FALL/WINTER 2009

the Alumni Magazine of NYU Stern

STERNbusiness

Henry Kaufman's Words of Wisdom ■ Volkswagen's US Strategy ■ The Faculty Band ■ Revlon's New Boss ■ A New Dean in the New Year ■ Three Takes on Managing in a Recession

a letter from the dean

The past six months have produced enough "green shoots" in the global economy that it is reasonable to hope an economic spring is in the offing. It is gratifying to think that the book of white papers our faculty created, which was published by Wiley in March under the title *Restoring Financial Stability: How to Repair a Failed System*, may have influenced key policy measures taken by our nation's lawmakers to address the financial crisis. I am proud of our School's continuing contribution to this critical national dialogue.

This level of intellectual product from our community is, of course, one reason why NYU Stern has become a preeminent school of business education. In this issue, we highlight more examples of the vitality of our campus, actual and virtual. Henry Kaufman (BA '48 (Heights), PhD '58), for whom our main academic center is named, answers questions about his life and his vision of the world – its risks and its promise. Kaufman's third book, *The Road to Financial Reformation: Warnings, Consequences, Reforms*, was published in August by Wiley (page 16).

Last spring, at our conference, "Bankruptcy and the Financial Crisis," President of the Kansas City Federal Reserve Bank Thomas Hoenig's keynote speech drew a lot of media attention (page 3). Stefan Jacoby, president and CEO of Volkswagen Group of America, touched on bankruptcy in his discussion of the global auto industry and then presented an interesting vision of the future of transportation (page 18). John Demsey (MBA '82) of Estée Lauder led an After Market Hours event, sharing his insights on managing through these turbulent times (page 4).

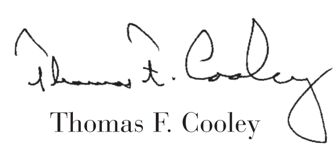
We also include in this issue excerpts of several research papers by our faculty that I think you will find intriguing. Viral Acharya (PhD '01), a co-editor of *Restoring Financial Stability*, poses an interesting hypothesis about what he calls the internal governance of firms – a situation wherein employees who have the firm's best interests at heart provide a strong counterweight to a self-interested or myopic CEO (page 30). Also in the management area, we have grouped excerpts from three separate papers that come at the topic of "Managing in a Recession" from different angles. Steven Blader describes how employees can be motivated by something other than money, a most helpful insight these days (page 24). Dolly Chugh shows, disturbingly, how if people think they may suffer a loss, they have a greater tendency to engage in unethical behavior (page 26). And Gina Dokko examines how employees' prior experience doesn't necessarily work to their new employers' advantage (page 28).

Most imminently, the School is preparing to welcome its new dean, Peter Blair Henry, currently the Konosuke Matsushita Professor of Economics at Stanford University (page 20). Dean-designate Henry will assume his new role on January 15, 2010.

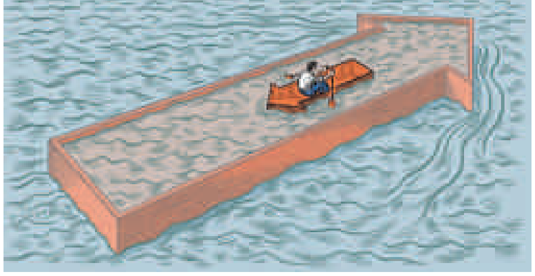
I am delighted with the appointment of Peter Henry, whose multi-faceted background encompasses scholarship, administration, and public policy. A Rhodes Scholar, he is a charismatic leader as well as a creative and productive scholar, whose research focuses on the impact of economic reform on emerging economies. He led the Obama Transition Team's review of the International Monetary Fund, World Bank, and other international agencies, and has advised governments from the Caribbean to Africa.

Professor Henry's contributions in the arena of public policy are numerous and will serve to advance the work that we have begun, positioning NYU Stern at the intersection of business and society. I am confident that he will be a strong advocate for our many areas of excellence and that the School will continue to thrive under his leadership.

At our Global Alumni Conference in Barcelona last June, we were treated to exciting progress reports on NYU as the Global Network University (page 12). It is our alumni who carry Stern's reputation into the farthest corners of the globe, and we are always proud of your accomplishments and grateful for your continued support. It has been my great privilege to serve as dean, and I look forward to remaining a vital part of the Stern community as I return to teaching and writing.



Thomas F. Cooley
Dean



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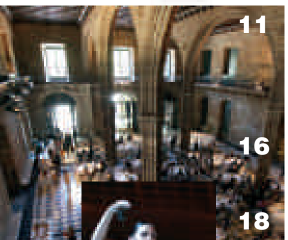

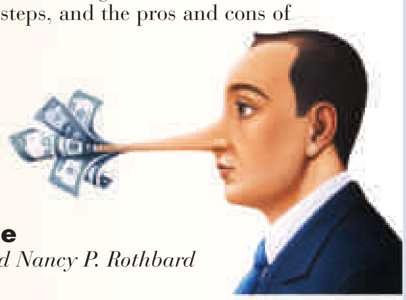

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Public Offerings

NYU STERN CELEBRATES THE IMPACT OF EDUCATION AT THE HASKINS AWARD DINNER

On April 28, nearly 220 NYU Stern alumni and friends gathered for the 2009 Haskins Award Dinner at the Mandarin Oriental hotel in New York City. The gathering celebrated the support of Stern's most dedicated and generous alumni, faculty, and friends over the past year and highlighted the importance of making an impact on society through education.

Dean Thomas F. Cooley (right) and William R. Berkley (left) honor Judith Rodin with the 2009 Charles Waldo Haskins Award at a celebratory dinner in April.

At the event each year, the School bestows the Charles Waldo Haskins Award on an outstanding individual whose career has been characterized by the highest level of achievement in business and public service. This year, NYU Stern Dean Thomas F. Cooley presented the award to Judith Rodin, president of the Rockefeller Foundation and former president of the University of Pennsylvania.

In her acceptance speech, Rodin spoke about the relevance of innovation to the current economy, as well as the power of ideas shared across national, institutional, and disciplinary boundaries. The current economy, she said, has created a "once-in-a-generation chance for innovation in every sector; it has never been more important." Rodin shared her insights on collaborative thinking and her experiences as the first woman to lead the Rockefeller Foundation.

William R. Berkley (BS '66), chairman of the NYU Stern Board of Overseers, spoke about the importance of educational institutions and their impact on society.

Dean Cooley thanked the audience, specifically the leadership of the Board of Overseers, Dean's Executive Board, and Alumni Council, for their generosity to and continued support of NYU Stern. He also noted the recent media attention surrounding the School: "People are finally discovering that Stern is an incredibly important institution that contributes to business and the world at large."

To highlight the media attention and the School's most recent success – the faculty's creation of a book of white papers entitled, *Restoring Financial Stability: How to Repair a Failed System*, as a response to the current financial crisis – alumni viewed a short video that presented highlights of professors across all Stern departments who were interviewed on leading television and radio outlets and who either authored or were cited in articles in top magazines and newspapers discussing the economic crisis. Visit the website at http://w4.stern.nyu.edu/events/podcast/sizzle.html to view the video.

Photo: Zef Nikolla/Printroom.com Photography

Dean Thomas Cooley and 15 co-authors of *Restoring Financial Stability: How to Repair a Failed System* rang the closing bell at NASDAQ on April 14. The book, published in early March, is a collaborative effort of 33 NYU Stern professors to provide an in-depth analysis of and specific policy recommendations for solving the current financial crisis and avoiding another one.

On May 14 at Radio City Music Hall, Raymond Odierno (left), Commanding General of Multi-National Force-Iraq and father of graduating MBA student Anthony Odierno (MBA '09), delivered the keynote address to students receiving advanced degrees at Stern's Graduate Convocation ceremony. Alumnus Thor Bjorgolfsson (BS '91) (right), an Icelandic entrepreneur, delivered the keynote address at the Undergraduate Baccalaureate ceremony held for Stern's undergraduate business college later that afternoon. General Odierno spoke about leadership and service to the community and country and the value of serving higher goals, and Bjorgolfsson spoke about the need for staying positive and opportunistic in bleak economic times and for looking for the silver lining.

New York University officially conferred its degrees during an All-University Commencement ceremony at Yankee Stadium on May 13, where Secretary of State Hillary Rodham Clinton delivered the major address.

NYU STERN OPENS NEW VOLATILITY INSTITUTE

NYU Stern announced the launch of a new research center, the Volatility Institute, created under the leadership of the School's Nobel Laureate Robert F. Engle, the Michael Armellino Professor of Finance at Stern. Engle, whose volatility research garnered the Nobel prize, introduced the Institute's Volatility Lab, called Vlab for short, which measures and forecasts financial volatility and correlations in *real time* for a wide spectrum of assets, including equities, exchange rates, commodities, and bonds. The Vlab currently produces 300 analyses each day over numerous financial series using both classic models as well as some of the latest advances proposed in financial econometrics literature.

Robert Engle debuted Stern's Volatility Lab at the Volatility Institute's inaugural conference in April.

"The economic crisis has put a spotlight on the importance of calculating and managing risk effectively," said Engle. "The forecasts coming out of our Volatility Lab will provide risk managers and regulators with alternative and independent measures to assess the state of the financial markets on an up-to-the-minute basis." The Institute hosted its first conference for researchers and the business community on "Volatilities and Correlations in Stressed Markets" in April.

FED'S HOENIG CRITICIZES ADMINISTRATION'S APPROACH TO TOO-BIG-TO-FAIL INSTITUTIONS

At the NYU Stern Salomon Center conference on "Bankruptcy and the Financial Crisis" in June, Kansas City Federal Reserve Bank President Thomas M. Hoenig spoke out against the government's current stance on large financial institutions. Facing a packed room of practitioners and Stern MBA students and alumni, Hoenig offered alternate solutions for managing too-big-to-fail firms. Two expert panels included Stern Professors Edward Altman and Nouriel Roubini; William Ackman of Pershing Square Capital; Barry Adler, professor at NYU School of Law; Michael Krimminger, special policy advisor of the Federal Deposit Insurance Corporation; Gerald Rosenfeld (PhD '73 (Heights)), deputy chairman of Rothschild North America, clinical professor, and member of Stern's Board of Overseers; and Myron S. Scholes, chairman of Platinum Grove Asset Management.

The first panel, moderated by Stern Dean Thomas F. Cooley, discussed creditors' rights, with the Chrysler-Fiat merger a case in point. Adler called the deal "a reorganization in the guise of a sale," arguing that the government's actions were inconsistent with bankruptcy laws. Altman predicted the demise of Chrysler within five years and argued that the government's unprecedented actions in bailing out the auto industry are rewriting the bankruptcy code.

In his keynote address, Hoenig rejected the notion that some firms are too big to fail and criticized the government's ad hoc approach. "With too-big-to-fail, capitalism is compromised and equity of opportunity is sacrificed to expediency," he said. He laid out a three-step plan to address troubled, large institutions, namely, creating one set of "easily understood and enforceable" rules of performance for institutions with systemic importance; defining a plan of attack for firms in this category; and holding managers and stockholders of failed, large firms accountable for their actions, replacing management for the resolution process.

The second panel, moderated by Stern Finance Professor Matthew Richardson, addressed how to deal with the failure of large banks. Roubini said that receivership is the best approach to adopt with insolvent firms, because it minimizes taxpayer losses, reduces moral hazards, offers clear guidelines and protocol, and provides a faster means to divest from the institution. However, he stressed, "The most crucial criterion for deciding if you want to go through forbearance, or a bailout, is deciphering whether the institution is illiquid or insolvent." Hoenig's remarks and streaming videos of the event are available at: www.stern.nyu.edu/bankruptcy_conference.

A ROUNDTABLE WITH THE ASPEN INSTITUTE ADDRESSES FINANCIAL MARKET REGULATION

In June, NYU Stern and The Aspen Institute, with support from Ernst & Young, convened a group of 20 business practitioners, including former senior government officials, and business and law academics to discuss responses to the current economic crisis and to explore the role of financial market regulations in fostering economic recovery and growth. Among the participants were former Chairman of the SEC William Donaldson, NYU Stern Dean Thomas F. Cooley, and NYU Stern Professors William Allen, John Biggs, Bruce Buchanan, and Lawrence White.

Participants explored a number of issues that they agreed need to be resolved in order to revamp the US regulatory system, including: creating a systemic risk regulator; pricing systemic risk; addressing the destructive potential of derivatives; international cooperation in creating regulatory and corporate governance requirements; adequate resources, talent, and enforcement capacity for financial market regulators; fostering and enforcing accountability; the role and value of financial innovation; a long-term focus among corporations; and attention to the interests of long-term investors.

ALUMNUS JOHN DEMSEY DISCUSSES MANAGING ESTÉE LAUDER THROUGH TURBULENT TIMES

In February, the NYU Stern Dean's Executive Board hosted a select group of alumni and students for cocktails and conversation at an After Market Hours event – part of a series highlighting successful Stern alumni – that featured alumnus John Demsey (MBA '82), group president of The Estée Lauder Companies. At the NYU President's Penthouse, Demsey spoke candidly about the event's theme, "Managing through Turbulent Times."

Demsey said the economy in 1982, when he graduated from Stern, was very similar to today's. "There were very few jobs. I took a job at Macy's that I probably wouldn't have taken in fatter times. But there I met some of the most talented and influential people of my career." He added, "It doesn't matter where you start; it's where you end up."

Demsey worked also at Bloomingdale's, Saks, Benetton, and Revlon before joining Estée Lauder in 1991 as West Coast vice president of sales. At the time, the firm was a privately held, family company that relied on five large, powerful brands. Today, Estée Lauder is a publicly traded, multinational organization with 29 brands and operations in 135 countries. In 1998, he steered the acquisition of MAC and was subsequently put in charge of the brand. "That's when I really learned how to run and brand a business," he said.

Demsey described how the world is now more monolithic, the consumer base more fragmented, and retail more vertically integrated. "Brand loyalty today means that consumers are loyal to four or five cosmetics brands," he explained. "The average woman uses 13 cosmetics brands."

Rather than competing on price as a long-term strategy, he said, Estée Lauder is reframing its value proposition. Quality and longevity are key, as is establishing emotional connections with consumers. Consumers are returning to brands they trust because they are not as willing to experiment, and he predicted this will work to Estée Lauder's benefit because it has a long tradition of trusted brands. At the same time, he asserted that innovation remains critical.

NOBEL LAUREATE ROBERT LUCAS AND DEAN THOMAS F. COOLEY DEBATE THE GLOBAL FINANCIAL CRISIS AT JAPAN-US CENTER EVENT

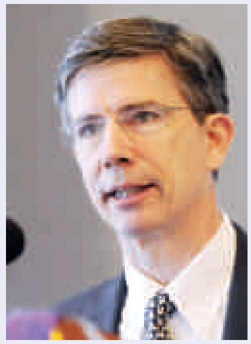
Robert Lucas, Nobel Laureate and Shinsei Visiting Professor at NYU Stern, recently compared the global financial crisis to the Great Depression and Japan's "lost decade" at an event hosted by the Center for Japan-US Business and Economic Studies in April. Lucas was joined by Dean Thomas F. Cooley for an informal conversation.

Referring to the economic contraction from 1929 to 1933, Lucas argued that the Hoover and Roosevelt administrations should have increased the money supply to prevent deflation and increased spending, and by not doing so, prolonged the Depression. Japan, he said, experienced prolonged deflation during the 1990s, though not as severe as the US's Great Depression.

Lucas noted that today, unlike in 1933, there haven't been commercial bank runs, flight to currency, or deposits lost. Still, the collapse of Lehman Brothers and other investment banks echoed that era. The Obama administration is putting more reserves into the system and also acting as a lender of last resort, something the government should have done in the 1930s, he asserted. The monetary policies taken by the current administration are good central banking policies, he said.

Dean Cooley, less optimistic, said that the policy has shifted the risk to the taxpayers and has gradually undermined the soundness of the FDIC. He explained that a time-consistent policy is one that will be sustained over a long period of time even as circumstances change, and pointed out the time-consistency challenge the government faces in continuing to alter policy as circumstances change.

BOARD MONITORING OF RISK MANAGEMENT AT CENTER OF NYU DIRECTORS' INSTITUTE

Richard Ketchum (left) and Joseph F. Tracy spoke about financial reform and the US economic outlook, respectively, at the Directors' Institute in May.

The NYU Pollack Center for Law & Business, a joint initiative between NYU Stern and NYU School of Law, in May hosted its seventh annual Directors' Institute, entitled "Board Monitoring of Risk Management." Created to help directors stay current on their legal, fiduciary, and ethical responsibilities, the Directors' Institute was attended by more than 50 experts and practitioners in the fields of law, business, and regulation.

William R. Berkley (BS '66), chairman and CEO of insurance company W.R. Berkley Corp. and chairman of NYU Stern Board of Overseers, opened the conference with remarks about board risks from an insurer's perspective. The current economic crisis has brought a new level of volatility, and, for him personally, a heightened awareness of the risk of correlation. He argued that to deal with risk, managers need common sense, expertise, and critical eyes, in addition to mathematical theory, and suggested the following guidelines: Make managers risk-conscious; have boards define companies' risk tolerance; determine how to measure risk; and have board members set parameters for keeping them informed.

Joseph S. Tracy, executive vice president and director of research at the Federal Reserve Bank of New York, predicted that the current economic downturn is likely to be the longest and deepest since the 1930s. He said production and employment continued to decline rapidly through March as the economy worked through an unusually large inventory correction, though inflation continues to slow. While nominal income growth is declining, real income growth is increasing, boosted by drops in energy prices and taxes. He noted that the personal savings rate is up but that a lot of savings are being used to reduce debt. Net worth has declined dramatically, and there remains excess inventory in the housing market. Overall, however, he argued that fiscal and monetary policy is working.

The luncheon keynote address was delivered by Richard Ketchum, chairman and CEO of the new FINRA – Financial Industry Regulatory Authority – who spoke about financial reform legislation in the US and abroad. He argued that the present financial turmoil creates opportunities and suggested that regulators address the lack of transparency with over-the-counter derivatives, improve surveillance of the equity markets, create legislation that establishes a clear set of principles, develop one oversight body of investment advisors and broker/dealers, and resolve turf issues.

The conference also featured panels that examined the board's role in monitoring risk management, what every director should know about asset-backed securities and credit default swaps, risk embedded in succession planning and CEO compensation, and legal compliance risks in a crisis. It included expert panelists from the US Securities and Exchange Commission, the Delaware Court of Chancery, and NYU Pollack Center for Law and Business, among others.

CeDER HOLDS WORKSHOP ON MANAGING DATA RISK

In April, NYU Stern's Center for Digital Economy Research (CeDER) and IBM Research hosted a workshop to bring together leading practitioners and academics to address strategies and tactics that organizations can use to manage or reduce data risk. The conference was attended by participants from top companies and universities, including AT&T Labs, Ernst & Young, IBM, JPMorgan Chase, Thomson-Reuters, and Yahoo!, and Carnegie-Mellon University, Columbia University, and NYU Stern.

The workshop's co-organizer, Vasant Dhar, professor of information systems and director of CeDER, said: "Organizations are collecting massive amounts of data in order to make better decisions. Data are typically viewed as an asset. However, experience reveals risks ranging from high-profile losses in reputational equity due to data breaches to suboptimal day-to-day decisions due to erroneous or incomplete data."

The program consisted of a keynote address, seven lectures by industry experts, and a panel discussion on best practices and existing gaps for managing data risk.

As part of Stern's Berkley Center for Entrepreneurship & Innovation Himelberg Speaker Series, Facebook co-founder Chris Hughes addressed a select group of entrepreneurs from Stern's student, faculty, and alumni communities. Hughes, now entrepreneur-in-residence for a venture capital fund, also met one-on-one with nine pre-selected semifinalist teams from Stern's Annual Entrepreneurs Challenge to offer feedback on their venture ideas and explore investment opportunities.

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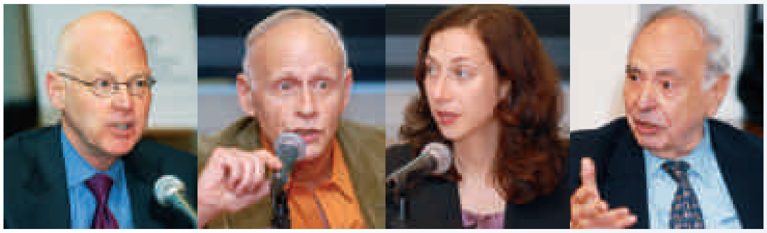


Roundtable participants (from left to right) Brian Cartwright, Baruch Lev, Elaine Buckberg, and Seymour Jones discussed how the economic crisis may affect securities litigation.

PRACTITIONERS, ACADEMICS, AND RESEARCHERS DISCUSS THE FUTURE OF SECURITIES LITIGATION

"History shows us that economic and financial upheavals expose accounting scandals, executive compensation excesses, and audit failures. But the current crisis seems to be an exception. Is it?" asked Stern Professor of Accounting and Finance Baruch Lev at a recent roundtable discussion at NYU Stern.

In cooperation with the National Economic Research Association (NERA) Economic Consulting, the NYU Stern Vincent C. Ross Institute of Accounting Research hosted a roundtable entitled, "Securities Litigation: Will the Current Crisis Reverse the Recent Downward Trend?"

Co-host Elaine Buckberg of NERA Economic Consulting introduced the roundtable presenters, who shared their perspectives on litigation and regulation.

Stephanie Plancich, senior consultant of NERA Economic Consulting, examined recent trends in securities class actions and highlighted a large dip in the number of federal filings in 2006. Attendees questioned whether this dip was due, in part, to the success of the Sarbanes-Oxley Act of 2002 (SOX), which aimed to increase ethics in the corporate world.

"Will the current economic downturn provide a defense for wrongdoers?" asked Stuart Grant, founding partner of Grant & Eisenhofer, a national litigation boutique firm that concentrates on corporate governance and securities litigation and other complex class actions. He also questioned whether, as numerous banks vanish from the scene, defendants will be around long enough for anyone to sue them.

Jamie Levitt, partner at the law firm Morrison & Foerster, argued that litigation stemming from the crisis has occurred in waves – the first hitting the mortgage industry, followed by the financial industry, the ripple effect, and the Madoff litigation, and next up will be the bailout lawsuits.

Stern Assistant Professor of Accounting Mary Billings shared some recent studies examining the factors that influence the likelihood of litigation.

Jan Larsen, consultant at NERA Economic Consulting, looked at recent trends in SEC settlements. Post SOX, his data showed that the top 10 settlements ranged from $250 million to $800 million.

Adding a regulatory perspective, David Weintraub, senior vice president and associate general counsel of JPMorgan Chase, predicted that while the US has experienced a heightened regulatory environment for the last six years, the rate of response to issues from state regulators will speed up, with more focus placed on hedge funds and less on broker-dealers. He also forecasted increased scrutiny of executive compensation in the financial services industry and the regulation of credit default swaps.

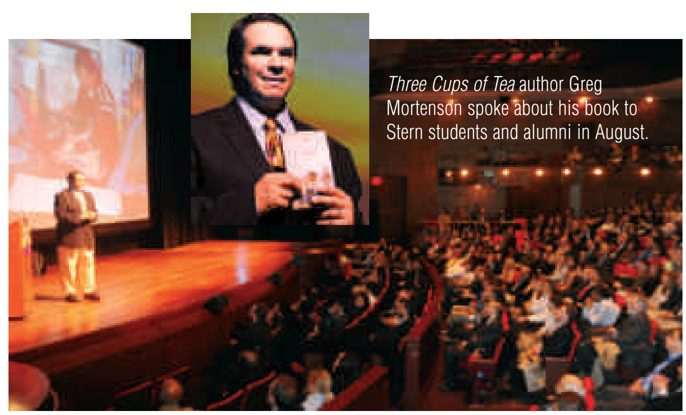
Drawing on his experience as the general counsel for the SEC, Brian Cartwright posed several intriguing questions: How high will filings go? Will a volatility defense work? Will a once-in-a-lifetime defense work? What about the vanishing defendant? What about situations where the defendant is at risk of being nationalized?

Clinical Professor of Accounting Seymour Jones said, in closing: "The subprime mortgage crisis spread all over the world because other countries copied the US. The more stupid things we do, the more stupid things we will pay for."

GREG MORTENSON DELIVERS 2009 ASHOK C. SANI SCHOLAR-IN-RESIDENCE LECTURE

In March, more than 600 alumni and guests gathered to hear Greg Mortenson deliver the 2009 Ashok C. Sani Scholar-in-Residence lecture, "Promoting Peace through Education." Mortenson is the founder of the Central Asia Institute and Pennies for Peace, nonprofit organizations dedicated to promoting education in rural communities in Pakistan and Afghanistan, and is the co-author of *The New York Times* bestseller, *Three Cups of Tea*, which was also *Time*'s "Asia Book of the Year."

Mortenson has dedicated a large portion of his life to promoting education in remote and often volatile regions of Pakistan and Afghanistan. He has established more than 78 schools, providing education to more than 28,000 children, including 18,000 girls. His work, however, has not been without extreme difficulty – he has survived a kidnapping, firefights between Afghan warlords, two fatwahs, and a CIA investigation. As recognition for his work in support of global education and literacy, Mortenson will soon receive Pakistan's highest civil award, Sitara-e-Pakistan (Star of Pakistan).



Three Cups of Tea author Greg Mortenson spoke about his book to Stern students and alumni in August.

The 2009 Ashok C. Sani Distinguished Scholar-in-Residence Lecture is an annual lecture made possible through the generosity of the family of the late Ashok C. Sani (BS '74), a successful entrepreneur, president of C.G.S. Industries Inc., a loyal supporter of NYU, and a founding member of the NYU Stern Alumni Council. The Ashok C. Sani Distinguished Scholar-in-Residence Program shares with the NYU community his interest in ethics, truth, love, peace, non-violence, compassion, and the moral and social responsibilities of members of society.

TheaterMania's Headliner

by **Jenny Owen**

At TheaterMania.com, there is an amazing vitality of the dramatic arts showcasing across the US. Broadway shows are just the appetizer in the feast of entertainment that awaits – summer festivals, local playhouses, and opera abound, and TheaterMania.com has gathered it all in one website. The site provides listings, reviews, ticket information, and more for the majority of the shows in 40 markets around the country. No surprise that the company, whose ad revenue grew 45 percent in the past (recessionary!) year, has experienced steady growth annually since its founding a decade ago. The leading role of CEO at TheaterMania is being ably played by Gretchen Shugart (BS '82), who joined the cast about a year after its debut.

Shugart was taken with the performing arts early on. Raised in a family where the arts ranked high – her mother is a concert pianist – Shugart moved to New York City at the age of 18 to study the violin. Instead, she ended up pursuing a bachelor's degree in management and economics at NYU Stern. "I didn't really want to be a violinist, I just had an opportunity to come to New York and study it," explained Shugart. "I love New York, and I knew I was never going to make a living here playing the violin – there are too many people who are better. But I always enjoyed business."

Gretchen Shugart is CEO of TheaterMania.com.

Crediting her Stern education with "setting me up for everything I've done since," Shugart finished her degree in about two and a half years. After graduating, she spent 18 years in corporate finance positions at Manufacturers Hanover Trust Company and Chase Bank (both now known as JPMorgan Chase), Bank of Montreal, and Communications Equity Associates.

Shugart became acquainted with TheaterMania when the firm she had founded, eMediaCapital LLC, was brought on to provide investment banking advisory services. "TheaterMania's founders came to me about six months after they had raised money during the dot-com boom, and the money was starting to run out because they were spending very fast to get scale. There was no revenue yet, and, at the time, capital was drying up," Shugart explained. "I became very involved in the company, trying to keep it alive, and the natural progression was for me to become CEO." Working with the original investors, and bringing in new ones, the company was able to raise more money, structured so that it was drawn down only as certain financial targets were met. Within two years, the company became cash-flow-positive.

In the fragmented markets it serves, TheaterMania found its niche by serving as the portal for smaller productions to reach a mass consumer audience efficiently and inexpensively. Around 700,000 consumers visit the site each month. While most people think of theater just in terms of Broadway, TheaterMania saw the opportunity to focus on the smaller shows and theater companies, explained Shugart, "where the hundreds and hundreds of not-for-profit and small 99-seat houses didn't have anyone paying attention to them and didn't have a way to market their productions." The company also works with Broadway and large scale productions at sophisticated venues like Radio City, Lincoln Center, the Kennedy Center in Washington, DC, and A.R.T. in Boston. "But we've never lost sight of the little guy," assured Shugart.

"While most people think of theater just in terms of Broadway, TheaterMania saw the opportunity to focus on the smaller shows and theater companies 'where the hundreds and hundreds of not-for-profit and small 99-seat houses didn't have anyone paying attention to them and didn't have a way to market their productions.'"

TheaterMania is partly supported by ad revenue, not only from the performing arts but from unrelated advertisers who like its demographic of highly educated, affluent, mature females. The company sells advertising on its website and on its e-mail newsletters, which includes more than 600,000 subscribers who receive theater information and special discount offers. Several years after launching TheaterMania, the company began developing a proprietary web-based ticketing system, OvationTix, which is used by venues across the nation, including NYU's Skirball Center. The revenue for OvationTix derives from licensing and ticket fees.

While TheaterMania.com covers major US markets, London, and Toronto, its home base of New York City – headquarters are near the theater district – is its prime market, because the city has the largest performing arts community. Shugart noted that being in New York offers many advantages, such as a sophisticated pool of employees who love working in the arts and face-to-face opportunities with clients, who, if they aren't located in New York, visit often because of its significant industry presence. Shugart said she views her job as "being the conductor, the orchestrator, the facilitator: We have very strong managers in the company. A lot of times, I'm just reinforcing what the managers want to do, but I have to tie together editorial, technology, sales, customer service, finance, and marketing, and that requires that I facilitate a lot of interdepartmental coordination."

In the decade her company has been in business, Shugart said, the theater business has evolved. "There is a lot more collaboration happening – theater companies are getting together and co-producing so that they can share the risk and the expense," she pointed out. "Markets share shows back and forth more. Consumers have realized that they should shop around before getting a ticket. And there is a lot more interactivity, trying to make productions more fun for the audience and getting them involved, like with 'Hair' and 'Fuerzabruta'." For its part, TheaterMania has recently launched a classifieds section for the arts industry and is developing new markets in English-speaking cities across the world.

Shugart also plays on a more intimate stage, as wife and mother. She and her husband and teenage daughter and son make their home in Westchester County, New York. A classical music buff, she also enjoys taking her family on the road for vacations, which this summer included London and Barcelona. "I'm proud that I've been able to sustain my career for nearly 30 years while also having a family and raising two well-adjusted kids," she said. For Shugart, that's the role of a lifetime. ■

Going the Distance

by **Rika Nazem**


Alan T. Ennis leads Revlon, Inc.

"Career progression is a combination of two factors," explained Alan T. Ennis (MBA '02), "ability and opportunity. I believe that my experience, management style, and ability have positioned me well to take advantage of the opportunities that have presented themselves to me." The latest opportunity for Ennis, as of May 2009: president and CEO of Revlon, Inc., the global cosmetics and beauty care company that includes well-known products such as Revlon Colorstay lipstick, Revlon Age Defying makeup, the Almay line of cosmetics, ColorSilk haircolor, and Mitchum antiperspirant/deodorant.

Leading up to his role as head of the $1.37 billion, NYSE-listed company, Ennis was the company's numbers whiz. He held various positions in finance, including executive vice president and CFO, and led the international business, which, he said, "broadened my knowledge of the global cosmetics landscape and gave me direct accountability to drive the international organization to be more efficient and profitable." In 2008, Ennis was named to *Treasury and Risk* magazine's "Forty under Forty" list, which cited him as having "leapfrogged" up the executive ranks of the company. Ennis described his formula for success: "I focus on results, clear accountability, open communication, fact-based discussions, and timely, disciplined decision-making." He also credits his Executive MBA experience for framing his strategic thinking and approach to leadership. "My Stern education equipped me with additional tools to enable me to take the next career step. My approach is not unique, but I believe that persistent and clear-minded application of that approach creates sustained, positive, forward progress," he noted.

His approach has proved itself in results. With Revlon's executive leadership team, Ennis devised a business strategy for the company in 2006 that included building and leveraging Revlon's brands, improving the execution of the plans, enabling and developing the company's human capital, strengthening the international business, and improving the operating profit margins, cash flow, and capital structure. "The successful execution of this strategy has led to significantly improved profitability, reduced debt, stabilized market share around the world, and, in 2008, the generation of positive free cash flow and net income," he said.

But with a tough economic market, Ennis also recognizes the need for a balanced perspective on the long-term growth of the brand. "Our strategy is long-term in nature and remains appropriate for the current environment. We're managing our resources carefully and remain aware of the economic and competitive landscape that exists," he explained. "The company has incredi-

ble talent and capabilities, broad geographic reach, strong global brands, including Revlon, which is one of the most recognized brands in the world. We continue to take actions to enable the company to become a stronger organization while staying true to our vision of providing glamour, excitement, and innovation to consumers through high-quality products at affordable prices."

Ennis, with his wife, Michelle, and their children, (from left to right) Timothy, Bridget, and Daniel, ran the 2009 EIF Revlon Run/Walk for Women.

The Revlon brand is truly global, with a presence in more than 100 countries around the world. "Our key markets around the world include the US, Canada, Australia, South Africa, and the UK. The marketing approach is consistent country to country: a keen focus on innovative, high-quality, consumer-preferred products; effective consumer brand communication; appropriate levels of advertising and promotion; and superb execution with our retail partners. The Revlon brand has a 75-year heritage as the global, modern glamour color authority in color cosmetics," Ennis said.

"Career progression is a combination of two factors," explained Alan T. Ennis, "ability and opportunity. "

In addition to its purely business concerns, Revlon has a long heritage that recognizes the importance of philanthropy. The Entertainment Industry Foundation (EIF) Revlon Run/Walk for Women is one such well-known effort. Launched in 1993 the EIF Run/Walk is a bicoastal event that, each year, draws huge crowds – which have included student members of the Stern Women in Business MBA club – and raises more than $10 million annually in support of women's health initiatives and the fight against women's cancers. Proceeds from past EIF Revlon Run/Walks have funded cutting-edge research, contributing to the development of the breakthrough gene treatment Herceptin, as well as other targeted therapies, bringing new and innovative treatment approaches to women's cancers worldwide.

In his free time, Ennis enjoys running. He highlighted that, while at Stern in 2001, "I trained for and ran the New York City Marathon with a few MBA classmates, including Noel Furniss (MBA '02) and Mike Bergner (MBA '02). It was a memorable event, coming so soon after the events of September 11, 2001 – I can clearly recall Mayor Rudy Giuliani's comments at the start of the race, where he said 'Tomorrow, New York is going to be here. And we're going to rebuild, and we're going to be stronger than we were before... I want the people of New York to be an example to the rest of the country, and the rest of the world, that terrorism can't stop us.' In 2002, my wife, Michelle, and I ran the NYC marathon together with my brother, Michael, from Ireland." He met his goal of breaking four hours for a marathon in the 2003 Chicago race with a time of 3 hours and 51 minutes. He and Michelle like to play golf and tennis and swim, as well as spend time with their three children, Bridget, Timothy, and Daniel. ■

AMID COMMERCE AND CULTURE

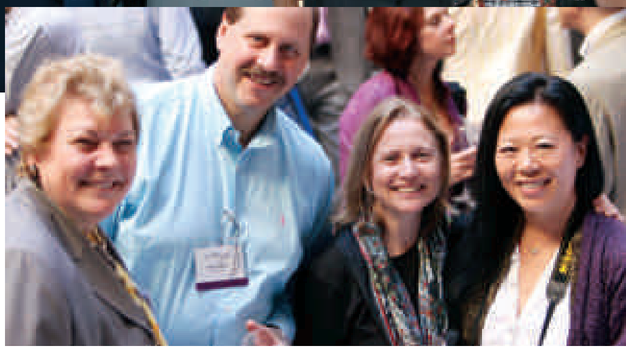
A PROVOCATIVE PROGRAM AT THE GLOBAL ALUMNI CONFERENCE IN BARCELONA RANGES FROM THE FINANCIAL CRISIS TO FAMILY BUSINESSES, FILM, AND ARCHITECTURE

by **Joanne Hvala**

Barcelona is a jewel with many facets: gateway port to the Mediterranean, sun-drenched commercial capital, playground of wildly inventive chefs, seaside landscape of fantastical Gaudi architecture. Last June, this urban siren provided the vibrant backdrop for the 6th Annual Global Alumni Conference, held June 11-13 at the Casa Llotja, a 14th century building that is now the official home of the city's Chamber of Commerce, Industry, and Shipping.

Nearly 300 Stern alumni, drawn from 25 countries, convened to hear a series of interviews and panels that focused on the financial crisis and its aftermath, as well as film, architecture, and NYU's visionary plan for the Global Network University. The alumni host committee, chaired by Juan Antonio



Samaranch-Salisachs (MBA '86), assembled a stellar roster of speakers, many drawn from the Barcelona and Spanish business community. The Honorable Dr. Josep M. Basañez, First Vice Chairman of the Chamber of Commerce of Barcelona, who represented Barcelona Mayor Jordi Hereu i Boher, joined Dean Thomas Cooley in welcoming alumni and friends.

Different Strokes

Keynote speaker Jordi Gual, chief economist at La Caixa, Spain's leading savings bank, and professor of economics at IESE Business School, provided a nuanced tutorial on the financial crisis, describing the current situation, comparing and contrasting the effects on the real economy in the US and Europe, and outlining the key elements needed for a sustainable recovery. Although mentioning glimmers of hope, he warned of a deep, global recession that is having a different impact on different countries, and that will have long-lasting effects. Fiscal policy has responded more aggressively in the US, while Europe has been more cautious and reliant on monetary policy. While unemployment is increasing in the US, in Europe the welfare state is cushioning the recession – a good short-term strategy, he said, but in the longer term it could impair labor mobility and change.

Another perspective on the financial crisis was given by Alfredo Saenz, CEO of Banco Santander, SA, the world's largest branch bank, who was interviewed by Stern's Roy Smith, Kenneth Langone Professor of International Business, in a "Chat with Financiers" segment of the program. Banco Santander had

Beyond the Square – Stern and the Global Network University

Washington Square may be the first location that comes to mind when NYU Stern is mentioned, but in the coming years, Stern will be part of a university that literally spans the globe. Stern's participation in the NYU Global Network University was the subject of Dean of the Undergraduate College Sally Blount's plenary session presentation, with co-presenter Hilary Ballon, Vice Chancellor for NYU Abu Dhabi Initiatives. Dean Blount is also Advisor to the President and Provost for Global Integration at NYU, working with the heads of NYU's global and administrative units to create the infrastructure needed to realize the university's vision of creating a large-scale, globally networked research university.

Seeds for the Global Network University were planted more than half a century ago, when NYU students began venturing to various European cities for accredited coursework. Today, nearly every continent has an NYU outpost where NYU students can spend a semester or year abroad. Over the past two years, the university's administration has focused on creating an integrated network out of its many international programs. "The question is how best to create the infrastructure," Dean Blount said, to enable students to move around the world as part of their education and to enable faculty to engage in the kind of scholarly exchange that enhances their areas of expertise.

At Stern, Dean Blount has spearheaded the School's open-borders approach to undergraduate education. She has initiated several curricular innovations, including two new global degree options – the World Studies Track, launched in spring 2008, and the BS in Business and Political Economy, launched this fall. Students in these unique degree tracks will spend multiple semesters studying abroad in Europe, Asia, and Latin America as an integral part of their undergraduate education. "NYU is at the leading edge of what






an extraordinarily good year in 2008 – booking 9 billion euros in profits. Observing the financial crisis, however, Saenz asserted that poor risk management was at fault. "You need to have independent risk management and get the board of directors involved. We have had these rules since I was born."

Room for Improvement

Rounding out the financial program, Stern Professor Edward Altman, Max L. Heine Professor of Finance, moderated a panel of alumni representing three generations who tackled the topic of "Restructuring and Credit Markets in 2009-2010."

Speaking of "systemic gullibility," Mark Patterson (MBA '86), chairman and co-founder, MatlinPatterson Global Advisers LLC, highlighted the amount of leverage in the system, citing residential real estate and estimating $200 to $300 billion in commercial real estate write-offs to come. He predicted that the recovery wouldn't happen until $4 trillion in write-offs had been completed, and added: "We have moved leverage from the basement to the upstairs – to sovereign government debt. This is scary."

Fabio Cane (MBA '90), head of investment banking, Intesa Sao Paolo, criticized the "exaggerated incentive system" and "no sense of ownership." Final buyers, he said, did not understand the enormous risk of the financial instruments they were buying, the ones that rating agencies rated triple-A. The financial crisis has offered many opportunities for restructuring, said Tony C. Alvarez II (MBA '76), founder and co-CEO, Alvarez & Marsal, and a turnaround expert

universities will look like in the 21st century," Dean Blount said.

The student body has embraced the international curricula wholeheartedly. Some 800 high school seniors applied for 50 open spots in Stern's new Business and Political Economy degree. About 75 percent of entering students will spend at least one semester abroad during their time at Stern. In addition, through the Edward and Nancy Barr Family International Studies Program (ISP), all juniors are required to take a course on a specific international region and make a week-long study visit there. "Last March, we had 200 students in Hong Kong, 200 in Budapest, and 200 in Buenos Aires," Dean Blount said.

On the graduate level, the process of "interleaving" overseas study with the New York experience is also moving ahead. About 350 to 400 students go overseas each year, with most going to Melbourne, Hong Kong, Hyderabad, and Singapore through Doing Business in… (DBi) courses. The School already offers three global graduate degrees in concert with educational institutions in London, Paris, Hong Kong, and Amsterdam.

The global university concept is as solid financially as it is breathtaking academically. "This is a very robust model," said Dean Blount. "With the possible exception of London, we can deliver programming more cost-effectively abroad." NYU Abu Dhabi, to be located ultimately on a full campus on Saadiyat Island, is funded completely by the government of Abu Dhabi, Ballon said. NYU Abu Dhabi, set to welcome its first students in September 2010, will offer a full four-year liberal arts degree program.

The Global Network University project is a "high-risk, high-return bet," Dean Blount conceded, but the potential upside has energized everyone concerned – including session attendees in Barcelona, one of whom declared he was ready to do college over again – if it was at the Global Network University.

who was tapped to handle Lehman Brothers' restructuring. "We are seeing the globalization of restructuring," he said.

Indie Films Rule

Discussing risk from the perspective of film rather than finance, Marketing Professor Al Lieberman, executive director of Stern's Entertainment, Media and Technology program, interviewed Michael Barker, co-president and co-founder, Sony Pictures Classics, whose career breakthrough moment came when he negotiated with film director François Truffaut for North America distribution of "The Last Metro" and later brought Spanish director Pedro Almodóvar's work to an American audience. Speaking about "The Independent Film: The Growth of Global Cinema," Barker began by calling Stern's entertainment business track "the best program of its kind in the country." Contrasting indie films with big-budget blockbuster releases, Barker explained: "There is a totally separate independent film business with a different set of economics. Overspend on marketing and you kill the profit; under-spend and there is no profit."

Old Family Recipes

The concluding conference session offered alumni the choice of panels on two very different engines for economic growth – the family business or architecture and urban development – both offering abundant examples in the Spanish economy.

Stern's Marti Subramanyam, Charles E. Merrill Professor of Finance, moderated "Family Business in the 21st Century: An Anachronism or an Institution for Economic Growth and Stability?" Subramanyam pointed out the importance of family business as an institution in Europe and Asia. "Even in the US, one-third of the businesses are indirectly controlled by families – think of Wal-Mart and Johnson & Johnson," he noted.

Marc Puig, chairman and CEO of a third-generation family business, The Puig Beauty and Fashion Group, observed that family businesses have different priorities than private equity and explained, "You are working for something that goes beyond one's own existence." Claudio Boada, chairman of Circulo de Empresarios, an organization comparable to the Business Roundtable, added, "Family businesses tend to be more profitable than non-family businesses, and therefore tend to last longer – 20 percent last beyond the third generation."

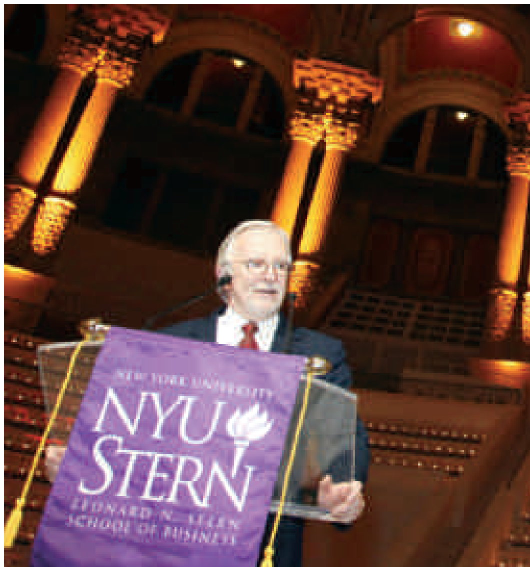
The panelists attributed the success of family businesses to their conservative grounding in tradition, which fosters a long-term focus, and their close attention to cash, particularly in the efficient use of working capital and higher investment in R&D. A chief concern is succession planning, critical to ensuring the longevity of the business.

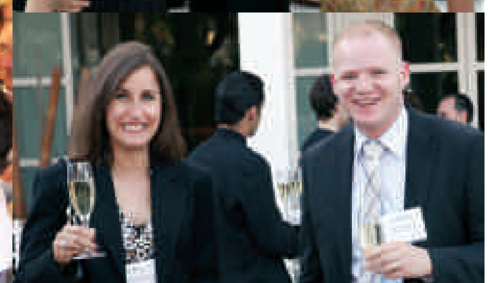
"Research shows that the combination of family ownership and professional management provides the best of both worlds," said Alejandro Beltran, managing director of McKinsey Spain, who had his own experience with a family-owned construction company.

The Art of Urban Development

The renaissance of Barcelona that was prompted by the 1992 hosting of the Olympic Games was just one thread of the panel's discussion of "Architecture and Urban Development as Engines for Economic Growth," moderated by Hilary Ballon, professor of urban studies and architecture at NYU Wagner and Vice Chancellor for NYU Abu Dhabi Initiatives.

Josep Anton Acebillo Marin, CEO of Barcelona Regional, SA, recalled the lessons learned from the redevelopment of Barcelona in preparation to host the Olympics, not least of which was the challenge of reclaiming 20 hectares





from the sea. Jerry Cohen (BS '53, MBA '59), a partner in Tishman Speyer Properties, described another daunting project – building a tower over the historic Hearst Building in New York City – which involved difficult zoning issues relating to melding a landmark property with a contemporary tower while incorporating the latest in "green" building techniques and materials.

Beatriz Plaza, professor of economics at the University of the Basque Country, highlighted the importance to the local tourist economy of the Gehry-designed Guggenheim Museum in the Basque city of Bilbao. "Bilbao is an industrial city," she explained, and the choice of an "iconic" builder was essential for the project to move forward. Plaza quantified the benefit of the new museum in numbers of tourists and the discounted cash flow of incremental taxes related to tourism. Built in 1997, the Bilbao Museum had recouped its investment by 2006, and Plaza also credited it with adding 8,000 local jobs.

Praising the public life in Barcelona, Robert Campbell, the Pulitzer-prize-winning architectural correspondent for *The Boston Globe*, attributed its quality to population density, naming Cambridge, Mass., Paris, and Manhattan as other successful examples of dense cities conducive to social and intellectual interaction. These "cities of ideas" can be anywhere, he said, but depend on infrastructure. "The art of infrastructure is the art of design," he said.

The conference formally concluded with a reception and closing dinner at the Museu Nacional d'Art de Catalunya at the Palau Nacional (pictured on the cover). Before dinner, alumni had time to tour the permanent exhibit of Romanesque art that features restored frescoes recovered from more than a dozen small churches in remote areas. Following dinner, alumni enjoyed classical guitar music by The Barcelona Guitar Orchestra. Professor Smith toasted Dean Thomas Cooley for his leadership and service to the Stern School, leading the alumni audience in a rousing crescendo of "*Olés*." ■

Visit www.stern.nyu.edu/barcelona to view videos of the full presentations, additional photos, and more from the Conference.

10 QUESTIONS

HENRY KAUFMAN (BA '48 (HEIGHTS), PHD '58)

president, Henry Kaufman & Company, Inc.

Henry Kaufman, known as the official oracle of Wall Street and the original Dr. Doom, was previously managing director and chief economist of Salomon Brothers Inc., and before that served as an economist at the Federal Reserve Bank of New York. Kaufman has endowed several chairs at NYU Stern as well as the School's Henry Kaufman Management Center. He is chairman emeritus of the Stern Board of Overseers and active on the boards of a number of public and nonprofit organizations. Born in 1927 in Germany, his first 10 years, prior to moving to the US, were spent in that country's politically turbulent, hyperinflationary pre-World War II period, an experience that deeply affected his outlook. Kaufman's third book, The Road to Financial Reformation: Warnings, Consequences, Reforms, *was published by Wiley in August.*

1. You have indicated that you are, from experience, greatly concerned with the risk of negative political change that often accompanies harsh and uncertain economic times. Do you see that possibility emerging from the current economic crisis, either in the US or internationally?

I do see that possibility, but I suspect it is less than a 50/50 chance in the US. However, I would have to say the risks are higher today than at any time in the post-WWII period because the financial situation is more dire and the mishaps more extreme. The response by the public and the White House and Congress can be quite significant when you have extreme economic and financial behavior that induces potential social/economic/financial shifts – as happened in the '20s and '30s. We are a strongly embedded democratic society, but Germany in the '20s was heading toward a dictatorship. In the US, the Depression led to significant reforms, but we maintained our social/political/economic structure. There is the potential that the situation today will result in a more governmentally run economic and financial system.

2. What are the risks facing the US economy at this moment, and how well do you think the administration and the Fed are handling them?

The risk we are facing now is a malfunction in our financial system. We have a constrained system that is not a willing lender at this time. So far, the private sector financial system is ailing and has not returned to a vibrancy. A good part of the lending has been taken over by the federal government. We must move out of that, but how speedily we will be able to is not clear.

3. Are there any lessons from the past that we in the US should be heeding now, but are not?

Financial institutions and markets have a dual responsibility to the private sector. As holders of savings, they have a fiduciary responsibility, and at the same time, they have entrepreneurial drive. These have not been well balanced in the past couple of decades. That is a key lesson: We need to create a financial structure in which these two responsibilities are balanced.

4. Where do you see the US economy in two years? In five?

In the next two years, I see a modest economic recovery, which by most historical standards will not be as great as in previous cyclical expansions. In five years, it is a question of how well we have rebalanced our financial institutions and markets and also their supervision – which is in front of Congress today.

5. Is there a silver lining to the current economic distress the world is experiencing?
If there is a silver lining, it would have to be that only in periods of great duress is significant change made. But you have to be careful of that. In the '30s, the government enacted the banking acts of '33 and '35 and established the FDIC and the SEC. This was a sharp deviation from the past, and this system performed reasonably well for a number of decades. Similarly, now, the major industrial powers will need to recognize that financial institutions play a unique role, and their public responsibility is significant. Rules and regulations for behavior will need to be put in place. No one does that when things are going well.

6. Do you see a need for more such regulation on an international level?
Since my view has been that we live in a global world, I believe we must have extraordinary coordination with other nations, because the markets will arbitrage and the problems will crop up wherever rules are less strict. It will not be easy to come by, but there ought to be a global board of overseers of major financial institutions, in which the major powers would participate.

7. The 20th century has been called the American Century. Who or what do you think will be central to the 21st century?
The 21st century will be one of global integration. The barriers to trade and financial markets are coming down. The functioning of economic and financial systems has to become far more integrated. The US still will be the dominant country, because we are a democracy with rules of law and behavior; also our education system at the university level is far more diverse and larger than anywhere else in the world. It's not easy to get that kind of body of knowledge going in a developing country. The US will continue to play a leadership role.

8. What lessons did you learn at Stern – academic or otherwise – that were most useful to you over the course of your career?
One of the lessons I learned is to approach problems by looking at both sides. Don't prejudge the answer, try to prove it to yourself. I also learned – primarily from my mentor, Marcus Nadler (retired Stern finance professor and leading financial economist) – to try to simplify complex issues. He could take complex economic issues and explain them, putting forth both the plusses and the minuses of an issue and come down to a reasonable answer. My professors had one foot in the real world – the financial world – and one in the academic world and were able to blend that.

9. Why do you prize education so highly?
Ignorance is not bliss, it is dangerous. It breeds wrong conclusions. Only over the longer term can we make social and economic changes and that can only come through education. Unless we can raise the level of educational competence, dangers will increase.

10. What are you most proud of?
I'm lucky and proud to be here, in America. I could have been caught up in the Holocaust rather than become an American. It's only when you know the difference that you value this country. ■

Stefan Jacoby

president and chief executive officer

Volkswagen Group of America

Stefan Jacoby, president and CEO of Volkswagen Group of America, has overseen the strategic direction of Volkswagen Group's US automobile business since October 2007. Volkswagen Group of America houses the American subsidiaries of the worldwide family of five brands: VW, Audi, Bentley, Lamborghini, and Bugatti. Volkswagen is the world's third-largest auto manufacturer and the largest car company in Europe. Jacoby began his career at Volkswagen in 1985, after receiving his MBA from the University of Cologne. In one of his senior management positions, he was responsible for sales in the Asia-Pacific region and for expanding two Volkswagen joint ventures in China. In 2001, he temporarily left Volkswagen to serve as president and CEO of Mitsubishi Motors Europe, headquartered in Amsterdam. Jacoby rejoined Volkswagen in March 2004.

Stefan Jacoby was interviewed in April by Vijay Vaitheeswaran, an award-winning correspondent for* The Economist *and executive-in-residence at NYU Stern, where he teaches an MBA elective on energy and the environment. Vaitheeswaran is the author of the book* Zoom! The Global Race to Fuel the Car of the Future*, which was selected as one of five finalists for the* Financial Times *and Goldman Sachs 2007 Business Book of the Year.

Vijay Vaitheeswaran: *I've seen your company talk about this being one of the worst years in its history or certainly in recent history. Is it as bad as it seems?*

Stefan Jacoby: I think it is even worse. It's a long-term economic crisis. Now we see the downside of globalization, as the crisis is global. One problem is that it came so fast – nobody had foreseen it, and nobody could have prepared for it. Over the years, Volkswagen has optimized our product structure, global presence, and especially our productivity. And we believe, and we see this in the numbers, that we are better prepared than some of our fellow competitors. I think that we can actually overcome this "perfect storm."

VV: *You have a major plant in Tennessee – I believe a billion-dollar investment – at a time when the industry is suffering from global overcapacity and the arrival of more economically competitive, cheaper rivals from developing economies. How does it make sense to invest in a developed market that tends to have a glut?*

SJ: If you don't invest now, you destroy your future. We continue to invest in our product. We strongly believe that our products, future technologies, and future models are, on a global scale, actually guaranteed a bright future. Of course, we immediately cut costs wherever we could. And that, of course, is hard. But we are not moving one inch from investing in our product, technologies, and long-term plans here in the US. That would be a tremendous mistake.

VV: *You're a niche player, relatively speaking, in the US. Give me your perspective on the giants of American automobiles – the Detroit companies that are in such trouble now. Is the age of American dominance of automobiles in America over?*

SJ: Actually, I don't hope any of the American automakers step out of the business, because if so, another carmaker would come in, whether from China, India, Europe, or another Asian country. We want to play a bigger role here, and therefore we need to Americanize our products, by which I mean that we need to have a high local content and to have the product tailor-made to the American consumer. To do this, we need a strong American supply industry, and that can only survive with a strong American auto industry. That's why we have a strong interest that our American competitors stay in business. I don't want to speculate about what the American auto industry has done wrong, but whatever it was, it was done before this economic crisis. They haven't been prepared for any "perfect storm." That's the competitive disadvantage the American auto industry has, at least General Motors and Chrysler.

VV: *The US government has taken a dramatically stronger role. Does this pose a problem for you if the US government is now standing behind American car companies guaranteeing the products?*

SJ: As long as we have fair competition, we have nothing against some support from the US government. I don't believe that the key for the success and turnaround for GM and Chrysler is the government taking control. You need engineers, technology, and talented managers, not government-related persons. The plans I have seen from our competitors so far will not bring about a proper turnaround. They need to think differently.

VV: *In Europe, closer to your company's home base, we have seen calls for bailouts for Europe's automakers or divisions of makers based in Europe. We've seen some suggestions that the proposals in France are protectionist. And again, in Europe, it's much more common for governments to have stakes in car companies. What is the right way for Europe to handle this downturn in a way that is compatible with competitive markets and a long-term viable strategy?*

SJ: I don't believe the auto industry is a national industry anymore. The interlinking today is so global. We at Volkswagen are producing globally. Pretty soon in the US we'll generate 2,000 direct jobs and 10,000 indirect jobs to suppliers. Our business and our shareholders are global. Of course, we have a German heritage, but through our brands we also have Spanish, British, and Czech heritage. We have joint ventures in China. We are part of the Brazilian culture and history because we are a long-term player in Brazil. I think it would be a huge mistake not only for the auto industry but for the whole recovery of the real economy if governments anywhere turn to protectionism.

VV: *You talk about a global stage. We saw with much fanfare the recent launch in India of the Tata Nano – at $2,500 for the base model. Ratan Tata, the company chairman, has made it clear that he intends to dress it up a bit to launch it in Europe and eventually the US. Is this a real competitive threat for you at the bottom end?*

SJ: Not really. It is a very interesting product. Mobility is a strong desire for individuals. It is a platform for wealth, growth, and development, not just for economies but for individuals. I think it's fascinating to bring Indian consumers from the motorbike to the car. Whether it can compete in Europe or the US, I question. A car is a very important investment for consumers. Whether a Tata Nano is the right brand is also questionable.

VV: *You mentioned branding. One of the things that Volkswagen and your group of brands have been known for is clever branding and your innovative use of marketing campaigns. How have you shifted your branding strategies, if at all, to cope with the downturn?*

SJ: I will tell you a little secret. Behind the curtain, from the point of view of manufacturing, engineering, purchasing, and sourcing, we use the same technology for economies of scale. But to the consumer, we are all competitors, even within our group. We believe in strong, differentiated brands. We also position our brands in different product classes against different competitors. Portfolio brand management has a very important role. Market by market, each brand is viewed differently. For example, Skoda, which is an entry brand in Eastern Europe, is almost a premium brand in India, above Volkswagen. What you don't see is that Audi's technology is similar to Skoda's. We take care to brand whatever the customer can see, feel, touch, and experience by driving a car. That's the key for branding. We believe, especially in this difficult economic time, that consumers strongly want a reliable brand they can trust. If you maintain a strong brand, consumers trust you and come back into your showroom.

VV: *If you were to capture the Volkswagen brand in a sentence, what do you want it to stand for in America?*

SJ: An affordable German-engineered car that's absolutely fun to drive. I'm a GTI driver – the pocket rocket, as it used to be called.

VV: *Tell me a little bit about how your success in China evolved.*

SJ: We were an early bird in China, having been there 20 years. We have been the market leader there, with more than 50 percent. The same way you develop your brand, you have to develop your market. You have to understand the causal differences between markets; be a sustainable, reliable, long-term business partner; and understand Chinese culture, business style, and politics. We have generations of engineers and managers who lived and worked in China, and it was not fun to work in China in 1985 or 1987. But they brought this experience back to our head office in Germany. China is now part of our Volkswagen culture. It's a big, big business for us. We also have Chinese engineers working in Germany and are engineering our cars globally.

"If you don't invest now, you destroy your future. We continue to invest in our product. We strongly believe that our products, future technologies, and future models are, on a global scale, actually guaranteed a bright future."

VV: *Where do you stand on alternative fuel solutions?*

SJ: We will rely on fossil fuel for the next 10 to 15 years or even longer. Still, we need to significantly improve this technology in order to bridge the gap from fossil fuel to, for example, electric vehicles. To make electric cars reliable, safe, and affordable will take much longer than people think.

VV: *What is your perspective on attempts by the government to use technology-forcing regulations?*

SJ: I think governments should be technology-neutral. We need the freedom to develop and see what will be the final and best solution for an environmentally friendly vehicle.

VV: *What do you think of an alternative that is advocated by some, that is, using the price mechanism, such as carbon taxes?*

SJ: With my European heritage and experience, I think this is a necessary step that the government has to take. Besides setting industry standards for fuel consumption and emissions, it is also important to guide the consumer toward fuel-efficient cars.

VV: *Is it possible that the robustly developing countries – the so-called BRIC economies: Brazil, Russia, India, China – could take a different path than the US, which has developed as a very resource-intensive country with a lot of sprawl and not a lot of public transport outside of a few cities? In those countries, might we see the car not being central to the development paradigm?*

SJ: If you compare the traffic density in metropolitan centers like São Paulo, Moscow, and Beijing to that of New York, New York is like being in heaven. These countries are reaching their limits as well, and they have to play a proactive role that could turn the needle toward bringing this into balance. I understand the Chinese have the same wish to drive cars as Americans and deserve the same human rights of mobility. But we have to think differently. I believe that in the future, we will not sell cars themselves anymore. We will sell mobility – integrated mobility. That means that in summer months if you're driving a convertible on the weekend and not during the week, you are getting mobility by using public transportation. And in winter, you get an off-road or a four-wheel drive, as you need to go for the holiday and through the snow. So buying mobility and integrating this with public mobility could be an answer. But if we continue as we are, we'll pretty soon reach the limit.

AUDIENCE QUESTIONS

Q: *When expanding the Volkswagen brand in the US, do you intend to maintain the way it's looked at in Europe, as a quasi-premium car, or do you intend to move it lower down?*

SJ: Volkswagen has a huge heritage here, more or less strongly related to the American pop culture of the '60s and '70s, in California, Woodstock, and so on. We just have to make use of this and revitalize the brand to the mass consumer.

Q: *Can you talk about how the plan for the Chattanooga facility evolved between when it was originally thought of and today, which is a very different automotive market?*

SJ: The decision was made in July 2008, when the first bad weather report (on the economy) had already appeared. It was based on an overall long-term strategy of growth to be number one. We have kept this objective for the year 2018. Sometimes it's actually a benefit to be a German and to be a bit stubborn – during this heavy storm we are not moving from our original plan. It is the right timing to invest now in products and facilities here, because one thing is very clear: The economic climate will change, and then we will be ready for our growth. ■

PROSPECTUS

Peter Blair Henry Named Dean of NYU Stern

In July, NYU President John Sexton and Provost David McLaughlin named Peter Blair Henry, the Konosuke Matsushita Professor of International Economics at the Stanford University Graduate School of Business, as dean of NYU Stern. Henry will assume the deanship on January 15, 2010.

Henry led the Obama Transition Team's review of the International Monetary Fund, World Bank, and other international lending agencies and has served as an economic advisor to governments from the Caribbean to Africa. He was recently appointed by President Obama to the Presidential Commission on White House Fellows.

The author of numerous articles and book chapters, Henry has focused his research on the impact of economic reform on emerging economies, and is perhaps best known for a series of publications in the three flagship journals of the American Economic Association that overturn conventional wisdom on the topics of debt relief, international capital flows, and the role of institutions in economic growth. He is currently writing a book for Oxford University Press.

A Rhodes Scholar, Henry is also the John and Cynthia Fry Gunn Faculty Scholar and Associate Director of the Center for Global Business and the Economy at the Stanford University Graduate School of Business, where he was first appointed an assistant professor of economics in 1997. He is also Senior Fellow of the Stanford Institute for Economic Policy Research and the Stanford Center for International Development, Research Associate at the National Bureau of Economic Research, Nonresident Senior Fellow of the Brookings Institution, president of the National Economic Association, and a member of the Council on Foreign Relations.

Henry received a BA in economics from the University of North Carolina at Chapel Hill in 1991, a BA in mathematics from Oxford University in 1993, and a PhD in economics from the Massachusetts Institute of Technology in 1997.

short *takes*

Associate Professor of Finance **Thomas Philippon** was one of two recipients of the "Best Young Economist" award, given annually by Le Cercle des Economistes in partnership with newspaper *Le Monde Economie*. The prize was awarded in May at a ceremony at the Senate in Paris.

Michael Armellino Professor of Finance and Nobel Laureate **Robert Engle** was awarded the Hofstra University Presidential Medal in recognition of outstanding career achievement and scholarly excellence for his influential work in the field of econometrics and his Nobel-prize-winning research on financial market volatility.

Lawrence White, Arthur E. Imperatore Professor of Economics, testified in June before the Committee on Financial Services of the US House of Representatives Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises, arguing that Freddie Mac and Fannie Mae should be fully privatized. Also, in April, White testified before the US Securities and Exchange Commission at a roundtable related to the agency's oversight of credit rating agencies.

Lawrence White

In December, **Edward Altman**, Max L. Heine Professor of Finance, testified before the US House Financial Services Committee, providing expert commentary on a plan to bail out the big three American automobile makers. About two dozen media outlets, including *The Wall Street Journal*, *The New York Times*, and *Bloomberg*, covered Professor Altman's testimony.

Research Professor **Ralph Gomory** testified before the US-China Economic and Security Review Commission in March, arguing that China's foreign investment incentives have contributed to the trade imbalance between China and the US.

Associate Professor of Finance **Stijn Van Niewerburgh** was elected to the National Bureau of Economic Research (NBER) Economic Fluctuations and Growth group.

Assistant Professor of Finance **Marcin Kacperczyk** was appointed Faculty Research Fellow in the Asset Pricing program at NBER.

Professor of Finance **Viral Acharya** was recently appointed Research Associate of NBER in Corporate Finance and of the European Corporate Governance Institute (ECGI).

Lasse Pedersen, John A. Paulson Professor of Finance and Alternative Investments, joined the Liquidity Working Group at the Federal Reserve Bank of New York.

Tülin Erdem, Leonard N. Stern Professor of Business and professor of marketing, was named editor of the *Journal of Marketing Research*, the first woman to hold this position.

Professor of Marketing **Priya Raghubir** has been selected by the editor of the *Journal of Consumer Psychology* as one of the "Top 10 Reviewers" in 2008-2009.

Research Professor of Marketing **Vicki Morwitz** was appointed as an area editor for the *Journal of Consumer Psychology*.

Associate Professor of Information Systems **Natalia Levina** was elected Division Representative-at-large at the Academy of Management, Organizational Communications, and Information Systems (OCIS).

New Scholars Join NYU Stern

In fall 2009, NYU Stern welcomed 11 new tenured and tenure-track faculty members to its ranks. **Stanley Zin** joined the economics department as the William R. Berkley Professor of Economics and Business. Zin's research interests lie at the intersection of decision theory, dynamic asset valuation, macroeconomics, and econometrics. In 1994, the Econometric Society awarded Zin, along with his co-author Larry Epstein, the prestigious Frisch Medal for their "Epstein-Zin Utility Function," which has gained wide acceptance as a basic tool of dynamic decision models and now forms the cornerstone for structural economic models that incorporate psychological/behavioral aspects of decision-making under uncertainty. Prior to joining Stern, Zin was the Richard M. Cyert and Morris H. DeGroot Professor of Economics and Statistics at the David A. Tepper School of Business at Carnegie Mellon University.

Assistant Professors of Economics **Robin Lee** and **Michael Waugh** also joined the department. Lee, who earned his PhD in business economics from Harvard University, researches industrial organization and microeconomic theory, and his focus in platform and two-sided markets have applications in hardware-software industries, content distribution, and the healthcare sector. Having previously worked at the Federal Reserve Bank of Minneapolis and as a consultant to the World Bank, Waugh focuses his research on international trade and economic growth and development, specifically examining trade barriers between rich and poor countries. He was the recipient of several fellowships and awards, including the Seashore Dissertation Year Fellowship at the University of Iowa in 2007-2008.

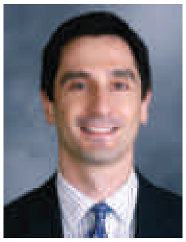
Four assistant professors are new to the finance department: **Itamar Drechsler**, **Samuel Lee**, **Thomas Mertens**, and **Emiliano Pagnotta**. Coming from the Wharton School at the University of Pennsylvania, Drechsler studies how learning and uncertainty affect financial markets and how investors' perceptions of macroeconomic and financial risks are reflected in derivatives prices. Lee's primary research includes financial market liquidity, corporate finance, and corporate governance, and he is currently looking at the role of social preferences in corporate governance. Having earned his PhD in economics from Harvard University, Mertens's main research interests include asset pricing, macroeconomics, and computational finance. His most recent studies explore origins and consequences of excess volatility in stock markets and analyze the effects of stabilization policy. Pagnotta studies the intersection of information economics and the empirical analysis of financial markets data. He has recently examined the effects of stock markets' institutional trading rules on investors' strategic trading interaction and market outcomes.

Alexander Nezlobin, who received his PhD in business administration from Stanford University, has become an assistant professor in the accounting department. His primary research interests include accounting valuation theory, managerial performance measurement, and monopoly regulation. His current work examines how the knowledge of accounting treatments that a firm adopts may be used in the valuation process.

Having earned an MBA from Yale School of Management and a PhD from University of California, Berkley, **Robert Seamans** is a new assistant professor of management and organizations. His research looks at the actions that established firms take when threatened by new entrants to the market, and he is particularly interested in how these actions affect the diffusion of new technology.

The marketing department added **Adam Alter** as an assistant professor. Alter, who also has an affiliated appointment with NYU's psychology department, focuses his research on judgment and decision-making and social psychology, with a particular interest in understanding the sometimes surprising effects on human cognition and behavior of subtle cues in the environment. He received his MA and PhD in psychology from Princeton University, where he held the Charlotte Elizabeth Procter Honorific Dissertation Fellowship and a fellowship in the Woodrow Wilson Society of Scholars.

Glucksman Institute Awards Research Prizes to Stern Faculty


Xavier Gabaix

When NYU Stern's Glucksman Institute for Research in Securities Markets awarded its annual prizes for excellence in financial research in February, the first-place prize of $5,000 went to Professor of Finance **Xavier Gabaix** for his co-authored paper, "Tractability and Detail-Neutrality in Incentive Contracting." The paper develops a contract for CEO incentives that is proven mathematically better than options and stock.

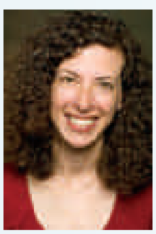
Professor of Finance **David Yermack**, Daniel P. Paduano Faculty Fellow and Yamaichi Faculty Fellow, took second place and $2,500 for "Deducto Ad Absurdum: CEOs Donating Their Own Stock to Their Own Family Foundations." The study shows that when corporate chiefs donated shares of their companies' stock to their private charitable foundations, the donations were timed to maximize the CEOs' personal income tax benefits.


Vasiliki Skreta

Honorable mention and $1,000 went to Assistant Professor of Economics **Vasiliki Skreta** and Associate Professor of Economics **Laura Veldkamp** for "Ratings Shopping and Asset Complexity: A Theory of Ratings Inflation." They show that the increased complexity of assets triggered ratings bias, which ups the incentive for companies to shop for the best rating. That, in turn, leads them to develop even more highly complex assets to get even higher ratings.

research *roundup*

Marketing Professors **Eric Greenleaf**, **Geeta Menon**, **Tom Meyvis**, and **Vicki Morwitz**, with principal investigator David Heeger, a professor in NYU's Department of Psychology and Center for Neural Science, and Uri Hasson, an assistant professor of psychology at Princeton, were awarded a two-year, $1.1 million grant by the National Institutes of Health's National Institute on Drug Abuse to support their research project entitled, "The Neural Correlates of Effective Drug Prevention Messages." By combining methods from marketing research with functional magnetic resonance imaging (fMRI) and eye movement data, the project will assess the effectiveness of anti-drug television ads in deterring drug use.


Vicki Morwitz

Assistant Professor of Information, Operations, and Management Sciences **Anindya Ghose** and Professor of Information Systems **Vasant Dhar**, with Keith W. Ross at NYU-Poly, were awarded one of the first 15 competitive grants given by NYU and NYU-Poly for research collaborations between the two affiliated institutions. They received $73,500 in seed funding for their research proposal, "The Economics of User-Generated Content in Online Social Media," in which they explore the monetization of user-generated content through online advertising.

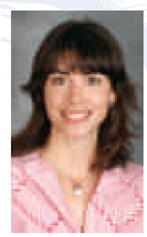

Vasant Dhar

Associate Professor of Marketing **Amitav Chakravarti** won the inaugural 2009 Google and WPP Marketing Research Awards, which include an unrestricted gift of $50,000 to study online and offline media interactions. Professor Chakravarti's research proposal for Google was based on his co-authored research paper, "The Neglect of Prescreening Information," that was published in the *Journal of Marketing Research*. The research examines how exposure to online information affects offline buying behavior.

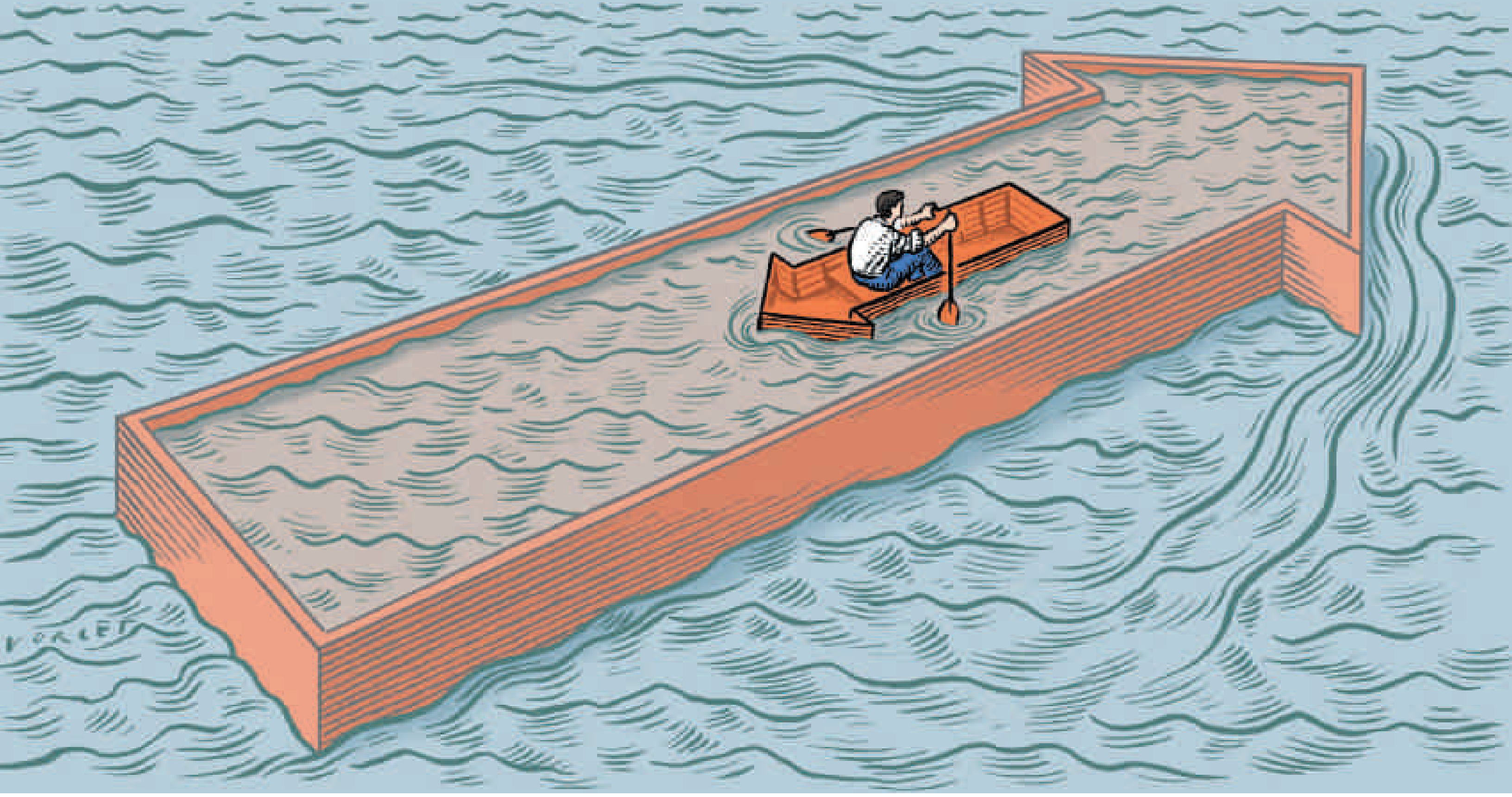
Sinan Aral, assistant professor of Information, Operations, and Management Sciences, was given the 2009 IBM faculty award, a $40,000 cash grant, to support his research, "Unlocking the Business Value of Information in Large Dynamic Social Networks." The research aims to understand how the movement of information in massive social networks affects the productivity of information workers and population level product adoption and demand patterns.

Professor of Accounting **Stephen Ryan**'s article "Accounting in and for the Subprime Crisis," published in *Accounting Review*, was selected as one of the 50 best articles published in 2008 in management, winning an Emerald Management Reviews Citation of Excellence.

Associate Professor of Information Systems **Natalia Levina** and Assistant Professor of Management and Organizations **Aimée Kane** won the best paper award at the International Workshop on Intercultural Collaboration for "Immigrant Managers as Boundary Spanners on Offshored Software Development Projects: Partners or Bosses?"


Aimée Kane

William H. Joyce Professor of Marketing **Russell Winer**'s 1999 *Management Science* paper, "Endogeneity in Brand Choice Models," with Miguel Villas-Boas, won the inaugural INFORMS Society for Marketing Long-Term Impact Award at the Marketing Science Conference in June.



WHEN THE GOING GETS TOUGH

NEW RESEARCH INTO ORGANIZATIONAL BEHAVIOR HIGHLIGHTS THE PARTICULAR CHALLENGES OF MANAGING IN A RECESSION

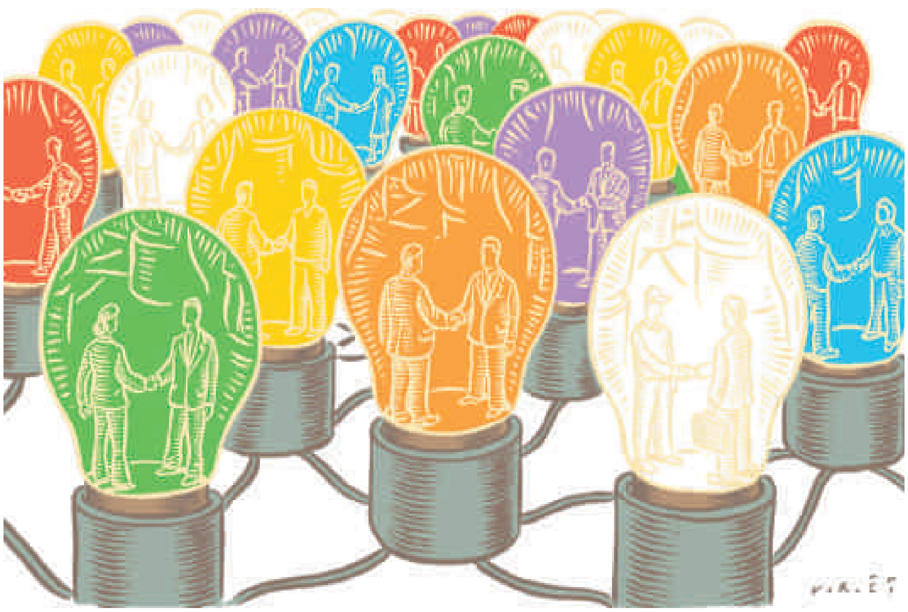
We've heard about the financial aspects of the recent economic crisis, but what about the human capital side? A down economy, with bottom lines suffering and massive unemployment, presents a host of potential problems and opportunities for corporate managers. Employees may behave differently than in rosier times, and it takes canny management to be alert to the new dynamics. For instance, those workers fortunate enough to have jobs may nonetheless have been subjected to pay freezes or even cuts, a sure drag on incentive. How then does their employer hope to motivate them to do more than just "mail it in"? And with corporate profits squeezed, pressured employees may be more focused on their losses than their gains, a mindset that could tempt them to stretch ethical boundaries more than they might have when gains were the norm. As for those companies who are, or expect to be, in a hiring mode, they have an unusually large pool of job applicants from which to choose. Should an applicant's relevant experience automatically make him or her a better hire, or are there unforeseen complexities when they bring their experience to the new organization?

The following excerpts of three papers by Stern faculty present research that will provoke a thoughtful contemplation of the dynamics of human organizational behavior and how to manage it.

By **Steven L. Blader**

HOW TO INSPIRE MOTIVATION

GETTING MORE THAN YOUR MONEY'S WORTH AS A MANAGER MEANS TREATING EMPLOYEES WITH RESPECT AND FAIRNESS, NOT JUST PROVIDING DECENT PAYCHECKS



As any manager can attest, motivating employees to go the extra mile is no easy task, even in palmy times. In periods of economic distress, when companies are under unusual financial pressure, it is especially important to gain employees' long-term commitment and loyalty. Understanding how to motivate a workforce during such downturns will serve organizations well not just through the rainy days but through a recovery as well, when other job opportunities may beckon.

With my colleague, Tom R. Tyler, University Professor of Psychology at NYU, we set out to test our prediction that identification with the organization, pride, and respect would be critical to whether employees feel valued and motivated enough to contribute more than is required. If this proved to be true, we reasoned, it could help companies solve the eternal puzzle of how to retain and motivate their employees.

The Organization Man

We knew from previous research that the extent to which employees relate to the organization they work for – their group engagement – is a critical factor in how they fulfill their roles there. A key element of that engagement is their social identity, which we define as a multidimensional construct that works to produce the implications of group membership on the concept of self – a kind of mirroring of group values and shared identity that contributes to an individual's self-image. The social identities employees form around their work groups and organizations are strongly related to whether they will do more than is required of them. This extra performance is called extra role behavior, and it is essential to an organization's viability and success.

In order to better understand what motivates such extra role behavior, we explored its relationship to social identity, but we also investigated the interplay of social identity and group engagement with two other elements of organizational life that are known to influence employees' engagement with the group: how fairly they believe they are treated by their company (their judgments of procedural justice) and how fairly or well they believe they are compensated (their judgment of their economic outcomes).

A Complex Dynamic

Our first hypothesis was that employees' social identity will be positively related to their extra role behavior. The second was that social identity is shaped by employees' procedural justice judgments; furthermore, social identity accounts for the effect that employees' fairness judgements have on their behavior. Our third hypothesis was that social identity is shaped by how employees evaluate their economic outcomes. We tested these hypotheses in each of two field studies. Our first study was conducted in a work group within a major financial services organization where economic concerns are especially prominent. In the second study, a broader and larger test, employees worked in diverse jobs in diverse industries and locales. In both studies we queried employees and, with their permission, their supervisors.

The results in both studies not only supported all our hypotheses, they exceeded our predictions insofar as they indicated that social identity is an even stronger influence than we expected on employees' motivation to go the extra mile. Furthermore, social identity largely explained the effects of procedural justice and economic outcomes on employee behavior.

Determining that social identity provides the mechanism by which these organizational conditions relate to employee behavior provides critical insight into understanding how, when, and why efforts to shape the context of employees' work experiences may affect their behavior. It also contributes to the growing acknowledgement within psychology that the collective self – the aspect of the self most closely linked to social identity – plays a fundamental role in shaping employee behavior.

The results for the way employees think about their compensation are especially interesting. It is traditionally believed that pay, benefits, expectations of promotion (and thus, hopes for greater pay), and other similar factors affect behavior because of their economic or instrumental value. Our findings here suggest that a primary way in which economic outcomes may affect behavior is through their impact on social identity.

Practical Implications

These findings suggest that the basis of employees' relationships with their organizations is primarily linked to the role the organization plays in affecting how employees think and feel about themselves. Many important practical implications follow from this insight. First and foremost, the company has great power to motivate their employees if it can help them develop social identities that are grounded in the organization and in their particular work groups. The results also indicate two important levers that organizations can use to encourage the development of social identity. First, they can operate in ways that employees regard as procedurally fair, instituting fair decision-making processes and extending fair quality of treatment. Second, they can provide economic outcomes that employees regard favorably and that encourage employees to link their social identities to the organization.

The key to successfully applying any of these insights is doing it loud and clear. Employee judgments of procedural justice are susceptible to a wide array of subjective influences, and as such, merely implementing fair procedures isn't enough. Organizations must also ensure that employees are well aware that such procedures are in operation.

Another challenge is to provide economic outcomes in ways that actually encourage the development of a strong social identity. Financial incentives must be dispensed in ways that lead employees to regard their relationship with their organization positively. When such incentives are provided in an environment marked by threats or guided by obligations, it becomes less likely that economic outcomes will positively affect social identity or behavior. Even more, when employees must force their organizations to provide them with better economic outcomes – for instance, by looking for alternate jobs, getting outside offers, or taking collective actions – then it is unlikely that their achieving their goal in this manner will foster social identity or motivate them to work extra hard.

Of course, the practical implications of these studies are influenced by the level of employee in question. Among employees at lower socioeconomic levels, for whom resources are literally critical, the impact of financial incentives on behavior may be more direct. Similarly, social identity may be less likely to shape behavior among employees who have tenuous links to the organization, such as temporary and contract workers, and among workers that do not share demographic group memberships or values with the organization. Still, the results of this and related research clearly suggest the potential value, under many circumstances, of social identity for understanding employee attachment to organizations and, moreover, of social identity-based ways of stimulating higher levels of extra role behavior in hard times. ■

STEVEN L. BLADER *is associate professor of management and organizations at NYU Stern.*

By **Mary C. Kern** and **Dolly Chugh**

BAD BEHAVIOR

PEOPLE ACT MORE UNETHICALLY WHEN FACING A POSSIBLE LOSS THAN THE OPPORTUNITY OF A GAIN

Even ordinary people are prone to shocking ethical lapses. As the empirical study of ethics has surged in the past two decades, clear evidence has emerged that ethical thinking and behavior are prone to many of the same mental processes and pitfalls as the rest of human thinking and behavior. Just as we humans are prone to systematic and predictable cognitive errors, we appear to be prone to systematic and predictable ethical errors.

This tendency seems ingrained. Earlier research with patients who incurred brain damage suggested that visceral, automatic flashes of affect guide moral choices, independent of learned knowledge about morality. Indeed, neuroscientific data has illustrated that the areas of the brain tooled for cognitive reasoning and those generating more automatic responses were both activated during moral decision-making. Similarly, it has been posited that moral intuition precedes moral reasoning, and that one's overall moral judgment is heavily biased towards the leanings of a rapid and automatic process, rather than a slower, more thoughtful one.

In our study, we explored the effect of this apparent reflex tendency on the consciousness and behavior of decision-makers in the moment of ethical choice. What is the role of the decision-maker's cognitive framing of the situation vis-à-vis the time he may have to make a decision? We turned to the concept of framing as the foundation of our inquiry. In our case, a framing effect occurs when objectively identical situations generate dramatically different decisions based on whether they are presented, or perceived, as potential losses or gains. It has been shown that people are loss-averse; that is, they are willing to go to greater lengths to avoid a loss than to obtain a similarly sized gain.

We considered the implications of framing effects for ethics. When making decisions, individuals often choose from an array of possible responses, with some choices being more or less ethical than others. Our study showed an "ethical framing effect", such that individuals who perceive a potential outcome as a loss will go to greater lengths, and engage in more unethical behavior, such as using insider information or lying, to avert that loss than individuals perceiving a similarly sized gain.

Uncontrolled Impulses

Framing is less likely to have an effect when decision-makers are able to fully process the information. Brain imaging experiments have shown that brain activation patterns that occur when an individual demonstrates the effect of framing differ from those that occur when an individual does not demonstrate the framing effect, suggesting that "automatic" processes that are more or less reflexive in nature produce the framing effect, while engagement in more deliberative mental processes can reverse it.

"The results showed that when people viewed situations as potential losses, it influenced their behavior and ability to make ethical judgments. People trying to avoid a loss were more likely to make lower-road ethical choices than people trying to attain a gain."

The effect of framing seems most likely to occur under conditions that demand an automatic, versus reasoned, response. Because reasoning is fueled by cognitive resources, such as time for deliberation, researchers have shown that reasoning under time pressure is vulnerable to being rushed, fragmented, or skipped altogether. Thus, framing offers an opportunity to examine the automatic response in action during ethical decision-making. In the absence of sufficient cognitive resources for reasoning, we expected to find that when a situation is framed as a potential loss, the influence on ethical decision-making is heightened. We further expected that the influence of the framing effect would be greater when decision-makers are under time pressure, thus heightening the automatic nature of the decision generated by the framing effect.

In this work, we manipulated the frame of the decision-maker by either describing the probability of a potential gain or the probability of a potential loss in the situation. Importantly, the gain and loss conditions presented identical problems, simply expressed in different language so as to manipulate the participant's framing of the situation. Three experiments, each with unique dependent measures and samples, offered evidence for our hypotheses. We tested for a main effect of frame using a judgment task assigned to 55 undergraduates. Then, with a group of 92 part-time MBA students at two northeastern colleges, we added in behavioral measures of misrepresentation and false promises. Finally, we both explicitly imposed and removed time pressure, with 93 recruits, in order to test whether the framing effect on ethics is the result of an automatic process.

The Sad Truth

The results showed that when people viewed situations as potential losses, it influenced their behavior and ability to make ethical judgments. People trying to avoid a loss were more likely to make lower-road ethical choices than people trying to attain a gain. We explain this tendency using the theory of framing effects. Furthermore, we demonstrated how this effect can be eliminated by removing time pressure, suggesting that people make poor ethical choices when they react automatically, without time to think things through. They make better choices when that time pressure is absent. The experiments involved what was, in truth, a gain. Simply framing the outcome as a loss or gain was sufficient to generate the effect.

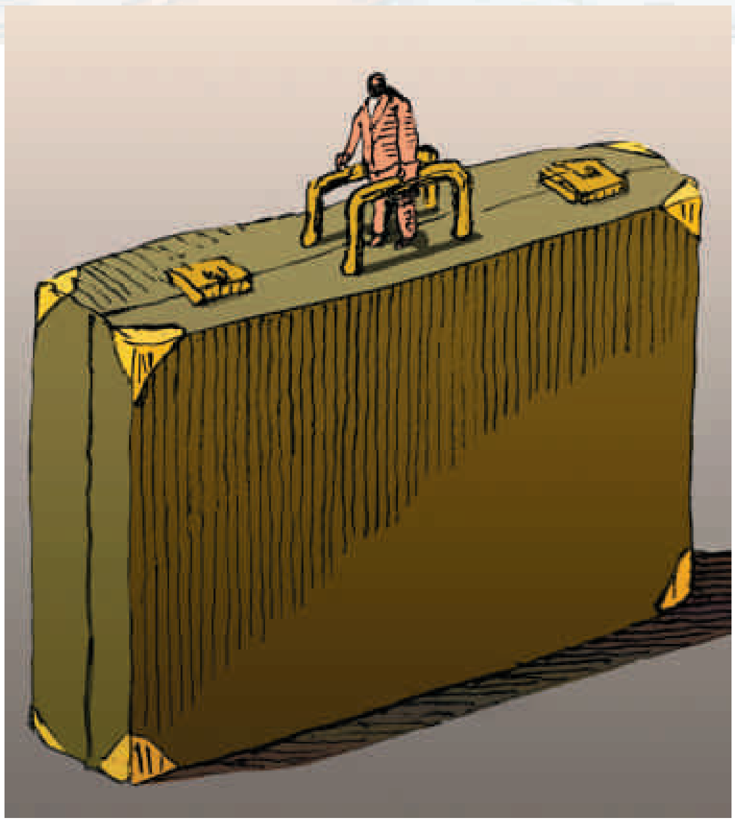
What makes these framing effects most ethically worrisome is the absolute consistency and transparency of the underlying reality facing both loss-framed and gain-framed decision-makers. It is unsurprising that desperate people engage in desperate behaviors. However, decision-makers need not face desperate circumstances to be at ethical risk. As we discovered, framing effects are responses to gains or losses relative to a reference point; the ethical risk does not require absolute desperation, only relative levels of loss. ■

DOLLY CHUGH *is assistant professor of management and organizations at NYU Stern.* MARY C. KERN *is assistant professor of management at Zicklin School of Business at CUNY's Baruch College.*

By **Gina Dokko**, **Steffanie L. Wilk**, and **Nancy P. Rothbard**

UNPACKING PRIOR EXPERIENCE

THE CAREER BAGGAGE EMPLOYEES BRING CAN HAVE UNEXPECTED EFFECTS ON JOB PERFORMANCE



The bonds of corporate loyalty were broken decades ago. It is a truism that in the post-industrial era, all bets are off, and the concepts of lifetime employment and "the company man" are relics. In theory, companies have it good, fishing for new employees in a sea of experienced workers with no strings attached. We set out to test whether new hires with relevant experience are always the best catch.

The growing instability of the employment relationship has been the subject of intense scrutiny. Fewer people follow stable or predictable career patterns within one organization, and their experiences are increasingly likely to occur across, rather than within, firm boundaries. In the late 1970s, Americans were estimated to have an average of seven employers in their working lifetimes. By 2005, the US Bureau of Labor Statistics had found that the average American worker born in the later years of the baby boom had 10.5 employers by age 40. Experience in a single firm, therefore, captures only a fraction of the total work experiences of most individuals.

The corollary to a more mobile workforce is the hiring of more experienced workers. But what do organizations get when they hire experienced workers? Yes, experienced workers can bring in diverse knowledge that enables innovation and performance. But most organizations do not explicitly hire in order to gain diverse knowledge. Instead, they seek employees whose prior work experience is similar to the current needs of the organization, because they expect that these employees will bring knowledge that enables them to be immediately productive.

While prior-related experience is believed to confer valuable knowledge and skill that can be applied to the current work context, empirical findings have been mixed. Most studies of experience and performance treat experience as a proxy for knowledge. However prior work experience may include not only relevant knowledge and skill, but also routines and habits that do not fit in the new organizational context. Indeed, these routines and habits may limit the positive effect of prior experience on performance, suggesting that when individuals move across firm boundaries, their prior experience may not be wholly beneficial.

Is the Past Prelude?

We proposed that experienced workers may carry knowledge and skill that contributes to an organization's goals, especially when there is similarity between the prior experience and the current work. However, we predicted they also may transfer cognitive and behavioral rigidities that can impede performance in the new firm. For instance, in the insurance industry, a claims adjuster hired from another company, where haggling over claims was the norm, might take this model of industry practice to a new insurance company that charges a premium price and differentiates on service, where haggling with customers is contrary to the new firm's customer service norms. Haggling behaviors may not be valued in this new setting, yet they may be very difficult for an adjuster to give up if it has become part of her mental model of how insurance companies make money or how a competent adjuster behaves. Performance can suffer as a result.

"An employee's understanding of how her industry works, as well as norms from her prior experiences, may conflict with a new employer's expectations and result in a negative effect on performance once knowledge and skill is accounted for."

We addressed these issues using career history data from all applicants to the call centers of a major US property and casualty insurance firm. We conceptually and methodologically distinguished between prior-related experience and task-relevant knowledge and skill as defined by the current organization. By distinguishing prior-related experience from task-relevant knowledge and skills, we were able to disentangle the positive and negative effects of prior-related experience on performance.

Specifically, we predicted that prior-related experience has an overall positive effect on job performance because of the transferable knowledge and skill, but has a negative effect on performance once knowledge and skill is accounted for. To support our contention that this negative effect of prior experience on performance is related to cognitive and behavioral rigidities, we explored whether adaptability and cultural fit made a difference. Interestingly, we found that the effects of prior-related experience on task-relevant knowledge and skill in the current firm diminish the longer a person is employed at the current firm.

Caveat Employer

Our findings reflect the subtleties of the imperfect portability of experience and the importance of adaptability. An employee's understanding of how her industry works, as well as norms from her prior experiences, may conflict with a new employer's expectations and result in a negative effect on performance once knowledge and skill is accounted for. In contrast, adaptable workers and those who feel they fit well into the culture of the new firm are less subject to the negative overhang of the past. And while prior-related experience has a positive effect on task-relevant knowledge and skill, firm tenure ultimately becomes more important.

Assessing the effects of hiring experienced workers is important because human resources are mobile, and lifetime employment within one firm is a relatively small part of the US employment picture. Workers have differing portfolios of knowledge and skill gained from prior work experience, and these portfolios contribute differentially to a worker's current job performance. Understanding how past job experiences contribute to organizations' needs is important. If organizations understand how applicants' work histories affect their performance, they might consider the effects of prior experience in designing selection, training, or socialization processes. ■

GINA DOKKO *is assistant professor of management and organizations at NYU Stern.* STEFFANIE L. WILK *is associate professor of management and human resources at Ohio State University's Fisher College of Business.* NANCY P. ROTHBARD *is associate professor of management at the Wharton School of the University of Pennsylvania.*

ILLUSTRATION BY KEN ORVIDAS

KEEPING THE CEO IN LINE

WAYWARD CHIEFS ARE OFTEN BROUGHT TO HEEL BY THE COMPLEX DYNAMICS INHERENT IN THEIR COMPANIES' STRUCTURE, A PHENOMENON THAT CAN BE CALLED INTERNAL, RATHER THAN CORPORATE, GOVERNANCE

By **Viral V. Acharya**, **Stewart C. Myers**, and **Raghuram G. Rajan**

Recent upheavals in the world of finance and business have been eye-popping even to the most battle-hardened observers. With trillions of dollars in capital having evaporated, it is perhaps surprising that even more firms haven't followed suit. But the corporate structure is surprisingly hardy. One reason may be the effect of what we call internal governance – the checks and balances employed and imposed by a firm's own employees on its decision-makers. While corporate governance is generally interpreted as the effectiveness of such mechanisms as boards of directors, takeover activity, and shareholder activism, the recent financial crisis has illustrated that the internal governance of firms can be equally important.

To explore this, we developed a model of internal governance where the self-serving actions of top management are limited by the potential reaction of subordinates. Our hypothesis, put simply, was that if top managers are myopic or short-term in their outlook and do not invest in the firm's long-term future, then subordinates and junior management – who are better aligned with the firm's long-term future – may restrain their own efforts. Such a reaction can, in turn, hurt top management, because it will affect the firm's short-term prospects. Thus, by extension, internal governance can function to lengthen the horizon of top management's decision-making. It works best when both top managers and subordinates play active roles in creating value at the company.

In our model, we allowed also for governance provided by external financiers. We showed that such external governance can complement internal governance by enhancing firm value. Interestingly, this provides a theory of investment and dividend policy over the firm's lifecycle, where dividends are paid by the top management when growth prospects diminish, with the effect of maintaining a balance between internal and external control.

Finally, we examined how certain aspects of the internal organization of firms – for example, the succession plan – may be structured to enhance the role of internal governance. Working through the variables as we tested our theory, we were able to see why firms with limited external oversight, and firms in countries with poor external governance, can still have substantial value. Conversely, it was obvious why even firms with external oversight can go astray when their internal governance mechanisms break down.

Complex Dynamics

The common view of the public corporation is that of an organization run by top managers, and monitored by a board of directors on behalf of public shareholders. The separation of decision management (the CEO) from decision control (the board) and from risk-bearing constituents (public shareholders) is thought of as a reasonable way to structure firms, and so long as decisions are made in the interests of the shareholders, efficiency is maximized.

Yet the clear evidence that the public corporation is an organizational structure with survival value has to be set against the equally clear evidence, shown by various researchers over the past few decades, that most shareholders have little control over boards, that many boards are poorly informed and have little ability to scrutinize top management's decisions, and that some CEOs are self-interested rather than working for shareholders. Admittedly, the market for corporate control can offer some discipline, but it is hard to see it as effective in controlling operational decisions. How then do we reconcile the survival, and hence presumed efficiency, of the public corporation with the ineffectiveness of the supposed channels through which it is governed?

We argued that there are important stakeholders in the firm, such as critical employees, who care about its future even if the CEO has short horizons and is self-interested and shareholders are dispersed and powerless. These stakeholders, because of their power to withdraw their contributions to the firm, can force a self-interested, myopic CEO to act in a more public-spirited and far-sighted way. We call this process internal governance.

In June, Professor Viral Acharya (center), along with his co-authors Raghuram Rajan and Stewart Myers, received the III Jaime Fernández de Araoz Corporate Finance Award for the working paper on which this article is based, "The Internal Governance of Firms." The award was presented in Madrid by the Prince of Asturias (right), Crown Prince of Spain, and the ceremony was attended by Miguel Sebastian, Spanish Minister of Industry, Tourism and Trade; Ms. Esperanza Aguirre, President of the Community of Madrid; and Mr. Luis de Guindos, Chairman of the Jury of the III Jaime Fernandez de Araoz Corporate Finance Award. This award, the only one of its kind in Spain, recognizes the impact of applied research in economics and corporate finance. It carried a cash prize of 10,000 euros.

Much of the existing literature has treated the firm as a monolithic single-employee entity. Our approach was to see it as comprising diverse agents with different horizons, different opportunities for misappropriation and growth, and different interests. Think, for example, of a partnership run by an old CEO who is about to retire and who has a young manager working under him who will be the future CEO. Three ingredients go into producing the firm's current cash flows. First, there is the firm's capital stock, which could be the firm's physical capital (machines), or organizational capital (networks), or relationship capital (client relationships). The second ingredient is the CEO's ability to manage the firm based on his talent and his knowledge of its specific problems, and third, the young manager's effort, which allows her to learn to deal with the firm's specific issues.

In our model, we assumed the CEO could put in place internal audit and accounting mechanisms that would make a predetermined amount of cash flows and assets verifiable and ensure they are left behind as the firm's capital stock. The CEO could also appropriate the remaining cash flows and assets – more generally, he could consume perks, "tunnel" cash and assets out of the firm through self-dealing, or even not generate cash by shirking his job.

Note that because the CEO has a short horizon, he could simply decide to appropriate all the cash flow and assets. However, in order to generate cash in the first place, he needs the young manager to put in effort. If the manager sees little future in the firm because the CEO leaves nothing behind, the young manager will have little incentive to exert effort. This can reduce cash flows considerably. To forestall this, the CEO will commit to investing some fraction of the cash flows and to preserving past capital stock in order to create a future for his young employee, thereby motivating her. This allows the firm to build substantial amounts of value, despite being led by a sequence of myopic and rapacious CEOs.[1]

We showed that internal governance is most effective when neither the CEO nor the manager dominates in contributions to the firm's cash flows. Intuitively, if the CEO dominates, he has no desire to limit his appropriation in order to provide incentives for the manager. If the manager's contributions dominate, the manager has little incentive to learn because she cannot appropriate value today, and the learning will be of little use when she does become the CEO and can appropriate value. Also, because both contemporaneous and forward-looking elements of the business environment matter for participant incentives, internal governance works best when the business environment is stable and the age profile of employees slopes up the hierarchy.

Outside Influence

We have implicitly assumed so far that the firm's capital stock is in intangible assets, such as the human capital of employees or client relationships, which cannot be seized or sold. But what if the investment were instead in tangible assets, such as machines or land, which could be seized and sold? This would then offer a role for outside financing (for example, equity), and would allow the firm to be structured as a public corporation. We showed that the combination of crude outside governance, together with internal governance, can improve the efficiency of the firm dramatically.

To see this, we assumed that outside equity has the capacity (through the board of directors) to periodically exercise its fairly crude ownership right of taking over control of the assets. Outside equity thus has no direct effect over the investment or effort decision – it has no operational influence. Even so, it can greatly enhance investment by the CEO and the value of the firm. In our framework, the improvement was not because outside equity monitors the actions of the CEO, but primarily because equity holders are indifferent between being paid in cash or being "paid" via a higher capital stock – and, of course, the control rights inherent therein. For the CEO, the dollar paid out as dividend and the dollar left behind as investment costs the same, but the CEO prefers to pay by investing to increase capital stock because this will have the collateral effect of motivating greater effort by the manager. This could explain the reluctance of firms to pay dividends, even when returns on investment are not great.

Eventually, as the rate of return on capital falls, the CEO could make the manager worse off by investing more capital. This is because investment will increase the capacity of outside equity to extract value by more than it increases the capacity of the manager to generate cash (net of this period's effort cost) as CEO next period. This is when the current CEO will switch to paying dividends – not because of the pressures exerted by outside equity alone, but because more investment will demotivate managers. This then gives us a dividend policy in firms run by self-interested CEOs that corresponds to the observed life cycle of a firm, with dividends not being paid when the firm is young and investment profitable but only when the firm is mature.

Interestingly, this combination of internal and external governance can eliminate the rents (rents are the difference between what a factor of production is paid and how much it

[1] *While our CEO is myopic and self-interested, in reduced form, he appears to act as if he cares about his subordinates and the survival of the firm. Indeed, other research that included interviews of top CEOs has suggested that continuity of the firm, rather than maximizing shareholder value, appears to be the primary stated objective of CEOs. Of course, most CEOs are not the caricatures that economic models like ours make them out to be, yet it is reassuring that even though we imbue them with no redeeming qualities, the model still has them doing reasonably good things for the firm.*

would need to be paid to remain in its current use) extracted by management, even though equity's control rights are very crude. Other forms of providing incentives do not always fare so well. We examined whether giving the CEO equity-based compensation could improve matters. It turned out that under a variety of circumstances – it did not, interestingly – the limited control rights possessed by outside equity imply that equity values do not reflect the entirety of cash flows produced by the firm. Indeed, the dictum to maximize equity value may offer little relevant guidance in such firms.

Competing Interests

Our point, more generally, was that the traditional description of the firm – an organization run by top managers and monitored by a board of directors on behalf of public shareholders – falls short on three counts. First, control need not be exerted just top down, or from outside, it can also be asserted bottom-up. Put differently, the CEO has to give his subordinates a reason to follow, and this, implicitly, is how they control him. Second, the view that there is one residual claimant in the firm, the shareholder, is probably too narrow. Anyone who shares in the quasi-rents generated by the firm has some residual claims, and thus there is no easy equivalence between maximizing shareholder value and maximizing efficiency. Third, the fact that different parties have claims to different residual rents at different horizons means each one has to pay attention to the others' residual claims in order to elicit cooperation. The checks that parties inside the firm impose on each other ensure the firm functions well, even if outside control is weak.

Our model is simple, perhaps even overly so. Top management is both myopic and self-interested. Yet, considerable value is preserved in the organization because of the need for top management to motivate younger managers.

"Internal governance can function to lengthen the horizon of top management's decision-making."

Our model suggests why it may be so hard for firms to shrink gracefully, and why it may make sense for a firm (like Philip Morris) in a mature, declining industry like tobacco to diversify into a growing industry like food (by acquiring Kraft). If the firm were to stay in the declining industry, it would either have to over-invest or see a collapse of incentives, and worse, a collapse of the discipline imposed by internal governance. Rather than see the value destruction associated with such a decline, the second best option might be to "morph" into a new business. What might be thought of as empire building by top management may just be a reaction to pressure from below. Indeed, previous research has found that unfavorable expectations of marginal returns to investment in existing businesses are an important spur to diversification, a finding consistent with the implications of our model (but also with others).

Loyalty or Pragmatism?

The breakdown of internal governance may also explain the increasing evidence of agency problems in financial firms in the ongoing crisis. When capital is relatively scarce and allocated based on detailed information available only within a firm, employees of financial firms are relatively immobile. Each cares about the longer-term future of his own firm and has an incentive to monitor the actions of both colleagues and superiors. As capital becomes more widely available, though, employees become more mobile and care less about the long-term future of their firm. The internal pressure to worry about the long term becomes weaker.

Finally, we suggest a rich interaction between the internal structure of firms, the strength of internal governance, and the need for any external governance. Internal governance may be quite effective in growing firms with young staff, where human capital is firm-specific. By contrast, external governance may be much more important in mature firms in declining industries with aging staff, where the required management skills are fairly generic. Countries like Japan that have had a rapid demographic transition may also have suffered as their old system of internal governance becomes less effective in a newer environment. More generally, there is a rich vein of research to be mined in seeing the linkages between the internal organization of firms, internal governance, and external financing and governance. We have just touched the surface. ■

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Tapping into the Middle East's Emerging Markets

By **Rika Nazem**

As a Lebanese-American who has alternated between living and working in the US and Kuwait, Fatenah El Danab (MBA '10) came to NYU Stern wanting to leverage her Stern connections with networking opportunities in the Middle East. It was fortunate, then, that she met fellow classmate Joshua Weiner (MBA '09), who was establishing the United Arab Emirates (UAE) Initiative, under the auspices of the Emerging Markets Association (EMA) MBA club, which would allow students to explore economic and cultural opportunities in the Middle East.

El Danab, a Mohammad bin Rashid (MBR) Fellow, became a UAE Initiative officer and co-led the trek. "I have witnessed firsthand the economic boom in Dubai and the changing face of the Gulf Cooperation Council, which includes many setbacks as a result of the rapid expansion and the brain drain affecting that part of the world," she said. "Seeing these changes motivated me to join EMA because of the chance to strengthen ties to the region and include Stern in its success."

Weiner and El Danab didn't expect the overwhelming student response they received for the trek: 18 full- and part-time MBA students traveled to Dubai and Abu Dhabi, visiting 13 companies in five days. The students also visited NYU Abu Dhabi and met with Stern alumni: "Hearing firsthand about living, working, and playing there was exciting for us, and it helped to confirm some students' decisions to pursue a career in the region," she said.

The students also experienced the cultural differences of doing business in the Middle East. Weiner said: "Business deals and opportunities often spring from your network, perhaps even more so than in other parts of the world. Your reputation is equally important; the business centers of Dubai and Abu Dhabi are still relatively small so you do business with the same people in your industry over and over again." El Danab said that business in the Middle East is a blend of Western practices and traditional Arab values. "Business is not done very differently from New York or Singapore. However, there are certain norms that are generally accepted, and which some companies abide by strictly, such as allowing employees a break for their daily prayers and establishing shorter working hours during the month of Ramadan. Of course, the business attire tends to lean towards the more conservative side; no matter the type of business being conducted, it is always better to dress as bankers do in the US!"

(Top photo) Fatenah El Danab (second row, second from left), Josh Weiner (first row, second from right), and classmates take a boat tour in Jumeirah, Dubai, United Arab Emirates.

(Left photo) An aerial view of Jumeirah, Dubai, United Arab Emirates

Both Weiner and El Danab are pursuing work in the region: Weiner is working full time in venture capital and startups in Qatar, and El Danab interned during the summer at a top global logistics company in Kuwait. She will return to Stern to complete her MBA but has plans to return to the Middle East. "I want to help translate to the Middle East what I have learned and been privileged enough to experience in the US." ■

Stern Welcomes Exchange Students from India with Alumni Support

By **Joey Schmit**

In May, Ashwin Bhatia travelled for the first time to New York City for an extraordinary two-week experience. Bhatia was among 36 other students from Mumbai enrolled in the India Leadership Exchange Program, a new initiative that provides NYU Stern undergraduate students as well as students from India the opportunity to share classroom and cultural experiences across the two global business centers. Many of the Indian students were sponsored by the Stern School and generous Stern alumni, and could not otherwise have afforded to travel to and study in the US.

"This experience has been amazing," remarked Bhatia, who attends HR College of Commerce in Mumbai. "There's a certain energy to this place and we've received a very warm welcome."

The students participated in a range of educational, cultural, and professional development programs over their two-week visit, which included daily lectures on global business taught by Stern's Venkataramani Srivatsan, clinical professor of economics. In addition to academic lectures, students visited such cultural institutions as the Metropolitan Museum of Art and saw some of New York's leading corporations, including American Express and Standard & Poor's. "It's amazing to learn so much, and Stern has been fantastic," said Bhatia. "The experience means a lot, and we're going to apply what we've learned back in India."

On founding the program, Undergraduate College Dean Sally Blount said, "To be an educated leader in the 21st century, students need to know how markets, politics, religions, and cultures intersect across multiple countries. We believe that India and the US are markets in which this intellectual exchange is particularly critical."

(Top photo) Students and chaperones from Mumbai visit Rockefeller Plaza. (Right photo) Professor Venkataramani Srivatsan (front center) provided daily lectures to the Mumbai students in Stern's Tisch Hall, pictured in the background.

In January, juniors and seniors from Stern will travel to Mumbai, the commercial and entertainment center of India. "For Stern students, this is a phenomenal opportunity and I would encourage every business student to consider applying for this program," said Yash Daga (BS '09), a recent Stern graduate who helped welcome the students from India in May. "India is a very interesting place to study. As an economy, it is starkly different from the US in terms of size, economic stratification, industry composition, legal structure, social influences, and even entrepreneurial attitude. Be it language barriers, food adjustments, or other cultural learnings, the trip will be an assortment of challenge, adventure, and fun."

Daga added, "The true value of such learning will be immeasurable, and I have no doubt that students will come out of this trip as individuals who are more aware and adaptable to social differences, more immune to cultural shocks, and more confident about their own abilities." ■

(From left to right) Amit Gupta (MBA '99); Sally Blount, NYU Stern Undergraduate Dean; Chandrika Krishnamurthy Tandon, member of the NYU Stern Board of Overseers and Executive-in-Residence; Indu Shahani, Sheriff of Mumbai; Benoy Thanjan (BS '97); Ashish Contractor (BS '97); and Kush Wadhwa (MBA '02)

ALUMNI AFFAIRS Alumni News & Events

THE BARCELONA 2009: GLOBAL ALUMNI CONFERENCE, held June 11 – 13, 2009, was a celebration of Stern's international community, bringing together more than 250 alumni and guests from around the world for a weekend filled with intellectual, cultural, and social opportunities. To recapture the excitement of the weekend, visit the website at www.stern.nyu.edu/barcelona2009.

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1. & 6. Alumni mixed and mingled at the Conference.

2. Dean Thomas F. Cooley met with Barcelona's city leaders (from left to right) Josep Maria Cervera, the Honorable Josep M. Basañez, and Andreu Puig Sabanés (MBA '91).

3. Traditional Spanish music greeted alumni and kicked off the Conference.

4. Friendships are forged at the Global Alumni Conferences: brothers Peter and Paul Seroka (MBA '05) (pictured on both ends) enjoyed the company of Mark (MBA '06) and Samantha Bean (center) and Molly Meek (MBA '04).

5. (From left to right) Professor Al Lieberman; Michael Barker, Co-president and Co-founder of Sony Pictures Classics; and Dean Sally Blount were among the Conference's esteemed speakers.

7. (From left to right) Dean Thomas F. Cooley, Stefano Russo (MBA '81), Mark Patterson (MBA '86), and William R. Berkley (BS '66), Chairman of the Stern Board of Overseers, celebrate the strength of the Stern community.

8. Juan Antonio Samaranch-Salisachs (MBA '86) chaired the Barcelona 2009 Host Committee.

9. Flamenco dancers accompanied a guitar orchestra in a special tribute performance at the closing dinner.

10. (From left to right) Joan Bloom (MBA '66), Susan Jurevics (MBA '96), and Professor Al Lieberman discussed the latest developments in the Entertainment, Media & Technology program during the opening reception at the Hotel Arts.

11. Alumni enjoyed Spanish wine and tapas.

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Alumni Leaders Help Create the Stern of Tomorrow

The Alumni Council comprises the top tier of alumni volunteers and ambassadors of the School, representing a variety of graduation years, degree programs, industries, job functions, and geographic locations. Appointed to a three-year term, Council members serve in a variety of capacities to actively support the educational excellence of Stern and foster community among and between alumni, students, and the School.

Representing their peers, council members voice the passions and interests of the community at large, which drives alumni programming for events that occur around the globe. This past year, under the direction of Allan Boomer (MBA '04), the Council took its leadership to new heights by concentrating its efforts on increasing philanthropy and alumni engagement within the network.

Through its collaboration with class agents and alumni committees, the Council works to inspire graduates to reconnect with the Stern community and to adopt a culture of giving – through student mentorship, recruiting efforts, and financial contribution. In September, the Stern Women In Business (SWIB) Alumnae Committee kicked off a three-year fundraising campaign to raise $100,000 in support of the $35 million transformative facilities renovation known as the Concourse Project. By offering not only their time, but also their monetary support, SWIB alumnae have been able to immediately and powerfully impact the lives of current and future students.

In addition, the Council began an increased engagement effort with the student body in order to create a stronger bond between students and alumni, and to ease the post-graduation transition, a fundamental focus especially in this current economic climate. Alumni volunteers assisted the Council by supporting programs including MBA Pre-Term Orientation, conferences held by student groups such as the Media, Entertainment & Sports Association (MESA) and SWIB, and the Council's Student Affairs Committee.

Alumni Council members Allan Boomer (MBA '04) (left), Chair, and Chris O'Connell (MBA '00) connected at an Alumni Council event.

The Alumni Council members, while certainly some of Stern's biggest supporters, could not make such a great impact on the School without the help of the committee members, alumni volunteers, and the Stern community at large.

The Council will continue to engage more people to volunteer, attend an event, or make a gift to the School. Stern's doors are always open to alumni and now, more than ever, the School needs your support. To learn more about the Alumni Council, to become involved in a committee, or to find an up-to-date listing of all alumni programming worldwide, please visit the alumni website at www.stern.nyu.edu/alumni or call (212) 998-4040.

We hope you will think fondly of your Stern family in this season of joy and giving, and please consider making a tax-deductible gift today by using the reply envelope enclosed in this magazine, visiting www.stern.nyu.edu/giving, or calling 1-212-998-4161.

Every gift, no matter the size, has an impact on the School and its students.

Alumni Reconnect at NYU Alumni Day 2009

For the seventh year in a row, hundreds of NYU alumni gathered on Washington Square on October 3, for NYU's annual Alumni Day. NYU Stern graduates from around the world came back to campus to take part in reunion activities, including five- and 10-year reunion receptions, to reconnect and network with former classmates over cocktails and hors d'oeuvres.

The reunion receptions celebrated the commitment of those alumni who fulfilled their Legacy pledges and the members of each class who contributed financially to Stern over the past five years. Alumni also had the opportunity to tour the newly completed Concourse Project – the School's transformative $35 million facilities renovation.

In addition, alumni joined Dean of the Undergraduate College Sally Blount at the annual Dean's Luncheon, where she delivered a State of the School Address, and they attended programs showcasing some of NYU's most dynamic and innovative faculty and alumni.

Members of the MBA Class of 2004 reconnected at the reunion reception.

Overall, more than 2,000 alumni and friends joined in the annual celebration.

A New Online Alumni Community is Coming...

A revitalized online community is coming your way! Based on your feedback, the current online community, SWAP, is being replaced by an entirely new, robust, and more user-friendly platform by iModules.

Not only will you continue to be able to search for friends and classmates, view a comprehensive calendar of global programs, and register for alumni events, you will also be able to subscribe to news updates via RSS feeds from the School, tailor the communications you wish to receive, and link to many other online social networking sites such as Facebook, LinkedIn, YouTube, and Flickr in order to consolidate your networks.

Exclusive career resources and enhanced privacy features are just a few of the additional exciting enhancements to this dynamic tool. Regional and affinity group pages will enable you to interact with thousands of fellow alumni based on your geographic region or common interests.

Stay tuned for exciting updates in the near future. To learn more about the NYU Stern online alumni community, visit www.stern.nyu.edu/alumni.

Join NYU Stern Alumni on facebook

Stay connected to your Stern friends and to the School through Facebook. Along with the online alumni community and LinkedIn, Facebook offers you the opportunity to tap into the global alumni network and keep in touch with friends and contacts. Learn more about your classmates' networks and professional contacts, upload your favorite Stern photos, and share links and videos with the community.

Stern's alumni Facebook page does not replace the online alumni community, so visit the alumni website often for exclusive career resources, a comprehensive event calendar, and to keep your contact information up to date with the School.

To join the NYU Stern alumni Facebook page, visit www.stern.nyu.edu/alumni or search for the "NYU Stern Alumni – Official Page" in Facebook.

Update Your Contact Information

In an effort to be more environmentally friendly and fiscally responsible, many of the School's communications are now sent exclusively via e-mail. Don't miss out on important information from Stern. Update your contact information by calling (212) 998-4040, visiting the website at www.stern.nyu.edu/alumni, or sending an e-mail to alumni@stern.nyu.edu.

Ninth Annual NYU Stern Alumni Ball

NYU Stern School of Business, Concourse Levels, Tisch Hall

Saturday, December 5, 2009
8:00 – 11:00 p.m.

Participate in a historic moment at the ribbon-cutting of Stern's transformative campus renovation.

For more information and to RSVP visit www.stern.nyu.edu/alumniball or call the office of Alumni Relations & Development at (212) 998-4040.

class notes

Send us your news, update your contact information, and access the contact information of your fellow alumni through SWAP, Stern's online alumni community, at www.stern.nyu.edu/alumni.

1950s

Martin S. Berger (BS '52), of New York, NY, was re-elected to a three-year board term at Mack-Cali Realty Corporation, a fully integrated, self-administered, self-managed real estate investment trust providing management, leasing, development, construction, and other tenant-related services for a portfolio of Class A properties.

Martin Lipper (BS '58), of Upper Saddle River, NJ, has been named to the Board of Directors of EPiC Energy Resources, Inc., a Houston-based provider of engineering, management consulting, and training services to the energy industry. Lipper most recently served as Senior Vice President and Research Director of Baron Group USA.

1960s

Dominic Massaro (BS '61), of the Bronx, NY, has been nominated by Governor Paterson to fill a vacancy on the New York State Supreme Court in the First Judicial District. Justice Massaro is currently a judge on the New York State Court of Claims and the Supreme Court of Bronx County, a position he has held since 1987.

Michael Armellino (MBA '63), of Fort Lee, NJ, has been nominated to serve on the Board of Directors of Armanta, Inc., a provider of a new generation of business intelligence software. He is a retired partner of Goldman Sachs.

William G. Morton, Jr. (MBA '65), of Boston, MA, has joined Pacholder High Yield Fund Inc. as Director. Previously, Morton served as Chairman and CEO of the Boston Stock Exchange from 1985 to 2001.

Frederic M. Poses (BS '65), of New York, NY, has been appointed to head Ascend Performance Materials, a nylon manufacturer recently acquired by the private equity firm SK Capital Partners. Previously, Poses served as CEO of American Standard and as COO of AlliedSignal.

William H. Turner, III (MBA '66), of Upper Montclair, NJ, has been named interim Dean of Montclair State University's School of Business. Turner most recently served as founding Dean of the College of Business at Stony Brook University.

David Golan (MBA '67), of Haifa, Israel, has joined the Board of Israel-based Better Online Solutions Ltd., which provides supply chain services as well as mobile and radio frequency identification devices. Golan is Director and former Chairman of Cimatron LTD.

A. Bronson Thayer (MBA '67), of Thonotosassa, FL, was named Treasurer of the Board of Directors of Florida West Coast Public Broadcasting Inc. Thayer is also Chairman of Bay Cities Bank.

Richard E. Sorensen (MBA '69, PhD '73), of Blacksburg, VA, has been elected Chair of the Board of Directors of Plastic Packaging Inc. Sorensen has served as a member of the company's Board since 1981. He is the Dean of the Pamplin College of Business at Virginia Tech.

1970s

Lewis J. Altfest (MBA '70), of New York, NY, was named to *Barron's* list of the 100 Top Independent Financial Advisers for 2008, in addition to being ranked among *Worth* magazine's list of The Top 250 Wealth Advisors. He was also recently featured in *The Wall Street Journal*'s article, "Stand Pat or Rethink." Altfest is President of L.J. Altfest & Co., a wealth management firm.

Peter A. Howley (MBA '70), of Petaluma, CA, has joined the Board of Directors for Telecom Council of Silicon Valley and is Chairman of their Entrepreneur Forum. Howley is also on the Board of the Independent Institute in Oakland, CA, and recently participated on the panel "Surviving as a Start-Up in this Economic Climate" for the Chamber of Commerce International Consortium for Entrepreneurs.

Fred S. Zeidman (MBA '70), of Houston, TX, has been named Chairman of SulphCo Inc., a developmental stage company that engages in the development and marketing of processes for the upgrading of crude oil. Zeidman has been a director at SulphCo since August 2008.

David Fitzgerald (MBA '71), of Brandon, VT, has been named acting President and CEO of ArthroCare Corp. Fitzgerald is principally employed as a consultant in the medical device industry. In 1996, he retired after spending 25 years in management positions at Pfizer Inc.

George M. Dillehay (MBA '72), of Ridgewood, NJ, has been elected to the Board of Directors of Business Publications Audit Worldwide, a global industry resource for verified audience data and media. He currently serves on the Board of Directors for String Letter Publishing, and is a publisher of *Acoustic Guitar* and *Strings* magazines.

Nasser Mohammed Al Nowais (BS '74), of Abu Dhabi, United Arab Emirates, has been appointed to the Board of Dana Gas, a private-sector gas company in the Middle East. Al Nowais is Chairman of the Rotana Hotel Management Corporation, Managing Director of the Abu Dhabi Trade Centre, and Chairman of Aswaq Management & Services.

Philip E. Guldeman (MBA '74), of Arroyo Grande, CA, has accepted an interim position overseeing the financial and accounting functions at Temecula Valley Bancorp Inc., which operates 11 full-service banking offices in California.

Mitchell C. Hochberg (BS '74), of Harrison, NY, has been appointed Senior Advisor to Navigant Consulting's distressed real estate solutions initiative. Hochberg, a CPA, was recently nominated to the Board of Directors of Orient-Express Hotels.

Ed McGuinn (MBA '74), of Greenwich, CT, has been named President and Chief Revenue Officer at the Alan S. Harris Group, a national human capital management consulting firm.

Grant W. Newton (PhD '74), of Medford, OR, has been appointed to the Board of Trustees of Oklahoma Christian University.

Christopher H. Shays (MBA '74, MPA '78), of Bridgeport, CT, has been elected to the Board of Directors of CIT Group Inc., a provider of financing to small businesses and middle market companies. Shays served as a Congressman in the US House of Representatives, representing the 4th District of Connecticut, from August 1987 to January 2009.

Douglas M. McGraime (MBA '75), of Wilton, CT, has been promoted to President and COO of Combe Incorporated, a global consumer products company located in White Plains, NY. McGraime most recently served as Executive Vice President and is currently on the Board of Directors.

Eva Nove (BS '75, MBA '76), of Charlotte, NC, is taking a sabbatical from her private practice, Counseling & EAP Services, to assist US military service members and their families at bases in Europe, the Pacific, and the US.

Sharon Glueck Potts (MBA '75), of Miami Beach, FL, published her book, *In Their Blood*, a suspense novel in which the protagonist is forced to confront the reality that his parents are not the people he had believed them to be.

John T. Vlachos (MBA '75), of Manhasset, NY, has joined Reader's Digest Association, Inc. as Vice President, Global Business Planning and Analysis. Previously, Vlachos served as Senior Vice President and CFO of Bookspan.

Peter S. Kraus (MBA '76), of New York, NY, received the Eigenbrodt Cup Award, the highest alumni honor, from Trinity College. Kraus is Chairman of the Board of Directors and CEO at AllianceBernstein.

Jeremy Spector (MBA '76, LAW '84), of Princeton, NJ, was recently appointed Chairman of the American Bar Association's tax-exempt Financing Committee. Spector is Partner at Mintx, Levin, Cohn, Ferris, Glovsky & Popeo PC.

Claude E. White, III (MBA '77), of Claymont, DE, has joined Intellitec Solutions as Senior Consultant.

Maria M. Miller (BS '78), of Dallas, TX, has joined Norwegian Cruise Line as Senior Vice President, Marketing. She most recently served as Chief Marketing Officer at Dave & Buster's.

John C. Stomber (MBA '78), of New Canaan, CT, is a senior executive of the newly-formed StormHarbour Partners LP. Previously, Stomber was President, CEO, and Chief Information Officer of Carlyle Capital Corporation.

Joseph P. Malfesi (MBA '79), of Rockville, MD, has been appointed Chief Technology Operations Officer at Amtrak, where he is responsible for IT infrastructure. Previously, Malfesi held a similar position at Hughes Network Systems.

Christine Lindahl Reilly (MBA '79), of Berkeley Heights, NJ, has been honored as one of the Top 25 Nonbank Women in Finance by *US Banker Magazine*. Reilly is President of CIT Small Business Lending.

Tom M. Wirtshafter (MBA '79), of New York, NY, has been named President of American Portfolios Financial Services (APFS), a member FINRA/SIPC firm, and American Portfolios Advisors Inc. Prior to being named President, Wirtshafter had been a board member and consultant for APFS since 2004.

1980s

Michael V. Dukmejian (MBA '80), of New York, NY, has been named Publisher of *Bloomberg Markets* magazine, the monthly publication for investors and business professionals.

Laurie C. Kamhi (BS '80), of Brooklyn, NY, has recently been recognized by *Worth* as a Worth Top 250 Wealth Advisor and by *Barron's* as a Top 1000 Advisor. Kamhi is a private wealth advisor with Merrill Lynch.

Kevin Fisher (BS '81, MBA '05), of Staten Island, NY, was appointed Vice President and Head of Business Development with CSC Trust Company of Delaware, a subsidiary of global services firm Corporation Service Company and a provider of corporate trust, escrow, and agency services.

Carol M. Joseph (BS '81), of New York, NY, has been hired as Partner with Blank Rome LLP, in the law firm's Real Estate Development Group. Joseph currently serves on the Boards of Directors of the Jewish Community Center in Manhattan, Hadassah Foundation, Change the Truth Foundation, and the Jewish Women's Archive.

Kevin Sheehan (MBA '81), of Lloyd Harbor, NY, was appointed CEO of Norwegian Cruise Line, where he is currently President and CFO.

Robert L. Bowen (MBA '82), of Weston, MA, has been appointed Vice President and CFO of Abiomed, Inc., a provider of heart recovery products providing circulatory support to acute heart failure patients.

Vita A. Cassese (MBA '82), of Forest Hills, NY, has joined Exigen Capital, a transformational private equity fund, as Operating Partner. Previously, Cassese served as the Vice President, Business Development and Strategy and Innovation, at Pfizer Inc. In 2007, she was named one of the top 25 chief investment officers of the year by *CIO Insight* magazine.

Deane M. Dray (MBA '82), of New Canaan, CT, has joined the equity research team of FBR Capital Markets as Senior Vice President within its Diversified Industrials group. Previously, Dray was a senior industrial analyst with Goldman Sachs.

Simone O. Fevola (BS '82), of New York, NY, was named President of Winch Advisory Services of Appleton, Wisconsin. Previously, Fevola was President of a financial planning and investment management firm in Wisconsin's Fox Valley.

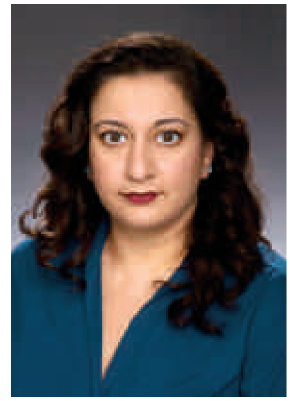
Tony Kao (MBA '82), of Hartsdale, NY, has been promoted to Chief Investment Officer with GM Asset Management, where he has worked for 26 years. Previously, Kao was Senior Managing Director and Head of Global Public Markets for GMAM.

Amar P. Singh (MBA '82), of Monmouth Junction, NY, has joined Spectrum Pharmaceuticals as Chief Commercial Officer. Previously, Singh served as Chief Commercial Officer for Novacea.

Louis F. Cimino (MBA '83), of Ramsey, NJ, has been promoted to COO of W.H. Reaves & Company, Inc., an employee-owned investment management company that specializes in utility, telecommunications, and energy equities. Cimino was previously its Vice President.

S. Andrew Siegelstein (MBA '83), of Humble, TX, has been named General Manager for BrightSource Construction Management Company, a subsidiary of

Super Goal-Directed



Superna Kalle (MBA '99)

From early on, Superna Kalle knew what she wanted. "When I was applying to NYU Stern, one of the essay questions asked: Where do you see yourself in five years?" she said. "I answered that I would love to be working in the global television industry, primarily concentrating on India." She was spot on. Today, as Senior Vice President of International Networks at Sony Pictures Television (SPT), Kalle provides leadership to SPT's television networks business in India, Multi Screen Media Private Ltd., which includes the channels Sony Entertainment Television, MAX, SAB, and PIX.

Kalle works with each channel's management to ensure profitability and establish overall business priorities and new initiatives for the channels in the region, and she is responsible for expanding the portfolio of Indian channels and content across multiple distribution platforms in the US. "I'm so fortunate, because every day is different. I work closely with the very talented and entrepreneurial management of each of our channels, as well as with the functional experts that we have here in Los Angeles," she said.

But Kalle didn't just serendipitously land in her dream job. "I was working in investment banking and didn't particularly enjoy myself," she explained. "I thought the best way to change careers and get into the entertainment industry was to get an MBA from a world-class business school." Kalle enrolled in business school full time and simultaneously accepted an internship at Viacom, where she worked in the marketing department of Nickelodeon. "It worked out well," she said. "I was recruited at Stern to join Sony Pictures Entertainment's Corporate Development Group. One day, I mentioned to the head of one of our operating divisions that I may be ready to move to an operating role." The next day, she received a call offering her a position working with television channels in India at SPT. "Given that I'm Indian-American, that was a definite 'yes,'" she said.

Kalle attributes much of her success to the skills she learned at Stern, especially from her finance and corporate governance classes. "Meeting so many people from around the world at Stern helped me transition to an international media career, too," she said.

Outside of work, Kalle spends time with her family and reads voraciously. "I actually am doing what I said I wanted to do in my business school essay. How many people can say that?" she said with delight.

Boeing, Boeing!

Gary Baker (MBA '03)

Gary Baker has had as diverse a career as they come, with just one employer. With many Boeing management positions behind him, Baker is currently the CEO and Director General of Ural Boeing Manufacturing (UBM), a joint venture between Boeing and Russia's VSMPO-AVISMA that produces titanium parts for Boeing's 787 Dreamliner jets. His MBA is similarly diverse: a product of the TRIUM Global Executive MBA Program, a three-school international degree.

Since kick-starting his 29-year career with Boeing in 1980, Baker climbed the corporate ladder wearing many hats. Prior to his appointment at UBM in April 2007, he held numerous management positions in manufacturing, quality assurance, program management, and technical integration, culminating in his prior position as Director of Global Partners Field Operations. "The biggest challenge in working for such a large company," he noted, "is not getting lost or pigeonholed into a specific discipline or function." He advises employees to play an active role in their careers and decide what they want to get from their experience. "I wanted to learn to build airplanes, experience customer service, examine sales, and work with suppliers to get a well-rounded and diverse view of the company," he said. "Boeing is an amazing company to work for and has afforded me many opportunities to grow into my current position."

Baker's career has been abundantly rewarding and has offered him the chance to work globally in Europe and Asia, including the UK, Spain, and now Russia. "Bringing this enterprise together for UBM has been incredibly gratifying," he said. He is also the Founding President of the International Aerospace Quality Group, which is an industry association implementing global improvements in aerospace. "I constantly strive to improve the quality of our professional community," he said.

An Arizona native, Baker was living in the UK when he decided to enroll in the inaugural class of the TRIUM Global Executive MBA Program, which offers a curriculum that blends a world-class business education from three prominent universities: NYU Stern, the London School of Economics and Political Science, and HEC School of Management, Paris. "I chose the program because of its global perspective on business," he said, "and because it allowed me to tap into three excellent educational systems. I am very grateful for my experience at NYU Stern. I have been able to use most of my lessons in my business career and refer back to them often."

Time is a favorite hobby of Baker's: He is a horologist and a collector of clocks. When he is not punching Boeing's clock, he enjoys spending his hours with his wife and five children.

BrightSource Energy, Inc., a developer of large-scale solar thermal energy plants.

Thomas L. Tishman (WSC '76, MBA '83), of Mendham, NJ, was promoted to Assistant Vice President in Merrill Lynch's Global Wealth Management Group. Previously, Tishman served as Senior Financial Advisor.

David Weild, IV (MBA '83), of Bronxville, NY, has been named to InsideVenture's Corporate Board. Weild is Founder of Capital Markets Advisory Partners.

John O. Barres (MBA '84), of Newark, DE, was recently named by Pope Benedict XVI as the fourth Bishop of the Diocese of Allentown. He is the first priest in more than 100 years from the Diocese of Wilmington to be named a bishop.

Melissa R. Brown (MBA '84), of New York, NY, has been appointed Managing Director, Chief Investment Strategist, and Head of the newly formed institutional clients division with Wayne Hummer Asset Management Company, a subsidiary of Wintrust Financial Corporation, a financial holding company.

Scott Kauffman (MBA '84), of Palo Alto, CA, was named President, CEO, and member of the Board of SourceForge, Inc., an IT community-driven media and e-commerce company. Most recently, Kauffman was President and CEO of PopTok, a start-up that facilitates the personalizing and digitizing of television, movie, and music video snippets for use in everyday conversations. He remains a member of PopTok's Board of Directors.

Mark Connelly (BS '85, MBA '89), of New York, NY, has joined Sterne Agee's equity research department, where he will serve as Managing Director and Senior Research Analyst, covering the agricultural sciences, commodity chemicals, and paper sectors.

Gary Katcher (MBA '85), of Port St. Lucie, FL, has been promoted to Head of Global Fixed Income with Knight Capital Group, Inc., a financial services firm that provides electronic and voice access to the capital markets across multiple asset classes for buy-side, sell-side, and corporate clients. Previously, Katcher was Senior Managing Director.

Giorgio Stock (BS '85), of Milan, Italy, has been promoted to Executive Vice President and Managing Director for Disney Channels, Europe, Middle East, and Africa, and will lead The Walt Disney Company's portfolio of television channels, including Disney Channel, Playhouse Disney, Disney XD, and Cinemagic. He will also serve as a Disney representative on the board of SRTL, Disney's joint venture with RTL Group. Stock joined The Walt Disney Company in 1997 and has been Senior Vice President and General Manager, Italy, since 2005.

Kevin R. Byrne (MBA '86), of Brooklyn, NY, has been promoted to Executive Vice President of AXA Equitable. AXA Equitable Life Insurance Company is a financial protection company and one of the nation's providers of life insurance, annuity, and investment products and services.

Lisa M. Carlton-Wilson (BS '86), of New York, NY, was recently married to William Bainbridge. She is the founder of In-Site Communications, an investor relations firm in New York.

Daniel H. Schulman (MBA '86), of Warren, NJ, has joined the Board of Directors of Flextronics International Limited, a provider of advanced design and electronics manufacturing services to original equipment manufacturers. Schulman is CEO and Director of Virgin Mobile USA Inc. He is also a member of the Board of Directors of Symantec and serves on the Board of Trustees of Rutgers University.

Sandra J. Zimmerman (MBA '86), of Holliston, MA, was recently appointed CFO of Nyer Medical Group Inc. Zimmerman is a member of the American Institute of Certified Public Accountants.

John A. Kritzmacher (MBA ’87), of Far Hills, NJ, has been elected to the Board of Directors of InterDigital, Inc. Kritzmacher is Executive Vice President and CFO of Global Crossing Limited.

Cheryl S. Peress (MBA ’87), of New York, NY, has recently launched ArtistsinAuction, a company that assists emerging artists selling their work via online auction.

Naomi Brezi (BS ’88), of Plumsted, NJ, has been appointed Sales Director with VIPGift, a provider of corporate and consumer incentive programs and prepaid card solutions to Fortune 500 companies. Prior to joining VIPGift, Brezi worked with ITAGroup and MTM Recognition.

William S. Burns (MBA ’88), of Shorthills, NJ, has been appointed CFO of Somerset Hills Bancorp, the holding and parent company for Somerset Hills Bank. Burns was previously the CFO of TenRock Capital LLC, a commercial mortgage lender.

Alan G. Levin (MS ’88), of New York, NY, has been appointed Executive Vice President and CFO of Endo Pharmaceuticals. Most recently, Levin was Executive Vice President and CFO of Moksha8 Pharmaceuticals.

Michael T. O’Hea (MBA ’88), of Northport, NY, has published an E-book, *The One Hundred and One Secrets of Castle Macawber,* with Treeguard Publishing LLC.

James Randy Schwingen (MBA ’88), of Cliffside Park, NJ, has been promoted to Director of Corporate Actions Products and Editorial Operations with Wolters Kluwer Financial Services. Previously, Schwingen was Senior Product Manager for corporate actions solutions at the same firm.

Kenneth L. Sperling (MBA ’88), of Orange, CT, recently rejoined Hewitt Associates, a global human resources consulting and outsourcing company, as its Global Health Management Consulting Leader. Sperling is also the Chairman of the Advisory Board of the University of Connecticut’s Healthcare Management Program.

Michael Zientek (MBA ’88), of Albuquerque, NM, has been selected to serve as the Chairman of the Greater Albuquerque Chamber of Commerce for 2009 to 2010. Zientek is Vice President of The Gap’s corporate shared service center in Albuquerque.

Kathleen A. Corbet (MBA ’89), of New Canaan, CT, has joined the Executive Advisory Board of Rapid Ratings International, an independent ratings, research, and analytics firm. Corbet is the Founder and Principal of private equity and strategic consulting firm Cross Ridge Capital.

Gregg R. Kam (MBA ’89), of Short Hills, NJ, has been promoted to Senior Vice President and CFO of International Specialty Products, a specialty chemical company based in Wayne, NJ.

Yuri M. Piltser (MBA ’89), of Hallandale Beach, FL, has been named Team Leader and Senior Relationship Manager of Wholesale Banking for Sun National Bank’s northern region. Piltser is also responsible for business development, as well as managing portfolios and ushering customers through the loan and credit approval processes.

Elizabeth J. Satin (MBA ’89), of New York, NY, has been appointed Senior Vice President and Head of Corporate Development and Mergers & Acquisitions, North America, with Wolters Kluwer, a global information services and publishing company focused on professionals. Satin is a veteran media and information industry senior investment banker.

1990s

Stephen M. Alpart (MBA ’90), of Armonk, NY, has joined Prudential Real Estate Investors as Managing Director. Most recently, Alpart was Managing Director and Co-head of Opportunistic Lending in the debt funds business at Capmark Investments.

Theodore Nacheff, II (MBA ’90), of Short Hills, NJ, has joined FBR Capital Markets Corporation as Senior Vice President within institutional sales. Previously, Nacheff was employed with Goldman Sachs.

Erik E. Prusch (MBA ’90), of Austin, TX, was named President and CEO of Borland Software Corp, a company that provides platform-neutral software development tools to simplify and accelerate application development. Prusch joined Borland from Intuit Inc., where he was Vice President of Finance for its Consumer Tax Group.

Lynn A. Tyson (MBA ’90), of Hutto, TX, has joined PepsiCo as Senior Vice President of Investor Relations. Previously, Tyson served as Vice President, Investor Relations, for Dell Inc., where she was responsible for Dell’s relationships with investors and financial analysts, and for strategic direction of the investor relations function.

Craig A. Weynand (BS ’90, MBA ’96), of Cockeysville, MD, has joined NuWave Investment Management LLC’s management committee as Managing Director of Business Operations. Previously, Weynand was Director of Investor Services at Graham Capital Management, L.P.

Bradley G. Ball (MBA ’91), of Chatham, NJ, has joined Ladenburg Thalmann & Co. Inc., a subsidiary of Ladenburg Thalmann Financial Services Inc., as Managing Director of Equity Research. Previously, Ball was Director of Equity Research and Senior Specialty and Consumer Finance Analyst at Citigroup’s Citi Investment Research.

Ada M. Healey (MBA ’91), of Seattle, WA, has been appointed as Director of the Seattle branch of the Federal Reserve Bank of San Francisco. Healey is Vice President of Real Estate for Vulcan, the Seattle-based corporation owned by Microsoft’s Paul Allen.

Fritz H. Hofheinz (MBA ’91), of Beverly, MA, has joined Best Doctors, Inc. as Vice President and Medical Director. Previously, Hofheinz worked at UpToDate, an information resource for physicians.

George D. Landau (MBA ’91), of Vancouver, Canada, has been appointed Vice President of Business Development with TYRX, Inc., a certified medical device manufacturer that works in the commercialization of implantable medical-pharmaceutical devices.

Lance LaVergne (MBA ’91), of Montclair, NJ, has been named Vice President and Chief Diversity Officer of New York Life.

Eric F. O’Toole (MBA ’91), of Montclair, NJ, was promoted to Senior Vice President of Sales at The Dannon Company. Previously, O’Toole held the position of Vice President of Business Development.

Gregg A. Fisch (BS ’92, LAW ’96), of Santa Monica, CA, has been named Partner in the labor and employment department in the Los Angeles office of Seyfarth Shaw.

Mary J. Jolda (MBA ’92), of Caldwell, NJ, has joined Marcal Manufacturing, LLC as Senior Vice President, Marketing. Previously, Jolda worked for Reckitt & Colman, Inc.

Ronald S. Nersesian (MBA ’92), of Santa Rosa, CA, has been named Senior Vice President and General Manager of Agilent Technologies’ electronic measurement group. Nersesian is currently Vice President and General Manager of the group’s wireless business unit.

Jason N. Ader (SCPS ’91, MBA ’93), of San Francisco, CA, has been named Director of Las Vegas Sands Corporation. Ader is the Founder and CEO of NYC-based hedge fund Hayground Cove Asset Management and Chairman and CEO of India Hospitality Corporation.

Lisa N. Fyfe (BS ’93) of New York, NY, was recently married to Roger Lane in Holicong, PA. Fyfe is currently the Art Director of Henry Holt and Company, a publishing division of Macmillan in New York.

Jeffrey J. Kollin (MBA ’93), of Livingston, NJ, has joined Rothstein Kass as Director in the Advisory Services group. Prior to joining Rothstein Kass, Kollin was Senior Vice President, Head of Business Development, at R3 Capital.

C. William Kraus (MBA ’93), of New York, NY, was recently married to Julie Beck. Kraus is a developer and consultant who focuses on the use of historic buildings as part of urban revitalization in Connecticut.

James P. Stoeffel (MBA ’93), of Montclair, NJ, has joined Royce & Associates, LLC, investment advisor to The Royce Funds, as Portfolio Manager. Prior to joining Royce, Stoeffel co-founded and managed a hedge fund for Rebus Partners.

Ron Bentsur (MBA ’94), of Tenafly, NJ, has been appointed CEO of Keryx Biopharmaceuticals, Inc. Previously, Bentsur served as CEO of XTL Biopharmaceuticals.

Lawrence C. Busch (MBA ’94), of New York, NY, was named one of *Worth* magazine’s Leading Wealth & Legal Advisors in the

Managing With Style

Christine Morena (BS '76, MBA '81)

Avid about fashion, Christine Morena never dreamed she would be paid to spend her days at Saks. The Executive Vice President of Human Resources for Saks Inc., Morena found herself there thanks to a career marked by flexibility and willingness to roll with the punches. "The rate of change in the world is so frequent that the plan you set forth today may be one that you can never implement," she shared. "You have to be open to learning, growing, and experiencing the world around you if you want to be successful."

Morena, a double degree holder from NYU Stern, joined Saks after a successful 28-year run at AT&T, where she began her career following her 1976 graduation from Stern's Undergraduate College. When she accepted the AT&T position, she was one of very few females in a male-dominated field. "As a woman in an engineering-orientated company, it was all about trying to look and act like your male counterparts," she recalled. "You never wanted your colleagues to think 'she's not really serious about her career because she's married or she has children.'" In contrast, today's organizations support women and offer many work-life balance initiatives. "Although, there's still the issue of the glass ceiling," Morena noted.

At AT&T, Morena was able to build her career in a cross-functional way, working in sales, product management, marketing, and, finally, human resources. AT&T was committed to a philosophy of placing people in positions in which they had little experience in order to make them well rounded. "I was able to continuously grow and develop my skills to become a general manager and senior leader in the company," Morena said. When she left AT&T as Senior Vice President of Human Resources, Morena was responsible for the strategic support of 40,000 people in 60 countries.

In 2007, armed with impressive career experience, a solid business education – now including a Stern MBA – and her love of shopping, Morena transitioned to Saks. "I value my time at Stern," she said. "It set me on not only a solid career path, but also on my personal path – I met my husband during my undergraduate career, and our daughter earned her undergraduate degree from Stern in 2007," she said.

Today, in appreciation of her Stern experience, Morena volunteers as a mentor for students in the Undergraduate College. "When I was in the program at Stern, most of my classmates and I were focused on working in finance," she said. "One of the ideas I try to instill in current students is to think outside the box – be open to and embrace the unknown."

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Daniel Y. Doo (MBA '94), of Belle Mead, NJ, has joined CastleOak Securities, L.P's equity capital markets team as Managing Director. Doo formerly ran the index arbitrage proprietary trading desk at Nomura Securities.

James Fogarty (MBA '94), of Ardsley, NY, has been appointed President, CEO, and member of the Board of Directors of Charming Shoppes, Inc., a multi-brand apparel retailer specializing in women's plus apparel. Previously, Fogarty was Managing Director at Alvarez & Marsal.

Chin-Yee R. Lap (MBA '94), of Hong Kong, has established the hedge fund Gemini Capital. Previously, Lap was the Head of Structured Credit Markets Asia for Nomura.

Peter Morgan (BS '94), of Hoboken, NJ, has been named Partner at Sonneschein Nath & Rosenthal. Morgan had been Partner and Chair of the hedge fund group at Thacher Proffit & Wood.

Patrizia Porrini (BS '94, MBA '95, MPhil '01, PhD '02), of Whitestone, NY, recently published *Above the Board: How CEOs Build Ethical Companies*, which includes CEO perspectives on how companies can be more ethical or come back from an ethical breach.

Feliz B. Reznick (BS '94), of New York, NY, has been appointed to the Board of Directors of American Scientific Resources, Inc. Reznick practices law at firms Cadwalader, Wickersham & Taft and Rosenman & Colin LLP, and also operates a private practice in New York.

Thomas Carter (MBA '95), of Rye, NY, joined Morgan Joseph & Co. Inc. as an analyst and marketing representative. Previously, he was a managing director with Pali Capital, where he headed its structured products activities.

Sean Dolan (MBA '95), of Larchmont, NY, was appointed President of the Asia-Pacific region with Alcatel-Lucent. Dolan is currently the company's COO of the Asia-Pacific region. Alcatel-Lucent delivers voice, data, and video communication services to end-users.

Tamer El-Rayess (MBA '95), of Flushing, NY, has been named to the Board of Directors of EPiC Energy Resources, Inc., a Houston-based provider of engineering, management consulting, and training services to the energy industry. El-Rayess also serves as the Global Head, Commodities Finance & Capital Investments, at UBS AG. He is also the founder of a private equity fund focused on various industry sectors including energy.

Dorothy A. Hill (MBA '95), of Manhasset, NY, has joined Colcomgroup, a strategic business advisory firm, as Director, Global Business Development.

Alan Hughes (MBA '95), of Fairfield, CT, has been named Chief Information Officer and Senior Vice President of Information Services of Blue Cross Blue Shield of North Carolina. Previously, Hughes was CIO of GE Financial's Global Risk Management organization and also served as CIO of the company's Distribution Finance unit.

Brooks S. Kaufman (MBA '95), of New York, NY, has been named Vice President of Finance with Soltage, LLC, a renewable energy company that develops, finances, owns, and operates solar energy generating power stations on client structures across the US. Previously, Kaufman was with Banc of America Securities, the investment banking arm of Bank of America Corporation.

Paul Knepple (MBA '95), of Point Pleasant, NJ, joined Stone & Youngberg as Vice President of its Taxable Fixed Income Group. Stone & Youngberg is one of the oldest private investment banks operating in the US.

Maryann Kuzel (MBA '95), of Montclair, NJ, has been named President of STAR Healthcare, the healthcare specialty unit of Omnicom

Group's STAR Marketing. Kuzel was instrumental in the formation of STAR Healthcare. Omnicom is a global advertising, marketing, and corporate communications company.

Victor H. Bravo Martin (MBA '95), of Estado de Mexico, Mexico, has been named CEO of Mexican airport operator Grupo Aeroportuario del Centro Norte, S.A.B. de C.V., known as OMA. Previously, Martin served as OMA's CFO.

Frank C. Oh (MBA '95), of New York, NY, is heading the newly-opened New York office of Stifel, Nicolaus & Co., a subsidiary of Stifel Financial Corp., a full-service regional brokerage and investment banking firm. Previously, Oh worked for Goldman Sachs.

Matthew W. Traina (MBA '95), of Newcastle, WA, has joined the financial sponsors group of Piper Jaffray & Co. as Managing Director, where he will lead the firm's coverage of West Coast financial sponsors.

Patrick J. Fabbio (MBA '96), of Basking Ridge, NJ, has joined Ikano Therapeutics Inc. as its CFO. Previously, Fabbio served as Senior Director of US Life Cycle Management and Base Business with Sanofi-Aventis, a pharmaceutical company.

Brendan Hartman (MBA '96), of Mount Kisco, NY, has joined Royce & Associates, LLC, an investment advisor to The Royce Funds, as Portfolio Manager. Prior to joining Royce, Hartman co-founded and managed a hedge fund for Rebus Partners.

Susan L. Jurevics (MBA '96), of Forest Hills, NY, is a recipient of the 2009 Advertising Working Mothers of the Year Award from *Working Mother* magazine and Advertising Women of New York. Jurevics is married with two children and works as Vice President of Corporate Marketing at Sony Corporation of America.

Carl D. Brown (MBA '97), of Brooklyn, NY, has joined Royce & Associates, LLC, investment advisor to The Royce Funds, as Portfolio Manager. Prior to joining Royce, Brown co-founded and managed a hedge fund for Rebus Partners.

Russell P. Certo (MBA '97), of Ridgefield, CT, has joined Broadpoint Capital, Inc. as Co-head of its rates group. Previously, Certo was Managing Director at RBS Greenwich Capital.

Manoj Chouthai (MS '97, MBA '00), of Jersey City, NJ, was named to *Computerworld*'s list of top IT leaders. Chouthai is PSEG's Vice President, Information Technology, and Chief Information Officer.

Richard A.C. Coles (MBA '97), of Harrison, NY, has been appointed to the Board of Directors of Global Consumer Acquisition Corp. Coles is Co-managing Principal of the Emmes Group of Companies and is a member of their investment committee.

Andrea Kallies (BS '97), of Virginia Beach, VA, has joined the Analysis Group, LLC as its COO. Previously, Kallies was Senior Director for Convergys Corporation.

Tim P. Long (MBA '97), of Ridgewood, NJ, has been named Senior Equity Analyst in the technology team with BMO Capital Markets, the investment and corporate banking arm of BMO Financial Group. Long will cover companies in the wireless equipment and data networking industries.

Jeffrey S. Mann (MBA '97), of Rye, NY, has joined Jefferies & Company, Inc., the principal operating subsidiary of Jefferies Group, Inc., as Managing Director within the firm's derivatives sales group.

Joan Van Hise (PhD '97), of New York, NY, was named Teacher of the Year by Alpha Sigma Nu, an honor society of Jesuit higher education institutions. Van Hise is Associate Professor of Accounting at Fairfield University's Charles F. Dolan School of Business.

Darren T. Duffy (MBA '98), of New York, NY, was recently married to Arlene Seungyun Hong. Duffy is the Chief Content Officer at Lipper, the mutual funds research unit of Thomson Reuters, a financial information company in New York.

Scott M. Hall (MBA '98), of Mountain Lakes, NJ, has been named Managing Director of North America with ACTIV Financial, a supplier of fully managed low-latency market data solutions.

Judy E. Hong (MBA '98), of New York, NY, is the 2009 recipient of the *Financial Times* and StarMine Award for Excellence in Investment Analysis. Hong has been with Goldman Sachs for 11 years.

J. Kurt Kaline (MBA '98), of New York, NY, was named Managing Director of Commercial Mortgage-backed Securities Trading with Maxim Group LLC. Kaline was previously Managing Director with Winthrop Realty Partners.

Daniel J. Mullineaux (MBA '98), of Westport, CT, has been appointed Managing Director and Global Head of Emerging Markets Fixed Income with Knight Libertas LLC, a subsidiary of Knight Capital Group and an institutional fixed-income broker-dealer providing trade execution, investment research, and capital markets services across a broad range of fixed-income securities.

Jamie L. Nash (BS '98), of Hoboken, NJ, has become a Member of the law firm of Kleinberg, Kaplan, Wolff & Cohen, P.C. Nash joined the firm as an associate in 2004.

Daniel Seiner (MBA '98), of Miami Beach, FL, has joined Ladenburg Thalmann Financial Services Inc. as Managing Director. Previously, Seiner worked at BroadSpan Capital, LLC, where he was Managing Partner and Director.

Kevin J. Windorf (MBA '98), of Westfield, NJ, has been elected President of the Financial Communications Society, a not-for-profit organization for financial services marketers. Windorf serves as Director of Marketing & Client Strategy for BMO Capital Markets, the investment banking arm of Bank of Montreal.

David Cohen (MBA '99), of New York, NY, will join Paragon Capital Partners, LLC, a merchant banking firm based in New York, as Partner. Previously, Cohen was Executive Director in the M&A group at Morgan Stanley.

Jessica (Pearson) Coleman (BS '99), of Long Beach, NY, recently published her first book, *Crisis Communications – Weathering the Storm*. This in-depth volume touches on all aspects of handling a crisis, from prevention to management to post-crisis communications.

Chris Dury (MBA '99), of San Ramon, CA, has been appointed Vice President of Product with GetJar Networks, a mobile application distribution and developer community.

Jeff P. Fidacaro (MBA '99), of Summit, NJ, has joined Susquehanna Financial Group, LLLP's equity research team. Prior to joining Susquehanna, Fidacaro was Vice President and Senior IT Hardware Analyst at Merrill Lynch.

Kenneth A. Freelund (MBA '99), of Millburn, NJ, has joined Merriman Curhan Ford Group, Inc. as Senior Vice President, Institutional Equity Sales, based in its New York office. Prior to that, he was Director at Rodman & Renshaw, and an institutional equity salesperson at CIBC World Markets and JP Morgan. Merriman Curhan Ford Group is a financial services firm focused on fast-growing companies in the clean tech, consumer, Internet, media, and healthcare sectors.

Kevin B. Jennings (MBA '99), of New York, NY, has been appointed Assistant Deputy Secretary of the Office of Safe and Drug Free Schools by Education Secretary Arne Duncan. Jennings is the Founder and Executive Director of the Gay, Lesbian, and Straight Education Network (GLSEN).

Matthew C. Michaels (MBA '99), of Frisco, TX, has been promoted to Vice President of Administration at Conifer Revenue Cycle Solutions, Inc. Prior to leading Conifer's administration, Michaels served two years as Senior Director of Operations Planning and Strategy for Tenet Patient Financial Services and five years leading Tenet's e-business strategy department.

Philip V. Volpicelli (MBA '99), of New York, NY, has joined Cantor Fitzgerald & Co. as the firm's first analyst in high-yield and distressed research. Previously, Volpicelli worked at Goldman Sachs.

2000s

David L. Bassuk (MBA '00), of Livingston, NJ, has joined AlixPartners as Managing Director. Previously, Bassuk was on the Board of Directors at Kurt Salmon Associates.

Christopher Claps (MBA '00), of Red Bank, NJ, was promoted to Senior Vice President of Quantitative Analysis at Contemporary Healthcare Capital LLC, a provider of senior mortgage, mezzanine debt, and equity to healthcare service companies.

Man with a Plan

George W. Madison (BS '75)

When George W. Madison enrolled in the undergraduate program at NYU, he already had a personal business plan up his sleeve for becoming a senior executive at a major investment firm. He knew that he was going to have to work hard if he wanted to play in the big leagues.

During his first semester at NYU, as a history and political science student, he applied for an entry-level accounting job at a small publishing firm to pay for tuition. But he had never taken an accounting course. "I went to the NYU bookstore and bought an accounting book so that I could speak knowledegably during the interview," he said. Madison spent the next two years maintaining a full course load while working full time. At the end of his sophomore year, he transferred to Stern. "It just made more sense with my professional background," he explained. After graduation, Madison went on to further his education by obtaining both an MBA and a JD from Columbia University.

After law school, he clerked for the Honorable Nathaniel R. Jones at the US Court of Appeals for the Sixth Circuit in Cincinnati, then did a stint at Shearman & Sterling as an associate. In 1987, he joined Mayer, Brown & Platt, where he became the first African-American elected to Partner. In 1997, Madison had an opportunity to put his business degree to greater use as Executive Vice President, General Counsel, and Corporate Secretary at Comerica. He was then recruited for a similar role at TIAA-CREF in 2003. "My background shaped who I am – there was always someone significant at each stage of my life to mentor me," he said.

With his recent nomination as General Counsel at the Department of Treasury by President Obama, Madison has the opportunity to work for his greatest mentors – the President and Treasury Secretary Timothy F. Geithner. "I knew I wanted to take on this challenge when I was recruited," he said. "The world economy was faltering, and major banks were collapsing. I thought of my children asking me [in the future], 'Daddy, what did you do to help?' I wanted to help stabilize the financial system and reinvigorate the economy."

As General Counsel, Madison will manage approximately 2,000 lawyers and 1,600 staff members. Together, he and his team confront, head-on, the legal issues the government faces in the current financial crisis, a broad range that includes the public debt; revenue and customs laws; international and domestic economic, monetary, and financial affairs; and law enforcement and the financial war on terror. "The Treasury is essentially the CFO of the government, and we need to ensure that the causes of the crisis are addressed, the holes in financial regulation are plugged, and that everything related is secure so that this doen't happen again," he declared.

When Madison isn't at the Treasury, he enjoys spending his time with his two daughters. And when he can, he heads to the "green" for a quick round of golf.

Thomas J. Deierlein (MBA '00), of West Harrison, NY, has been named COO of Simulmedia, Inc., a television marketing company pioneering the use of data modeling and predictive technologies to improve the effectiveness of "on-air" program promotion. Previously, Deierlein was Senior Vice President, Global Corporate Development, at Millward-Brown, the WPP-owned media research firm.

Ronald Doria (MBA '00), of Chatham, NJ, has joined Fred Alger Management, Inc., as Vice President, Senior Analyst, covering the healthcare sector. Previously, Doria was a senior equity analyst with Mazama Capital Management.

Peter Eastwood (MBA '00), of Norwell, MA, has been promoted to President and CEO of Lexington Insurance Company, a unit of AIG Commercial Insurance and one of the nation's Surplus Lines carrier.

Brian P. Fitzgerald (MBA '00), of Ridgewood, NJ, has joined UBS Investment Bank as Director. Previously, Fitzgerald worked at Banc of America Securities, where he spent the past three years covering the Internet and mobile Internet companies.

Jonathan Scott Ross (MBA '00), of Beverly Hills, CA, was recently married to Anne-Marie Lee Boysen. Ross is a sales manager for theatrical distribution at Fox Searchlight Pictures.

Matthew Horan (BS '01), of East Norwich, NY, was recently married to Danielle Lewin. Horan is an account specialist at C&B Consulting, an employee-benefits consulting firm in Syosset, NY.

Jim Mui (BS '01), of New York, NY, was recently married to Dr. Linda Law. Mui is a financial analyst at JPMorgan Chase in Manhattan.

Ann M. Sheridan (MBA '01), of New York, NY, and her husband, Erich, recently welcomed a baby boy, Tyler.

Matthew W. Swope (MBA '01), of Morris Plaines, NJ, has joined Broadpoint Capital Inc.'s Debt Capital Markets Division as Vice President and Fixed Income Analyst. Previously, Swope was Research Analyst, Portfolio Manager, and Partner at Washington Corner Capital Management.

Boris G. Todorov (BS '01), of New York, NY, has been appointed Director of Risk Management with Troika Dialog. Previously, Todorov was Vice President of Global Risk Management for Alternative Investments at JP Morgan.

Christopher J. Allen (MBA '02), of Garden City, NY, has joined Pali Capital Inc. as Senior Equity Research Analyst, covering the exchange and market security structure industry, which he previously covered for Bank of America.

Alan T. Ennis (MBA '02), of Scotch Plains, NJ, has been appointed CEO and President of Revlon, Inc. Previously, Ennis was the CFO and President of Revlon International.

Dana Guido (MBA '02), of Hillsborough, CA, has joined Merriman Curhan Ford Group, Inc.'s equity research team as Senior Vice President. Most recently, Guido was Senior Equity Research Analyst covering the US steel sector at Barclays Capital and Lehman Brothers.

Graham Michener (MBA '02), of New York, NY, was appointed to Managing

Director of RSR Partners, an executive search and corporate governance recruiting firm. Previously, Michener was Executive Director in the global banking and markets practice of Russell Reynolds Associates.

Thomas Oh (MBA '02), of Darien, CT, has joined Sandler O'Neill in the firm's fixed income group. Sandler O'Neill + Partners, L.P. is a full-service investment banking firm that provides comprehensive advisory and transaction execution services to the financial industry.

Amelia A. Sadowsky (MBA '02), of New York, NY, was recently married to Thomas Murphy. Sadowsky works at Pfizer Inc., where she is Senior Manager in one of the company's finance divisions.

Lewis Boreas Yuming Fan (MBA '03), of Harrison, NJ, has been appointed CFO for China-Biotics. Prior to joining China-Biotics, Fan was Vice President and Senior Equity Analyst for Brean Murray, Carret & Co., where he covered the Chinese healthcare industry.

Natalia Schargorodsky (MBA '03) and **Pablo F. Kralj (MBA '03)**, of Buenos Aires, Argentina, recently welcomed the birth of their child, Uma.

Aziz I. Ansari (BS '04), of Bennettsville, SC, is starring in NBC's sitcom "Parks and Recreation" and in the movie "Funny People."

Allan J. Boomer (MBA '04), of Somerset, NJ, and wife, Jeanell, recently welcomed a baby boy, Avery Braxton. Boomer currently serves as Chair of the NYU Stern Alumni Council.

Alexander M. Droznik (BS '04), of Brooklyn, NY, has been appointed Affiliate Program and Business Development Manager for Cyweb Holdings Inc.'s GovernmentAuctions.org website. Previously, Droznik held a position with GE Capital.

Laura M. Smith (MBA '04), of New York, NY, was recently married to Thomas H. Winner, Jr. Smith is the Associate Director of Audience Development and Analysis at Condé Nast *Portfolio*.

David Yoo (MBA '04), of Leonia, NJ, has joined SF Investment as Managing Director and Head of the Americas. SF Investment is a comprehensive investment and financial company based out of Seoul, Korea, and affiliated with SoftForum.

Jan Grabowski (MBA '05), of Munich, Germany, was recently promoted to Manager at Bain & Company.

Lynda F. Madera (BS '05), of Seaford, NY, was recently married to Daniel Vaillant. Madera currently works in the business and finance department of Morgan Lewis & Bockius.

Arindam Nag (MBA '05), of London, UK, has been promoted to Deputy Managing Editor with Dow Jones Newswires. Previously, Nag was Senior Columnist for "Heard on the Street."

Simon J. Samaha (MBA '05), of Haddonfield, NJ, has been appointed President and CEO of Summit Medical Group, the largest independently operated, multi-specialty medical practice in New Jersey. Most recently, Samaha served as Senior Executive Vice President and Chief Medical Officer at Cooper University Hospital in Camden, NJ.

Kineret C. Baumberg (MBA '06), of Wayne, NJ, has joined Bentley Associates, LP, as an analyst. The firm focuses on middle market and emerging growth companies within the travel and leisure, energy, healthcare, technology, retail, and business and financial services sectors.

Alexander A. Hammet (MBA '06), of New York, NY, has been named Senior Vice President and Chief Actuary of Delos Insurance Group, which provides program business insurance. Previously, Hammett was Senior Vice President with Arch.

Douglas A. Costa (MBA '07), of Dallas, TX, was named COO of Cardiovascular Specialty Association of North Texas. Previously, Costa was a management consultant to the healthcare industry with Ziegler Capital Markets and Deloitte Consulting.

Melissa J. Feldman-Desjardins (MBA '07), of New York, NY, with her husband, John, and daughter, Olivia Rose, welcomed baby, Alex Michael, on March 17, 2009.

Mark McLaren (MBA '07), of New York, NY, was named National Accounts Manager for Agency and Advertiser Sales at Mediamark Research & Intelligence (MRI), a provider of magazine audience and multimedia research data.

Edward Repking (MBA '07), of Stamford, CT, has been promoted to Tax Partner at KPMG.

Greg J. Sheppard (MBA '07), of New York, NY, was recently married to Marybeth Ferringo. Sheppard is Senior Manager for New York Open, the small business credit card division for American Express.

Linda Y. Tsai (MBA '07), of New York, NY, was recently married to Richard Weinert. Tsai is a stock analyst at MKM Partners, a securities research firm.

Lyneisha E. Vaughn (MBA '07), of Brooklyn, NY, was recently married to Edward Perez. Vaughn is a business manager for the Swedish publishing company Bonnier.

Kathleen S. Wilson (MBA '07), of New York, NY, recently published a novel, *Rumer & Qix: The Race to Terra Incognita*. The story is a futuristic, eco-fantasy adventure written for the tween audience.

Patrick T. Yip (MBA '07), of Beijing, China, was recently promoted to CFO of Schulze Global Investments, a global emerging markets private equity firm with operations in the US, China, and Ethiopia.

Jessica M. Resler (MBA '08), of Brooklyn, NY, and **Matthew Demanett (MBA '08)**, of New York, NY, founded Muffin Cupcake and Associates LLC while they were in the Langone Part-time MBA Program. Muffin Cupcake is a strategic brand development firm for emerging businesses.

Dena M. Imbesi (MBA '09), of New York, NY, was recently married to Edward Faccio. Imbesi is an executive compensation consultant for PricewaterhouseCoopers LLP.

Anthony K. Odierno (MBA '09), of New York, NY, was recently named a new board member of the Wounded Warrior Project, a non-profit organization whose mission is to honor and empower wounded soldiers. Odierno was wounded while serving as Captain in the United States Army. He now works in operations for the New York Yankees.

In Memoriam

Helen De Scipio (BS '40)

Arthur W. Harrigan, Sr. (BS '42, MBA '48, PhD '59)

Perry Luntz (BS '51)

Mario Carotti (BS '55)

Francis X. Coleman, Jr. (BS '55)

Donald T. Vandeusen (BS '55)

James Barwick (BS '57)

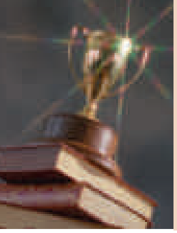
Jerome Kahn (BS '57)

Irwin Scherago (LAW '61, MBA '62)

Joseph Meilan (MBA '77)

Stuart C. Gruskin (MBA '83)

Robert J. Milacci (MBA '04)



Cutting Loose from the Classroom

By **Marilyn Harris**

The year was 1973, the place – Lansing, Michigan. Long-haired rocker and Michigan State junior Tom Pugel was staring down his future. Would he want to try for the big-time as a bass guitarist with his rock band, or continue on the academic track?

In the end, Pugel chose the latter, going on to earn his PhD in economics at Harvard and starting his 31-year-career (and counting) as professor of economics and global business at NYU Stern. "No regrets," he said. "The nice thing is, teaching is performing, so a piece of that stayed." Still, once a rocker, always a rocker, and for the last two decades, Pugel has had it both ways: In 1988, he co-founded Stern's very own faculty band, which always brings the house down at the annual Executive MBA party and other School events.

The band is currently called FAB, ostensibly for Faculty And Band, but so named so that during performances, "We yell out, 'We are FAB,' every so often," said Pugel. Over the years, the rolling list of members includes a roster of talented polymaths: In the early days, Richard Levich, professor of finance and international business, kept the beat on drums; former professors Tom Gladwin and Harry (Chip) Bowen cooked on guitars and vocals; and David Rogers, professor emeritus of management and sociology, played keyboard and sang.

Of the original group, only Pugel and Rogers still play with the band. Other current members include Luís Cabral, William R. Berkley Term Professor of Economics and Business, who plays a mean sax and sings; vocalist Melissa Schilling, professor of management and organizations; adjunct professor Mark Sirower, percussionist; and current EMBA students Dave Edwards, guitar, and Barbara Granata, trumpet and vocals, whose husband Joe, a professional drummer, lends his skills to the band.

The current line-up for Stern's FAB (Faculty And Band) features Professor Emeritus David Rogers (front), (from left to right) Vice Dean Tom Pugel, Professor Melissa Schilling, Joe Granata, Professor Luís Cabral, and EMBA students Barbara Granata and David Edwards.

Pugel, the band's sparkplug, manages its gigs and organizes rehearsals at a studio near 10th Avenue. "It's not easy because we're all so busy," he said. The annual EMBA party has evolved into a battle of the bands, and while the scene isn't exactly a mosh pit, "We definitely get people up and dancing," said Pugel.

The play list is not all hard rock. Rogers, a jazz pianist who performs professionally, said he has lobbied successfully to introduce more jazz standards into the mix, and with Cabral's influence, the band now includes some bossa nova as well. Pugel, mindful of the dramatic requirements of performance, said he takes care that his onstage garb reflects the progress of each set, starting with a Hawaiian shirt and ending with a black leather vest. He added, "I jump around onstage, but there's no guitar smashing."

Over the years, FAB has played host to a number of faculty illuminati, who have brought their own brand of magic by "redirecting" the lyrics of well-known tunes to suit the Stern audience. Memorable moments have included Edward Altman, Max L. Heine Professor of Finance, rendering his custom version of the Beatles' "Taxman" and Statistics Professor Aaron Tenenbein transforming "Summertime Blues" into "Math and Stat Blues." At the end of the go-go '80s, Pugel recalled, Vice Dean Ingo Walter and Roy Smith, Kenneth Langone Professor of Entrepreneurship and Finance, billed as "Masters of the Universe," showed up in tuxedoes and belted out new lyrics to Gilbert & Sullivan's "When I Was a Lad." In the mid-'90s, then-Dean George Daly crooned "Stand by Your Dean," and perhaps equally unforgettable, during one holiday party the band performed in Santa beards and wraparound sunglasses.

In the past several years, the band has only picked up momentum. "We have more gigs than ever," said Rogers. "It creates a sense of community, and the students get a kick out of it." As do the professors who make the music – in class and out. ■

MARILYN HARRIS *is editor of* STERN*business.*

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