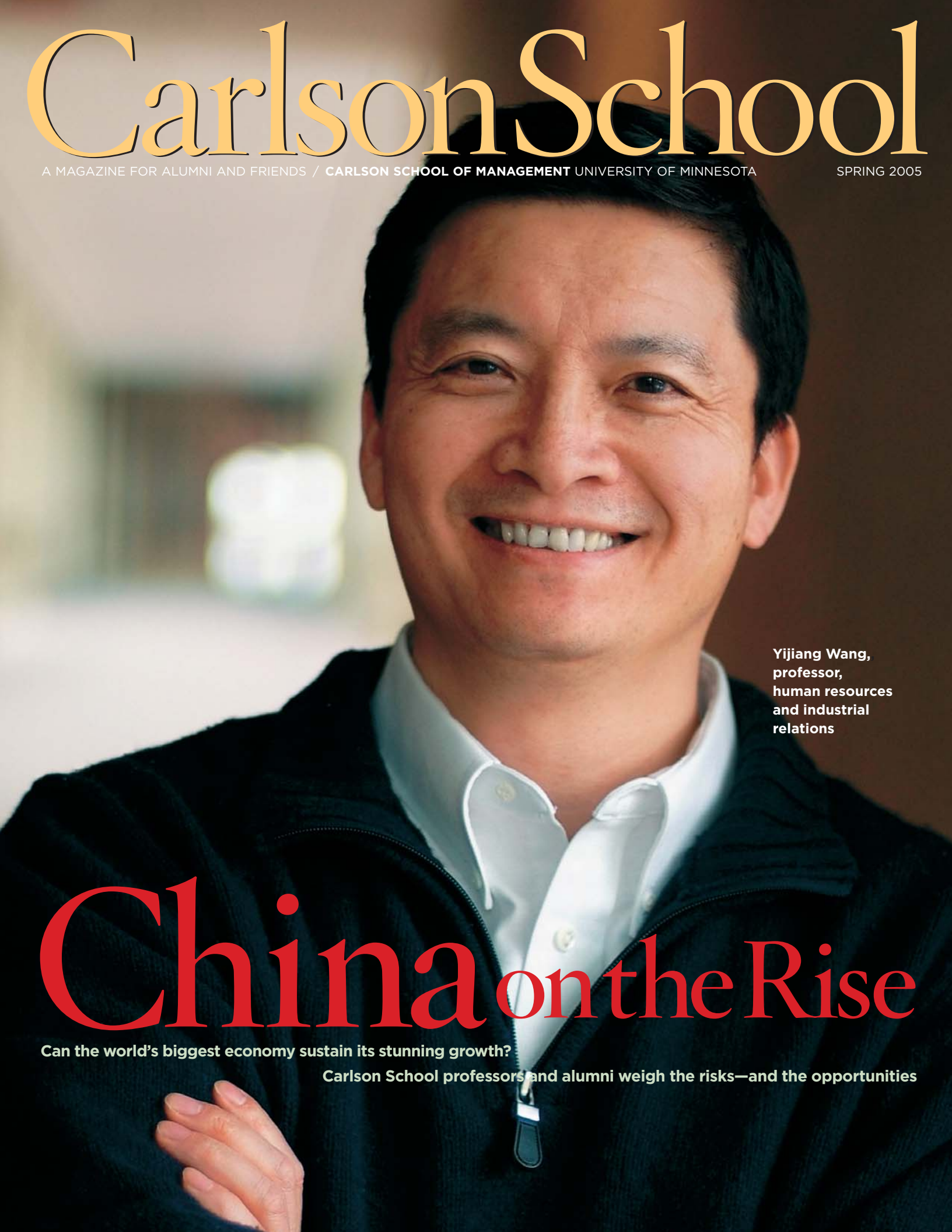


Carlson School

A MAGAZINE FOR ALUMNI AND FRIENDS / CARLSON SCHOOL OF MANAGEMENT UNIVERSITY OF MINNESOTA

SPRING 2005

A close-up portrait of Yijiang Wang, a middle-aged man with dark hair, smiling warmly. He is wearing a dark blue zip-up jacket over a light-colored collared shirt. The background is softly blurred, showing what appears to be an indoor setting with a window and some architectural elements.

Yijiang Wang,
professor,
human resources
and industrial
relations

China on the Rise

Can the world's biggest economy sustain its stunning growth?

Carlson School professors and alumni weigh the risks—and the opportunities

The Dean's Corner

For three years, I've been privileged to guide the Carlson School as it builds its international reputation. With my departure to Atlanta, Michael Houston and Jim Campbell, our two interim deans, will steward the school until a new dean is appointed. Their leadership will ensure that the school's momentum is maintained.

I'm glad to have met so many of you during my time here at the Carlson School. It's been an honor to hold the role of dean at this flourishing school, and I wish you continued success in the future.

*Sincerely,
Lawrence Benveniste*



Michael Houston



Jim Campbell

Change is a constant at the Carlson School, in the business world, and in our lives, for that matter. And times of change can be the most exciting times of all.

In this issue of *Carlson School*, our experts tackle recent developments in the world of business, and provide informative answers and analyses of current economic issues and trends. First off, our feature on China ("Made in China," page 12) explores whether the country's future economic development is assured, or if it's still too soon to tell what role it will play in years to come. Carlson School professors and alums give their first-hand accounts of the challenges and opportunities presented by China's decade-long transformation into a global power.

Headlines cite billion-dollar government balance sheet figures and fractional rate adjustments, but analyzing these numbers can pose a challenge. In "Home Economics" (page 18), Carlson School professionals and professors weigh in on trade deficits, balancing the budget, and the state of the dollar.

In "Thicker Than Water" (page 24) we document how a dream team of Carlson School MBA alumni came together to turn GE Water Technologies into a key player in the parent corporation's overall operating strategy. With complementary skills and the right know-how, the Carlson alums increased the division's profitability fourfold within a year.

In short, the Spring 2005 *Carlson School* speaks to issues that inform how—and where—we will do business in years to come. We hope you find it as readable and appealing as we do.

*Sincerely,
Michael Houston
Jim Campbell
Interim Co-deans*

Carlson School

A MAGAZINE FOR ALUMNI AND FRIENDS

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MISSION STATEMENT

The mission of the Carlson School of Management is to provide the highest quality education for present and future business and academic leaders, and advance the understanding and practice of management through research and outreach.

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PHOTOGRAPH BY MARK LUINENBURG

Atrium

News and updates from around the Carlson School and beyond.

Follow the Leader

Benveniste departs, Houston and Campbell named interim co-deans.

A noted scholar of consumer marketing and an experienced executive will guide the Carlson School as interim co-deans during the school's search for a new leader to replace departing Dean Larry Benveniste. In June, Benveniste will start a similar position in Atlanta.

Michael Houston and Jim Campbell will divide the dean's duties, with Houston overseeing the school's academic and internal agenda, and Campbell leading the school's external initiatives, including alumni, corporate, and business community relations; development; and interaction with the Carlson School's Board of Overseers and Alumni Board.

"The Carlson School is in an important period of growth and we're confident these two leaders will help maintain momentum," says Provost Tom Sullivan.

"Momentum" is an appropriate word. The school is at a key point in planning and fundraising for the expansion of its undergraduate program. The program is consistently ranked 14th nationally in the annual *U.S. News and World Report* ratings.

Houston, who has been with the Carlson School since 1986, holds the Ecolab-Pierson M. Grieve Chair in International Marketing and serves as associate dean of the international program. He also is academic director of the Carlson Brand Enterprise and a former chair of the Department of Marketing. Much of his research has focused on cultural issues in consumer behavior and brand management. He has published frequently on those topics, is a former editor of the *Journal of Marketing Research*, and has written more than 50 academic publications (including two major textbooks).

Campbell, BSB '64, brings a wide range of business and leadership experience to the position of co-dean. He has served



Jim Campbell (left) and Michael Houston

on the school's Board of Overseers since 1995, including four years as chair and three years on the executive committee. A 38-year veteran of the financial services industry, he was president of Norwest Bank Minnesota for 10 years. After Norwest's merger with Wells Fargo, he served as group executive vice president of Wells Fargo until his retirement in 2002. Campbell received the University of Minnesota Outstanding Alumni Achievement Award in 1996 and the Regent's Award in 1998. In addition to his work with the Carlson School, he is a trustee of the University of Minnesota Foundation.

The search for a new, permanent dean is moving quickly. A search committee has been formed, and Baker Parker and Associates, an Atlanta-based national consulting firm that specializes in higher education, has been hired to assist with the search process. The search committee includes faculty, students, and alumni representatives of the business community. For updates on the dean's search, visit carlsonschool.umn.edu/about.



Launching Pad

Robin Stegner

Operating from a home base in tiny Redwood Falls, Minn., Robin Stegner, '85 MBA, helps create a common culture for a multinational firm.

When Robin Stegner wanted to make a major career transition in the early 1980s, she approached the career office at the University of Minnesota. Her question: “How does a flower child of the 1970s make big bucks in the 1980s?”

Stegner, who graduated from Macalester College of St. Paul, Minn., in 1972 with a liberal arts degree, sought an alternative to the nonprofit arena, where she had been working on the East Coast. The U of M career office told her to get an MBA. She followed that advice, using her savings and taking out loans to cover the cost of the two-year day program at the Carlson School.

Shortly before she graduated in 1985, Stegner started working for what was then called Zytec, a spinoff of Control Data that manufactures power conversion equipment for the communications industry. Her first job for the company was in inventory control at its factory in Redwood Falls, Minn., where her husband—whom she married during graduate school—lived and owned a furniture store.

Stegner has been in the southwestern Minnesota city of 5,500 residents ever since, rising through the ranks at Zytec and its successor, Artesyn Technologies (which was the product of a 1997 merger between Zytec and another firm). She now serves as Artesyn’s director of training and development, traveling one week of each month to the company’s design and manufacturing facilities around Asia, Europe, and North America.

More than anything else, Stegner says the MBA program gave her the confidence to ask questions. “I figured that if I had an

MBA and didn’t know the answer to a question, then other people probably had the same question,” she notes. “It also gave me a business vocabulary. From the nonprofit sector, I knew about project management, I knew how to get things done and how to work with people, but I didn’t have a business vocabulary.”

She adds that her courses in statistics and operations were particularly useful—both in getting her first job and performing it. Zytec and Artesyn have long been committed to statistically driven quality control, which Stegner was able to help implement. The company won the Malcolm Baldrige Quality Award in 1991, and also was the first winner of the Minnesota Quality Award.

Stegner assumed her new title in 2001. One of her primary tasks is to help Artesyn’s more than 6,000 employees understand the company’s culture by providing workshops that help explain its mission and core values. That’s no small task given its far-flung and disparate employee base. With 3,000 employees scattered around China, Austria, Ireland, Scotland, Hungary, and eight locations within the United States, Artesyn faces enormous challenges in developing a unified culture.

But Stegner loves that kind of challenge and the lifestyle it demands. In addition to the opportunity to witness global events—including the ongoing changes in China and a first-row seat in Hungary in 1991 as communist rule crumbled—she says she has realized far more than she expected back when she asked that first question.

—Kate Peterson

Secret Agent Man

Mike Olson has what you might call a high-profile, low-profile job. As a member of the U.S. Secret Service's Vice Presidential Protective Division, he's charged with helping provide security for Dick Cheney. As with any Secret Service agent, however, part of his job is also to blend into the background and ensure that the Vice President can go about his daily tasks efficiently and uneventfully. We

A chat with Mike Olson, '92 BSB.

recently caught up with Olson to get the details on his atypical career path.

CS: What you have done since you graduated from the Carlson School?

MO: After graduating I worked for Dayton's Department Store as a loss prevention investigator, and then moved onto Bachman's [Floral, Home & Garden] as its loss prevention representative. In July 1996, I was hired by the U.S. Secret Service, and spent two years on the Bank Fraud Squad and Counterfeit Crimes Task Force. I left the Secret Service for a short time and served with the St. Paul Police Department before returning to the Secret Service in Minneapolis in February 2000. In June 2003 I was reassigned to the Vice Presidential Protective Division in Washington, D.C.

CS: How did your Carlson School experience prepare you for where you are today?

MO: It provided me with a good base to go into federal law enforcement and be a leader, critical thinker, and problem solver.

“Because many of our investigations involve losses to the financial industry, an understanding of these organizations has helped me immensely.”

My job involves criminal investigations and protection work. Both require me to interact with people from all walks of life. In the criminal arena, I interact with business, bank, and law enforcement leaders; federal and state prosecutors; and criminals. I have to manage a criminal case load and determine how to investigate and report on criminal investigations, which include counterfeiting, bank fraud, credit card fraud, computer-related crimes, etc. Also, because many of our investigations involve losses to the financial industry and others, an understanding of these organizations has helped me immensely. In the protection arena, I work with people who control facilities, businesses, and other organizations where our protectees need to visit.

CS: Give me an example of a typical work week.



Mike Olson

MO: It involves either conducting motorcade security advances around the country for the Vice President, or driving him or one of the other motorcade vehicles. I am currently assigned to the Transportation Section of the Vice President's detail. [Last fall, with the campaign in full swing,] I spent three to four weeks on the road and a few days back in Washington through November.

CS: What has been your biggest challenge professionally?

MO: It was a multimillion dollar bank fraud investigation involving an organized criminal group operating mostly in the Twin Cities, but linked to criminal activities all over the country. I had to work closely with several large banks and businesses as well as law enforcement and security professionals to coordinate the two-year investigation. The end result was 11 convictions of the major ring leaders [of the organized crime group behind the



Dean Sundquist

Global Leader

Dean Sundquist, '83 MBA, is working to ensure Carlson School students have the skills to navigate the world of international business.

As CEO of Mate Precision Tooling, Dean Sundquist has experienced the global economy first-hand. The Anoka, Minn.-based company boasts sales offices in Germany, Sweden, Malaysia, and the United Kingdom, as well as a small manufacturing division in Germany. “We started the offices to serve our dealers in international markets,” says Sundquist.

Sundquist’s interest in international matters led him to host China Executive MBA students from the Carlson School on a recent tour of his company. Top-level executives led the students on a detailed visit of the high-tech plant, where lasers help create tooling for punch-presses. “They were a very impressive group,” Sundquist says, citing the students’ sharp questions and impressive credentials.

The Dean and Amy Sundquist Global Scholarship will recruit top candidates to the Carlson School’s MBA program by providing them with the resources to participate in an international program. Sundquist’s generosity ensures that future MBA candidates will develop the skills to negotiate the global economy. —Katy Holmgren

bank fraud]. In addition, we seized and forfeited thousands in assets belonging to the defendants, and helped reduce losses suffered by many banks.

CS: What advice do you have for other alumni or current students who are interested in pursuing a similar career path?

MO: Don’t hesitate to look into a law enforcement career. Many high-level law enforcement professionals are business majors and possess advanced degrees. Every organization needs good leadership and the Carlson School provides an outstanding education and opportunities for future leaders for any profession.

—Lori Kocer

Peak Performance

Steve Eklund, '73 MBA, discusses the challenges of taking Nike Golf to the top of the game.



Steve Eklund

Steve Eklund had already collected paychecks from the likes of General Mills, Eddie Bauer, and Hanna Andersson when his career path deposited him at Nike in 1996. Today, he is CFO of Nike Golf, which has become a rising star within the \$13 billion global corporation. Headquartered in Nike's Beaverton, Ore., campus, Nike Golf competes in the United States, Japan, Europe, South Korea, Southeast Asia, and Canada. And though the business is less than five years old, Eklund reports that it's rapidly gaining ground on such industry stalwarts as Callaway and TaylorMade. "We believe we can be a market leader," he says. "We see ourselves as being five years into a 10-year plan."

Carlson School: Your industry is, reportedly, fiercely competitive. Is that true?

Steve Eklund: It's tough. Right now, participation in the game is flat. It has been flat the last few years. We're working hard to help grow the game. We think we need to bring in new participants—new players, new kids. We're supporting many youth programs to build some interest at the youth level.

CS: Golf seems like a tough sell, though. Its high cost and time demands make it a somewhat exclusive sport.

SE: Time is probably the number-one challenge right now. It's becoming harder and harder for people to take three hours to go golfing and not feel like they're taking away from something else, be it family or work or whatever. We're looking for new ways to make it fun that aren't as traditional. Like, 'It's OK to go out and play a quick nine.' Or speed golf—grab three clubs and put your running shoes on. No doubt, golf is a traditional game and you need to respect that. But we need to find ways to add energy that make sense.

CS: You mentioned that Nike Golf is the fastest-growing company in the marketplace. To what extent has the Nike brand fueled your growth?

SE: The brand opens the door, but it doesn't automatically let you in. If you're a serious participant in this sport, you have to earn credibility. You can't buy it. Our focus is to create innovative products that help people play the game better. What can we do—whether it's equipment or apparel or footwear—to enhance the experience for the player?

CS: It certainly doesn't hurt that Tiger Woods represents your brand.

SE: In the case of Tiger, he actively participates in the product-development process. He visits our campus regularly and reviews the product line and offers his input. He's out there trying out our different prototypes. We like to say around here that Tiger is our toughest customer. He's at the top of the pyramid of what is demanded from product. Everything we learn from him can be put into products that someone who doesn't play at his level can benefit from.

CS: How's your game?

SE: I started playing in college, but I never got really good at it. I dropped it for a while when my son was born, but I'm picking it back up now and enjoying it. I'd like to find more time for it, though.

—Andrew Bacskai

PHOTOGRAPH COURTESY OF NIKE

India Inc. Carlson School India Seminar provides insights for managing in an offshoring world.

With offshoring becoming as ubiquitous as the Post-it note, the Carlson School's new India Seminar is providing students with an opportunity to stay ahead of the curve. "In the future, it may be best for your marketing department to be in the United States, your IT to be in India, and accounting in the Czech Republic," observes Mitch Helle-Morrissey, who is on track to graduate next year with an MBA. "The seminar helped me envision what's necessary for creating a global business that uses resources from anywhere in the world."

The India Seminar begins on campus, using traditional classroom methods to expose students to the challenges of managing across boundaries and distance. During its final two weeks, the program moves to the rapidly developing international offshoring hub of Bangalore, India, for real-world encounters with

globalization. "Ten years ago Bangalore was a retirement community," says seminar participant and MBA student Sridevi Srivatsan, a native of India who lives in Edina, Minn. "Now, the demographics are completely different. There are acres and acres of new office buildings, malls, restaurants, and upscale housing."

The focus of the seminar's field component is visiting with senior managers at about a dozen outsourcing firms of various sizes. The outsourcers range from call center providers to research and design facilities. "Through the on-site visits, I learned what happens behind the scenes day-to-day," says Srivatsan. "I have a better understanding of how the internal policies and practices of outsourcing providers affect the U.S. companies that hire them."

A senior database administrator for data storage provider Seagate, Srivatsan is

Family Matters

Building a new business has had unexpected benefits for Jai Kissoon, '01 BSB.

Not many successful Carlson School grads are still answering to mom and dad. But 25-year-old Jainarain (Jai) Kissoon's career path hasn't strayed far from his family tree. As vice president of OurFamilyWizard.com, a subscription-based scheduling tool for divorced families, Kissoon reports to his mother, Kathleen, who is the firm's CEO, and his dad, Deonarine, who serves as its COO. He also consults regularly with his cousin, Paul Volker, the company's executive vice president and originator of the business idea. And let's not downplay Kissoon's own role in the venture. His business plan for the company, written as a senior-year project for his entrepreneurial studies major, helped launch OurFamilyWizard.com. (He also consults with a non-family member: Bryan Altman, '01 BSB, a classmate of Kissoon's who has worked for the company for more than a year.)

The site helps divorced parents communicate vital information about their children, such as immunization records, medical coverage, doctor's appointments, and piano recitals. "Often it's breakdowns in communication that cause problems," Kissoon says. "Parents are trying to do in two households what used to be done in one."

Since its launch in 2001, OurFamilyWizard.com's subscribers have grown from a test pool of 50 families to 4,000 paid subscribers in 49 states and six countries. Initially dreamed up by Volker after a scheduling mix-up ruined Christmas for his blended family, the site has since become so successful in reducing court visits that 15 states now routinely order families in divorce cases to subscribe to its service.

According to Kissoon, the key to its success is in creating a space for organized, documentable, and emotionally neutral communication—particularly for parents who are barely on speaking terms. "So often if parents want to just pick up the kids, the when and where is passed from the mom to her attorney, to the dad's attorney to the dad. In just that hour of legal fees you've already paid for [the cost of subscribing to] the website. It also provides a trail of bread crumbs to see what really happened when one parent isn't cooperating," Kissoon says, adding that when both parents use OurFamilyWizard.com, many judges say they never see the family in court again.

Subscriptions cost \$99 per year per parent or for professionals such as lawyers, and scholarships are available for families who can't afford the service. The company has two angel investors, a patent pending, and enough interest from divorce lawyers and court systems to assure steady growth, Kissoon says. On paper, it might even become profitable this year, he adds.

As a teenager, Kissoon helped his parents balance the books for one of their businesses, so he knew his family

could negotiate work and personal boundaries. He's now enjoying his growing responsibility in the business and the recognition that has accompanied it—he recently was invited to speak at the Canadian National Judicial Institute and at a United Nations summit on online dispute resolution. He also marvels at how an idea for uniting divorced families has brought his own family closer together. "I've developed a great relationship with Paul [Volker] that I probably never would have, had we just been relatives," he notes.

—Sara Aase



Bryan Altman (left) and Jai Kissoon

PHOTOGRAPH (RIGHT) BY MARK LINENBURG; MCSWEEN PHOTOGRAPH BY BELINDA DREW

seeing immediate benefits to her employer and her career. "I already work with one offshore team," she says. "And I want to expand my involvement to multiple offshore teams."

Seasoned international traveler and MBA student Sarah Larson was struck by the influence of culture on business. "For example, there's very little litigation in India compared to the United States," she says. As a result, expenses for legal resources are significantly reduced, along with policies and procedures necessary for staying out of court.

In addition, Larson detected an aversion to mass layoffs. Instead, performance standards are prevalent and staffing levels are fine-tuned to meet performance goals.

Helle-Morrissey, a software engineer for Reuters, noted the personal sacrifices required to accommodate a global employer. For instance, Indians must work

from 8 p.m. to 5 a.m. to collaborate in real time with their U.S. counterparts. "Plus, they receive vacation for U.S. holidays that they know nothing about," he says. "So, when everyone else is celebrating an Indian holiday, they have to work."

Clearly, seminar participants came away with a wealth of insights. For some, there's also a new academic bottom line: Learning to manage across cultures and time zones isn't optional anymore. "International management courses are no longer auxiliary," says Helle-Morrissey. "They're now a core element of staying competitive in a global world."

—Anne Rawland Gabriel

India Seminar participant Perteet McSween in front of the Mysore Palace in Mysore, India.



What Are You Reading?



Mario Bognanno

Mario Bognanno Professor, Human Resources and Industrial Relations

Women Don't Ask: Negotiation and the Gender Divide, by Linda Babcock and Sara Laschever

Full-time working women, on average, earn 73.2 percent of what their male counterparts earn. Several well-documented factors cause this disparity, but until Babcock and Laschever's book appeared, it hadn't occurred to most economists that women typically have an antipathy toward negotiating, while men traditionally do not. This book so convincingly identifies negotiation as a factor contributing to the gender-based earnings gap that I will be discussing its thesis in my labor economics class.

The authors argue that social forces have put women in psychological straightjackets which prevent them from asking for what they want, and they suggest ways that women can leverage strengths such as collaborative-mindedness. This is an important book and should be required reading, particularly for women in business.

Wendy Benson Executive MBA, 2004 Manager, Six Sigma Black Belt, 3M Corp.

Carolyn 101: Business Lessons from The Apprentice's Straight Shooter, by Carolyn Kepcher

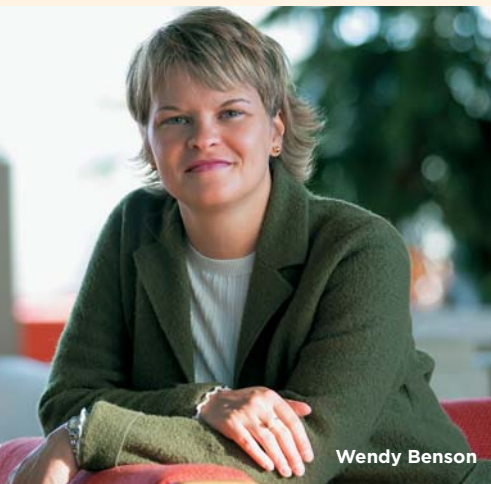
Carolyn Kepcher, an executive vice president and COO with the Trump National Golf Club, also serves as one of Donald Trump's right-hand advisors on the popular TV reality show, *The Apprentice*. I was drawn to this book because Kepcher is fairly young in her career—in fact, she's my age. What does she know that I can learn from? What wisdom can she share at this point in her career? What's appealing about this book is that she acknowledges this, but also acknowledges the thousands of letters and e-mails she's received from the show's fans, asking about her career path and perspectives on business. Every chapter begins with one of these letters, and she uses it to relate her own career experiences.

Nuggets of Kepcher's wisdom appear throughout the book. They're simple, but there are some points that resonated with me as a woman in business. I had read Babcock and Laschever's *Women Don't Ask* while in the China Executive MBA program. Kepcher has made it a point to ask for things. And why not? I was also encouraged by her answer to the question, "What kind of company do you look for to build a career around?" One criterion is support for continuing education. I have had that at 3M, and it's important. It makes me feel good about where I am right now.

Justine Ngo Master of Healthcare Administration student

Kitchen Confidential: Adventures in the Culinary Underbelly, by Anthony Bourdain

This book is a fast-paced, crude, and in-your-face exposure to Anthony Bourdain's journey from kitchen worker to executive chef. Behind the raw language and exotic foods are inspiration and the understanding that in any venture, passion and dedication are the centerpieces to success. Perhaps it is because of my own personal addiction to food—both eating and creating it—that this book was such a guilty pleasure amidst dense course textbook readings. The momentum and energy from the book has cascaded over into other things I do in life. It is a rare treat to find an article, a book, a lecture, a person, or a dish with a lingering and delightful aftertaste.



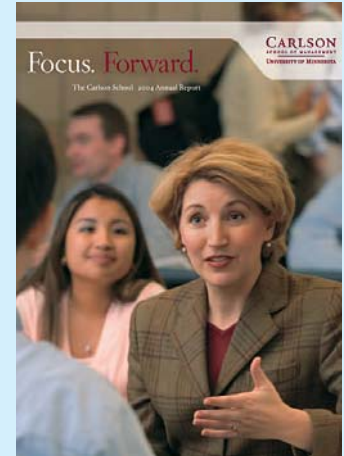
Wendy Benson



Justine Ngo

Annual Report Available

The Carlson School is pleased to announce the recent publication of the 2004 Annual Report, *Focus Forward*. The first annual report in some time, the publication serves as the dean's official document of record and summarizes key accomplishments and initiatives. To request a copy, contact Michael Teachout at 612-626-7756 or mteachout@csom.umn.edu.



New Carlson School Merchandise Hits the Street

Thanks to a new line of Carlson School merchandise, you can show off your school pride in a number of different ways. Wear Tommy Hilfiger polos, shirts, and sweaters to sport a new look. Sip coffee from a sleek silver travel mug. Flash your business credentials from a streamlined card case engraved with the Carlson School logo. Shop for Carlson School materials at the Coffman Union University Bookstore or online at www.bookstores.umn.edu/carlson/.



Insights In Site

Insights@Carlson School launched in January. This bimonthly e-newsletter (which replaces e-News) will offer faculty insights and research on a wide range of business topics. Other components will include feature stories of student learning experiences and alumni perspectives and accomplishments. Each issue will also highlight key Carlson School conferences and events. To receive a copy, send an e-mail to Insights@csom.umn.edu.

Off the Beaten Path

David Melberg, '03 BSB, has followed his own unique trail to success.

By almost any measure, David Melberg is not your average Carlson School MBA student. For starters, he's a little older than the norm (53). He's also an international business owner, something of a venture capitalist, and a retired farmer. As you might guess, he's taken a circuitous path to get to where he is today.

Melberg's roots at the Carlson School stretch back to 1970. When he was a 19-year-old undergrad, his father died, leaving Melberg with the responsibility of running the family's 4,000-acre farm in Hector, Minn. While he kept the operation running successfully, he never abandoned the idea of getting his college degree. In the early 1990s, he resumed his pursuit by taking a class each winter between growing seasons. Then, in May 2000 his wife died. He realized it was time for a change. "I had very few obligations and a modest income—no family to care for, and my nephews were tending the farm," says Melberg. "Some

"Some people drop out of society by moving to the Caribbean. . . . My way was to become a full-time student."

people drop out of society by moving to the Caribbean and crewing on charter boats. But that wasn't me; my way was to become a full-time student."

While returning to college full time in your early 50s is not common, it's not out of character for Melberg. In 1998, he and 19 other farmers from Minnesota investigated farming in Brazil. Ultimately, Melberg and 200 shareholders purchased

a 15,000-acre corn, soybean, and cotton operation. A few years later, he made two other key investments—in a Minnesota ethanol startup and an egg cooperative. ("Venture capitalism on a small scale," he says with a chuckle.) He even helped his daughter open a Figaro's pizza franchise while he was a full-time undergrad student.

Melberg finally earned his undergraduate degree in 2003. These days, he's remarried and enrolled in the Carlson School's Part-Time MBA program, and is mulling over the notion of one day working in the corporate risk-management arena. Whether he ultimately seeks a corporate job or focuses on entrepreneurial pursuits, he says his educational experiences will remain close at hand. "The Carlson School is just fantastic," he says. "Everything about it is world-class."

—Anne Rawland Gabriel



David Melberg

Common Sense

Gerald Anderson and Anthony Waldera share a mutual connection: a deep commitment to the Carlson School's teaching excellence.

Gerald Anderson, BBA '52, and Anthony Waldera, '81 BSB, '89 MBA, come from different generations. They live in different parts of the country. In fact, they've never even met. Even so, they have a lot in common.

The two men share a passion for the teaching that can influence a

student's life. Together, Waldera and Anderson support the Excellence in Classroom Teaching Award, which is given annually to three instructors at the Carlson School. The most recent honorees are Mary Zellmer-Bruhn, assistant professor of strategic management/organization; Rajesh Chandy, associate professor of marketing/logistics management; and Steven Huchendorf, senior lecturer of operations and management sciences.

"The University has meant a lot to me and to what I have been able to accomplish," says Anderson, a retired CEO of

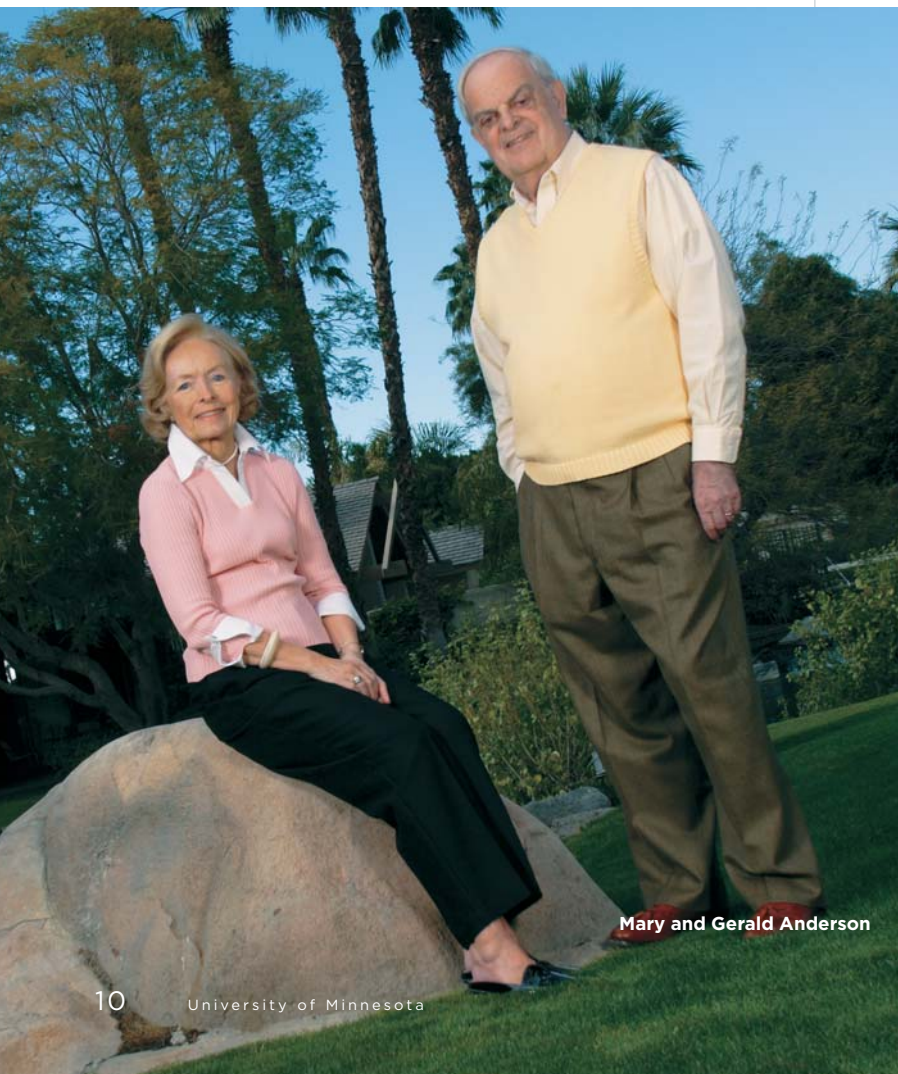
Commonwealth Energy (now NSTAR, a Massachusetts electric and gas utility). His fond memories of the Carlson School are linked to his strong relationship with his advisor, Professor Ernest Heilman of the accounting department. "Professors can have so much impact," says Anderson. "Professor Heilman was just a great guy. His mentoring meant so much to me."

Waldera feels equally strongly about his experience. "I got the most out of the classes in which I had the best teachers, especially in my undergraduate days," he says. "They had the passion that made subjects interesting to me at that time in my life. They really cared about their classroom lectures. Research is important, but so is good teaching."

Waldera and Anderson also share something beyond their dedication to excellence in teaching. It's a commitment to ensuring that future generations are similarly affected by their professors. The Excellence in Classroom Teaching Award recognizes the special efforts that professors make to connect with their students in the classroom.

"It's rewarding to know that alumni created this award because of the influence that faculty had on their lives," says Zellmer-Bruhn. "We all hope that we make that impression on someone. It's why we do what we do."

—Katy Holmgren



Mary and Gerald Anderson



Anthony Waldera



Left to right: Caitlin Dowden, Lisa Ofstedal, and Laura Thorson

Good Neighbor Policy

To get from the University of Minnesota to the Longfellow neighborhood in Minneapolis you just have to travel a few miles south, but in some ways, that distance can seem a world away.

Longfellow is home to dozens of Latino-owned businesses, but many have struggled to increase their visibility among English-speaking neighborhood residents. So when three students from Senior Lecturer Holly Littlefield's Honors Business Communication class at the Carlson School offered to put

together a promotional campaign package for Latino businesses in Longfellow, many jumped at the chance.

Over the course of eight weeks, Caitlin Dowden, Lisa Ofstedal, and Laura Thorson worked with eight small businesses—mostly restaurants—to raise their profile in the neighborhood. The three helped the businesses develop a flyer with coupons that was distributed to about 2,000 households. They also created a “passport” for which users received a stamp after making a purchase at a participating business; once the pages from all businesses had been stamped, the passport could be redeemed for a free gift. Each business

also received a customized CD complete with marketing materials, so that owners could create their own promotional items in the future.

Ofstedal says the business owners were grateful for the help they provided. “In some classes, students might come in and throw out ideas, but nothing would ever really happen,” she says. “They appreciated that when we were done, they actually had something.”

The trio admits that the project had its challenges. Meetings were conducted in both English and Spanish, a stretch when all three say they're proficient, but not fluent, in the language. And because most of the businesses involved didn't have Internet access, every change required one of the students to hop on a bus or bike to get in-person approvals from the owners.

Still, the end result was worth it, they say. While learning about concepts in the classroom was one thing, applying them in real-world situations made them realize that talk was easy, but action was harder. “The demands were real,” says Thorson. “They wanted a lot from us, and we had to step up and deliver.”

By the time the project was completed, Longfellow-area residents had redeemed dozens of coupons, and the businesses were pleased with the results. “The owner of one of the restaurants said she had regular customers who came in and told her that they hadn't known there were this many Latino businesses in the neighborhood, and now they had intentions to go to all of them,” says Dowden. “That's what the heart of this project is about.”

—Erin Peterson

84%

appreciation in the Carlson Growth Fund since May 1998 inception.

7.3%

appreciation in the Russell 2000 Growth Index since May 1998.

\$16.8 million

total assets in Carlson School Funds

4.65%

appreciation in the Fixed Income Fund since March 2003 inception.

6.4%

appreciation in the Lehman Intermediate Bond Index since March 2003.

The Carlson Index

China Made in China

As the Chinese economy bursts into full bloom and as its massive middle class emerges as a lucrative target, questions remain. *Is it an enormous untapped market or a dangerous economic rival? Or both?*

By Mary Lahr Schier

Kate Hotchkiss, MBA '94, compares China's economy to an adolescent boy in the midst of a growth spurt. Suddenly, the child has more muscle, height, and power than he'd ever imagined. "As a result of the physical growth and the emotional need to move quickly, he is clumsy and awkward, tripping up easily and vulnerable to injury," says Hotchkiss, who has lived and worked in the country for much of the past 20 years. "That is China."

China's economic growth, particularly in the past few years, has been a source of wonder and fear for much of the world. The country's gross domestic product grew at a rate of 9.5 percent in 2004. With this growth have come surprising changes in economic relationships. In January, the country surpassed the United States as Japan's top trading partner. According to the Department of Commerce, the U.S. trade deficit with China climbed to \$162 billion in 2004, up 30.5 percent from 2003. A recent report in the *Asia Times* noted that direct foreign investment in China, which has been growing at double-digit rates, amounted to more than \$60 billion last year. The country also has become the world's top destination for foreign investment, replacing the United States. And according to a 2004 PricewaterhouseCoopers survey, about 500,000 foreign companies now conduct business in China, and about 70 million Chinese work for foreign-tied businesses.





Kate Hotchkiss: “U.S. companies must understand that China is made up of many markets, and entering one city does not guarantee a natural distribution to another area. Most companies will need to set up multiple distribution channels to succeed, regardless of the type of product.”

There's more. According to several current estimates, China uses approximately 25 percent of the world's steel output. The country's factories and mines are booming. A recent Associated Press feature noted that China burns 40 percent more coal than the United States, and that the country now consumes more food, energy, and industrial commodities (with the exception of oil) than the United States.

PHOTOGRAPH BY TIM PELLING

Hotchkiss, who first visited China as a college student in the 1980s, describes the country's manufacturing sector as “a high-speed engine that just keeps on humming.” The Chinese no longer produce only cheap goods, but are buying more sophisticated equipment and investing in the latest technologies to do high-end, quality manufacturing.

Still, the growth spurt is not without trouble. Yijiang Wang, a Carlson School professor of human resources and

industrial relations and coeditor of the *China Economic Review*, a Chinese business magazine, says that the country's business operators tend to be more concerned with the present moment than long-term stability and growth. "Businesses come and go," he notes. "The tendency is to make quick money and get out."

At the same time, the country's social and political structure has been lagging behind its economic growth, and it's not clear how China will emerge from its economic

adolescence or what impact it will have on the U.S. and global economies. While many businesses and economists see China as an enormous untapped market, others fear its impact on U.S. industries. And perhaps with good reason. Numerous sources cite Chinese competition as a factor in the loss of approximately 2.7 million American manufacturing jobs since 2000. One estimate by the Economic Policy Institute, a Washington, D.C.-based nonpartisan think tank, blames the loss of 1.5 million U.S. jobs between 1989 and 2003 in part on increased trade with China.

Giant baby steps

The growth of the Chinese economy is even more astounding when you consider that much of it has happened in the last 10 years. Private ownership of businesses has unleashed decades of pent-up entrepreneurialism, says Dwight Foster, '57 BBA, principal of New York City-based Foster Partners, a global executive search firm. His company's subsidiary, Foster Partners Asia, works with multinational firms seeking upper managers for their Chinese operations. Despite the increase in private ownership, the government continues to be a major player in directing economic development. "Often it is trying to build jobs in one province or city and is virtually paying companies to open up there," says Foster. "The invisible hand doesn't always operate in China."

In addition, foreign companies have been investing heavily in capital and technology in the country in hopes of getting a share of the enormous Chinese market, says Peter Lu, a 2003 graduate of the Carlson School's China Executive MBA program and the regional director and country manager for Luminous Networks, a Cupertino, Calif., technology firm. China's relatively recent introduction to technology may be an overlooked advantage for the country, says Weidong Xia, assistant professor of information and decision sciences at the Carlson School, and an instructor in the China Executive MBA program. Unlike U.S. firms, China's businesses do not have substantial investments in older computer systems. "In the past 30 or 40 years, the United States has been on the front end of technology," says Xia. "We put a lot of investment in infrastructure like cables and fiber-optics. New forms of technology are all wireless, but U.S. firms can't afford to throw away their legacy systems. China is jumping directly into the new technologies without that investment burden." While teaching in China recently, Xia marveled at the top-of-the-line laptops his students carried and the easy access to wireless Internet connections available in China.

Another factor in China's growth has been the introduction of marketing into the economy, says



Dwight Foster: "Often [the Chinese government] is trying to build jobs in one province or city and is virtually paying companies to open up there. The invisible hand doesn't always operate in China."

Hotchkiss. She first lived in the country in 1984. She initially taught English, then worked for McDonnell Douglas Corp., and eventually married a man from Shanghai. They lived in the Twin Cities for much of the 1990s, but returned to Hong Kong in 1998, where she now owns two trading companies specializing in commodities and auto parts. “When I lived in Shanghai in the early 1980s, the most marketing you would see were a few hand-painted propaganda posters on street walls,” she recalls. “Now there are big-screen televisions on the street and every other form of marketing that Americans are used to.”

To date, the Chinese government’s conservative, hands-on monetary policy has prevented the economy from overheating. And the prospect of a market of close to 2 billion people has many U.S. firms drooling. The opportunities for foreign businesses are greatest in areas as diverse as hospitality, chemicals, heavy equipment, and packaged goods, says Foster. “Nielsen [Media Research], the market research firm, is taking off in China,” he adds. “It’s like the frontier, but more sophisticated.”

Healthcare is another growth area, and as Wang notes, both traditional medicine and industries such as vitamins and fitness equipment are ripe for profits. Financial service firms see growth opportunities as well, Hotchkiss adds. “Can you imagine getting a piece of the disability, life, liability insurance, or mortgage loans and investment packages for even a percentage of the growing Chinese middle class?” she asks. “We are talking billions of long-term dollars.”

That middle-class—estimated at about 100 million and growing—is “a very status-conscious group, especially the younger set,” says Hotchkiss. “Living in Hong Kong, I have seen the retail industry change overnight from marketing high-end goods to Hong Kongers and Westerners to focusing on mainland Chinese tourists who come in droves with tons of cash to spend on luxury items. We’re not just talking typical consumer products—clothes, accessories, specialty wines, and cars.



Yijiang Wang: “The nature of a democracy is that you relieve political tensions by arguing about them, and that produces stability. That doesn’t happen in China.”

This is a group that is getting a taste for high-priced art and historical objects. If I were Sotheby's, I'd be researching the Chinese market as to where and how to set up my first auction house."

All of this is not to paint an idealized picture of the country, however. A slew of social challenges have accompanied the explosion in wealth and business activity.

As more workers move from the countryside to jobs in the growing industrial south, populations are increasing at a double-digit pace. Shenzhen, a city just outside of Hong Kong, has grown from about 300,000 people in 1978 to 7 million today. Medical services and schools are struggling to keep up. Crime and psychological stress have increased. According to Hotchkiss, the Chinese call it "red-eye

disease," an expression that refers to people who struggle to keep up with the accumulation of material possessions by their neighbors.

Moreover, China's industrial growth has polluted parts of the country. Cement dust blankets some areas, and smog covers many cities, says Hotchkiss. She lives on Landau Island, across Victoria Harbor from Hong Kong. "When I arrived here seven years ago, most days were clear and you could see Hong Kong Island from where I live," she notes. "Now those clear days are few and far between. In fact, clear days are news."

Can the growth continue?

Beyond the social and environmental ramifications of China's economic boom are questions about whether the country is developing its economy in a way that will be stable over the long term, both economically and politically. "The bubble of too-hot investment creates a risk of inflation," says Lu.

The country's banks are carrying a large portfolio of bad loans, says Wang, adding that "the biggest threat is in the banking sector." He's also concerned the country may not be establishing an infrastructure that will build a more advanced economy. Innovation and research are often not encouraged, as many business owners tend to think more of short-term profits than long-term company growth.

And while Chinese companies are investing in technology, Lu notes that they often lack the managerial skills and operational processes that produce true efficiency. The country's economic growth still comes mostly because of its seemingly inexhaustible pool of labor, says Wang. "Unless you have patents and core competencies, your competitiveness is at the low end," he explains. "It seems like everything is made in China, but most of the money is made by the people who [had] the Chinese make the product."

Moreover, some observers see social and political tensions ahead for the country, which is faced with a growing gap between its rich and poor. "The nature of a democracy is that you relieve political tensions by arguing about them, and that produces stability," says Wang. "That doesn't happen in China." A native of China who returns to the country every year, Wang expects the economy will continue to grow at a rate of 7 to 10 percent a year for the near future. "The political



Weidong Xia: "New forms of technology are all wireless, but U.S. firms can't afford to throw away their legacy systems. China is jumping directly into the new technologies without that investment burden."

danger is there, but not necessarily in the next three to five years.”

Sridharan Arvamuthan, a 2003 China Executive MBA graduate who works for Laxness, a Chinese leather manufacturer, agrees. Young people in China are so captivated by the potential of getting rich that the pressure to move toward democracy is not increasing in the universities as it might otherwise, he says. “The average student from a metropolitan city in China is nowadays probably keener to set up his own company or find a job with Goldman Sachs than to go on hunger strike for democracy,” he notes. “China’s previous president, Jiang Zemin, found a clever way to bring these new capitalists to his side—by allowing [employers] to become members of the Communist Party. So long as so many people continue to get rich so fast, China’s sporadic strikes and demonstrations do not seem likely to evolve into a fresh challenge to the Communist Party’s right to rule.”

Ripple effects

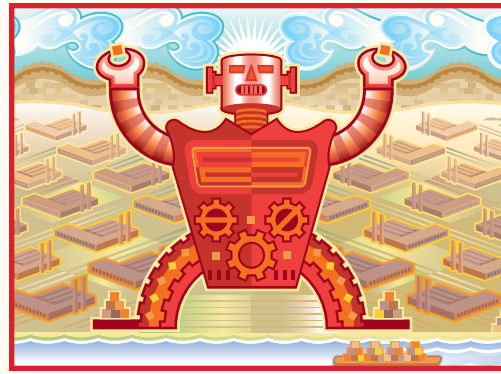
What impact will China’s growth have on the U.S. economy? As noted earlier, plenty of parties are apprehensive about it. While the apprehension over China in some U.S. sectors is understandable, the threat may be exaggerated says Hotchkiss. After all, the country also offers growing markets that are proving irresistible to Western firms. “China is not just a base of production—it is full of markets as well,” she says. “Many of the Western-owned factories built in China are built only for product that is then sold within China’s borders. If it is exported, it is more likely exported to Asian markets and not all the way back to North America or Europe.”

That said, U.S. companies hoping to gain a foothold in China should not underestimate the cultural, political, and geographic challenges. “There is a lot of relationship management that you need to do to be effective in China. You have to understand the terrain—what can be done and not be done. It takes a while,” says Foster, adding that the terrain varies from region to region as well. “It’s like the difference between Alabama and Seattle sometimes.”

“U.S. companies must understand that China is made up of many markets, and entering one city does not guarantee a natural distribution to another area,” says Hotchkiss. “Most companies will need to set up multiple distribution channels to succeed, regardless of the type of product.”

Despite the challenges, China may be the most exciting place on the globe to do business today. For Hotchkiss, the pace of change and how people have adapted is “fascinating and impressive. They have mostly done it by working hard and smart.” What impresses Foster is how far China has come from its immediate past. “I’m amazed by the alacrity of the people, by how bright and engaging and ambitious they are,” he says. “I always shake my head that this is a country that closed its universities for a few years, that they lived under that system so long.”

Mary Labr Schier is a freelance writer based in Northfield, Minn.



Around China: A Quick Look

- China is a vast, diverse country, with an economy divided by geography, culture, and sometimes dialect. The southern coastal regions bustle with smaller, privately owned enterprises. In contrast, large, state-owned enterprises dominate the economy in the north.
- Eight out of every 10 new jobs in China is created by private, small and medium-sized companies. Turnover is an enormous issue. Employees may be trained at one company, then turn around and open a competing business. According to Foster Partners Asia, an international executive search firm, turnover among managers and professionals runs at around 20 to 25 percent a year.
- Intellectual property protection in China—or the lack of it—costs U.S. companies more than \$20 billion a year, according to the U.S. Department of Commerce. Reverse engineering is a common practice, and piracy of everything from software to medicines occurs with few, if any, legal ramifications. This is a challenge for U.S., Japanese, and European companies whose major exports often are not physical, but intellectual.
- Americans view China more favorably than they did 10 years ago, according to a poll conducted by the Committee of 100, a group of prominent Americans of Chinese descent. Two thirds of the 1,400 people surveyed had a very or somewhat favorable view of China, compared to 46 percent 10 years ago. Top concerns among those polled: human rights, loss of American jobs, greater Chinese militarization, and environmental issues.

—M.L.S.

Home Economics

Trade deficits. Climbing interest rates.

The rising and sinking dollar. **What do such key economic indicators really say about our national economic health—**

and about the state of our individual balance sheets?

Carlson School professors and professionals help sort out the impacts.

W

By Scott A. Briggs

When we see headlines that cite billion-dollar government balance sheet figures and tiny, fraction-of-a-percentage-point rate adjustments, we know these numbers are important. But some of us—no matter what our levels of education—can be a little fuzzy on the math and the short- and long-term

implications. Exactly *how* do these figures reflect our nation's economic health?

Perhaps the answers lie in how key economic indicators—both in the United States and around the world—relate to one another. And as you might suspect, they are tied together. The rise of globalism has linked the world's economies into an increasingly complex relationship. Political and market-related developments in, say, the Ukraine or Indonesia can and do have a ripple effect on U.S. consumers. By the same token, the United States drives economic activity throughout the world, so shifts in our federal deficit and interest rates influence the trade deficit and the value of the dollar overseas.

With all of that in mind, we turned to Carlson School faculty and alumni to help point out how these high-profile subjects are tied together.



*Craig Seitel, '88 MBA,
CEO, Abacus Settlements, New York*

Deficit effects

The United States reported a \$412.3 billion budget shortfall for 2004, the nation's highest federal deficit ever. As Carlson School finance Senior Fellow Maria Carkovic describes it, the overriding concern of those who believe a high deficit is harmful is quite simple: When the government builds up debt, she says, one way or the other, "you always have to pay it back."

Several approaches could accomplish that task: tax increases, spending cuts, economic growth, or some combination of all three. Economic growth has become the mantra repeated by proponents of the tax cuts advocated by President Bush. According to Carkovic's colleague, Carlson School finance Professor Ross Levine, a fundamental tenet of conservative fiscal policy goes as follows: "If there are lower taxes, people invest more because they get to keep more of the fruits of their investments. And if you invest more, you produce more stuff, and the economy grows. Because you get that extra growth, even at the same tax rate you get more tax revenue."

Levine calls this argument "intellectually legitimate," but he and Carkovic both question whether its assumptions can be pulled off in the real world. Carkovic doesn't see supporting empirical evidence. "It's too early to tell," she admits, "but the same idea has been used in the past. Reagan cut taxes and increased spending, especially on defense. The deficit and debt of the U.S. government increased. This became intolerably high for the U.S. public, so years later, under Clinton, there was a mandate to reduce the deficit."

Carkovic believes a similar shift in priorities could be on the horizon, particularly when one considers that an aging U.S. population is expected to push the government's Medicare, Medicaid, and pension payments skyward. "The U.S. government should be saving to pay that higher spending," she says. "The policy of cutting taxes today and hoping that the economy grows and the demographic problem

goes away is very short-sighted. It's really not solving the problems—it's pushing them away into the future."

Such perceptions are powerful. As Levine points out, widespread worries about looming tax hikes could thwart a projected economic upswing if U.S. investors respond by exercising restraint. "Big tax cuts do not necessarily generate more investment unless we believe the cuts are credible," he says. "If I don't believe they are sustainable, I may look forward and say, 'This party is going to end. The deficit is spiraling out of control.' It may change my investment behavior in an adverse way."

But Carlson School graduate John Sabre, '79 BSB, chairman and CEO of Mount Yale Capital Group, a Minneapolis-based asset management firm, doesn't automatically see red when the government isn't in the black. "It's hard to be concerned about the federal budget deficit today when it was just in balance three years ago," he says. "Every economic enterprise borrows money to accommodate its future. Every Fortune 500 company has some sort of debt issuance program saying that, if I borrow money today and put it to work, I'm going to be better off in the future. There is no reason why the government shouldn't necessarily run the same way."

Despite a cumulative national debt that has ballooned to more than \$7 trillion, Sabre says he can't label U.S. borrowing habits excessive based on dollar figures alone. He stresses considering "bang-for-the-buck," and illustrates his point by comparing an individual consumer's borrowing options. "When you buy a home, you borrow a lot of money," he says. "That can be economically productive for your family. On the other hand, if you go out and run up a bunch of credit card debt that you can't afford, that's not a very good use of debt. So a \$120,000 mortgage could be a lot better for you than a \$25,000 credit card bill. The magnitude isn't necessarily the issue.

It's what you use it for and how productive it is."

As for weighing in on the wisdom of current government financial decisions—particularly those tied to increasing national security or spreading democracy abroad—Sabre maintains that's a difficult call to make right now. "We're investing to prevent another 9/11 or something worse," he says. "What is the value of that? How do you measure the value of something that didn't happen?"

Sabre acknowledges that losses of human lives will add complexity to any assessments of these questions. But if one evaluates the ROI of the government's anti-terror efforts in strictly economic terms, he says, "it's either going to be an incredibly expensive failure or it's going to be a genius investment. If the investment pays off, it's going to look cheap."

Interest rate implications

While it may be years before that verdict is rendered, the federal deficit could affect interest rates much sooner. For example, the government might raise interest rates to spark a surge in consumer savings and bolster the supply of money available for it to borrow. However, such a move might not be necessary if consumers start saving more on their own. Levine considers that a logical response to a high deficit, as a way to prepare for anticipated future taxes needed to repay the nation's debt.

So far, however, consumers are not cooperating. The personal savings rate in the United States is extraordinarily low—approximately 0.8 percent of disposable income in 2004 according to the U.S. Commerce Department. That's much lower than the rates of other nations (European savings rates average 20 percent, while Japanese consumers save around 25 percent). It's also a far cry from the 11 percent average U.S. personal savings rate of 1984. So the U.S. government has to seek out other sources of financial support.

In the 1990s, national borrowing needs were met by an influx of foreign capital, invested to reap profits from accelerated U.S. economic growth. Since the tech bubble burst, however, the United States has relied upon the governments and central banks of China, Japan, and other Asian nations to loan us money. This strategy works well for now because these countries, some of which suffered economic crises in the late 1990s, need to replenish their holdings of American currency. China and Japan have additional motivations to help shore up our economy as well. "They like to export stuff to us," Levine says. "They lend us the money to buy [their] toys."

"We consume their manufactured products and they consume our financial products," says Sabre. "As long as they continue to offer their products to us at an attractive price and we offer investments to them at an attractive price, this process will proceed."

However, Levine notes, the United States can't force other countries to be our benefactors ad infinitum. "To the extent that China and Japan are willing to fund our fiscal

“To the extent that China and Japan are willing to fund our fiscal deficit indefinitely, we have a great arrangement. But they can decide that's not the optimal way for them to use their savings.”



deficit indefinitely, we have a great arrangement,” he says. “But they can decide that’s not the optimal way for them to use their savings.”

Were such an attitude adjustment to occur, Levine supposes, the United States might feel compelled to sweeten the deal. “If we can’t fund our deficit at existing interest rates because the world loses enthusiasm for buying our securities, then interest rates will have to go up until somebody buys them,” he says.

Such an increase could hit many Americans in their pocketbooks. The low interest rates of the past few years fueled a flurry of home buying and mortgage refinancing activity, and “a lot of people have purchased floating interest rate mortgages,” Levine points out. “Those people could be facing much higher monthly payments over the next few years.”

Meanwhile, consumers and businesses alike would have to live with diminished buying power, since anything financed would require that more available money be earmarked toward paying off interest. “When rates rise, everything becomes more expensive,” confirms Carlson School alumnus Craig Seitel, ’88 MBA, CEO, Abacus Settlements, a New York-based life settlement provider. “From a corporate standpoint, if you are financing any

*Ross Levine,
Carlson School finance professor*

activities with debt,” Seitel says, “you will have fewer dollars to spend on that activity, whether it is operations, business development, R and D, or the acquisition of an asset.”

Dropping dollars

What could cause China and Japan to scale back their investment in the United States? Perhaps, some economists posit, a weakening of the dollar. If U.S. currency declines in value, every dollar of interest earned by a lending nation loses a portion of its worth. What might trigger such depreciation? Maybe one of the very factors that attracts Asian nations to U.S. investments in the first place. Yes, when the United States consumes more goods from abroad than it exports, that’s good for China’s and Japan’s manufacturers; but eventually, as the supply of U.S. dollars builds up in these nations, the value of that currency could drop.

Concerns about dollar declines seem on the rise now as the U.S. trade deficit swells. The measure of how much



Maria Carkovic, Carlson School finance senior fellow

“The policy of cutting taxes today and hoping that the economy grows and the demographic problem goes away is very short-sighted. It’s really not solving the problems—it’s pushing them away into the future.”

more our country imports than it exports topped \$600 billion for the first time last year. The dollar is already faring poorly in Europe, dropping to about \$1.30 against the euro in recent months. This has affected American firms such as Allison-Williams. “Several of our institutional investors are located abroad,” says Seitel, noting that as the U.S. dollar depreciates, their investments lose value. Additionally, some investors have been forced to shoulder additional costs for currency hedges, a mechanism to protect against extreme currency fluctuations. “It’s actually been fairly dramatic,” he adds. “It has made our foreign investors less competitive in some cases.”

Any businesses with a multinational presence must take exchange rates into account, advises Mark Bergen, a Carlson School marketing professor and holder of the Carolyn I. Anderson Professorship in Business Education Excellence. “If I have to price internationally and my costs are in a U.S. plant and I am going to sell in Europe,” he says, “I have to pay careful attention to how I price and how I contract with suppliers.”

To avoid potential consequences, many businesses index contract prices to exchange rates and spread their facilities throughout several countries. “In a global marketplace there is a lot more going on,” Bergen says. “[Companies] are trying to even out the risk and leverage any [currency fluctuation] to their advantage.”

So if the U.S. trade deficit continues on its record-setting climb and, in the process, kicks the dollar further down in value, should we be concerned that foreign countries now investing in U.S. securities might start to shy away due to the prospect of less valuable returns? Sabre acknowledges the logic behind this possibility, but considers it with a grain of salt. “You really have to believe the world’s number-one investment market will suddenly become uninteresting to the rest of the globe,” he says. “That’s part of what is required in the doomsday-weak-dollar scenario. Everyone wants to be in the United States. It’s a safe haven, and it has been for the last 60 or 70 years.”

A balanced view

Besides, a high trade deficit and weak dollar have their upsides too. For starters, U.S. companies that rely on parts and supplies from overseas would just as soon keep these expenses low. “When the dollar changes in its relative value, somebody wins and somebody loses,” Bergen says. “As a tourist, when the dollar falls, your problem is that you can buy less in other countries, so you don’t like that. But it means that your goods and services are cheaper there. There are people who don’t mind the dollar falling because it makes them more competitive in other markets and it makes [other countries] less competitive in our markets.”

In other words, a weak dollar brings prices of foreign goods in the United States closer to those of comparable domestic products, which means more U.S. consumers are likely to “buy American.” Plus, as Sabre points out, we shouldn’t overlook some of the self-correcting characteristics of global economics. If a weakened dollar



results in fewer U.S. imports, the trade deficit shrinks, which diminishes the supply of dollars in other countries until—*voilà*—the value of the dollar is pushed up again.

Many economic adjustments have both positive and negative repercussions. Inflation, for example, may not be bad in the eyes of companies that get to charge higher prices for their products. On the other hand, those same companies may see their own expenses rise as well. For some, volatility may be a larger concern than any particularly high or low indicator. If an economic trend is predictable, Bergen suggests, companies can respond accordingly. When change arrives with little advance notice, however, “now you are trying to handle the uncertainly,” he says “When you are uncertain about things, you might take fewer chances and kind of rein things in.”

Ultimately, some observers say, most economic indicators can paint a range of pictures. Sometimes, whether the future looks rosy or gray depends upon the eye of the beholder. “Look at any economic indicator and you can position it in a way that causes concern,” Sabre says. “I’m not saying there shouldn’t be [concern], but generally, that’s just one side of the story. There are always a couple of ways to look at it.”

Scott A. Briggs is a Minneapolis-based freelance writer.

*John Sabre, 79 BSB, chairman and CEO,
Mount Yale Capital Group, Minneapolis*

“Every economic enterprise borrows money to accomodate its future. **Every Fortune 500 company has some sort of debt issuance program saying that, if I borrow money today and put it to work, I’m going to be better off in the future. There is no reason why the government shouldn’t necessarily run the same way.”**

**How an international team
of Carlson School graduates
helped turn around a key GE acquisition.**

Thicker Than Water

In the spring of 2003, Stephen Troutner, '03 MBA, had started a new job as the finance director of GE Water Technologies (also known as GE Osmonics), a Minnetonka, Minn.-based division of General Electric. It was, as he recalls, a formidable challenge. Up until being purchased by GE, the division had operated as Osmonics, an independent company that made water purification and filtration systems for a range of clients. It had been a successful outfit; former CEO Dean Spatz had started it in his garage and built it into a \$200 million operation with 1,200 employees around the globe. Now, however, GE was banking on it as a key player in its revised corporate operating strategy—and had set some aggressive new sales and performance expectations for it.

Troutner had no shortage of experience with stern challenges. Prior to earning his MBA, the West Point graduate had served four years of military service in Germany, and worked for both GE and Answerthink, a Miami-based business consulting firm. Still, he knew he had a big job ahead of him. Luckily, he also knew where to find the right people to help.

By Sara Aase ■ Photographs by Mark Luinenburg





Jessie Zhou

Tapping the network

Shortly after accepting the position with GE, Troutner turned to his Carlson School network. His first call was to Erich Brelje, '03 MBA, a friend who had also attended West Point and served in Germany. The pair had worked closely on projects at the Carlson School, and Troutner wanted Brelje to be his cash flow and balance sheet analyst. While Brelje aspired to investment banking, not corporate finance, he saw the value in the offer. "I had enjoyed working with Steve and saw this as an opportunity to build my skill sets for the future to get back toward investment banking," he says.

Troutner then called Jessie Zhou, '03 MBA and a GE senior financial planning analyst, to be his income statement analyst. "I worked with Jessie and Erich extensively at the Carlson School," Troutner says. "I knew how they handled pressure, attacked problems, and overcame conflict. It made it easy for me to champion them internally during the job-search process."

The team was coming together, but it still needed a commercial finance leader, someone who could focus on all commercial operations—from risk management to contractual terms—up to the point of sale with a customer. The person also needed to lead forecasting and strategic marketing, and to be aware of strength of pricing by product or price erosion. They found her in Nam Hoang, '04 MBA, Troutner's friend and a former GE colleague. The two had met through their work on the GE corporate audit staff, a two-year training program that sends employees to handle projects on a consulting basis in its 11 main business units—which range from power plants to medical imaging operations to financial services divisions and more—all over the world. "The audit program is the fastest of the fast-track leadership programs," Troutner says. "You sacrifice your personal life for two years, travel 350 days of the year, and work with the CEOs and CFOs of GE's largest businesses in a short span of time."

While Hoang says she gained from the experience—she quickly rattles off Italy, Amsterdam, Japan, Portugal, Munich, and London as a few of the places where she worked in that two-year time span before leaving GE—she initially needed some convincing to return. "My whole GE experience was in finance and operations, but my true passion is marketing," Hoang says, noting that she eventually realized it was an opportunity to build and work with an exceptional team. "I did it because of the people I was going to work with. They're people I trust,

and I knew I was going to continue to grow.”

Hoang drew on her network as well. One of her first moves was to hire another classmate, Gem Oguz Candir, '04 MBA, as a senior commercial financial analyst. Candir, who has a degree in mechanical engineering from Bogazici University in Istanbul, had worked in marketing for a Gillette division in Turkey before coming to Minnesota. Eventually, two other colleagues, William Au-Yeung, '04 MBA, and Carlson School senior Mark Bertulli also joined as interns. With that, the team was set.

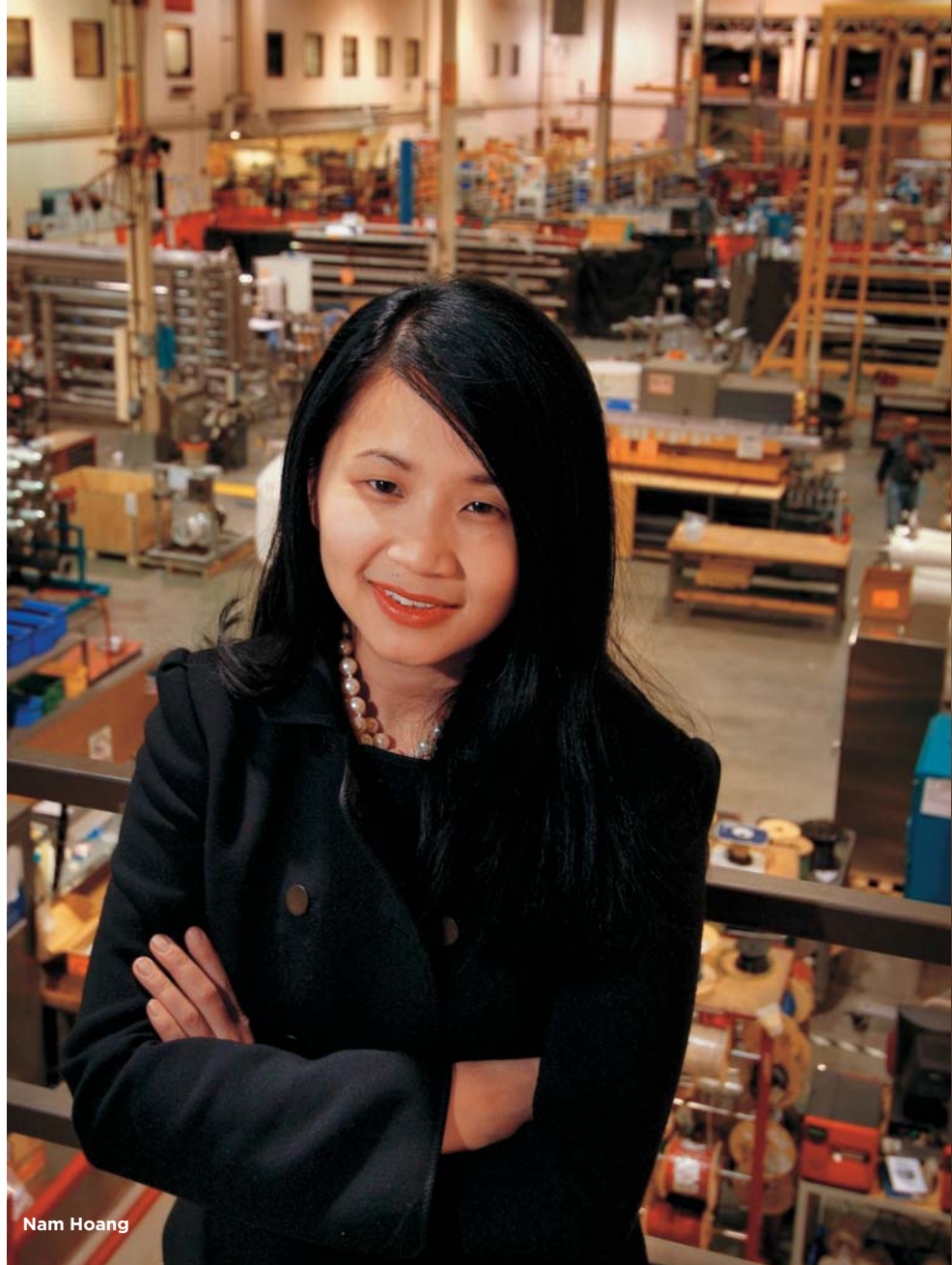
Liquid assets

With the members in place, the group could get down to work. And as Troutner notes, there was a challenge ahead of them. “Being an independent public company, [Osmonics had] moved as slowly or as fast as it wanted to,” he says. “GE wanted to grow it very quickly.”

The Osmonics technology was a key component in one of the corporation's new high-tech “growth platforms” which are expected to grow sales and deliver consistent double-digit earnings growth. A critical enabler for the growth business is generating positive operating leverage. “The basic concept is you're trying to grow the top line of the business much faster than you grow your expense line,” Troutner says. “So if you grow sales by 10 percent, you want to grow the bottom line by 20 percent. Creating that operating leverage quarter-in and quarter-out was a huge change for folks who were with the business originally.”

Hoang is more blunt. “Before we acquired Osmonics, [the company] never really cared if it hit a sales plan number or not,” she says.

That soon changed, and Hoang, Candir, Zhou, and Brelje led the integration charge. “There was no commercial finance infrastructure here. Gem and I established and developed recording, we helped forecasting, we put tools in place that they didn't have before,” Hoang says, adding that the team also worked to instill a new awareness of the parent



Nam Hoang

“We'll always be very connected and tied to each other. . . . Once you've got a really good network from a personal and professional standpoint you hope that your paths will cross again. We're not just networks, we're friends. They're real relationships, with real connections, and real trust and respect.”

—Nam Hoang, '04 MBA



Gem Oguz Candir

corporation's growth goals. "Just driving the focus on the numbers is a huge thing. Nobody drives focus like GE does when it comes to hitting plans and targets."

While the Carlson School-related team was united by a verve for meeting high expectations, they also found that the existing staff needed some time to adjust. Troutner recalls that some employees were surprised by the aggressive new goals, but that they eventually came around. He adds that he's still pleased that, despite introducing what amounted to a large-scale cultural shift, the division didn't lose any of its key employees. Perhaps more importantly, it also increased its

profitability four-fold within a year, and consistently beat GE's financial performance expectations. "We grew so successfully that we accumulated enough annual profit to be four years ahead of the model," he says.

Moving on

As successful as it was, the gathering of Carlson School graduates at GE Water Technologies was not to be a long-term engagement. In late 2004, Troutner moved to St. Louis to become the senior vice president for the Midwest region of Bank of America. Brelje has since landed what he calls his "dream job" as an associate at Goldsmith-Agio-Helms, a Minneapolis-based

investment bank. And there could be more change coming. Candir and Zhou are working in the United States on H-1B visa status, which places a six-year limit on their U.S.-based employment. In addition, the parent corporation likes to move its key employees to where they're most needed. "At GE you're never in a position for longer than 18 to 24 months," Hoang says. "We all may not be in the same business in the next year."

Candir hopes he can spend some time in GE's Philadelphia office, where another water company acquisition recently occurred. Zhou hopes to do some Six Sigma training and apply its quality processes to her work in finance. "GE provides many opportunities for you to grow your skills and get stronger and stronger," she says.

For Hoang, the intense—and successful—experience pointed out the importance of teamwork and chemistry. She adds that she doesn't care as much about the "what next" as long as she's growing and working with the right people.

But wherever they end up, they expect their lives to keep intersecting. "We'll always be very connected and tied to each other," Hoang says. "I have no doubt that one day Steve will be like, 'Hey, do you want to move to . . . ' because that's the way we are. Once you've got a really good network from a personal and professional standpoint you hope that your paths will cross again."

Candir agrees, noting that the two-year Carlson MBA experience was an ideal amount of time to form lasting friendships. Because of it, his friends at GE Osmonics also make up his social calendar. "Nam is our social director," Zhou jokes, noting that the three frequently go out to dinner together on the weekends.

"We're not just networks, we're friends," Hoang says. "They're real relationships, with real connections, and real trust and respect—and that's the thing we look to build," she says.

Sara Aase is a Minneapolis-based freelance writer.

5 Questions: Judy Rayburn



Judy Rayburn

As chair of the Carlson School's Accounting Department for the last four years, Professor Judy Rayburn has witnessed renewed student interest in the accounting program after a noticeable decline in the late 1990s. The rebound, she says, is a direct result of the current demand for accountants to satisfy government and market regulators who are insisting on more accountability from public companies in the wake of the accounting scandals of the last few years. Rayburn is currently finalizing a proposal to add a Master of Accountancy degree to the Carlson School's offerings that would provide additional coursework for students in the areas of corporate governance and internal controls (if approved, the program would begin in fall 2006). In addition to her responsibilities at the Carlson School, she is president-elect of the American Accounting Association, a national academic association that promotes research, scholarship, and education in the accounting field.

PHOTOGRAPH BY MARK LUINENBURG

Q: How has student interest in the accounting program changed during your years at the Carlson School?

A: We reached a low point in the late 1990s, both in the numbers of students and the demand from firms for graduates. The difficulty was that other career opportunities—investment banking and information technology, for example—looked more exciting. There was also concern that salaries were not high enough. The Sarbanes-Oxley Law [federal legislation passed in 2002 to prevent future accounting scandals] requires a big increase in the amount of internal controls and documentation of those controls. Public accounting firms have seen a large increase in their business. As employment demand and salaries have increased, the demand for accounting students also has increased nationwide. It is difficult for us to increase enrollment in our department because of overall limitations on the number of students in the Carlson School, which only admits a fraction of the students who apply.

Q: Are the accounting scandals more or less over now, or are there more to come?

A: I think we are now in a period of quiet adjustments. There are still accounting restatements going on. As firms are strengthening their internal controls, perhaps other issues will be found, but not situations like WorldCom and Enron where entire companies were destroyed. There is better oversight by the boards of directors and auditors, and I think the result will be more transparent and credible financial statements.

Q: How have the scandals changed how accountants perform their functions?

A: I think the financial markets take the audit function more seriously than they did in the 1990s. That is reflected in the Sarbanes-Oxley law and the relationship between audit firms and boards of directors. The relationship is seen as much stronger, with auditors reporting directly to boards of directors.

Q: Has the Carlson School's accounting department's curriculum been modified to reflect those changes and prepare students for the revised roles they may play as accountants?

A: In addition to updating the curriculum at the undergraduate level, the Master of Accountancy Program will address many of these issues as well. It will be a one-year, 30-hour program that will cover internal control with regard to the Sarbanes-Oxley Law accounting information systems, and corporate governance to prepare students for the new role accountants have. Several years ago, Minnesota law was changed to require students to have 150 hours of education to become licensed as a CPA. A bachelor's degree requires 120 hours, so this is an extra 30 hours of education. In some states, the 150-hour rule is required before students sit for the CPA exam. In Minnesota, the additional 30 hours are required for CPA licensing. We think the topics we will cover in the Master of Accountancy program lend themselves well to a graduate program for people who have had the basics of accounting in an undergraduate program.

Q: What is your relationship like with firms that recruit students from the Carlson School?

A: We have a great relationship with them. Every fall we hold an accounting banquet and recognize students for different honors and announce scholarships. The firms have been very supportive of the scholarship programs, the professionals speak in our classes, and they are working closely with us on designing the proposed Master of Accountancy program.

—*Kate Peterson*

To learn more about the Master of Accountancy program, contact Lisa Roberge at 612-624-8522 or lroberge@csom.umn.edu.

1940s-1950s

James H. Callan, '43 BBA, passed away on Nov. 23, 2004, at age 83.

James Butler, '51 BBA, passed away on Sept. 28, 2004.

1960s

Henry Paetzel, '67 BSB, received the annual Outstanding Professional Award from *Automotive Fleet* magazine for his 36 years as a professional fleet manager for General Mills. Henry designated the \$3,000 award to his alma mater!

John W. Newstrom, '67 MBA and '71 PhD, retired after 34 years of teaching. He was a Morse-Alumni Distinguished Teaching Professor of Management at the University of Minnesota Duluth's School of Business and Economics.

Jim Cook, '68 BSB, is founder of Pumpetc Inc.

Harold Goldfine, '68 BBA, and his wife were presented with the Paragon of Leadership Award from the Torah Academy of St. Louis Park, Minn., recognizing their leadership and service to the community.

Thomas Stillman, '69 BSB, is vice president of Libra Inc.

1970s

Steve Eilertson, '71 BSB, is vice president of Grain Millers Inc., a company merged out of Agri Trading Corp., which Eilertson founded.

Ted Victor, '72 BSB, is senior vice president and manager of the State Bank of Long Lake's secondary mortgage market.

Richard Burrock, '72 BSB, is managing partner of Boulay Heutmaker Zibell & Co. PLLP.

John Griffin, '74 MBA, is executive vice president of marketing, Optical Solutions Inc., Minneapolis.

David Jahnke, '75 BSB, is managing partner of KPMG LLP.

Farley Kaufmann, '77 BSB, is managing partner of Lurie Besikof Lapidus & Co. LLP.

Bonnie Russ, '77 BSB, of Mahoney, Ulbrich Christiansen & Russ, was named to the Minnesota board of directors of the National Association of Women Business Owners.

Michael Younger, '78 BSB, is a senior consultant and computer forensic examiner with Stroz Friedberg.

Harlan Hallquist, '79 BSB, is vice president of Witcher Construction Co., Eden Prairie, Minn.

1980s

Dave Brasch, '80 BSB, recently celebrated 20 years with Orlando-based specialty glazing contractor Harmon Inc.

Brent Blackey, '80 BSB, is president of Holiday Companies.

Anne Holloran, '81 BSB, was named director of Advisory Convertible Arbitrage Fund Inc.

Stew Thornley, '81 BSB, is author of a newly released book, *Six Feet Under: A Graveyard Guide to Minnesota*.

John Miller '82 BSB, is vice president of enterprise operations at Allianz Life Insurance Co. of North America.

Steven L. Singleton, '83 MAIR, is director of human resources for Schrader Bridgeport International Inc. in Altavista, Va.

Dan Foote, '84 BSB, is chairman-elect of the St. Paul Area Chamber of Commerce.

Doris A. Devers, '84 BSB, is vice president of commercial lending, Cherokee Bank, St. Paul, Minn.

Dean Schroeder, '85 PhD, is coauthor of *Ideas Are Free: How the Idea Revolution is Liberating People and Transforming Organizations* with Alan Robinson. Dean is an academic consultant to companies in the areas of strategic management, organizational transformation, and managing technology and ideas, and has served for five years on the U.S. Malcolm Baldrige National Quality Award's Board of Examiners.

Laurie Knutson, '87 MBA, is a director in the health care advisory practice of PricewaterhouseCoopers.

Dressed for Success

Scott Dayton, '99, BSB, is the first Dayton in his family to open a new clothing store since his great, great grandfather founded Dayton's (yes, *that* Dayton's) department store in Minneapolis in 1902. Twill by Scott Dayton, an upscale men's clothier, celebrated its grand opening in the Edina, Minn., Galleria mall last July. In addition to a broad selection of traditional suits, sportswear, and accessories from top-shelf designers, Dayton offers a private-label collection of cashmere sweaters and ties. Given that Twin Cities-area firms such as Piper Jaffray, American Express, and Target have recently dusted off their formal dress policies, Dayton's shop may be well-positioned to redefine the professional wardrobe.



Kenan Aksoz, '87 BSB, is founder of Aksoz & Co. and *Minnesota Business* magazine.

Greg McLeod, '88 BSB, is president of the mid-south division of Corporate Express. Greg graduated number one in his 1988 class, with a degree in marketing and finance.

Patricia Henning, '88 MBA, is president of Strother Communications Group.

Michael C. Dempsey, '88 MBA, is the regional vice president of distribution for Infinite Spirits Inc.

Phillip C. Richards, '88 MBA, is senior vice president of international relations for GAMA International, an insurance and financial services industry association. Phillip is also chairman of the board and CEO of North Star Resource Group, Minneapolis (an organization he founded), and an adjunct professor of insurance at the Carlson

School. He is one of only seven managers and general agents in the world to have received the International Management Award from GAMA International every year since the award's inception in 1973.

Tom Healy, '89 BSB, is executive vice president of Best Buy for Business, a division of Best Buy Inc.

Donald Zurbay, '89 BSB, is corporate controller of St. Jude Medical Inc.

Vallabhajo Sambamurthy, '89 PhD, the Eli Broad Professor of Information Technology at the Eli Broad College of Business at Michigan State University, has been named editor-in-chief of *ISR (Information System Research)*. The journal is a publication of the Institute for Operations Research and the Management Sciences, which serves the scientific and professional needs of operations research and management sciences

Want to be included in Class Notes?

Contact Lori Kocer, associate director of Alumni Services and Outreach, at lkocer@csom.umn.edu.

investigators, scientists, students, educators, and managers.

Jody Feragen, '89 MBA, was appointed to the board of trustees of the Southern Minnesota Initiative Foundation. Jody is vice president and treasurer of Hormel Foods Corp. She also serves on the executive committee of St. Olaf Church, and has served on special committees with the boards of the United Way, Minnesota World Trade Association, and the American Institute of Certified Public Accountants.

Charles S. Bastyr, '89 BSB, is an investment operations service representative with Wells Fargo.

1990s

John Buske, '90 MBA, has been named vice president of finance and CFO for Memorial Blood Centers, Minneapolis.

Daniel Doughty, '91 MBA, is a secondary school math teacher in St. Paul, Minn.

Michael Stokke, '91 MBA, is managing director of Alvarez & Marsal, Atlanta.

Amy Hasbargen, '91 BSB, is board chairwoman of Chrysalis, a Minneapolis-based service agency. She is also an attorney with Robins Kaplan Miller & Ciresi LLP, Minneapolis.

Peter W. Morton, '92 MBA, is founder of the Morton Cure Paralysis Fund, which sponsors pioneering paralysis research.

Kristin J. Staffanson, '92 BSB, has been named associate at Henson & Efron, where she practices tax and corporate law.

Eric M. Olson, '92 PhD, is an associate dean in the College of Business at the University of Colorado.

Robin A. Johnson, '78 BSB, '93 MAIR, is professor of business at the Willmar, Minn., campus of Ridgewater College.

Gary Rowland, CEMBA '93, is national services manager of Medlearn Inc.

Paula Phillippe, '93 MAIR, is senior vice president of human resources and communications for Marquette Financial.

Randy Tofteland, '94 MBA, president and COO of SoftBrands, has been elected to the company's board of directors.

Rana Nutakki, '95 BSB, is an associate in business and securities group of Mason Edelman Borman & Brand.

John Huber, '95 MBA, is chief investment officer of Voyageur Asset Management Inc.

Fernando Palacios, '95 MBA, is executive vice president of Land O'Lakes Farmland Feed. He was previously vice president of Dairy Foods Operations and Supply Chain for Land O'Lakes.

Carmen Diersen, '95 China Executive MBA, assumed the office of CFO of American Medical Systems Inc. in March 2004.

Runar Anderson, '95 MBA, has accepted a consulting position with Cutter Associates, which provides services to investment management firms.

Congratulations to **Anthony Wagner, '96 BSB**, on his recent engagement to April Thompson! Their wedding is planned for July 2005. Anthony was also elected to the Minnetonka, Minn., City Council in November 2003.

Craig Sauer, '96 BSB, former Gophers, Atlanta Falcons, and Minnesota Vikings football player, is a volunteer football coach for Becker High School, near St. Cloud, Minn.

Richard Ringold, '97 MBA, is vice president of GelStat Migraine.

Michael J. Brousseau, '97 MBA, is vice president of marketing strategy and research with Piper Jaffray & Co.

Marilyn Froelich, '97 MBA, was named one of the Twin Cities' "Top Women in Finance" by Advantus Capital Management. She is vice president, director, and portfolio manager of the Insurance Advisory unit at Advantus Capital Management, an affiliate of Minnesota Life Insurance Co. in St. Paul, Minn.

Fred Penteado, '97 BSB, is a strategic initiatives manager with GE Home Finance.

Robert Lieving, '97 MBA, is contracting with Cutter Associates in Chicago with his business, Lieving Inc.

Gustavo Stenzel and Chris Jeffress, both '97 MBA, had a baby girl, Isabela Jeffress Stenzel, born on Feb. 25th, 2005.

Ronald Lacy, '98 Minnesota Executive Program Certificate, is general manager of the gas turbine unit, Donalson Co. Inc.

Chris Carlisle, '98 MBA, has been named brand director of Back to Nature at Kraft Foods Inc.

Amie and Chris Gustanski, '99 and '98 MBA, respectively are the proud parents of a new baby girl, Frances Gayle, born on Dec. 14, 2004.

Tracy Faber, '99 MAIR, is director of labor relations with Frito-Lay.

Congratulations to **Matthew Heimermann, '99 BSB**, on his November 2004 marriage to Emily Levy! Matthew is a research associate in insurance

The Dog Days of Winter

Matt Haakenstad, '00 MBA, has joined the ranks of the self-published with the recent release of his first book, *Ski Spot Run: The Enchanting World of Skijoring and Related Dog-Powered Sports*. As its title suggests, the 205-page book is an all-around guide to skijoring, a winter sport in which a person wearing skis is pulled across snow by a dog. Although the work is selling well—1,000 out of a total print run of 3,000 so far—Matt hasn't quit his day job as an account manager for Plymouth, Minn.-based U.S. Energy Services just yet. Still, he says he enjoyed writing the book (he's been skijoring for the last five years), and that his MBA skills came in handy as he navigated the world of self-publishing. The book is available on Amazon.com, at retail outlets in the Twin Cities area, and on Haakenstad's website, www.kasati.com.



industry stocks at Goldman Sachs, the New York City-based investment bank.

Frank Elsenbast, '99 MBA, is vice president of finance and acting CFO of ValueVision Media.

Luther N. Ottaway, '99 MBA, is director of credit risk management for Koch Industries Inc.

Mark Anema, '99 MBA, is vice president of strategic planning with Thrivent Financial for Lutherans.

Matt Christensen, '00 MBA, is director of Enterprise Performance Management for PRAGMATEK Consulting Group.

Jay Bosch, '00 MBA, is president and CEO of the Strategic Management and IT consultancy of Blue Skies Unlimited Inc.

Rene Helfenstein, '00 BSB, has been named to the National Association of Women Business Owners board of directors.

Rita M. Groneberg, '00 BSB, is a personal banker and financial specialist with US Bancorp. Congratulations to Nate and Rita Groneberg on their 2003 marriage!

Kristi Bush, '00 BSB, is manager of business risk at Ingenix.

Bola Awobamise, '00 MBA, is CEO of Upland Consulting Inc.

Seth Steinback, '01 BSB, returned from U.S. National Guard duty in Kosovo to run the Twin Cities Marathon, along with his wife, Krista.

Eric Jensen, '01 BSB, is a client accountant on the CalEast Industrial Investors team of CB Richard Ellis.

Bruce Rader, '01 MBA, is associate executive director of the University of Minnesota

Alumni Association.

Shawn McFarlane, '02 MBA, and his wife, Jennifer, of Woodbury, Minn., welcomed their second child, Lydia Ellen, on Aug. 27, 2004. Shawn has also joined Bremer Investment Management in St. Paul, Minn., as a senior portfolio manager.

Robert J. Dudacek, '02 MBA, is a relationship director with ReMark Americas.

Moirá Praxedes, '02 MBA, is pursuing her PhD in management at the University of Houston's C.T. Bauer College of Business.

Tom Hayes, '02 MBA, is a senior financial analyst decision support, supply chain finance at Best Buy.

Helena Li, '03 MBA, is an associate product manager for the J.M. Smucker Co. in Orrville, Ohio.

Kip Boie, '03 China Executive MBA, recently launched

HouseSimple, a company that provides volume buying and one-stop shopping for real estate and mortgage services.

Jeanne Chase, '03 MBA, is a regional marketing manager with the Ovations division of UnitedHealth Group.

Former Gophers wrestler **Garrett Lowney, '03 BSB**, was a member of the 2004 U.S. Olympic wrestling team. A native of Freedom, Wis., he won a bronze medal in the 2000 Sydney Olympics. While obtaining his degree from Carlson School, he also grabbed third and fifth place finishes in the NCAA championships.

Daniel Motschenbacher, '03 MBA, is a registered client service associate at UBS Financial Services in Duluth, Minn.

Jeffery Rueber, '04 BSB, is an investment services consultant at Securian.

Goal!

Erin Freyermuth, '03, BSB, recently took a position as marketing coordinator for Club Deportivo Chivas U.S.A., the Los Angeles-based U.S. counterpart to the Mexican national soccer team, Chivas Guadalajara. As 2005 marks the inaugural year for Chivas U.S.A., Freyermuth has been busy working on marketing and business plans, ticket sales strategy, and articulating the team philosophy. Freyermuth began her career in sports marketing during a stint with the Minnesota Timberwolves from 2003 to 2004. She has stayed active with the Carlson School as a mentor to two undergraduates interested in sports marketing.



Turf Tycoon

Mike Hoffman, '02 MBA, was recently named president and COO of Toro Co., the Bloomington, Minn.-based provider of outdoor maintenance and beautification products for the home, recreation, and commercial industries. Mike, who has been with Toro since 1977, has worked in a variety of sales, service, marketing, and executive roles for the company, and played an instrumental role in developing the strategic direction for its landscape contractor and international businesses. In his new position, he will be responsible for all of Toro's businesses.



Time Capsule

Two weeks after Vincent Hall was dedicated to the School of Business Administration in October 1938, a class of management students settled into its well-appointed environs. At the time, enrollment was reaching its prewar peak: 924, including 147 women. In response to student demand, the curriculum at the time emphasized interdisciplinary programs, such as the popular business/engineering option. According to Dean Russell Stevenson's report to the president, the students' written communication was a "special concern" to faculty that year; soon after, all students were required to take a remedial course on report writing to improve their "clarity of expression."



PHOTOGRAPH COURTESY OF UNIVERSITY ARCHIVES

Event Calendar

APRIL 2005

- 1 **First Friday**—MBA alumni and student networking event—Cosmos at Le Meridien, 601 First Ave. N., Minneapolis, 5:30-7:30 p.m.
- 5 **First Tuesday**—University of Minnesota President Robert Bruininks. McNamara Alumni Center, 200 Oak St. S.E., Minneapolis, 11:30 a.m.-1 p.m.
- 11 **“Strategic Networking: Quality vs. Quantity”**—Humphrey Institute, Cowles Auditorium, 301 19th Ave. S., Minneapolis, 5:30-8:30 p.m.
- 14 **Boston-area Alumni Event** 6-8 p.m.

MAY 2005

- 3 **First Tuesday**—Minnesota Governor Tim Pawlenty. McNamara Alumni Center, 200 Oak St. S.E., Minneapolis, 11:30 a.m.-1 p.m.
- 6 **First Friday**—MBA alumni and student networking event—Nochee, 500 Washington Ave. S., Minneapolis, 5:30-7:30 p.m.
- 10 **University of Minnesota Alumni Association Annual Celebration**—Aaron Brown, anchor of CNN's *NewsNight with Aaron Brown*, will speak. Social hour and dinner at Coffman Union followed by program in Northrop Auditorium, 5:30-9 p.m.
- 15 **Commencement Exercises**—Northrop Auditorium, 84 Church St. S.E., Minneapolis, 6-8 p.m.
- 15 **Commencement Reception**—Carlson School of Management Atrium, 321 19th St., Minneapolis, 8-10 p.m.

JUNE 2005

- 7 **First Tuesday**—Scott Litman and Dan Mallin, co-chairs, Breakthrough Ideas. McNamara Alumni Center, 200 Oak St. S.E., Minneapolis, 11:30 a.m.-1 p.m.

JULY 2005

- 12 **First Tuesday***—Robert Greifeld, President and Chief Executive Officer, The Nasdaq Stock Market, Inc., McNamara Alumni Center, 200 Oak St. S.E., Minneapolis, 11:30 a.m.-1 p.m. *Second Tuesday due to holiday.

AUGUST 2005

- 2 **First Tuesday**—David Oreck, founder, Oreck Corp., McNamara Alumni Center, 200 Oak St. S.E., Minneapolis, 11:30 a.m.-1 p.m.
- 5 **First Friday**—MBA alumni and student networking event—Boat cruise aboard the Jonathan Paddleford on the Mississippi River, Harriet Island Landing, St. Paul, Minn., 6-9 p.m.

SEPTEMBER 2005

- 6 **First Tuesday**—Mark Zesbaugh, President and Chief Executive Officer, Allianz Life of North America, McNamara Alumni Center, 200 Oak St. S.E., Minneapolis, 11:30 a.m.-1 p.m.

OCTOBER 2005

- 4 **First Tuesday**—Catherine Mathis, Senior Vice President, Corporate Communications, The New York Times Company, McNamara Alumni Center, 200 Oak St. S.E., Minneapolis, 11:30 a.m.-1 p.m.

For more information on alumni events, go to
carlsonschool.umn.edu/events.