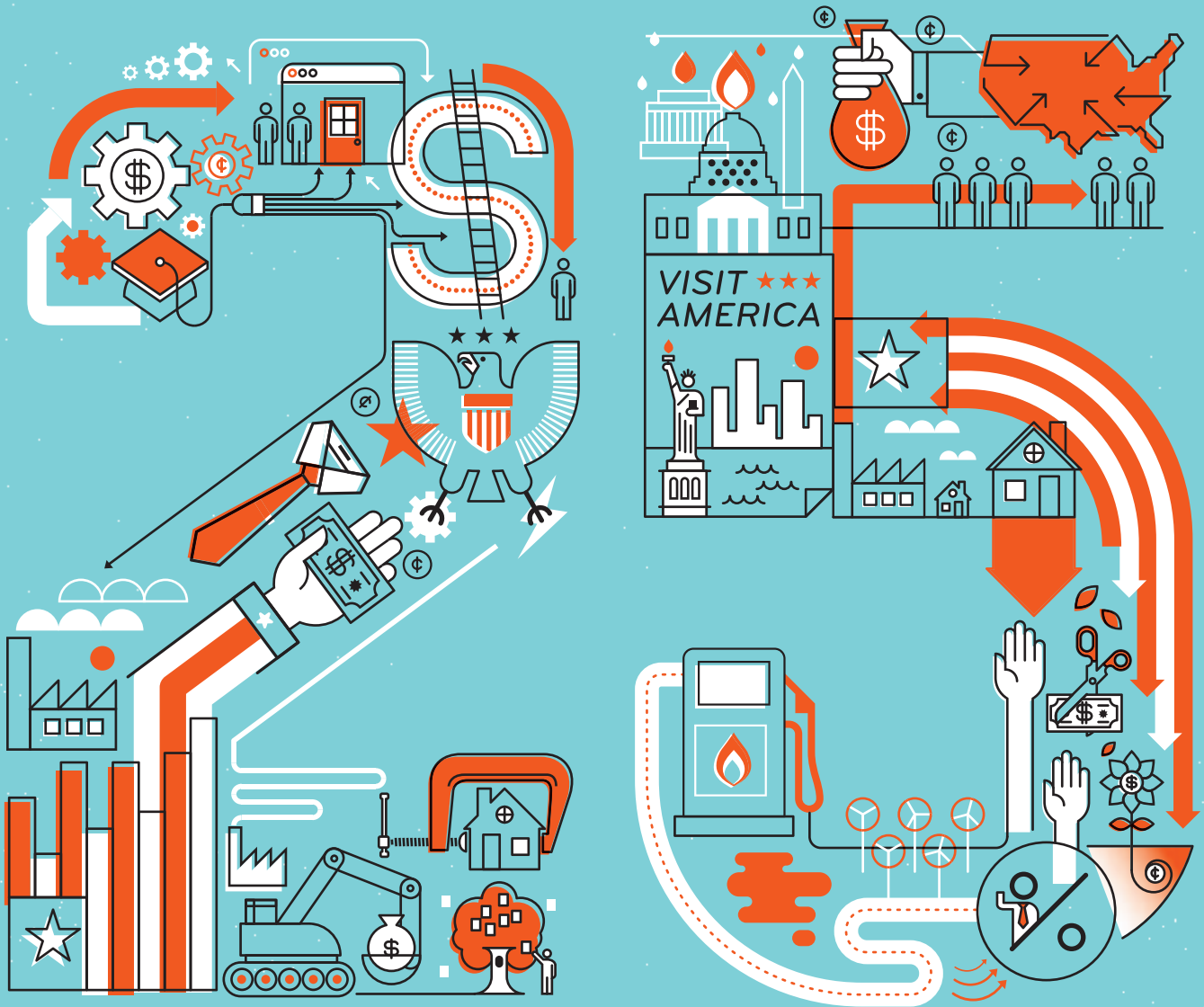


# NOTRE DAME BUSINESS

MENDOZA COLLEGE  
MAGAZINE  
WINTER 2012



## 25 Ideas to Put America Back to Work

Mendoza Nation speaks

# CONTENTS



Photography by Barbara Johnston

## The Big Picture

*Commemorative hard hats and shovels await the ceremonial groundbreaking for the Stayer Center for Executive Education on Nov. 19, 2011. Construction had begun by then, so dignitaries—including benefactor and 1965 alum Ralph C. Stayer (center, in blue jacket and gold pants)—took their tools to a symbolic box of soil adjacent to the job site.*



To view real-time construction, go to: [bizmagazine.nd.edu](http://bizmagazine.nd.edu)



## FEATURES

- 15 25 JOBS IDEAS**  
Our alums suggest ideas to fix unemployment
- 21 LIFE AFTER LEADERSHIP**  
Retiring CEOs often forget to plan for post-work-life
- 26 WHAT'S AN ARMY MAJOR DOING IN A ROOMFUL OF ACCOUNTANTS?**  
Accountants seek to better quantify risk and uncertainty
- 28 THE ORATOR**  
Paul Moya, undergrad senior, perfects craft

## FRONT LINES COLLEGE NEWS

- 4 FAREWELL, DEAN WOO**

## FOREFRONT FACULTY INSIGHTS

- 8 TRACKING LITTLE BULLS**  
Can Google searches predict stock performance?
- 10 THE VIRTUAL VOICE**  
Online communities need to be listened to
- 11 FLYING CEOs**  
Pilot CEOs steer companies better

## FRONT ROW INSIDE THE CLASSROOM

- 12 PROFIT AND PREDICTABILITY**  
Students learn to decode
- 14 DEBITS, CREDITS, CARBONS**  
Accountants search for sustainability measurements

## CLASS NOTES

- 31 ALUMNI NEWS**

## TAKING STOCK FIRST-PERSON ESSAYS

- 38 FAITHFULNESS AS A COMPASS**  
Carolyn Y. Woo
- 40 EVERYDAY GRACE: FAITH SHOULD UNSETTLE, GIVE PEACE**  
Larry Cunningham

### web exclusives

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# FROM OUR READERS

Letters from our readers are edited for space, are representative of those we receive, and reference articles printed in *Notre Dame Business* Winter 2011 and *Notre Dame Business* Spring 2011.

## 'Greed Run Amok'



While I must profess having little understanding of many of the complex issues that drive the American business landscape, I detected a strong undercurrent of greed run amok in the spring issue of the Mendoza College magazine. Precious little of the good works by Notre Dame alumni or others is visible in the pages.

This Wild West mentality is what drove us to the brink of financial ruin as a nation, and probably will push us over the cliff. But I guess if you are at or near the top of the food chain, it is always easy to lump together the masses of faceless individuals who can't hope to play at that level because the game has been rigged for so long. I wish you would take a serious look at the world economy that dictates why Americans are getting less in their paychecks and finding it difficult to deal with the all-powerful medical industry.

—Michael C. Henry ('79)

## The Devil, the Details and Dodd-Frank

I'm dismayed! Seven "Oraclesque" pages of "might be good, might be bad" discussion relating to Dodd-Frank! Why are academic, political and business luminaries engaging in this form of navel gazing one year after passage of a law that so profoundly affects our daily lives? Why are they not taking a principled stand against what has become the accepted practice in Washington of "You need to pass it to find out what's in it" legislation? Regardless of the problem, why do we allow our elected officials to engage in this kind of "hide and seek" lawmaking? We have seen the idiocy of 1099 regulation and the reality of "rationing" with IPAB [Independent Payment Advisory Board] hidden in the thousands of pages of health-care legislation. What is yet left for us to "seek" in it? Obviously, we need improvements in our health-care and financial systems, but this is not the way to accomplish those goals. We cannot allow ourselves to become so numb to the process of lawmaking that we fail to question it and we must insist on absolute clarity of content in our laws. I'd have preferred an article from these individuals discussing why we are at risk for allowing this practice to continue rather than reading one which meekly accepts it.

—Robert C. Johnson ('65)

## Friends or Just Friendly?

Excellent article by Joseph A. Holt. Would love to sit in on one of his lectures. When I read the stories of "Al" and "Kate," I realized that I too shared their stories. Looking forward to Professor Holt's next article.

—Marion Gingras (MBA '92)

## In Memoriam: Mary Kathleen Hamann

Thank you for the lovely tribute to my younger sister Mary. As your essay described, Mary was a woman of compassion, wisdom, understanding, faith and love. She never had a bad word to share about others. She tried to see the best in all of us. Since Mary became associated with your magazine, I admit to being a huge fan. Reading the magazine from cover-to-cover, every issue, I was particularly partial to the editor's letter written by Mary. I loved her sense of humanity and justice that shined through every essay. Good luck to all of the fine people at Mendoza and Notre Dame in the years to come.

—Christine and John Murphy ('81)

## Everyday Grace: Thoughts on Remorse

Welcome back, Prof. Cunningham! Your previous series on "The Seven Deadly Sins" was excellent, and "Everyday Grace" started on a very right foot! It's a pleasure to read you, and needless to say, most enriching. And ... GO IRISH!

—Juan R. Pacheco ('56)

## Editor's Letter: 2010 Women's Soccer team and the Notre Dame Fight Song

It is possible to sing your words to the Fight Song tune.

I recall quite vividly how in 1974, those of us from Fisher Section 1-B would stand together in the frosh seats and loudly sing, "With her sons and daughters marching ..." See, it fits: It's an 8-count with the exact same accentuation.

Thank you for sharing your gifts with us through your endeavor: *ND Business* is our critical link to University culture, and an extremely respectable representation of our school.

—Gerry Roybal ('78)

Your comments so resonate with me! As a 1987 grad, the male-female ratio was still unbalanced at 3-to-1, but my sense was that we had made some progress as a new gender at Notre Dame. Watching the women's soccer team prevail, I had tears of pride in my eyes as I sang our version of the Fight Song: "While her loyal sons and daughters march on to victory." Thanks for your inspiring words!

—Sue Callaghan ('87)

## Is Fair Value Really Fair?

Your article on fair-value accounting presented a very thin slice of a very complicated subject. The headline, "Banks claim an accounting practice made the recession worse, but research indicates they're just trying to shift the blame for their own bad loans," is dismissive of the underlying issue—what is a reasonable value, or measure, of an asset?

Is the value of an asset being priced upon condition of immediate sale really its fair value?

Evidently the Financial Accounting Standards Board (FASB) is not so sure either, and the FASB is an organization with a proud history of mandating accounting rules that it believes to be correct, regardless of the popularity of such pronouncements.

GAAP accounting rules have real impact to the financial statements of public companies, such as banks. I am the CEO of a billion-dollar-asset community bank, and we retain nearly all of the loans that we originate on our balance sheet. If a 20-year mortgage that we originated in 2005 at 6 percent interest is paying as scheduled, why should our bank have to "mark down" this loan if new loans later this year are now priced at 7 percent? The cash flow that we expected at the outset is still in place, and the loan is performing. But fair-value accounting would require a write-down of the old loan, because a current investor could receive a higher yield on the new loan. There are valid arguments in support of differing opinions, but I do not see a simple solution, and the suggestions by Mr. Benchley et al. that the FASB was outmaneuvered by bank lobbyists and politicians is a great disservice to anyone who is seriously engaged in this discussion.

Complicated—definitely. A work in progress—you bet. But I felt that your readers of fair-value accounting were treated unfairly by this political explanation of the subject.

—Thomas Ritter (MBA '76, '74)

## By the numbers: MBA Program named a Military Friendly School

Congratulations to the Mendoza MBA Program for being named a 2011 Military Friendly School. Notre Dame's MBA Program has a history of attracting armed forces veterans, including my classmate, Pat Brady who was awarded the Congressional Medal of Honor in 1969 for his actions in Vietnam.

—Bill Effler (MBA '72)



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# By the Numbers

# no. 4

Aspen Institute's *Beyond Grey Pinstripes* ranking of ND MBA

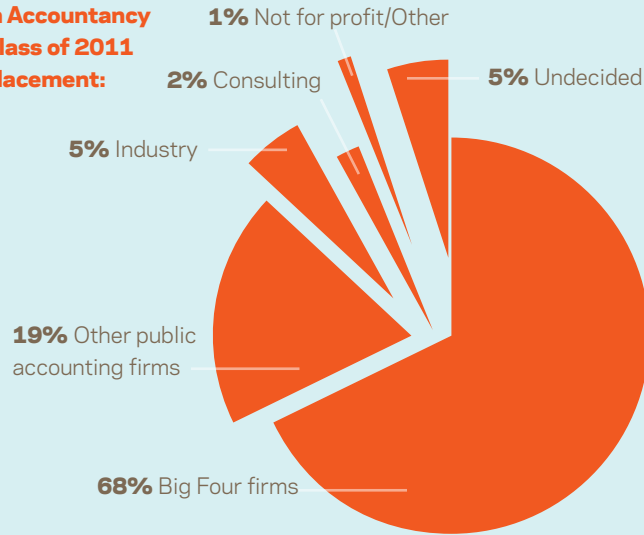
# 2,283

counseling sessions conducted by the Undergraduate Advising Office last fall

# 508 M

Size of audience reached by news stories in media featuring Mendoza faculty experts, June-August

**Master of Science in Accountancy Class of 2011 placement:**



Meals on Wheels delivered by MBA students, fall 2011

# 225



**1,887** Mendoza undergrad enrollment (2011-2012)



[business.nd.edu](http://business.nd.edu)

# 2,185,910

home page views in 2011

# #18

Executive Education open-enrollment programs, 2011 *Bloomberg Businessweek* global ranking

# 131

teams entered in the 2011-2012 McCloskey Business Plan competition

# #1

MBA ranking for corporate social responsibility, 2011 *Financial Times* Top 100 Global MBA survey



**10,800 yards** of Christmas garland and

# 104 steps

in the Mendoza College spiral staircase

strung in the College by volunteer Gayle Gaglio since 1997 (Thanks, Gayle!)



Photograph by Barbara Johnston

# FAREWELL, Dean Woo

In June, Carolyn Y. Woo, Martin J. Gillen Dean of the Mendoza College, announced her decision to accept a new position as CEO of Catholic Relief Services (CRS) as of Jan. 1, 2012.

The College's leader since 1997, Woo said the decision was difficult both personally and professionally.

"What I have here is a true family of colleagues and alums. We have all shared the dream and the commitment to the Notre Dame mission for excellence and faith," she wrote in announcing the decision to faculty and staff. "In fact, I think my days at Notre Dame have brought me to this point when I cannot ignore the blessings in my life. I need to give back as much as I can."

As a CRS board member since 2004, Woo has traveled with the organization to crisis areas around the world, including Afghanistan, Pakistan and Indonesia. CRS is the official international humanitarian agency of the Catholic Church. With an annual budget exceeding \$900 million, the organization employs 5,500 people serving in more than 100 countries.

She will become the seventh chief executive of the organization since it was founded in 1943, succeeding Ken Hackett, who is retiring after 18 years.

During Woo's tenure as dean, the Mendoza College gained an international reputation for its focus on ethics and social responsibility, as well as for academic and program excellence. The College achieved numerous top 20 rankings, including the No. 1 spot for two years in a row in the *Bloomberg Businessweek* undergraduate survey and a No. 4 ranking of the Notre Dame MBA in Aspen Institute's *Beyond Grey Pinstripes*. In December, the Notre Dame Alumni Association named Woo as an honorary alumna, a distinction bestowed on just 37 individuals in University history.

Associate Dean Roger Huang is serving as interim dean. A committee chaired by the provost and composed of Mendoza College faculty and a student representative is working with an outside consultant in the search for a new dean.

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To view Dean Woo's Last Lecture, go to: [bizmagazine.nd.edu](http://bizmagazine.nd.edu)





## RETIRED NAVAL OFFICER TO COMMAND ADVISING

Dale Nees was named senior director of Undergraduate Studies as of July 1, 2011. He is replacing Samuel Gaglio, assistant dean of Undergraduate Advising, who will be retiring later this year after serving the business school for more than 20 years.

As the senior director, Nees is responsible for the overall administration of the College's undergraduate program and student advising. The office counsels more than 1,800 students—young adults at a crucial point in making academic and career decisions that will affect the course of their lives.

"At Notre Dame, we strive to empower our students with the intellectual skills, courage of character, and commitment to make a real difference in the world," said Nees. "This is why I chose this job—to continue to interact with and be involved in mentoring our nation's future leaders."

Nees previously spent four years as a professor of naval science at Notre Dame and retired as a U.S. Navy captain with more than 30 years of leadership and management experience within the Department of Defense.

Nees received his B.S. from the United States Naval Academy, an M.S.

in Management (Financial and Material Logistics) at the Naval Postgraduate School, and an M.S. in National Resource Strategy from the National Defense University's Industrial College of the Armed Forces.

## BIG BOOST FOR 'BIG-PICTURE' COURSE

When Foresight in Business and Society was launched in 2009 as a required course for all juniors, its subject areas seemed a natural fit for Mendoza: namely, the world, the future, and what students need to do about the both of them if they hope to use the power of business to impact life for the better on a global scale.

Enormous topics to be sure, especially for undergraduates who had yet to embark on even an entry-level job in business. But now, nearly three years down the road, the course has received recognition for its innovative curriculum, its engagement of students in research projects, and its use of business leaders as mentors.

As part of that recognition, Michael J. Murray ('66) and family recently gave a major gift to benefit the course, which will be used for faculty and curriculum development.

Murray, independent director of trucking-services company Con-Way Inc., previously served as the president of Global Corporate and Investment Banking at Bank of America Corp. David Murray, Michael's son and managing director of Murray Capital Ltd., is mentoring a student team researching

the future of mobile banking in the BRIICK countries (Brazil, Russia, India, Indonesia, China and Korea).

"Foresight represents a huge step forward in business education, as the course requires students to lift their heads and think about the big picture," said Michael Murray. "It provides a great balance to the number-crunching mania that can afflict businesses."

## VIRTUAL CONTENT, REAL RESULTS

A proposal for a Microsoft give-back plan that allows consumers to donate toward a community service organization won the grand prize in the Notre Dame MBA Mini Deep-Dive Challenge. As part of the award, John Leahey of Chicago will receive a \$25,000 fellowship toward tuition upon successfully matriculating into the Notre Dame MBA program.

The Challenge is a virtual case competition that gives prospective students a snapshot of the b-school experience, where students take on real-life issues faced by Fortune 100 companies and provide innovative, workable solutions. The Challenge asks participants to submit one-page summaries of their best ideas. These are then reviewed by the company's executives. More than 925 people registered for the online competition, which launched Oct. 3 and was open to the public.

The Microsoft-sponsored case asked participants to create a marketing plan focusing on education and technology that increased the engagement between Microsoft stores and their local communities. Second-place was awarded to Sarah Barkow of Minnetonka, Minn., for her proposal for a Microsoft competition for high school students; Kathryn McGeough of Devon, UK, won third place for her version of a customer-loyalty card.

A previous Deep-Dive Challenge held in January 2011 featured a sustainability case sponsored by Green Mountain Coffee Roasters, manufacturer of the Keurig coffee makers.



Management Professor Tim Judge's research showing that nice guys—and gals—get paid less than their disagreeable colleagues drew attention from media outlets ranging from *The New York Times* to NPR. Collectively, the outlets reached an estimated 133 million viewers and readers in the period from June through August alone. And in a first for Mendoza, Judge's findings that jerks win out were even topics in a *The Tonight Show with Jay Leno* monologue and a Dilbert comic strip.

## FRONTLINES

### MANAGEMENT PROGRAM GETS REVAMP

In March, Notre Dame Executive Education will launch a redesigned version of its Certificate in Executive Management program, which for more than 20 years has helped managers develop the broader, strategic understanding of company operations vital to strong leadership.

The new format is organized into four intensive two- to three-day sessions, with projects assigned for the intervening periods. Individuals can sign up for just one of the modules or all four. Previously, the participants attended once-a-week sessions for 20 weeks, which limited attendance mostly to people who lived relatively near campus.

The primary focus of the program remains the same: a crash-course in topics covered in most MBA programs, including finance, accounting, marketing and personnel development. The revised program has added a number of areas especially relevant to the global market: sustainability, innovation and change management.

Participants also will take part in a capstone project between the third and fourth modules, in which they become members of a virtual management team for a fictional manufacturer to give them a feel for what it's like to make strategic decisions.

### GOOD NEWS FOR ND WOMEN

In 2001, a landmark study found that women had made significant headway in balancing out the enrollments in top medical and law schools. But in top business schools, there remained a distinct tilt favoring men.

The Forté Foundation subsequently was founded to address the under-representation. In July, the Notre Dame MBA became a foundation member, joining the consortium of leading multinational corporations, the Graduate Management Admission Council and top global business schools.

"This membership is extremely important in our continued commitment to promote women in business," said Brian Lohr, Notre Dame MBA director of admissions. "Forté's resources, such as its networking and professional development opportunities, will provide some significant support specifically targeted to the challenges women face."

As part of the new partnership, the College offers a minimum of \$60,000 to fund no fewer than four Forté Fellows—the top female admitted MBA students each year. Additional benefits for Notre Dame business undergraduates and alumnae include networking events, professional development tools and access to premium content on the Forté website.

### ENTREPRENEUR TO HEAD GIGOT



Jeffrey A. Bernel has been named the new director for the Gigot Center for Entrepreneurial Studies beginning Jan. 1, 2012. "We share the following

mantra with our entrepreneurship students: Start small, think big, and dream bigger. This will be the Gigot Center's guiding polestar," said Bernel, a 1994 graduate of the Notre Dame Executive MBA program and longtime entrepreneur involved in a number of industrial real estate ventures, new startups and venture turnarounds.

Bernel is well-known to the Mendoza College community, having taught and served in various capacities for more than 12 years. He was instrumental in establishing the Gigot Center in 1998 and in creating the IrishAngels network, which now has more than 200 members. He also developed and served in the Center's executive-in-residence program, and currently acts as the College's liaison for the cross-discipline ESTEEM master's degree program.

### MBA RISES IN ETHICS RANKINGS

The Notre Dame MBA program ranked No. 4 worldwide in the Aspen Institute's *Beyond Grey Pinstripes 2011-2012* Global 100, up one slot from its No. 5 ranking in each of the three previous surveys.

The biennial ranking, released in September, is the only MBA ranking that measures how well business schools are preparing their students for the environmental, social and ethical complexities of modern-day business. It's based on a rigorous, year-long review of the school's teaching and research pertaining to business and society.

All 20 of the Notre Dame MBA required courses and a notable 143 electives integrate social, ethical or environment issues.

### TWO DIFFERENT CASES, SAME RESULT

Notre Dame MBA students took top honors in two notable case competitions this fall, winning over other top-ranked b-schools in cases that called upon a wide array of knowledge, experience and presentation skills.

Notre Dame won the inaugural Fuqua Finance Case Competition with a proposed solution for valuing an international satellite telecommunications company verging on bankruptcy. Zachary Schneider, Michelle Purvis, John Vicente and David Young traveled to Duke University for the Nov. 11-12 event to compete against four other teams: the Stockholm School of Economics, George Washington University, and two teams from Duke's Fuqua School of Business.

An all-female team of Notre Dame MBA students won first place in a competition sponsored by the National Association of Women MBAs, winning out in the final round over five schools, including the universities of Chicago and Texas at Dallas. The competition took place Sept. 15-17 in Dallas-Fort Worth as part of the annual NAWMBA Conference and Career Fair. The Notre Dame team consisted of Kathryn Pelletier, Sunita Satpathy, Jennafer Newcomb and Jing Wang.



# That'll Teach You

José R. Fernández ('85)

President, CEO and Vice Chairman, Oriental Financial Group Inc., San Juan, Puerto Rico

## The CHALLENGE:

**Becoming a first-time CEO of a major bank at the brink of the global economic crisis**

## The STORY:

José R. Fernández had been preparing for years to take over as CEO of Puerto Rico's Oriental Bank and Trust. The opportunity finally arrived in January 2005.

As he describes the period, the bank was coming under increasing pressure to improve earnings, and its competitors were aggressively lending in the residential and construction markets. The bank's officers began considering a major investment in then-lucrative and popular collateralized mortgage obligations, aka mortgage-backed securities. The new CEO had his doubts. He believed competitors were offering irrational rates on commercial loans and deposits, which was why he had curtailed lending.

The island was already technically in a recession. In fact, Fernández believed that if things didn't improve, the banking sector could collapse by 2007. Just as concerning, he didn't entirely understand how the complex mortgage securities worked. Weighing against these doubts, however, was a feeling of loyalty to his mentor and predecessor, who favored the investment, and his awareness that he was so new to the CEO role. He says he voiced his concerns but didn't push back with all his might.

In December 2006, the bank invested \$750 million in the securities. In the fall of 2008, the global financial crisis descended, precipitated by the collapse of the mortgage-bloated housing sector. In 2009, Fernández decided to take the painful step of dumping the bank's mortgage-backed securities at a loss of \$75 million.

The company's stock price fell to less than \$1 from more than \$20 a share 13 months earlier. But things were worse for the bank's competitors. The collapse Fernández had predicted for 2007 arrived in 2010. All of Oriental's domestic competitors either failed or had to be bailed out by the government. The comparatively prudent action of Oriental's management led bank regulators to ask Oriental to bid on one of island's other banks that had gone into receivership, Eurobank. Oriental successfully acquired the bank in April 2010.

## The LESSONS:

**Never invest in what you don't understand. Stick to your core strategy. Don't manage for the short term or try to "keep up with the Joneses." Trust your instincts. Speak your mind. And when you've made a mistake, admit it and correct it as soon as possible—no matter how painful.**

# TRACKING

## RESEARCHERS SAY GOOGLE SEARCH DATA REVEALS THE INTENTIONS OF SMALL INVESTORS



Illustration by John Hersey

By Ed Cohen

Want to know the future? Try looking at what people are searching for using Google.

Records of Google searches have been shown to predict box-office revenues, the popularity of new songs and video games, tourism, even flu epidemics. Google and the Centers for Disease Control and Prevention have shown that spikes in searches for terms related to influenza can detect flu outbreaks one to two weeks faster than the CDC's own reports from the field.

Now comes research by a pair of Notre Dame finance faculty members suggesting that investors can profit by keeping their eyes on Google search trends.

Assistant professors Zhi Da and Pengjie Gao found that Google's publicly available Search Volume Index data can gauge market sentiment, predict product sales and even identify stocks that are attracting the interest of retail investors. Such interest appears to lead to those stocks rising in price in the near term. In the case of initial public offerings (IPOs), the extra search

attention correlated with a 6 percent price bump on the first day of trading, they found.

Warning to eager investors, though: The effect doesn't last.

Da, Gao and research partner Joseph Engelberg of the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill began their study, "In Search of Attention," with a question: How can you tell which stocks are attracting the attention of individual investors before the stocks are actually purchased by such investors?

Past attempts to gauge attention have relied on indirect measures such as counting the number of headlines and news stories appearing about a company. The assumption was that if a company was in the news a lot, individual investors were hearing about it and acting on the news.

That's not always true, though, because not everyone sees a key news story. In fact, in the Internet Age, the researchers say, so much information bombards the public daily that investors



# LITTLE BULLS

may be paying less attention to any given source than in the past. On this point, they quote economist and Nobel Laureate Herbert Simon, who said, “[A] wealth of information creates a poverty of attention. ...”

To find out which companies were catching the attention of individual investors, the finance professors looked at searches for a particular company’s stock-ticker symbol. This was done to screen out people who are searching for a company by name to find information about its products or services, or people who were searching for a particular kind of “apple” instead of Apple, for example.

Da and Gao believe Google searches track amateur investors’ interests well because professionals don’t use Google to find news on a company. They get up-to-the-second information from comprehensive business-news services such as Bloomberg or have algorithms scanning news and public reports for certain terms, which can trigger computerized trades.

The professors also wanted to test the theory of another group of researchers—that unsophisticated individual investors have a “buy” bias. The theory is that such amateurs already know what stocks they can sell (only the ones they own), but their options are almost unlimited when it comes to buying. That wide-open field sets them on their Google-enabled quests for news.

The other reason the “buy” bias exists, Gao says, is that unsophisticated investors rarely have margin accounts or understand how to “short sell” (a way to profit when you believe a stock is headed south).

All of this means an upsurge in stock-symbol searching should lead to a bidding-up of the stock’s price.

And that’s exactly what the finance professors found when they compared the search data against public records of trades by retail investors.

Spikes in search frequency for a stock symbol coincided with the stock climbing the following two weeks. However, the gains almost disappeared 12 months later. The professors believe that’s due to more-sophisticated investors and company insiders, mindful of company fundamentals, taking profits or capitalizing on short-sell opportunities before prices wilt back to rational levels.

The researchers say the Google effect is most pronounced with small-cap stocks because those are more popular with individual investors than with institutions.

They found a similar search-spike effect with initial public offerings. IPOs with high search volume the week before the first day of trading outperformed those with fewer searches by 6 percent that first day. As with the non-IPO stocks, though, the IPOs that benefitted from a Google boost at birth eventually flared out and experienced a long-term price reversal, they report.

A dramatic example, though not included in the study period, involves the April 2010 IPO for Rosetta Stone, maker of language-learning software. One week prior to the public offering, Google search volume for the company’s ticker symbol, RST, increased by 28 percent compared with the previous six-week moving average, Gao says. The initial offering price was \$18 per share. It opened for trading at \$23 on April 16, 2010, and closed that day at \$25.12. That’s a first-day return of 40 percent. But a year later, Rosetta Stone’s share price stood at \$13.35.

Gao says the purpose of the research was to find a reliable way to track the attention of individual investors, not spot money-making opportunities in the stock market. However, he says he knows of at least one asset-management firm that has tested “some variation” of the methodology. Although they didn’t publish their findings until October 2011 (*The Journal of Finance*), the finance professors earlier presented papers at academic conferences and to financial-asset management companies. The paper can be read online at <http://www.nd.edu/~zda/Google.pdf>

Da and Gao’s paper won the prestigious 2010 Crowel First Prize for outstanding research, which is awarded by the Quantitative Research Group at PanAgora Asset Management. The paper also won first place during an academic competition sponsored by the Chicago Quantitative Alliance.

The researchers have since expanded their work with Google search data. In one paper, they describe an index of investor gloom that they’ve developed. Their so-called Financial and Economic Attitudes Revealed by Search (FEARS) index is drawn from records of searches for terms like “recession,” “bankruptcy” and “inflation.” It’s been shown to accurately predict low returns on stocks in the near term and higher returns later on.

In another study, they found that the volume of searches for a company’s most popular product can be used to predict revenue surprises (good and bad) that become public knowledge when a company announces earnings.



Spikes in search frequency for a stock symbol coincided with the stock climbing the following two weeks. However, the gains almost disappeared 12 months later.

By Michael Hardy

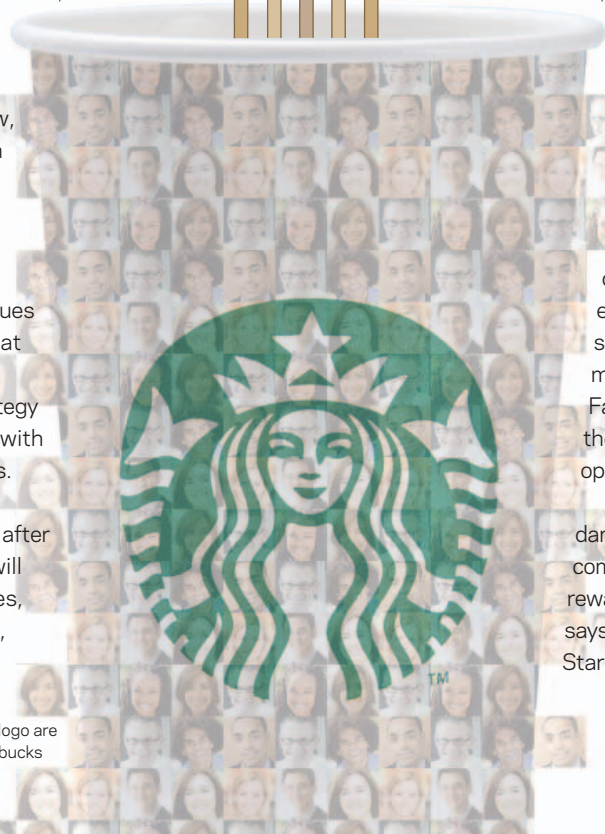
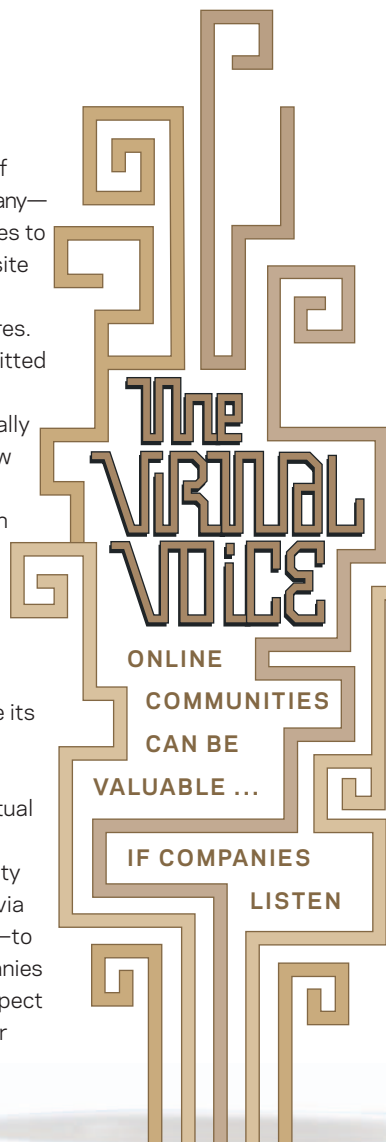
In 2008, Starbucks' website launched a new initiative called "My Starbucks Idea." As part of the feature, actual employees of the coffee company—called "Idea Partners"—posted personal profiles to introduce themselves to customers, and website visitors were asked to suggest products they would like to see introduced at Starbucks stores.

In the project's first year, customers submitted more than 70,000 ideas. By the end of that year, 94 were in development, and 25 eventually launched, including Starbucks VIA Ready Brew instant coffee, the Venti Travel Cup and tea lattes. The suggestions led Starbucks to begin offering free Wi-Fi and a complimentary birthday drink for My Starbucks Rewards program members. By allowing direct communication between employees and customers on its website, Starbucks burnished its brand and harnessed its customers' creativity to improve its product line.

Constance Porter, Notre Dame assistant professor of marketing, has been studying virtual communities such as the "My Starbucks Idea" project for nearly 10 years. A virtual community is a group of individuals who interact online—via a website or Facebook fan page, for example—to share a mutual interest. In recent years, companies have tried to leverage the "mutual interest" aspect of these communities to build a loyal customer base and gain insight into consumer thinking.

The study by Porter and her co-authors, "How to Foster and Sustain Engagement in Virtual Communities," published in the summer 2011 issue of the *California Management Review*, examines why some companies, such as Starbucks, Reader's Digest and financial-software maker Intuit, have successfully nurtured virtual communities while many other companies have failed. The article argues that companies must demonstrate that they are listening to customers.

"Most companies don't have a strategy for what they're trying to accomplish with their virtual communities," Porter says. "They put up a website and a forum, but don't plan for what they should do after that. They think consumers' activity will emerge organically. Sometimes it does, but if the marketer isn't playing a role, then they're missing out on value."



It's not enough for companies to merely engage consumers in virtual communities, Porter suggests. Instead, they must empower consumers to feel like they have a stake in the company's success. By interacting with like-minded users and with company employees, customers can become "brand ambassadors," she says.

Scholars have written extensively about marketing on social-media venues such as Facebook and Twitter. What distinguishes Porter's work is her focus on how companies leverage existing networks of brand enthusiasts. For instance, her article discusses how the Jones Soda Company put together a Youth Advisory Board to provide input on business strategy; the restaurant chain Chick-fil-A invited its most loyal customers to join its Champions Panel; and Dell created IdeaStorm, an online community that, like My Starbucks Idea, solicits user suggestions.

However, IdeaStorm illustrates one of the risks of firm-sponsored virtual communities. When Dell did not respond promptly to the most popular user-submitted idea, one member posted a complaint that "Dell hasn't got the message." More than 300 fellow members piled on with comments in agreement.

"It's hard for these corporations to take criticism from their customers," Porter says. "However, in marketing, we know that stronger relationships between firms and customers are sometimes formed after a failure."

That's good news, since independent research suggests that around half of all Fortune 1000 companies that host virtual communities might actually be damaging their brand with poorly executed sites. Porter currently is studying three types of social media marketing—virtual communities, Facebook and Twitter—to determine the relative merits of each and the optimal strategic mix.

Although the risk of reputational damage is high if virtual problem-solving communities are poorly executed, the rewards of good sites are greater, she says. Want proof? Just go to your local Starbucks and order a tea latte.

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# FLYING

## CEOs

Study shows profits can be higher with a pilot at the controls

By Shannon Chapla and Carol Elliott

The photo of the first fatal aviation accident shows a graceful crane of a machine reduced to an Icarus tale, all torn canvas and broken struts. The crash occurred on Sept. 17, 1908, in Fort Myer, Va., and left its famous pilot—Orville Wright—gravely injured and his passenger, 26-year-old U.S. Army Lt. Thomas E. Selfridge, dead.

Even the pre-crash photo of the aircraft, known as the Wright Flyer, makes you wonder: Who would ever be crazy enough to launch themselves toward the heavens in so flimsy a chariot?

Well, pilots, to state the obvious. They have personalities that tend to exhibit a high level of sensation-seeking behavior. Despite the well-reported dangers of general aviation—the odds that private pilots will die in a crash are 30 times greater than driving, and 300 times greater than traveling by commercial airline—it's actually the risk of flying that makes the activity worthwhile for some.

And it's that kind of risk-seeking behavior that may also make executives with pilot's licenses effective corporate leaders, according to a new study co-authored by finance professors Matthew Cain of Notre Dame and Stephen McKeon from the University of Oregon's Lundquist College of Business.

Merging finance and psychology research to explore the role that genetics plays in CEO behavior, the researchers document a persistent relationship between personality characteristics of CEOs and the types of corporate policies adopted by the CEOs' firms in their study, "Cleared for Take-Off? CEO Personal Risk-Taking and Corporate Policies."

Cain and McKeon identified 179 CEO pilots of small aircraft and more than 2,900 CEO non-pilots by searching the databases

of the Federal Aviation Administration and Compustat Executive Compensation, which primarily covers firms in the S&P 1500 index. They found substantial differences in policies between those organizations led by CEO pilots and ones led by non-pilots.

At the median, firms led by pilot CEOs have about 15 percent higher leverage and are 1.34 times more likely to acquire other companies than those firms led by non-pilot CEOs.

So how well do these firms perform?

"On average, these CEOs tend to complete acquisitions that are more successful than those completed by non-sensation-seeking CEOs," Cain says. "Their creativity and novelty-seeking characteristics lead them into deals that improve the growth prospects of their firms. Even though private pilots take on substantial risks when flying, they tend to do so in a calculated and methodical manner. To the extent that CEOs handle risks appropriately, this can be, on net, beneficial to shareholders."

The basis of the research was the Sensation Seeking Scale, originally developed by psychologist Marvin Zuckerman in the 1970s to measure the types of behaviors exhibited by sensation-seekers, including habitual drug use, sexual activity and risk-taking. One component of the scale, Thrill and Adventure Seeking, indicates preferences for activities such as flying airplanes, skydiving, scuba diving, mountain climbing and driving motorcycles.

Cain and McKeon note that one important implication of the study is that the personality trait of sensation seeking is observable *before* the CEO gets hired. And although flying airplanes is relatively rare, nearly all CEOs have a driving record. A board of directors might want to take a peek at that record to develop a sense of a candidate's level of risk-taking in his or her private life.

# Profit and Predictability

Learning to decode and leverage likely futures

By Ed Cohen

The first thing you learn in Business Forecasting and Data Mining is how to read Professor Barry Keating's syllabus. It looks something like this:

Gur svefg guvat lbh yrnea va Ohfvarff Sberpnfgvat naq Qngn Zvavat vf ubj gb ernq Cebstrffbe Oneel Xrngvat'f flynohf, juvpu ybbxf fbzrguvat yvvr guvf:

Like Keating's syllabus, the text above has been encrypted or "enciphered." So the first assignment for students is to, literally, de-cipher the course syllabus. The first test, they're told, will be on basic information contained in the coded document, such as what percentage of the final grade will be derived from test scores.

It isn't that Keating, Notre Dame's Jesse H. Jones Professor of Finance, enjoys messing with students' minds. The reason he encrypts the syllabus and spends the first class talking about nothing but cryptography is simple: Forecasting is just like decrypting, he says. You're faced with a mind-boggling array of information, and the only way to understand it is to discover the patterns.

In business, pattern recognition can mean noticing how, year after year, your company's sales are higher (or lower) in certain seasons or during certain points in the macroeconomic business cycle. With such insight, you could adjust your manufacturing or staffing to maximize profit.

Keating describes how Walmart demands that its suppliers share their sales data with Walmart executives. The world's largest retailer wants to forecast how much of a product it's likely to sell at specific stores at particular times of the year. Walmart's dream: to have the last unit of a particular product sell just as the tractor-trailer pulls into the parking lot with replacement supplies.

"They want to make the supply chain as short as possible," Keating says, "and the only way they can do that is by being

better at forecasting than anybody else. And they are."

The same could be said of Keating and this course, which is offered as an elective to both undergraduates and MBA students. Keating has been teaching forecasting for 20 years and literally wrote the book on the subject, along with co-author J. Holton Wilson of Central Michigan University. Now in its sixth edition, *Business Forecasting* is the most-used forecasting text in the world, according to its publisher, McGraw-Hill. It's been translated into Mandarin, among other languages.

The course moves in stages from cryptography to forecasting—looking at quarterly results for clues to likely outcomes no further than 18 months out—to data mining.

As the name implies, data mining involves unearthing precious management metal from mountains of recorded information. In the Information Age, the volume of such material has become almost unfathomable. For instance, today's sophisticated online merchants, Keating says, record every keystroke of every visitor to their sites.

"It is a gold mine," Keating says. "It's just like the '49ers in California. This data is just waiting to give up its secrets, and we now we have some tools to get it."

One of those tools is the data-mining software included with the course textbook. The current edition comes with a CD of statistical-analysis software and datasets drawn from the actual business records of companies that are household names. Developed by a researcher at MIT for educational purposes, the software is similar to the popular—but expensive—commercial program SAS Enterprise Miner.

In one assignment, students are given about 25 categories of information on individual customers of a bank, including the types of accounts they have, the size of their families and the ZIP code where they live. The assignment: Use the data-mining





software to determine which customers are likely to take out a personal loan.

Keating says students start by “partitioning” or splitting the data in half. The software analyzes the first half to chart the characteristics most common to people who have already taken out loans. This creates a model. Students then apply the model to the second half of the customers. The object is to see if the model provides any “lift.” That is, does it predict who in the second group has taken out loans any better than just guessing?

In the dataset used in the assignment, it does. The model’s prediction turns out to be 7½ times better than guessing. As Keating explains, the bank could use that knowledge to limit a direct-mail effort to just the subset of customers—about 10 percent—most likely to be interested in a loan.

“I’ve just gotten rid of 90 percent of my (marketing) cost,” says Keating.

The same bank could use data mining to retain customers by looking for characteristics common to those who had left the bank. It could then lavish giveaways or special offers on similar customers to squash the idea of a bank change.

The practical, applicable nature of this course likely contributes to its enduring appeal. In the fall, for example, Keating taught two sections to undergrads. The classroom had a capacity of 42. Both classes started at 7:30 a.m., a time anathema to most students. Yet every seat was taken, and there was a waiting list 41 names long.

“The course was one of my favorites,” says one of the MBA enrollees from last spring, Jared Shawlee (MBA ’11). “I use it quite a bit in this job.”

The senior director of ticket sales and strategy for the San Jose Earthquakes Major League Soccer team, Shawlee is developing what’s called a dynamic-pricing strategy for the team’s tickets. Historically, the team followed the conventional model of charging the same price for every regular-season home game. But as fans know, some games are more desirable than others, such as when an opposing star player comes to town, during better weather months, or when a particular promotion is offered (think Bat Day or fireworks nights in baseball).

Starting next year, there will be different prices for Earthquakes games based on demand patterns from previous years.

In other words, game prices will be set before the season starts based on historic data and forecasting. Then, during the season, prices for the remaining tickets will rise and fall depending on interest factors, such as whether the team is winning.

The ticket strategist says he won’t be crunching the numbers himself for the forecasting aspect of the project. Rather, he’ll be involved in selecting a consultant to do that.

Keating says that’s typical of alumni of the course. Most don’t go on to become full-time forecasting or data specialists. But almost all business people will face challenges involving forecasting at some point in their careers, he says.

Every student leaves Business Forecasting and Data Mining with an understanding of a favorite mantra of Keating’s: “More data is better than less data.” It means that in business forecasting, as in cryptography, the more information you have, the easier it is to spot patterns. That’s the reason why military commanders are advised to keep even coded messages short. It makes them harder to crack.

The second paragraph of this article employs an ancient military code credited to Julius Caesar. It is just a repeat of the first paragraph with the letters changed using a substitution pattern. Each letter has been moved forward 13 places in the alphabet. What was an “a” is now an “n,” and so on.

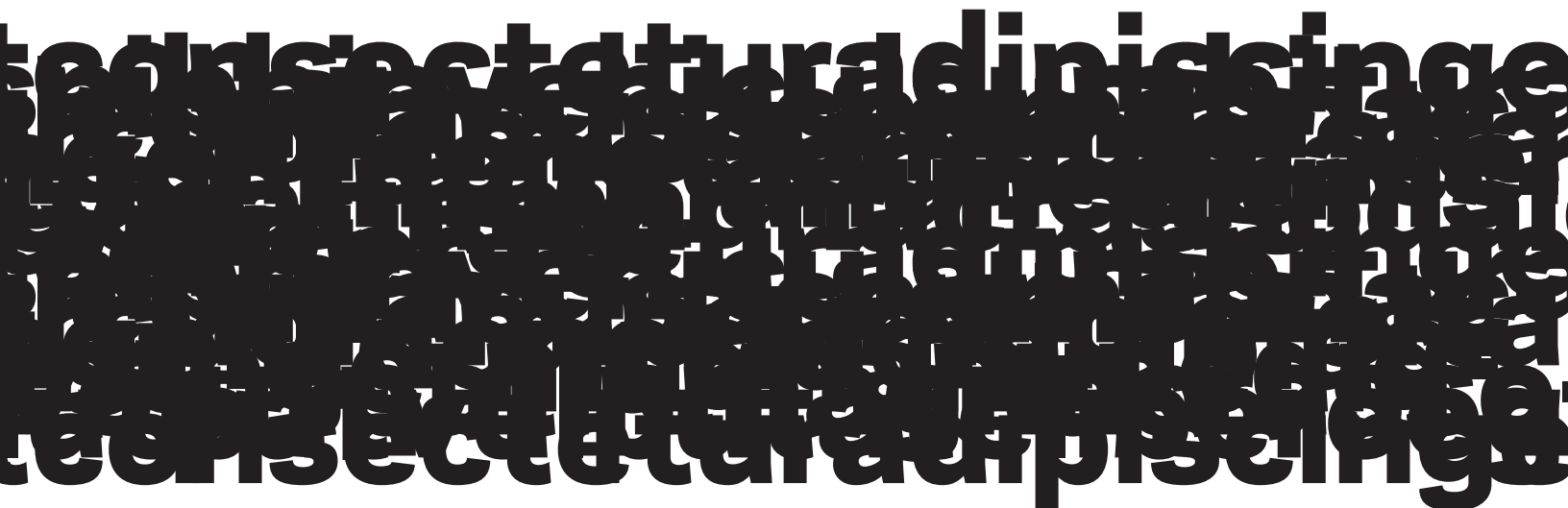
The code for Keating’s syllabus is astronomically harder. It employs a random letter-substitution pattern.

Keating tells students that if they tried a billion combinations a second, it would take 12 billion years to exhaust every possibility. Such codes were thought to be unbreakable, he says, until a researcher discovered that some letters, such as “e,” appear in words much more often than others. The letter-usage rates are the basis for the number of tiles and the different point scores assigned to each letter in the game Scrabble.

Keating explains that even with random-letter substitution, if you’re given a sufficiently long sample of scrambled text (the syllabus, for example) and a software tool that analyzes letter frequency (which Keating provides), students can decipher the course syllabus.

“It usually takes them 12 to 15 minutes,” he says.

Leaving plenty of time to prepare for the first test.



# DEBITS, CREDITS, CARBONS

As sustainability gains bottom-line relevance, accountants search for credible ways to measure environmental and social impact

By Amy Roach Partridge

The world of financial reporting traditionally is pictured as being all about black and white. But in recent years, that world has taken on a distinct tinge of green, as sustainability has become an increasingly important part of corporate reporting.

"The future of financial reporting is non-financial data," says Notre Dame Accountancy Professor Bill Nichols, quoting the former chair of the International Accounting Standards Board, who advocates an integrated approach to financial reporting. The idea, Nichols says, is to provide perspective on a company's entire operations and how they impact or are impacted by all stakeholders—business partners, investors, consumers and the larger community—not just shareholders. "Non-financial data on environmental issues, labor relations, product responsibility and human rights are what stakeholders are demanding now," he says.

But without regulations or mandatory guidelines, businesses today are unsure of exactly what to report, and how to report it.

That's where a crop of accountancy majors taking Nichols' new course, Sustainability: Accounting and Reporting, may prove valuable to the profession. As part of the Mendoza College's long-held emphasis on socially responsible business, the curriculum includes topics such as how sustainability issues are identified; how their economic, environmental and societal effects are measured; and how their impacts are communicated to stakeholders, Nichols explains. The course—first offered in October 2010—also exposes students to the Global Reporting Initiative (GRI), the *de facto* framework for sustainability reporting used by 183 U.S. corporations filing such reports in 2010. U.S. firms are behind the rest of the developed world, however, accounting for a small portion of the 1,869 firms that issued GRI-compliant sustainability reports last year, Nichols points out. The Mendoza College is one of few business schools offering a course on sustainability reporting.

Brendan Davern (MSA '11), who joined the Deloitte & Touche office in Charlotte, N.C., found he was the only auditor on his



team experienced with the GRI. "More and more organizations are issuing GRIs, so as an auditor, having this knowledge is very useful," Davern says. "It's helped me gain a better understanding of my clients."

Companies that file a GRI-compliant report often seek guidance from firms such as Deloitte to determine what sustainability performance indicators are most important to their stakeholders, and for third-party assurance services to lend validity and integrity to the data they disclose. "There is no one-size-fits-all approach to sustainability reporting," says Kristen Sullivan of Deloitte & Touche's Sustainability and Climate Change department in Wilton, Conn., who guest-lectured for the class. A utility, for example, would be expected to disclose ample environmental data, while a bank's stakeholders may seek

different data, she explains.

And while the reports may focus on environmental or social factors, the data do have financial impact. In fact, recent research, such as studies by Notre Dame Accountancy Professor Sandra Vera-Munõz, shows direct positive relationships between sustainability measures and a firm's value.

These kinds of findings make it all the more crucial for companies to accurately measure and report such things as carbon emissions and for students to understand the intersection of sustainability and financial performance.

"As an accountant, you normally focus on debits and credits and profit-and-loss statements, so the holistic approach to financial reporting was eye-opening," says Sheralyn Briggs (MBA '11), now a certified public accountant and senior financial analyst at Home Depot. "Instead of looking strictly at cash-flow perspective or hitting EPS targets, companies now also have to examine their operations from the point of view of all stakeholders."

For Nichols, the shift seems natural. "Accounting is a process of communicating relevant information to decision makers," he says. "Sustainability reports are just a new bucket of relevant information."







## LOAN OUT, DON'T LAY OFF

While at Arthur Andersen for 25 years, we hired large numbers of employees. In recessionary periods, we felt it like everyone else in the economy. Keeping our professional staff and not allowing generational holes was critical to our growth model. So in tough times, we made deals with our clients. We literally gave them staff—offered them at cost or some other discounted fee, either supervised or unsupervised by us. We would do this for periods of time, fully expecting that the client would see the value that our personnel brought and would seek to keep them at normal rates after the discounted or free period was over. Guess what? It worked beautifully! Why not do this with today's unemployed? The government could offer this program to employers, reimbursing them for the discounted/free period. At the end of the program, the employer decides whether the employee brings value. If yes, the employee is kept. If not, it's back to the unemployment pool.

*Rich Linting ('67), founder and president, Linting Brown Ltd., Laguna Beach, Calif.*

## NATURAL GAS UP

Compressed Natural Gas (CNG) would be a great place to start. Natural gas is domestically produced and abundant. It is a real money-saving, job-creating, environmentally considerate way to move us. The government could start by converting some military and government vehicles to CNG. Truckers and fleets would be right behind them as infrastructure was developed. Individuals would have another car choice that offers near-zero emissions and economy. Soon small shops would be manufacturing products for both the new Original Equipment Manufacturer (OEM) and the conversion business. People would have a greener choice to fill up with, and America would have jobs and more energy independence.

*Warren Bayer ('77), owner and president, Bayou Oilfield Sales & Service, Covington, La.*



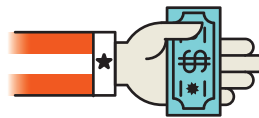
## GO WHERE YOU'RE NEEDED

My husband and I frequently discuss the difficulty he is having filling several open positions in his technology company because he cannot find people with the necessary specialized skill sets. Thus, one solution for reducing unemployment is to encourage people to train in fields where we need them the most. I was able to attend Notre Dame by accepting a scholarship from the Air Force on



the condition that I would study one of only six specified majors. The Air Force anticipated its personnel needs in the coming years and therefore offered scholarships to people who would fill those slots. Not only did I receive money for my education, I was guaranteed a job in my career field. This model can be expanded to the civilian sector through grants and scholarships offered for specific degrees/certificates in areas where labor shortages exist (such as nursing).

*Becky Saydak, (MNA '04, '95), homemaker, Raleigh, N.C.*



## GET CREDIT FOR RISK TAKING

Many entrepreneurs cannot get funding for their startups or adequate capital to bring their products to market. If successfully funded, these high-risk companies could ultimately drive new jobs and create wealth. To attract new capital to high-risk ventures, the federal government should provide tax credits equal to 50 percent of an investment, and the credits should be allowed to be traded so investors can "monetize" them. My company has recently filed for a patent for a fiber-reduction technology for paper mills. Now that we have proven our technology, the next challenge is to raise enough capital to bring it to market. If investors had their risk back-stopped with U.S. tax credits, I think we could broaden the number of potential investors and thus bring our novel technology to market.

*Tom Moore ('79), president, Cerealus Holdings, Harpswell, Maine*

## How we came up with the top 25

1. In September, we emailed Mendoza College of Business alumni to ask for suggestions on how to put America back to work. Hundreds of ideas were submitted.
2. The magazine staff pared the list to roughly 100 by eliminating duplicates and ideas that were off-topic, nonspecific or otherwise failed to meet the stated guidelines.
3. Three Mendoza faculty separately scored the remaining ideas on a scale of 1-5. (To guard against potential bias, all information about a submitter was removed.) The most important criterion was, "Would it work? Would it reduce unemployment, even a little?" The 25 suggestions that scored the highest are presented here in random order.

### THE JUDGES

- Jeffrey A. Bernel (EMBA '94), director of Mendoza's Gigot Center for Entrepreneurial Studies and an entrepreneur with extensive experience in industrial real estate and new-venture startup/turnaround investments.
- Thomas Cosimano, professor, department of finance; expert in pricing financial assets, monetary policy and computational finance; holds a doctorate in economics and has been a visiting scholar with the International Monetary Fund since 2000.
- Margaret Forster, associate professional specialist, department of finance; former principal at Wanger Asset Management in Chicago, where she was an international co-portfolio manager and an equity analyst. She previously was an economist at the International Monetary Fund.



## CHECK THE JOB BOARD

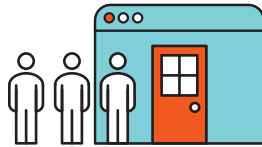
There are more than 3 million unfilled jobs in the U.S. right now, the highest level in three years. When it comes to reducing unemployment, open jobs are the low-hanging fruit. Here's one idea that's simple and scalable: Encourage employees to spend a half-hour each month browsing their company's job openings and referring qualified candidates from their professional network.

*Matt Grunewald ('01), senior research associate, LinkedIn, San Francisco*

## LINE UP IN THE 'HALL' FOR JOBS

Companies are slow to hire on a full-time basis. So let's approach work at a more atomic level and take the traditional concept of a hiring hall into the virtual world. Use home repair as an example. Workers sign up for categories such as painting or carpentry. As with a hiring hall, workers take turns on top of the list of available workers and prices are set to market rates. Similarly to Elance.com or Angie's List, clients can pick from several workers and see previous jobs and ratings. Money passes through escrow and is distributed via debit card. A portion is set aside in a "benefits account," and at a certain threshold, the worker becomes eligible for group medical insurance from the local "eHall."

*Jim Riley ('88), director of operations, TBO.com, Tampa, Fla.*



## REVIVE NEW DEAL AGENCY



Bring back the Civilian Conservation Corps (CCC) to help rebuild our national parks, clean up our cities, educate our children, and help the elderly. This would be an investment in our country and put people to work in a positive manner rather than putting stimulus funds in the hands of a few and betting on our future.

As the economy recovers and new jobs are created, the CCC could be phased out.

*William Carnegie (MNA '01), president and CEO, Community Food Bank of Southern Arizona, Tucson, Ariz.*



## ONLY GIVE TAX BREAKS TO EMPLOYERS

Instead of giving a broad-based tax break, focus the rebate on job creators by basing it on the amount of Social Security taxes an individual pays on behalf of employees. For instance, if you employ between 10 and 200 people, you would get a credit for up to 250 percent of the Social Security taxes you pay on their behalf, based on a sliding scale of income and employees. It would be a focused tax credit, not diluted by extremely high earners or those without employees or capital investments (i.e., wealthy actors, athletes,

traders, etc.) A tax-credit package focused on this sweet spot of job creators in small- to medium-sized businesses would provide the most stimulus/hiring bang for our buck.

*Jeff Szklarek ('02), CFO, Producers Chemical Co., Geneva, Ill.*

## BOOST TOURISM

Streamline the visa process and create a national advertising effort to promote tourism to the United States. The average Chinese tourist spends \$4,000 per visit to the U.S. Current wait time for a travel visa to the U.S. in Brasilia, Brazil, is 110 days. The visa application is also in English. You cannot outsource hotels, and many of the (tourism) workers do not even need a high school diploma.

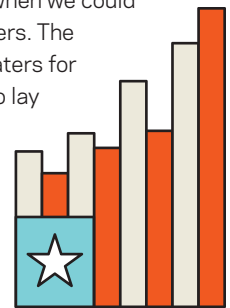
*Matthew O'Dell (MBA '09), project manager-sales operations, ResMed, San Diego*



## REDUCE UNCERTAINTY

If the federal government could promise a two- to five-year hiatus on tinkering with the tax code and regulatory aspects of our business environment, employers would be able to create and execute more aggressive five-year plans. Not knowing what regulations are coming or going, and not having a clear picture of the future tax landscape, is causing companies to hoard cash and prepare for the worst-case scenario, when we could instead be expanding and hiring new workers. The government's actions are muddying the waters for many of us, and muddy water is no place to lay a foundation on which you can confidently grow your business.

*Brendan Shaw (MBA '08), director of acquisitions and asset management, Brookline Development Co., Apex, N.C.*



## RESET MORTGAGES



Housing production in this country totaled approximately 1.5 million units annually for the last 40 years. In the last two years, it has been around 500,000. It takes around three people a full year to build a house, so that's 3 million unemployed contractors, not to mention the ancillary businesses like furniture makers, curtain makers, etc. To cure the economy, we need to fix housing. To fix housing, it's important to help good borrowers who are current or near current on their mortgages despite being underwater. If we reset their underwater mortgages to a current-pay "A" note (at the current rate of interest, 4 percent) equal to the value of their home and a deferred-pay "B" note equal to the balance, we will stem the additions to the foreclosure pipeline, reduce the moral hazard, and stop the decline in home values. The deferred B note would be paid off in later years through capital appreciation or principal amortization.

*Marty Connor ('86), CFO and treasurer, Toll Brothers, Horsham, Pa.*

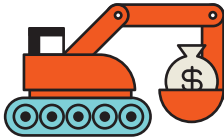




## OFFER MILLION-DOLLAR LOANS

Provide \$100 billion in government loans to 100,000 entrepreneurs to start or fund a new business venture. Each entrepreneur would receive \$1 million. The stipulation would be that they would have to hire 10 currently unemployed individuals to work in the company within three years. This would add 1 million new jobs to the economy. If 5 percent of the companies succeeded and added 100 employees, you would have 500 million newly employed people.

Anton Rivera ('04), brand manager, Hartz Mountain Corp., Brooklyn, N.Y.



## BID OUT INFRASTRUCTURE WORK

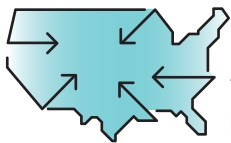
Accept that the home market isn't coming back in the short- to mid-term future and acknowledge that the critical infrastructure (water, electric, bridges, highways, etc.) are rapidly falling into ruin. Begin a schedule of "leasing" improvements to private companies. A government agency puts a project up for sale to a group of private entities. Private entities bid on a known cash flow from the agency and then one manages the construction/operation stages of the project for the next 20-50 years. Infrastructure is improved, people are hired to construct/operate it, the state retains long-term ownership and lowers/spreads the cost of making necessary improvements.

Errol Rice ('02), project development, Transystems LLC, Great Falls, Mont.

## AWARD TAX CUTS FOR HIRING

Implement a tiered, two-year, corporate tax-rate reduction for firms that expand their head count. For example, expand your head-count by 1 percent, get a 2 percent reduction to your corporate tax rate for 2 years. Expand your head count by 2 percent, get a 4 percent reduction, 3 percent for a 6 percent reduction, etc. with a cap at 10 percent reduction.

Bryan Lamb ('98), development executive, Clark Realty Capital, Encinitas, Calif.



## RETAIN TOP IMMIGRANTS

The Ewing Marion Kauffman Foundation has performed some intriguing research on how "highly skilled" immigrants start and meaningfully contribute to early stage companies at an exceptionally high rate. The U.S. is unwittingly forcing too many talented foreign students to go back to their home countries upon graduation. Revise U.S. citizenship/visa policies for highly skilled immigrants. Create a capital-matching venture fund focused exclusively on technically advanced immigrant-centric businesses. And provide enhanced

U.S. government economic incentives for new business creation over the next 12 to 24 months.

Jeffrey Lampe (EMBA '05), principal, Hopewell Ventures, Chicago

## VOLUNTEER FOR WORK REDUCTIONS

Share jobs through a volunteer program.

There are Americans who would be willing to go to a reduced work week for someone else to have a part-time job. Some older workers, mothers with small children, people who are bored, and people who need some income but really would prefer not to work 40 hours might volunteer if given certain guarantees by their employers regarding benefits, job protection, etc.



Warren Albright ('59), retired advertising executive, Scottsdale, Ariz.

## REDUCE UNEMPLOYMENT BENEFITS

Although this may sound contrarian, the best way to reduce unemployment right now is to end federal subsidies for unemployment. My company operates a manufacturing plant in Tulsa, Okla. We have trouble hiring people because our entry-level manufacturing positions pay about the same as someone can get from collecting unemployment. This is not a political statement; it is a cold, hard fact. Worse yet, we have learned through local media that people work jobs "under the table" while collecting unemployment, which means they make even more and the government makes even less since their extra income is unreported, further exacerbating the government debt crisis.



Kevin Doherty ('88), vice president, human resources, Carlisle Brake & Friction, Olmsted Township, Ohio

## CREATE A RECOVERY FUND

Form a private foundation and tap the generosity of the American people to fund low-cost, higher-risk efforts such as public-works projects for the state, and small-business loans for individuals.

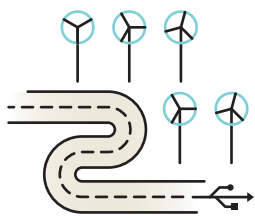
An appeal to the American people to give to a recovery fund managed by notable public figures with no personal-gain issues might light the spark of patriotism and garner large sums of seed money. Leaders such as a Warren Buffett, Bill Gates or Kenneth Feinberg come to mind to champion or be on the board of such a cause.



Edward DaDura ('67), retired manager of new business development at Mobil Oil, now living in Naples, Fla.

WHICH IDEAS DO YOU LIKE BEST?

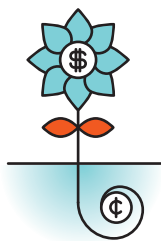
Vote online, see the results, comment at [bizmagazine.nd.edu](http://bizmagazine.nd.edu)



## MODERNIZE INFRASTRUCTURE

The infrastructure that was built to get the United States out of the Great Depression served to bring us to the forefront of the global economy in the decades to follow. Without the dams, bridges and Interstates of the '30s, there never would have been the prosperity of the '50s and '60s. It is time to take this principle into the 21st century. A concerted effort to modernize the U.S., both in terms of energy and information technology, would be a boon both in the short and long term. Building wind and solar farms (and the infrastructure needed to efficiently put this energy to use) would give jobs now and wean us off of foreign oil. Reinvigorating national connectivity (ethernet, WiFi, 4G wireless) would keep the U.S. on top of the cresting wave of technology instead of letting us get swamped by it.

Kevin Ritt ('11), assistant media planner, Draftfcb, Chicago



## BOOST INVESTMENT IN STARTUPS

Allow an accelerated write-off of equity invested in startups. To create jobs, you need to create companies, and that takes capital. If an investor can write off the investment today and offset against current income, it gives them extra incentive to invest. The government will get the money back if the company is successful via capital-gains taxes. A company can currently take a 100 percent deduction on capital purchased today. Why not let angel and venture investors do the same with an equity investment?

Nicole Lawrence ('96), vice president, PPM America, New York

## RECONSIDER HOME APPRAISALS

New housing starts are down approximately 80 percent since 2006, which pulls down all related industries and destroys consumer wealth and spending. Mortgage rates are at an all-time low, which should be creating an enormous amount of additional cash through refinancing and should stimulate new- and existing-home sales. It hasn't done either, because banks are afraid to take any risk on residential mortgages. One factor is the appraisals that are used to make lending decisions. The snake-bit appraisers have now pushed the pendulum to the opposite extreme, making refinancing almost impossible. Solution: Allow a 10-15 percent deviation from current appraisal for a homeowner who has owned the property and has been current for the last five years. My background: 25 years in retail banking and 12 years of ownership of a building-supply company. I've been on both sides of the equation.

Richard Molyneux ('72), chairman, United Ventures, LLC, Washington, D.C.



## FUEL ENERGY INDEPENDENCE

The United States should embark on a government-sponsored "Manhattan Project" to become energy independent. Modern technology has helped our nation discover abundant new reserves of oil and natural gas, the size of which was undreamed of five years ago. Let's give domestic energy companies incentives to relocate, retrain and employ the hundreds of thousands of unemployed construction workers to accelerate the development of these resources.

Matt Williams ('03), vice president, Annuity Product Management, Merrill Lynch, Philadelphia

## TRAIN WHILE ON UNEMPLOYMENT

Unemployment-insurance recipients should be allowed to train with a potential employer while continuing to receive unemployment. This would be non-paid training and employers would have no obligation to hire the person at the end of the pre-established training period. Still, the unemployed persons would acquire new skills, expand their network, and possibly receive a job at the end of the training. The program would allow employers to attempt to grow, but it would also provide downside protection in the event that growth doesn't transpire or the trainee is not the right fit for the company.

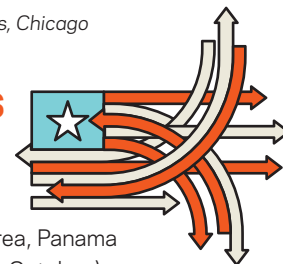
Brian Milligan (MBA '10), associate, Standard & Poor's, Chicago



## PASS TRADE AGREEMENTS

Pass the three pending trade agreements with Panama, Colombia and Korea. Doing so would create 250,000 U.S. jobs, according to the White House. (President Obama signed the Korea, Panama and Colombia Free Trade Agreements this past October.)

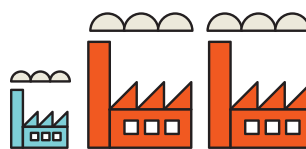
Eric Friedman (EMBA '09), assistant to the vice president for public affairs and government affairs, The Dow Chemical Co., Midland, Mich.



## PUT SMALL BUSINESSES FIRST

Eighty percent of all jobs in the U.S. are supplied by small businesses. Small businesses have gone into storm-shelter mode and are hunkered down waiting for a recovery before they hire people back and spend any money. If the government wants to spend money on a stimulus, target it directly to these businesses. Not tax credits for hiring people—that's good, but it won't have an immediate impact. I don't need tax credits right now, I need revenue and cash flow! Also, streamline the government-backed business-loan process. This process needs to be 30 days or less. The Small Business Administration takes three months.

Gabe Powers ('89), entrepreneur, Phoenix Business Systems and Clover Creek Brick Co., Brandenburg, Ky.





## Even more ideas, from our notable alums and guests

**DANIEL F. AKERSON** *Chairman and CEO, General Motors; Boardroom Insights speaker, Sept. 9, 2011*

From a company point of view, you have to continue to invest in research and development. You've got to innovate. If you don't do that, you're not going to be competitive and you're not going to drive new products.

**GARY GIGOT ('72)** *Serial entrepreneur; executive chairman, LiveRez; member of Mendoza's Business Advisory Council and the advisory board of the Gigot Center for Entrepreneurial Studies*

Economy-level financial train wrecks and company-level drives to cost-efficiency equal permanent loss of jobs. For workers of all professions and levels, the reality is that a job may not be available to them in their historical industry or profession. You might have to create it through a new business, a new profession, a new way of making money.

**AL DECRANE ('53)** *Retired chairman and CEO, Texaco Inc.*

Government employment for "created" projects and activities did not work in the Great Depression, and it won't do it now. Jobs are developed and maintained when the economy is solid; the regulations are reasonable and enforced; and tax levels are known, stable and internationally competitive. Then investments are made, new projects undertaken, and employment needed and retained.

**RICHARD J. GOLDEN ('75)** *Private investor; board member, Cate Street Capital (Portsmouth, N.H.)*

Direct available investment capital into sustainable environmental solutions that create new jobs. The "green revolution" is real. The government has programs and incentives to help underpin private investments. I have helped organize and/or participated in nearly a dozen green investments [such as] a California clean-energy fuel-cell manufacturer that recently established over 500 jobs in its Silicon Valley facility [and] is expanding production facilities to the East Coast to create 900+ direct jobs and 600+ supplier jobs.

**JOHN J. KINSELLA ('50)** *Retired president, CEO, The Leo Burnett Company, member of Mendoza's Business Advisory Council*

Short term, let's get companies to cut hours worked or salaries paid versus laying off employees. Encourage college grads to apply for non-college-type jobs. Any job, one at the bottom of the pile, if necessary. Point out why these jobs are worthwhile as important learning experiences. Lobby the Feds—or, better yet, the states—to organize/oversee minimum-wage CCC- or WPA- or Peace Corps-type projects. The twist: Get major corporations to subsidize the projects. There are plenty of projects in every city and state that are too expensive or unique for the government to afford with higher-priced and/or older help.

**GUY KAWASAKI** *Co-founder of Alltop.com and former chief evangelist for Apple; Entrepreneurship Week speaker, April 14, 2011*

First, cut the rhetoric about reducing taxes in order to stimulate entrepreneurship, innovation and employment. Serious entrepreneurs don't care about tax rates; in fact, the goal of entrepreneurship is to pay a lot of taxes—ideally, capital gains. Second, offer permanent resident status to anyone who bought a house in the U.S. that costs at least \$500,000. This would help with the real-estate issue, foster remodeling and increase construction. Third, make it easy to get the H-1B visa. This would send the message to smart, hardworking people everywhere if you want to achieve success in a country where there's little corruption; laws are reasonable and equally enforced; freedom of speech and religion are guaranteed; the military is appreciated, not feared; and innovation is celebrated and failure is tolerated, come on down. Sure, politicians will say that they will take jobs from Americans, but many immigrants start companies that increase the number of jobs. One last idea: Graduation from an accredited American college should guarantee permanent resident status or at least an H-1B visa. America educates people better than almost any country. Let's market that fact and fully reap its benefits.

**ANDREAS WIDMER** *co-founder of the SEVEN (Social Equity VENTure) Fund, a philanthropic organization of entrepreneurs; former Swiss Guard at the Vatican; Entrepreneurial Insights speaker, Sept. 20, 2011*

Instead of putting the money into GM or Chrysler, for example, I would let these companies fail. Pay out unemployment benefits to everyone affected, but use the bailout money to create a (venture capital) fund to help employees from these large companies to start new ventures. Tell them, if you want to start a competitive and innovative business, we'll invest startup capital. Maybe somebody comes up with a solar car, or God knows what. Whatever it is, it will surely be more innovative than what's coming from the large company. They're like a huge dead tree in a dense forest that has to fall in order to allow for new growth.

**SHAWN O'GRADY ('86)** *Senior vice president and president of Consumer Foods Sales, General Mills; Berges Lecture Series speaker, Oct. 26, 2011*

[W]e deal with a lot of customers (grocery stores) that have a lot of jobs at the level where you could increase employment. But they're all cutting labor because of the increased costs around health care. So, to overly simplify, if we don't get the health-care piece of it under control in the U.S., we will price most of our low-level labor out of jobs.

**CHRIS YURA ('03)** *Founder and CEO, SustainU, which makes clothing only at U.S. mills and only from recycled fiber; Entrepreneurial Insights speaker, Nov. 1, 2011*

The biggest thing is to invest in entrepreneurship. Invest in and support our small businesses, and make sure that we look at where products come from, (and ask), "Are they supporting what we actually want them to support?" There's a reason why our manufacturing sector is almost gone.

# Life After Leadership

Retiring CEOs find their post-work-life plans often leave out a critical element—a reason to go on

By Ed Cohen

Clockwise from lower left: Sam Duncan, Paul Charron ('64), Bill Stavropoulos, Ingar Skaug, Pat Finneran ('67), Roxanne Spillett





Sam Duncan knew something was wrong.

Six months after retiring as CEO of OfficeMax—on his own timetable and terms—the previously tireless and optimistic executive felt neither. All he wanted to do was be by himself in his Portland, Ore., home. The TV room became a refuge. He felt negative about everything. He had always loved waking up early and going for a run. Now he had to force himself to get out of bed.

He was 59 years old, financially independent, and worried. Why wasn't he happy?

It couldn't be his surroundings, he was certain. The whole reason he'd retired was to come home to Portland and be with his wife and near their three daughters and four grandsons.

He'd been away from Portland for eight years, the first three as president and CEO of ShopKo, a Midwest discount-store chain based in Green Bay, Wis. Then came five grueling years rescuing Chicago-based OfficeMax from probable bankruptcy. His successful turnaround strategy included putting more than 1,300 of the company's top employees through a customized Notre Dame Executive Education program on Economic Value Added or EVA, an approach to measuring the true profit of a business. He helped design the course.

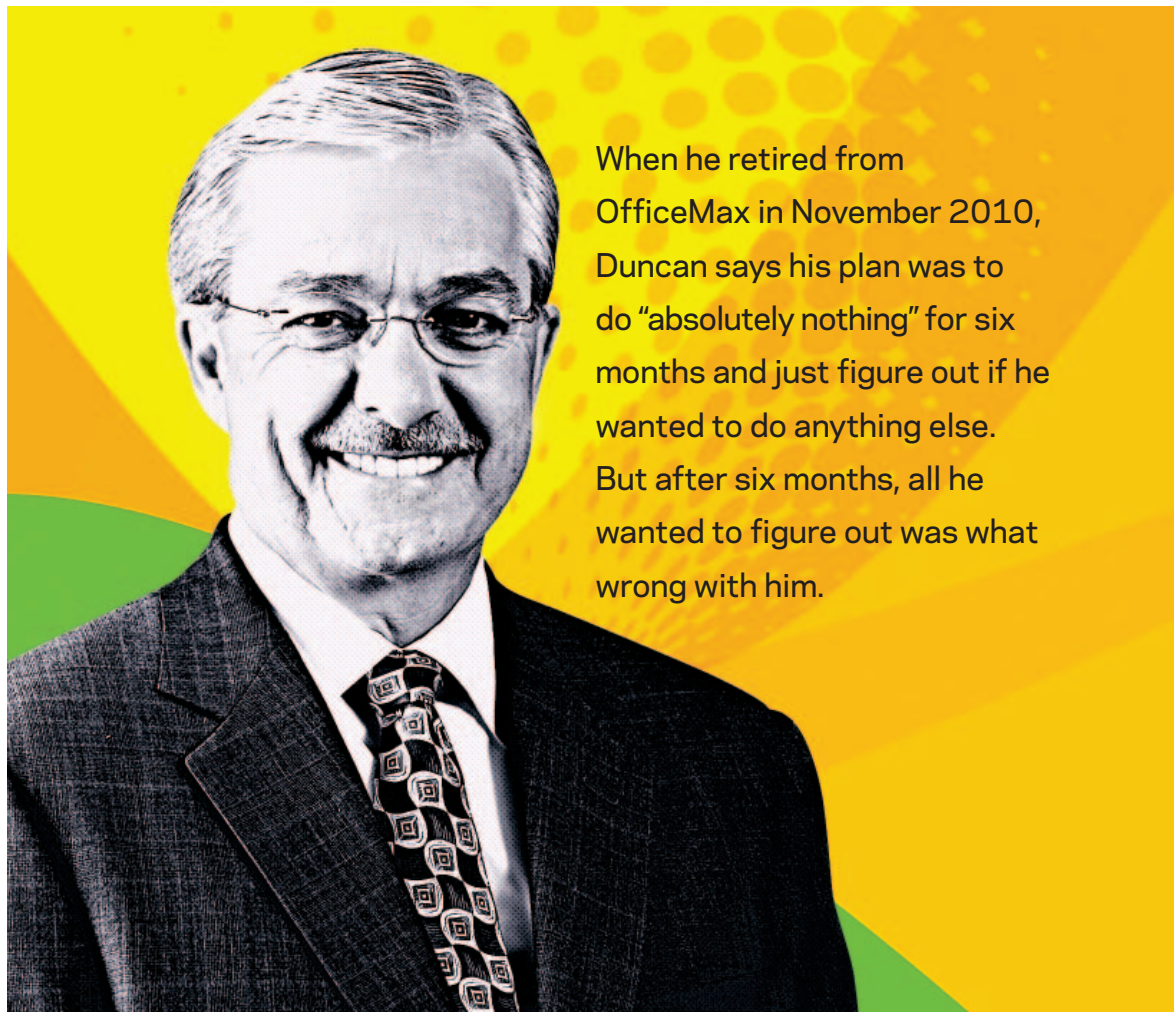
When he retired from OfficeMax in November 2010, Duncan says his plan was to do "absolutely nothing" for six months and just figure out if he wanted to do anything else. But after six months, all he wanted to figure out was what was wrong with him.

He went to see the family doctor. She ordered blood tests. They all came back fine. She then told him that one way to treat his symptoms was with antidepressants. This took him by surprise. But he started taking the medication and eventually began to feel like his old self, he says.

"What I didn't want to admit—or, actually, I didn't think a thing about—was being depressed after leaving a company. But that's what had happened to me," the retired CEO says. "Even though I was totally happy about the decision I made, and I would do it exactly the same way ... it happened to me, and it probably happens to a lot of guys who retire, I don't know."

It does.

Research by gerontologist Robert C. Atchley shows that



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nearly a third of people experience emotional doldrums in retirement, even when the transition is voluntary.

Now, no one is going to grieve for the stereotypical ex-CEO who can't find contentment between a ski chalet in Aspen and a villa on Antigua. Especially in this economy, when many people don't enjoy the luxury of choosing the circumstances of their departure from the working world.

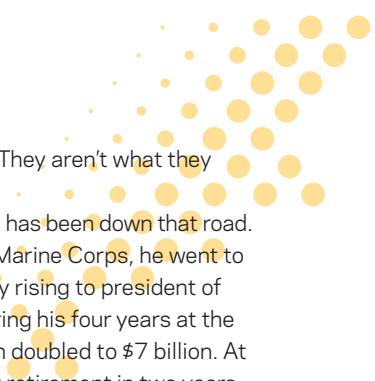
But one thing is clear from conversations with Mendoza's executive coaches and senior executives who are facing retirement or already retired: Adjusting to life after the high-pressure, high-power role of CEO is harder than it looks. Harder than many CEOs anticipate. And wealth is no helium to float you over the emotional stumbling blocks.

"Maybe it's because you go from 100 miles an hour to zero, there's no gradual downshifting," speculates Duncan. But he had plenty of time to gear down, nearly 11 months from when he officially notified the company's board of his decision to go home to Portland until he actually went.

No, Duncan's biggest mistake, say psychologists and executive coaches, was in not having a plan for what his life would be about after it ceased being mostly about running a \$7 billion company.

It's not enough to retire *from* something, the experts say. You have to retire *to* something, or you risk being left without a reason to live longer.

Jim Anderson is an executive coach with Mendoza's week-



long Executive Integral Leadership programs, which help senior executives develop a greater understanding of their values and gain a sense of purpose. He says most people regard retirement as some future utopia that will be much better than whatever they're doing now. The only entrance requirement is to work hard and save money.

He laughs when reminded of ads for investment companies in which people eagerly follow a green line to retirement or carry around numbers reminding them how much money they need to save to get to the promised land. Anderson says the message is, "If I hit my number, everything else will be just peachy."

But if that were the case, retired CEOs would all be happy all of the time.

They aren't, because it turns out there really is more to life than money. For most people, Anderson says, work serves an essential role beyond paying the bills. It's the outlet for one's creativity. Lose that and you're likely to feel unfulfilled, he says. Give it away expecting life to be better, and you're certain to be depressed.

For that reason, he says, any retirement plan needs to include a replacement outlet for your creativity. That could mean taking up painting. Or it could be something more along the lines of "paying it forward" by setting up a foundation to fund a cause or individuals you believe in.

It could mean helping your former organization in a different role. Mel Dowdy, a fellow faculty member in Notre Dame's Executive Education programs, says one of the first CEOs he ever coached headed a large hospital. In retirement, the boss joined the ranks of the hospital's volunteers, humbly wheeling patients between rooms and handing out newspapers.

Bill Stavropoulos served as CEO of The Dow Chemical Company twice before retiring for good as chairman in 2006. In retirement, he says, his priorities were to stay healthy, spend time with family, remain involved in business, and give back to the community.

On the business side, his activities have included joining the private-equity investment firm Clayton, Dubilier & Rice, where he uses his experience to evaluate investment opportunities. That led to his being named chairman of Univar USA, a chemical distributor.

To give back to the community of Dow Chemical's hometown of Midland, Mich., he helped organize the nonprofit Michigan Baseball Foundation, which in 2007 built a stadium and relocated the minor-league Great Lakes Loons to town. The foundation provided not only family friendly entertainment and support for downtown redevelopment, it also recycled profits back into the community to the tune of more than a million dollars.

There's more to a successful transition from CEO to retirement than filling one's calendar, however, executives and psychologists say.

Anderson says some retired executives quickly try to get on as many boards of directors as possible, to get back that feeling of being in the game. But their former sense of purpose eludes them. The problem is they haven't been able to separate

themselves from their former identity. They aren't what they were. They don't know what they are.

Notre Dame alum Pat Finneran (67) has been down that road. After a 20-year career in the U.S. Marine Corps, he went to work in the aviation industry, eventually rising to president of Boeing's support systems division. During his four years at the helm, the division's revenues more than doubled to \$7 billion. At 63, however, he was facing mandatory retirement in two years because of a company policy that applies to vice presidents and above. Assigned to a new role for the duration of his tenure, he decided to become a consultant instead. That led to a job as CEO of a privately owned aviation-services company—a position he resigned after just two years.

Finneran says he didn't do enough due diligence or understand the cultural differences between public and small private companies. What was supposed to be a 10-day a month consulting gig turned into what the former Marine calls "an 80-hour-a-week nightmare." He says he did consult "at least a dozen" people from similar positions before accepting the job leading the private company. They all warned about the difficulty of making the transition from a public-company culture to a privately held company.

His ego would hear none of it.

"It was all driven by this need to have a leadership role. My identity was way too closely linked to my position and title. Subconsciously, for me to feel good about myself, I had to take this position," Finneran says. "And, boy, I'll tell you what, the last six months, I have gone through a lot of soul-searching about false images of yourself versus your authentic self, and understanding that you're not your job, you're who you are. You're not your resume, that's just a list of achievements."

Finneran now teaches part time in the Notre Dame Executive Education programs and has Jim Anderson for a life coach. He's also begun seeing a psychologist. That was a tough step for a former Marine to take, he says, but it opened his eyes to why he made the decision to leave Boeing as well as other unhealthy choices in his personal life, while hardly ever erring when it came to business decisions. He now focuses on sharing the benefit of his experience on several for-profit and not-for-profit boards, teaching and mentoring several rising executives. He says he is a much happier person and delighted with the opportunity to help others.

Some CEOs are well aware of the potential emotional pitfalls that await them in retirement and go to great lengths to avoid them.

From 2003 to 2010, Norwegian Ingar Skaug headed the global maritime shipping concern Wilh. Wilhelmsen. Based in Lysaker, Norway, the company has more than 450 offices in 75 countries and specializes in shipping cars and other heavy equipment.

Skaug joined the firm in 1990 as president and CEO of one of the company's divisions after that division's entire leadership team perished in a plane crash on the way to a ship-building ceremony. So he knows something about emotional issues and work.

As he looked ahead to retirement, he says, he dreaded repeating the experience of his father, who was purchasing



manager for Scandinavian Airlines System (SAS). Skaug says that after retiring at age 67, his father fell into a depression.

"He hadn't prepared himself at all. He hadn't thought about, 'What the heck am I going to do when I retire?' He was just sitting there. He didn't have anything to do, and that was not good," says Ingar Skaug.

Adding to the younger Skaug's worries, he had a friend who headed a Norwegian fertilizer company who experienced problems after retiring and dropped out of society for a long time.

To keep that from happening to him, in 2008—two years before his planned retirement—Skaug began meeting with a Swedish organizational psychologist, Maximilian Tropé, who had worked with Skaug's company. He specialized in helping teams

of employees cope with change.

In sessions that often included hypnosis, Tropé says he helped Skaug visualize what his life would be like in the future as a retiree. He probed Skaug's conscious and subconscious. What was it about his present life as a CEO that had so much meaning for him? What parts were draining him of energy and felt more like a burden? What scared him most about losing his identity as CEO?

The insights helped map out a new life routine for the 64-year-old Skaug that includes serving on several corporate and other organizational boards, such as the Board of Governors of the Center for Creative Leadership, considered the world's largest institution devoted exclusively to leadership research and education. He also lectures and mentors, and allocates time to exercise and be with his children and grandchildren. To stay in touch with business interests, he keeps an office in the city.

Tropé says many of these activities allow Skaug to continue to use his intellect to help find new ways of doing things without the responsibility of having to execute plans, as a CEO would.

"I enjoy my new existence tremendously well," says the retiree.

Notre Dame alum Paul Charron (64) is the unusual retiree in that he stepped down as CEO of a large company only to become chairman of the board of a larger one.

After 11 years of success leading the fashion apparel company Liz Claiborne—including 40 consecutive quarters of earnings gains—Charron retired in 2006 at age 64. In 2009, he became non-executive chairman of the Campbell Soup Company board, which he had joined as an outside director in 2003.

"It's been a fascinating job. I will probably do it till I reach the mandatory retirement at 72," says Charron, who turned 69 last August. He also serves on the U.S. State Department's Advisory Committee on International Economic Policy.

Charron says he stepped down as CEO at Liz Claiborne because he wanted to do other things while he was still young and healthy enough to make a contribution. But he didn't have any definite plans. The one-year non-compete clause in his contract gave him time to explore his options.

He kept an office in New York City (he lives in Connecticut) to stay connected to the industry. Eventually he settled on an offer to serve as a senior advisor with the private equity firm Warburg Pincus.


Charron says he found his former CEO role "incredibly fulfilling and gratifying," but he was happy to escape the intensity of the job ("my 2 o'clock headaches I would get at 9 in the morning.") He didn't need the ego boost of further adulation over his performance, he says. "If I wanted to be a CEO, I would have stayed at Liz."

"I like it here," he says of his work two days a week at Warburg. "The people are low key, and the deal was that unless there were some kind of disaster, I didn't have to run a company."

It's understandable why executives such as Boys & Girls Clubs of America President and CEO Roxanne Spillettt face separation anxiety when it comes to retirement.

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"I'm kind of window shopping," Spillett, 62, said last summer. "I am definitely not going to retire, I'm just not made of that stuff. I can't do nothing."

The celebrated CEO, who teaches part time in Notre Dame's Master of Nonprofit Administration degree program, planned to step down as leader of the Atlanta-based nonprofit at the end of 2011. At that point, she would have been with the organization 35 years, the past 16 as CEO.

Under her leadership, the number of clubs grew from 1,800 to 4,000 and revenues more than tripled to \$1.5 billion. Boys & Girls Clubs now serve some 4 million children in the United States and, thanks to a partnership she forged, on 356 U.S. military bases in Europe and Asia.

"It's been my life," she says, "not only my life, but my family. ... The mission of this organization is like a religion to me. It's real, it's tangible. It's what motivates me."

For that reason, she says, her biggest challenge is going to be separating from the organization, not from the role of CEO. But her retirement plans might raise concerns among executive coaches like Jim Anderson.

Although she informed her board of directors of her timetable for stepping down six years ago, now, with less than six months to go, the only definite commitments she has made are to work alongside the new CEO for the first three months of 2012 and serve on one organization's board.

"I'm kind of window shopping," Spillett, 62, said last summer. "I am definitely not going to retire, I'm just not made of that stuff. I can't do nothing."

As many executive coaches or retired CEOs would tell her, it would be a bad idea to try.

# What to do

## Advice for the retiring CEO

- ● Expect to lose "friends" and admirers. Some people wanted to be around you only because you had the power to make things happen in your organization. Not anymore. (Heard from multiple ex-CEOs)
- ● Research "life-after" opportunities ahead of time. You may think you can teach at your local college. Until you actually make some phone calls, you won't know if that's an option. (Barbara Braham, Mendoza executive coach)
- ● Don't relocate in haste. Always dreamed of moving south? Visit first and see if you actually like the Sun Belt environment and lifestyle. Realize you might have to make all new friends. And what about your children and grandchildren? (Barbara Braham)
- ● Don't be surprised if your family isn't happy to see more of you. In your absence, they've created lives of their own. After Paul Charron retired as CEO of Liz Claiborne, he wanted to meet his wife for lunch nearly every day. She told him bluntly that she'd married him "for better or worse, not for lunch."
- ● Lean on your values. Joe Haggar III ('73), retired chair of the Haggar Clothing Company, said his priorities as CEO were always, in order: his religion, his family, the Haggar company. "Nothing really changed in my life when I retired except my third priority, so I never noticed a lot of difference."
- ● Don't overvalue wealth. James J. O'Brien Jr. ('65), a long-time senior-level retained executive-search consultant in Boston, recalls a couple of high-tech entrepreneurs for whom he conducted executive searches about 20 years ago. They left their CEO positions after taking venture-capital investment or being bought out by another company. "So now they're sitting there, fat, dumb and happy, with a ton of equity worth zillions of dollars—and bored out of their minds," he says. "They came back to me and said, 'We'll take anything. We just want to be busy.'"
- ● Understand that tomorrow isn't guaranteed to anyone—pre- or post-retirement. Former Sara Lee CEO Brenda Barnes was 56, in excellent shape—literally working out a health club—at the moment she suffered a stroke in 2010. It nearly killed her. It forced her to retire. Now doing well in rehab, the former workaholic who famously retired as president of Pepsi-Cola North America in 1997 to spend more time with her family says, "You can't postpone balancing yourself or postpone things that are important to you, because you might not have them. You can't say you're going to spend time with the kids later, because you don't know if you will be able to later."

# What's an army major doing in a roomful of accountants?

## Accountancy experts try to better quantify risk and uncertainty by seeking input from unexpected sources

By Ed Cohen

U.S. Army Major Hugh Jones was telling an audience of accountancy professors and professionals at a conference on risk and uncertainty how the Army was using biometric information systems in Iraq and Afghanistan to tell people apart.

Many of the locals in that part of the world have never held formal IDs, not even birth certificates. Even if IDs existed, there's a chance they could be stolen or forged. So soldiers were carrying camera-like devices that could capture detailed images of people's faces, irises and fingerprints, and match them against a database. That way, troops knew if they were dealing with someone who had been detained before.

Jones spoke as part of an April 2011 conference, "Accounting for Uncertainty and Risk: Investor, Management and Policy Implications," co-sponsored by the Notre Dame's Center for Accounting Research and Education (CARE) and Columbia University's Center for Excellence in Accounting and Security Analysis (CEASA). As the accountants listened to Jones describe the Army's biometric detection system, some may have wished that they'd had a device capable of precisely identifying teetering financial institutions in the months leading up to the financial crisis. That's because critics soon began to question why accountants hadn't raised a public warning of the impending banking sector collapse.

The short answer is, they weren't privy to critical information. For instance, to sidestep reserve requirements, many lenders created separate legal entities to bundle mortgages and market them to investors in the form of securities. By doing that, the banks were able keep the loans—which often included shaky mortgages—off their balance sheets and out of the sight of accountants. If accountants never saw the assets, they couldn't very well calculate their value and report it to the investing public.

"If there had been more transparency in bank accounting, we may have all known what was going on in the financial sector a long way ahead of the collapse," says Peter Easton, Notre Dame Alumni Professor of Accountancy, CARE director and a principal in the consulting group Navigant Economics.

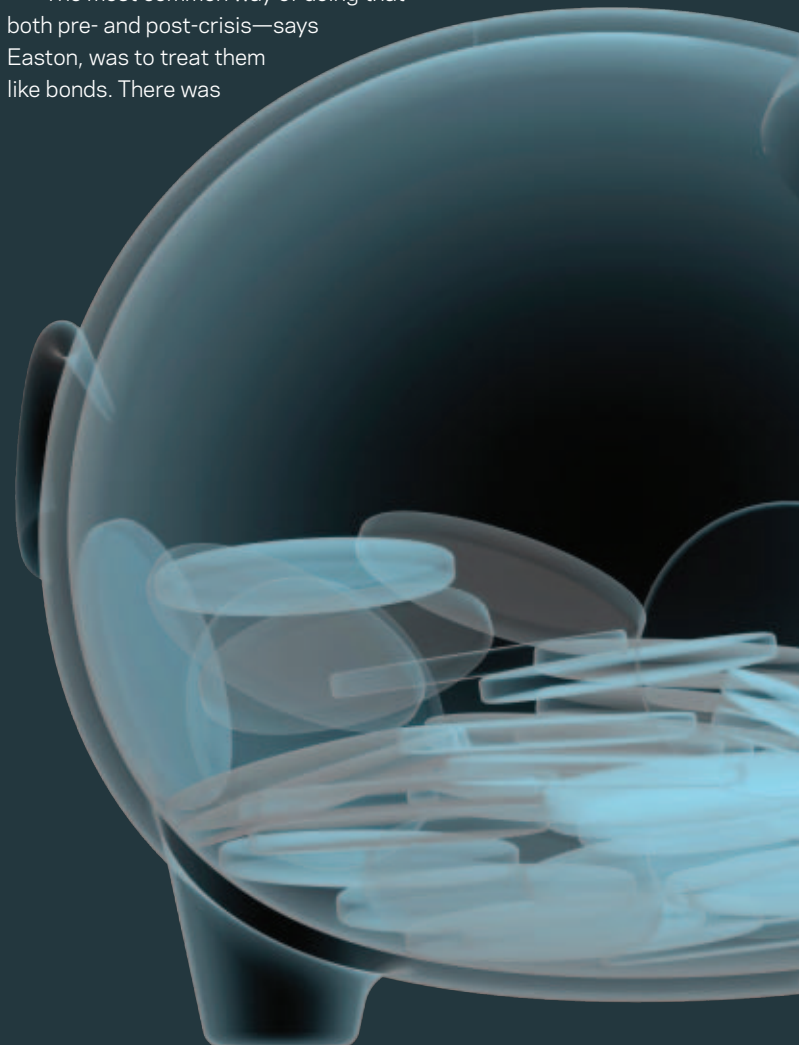
But that's only part of what should concern the profession, Easton says. Accounting is supposed to help managers and investors understand what the future may hold for an organization, he says. That requires reporting not only present conditions, but explaining—and, ideally, quantifying—"risks" (known potential variations around valuations and potential outcomes) as well as "uncertainties" (never-before-considered unknowns). Easton

thinks accounting is doing a poor job with both. And he's not alone.

Trevor Harris, co-director of the Columbia University accounting center and former head of Morgan Stanley's Global Valuation and Accounting team in Equity Research, told the accounting scholars and professionals at the April conference, "I feel that we are totally lost when we talk about these particular issues."

The financial crisis created multiple headaches for accountants, and not just because of the off-balance-sheet maneuvering by banks with their mortgage-backed securities. As Easton explains, non-financial companies, pension funds and even foreign governments invested heavily in the complex financial instruments. Unlike the banks, they had to report the mortgage-backed securities as assets on their balance sheets and estimate their value.

The most common way of doing that—both pre- and post-crisis—says Easton, was to treat them like bonds. There was





a certain amount of principal invested and a forecast of cash flow from it, reduced by the likelihood of default at any particular point in the life of the security.

One of the problems with that approach was it assumed the change in value of one mortgage-backed security had nothing to do with any other. The thinking was that mortgages might be shaky in Florida, but that had no bearing on bundles from California or anywhere else, Easton says.

"But they're not independent. Nor is credit-card debt, nor are student loans. They're all correlated at some level. So these complex debt securities had a lot of interdependences within them that was not correctly modeled, if it was modeled at all," he says.

That bigger-picture view of the financial world and its risks is missing from conventional approaches to accounting, say Easton and others.

George Sugihara, a theoretician at the Scripps Institution of Oceanography at the University of California San Diego, has studied systems ranging from fish populations to financial markets with an eye toward predicting their future states. In a paper published in the journal *Nature*, he and two co-authors argued that companies pay too much attention to understanding and managing their own risk, and not enough to the risk of systemic collapse, which will inevitably have more serious consequences.

Their paper was published in February 2008.

Seven months later, the financial crisis hit.

Speaking at the 2010 CARE conference, Sugihara said that, ironically, the financial crisis grew out of financial institutions trying to diversify through securitization.

Diversification is a good strategy for individuals or companies to reduce risk, he said. But when everyone is diversifying, the result is homogenization. That leads to more interconnections among parties, which increases the risk of an extreme event, he said.

"What apparently was reducing individual risk created huge systemic risk because it created maximal connectivity," he told accountancy professionals at the conference, which was co-hosted by the University of Miami School of Business Administration.

Besides failing to sound the alarm about such big-picture risks, accounting also has projected a false sense of certainty, according to some experts in the field. In valuing assets or liabilities, the profession has traditionally relied on point estimates of projections into the future. That yields a precise-looking number on a balance sheet, but rarely is it made clear that the number is just an estimate based on assumptions, says Mike Morris, accountancy professor and director of Mendoza's Master of Science in Accountancy (MSA) program.

In the undergraduate course *Decision Processes in Accounting*, which Morris teaches, students learn to question such assumptions. Mendoza is unusual among accountancy programs in that the course is required of all undergraduate accounting majors. Most institutions offer it only as an elective at the graduate level, he says.

In one exercise, Morris has students read a 2010 *Wall Street Journal* op-ed by Andrew G. Biggs, a resident scholar at the American Enterprise Institute. Biggs warns that taxpayers may be on the hook for trillions of dollars in state pension-fund obligations in the future because of unrealistic assumptions about investment returns over time.

The typical pension fund assumes a risk-free 8 percent rate of return over time. No such investment exists today, when 20-year Treasury bills, considered extremely safe, are yielding less than 3 percent. In their models, Morris says, students discover that when risk is introduced into the equation by the fund having to put money into stocks and other investments, a 50-60 percent probability emerges that current contributions to the pension fund will not be enough to meet promised future payouts.

He says he then asks students if those odds of running out of money would be acceptable.

"They typically say that's too high, it should be around 10 percent. But when they run the numbers, they discover that to lower the risk by that much, you'd have to double current contributions," he says.

That may be hard news to deliver, but it's the kind of unvarnished view of reality that people have come to rely on from accountants.

If the profession wants to provide a more complete picture of risk and uncertainty, it will probably need to take a broader view of reality than ever before.

## The purpose of CARE conferences

Mendoza's Center for Accounting Research and Education (CARE) facilitates and supports the creation and dissemination of accountancy knowledge, and its annual conferences bring together leading academic researchers and practitioners from the field to explore emerging issues.

The conferences aim to stimulate new thinking and new research by junior faculty by drawing from diverse perspectives and expertise.

View presentations from past conferences online:

<http://www.nd.edu/~carecob/ResearchResources.shtml>



# THE ORATOR



Paul Moya, Mendoza College undergrad student, became a voice for the hungry and the homeless as the national Future Farmers of America president.



## MENDOZA SENIOR LEARNS PUBLIC SPEAKING IS PART MECHANICS, PART CONNECTION

By Sally Ann Flecker and Bill Gangluff

Paul Moya's dream was seeded at 9 years old as he stood in the shadows of an auditorium in New Mexico, transfixed by a speaker.

Young Moya had tagged along with his father, Joseph, an adviser for the National FFA Organization, also known as the Future Farmers of America. His father often took students—and his son—to state FFA conventions.

This particular event was different—larger, more electric. The national FFA president was giving the keynote. The room was so full that Moya and his father were as far back in the auditorium as one could go. There were no seats remaining, only a small platform that the sound crew also occupied. Yet, even in the depths of the room, Moya found himself drawn to the young leader and her words. As she encouraged members to find their passion in life, the boy came upon his—public speaking.

Public speaking, that near-universal anxiety-raising specter. But to Moya, it represented the art and craft of connection, person to person, even in a room filled with thousands. He could be a point of inspiration.

And so he set off to become The Orator.

Early on, Moya tried his hand at high school state speech contests—coming in fifth the first year. Not bad, but he's very competitive by nature. He'd set his sights on being the champion, so "not bad" wasn't good enough.

While God gave him a head start with natural-born magnetism and confidence, Moya was learning he needed to grow his public speaking skills and authenticity.

He focused on his mechanics. He videotaped himself. He watched his movements and gestures, the pitch of his voice, and the pace he set. He practiced in front of a mirror. When he thought he had it down, he rehearsed in front of friends and family members to see if they responded in the way he wanted an audience to respond. The next year, he placed third.

He got tough with himself. *How badly do I want this? Am I willing to do what it takes?* He kept at it, paying attention to the different fluctuations in his voice, to where he was moving and where he paused. How the story changed if he told it fast, if he smiled, if he crouched down.

And he also focused on his heart, realizing his craft was part mechanics and part connection. He reflected on his rural upbringing and cataloged stories. The time his parents drove a stranger

to a restaurant and generously paid for his food. His encounter with a homeless man who took his gift of money and immediately turned and gave it to another person in need. The combination of technique and a growing understanding of life transformed Moya into a captivating storyteller.

And Moya did it. His last year of high school—his last chance—he won the state championship.

Now he was ready to put all that he had learned about public speaking to work in presenting the messages that mattered to him. He wanted to inspire youth and business leaders to maximize their potential, to believe in themselves, to pick themselves up if they failed, to stay the course even in the face of adversity. And he wanted to speak out on issues near to his heart—world hunger and educational inequality.

The FFA, which he had joined as soon as he was old enough, provided him with the perfect opportunity—first as the New Mexico FFA state president, and two years later as the National FFA president, leading its half-million members. Moya took leave during his sophomore year at Notre Dame to assume the role.

The day came when he was the speaker standing on the platform, before 55,000 FFA members. He was 21 years old. "Don't walk out of here thinking that the world needs the leaders sitting next to you—because we need *you*," he told them as he talked about ending hunger in the world. "Don't walk out of here thinking that you have to be rich or famous or a celebrity to make a difference, because you don't. We just need you. And don't walk out of here thinking that you don't have anything to give or to offer to the world because, my friends, what the world really needs is you."

To date, Moya has traveled to 40 states and three continents delivering keynotes or workshops to more than 200,000 people. He has spoken in boardrooms and met with members of Congress.

Moya will graduate from Notre Dame this spring with a degree in finance. Although he'll continue to coach and do speaking engagements, he expects to point his career in the direction of business, or law or possibly public policy—all careers that can benefit from the titles he donned in the whirlwind of his youth. A connector. A storyteller. A motivator. The Orator.

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To view videos of Paul Moya presenting, go to: [bizmagazine.nd.edu](http://bizmagazine.nd.edu)



# YOU.

## THE WIND IN OUR SAILS.



Mendoza's climb into the echelon of premier business schools has been made possible by its loyal alumni and benefactors. As Mendoza looks forward to new horizons, you continue to be the wind in our sails.

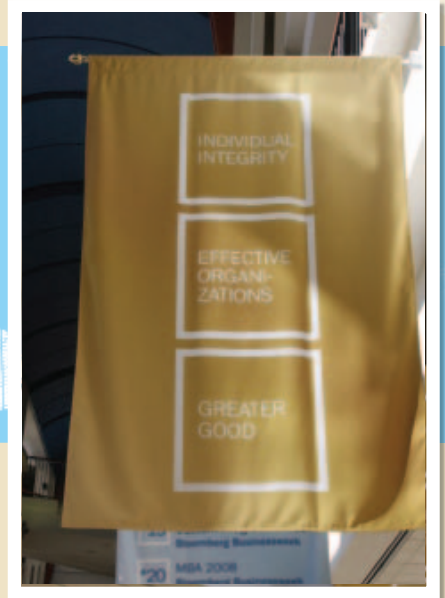
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- **Global perspective** — International immersions in China and South America enrich students' understanding of diverse global markets.
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The John Cardinal O'Hara Society recognizes alumni and friends of the Mendoza College of Business who make significant annual contributions to support the ongoing success of the MBA and Executive MBA programs.

For more information about the O'Hara Society, contact Nicholas Farmer at 574-631-5198 or visit [supporting.nd.edu/ohara](https://supporting.nd.edu/ohara).

## 2011

**Shannon Nealon (MSA)** has joined Grant Thornton International Ltd. in New York City.

## 2010

**Megan Kloet and Laura Hanley**, both BBA ACCT, and **Luke Derheimer (MSA, BBA ACCT '09)** were recently honored by the Illinois CPA Society for outstanding achievement on the 2010 Uniform CPA Exam. The three received the Excel Award, which is granted to Illinois CPAs who achieve a total average score of 90 or more, complete all four parts of the exam within two consecutive testing windows, and score within the top 5 percent.

**Daniel McCormick (EMBA)** accepted a position with the Franciscan Alliance Health System as president of Wellgroup HealthPartners, a 90-physician multispecialty group in the southern suburbs of Chicago. He will oversee operations and strategic growth.

**Aaron Perri (EMBA, '02)** recently was named executive director of Downtown South Bend Inc. Prior to his appointment, Perri was the general manager of Legends of Notre Dame.

## 2009



**Scott Filer (EMBA)** has been named CEO of National Children's Center in Washington, D.C., and elected to the board of directors of Public Health Foundation Enterprises (PHFE) in Los Angeles. PHFE provides a wide spectrum of infrastructure and support expertise to nonprofit and government agencies.

### Ted Grossestreuer (BBA MARK)

has been promoted to account executive with AbelsonTaylor, an independent advertising agency in the health-care field. Grossestreuer has experience in the areas of hypertension, gastroesophageal reflux disease and the cardiovascular and renal systems. He will be working on a dermatology product.

## 2007

### Terin Barbas Cremer (BBA MARK)

is an attorney at Allen, Norton & Blue. Her labor and employment law firm represents corporate management across the Southeast through the prevention and resolution of workplace issues.



**Kimberly Swank, CPA (MBA)** recently moved back to Chicago

after working in St. Louis at a private equity firm. She has more than 13 years of experience in financial strategy and investments. Swank recently returned from a trip to Tibet and China. She also runs marathons and completed the 39.3-mile Goofy's Race and a Half Challenge at Disney World.

## 2006

### Eric A. Larson (EMBA)

has been named vice president, Nuclear Support for FirstEnergy Nuclear Operating Co., a subsidiary of FirstEnergy Corp. Larson is responsible for FENOC's fleet operations, security and strategic industry initiatives for the company's three nuclear power plants. He also has oversight responsibility for the BETA Laboratory, FirstEnergy's commercial and industrial testing organization located in Mayfield Village, Ohio.

### Eric Papp (BBA MGT)

is a leadership trainer and speaker and owns Results-Based Seminars, LLC, in Brandon, Fla. Papp's new book, *Leadership by Choice*, will be published in June 2012.

## 2005



### Loren Brown (EMBA)

has been named president and CEO of the Catholic Foundation of the Diocese of Columbus. The Catholic Foundation is an Ohio nonprofit, self-governing Catholic organization providing perpetual funding for the parishes, schools and ministries within the 23-county Diocese of Columbus.

### Terry Horan (EMBA)

has been named president and CEO of the Robert Bosch Tool Corp. Horan has led Bosch's worldwide rotary tool business for the past six years, engineering a successful turnaround for the Dremel brand resulting in sales increases over the past several years. He is a 25-year veteran of the home improvement industry.

**Thom Kenney, Chief, Civil Military Operations, U.S. Army, USACAPOC (EMBA)** has been deployed to Afghanistan.

## 2004

### John Graber (EMBA)

has been appointed president of CHC Helicopter Services. Graber, a longtime executive with American Airlines, is veteran of Operation Desert Storm.

## 2003



**Greg Stewart (EMBA)** recently was promoted to president

of Gexpro Asia. Gexpro, a Rexel Group company, is a full-line, full-service electrical product distributor and supply chain solution provider.

### Matthew J. Durbin (MBA)

has been named vice president of marketing for Brunswick Bowling-Retail. Durbin recently served as vice president of marketing for Fox and Hound Restaurant Group, where he led the marketing efforts for Fox and Hound, Bailey's and Champps Americana restaurants.

## 2002

### Kellie Friery (MSA, BBA ACCT '01)

was recently promoted to vice president of Dix & Eaton. Friery is a member of the company's investor relations practice.

### Jeffrey L. Masten (EMBA)

has been appointed vice president of quality for Peregrine Pharmaceuticals, Inc. In this newly created position, Masten will be a member of Peregrine's executive committee and will be responsible for the overall quality assurance program for the company.

### Michael Molnar (EMBA)

has been appointed the first-ever chief manufacturing officer for the National Institute of Standards and Technology (NIST).

## 2001

### Jay Gallagher Jr. (MBA)

has been hired by FletcherBennett Group LLC as a principal to expand FletcherBennett's institutional hedge fund investor coverage. Gallagher joins the firm with 14 years of experience in the investment industry.

### William "Bill" Kehoe (MBA)

has been named COO and CFO at Saban Brands. Kehoe provides strategic leadership and oversees operations, finance, accounting, human resources and IT functions across all aspects of the Saban Brands businesses.

### Bob Noll, CFA (MBA)

has joined SageView Advisory Group as a senior investment advisor. Noll, who has more than 16 years of experience in the financial services industry, will be based out of Minneapolis.

## CLASS NOTES

**Jeremy Whitaker (MSA)** has been appointed CFO of Lantronix, a provider of smart connectivity solutions. Whitaker previously served as vice president of finance and accounting for Lantronix from August 2005 to January 2011.

## 1999

**Bill Avey (MBA)** was promoted to vice president of LaserJet & Enterprise Solutions at Printelligent (an HP company). Avey's career with HP began in the finance organization and has included positions in HP Services, the Imaging & Printing Group and Worldwide Sales & Channel Operations. Most recently, Avey served as the worldwide director of marketing for LaserJet & Enterprise Solutions.

**Sean Cantwell (BBA FIN)** has been named a partner by Volition Capital, a Boston technology-focused equity and venture capital firm. Cantwell will focus on software, tech-enabled services and Internet investments.

**Scott Paul Frush (MBA)** recently published *All About Exchange-Traded Funds*, his fifth financial title through McGraw-

Hill. Frush, a chartered financial analyst and certified financial planner, is president and chief portfolio strategist of the wealth-management firm Frush Financial Group.

**Ricardo Mejia (MBA)** has been promoted to vice president of performance excellence at EGS Electrical Group. Mejia began his career at Emerson in 1999 as operations planner with the company's Hermetic Motor Division in St. Louis.

**Andrew Seng (BBA FIN)** has been named the managing director of Holliday Fenoglio Fowler.

**James P. Sullivan (BBA MARK)** has been named as the director of marketing for Greeley and Hansen, a national environmental engineering and consulting firm. Sullivan most recently served as the firm's national marketing and business development strategist. His experience includes strategic business planning, lead-generating market research, strategy development for prospective project opportunities and client relationship planning and management.

## 1998

**Burke Hayes Jr. (BBA FIN)** has joined Compass Point Research & Trading LLC as managing director and head of Investment Banking. Hayes will be overseeing Compass Point's investment banking efforts and the build-out of its platform. He joins the firm from FBR Capital Markets Corp.



**John Michael (MBA, JD, '94)**

has been selected as

the new play-by-play announcer for the Cleveland Cavaliers.

## 1997

**David Hennekes (MBA, BBA ACCT '87)**

has been named the vice president of marketing for FirstEnergy Solutions, the competitive subsidiary of FirstEnergy Corp.

## 1996

**John Bode (BBA ACCT)**

has been appointed executive vice president and CFO of Source Interlink Companies, Inc., publishers of magazines and online content for enthusiast audiences and a distributor of magazines in the U.S. Bode most recently served as senior vice president, corporate strategy and finance, where he had day-to-day responsibility for corporate initiatives.

**Joseph Cassidy (MBA)**

will join Rensselaer Polytechnic Institute as director of the Rensselaer Union, a student-run, self-supporting and self-governing body that organizes, manages and finances student activities. Cassidy has more than 25 years of experience in the field of student affairs.

**Pete Coleman (BBA MARK)**

has joined Point Inside™ as vice president of sales, where he will lead sales and business development. Coleman has more than 15 years of experience in sales and sales management in the information technology industry.

**Phil Koserowski (BBA MARK)**

has been appointed to the newly created position of vice president of interactive marketing for The Leading Hotels of the World, Ltd. Based in the company's New York headquarters, he will be responsible for leading all online advertising, Web, eCRM, and mobile/emerging platform development.

**Kurt Krebs (BBA ACCT)**

has been named vice president and CFO for Cincinnati-based HORAN, a consultant in employee benefits and financial services.

**Meredith Siegfried (BBA FIN)**

has been elected CEO of NORDAM Group by its board of directors. Siegfried previously served as the company's president.

## 1995

**Ken Cervantes (BBA MARK)**

has joined ID Media as vice president, account director.

**Travis Smith (BBA MARK)**

has been promoted to CEO of Jo-Ann Stores, the fabric and craft specialty retailer. Smith joined the Jo-Ann team in July, 2006 and has served as COO, executive vice president of merchandising and marketing and president.

## 1994

**Michael J. Christin (MBA)**

has been appointed vice president of sales for SmartSource Computer & Audio Visual Rentals.

**Robert McDowell (MBA)**

has been named to the newly created position of senior vice president of global distribution for Choice Hotels International, Inc. McDowell will be responsible for the development and execution of Choice's growing global, multichannel marketing and distribution strategy.

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## 1992

**John P. Richardson (BBA FIN)** has joined The PrivateBank as managing director of commercial real estate in the Minneapolis office. Richardson has more than 18 years of banking experience.

## 1991

**Mark J. Mendola (MBA)** has been named PricewaterhouseCooper's U.S. tax leader and a vice chairman of the firm. He will serve as a member of the firm's U.S. leadership team and the global tax leadership team and be responsible for the network of tax practices across the Americas, including Canada, Mexico and South America.

**Tomas Saavedra (BBA MARK)** has joined Elkhart Brass as vice president of international sales. Saavedra will lead the development and growth of the company's international sales.

## 1990

**John M. Baumer (BBA FIN)** has joined the board of directors of Rite Aid Corp. He is a partner with the private equity firm of Leonard Green & Partners.

**Richard Jennings (BBA MARK)** has been named regional vice president of the Mile High region for Comcast, a provider of entertainment, information and communication products and services. Jennings, who joined Comcast in 2005, previously served as vice president and general manager, overseeing the company's broadband operations in the Denver metro communities.

## 1989

**Mitch Roob (EMBA)** has been appointed president and CEO of WoundVision™, a health-care industry pioneer in advanced wound detection technology and medical risk analysis. Prior to joining the company, Roob served as the Indiana Secretary of Commerce and CEO of the Indiana Economic Development Corp.

**Jennifer Gilhool (BBA FIN)** was promoted to director of sustainability, environment & safety engineering of the Asia Pacific and Africa region for Ford Motor Co. Gilhool is responsible for organizational development, process integration, strategic planning and creation of the organizational team in Asia Pacific and Africa, to support growing business operations in the region.

**Paul Zavolta (MBA)** was appointed to the board of advisers for the Enterprise Risk Management Initiative in the North Carolina State Poole College of Management. Zavolta is director of Enterprise Risk Management for Alpha Natural Resources in Abingdon, Va.

## 1988

**Bubba Cunningham (MBA, BBA ACCT '84)** has joined the University of North Carolina as the school's athletic director. Cunningham spent 15 years working in various roles at Notre Dame before serving as the athletic director at Ball State and the University of Tulsa.

**Mercy Caprara (BBA ACCT)** has been named CFO for HyTrust Inc. with responsibility for driving and overseeing financial strategy and planning.

**Rohit Bammi (MBA)** and family have relocated to Mumbai from London. Bammi has joined KPMG and is heading the Financial Risk Management practice.

## 1987

**Emmet M. Murphy (BBA MGT)** has joined Great American Insurance Group's Corporate Claims division as a divisional vice president responsible for the environmental claims unit. Murphy joins Great American from The Hartford and its Complex Claims Group, where he most recently served as assistant vice president and senior counsel.

**James Seitz (EMBA)** was promoted to executive vice president of community banking at 1st Source Bank.

**Michael G. O'Grady (BBA ACCT)** has been named the CFO for Northern Trust Corp.

## 1986

**Scott C. Malpass (MBA, '84)** was recently elected to the board of The Investment Fund for Foundations (TIFF). Malpass is vice president and chief investment officer at the University of Notre Dame.

## 1985

**Rebecca E. "Beci" Brenton (BBA MARK)** has been named corporate director of public affairs for Huntington Ingalls Industries with responsibility for the planning and development of public affairs campaigns in support of the company's new and existing programs.

**Bob Lopes (BBA MGT)** is the CEO of Acclaris, a consumer-driven health-care financial technology and integrated-services company. Lopes, a 25-year benefits-industry veteran, will lead the company's continued growth and expansion.

## 1984



**Rev. David Garcia (MNA '84, '74)** was presented the Rev. John J. Cavanaugh, C.S.C., Award by the Notre Dame Alumni Association for his exemplary commitment to Catholic values and his outstanding contributions in the field of public service. Garcia is the senior adviser for Clergy Outreach for Catholic Relief Services, the archdiocesan director of the Old Spanish Missions, and pastor of St. Agnes Church in San Antonio, Tex. Garcia has produced the bilingual Mass, "La Santa Misa," shown throughout North and South America.

**Martin Riegel (BBA ACCT)** has been appointed chief executive for Crop Solutions 2009. The appointment strengthens the New Zealand company's global profile as it prepares for overseas growth.

**Joe Sweeney (MBA)** has launched the Winning Game Plan™, a networking program and community to help professionals turn online connections into relationships. Sweeney is the *New York Times* best-selling author of *Networking is a Contact Sport*.

**Kevin Shaw (MNA)** has been named the new president of St. Mary's Springs Academy, the Catholic parochial school system of Fond du Lac, Wisc.

## 1983

**Jerome Nichols (MBA)** has been promoted to director of investor relations and corporate communications of Black Hills Corp.

## 1982

**Theresa Grace (BBA ACCT)** has joined Greeley and Hansen as executive vice president and CFO. Grace has more than 25 years of broad financial management and accounting experience. Greeley and Hansen is an environmental engineering and consulting firm specializing in water, wastewater and related infrastructure.



**Sheri Briesch Mullin (BBA MGT)** earned a master's in human resources development from the George Washington University. Mullin received the Leonard Nadler Leadership Award for leadership and academic achievement. She is the vice president of Human Resources and Training for Online Resources Corporation in the Washington, D.C., area.



# Dean Woo's Students

After Dean Woo announced that she was leaving the Mendoza College of Business to become the president and CEO of Catholic Relief Services, we received a multitude of telephone calls, emails and notes. Business leaders, benefactors, b-school colleagues, news media and others have shared thoughts on the dean's decision. But the heartfelt comments of those who were possibly most impacted by Dean Woo—her students—are the ones we wanted to share with you:

"My admiration for Dean Woo grew when I read the letter she penned about her departure for the autumn 2011 *Notre Dame Magazine*. I loved her willingness to acknowledge doubt in her new task, while at the same time acknowledging the need to leave her comfort zone, something she has always encouraged students to do. In addition, her recognition that faith is the antidote for fear serves as another indication of her Catholic belief that God calls all of us to serve in many different ways."

**Dougherty is the executive director of parks and recreation for the City of Macon-Bibb County, Macon, Ga.**

**Dale "Doc" Dougherty**  
(MBA '08)



**Hilary Kelly**  
(12)



"The Character Project is, without doubt, one of the best classes I have taken at Notre Dame. The things I learned in class will be relevant to me at any stage of my life. I am grateful to Dean Woo for sharing her personal experiences and struggles. One story of decision-making particularly struck a chord with me and I have thought back on it several times as I contemplate post-graduation options. I am sad to see Dean Woo leave Notre Dame, but I am excited to watch the impact she will have on the world."

**Kelly is a political science major. Following her graduation, Kelly hopes to pursue a Master of Public Policy or to work in the public policy or international affairs realm.**

"My conversations with Dean Woo touched often on personal and professional guidance. I have always admired Dean Woo for her openness and transparency, and I was moved as she shared her thoughts on how she decided this opportunity with Catholic Relief Services was the right thing to do.

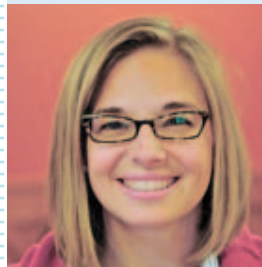
At the end of our talk I told her, "You always told us to continue to learn and challenge ourselves, live to serve with humility, and think beyond just business. You are leading by example. As an alumnus, this is the greatest inspiration possible and gives us courage to do the same, so thank you."

**Schoppe is a managing associate with ScottMadden Consulting, a mid-sized general management consulting firm based out of Atlanta.**

**Andrew Schoppe**  
(MBA '03)



**Colleen Moore**  
(M.Div. '04, '97)



"When Carolyn speaks, her eyes are often closed, as if to focus her mind, heart and senses on drawing her words from a well deeper than that of clever thought or kind sentiment. It is her ability to be led by something more profound than herself that allows Carolyn to see our students' need for character formation, business' need for ethics education, and the Church's need to see those who suffer most and to inspire and facilitate the world's response.

I am inspired by Carolyn's courage to travel to the edge of herself and the world to learn to serve in new ways."

**Moore works in the University's Institute for Church Life as the director of Echo, a two-year service, learning and ministry formation program.**

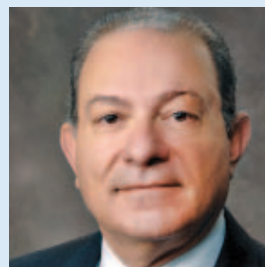
"Dean Woo is an inspiration to anyone who is around her for more than five minutes. Her energy, enthusiasm and passion for education, and her relentless pursuit of improving the educational process define her.

When Dean Woo asked me to chair the Graduate Alumni Board, I hesitated. I was concerned about taking on too much. And then I thought of Dean Woo and her sense of service to this University. I told her I would be honored.

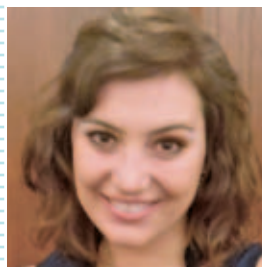
I would like to thank her for giving me the opportunity to work with her. I would ask that she continue to inspire others to focus on their sense of service to others. I wish her all the best in her new endeavor."

**Cafiero is the senior vice president and chief financial officer for AM General.**

**Paul Cafiero**  
(EMBA '95)



**Catherine Soler**  
(12)



"Dean Woo's words are provocative and encouraging. She continually seeks to challenge people's ways of thinking and push people to use their hearts as much as their minds. I am thrilled to watch as Dean Woo transforms the hearts of the world.

Dean Woo has been a supreme example of how honesty, vulnerability and the ability to deeply connect with others can make a leader stronger and more powerful.

We were able to learn from Dean Woo as we were educated at ND—shaped and molded by her example. I wish her the best of luck as she bestows her magic on a brand new audience."

**Soler is an accountancy major who has accepted a position in the audit function with Deloitte in New York City.**



### Jeff Harer (MBA '11)

"A couple of times a week, I would attend midday service in the chapel of Mendoza. Carolyn frequently attended, as well. I had heard her speak of faith and its importance in her life, but witnessing the simple act of her turning those words into action had a profound effect on me. Her legacy at Notre Dame will always be defined by the hard work and everyday actions that she took to make certain each and every one of her students was given the best opportunity to succeed personally and professionally. Dean Woo is leaving Notre Dame and the Mendoza College of Business a better place than she found it; she has changed and improved more lives than she'll ever know.

I would like to tell her, "Thank you and may God bless you."

Harer is a senior financial analyst at Procter & Gamble.

### Edie Graham ('12)

"The Character Project was unlike any other class I have taken at Notre Dame in that the subject of the class was 'me.' We had open discussions about virtues and vices and everyday moral dilemmas. Critically thinking about how to build one's character with the influence of two great mentors (Dean Woo and Fr. Mark Poorman, C.S.C.) is a skill I will take with me for the rest of my life.

Dean Woo has influenced the way I think about everyday situations. She is truly one of the best women I have ever met and I have immense respect and admiration for her decision to become the president and CEO of Catholic Relief Services."

Graham is an Arts & Letters pre-professional, American Studies major and is planning to attend medical school in the fall of 2012.



### Dan Parrish, C.S.C. (MNA '08, M.Div. '03)

"Dean Woo has been a model of Catholic leadership for me. She is a formidable administrator, lifting business education at Notre Dame to new heights with an excellent faculty and facilities. She is a devoted friend of Holy Cross and one of our treasured lay collaborators who has tirelessly promoted the Holy Cross vision of higher education. At the root of it all, however, is Dean Woo's tireless commitment to her deepest values. She believes in Catholic higher education; it is a part of her deepest self.

Notre Dame will miss Dean Woo tremendously. But as she has said, she would not be able to take on this new position had it not been for her time under the Dome. She is modeling for us what we hope every Notre Dame experience ultimately provides; namely, a personal transformation that equips us with the values and skills we need to change the world."

Fr. Parrish is a Holy Cross priest in the doctoral studies program in higher education administration, concentrating on organizational behavior, at the University of Michigan.

### Stephanie LaBomascus ('06)

"I contacted Dean Woo several times on my road to medical school to thank her for all of her sound advice and support and to keep her abreast of my interviews.

When I first met Dean Woo, I really didn't know where the road through ND and beyond was going to lead me. She made me realize what it means to have a calling and to work for something bigger than oneself. I often think of her and the impact she's had on my life as a role model and also as a supporter who encouraged me to find my calling.

LaBomascus is in her fourth year of medical school and set to graduate in May 2012. She is applying for a residency in internal medicine and plans to pursue a fellowship in hematology/oncology after residency.



### Jeff Hsu (MBA '10, '00)

"Besides being a mentor, colleague and friend, Carolyn has also been an important source of inspiration and leadership for me.

When I decided to leave active duty with the Marines, I was not only saying good-bye to the comfort of a stable career and lifestyle, I was also venturing away from the people and institution that had become my family. Leaving the service after I had gone through so much was probably one of the hardest things I've ever had to endure. Carolyn understood this. She knew how difficult my transition would be and it was her compassion, direction and faith in me that helped me navigate the darkness. She not only took the time to help me find my direction, but she also helped me understand that I could find the same sense of meaning, friendship and accomplishment in my civilian life that I found in the Marines.

Carolyn, from the bottom of my heart, thank you. Your friendship, guidance and compassion made all the difference in the world and I am deeply honored and thankful to have you as a friend and mentor."

Hsu is an innovation and design strategy consultant intern at ITT Institute of Design.

### Justin Bartkus (MTS '12, '10)

"As a teaching assistant in the Character Project, there were a couple things that I came to realize about my mother as an instructor.

When she speaks, you get the feeling that her words are coming from a place of deep intuition inside her heart. Her words have power, and her advice and observations always reveal a certain weight of lived experience and wisdom. She doesn't speak if she doesn't need to—which is why when she does, she is able to command your full and complete attention.

Interacting with her, you realize that you have to be accountable and a person of integrity. When she teaches, she's not teaching your brain or your mind, but your entire being—your moral identity, your heart, your gifts, your core.

I'd say the one thing that she's taught me best is that life is serious. Not in the sense that we should never have fun, but in the sense that a life not lived on the basis of a deep calling and a profound vision is a life that isn't being lived to its fullest. I've had to struggle a great deal to discern what is 'my Mendoza,' my project in life.

So I could say all kinds of things about my mom and how she's influenced me, but that story isn't over yet. What I can say to her is, don't worry about what will happen at Notre Dame after you leave. It's our turn to live out the message of your life and work, and we won't soon forget it."

Bartkus has a BA in theology and will graduate with an MTS in theology in May 2012. Following commencement, he plans to teach high school theology. Bartkus is the younger son of Dean Carolyn Woo and her husband, David Bartkus.



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## CLASS NOTES

### 1981

**Thomas S. Shilen Jr.**  
(BBA ACCT)

has been named chief financial and administrative officer of CBS News. Shilen previously served as the senior vice president, controller and chief accounting officer since joining CBS in March 2010. Prior to joining CBS, Shilen held senior management positions at Sara Lee Corp., American Express Co., Citigroup Private Bank and Citi Home Equity.

### 1979

**Ted A. Carnevale** (BBA ACCT)

Carnevale's accounting firm, Gramkow, Carnevale, Seifert & Co., was named to *INSIDE Public Accounting's* Best of the Best Firms list for 2011.

**Susan M. Georgan-Saad**  
(BBA ACCT)

has been appointed CFO of Cenoplex. Georgan-Saad will play a key role in solidifying the company's ongoing financial strength while working closely with the executive team and board of directors to facilitate a strategic growth plan.

### 1977

**Mike Sweigart** (BBA ACCT)

is the chief deputy tax commissioner for Gwinnett County, Ga.

### 1976

**Daniel Cofall** (BBA ACCT)

has been appointed to the board of directors of Sun River Energy. Cofall will serve on the audit, nominations and governance and compensation committees.

**James "Jim" Ghiglieri**  
(BBA FIN)

has been promoted to senior vice president, corporate communications of SHAZAM, a single-source provider for ATM processing, national debit products and merchant processing. Ghiglieri has worked with the EFT network for nearly four years as vice president, corporate communications.

**Jack Walsh** (BBA FIN)

has been named CFO of SRS, a provider of productivity-enhancing Electronic Health Records (EHR) technology and services for high-performance specialty physicians. Walsh has more than 30 years of experience in senior-level management roles.

### 1974

**Anthony D. (Don) Fiorentino**  
(BBA MARK)

has joined VERGO Interactive as CEO with responsibility for strategic business planning and executive oversight of its sales force. VERGO Interactive is a digital marketing company that connects institutions of higher learning with students exploring options for post-secondary education. Prior to joining VERGO, Fiorentino was vice president of sales for government solutions at NECAM Enterprise Solutions Group.

**John Powers** (BBA FIN)

is the executive director of the Kitsap Economic Development Alliance. Powers, the former mayor of Spokane, Wash., most recently was CEO of Seattle's Economic Development Council of Seattle and King County.

### 1973

**Richard Bard** (BBA MGT)

Bard's debut thriller, *Brainrush*, rocketed to the Amazon Action/Adventure Bestseller List in two days. Book two in the series was released in December 2011.

### 1969

**John "Jay" Jordan II** (BBA FIN)

is the 2012 recipient of the Association for Corporate Growth's Lifetime Achievement Award. ACG is a global professional organization focused on middle-market growth, private investment, and mergers and acquisitions. Jordan is the chairman and managing principal of The Jordan Company.

**Dennis J. Manning** (BBA)

received the Lifetime Achievement Award of the Round Table of New York. The Round Table of New York presents this award for significant contributions to the insurance and financial services industry. The award recognizes individuals for their accomplishments in the areas of professional ethics, education and industry leadership. Manning is the executive chairman of The Guardian Life Insurance Company of America, a chartered life underwriter and a chartered financial consultant.

**John F. Sturm** (BBA ACCT)

retired from his position as president and CEO of the Newspaper Association of America in September 2011. Sturm was named president and CEO in 1995 and led NAA through one of the newspaper industry's most dramatic periods of change. He refocused and reorganized the association to better align its mission and goals with new marketplace realities, including its members' continued transition toward robust digital platforms.

### 1956

**Ben Cardella**  
(BS Commerce)

was honored for more than 30 years of service as the field announcer for all of the events at Camarillo (Calif.) High School. The school unveiled the Ben Cardella Press Box. Cardella turned over the Camarillo microphone to his son a decade ago—and picked up another one in Indio, Calif., where he continues to share his expertise as the field announcer for Shadow Hills High School.



**Don Costello**  
(BS Commerce)

recently participated

in a 5K run, finishing first in his age bracket—70-99 years. Disregarding that there were only two entrants in the bracket, Costello commented that he runs the races, rather than races in them. "My aortic valve made of pig is working and it's great fun just to be out there," Costello says.



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**Jim Hlavin and Bob Richard (BS Commerce)**

recently visited the Navy Museum in Washington, D.C. As a retired naval officer, Hlavin found the museum to be quite interesting. Richard, a retired army officer, left wondering how anyone could go out on those little boats!

## 1942



**Robert L. Miller Sr. (BS Commerce, JD '47)**

was presented the Rev. William Corby, C.S.C., Award by the Notre

Dame Alumni Association for his distinguished military service and dedication to serving his country. A former Superior Court judge, Miller received the Purple Heart for wounds received in the Battle of Okinawa. In 2009, he founded Miller's Vets to assist impoverished veterans, giving them housing, military uniforms, "boot camp" refreshers and the opportunity to participate in parades and community events.

## In Memoriam

**Bishop Paul Francis Duffy (MNA '82)** passed away on Aug. 23, 2011. Bishop Duffy, who lived in Zambia for 27 years, was known throughout the country for fearlessly advocating for the rights and freedoms of people in the country's poorest areas. He is survived by a brother, sister-in-law and numerous cousins, nieces and nephews.

**Father Hugh Keefer, O.S.B. (MBA '69)** passed away on June 1, 2011. Fr. Hugh was a member of the first MBA class at the University of Notre Dame. He is survived by his brothers in the monastic life, a brother, nieces and nephews.

**John T. Lentz (BBA ACCT '66)** passed away on June 15, 2011. Lentz, who was a statistician for the Notre Dame football team for many years, retired from the St. Joseph County Auditor's Office in 2007. He is survived by his sister, aunt, step-brothers and step-sisters.

**Harry G. Steele (BBA FIN '65)** passed away on June 30, 2011. Steele, who began his 31-year career at Philip Morris U.S.A. in New York City as director of financial controls and planning, was appointed senior vice-president of finance in 1990. He is survived by his wife, children and grandchildren.

**Robert W. Kesteloot (BS Commerce '56)**

passed away on Sept. 23, 2011. Kesteloot served as commanding officer of the USS Catawba, executive officer of the USS Mansfield, commanding officer of the USS Lockwood and commanding officer of the U.S. Naval Base, Subic Bay, Philippines. Kesteloot is survived by his wife, children and grandchildren.

**John McCullough (BS Commerce '55)** passed away on July 20, 2011. McCullough, the legendary Milwaukee television anchor, began his career in 1955 with South Bend's WNDU-TV, became an anchor with Milwaukee's WTMJ in 1967, and was a fixture on Milwaukee television until his retirement in 1988.

**James P. Hosty (BS Commerce '48)** passed away on June 10, 2011. Hosty, a special agent for the FBI in the Dallas office during the early 1960s, was assigned to investigate a suspected communist agitator and possible spy—Lee Harvey Oswald. Hosty published his memoir in 1995, *Assignment: Oswald*. He is survived by his children, grandchildren and great-grandchildren.



## Future Domers



**Nan (Casari) Schoenleber (BBA MARK '04)** and Todd Schoenleber welcomed a daughter, Sophia Ann Schoenleber, on May 17, 2011.



Soo Jin and **Paul Kim (MBA '10)** welcomed daughter Addison Yena, Feb. 3, 2011.

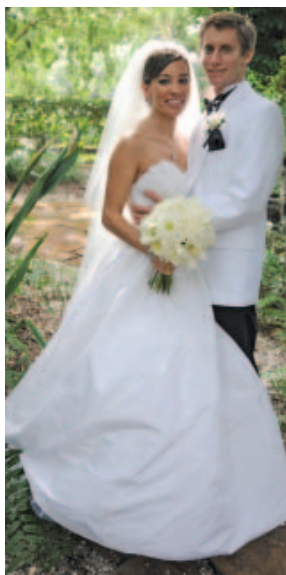
## Weddings



**Nicole Payne (EMBA '09)** and Dave Brown were married on Sept. 5, 2009, in Buffalo Point, Manitoba, Canada.



**Anne Bingham (MBA '05)** married Timothy DiCarlo in a garden wedding on Oct. 8, 2011.



**Terin Barbas (BBA '07)** and Jake Cremer were married on Aug. 7, 2010, in Tampa, Fla.



**Andrew Duff (MBA '09)** and **Maya Noronha ('07, '05)** were married on July 16, 2011, at the Basilica of the Sacred Heart at Notre Dame.



# Faithfulness as a Compass

By Carolyn Y. Woo

Every morning on my drive to campus, I recited the rosary along with a recording of Father Ted Hesburgh, following the same routine of intentions and devotions. A short petition precedes the fourth decade: that the Mendoza College would be mindful of our blessings and stay faithful to our mission.

As I wind down my professional ministry at the College, I have delivered various talks and penned different essays. It seems like everything has been said, except for one message. And indeed, upon reflection, it's my most central one, implicit in all the others: I fervently hope that faithfulness will continue to be job one for the College as it welcomes a new dean and starts its next chapter.





**Stay faithful. Faith will never fail you.** For the abundance of blessings we have received, I can only conclude that God honors those who try to honor Him.

Photograph by Matt Cashore '04

I am convinced beyond doubt that the progress we enjoy comes from the blessings of God and His Mother as a result of our explicit desire to put the Notre Dame mission foremost in our approach to business education. Our work is multiplied by the Holy Spirit, despite our often feeble, distracted and imperfect actions to honor this mission.

What is this mission to which we stay faithful and for which we invoke God the Father, Son and Holy Spirit and His Mother for assistance? Our mission, weaving through everything we do, calls us to cultivate holiness in ourselves and express this in our care for others because God is in and with us. He is love, and at Notre Dame, we proclaim that He is real.

We believe that our work to integrate faith with reason, as well as success with virtue, is made possible because we do not take this on by ourselves. We undertake our mission by the grace of God, who empowers us to transcend self-interest, do the right thing despite personal sacrifices, put aside injuries, recognize our own flaws, and seek forgiveness.

Fortunately, God's magnanimity never depended on our efforts, and we have succeeded beyond our most optimistic hopes, in spite

of our inadequacies. We have met challenges of resources and capacity, given our relatively small faculty of about 110 who serve a large and growing student body of 2,500 across five undergraduate majors and four graduate programs. We have worked to innovate our curricula, adding coursework that instills in students our central message that business can be a powerful force for good. And we have persisted and thrived, even when almost insurmountable obstacles impeded us, such as when we introduced our Executive MBA program in Chicago right after Sept. 11, 2001.

We have seen amazing results, in our rankings, our enrollments and our benefaction. But most significantly, in our people—the students, alumni, faculty and staff—who take the Notre Dame mission forward to influence lives for the better.

In my first meeting with Father Hesburgh as a new member of the University he loves so much, he wasted no time to impart the advice to me that he must have given to all new people. It was the only advice that mattered to him, because it carried him through countless challenges. He gave me three simple words: Come, Holy Spirit.

I can tell you that the Holy Spirit comes through, over and over again.

In education, our mission invites us to develop our students' intellect along with an adult faith that prepares and inspires them to take on complicated issues in a culture that may not share nor reward their values.

Most other business schools would have difficulty making the connection between this mission and the metrics that drive rankings, reputation, noteworthiness, leadership and other proxies that seem to reassure us that we matter. These should not be sufficient nor foremost for the Mendoza College of Business, which has the privilege to sustain and add to a heritage that aims for something far greater:

- To offer an education in which the "hands and heart are engaged as much as the mind" (Blessed Basil Anthony Moreau, C.S.C., founder of the Congregation of Holy Cross)
- To give students "the vision and the practice of serving the nation's needy" (the Rev. Theodore Hesburgh, C.S.C., president emeritus) and
- To recognize that "the primary function of commerce is service to mankind" if it embraces "a code of ethics based very largely on divine principles" (Cardinal John F. O'Hara, C.S.C., president emeritus, founding dean, Notre Dame College of Foreign and Domestic Commerce).

So in this last entry, there are only two words that matter, even if you forget everything else: Stay faithful. Faith will never fail you. For the abundance of blessings we have received, I can only conclude that God honors those who try to honor Him. For the Notre Dame mission, there is no worthy substitute.

# Everyday Grace

## Faith should comfort the afflicted, afflict the comfortable

Third in a series of reflections by Lawrence S. Cunningham

Some years ago, crammed into a window seat on a flight from the West Coast, I made the mistake of telling my aisle-seat companion, a youngish business professional, that I taught theology at the University of Notre Dame. Little did I know that my companion was a new convert to an evangelical mega-church of a decidedly missionary philosophy. Very quickly his Bible was in hand in order to show me that unless I had a personal relationship with Jesus, my ultimate fate was going to be far worse than a four-hour flight across the country in an uncomfortable seat, sustained by a miniscule bag of peanuts and a Diet Coke. Despite my attempt to feign interest in the in-flight magazine, he would have none of it. Just a tad exasperated when he assured me that were I to accept Jesus as my personal Savior, the result would be peace of mind, my answer was curt: "If I wanted peace of mind, I would take Prozac." My snappish reply seemed to have stopped the exchange, since he lapsed into a long silence with his eyes glued to his Bible.

I remember that conversation a bit ruefully, both because I was rudely dismissive of my companion and because religious faith, in fact, does bring with it consolation, which is a type of peace of mind and heart. Perhaps my resistance to a further exchange was rooted in my dislike of religious argument. That being said, I should have been a little more accommodating to the good-hearted zeal of my seat mate.

American culture has a conspicuous longing for peace of mind. Otherwise, how do we account for our readiness to swallow prescription drugs, to go to therapists, to seek out panaceas from the leisure industry (what an odd phrase: "leisure industry"), to read books about how to resist stress, and so on. We are a therapeutic culture. Indeed, one could argue that the American therapy industry is a kind of secular version of religion. What is a therapist, the late psychologist Rollo May once quipped, but a Calvinist in Bermuda shorts?

It is true, to be sure, that religious faith does offer peace. The Hebrew word "Shalom" is a shorthand way of saying that God is with us. The priest looks out at his congregation and blesses us with a phrase frequent on the lips of Jesus: "Peace be with you!" The sacramental rites of the church are designed to give us that Shalom of which scriptures speak: They settle our remorse for sin in the confessional; they ease us through the dark voyage of dying; they console the mourners at the grave site; they give us hope when we are in doubt or despair or bewilderment; they urge us to love when we require a prescription against hate or anger. Religious faith, in short, does hold out peace in place of disquiet or dis-ease.

Alongside such consolation, however, is another side of Christianity. This is the message that wants to unsettle our self-esteem; that proposes something of a radical challenge to

our smug complacency. It is the message that may ask us to give something precious—even as precious as our life—in order to yank us out of the ordinary into something beyond what we think of as possible. To be sure, the Jesus of the Gospels heals the sick, frees the demons afflicting the mad, gathers the children, has mercy on the poor and afflicted. It is the same Jesus, however, who tells us that in following Him we must take up our cross and abandon family and home. It is that Jesus who points the finger at power and calls it hypocritical, and tells the young man that if he wants to follow Him, he must give up everything.

When Jesus unsettled people, He was following in the footsteps of the ancient prophets of Israel who excoriated those who would offer sacrifices at the altar and then defraud the poor or lend money at usurious rates. It was the precise task of the prophet to unsettle, to provoke, to shock and to demand a conversion to the authentic teachings of the Torah.

It is the case, however, that the Church has often been criticized as the institution that too often utters, "Thou shall NOT!" My students have made this complaint, and not always without justice. To hear nothing but "fire and brimstone" from the pulpit is not a pleasant thing, although one hears it less today than in my youth. Within that complaint, however, there is an issue that the Church must face: It must offer the consolation of faith while saying a clear "no" when appropriate, both to social and individual sin and error. The Church cannot simply be a cheerleader for the current cultural values of a society. Whoever embraces the spirit of the age, writer G. K. Chesterton once quipped, soon finds himself a widower.

There is a paradox here that I would like to note: Authentic religious faith should both unsettle us and give us peace. What we must avoid is settling for what the anti-Nazi martyr Pastor Dietrich Bonhoeffer once called "cheap grace"—making our Christian faith into a tranquilizer. Faith demands that we understand our own deep human flaws, while offering a direction to remedy these flaws. St. Augustine famously—and correctly—wrote: "Our hearts are restless until they rest in Thee."

I still feel a little bit of remorse—"remorse" means to be "bitten again"—at the preemptory way I shut down the conversation with the young businessman on that plane ride. The incident showed two things: 1) I am far from being a perfect person, and 2) my companion had a valid, if incomplete, point.

God help me!

---

*Lawrence S. Cunningham is John A. O'Brien Professor Emeritus of Theology at the University of Notre Dame.*

Visit [bizmagazine.nd.edu](http://bizmagazine.nd.edu) to read the other articles in this series on Everyday Grace—"Thoughts on Remorse" and "A Conversation on Faith and Doubt."





“Do not go where the path may lead, go instead where there is no path and leave a trail.”

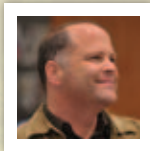
— Ralph Waldo Emerson

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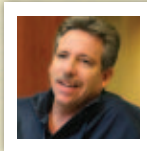
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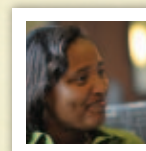
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*"My kids are very young, but I think my service sets an example in their minds that there are bigger things going on than our day-to-day lives. Things that are wrong, and that their generation will be part of helping to fix."*

Bob Lewandowski, Mendoza College IT instructor, enlisted in the U.S. Naval Reserves after 9/11 left him with an unshakeable notion that he needed to contribute. Separated from his young family for 15 months when he was deployed to Afghanistan in 2010, Lewandowski exemplifies a kind of hero who rarely makes the headlines: people willing to totally disrupt their own lives to serve wherever they're needed, to the best of their abilities.



For full story, go to:  
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