How Sweet It Is

Gourmet Madagascar chocolate is just one of the new ventures Stern alums are digging into.
One of the most rewarding aspects of any educator’s job is to watch students put into practice the theories and skills they learn in the classroom. When NYU Stern graduates succeed in implementing ideas that add value for both business and society, it is especially gratifying. Madécasse, the gourmet chocolate maker featured on our cover, began by winning the Berkley Center for Entrepreneurship and Innovation’s Social Venture Competition in 2008. The brainchild of Brian and Tim McCollum and Brett Beach, Madécasse produces chocolate bean-to-bar in Madagascar, creating a sustainable industry in one of the poorest countries in the world, with four times more impact for the local community than fair trade. You can read about Madécasse and follow the progress of four more venture competition winners starting on page six.

Here at Stern we work hard to identify the most effective ways of teaching people to think innovatively. One of the top practitioners and teachers of disruptive thinking, Luke Williams, has been leading this effort since becoming executive director of the Berkley Center last fall. Luke’s observations on disruptive thinking and how to teach it begin on page 12.

Of course, innovation knows no boundaries. As NYU and Stern continue to expand across the globe, new opportunities for learning arise from our growing ties to the developing world. This January, we inaugurated the first Stern in India Business Forum, spearheaded and organized by Undergraduate College Dean Geeta Menon. Professors Paul Romer, Aswath Damodaran, Marti Subrahmanyan, and Arun Sundararajan joined several of India’s most prominent business and thought leaders to deliver an honest and illuminating day of presentations and panels we will be discussing for months to come (page 16).

Gleaning lessons from emerging markets has been an abiding interest of mine and the focus of my economic research for more than a decade. Developing countries that once seemed hopelessly mired in poverty now drive global growth. Ironically, this turnaround came as countries adopted policies that were often thrust upon them by the same advanced nations that today seem reluctant to heed their own recommendations. This dynamic drives my book, *Turnaround: Third World Lessons for First World Growth*, published in March by Basic Books. I recently had the pleasure of discussing the lessons in *Turnaround* with Sternbusiness, and on page 14, I share my thoughts on how learning from the experiences of other nations can help create long-term prosperity for all.

Also from the realm of economic policy, we were privileged to have Paul Volcker here on campus this past fall. In his roles at the Treasury and the Federal Reserve, Paul Volcker helped resolve the Bretton Woods crisis and tamed double-digit inflation. More recently, he stepped up to chair the Economic Recovery Advisory Board and promote reforms to restore financial stability. At Stern, he sat down with his biographer, Professor Bill Silber (page 22). Bill’s biography, *Volcker: The Triumph of Persistence*, was published last September by Bloomsbury Press, and won numerous accolades including being named a finalist for the FT Goldman Sachs Book Award.

Innovation and persistence are hallmarks of Stern. Soon we will pack our bags for Shanghai, the site of our Global Alumni Conference in June. In advance of this time together, I’d like to express my gratitude for your generous contributions to the School. There are many ways for alumni to continue their commitment to the learning that takes place at Stern, and we appreciate them all. Current students are especially grateful for your direct involvement – as judges for our Berkley Center venture competitions, as mentors with valuable experience to share, and as practitioners who take an interest in the ideas and careers of our networking graduates. I look forward to seeing as many of you as possible in Shanghai, when I can learn more about your own innovations and aspirations.

With all good wishes,

Peter Henry
Dean
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By Marilyn Harris
THE ACADEMIC YEAR KICKED OFF WITH AN ANALYSIS OF THE WORLD ECONOMY…

The first Stern Economic Outlook Forum, a panel of three leading economists from Wall Street firms, was held on September 10, 2012. David Greenlaw, Jan Hatzius, and Peter Hooper made brief presentations regarding the world economic and market outlook, followed by a discussion moderated by Stern Professor Kim Schoenholtz, director of the Center for Global Economy and Business.

Greenlaw, chief US fixed income economist at Morgan Stanley, spoke about the subpar recovery and the potential impact that policy uncertainty could have on the US economy. He cited slow progress toward housing market equilibrium along with federal budget issues as concerns. Hatzius, chief economist at Goldman Sachs, agreed that federal policy was weighing on growth, compared the US and European situations, and discussed the Fed’s dual mandate for price stability and full employment. Hooper, Deutsche Bank Securities’ chief economist, said that Europe is two years into a five-year adjustment that would struggle with “substantial fiscal drag” and weak growth into 2015. He predicted, however, that despite lingering euro risk and US fiscal uncertainty, the US has the potential to be an engine of global growth again.
...followed by practical advice on measurable marketing...

In late September, the NYU Stern Center for Measurable Marketing hosted “Measurable Marketing in the Path-to-Purchase.” MMP2P featured keynotes by Steve Frenda, of the Path to Purchase Institute, and Jeff Swearingen, of Frito-Lay, as well as talks and sessions with leading marketing researchers and business executives. The first half of the day addressed the pre-purchase phase of the consumer journey, including talks on customer mindset metrics and brand performance. The second half of the day focused on the at-purchase and post-purchase phases of the path-to-purchase, featuring topics including the in-store drivers of unplanned spending and a case study on digital and social media in the purchase decision process. The conference enabled attendees to gain insight into digital influences on shopping behavior, learn about the effects of search and social influences on shoppers, deepen their understanding of the emotional aspects of buying behavior, and explore measurement techniques for exploring the customer mindset.

...while entrepreneurs, social and otherwise, shared their insights...

The Berkley Center for Entrepreneurship & Innovation and the MBA student club Entrepreneurs Exchange hosted Brad Feld in September as part of the Himelberg Speaker Series. Feld has been a serial investor and entrepreneur for more than 25 years and is a founder of TechStars, a mentor-driven start-up accelerator program. He shared his tips on start-ups, stressing the importance of networks, and advised start-ups to keep their organizational charts flat for as long as possible to encourage collaboration and innovation. Feld also underscored the value of having a community of fellow entrepreneurs and urged students to “get out of the building and engage in NYC’s thriving start-up community.”

In early November, the largest academic conference of its kind in terms of research paper submissions,
NYU Stern’s Ninth Annual Conference on Social Entrepreneurship convened scholars from around the world, as well as practitioners and students, to explore topics in social enterprise, innovation, sustainability, and impact. The event was organized by the School’s Business and Society Program Area and the Berkley Center for Entrepreneurship and Innovation. Academics from leading universities, including Stern, Cambridge, Harvard, INSEAD, and Oxford, representing more than 25 countries, shared the latest theory and research on social entrepreneurship and its impact on global communities. Themes included the social entrepreneurship process, organizational forms of social enterprises, and challenges of scaling and measuring social impact, among others. Conference organizers, Jill Kickul, director of Stern’s Program in Social Entrepreneurship, and Sophie Bacq of Northeastern University, released their new book, Patterns in Social Entrepreneurship Research. In addition, Stern Professor Renee Rottner presented joint research on “Legal Frictions: Traits and Tensions of the Benefits Corporation and Low-Profit LLC.”


...and FDIC and Fed leaders presented their views on current status and future directions.

Thomas Hoenig, director of the Federal Deposit Insurance Corporation (FDIC) and former president of the Federal Reserve Bank of Kansas City, spoke for the Center for Global Economy and Business about “Post Financial Crisis Economy and Financial System.” Hoenig was with the Federal Reserve for 38 years, beginning as an economist and then as a senior officer in banking supervision during the US banking crisis of the 1980s. In 1986, he led the Kansas City Federal Reserve Bank’s Division of Bank Supervision and Structure, directing the oversight of more than 1,000 banks and bank holding companies with assets ranging from less than $100 million to $20 billion. Among the topics he covered were moral hazard and how the structure of the industry, capital-related issues, and the role of supervision affect that. He also opined that “the threat to smaller banks is the subsidy that comes with ‘too big to fail’ and the advantages that brings.”

In late November, the Center for Global Economy and Business also hosted Dr. Simon Potter, executive vice president of the Federal Reserve Bank of New York, head of the Markets Group that oversees US open market and foreign exchange trading operations and manager of the System Open Market Account for the Federal Open Market Committee. Potter, who played a prominent role in the New York Fed’s financial stability efforts, contributing to the design of the US bank stress tests, gave remarks on the “Role of Central Bank Interactions with Financial Markets.” He discussed the various ways the central bank can tighten policy, including the federal funds rate; the interest rate on excess bank reserves; and reverse repurchase agreements. Constant, active vigilance over central markets is necessary for financial stability, and real-time information a prerequisite for good policy making, he said.
The friendliness and warmth of his native Hawaii were the first thing new students noticed about Frederick Choi, dean emeritus of NYU Stern’s Undergraduate College and a senior member of the Accounting department. He welcomed them with leis, and behind the gesture was an authentic concern that manifested itself through their college years and beyond. Dean Choi, who died on Oct. 2, 2012, at age 70, was beloved by students, respected by faculty, and cherished by the entire Stern community.

Dean Choi’s passion for students, teaching, and scholarship were legendary. Yogesh Mago (BS ’03) spoke for many when he commented in tribute: “Dean Choi was the very personification of my Stern undergraduate experience. When I think of him, I instantly remember his open door, his constant smile, and his zealous devotion to the college. As my dean, I trusted fully in his vision and leadership; as my professor, I found accounting intuitive and (actually) fun; and as my mentor, I could not have asked for a better role model in business and in life.”

Dean Choi, who served as dean of the Undergraduate College from 1995 to 2004, stepped up again in 2010 and 2011 to serve as interim dean. Said Dean Peter Henry, who had newly arrived at Stern at that time: “During that year I experienced firsthand the wonderful qualities that endeared Fred to legions of students and colleagues. As our weekly meetings evolved into tutorials in which Fred generously shared of his wisdom and experience, I came to understand just why he was so beloved. His influence on our curriculum and culture will reverberate for generations to come.”

Dean Choi joined the faculty in 1981 and made a number of important contributions. During his nine years as Dean, he implemented a new undergraduate curriculum with a focus on the liberal arts, critical thinking, social responsibility, leadership, and global business. He also introduced several programs that remain hallmarks of the Undergraduate College today, including: the Barr Family International Studies Program, in which every junior travels abroad to learn about differences in cultures and ways of conducting business; the senior-year Honors Program that involves students in faculty research; and the Cohen Arts and Culture Experience, which gives all students a systematic introduction to the arts and culture of New York City.

Michael G. Katz (BS ’00) said he will always be grateful for Dean Choi’s support as a mentor. “What I recall most about Dean Choi was his unwavering confidence in my choices for my career. When I confided in him that I planned to chart a course in education, and not investment banking, I honestly thought that he would feel disappointed in me. Instead, just like always, he invited me to discuss my thought process with him, and he cheered me on in my chosen career long before even some of my closest friends could understand what I was doing!”

Dean Choi was also a star as a teacher and scholar, writing award-winning books and numerous journal articles. As the Distinguished Service Professor of Business, chairman of the Department of Accounting, Taxation, and Business Law, and director of Stern’s Vincent C. Ross Institute of Accounting Research, he received the Citibank Excellence in Teaching Award and the American Accounting Association’s Outstanding International Accounting Educator Award.

Dean Choi was memorialized at a well-attended service at Stern in February. His professional accomplishments were substantial and his humanity extraordinary, and his passing leaves a hole in the hearts of the Stern community. The Dean Frederick D. S. Choi Scholarship Fund, which was set up in 2004, has already benefited 150 recipients. Those wishing to make a contribution can contact Brooksie Adams at badams2@stern.nyu.edu or (212) 998-0961.
OFF TO A ST
STERN’S BERKLEY CENTER VENTURE COMPETITION
When NYU Stern’s Berkley Center for Entrepreneurship and Innovation initiated its business plan competitions in 1998, William R. Berkley (BS ’66), vice chairman of NYU Trustees and chairman of Stern’s Board of Overseers, recalled, most of the ideas tendered were “mundane”: a better pet store, a better way to run a restaurant. Over the years, those ideas, along with the business plans themselves, have evolved, much as Stern students and the local New York start-up scene have, into sophisticated, innovative, technology-fluent, and often socially conscious double-bottom-line ventures.

That’s exactly the kind of progression Berkley had in mind when he implemented his vision of encouraging entrepreneurship at Stern. Berkley himself has never worked full-time for anybody else, and in fact started a hedge fund while a Stern undergraduate. That venture evolved into W. R. Berkley Corp., a multibillion-dollar commercial lines property casualty insurance provider. Said Berkley: “Stern, unlike so many other schools, has a group of what I would call ‘in a rush’ students. Entrepreneurship as an idea fit Stern perfectly. We just needed to get it organized and presented so that people saw they could participate in an economy that offers plenty of opportunity outside of big businesses and corporations.”

NYU students and alumni are ideally situated to take advantage of the favorable environment for start-ups in New York City. According to Brian Cohen, chairman of New York Angel Investors and a multiyear judge of the Berkley Center’s new venture, technology venture, and social venture competitions, “New York City is becoming the classroom that every talented kid wants to come learn in. It’s like Hollywood in the old days – it’s easy to get started here.” As opposed to the “dog-eat-dog” atmosphere in Silicon Valley, he said, “The start-up community in New York will accept everybody; there are no barriers.”

Add to this environment the relevance and robustness of the Berkley Center’s resources, and the combination for budding NYU entrepreneurs is potent, added Cohen, an original investor in the website Tote, which became the wildly popular (and valuable) Pinterest site. He considers the Berkley Center’s competitions prime hunting ground for new investments. “The true professional angel investor has to live and breathe this stuff. If I weren’t trolling the business plan competitions, I would not be good at what I do,” he said. “The winners of Stern’s competitions all share extraordinary leaders who will drive success. There’s something in the process that’s bubbling up to create these leaders.”

The co-curricular programs, mentoring, and supportive atmosphere at the Berkley Center are key elements. “Education plays a significant role in opening a door and creating entrepreneurs who understand disruptive innovation, as Luke Williams is focusing on,” Berkley said. [Williams is the Center’s new director, see page 12] “You teach people how businesses work and how it’s done, help them get there, and they start to see the possibilities in the world out there.”

Below we profile five recent winners of the Berkley Center’s Entrepreneurs Challenge, the annual business plan competition. Though each entrepreneur has a singular story to tell, all acknowledge the invaluable mentoring and guidance they gained during the competition process itself.
other jobs for two years after graduating, then quit to
devote themselves to building the site. Initial funding of
$75,000 came courtesy of their first-place finish in
Stern’s New Venture Competition in 2011, and last fall
they closed a $500,000 seed round primarily financed
by prominent angel investors in New York. “It’s diffi-
cult to overstate the amount of mentorship we received
from Stern, from the Berkley Center and from NYU in
general,” Parsatharasi said. “We had office space with-
in Stern and now we’re at the NYU-Poly Varick Street
Incubator, a space we love. Just as important, we’ve
been connected to some of the best entrepreneurs in the
city, whose advice and network have helped us take
huge steps forward.”

The founders have fielded requests from interna-
tional cities, and they believe the model is viable in
both large urban areas and in smaller suburban regions
where people are willing to drive to take classes.
Potential education providers are wildly enthusiastic,
according to Parsatharasi. “Simply put, they love us.
We’re proven to be their single most profitable channel
of customer acquisition by a long shot. Our value
proposition is almost unheard of: it’s totally free to be
included, we do all the work, and they only ever pay
when they get a seat.” CourseHorse is a start-up that’s
off and running.

Inheritance of Hope

Deric Milligan
(MBA ’09) and class-
mate Matthew Sims
took the tragedy of
Deric’s wife Kristen’s
battle with a termi-
nal illness and, with
Kristen, transformed
it into a place of succ-
cor for young fami-
lies facing the life-
threatening illness of
a parent.

Inheritance of Hope is a 501(c)3
charity that provides
books and literature,
family retreats, and individual and group ongoing support—spiritually, emotionally, and financially—for families in crisis. The organization’s products and services provide direct benefits for the children and a proactive, therapeutic focus for the parent. Founded in 2007 and a semifinalist in the Berkley Center’s 2008 Business Plan Competition, Inheritance of Hope has hosted 152 families from 34 states at its retreats, which are four-day, all-expenses-paid experiences to “help families create memories and build a community of support.” Revenue in 2012 was about $900,000, comprising 55 percent cash and the remainder in-kind gifts.

The idea for Inheritance of Hope developed soon after Kristen’s diagnosis, when the couple’s children were just 4, 2, and 7 months old. “We were shocked to find that no organization existed to meet the needs of our family,” recalled Milligan. “While Kristen had a clear vision for the organization, the details of the business plan were formed in Stern’s Social Entrepreneurship course.”

Milligan and Sims, who is no longer with the organization, worked closely with Stern faculty and outside coaches to develop the plan. “I worked hard to take advantage of every possible resource because I recognized what a unique opportunity it represented,” Milligan said. “We were challenged about every detail of our plan in the Stern competition. Five years later, I cannot think of a question arising that we were not forced to answer in the competition, and that has served us extremely well.”

Kristen passed away on Oct. 26, 2012, after a nearly 10-year battle with cancer. Vowed Milligan: “On a personal level, I am highly motivated to sustain Kristen’s legacy through the work of Inheritance of Hope. We plan to continue to grow to meet the tremendous demand for our Legacy Retreats, and we are currently only scratching the surface in terms of the US population that faces this harsh reality. Our ultimate goal is to put an umbrella over the chaos a family with children is thrust into when a parent is diagnosed with a life-threatening illness.”

**Madécasse**

It’s hard enough to create a successful start-up, let alone one that manufactures and exports. Try doing it in a small island country with only six paved roads and a shaky government and judicial system. Six thousand miles away. Where the tropical climate makes
stability of your key product – chocolate – dicey.

Brian McCollum (MBA ’07), his brother Tim, and a third partner, Brett Beach, are doing just that with Madécasse, a Madagascar-based maker of fine chocolates. Nearly five years since the company was founded, its products are sold in 1,600 stores in the US alone, plus outlets in 15 countries on four continents. Sales have doubled in each of the past couple of years.

The firm’s commitment to sustainability and local farmers helped it attract financing last fall from Verde Ventures, an investment fund managed by Conservation International that provides support for small- and medium-sized businesses that contribute to healthy ecosystems and human well-being. Madécasse, which has eight full-time employees based in the US and one in Madagascar, was also honored in November by the UN Office for Partnerships and the Foundation for Social Change as a company that uses business solutions to solve environmental problems.

Madagascar has a thriving cocoa export industry and a small chocolate manufacturing capacity for local consumption, but Tim McCollum and Brett Beach, who had both been posted there for the Peace Corps, saw an opportunity to create the first vertically integrated chocolate exporter in Africa by partnering with local growers and chocolate makers. Brian McCollum, then at Stern, was brought on to write the business plan, which they took straight to the Berkley Center’s Business Plan Competition.

During the process, recalled Brian McCollum, “We got a ton of feedback very quickly from a lot of people. At each of the five or six stages of the competition, we got to sit down with different groups of people, such as venture capitalists, which was incredibly valuable. In the poster session, faculty and students walk around and interact with you and help you refine your ideas. It’s a good reality check.” The feedback convinced the team to focus on chocolate initially, and leave vanilla exporting for a later stage, and also helped it position the brand in the “sweet spot” between high-end and socially conscious chocolate, Brian McCollum said.

On deck for Madécasse: new markets, including South Africa and Australia; new chocolate bars; and the vanilla extract product line the team had initially contemplated.

Bakery Beans Inc.

As an alumna of Stern’s Executive MBA Program, Belinda DiGiambattista (MBA ’05) went to every event offered by the Berkley Center. “They were tremendous,” she recalled, “every single person I asked for help opened their door and shared their expertise, networks, everything.” She graduated from the program in 2005 and after leaving Moody’s Investor Service in 2008, she and a co-founder entered the business plan competition later that year and won in 2009. Today their business, Bakery Beans, prepares 1,900 healthy, locally sourced lunches to children in 14 independent and charter schools in New York City, runs summer programs, and is planning to expand to Long Island and New Jersey. Revenue during her fiscal year, which parallels the school year, will near $3 million.

DiGiambattista came by her new career honestly. She grew up selling vegetables from her grandfather’s farm at a farmer’s market and, after getting an undergraduate business degree, spent a decade in the financial services industry. Her Stern education, she said, “formalized all the things I was living in my work experience and gave me the background to build on” when it came time to
create her business plan.

The business plan competition itself "is like going back to school," DiGiambattista said. "You have to draw on every single thing you’ve learned. The real gift is that there is such a strict set of requirements, plus help, at every stage." Winning the competition gave the two partners confidence in their idea, and the immediate media exposure gave them instant credibility, she added.

Thanks to the experience at Stern, she was able to define her target demographic clearly and roll out an achievable strategy. Butter Beans operates a commissary kitchen where all the lunches are pre-prepared for delivery and reheating on site the next day, using the most local, organic, and seasonal food available. As the company expands, DiGiambattista said she is tested every day by the concomitant challenges of how to manage a growing employee roll, whether the kitchens have sufficient capacity to meet new demand, and whether management has the right skill set for a rapidly expanding business – challenges that any entrepreneur might wish for.

Oznoz.com and Big Bad Boo

Shabnam Rezaei (MBA '01) has a clearly defined target market for her company's entertainment products, and it’s large and getting larger: what she calls "hyphenated Americans" – children of non-white immigrants, a population that’s estimated to top 60 percent in North America in five years. These kids, Rezaei explained, need media that keeps them immersed in the culture of their heritage, where they see children who resemble them and live in homes that practice customs similar to their own, not just a generic American model of family life. In 2005, the business plan that mapped out this concept won the Stern New Venture Competition for Rezaei and her husband and partner, Aly Jetha. The attendant publicity gave their project a huge boost.

Today, the team's concept has evolved into two companies. The original venture, Big Bad Boo, is a production and distribution company with offices in New York, Los Angeles, and Vancouver. The company’s first animated TV series, “Mixed Nutz,” featuring characters from Iran, Cuba, and India, was a hit on PBS, Shaw, and other channels. Its new show “1001 Nights,” following the tales of Arabian Nights, was nominated for nine Leo Awards, winning three, and is broadcast in 80 countries on such channels as Discovery Kids and Al Jazeera Children’s Channel. The challenges of obtaining distribution convinced Rezaei to create a sister company, Oznoz.com, a website that streams high-quality properties such as Sesame Street in many languages and also sells multilingual books, DVDs, and other educational materials.

By far the toughest part of her business, said Rezaei, is financing. When marketing “Mixed Nutz,” for instance, broadcasters insisted she change the characters' nationalities to the more vague Middle Eastern or Hispanic designation. “So we raised the money ourselves, then sold it,” she said. What most surprised her about shepherding a start-up was “the fact that ideas are not the most important part,” she said, “funding and execution are.”

Rezaei, who said she uses her Stern education every day, has given back to the School by mentoring students through the Berkley Center and last year was a judge for the finals of the New Venture Competition. “It’s a great program and critical to the development of entrepreneurs,” she said. “People should take advantage of the many resources available.”
Luke Williams assumed his role as executive director of the Berkeley Center for Entrepreneurship and Innovation in September 2012. Also clinical associate professor of marketing and innovation, he is a fellow at frog design and a leading consultant and speaker on disruptive innovation. He is the author of Disrupt: Think the Unthinkable to Spark Transformation in Your Business (FT Press, 2010). Williams shared his thoughts on successful innovation and how to teach it.

**You encourage people to think outside the box in order to make new connections that could lead to disruptive (and successful) products. How is your way more effective than the old-school technique of brainstorming?**

The brainstorming method relies on participants saying anything that comes to mind, in response to a loosely defined focus, with the hope that something might just prove useful. That sounds reasonable. The problem is that the most easily conceived ideas are the most familiar ones. As a result, more often than not, the first ideas out of people’s mouths are stale clichés – and the fundamental sin of any disruptive idea is to be a cliché. To break away from clichéd thinking, you need to develop a habit of looking for alternative ideas instead of immediately accepting the most obvious approaches. Inspiration for breakthrough ideas often happens in the periphery, in analogous but not necessarily traditionally competitive categories. Disruptive thinking is about paying attention to what’s not obvious and thinking about what usually gets ignored.

**How do you encourage people to make those peripheral connections?**

It’s always a good tactic to look for examples of how a challenge has been addressed in products or services outside of your business. The goal is to look closely at the unconnected example and determine how you could apply the entire idea, or part of it, to your needs. Take the Nintendo Wii’s handheld controller, which integrates the player’s movements directly into the video game. The inspiration for the motion controller wasn’t other video consoles, but a completely unrelated source: the accelerometer chip regulating your car’s airbag. Airbags respond to sudden changes in movement caused by accidents. Nintendo wondered if it could combine the accelerometer used by airbags with a handheld controller for video games. In other words, if you swung the controller like a tennis racket, could a “virtual you” on the screen swing as well?

**Is there a difference between disruptive and innovative?**

There is. You could argue that, today, there’s actually too much innovation going on. By clinging to the “innovate or die” mantra, businesses have made it extremely difficult for customers to distinguish between meaningful change and superficial novelty. With an excess of similar offerings all claiming to be “innovative,” it’s nearly impossible for businesses to get their products noticed and command a premium for them, because people are usually most comfortable with what’s most familiar – and the product, service, or business model they’ve experienced most often is the one that seems intuitively right. I’ve watched too many clients spend huge amounts of money and resources trying to gain an edge by making incremental changes to their existing products in the name of innovation. It’s a big mistake, because they find themselves on an ever-narrower path. Eventually, they reach the path’s end, and by then their customers have forsaken them for a new offering nobody saw coming. Incremental innovation is important for sustaining a business, but companies simply cannot afford to wait until they’re backed into a corner to take disruptive risks.

**Why do so many companies fail at continuing to be innovative?**

“Innovation strategy” processes can be paralyzing, often because companies require consensus at every step. The well-meaning intention is to ensure that the idea is aligned with strategy, allow the team to create buy-in, and give senior executives a variety of options. Usually this innovation process starts off well, but, inevitably, companies lose momentum and motivation – especially highly successful organizations. They get so mired in the complex details they forget about “creative destruction” – the
need to fundamentally question their biggest achievements. Instead of stimulating innovation, they end up stifling it.

Is disruptive thinking generally or necessarily the province of start-up companies?

Leading disruptive change in an industry is what start-ups and small-scale enterprises excel at. But it can be learned and applied just as effectively by large organizations and industry incumbents – in fact, by anyone willing to challenge the status quo. The goal for any organization – whatever size – should be to generate a steady stream of ideas that alter the trajectory of a business and revive stagnant markets or reinvent the competitive dynamics of an industry. Disruptive thinking is the business equivalent of a cookbook that provides the framework and motivation to discover and execute bold new recipes.

What’s the greatest challenge people face when introducing disruptive ideas, and how do you deal with it?

The greatest challenge is selling your disruptive solution to the people within the organization or external stakeholders who control the purse strings. This is not easy. Innovators and entrepreneurs should understand that most people don’t adopt a disruptive idea because it’s disruptive, but because they believe in the value it delivers. You may have the best idea, but if you can’t persuade people why it matters, it’s not going anywhere. In my experience, most people completely waste their opening moments – the most important ones in the presentation – by going broad instead of deep. A good pitch always starts by creating empathy (“Why should I care?”), continues by building tension (“I’m curious to see where this is going”), and finishes by turning your audience into believers (“Hey, this is great. How do we implement it?”).

Can disruptive thinking be taught? How?

The good news is that schools around the world are already teaching disruptive thinking. The bad news is that, instead of being taught in MBA programs, this new thinking style is taught in design schools. The problem is that design and business logic exist in parallel universes and rarely come in contact. As a result, both disciplines suffer. Business schools teach how to analyze but not how to create compelling emotional connections, while design schools teach how to come up with those connections but not how to ensure they’re commercially viable. Either one by itself is nice, but to thrive in today’s business climate, you’ve got to have both. We need to find a way to fuse the analytical rigor that has been the centerpiece of business competition for the last decade with the fluid, intuitive process of design.

Tell us about the new curriculum you’ve introduced at Stern.

The curriculum is focused on helping students develop ways of thinking very different from those they would learn in a typical MBA environment. “Innovation and Design,” a 12-week course, is a fast, agile approach to collaborative innovation that maintains the right level of tension between fluid intuition and logical rigor, and is intended for people with no previous background or training in – or even exposure to – innovation and design. With such a diverse group, we had to make the process accessible to everyone. No esoteric jargon or complex charts. Also, no brainstorming with water pistols, beanbags, and other supposedly creativity-stimulating methods. By the end of the course, they’ve learned the simple-yet-thorough process of disruptive thinking to solve real-world problems and create business opportunities.

What’s your vision for the Berkley Center for Entrepreneurship and Innovation?

The Berkley Center has always existed as a catalyst for new venture creation. But in our fast-changing world, when business certainties are no longer certain, the ability to imagine things as they never were and act like an entrepreneur is an essential part of every student’s skill set – regardless of whether they aspire to build a start-up or lead a Fortune 100 company. In this way, my high-level vision for the Berkley Center is that it represent a mindset – a rebellious instinct to discard business clichés and remake the market landscape. An eagerness to target situations where the competition is complacent and the customer has been consistently overlooked or underserved. The Berkley Center will initiate students into a way of thinking that passionately believes it is possible to change an entire industry, turn it on its head, and make sure it will never be the same again.
Dean Peter Henry on Turnaround: Third World Lessons for First World Growth

The future prosperity of the global economy depends critically on sustained growth in emerging markets – as well as on our ability to stabilize our own shaky ground. And yet, polarization and a lack of decisiveness in advanced nations threaten to undermine recovery. Dean Peter Henry, a native of Jamaica who describes himself as “a bridge between the First and Third Worlds,” is a member of the board of directors of the National Bureau of Economic Research, the Council on Foreign Relations, and the Kraft Foods Group. In his debut book, Turnaround: Third World Lessons for First World Growth (Basic Books, March 2013), Dean Henry uses the collective wisdom of the stock market to determine which policy reforms, implemented under what circumstances, actually increase economic efficiency. With startling Third World examples – everything from the taming of inflation in Latin America to the “catch up” economics of a rapidly growing China to the income disparity between Barbados and his native Jamaica – Dean Henry shows how listening to the markets points the way to First World recovery and greater global prosperity. In January, he sat down with STERN business.

Why did you write Turnaround? Who is the target audience?

Turnaround is written for anyone who wants to understand the forces that drive global prosperity. But I especially wanted to reach leaders in business and government whose conversations and decisions in the months ahead will actually determine the future course of the global economy. The book distills the research I’ve done over the last dozen years. With it, I wanted to tell two interconnected stories: the first is about the remarkable turnaround achieved by the developing world over the past three decades, and the second is what we in the First World need to learn in order to right our own economic ship. In the United States and Europe today we have high debt, slow growth, and a lack of discipline. In some ways, we resemble the Third World of the 1970s. Just as there was a great deal of disagreement at that time about how to correct those problems, today we face great political polarization about how to get advanced economies back on track. Using stock market analyses, which reflect the wisdom of the crowd, so to speak, regarding the likely success or failure of particular policies, I try to sidestep ideology and focus attention on what creates value. What we see is that discipline works, and leadership works. When countries are willing to make those commitments, prosperity can happen. Turnaround is about getting leaders to focus the conversation on what really matters.

If a disciplined policy approach is what helped turn around these emerging economies, will that same approach be right for every economy?

Countries that have emerged have all adopted, in ways suitable for their particu-
lar environments, some subset of the market-friendly policies recommended in the late 1980s by the International Monetary Fund, the World Bank, and the US Treasury – the so-called Washington Consensus. They all showed discipline – but discipline is not necessarily what you think. It's not an insistence on a particular policy, such as austerity, for its own sake. Every country did things differently. Leadership decided on a strategy and executed it in a way that was flexible but involved sustained commitment to a long-term vision.

**What lessons can be applied to the United States and Europe as they struggle through recession and recovery?**

First World countries have always viewed themselves as paragons of discipline. But discipline is cyclical. For decades we have enjoyed the fruits of low inflation. There was a time in this country when inflation was a major problem. In the 1970s, Paul Volcker and the Federal Reserve conquered inflation, and subsequently there was a boom in the economy. Although inflation is not an issue today, the First World has veered off course in other ways. We’ve forgotten some of our own lessons. The good news is that the history of the Third World’s struggle with economic reform provides a roadmap for getting back on track.

Stability is the first lesson for economic turnaround. Countries need sustainable finances, but debt problems require long-term vision. Extreme positions such as austerity aren’t always necessary. Slashing the deficit overnight in the United States and Europe is a recipe for driving the world into recession. Studying debt crises in the Third World shows us that in countries where inflation isn’t the major concern, deficit reduction should come gradually.

In the context of trade policy, countries can fall into the trap of favoring exports over imports, but you need both. Between 1965 and 1990, for example, South Korea grew at seven percent per year, about three times as fast as the United States did during its “golden” postwar era. Throughout that time, South Korea ran trade deficits – imports were an important part of how they learned. This is key, because since 2008, there’s a temptation in the First World to retreat into protectionism. But that’s bad for the world, because free trade enables countries to make the most effective use of their scarce resources.

What emerges from all these lessons is the wisdom of discipline – and the United States is one disciplined piece of legislation away from a prosperous decade. We need a clear commitment to fiscal sustainability that involves gradual deficit reduction. I’m optimistic that we will find our way.

**Can the prudence and discipline you write about in regard to the emerging economies sufficiently protect them from the First World’s current troubles?**

No one is insulated. We’re all in this together. We need growth in emerging economies to help us get beyond our troubles. But emerging markets also need us to change direction and make a clear commitment to disciplined policies.

**How has writing this book informed your deanship, if at all?**

It’s been a great education. There are important parallels between the process of evaluating economic policies and building upon the history of excellence I inherited at Stern. Stern’s mission is to produce people and ideas that transform challenges into opportunities to create value for business and society. This requires discipline – a long-term commitment to clear institutional goals, with flexibility about how we achieve them.

An important part of discipline means understanding how to listen and learn from your partners. As part of the NYU Global Network University, for instance, Stern will play a significant role in helping NYU Shanghai deliver business education. At the same time, we will have a lot to learn from our Chinese partners, and we have to move forward with that mindset and an appreciation for what the other side has to contribute. That kind of humility and two-way learning is, in fact, at the heart of Turnaround.
In early 2012, at a cocktail reception in Mumbai for NYU Stern alumni in India, some alums approached Undergraduate College (UC) Dean Geeta Menon to ask if Stern could organize a content-driven conference there. On Jan. 11, 2013, after a year of meticulous planning, that event took place, and for both Stern and its Indian alums, it was a red-letter day.

The conference was called “India in the 21st Century: From Potential to Progress.” Dean Menon brought headliners Aswath Damodaran, Paul Romer, Marti Subrahmanyan, and Arun Sundararajan from Stern faculty to speak and lead the discussions. NYU President John Sexton kicked off the day, and UC Associate Dean of Academic Affairs Rohit Deo served as master of ceremonies for a crowd that topped 150 in the room – including students from the “Stern Around the World: India” course – and many more watching the proceedings online via live webcast.

Said Dean Menon in welcoming the audience, “India’s future progress is bounded only by its ability to harness the potential that has built up over the past decades. Today, NYU and Stern have a growing presence in India from alumni events to academic courses at the graduate and undergraduate level to our growing portfolio of India-focused research. We’re proud to present this blockbuster academic conference.”

Throughout the day, a lively Twitter conversation...
immigration, Romer suggested, would
wages are typically better.
largest cities where opportunity and
100 years, with most heading to the
urban residents in India over the next
infrastructure elements. Romer pre-
laying out streets and other essential
out that New York's planners had
thoughtful, far-sighted way, pointing
grow haphazardly but rather in a
suggested that successful cities didn’t
be to experiment with what he calls
start-up cities, where new norms and
laws could be implemented in order
to determine workable models for
delivered there would be 1 billion new
demonstrated his assertions and agreed that
the conflicts inherent in the large
number of Indian public companies
that are run by families muddied the
waters even further. The risk in an
often chaotic democracy such as
India’s starts with policy instability
and extends to the lack of discipline in
corporate management and deal-
making, they said.

Subrahmanyan, the Charles E.
Merrill Professor of Finance,
Economics and International Business,
led Bijapurkar, Murthy, and
Thyagarajan in a lively discussion of
the variable progress in corporate
governance in India. Murthy held
that there have been many changes in
structures and processes, including
the formation of audit and compensa-
tion committees, as well as an
increasing amount of shareholder
involvement. “We have made reason-
able progress,” he stated, opining
that companies should seek to gain
the respect of all stakeholders and
society in general.

In a final session, the conversa-
tion returned to policy. In a
“Fireside Chat on Building India’s
Infrastructure” with Sundararajan,
associate professor of information,
operations, and management sci-
cences and NEC Faculty Fellow, and
Nandan Nilekani. Sundararajan
pointed out that progress in India
would rely as much on improve-
ments in such elements of social
infrastructure as health care and
education as on a more sophisti-
cated economic infrastructure.

India’s Unique Identification proj-
et is the cornerstone of the coun-
try’s hopes for social progress – an
immense effort to provide a digital
identity to all its inhabitants, hun-
dreds of millions of whom lack even
a birth certificate and are thus invis-
able to the state and unable to get
jobs, open bank accounts, or access
health care. “In the last decade or
two, India is building a welfare
state,” Nilekani pointed out, “but a
lot of benefits aren’t reaching the
right people. The ID project will
make government expenditure more
efficient and equitable. It is a gate-
way to services for our citizens.”

“Deemed a success as measured
by audience enthusiasm as well as by
press coverage, we are hopeful to
find partnerships with alumni in
India so that the India Business
Forum can be repeated in the coming
years,” concluded Dean Menon.
A Family Legacy Endures

By Rika Nazem

A company’s legacy can be just as important as its future. In the case of Jay Franco and Sons, a company owned and led by Joseph Franco (BS ’83), this couldn’t be more accurate. What began as a cut-and-sew business founded by Franco’s grandfather in the 1920s on New York City’s Lower East Side today is a hugely successful family-run textile business. “My grandfather was extremely entrepreneurial,” said Joe. Coming to the US from Syria with a deep knowledge of textiles and the desire for opportunity, Joseph Franco started the family business as a way to make a living.

Joe Franco’s father, Abe, took over the thriving business in the 1950s and needed more brainpower, so Abe’s brothers and cousins joined. For his part, Joe worked part-time as a stock boy, “and gained more responsibility,” he said, just by being there. Joe’s interest, however, was not in the family business as much as it was in advertising. He enrolled at NYU Stern because “it was a local school and extremely well-known for its business program.” Joe took the subway each day from Brooklyn and, having very little downtime between work and school, would catch up on his reading. He recalled, “My time in college was some of the best time of my life. I had phenomenal professors including Professor Priscilla LaBarbera, who taught business policy and really opened my mind to the industry.” In addition, Joe fondly remembers his classmates as well as his off-hours spent in Greenwich Village: “The neighborhood around NYU is inspiring – I’ve always been a music buff and would spend a good deal of time at Bleecker Bob’s [a music store since closed] and listening to mixed-tapes on my commute to and from school.” His NYU education also refocused him on the family business, where he could apply what he was learning at school. Coupled with his on-the-job upbringing, he eventually took over the business.

Today, Jay Franco and Sons employs 80 people in New York City and includes licensing, sales, design, and marketing teams for an array of home textile products including those for bedding and bath, like sheets and towels, and decorative products, such as throw pillows and related accessories. A large part of the business is negotiating licensing agreements and marketing...
Jay Franco & Sons, led by alumnus Joe Franco, manufactures bedding and bath products including children's products with characters from Disney, Marvel, and Warner Brothers.

Joe’s grandfather, who realized the benefit of maintaining and building relationships to remain competitive and laid the early groundwork to produce in other countries.

As global as the business is, New York itself has a large influence on the business, Joe said. “The city is vibrant and alive, and I love the energy that our employees bring to the company.” The organization, it seems, has become a family, too. As for the next generation, the question seems to be which of Joe’s children will choose to get involved. His son, Abraham, and his daughter, Barbara, attend NYU’s Gallatin and Steinhardt, respectively, but the leading contenders to step up may be his younger kids. “Right now, my high-school aged son wants to be involved in the business and my youngest daughter is interested in design and shares ideas for products,” he said. In any case, it appears the legacy will endure.
Community Grows in Brooklyn

By Carolyn Ritter

Over the past decade, Brooklyn, NY, has become a global brand that stands for authenticity, creativity, and, at the risk of sounding a little cheesy, coolness,” asserted Jonathan Butler (MBA ’98), founder of Brownstoner.com and The Brooklyn Flea.

Butler’s brainchild, Brownstoner.com, has grown to become the leading website on Brooklyn real estate and renovation. Butler launched the website in September of 2004, armed with a wealth of knowledge on local housing after buying a brownstone building in Clinton Hill, a background in journalism, and a Wall Street job he called “less than creatively fulfilling.” The timing couldn’t have been better. “The borough has always attracted some artists and writers and the like,” he said, “but in recent years, as housing prices in Manhattan skyrocketed, more of the ‘creative class’ moved to Brooklyn.”

He knew he was onto something when he posted a discussion question to the site before Christmas asking which would be the hottest neighborhoods in 2005 and received close to 400 responses by New Year’s Eve. “That was my ‘Aha!’ moment about the importance of community and the role that readers would play in making the site a dynamic and interesting place to visit.” Today the site attracts more online traffic than all Brooklyn newspapers combined, receiving almost two million page views per month.

Fueled by the blog’s success and driven to continue his efforts in Brooklyn, Butler teamed up with Eric Demby, a former communications director for the Brooklyn Borough President, to launch The Brooklyn Flea in April 2008. In just a few short years, it has become NYC’s biggest and most-lauded outdoor market, with four markets in operation every weekend. According to Travel & Leisure, The Brooklyn Flea is one of the best four outdoor markets in the world.

So what is the secret to The Brooklyn Flea’s success? “One thing we did from the very beginning was to curate the vendors very closely,” Butler explained. “To this day, we still review every application to make sure that the quality of the merchandise is high and the balance of vendor types is right.” Also breaking the typical flea-market mold, Butler and Demby integrated food vendors into the mix – a challenging task given the Department of Health regulations, but “absolutely worth it.” Plus, timing is everything, admits Butler, who launched The Brooklyn Flea as the artisanal and local food movements were gaining momentum in the area.

When asked about the future, this perennial entrepreneur describes his latest project – a real estate development deal with Goldman Sachs and BFC Partners. Last March, he purchased the former Studebaker Service Station at 1000 Dean Street in Crown Heights and is in the process of converting it into commercial space. Artists and small businesses will reside on the upper floors and a food incubator run by Bushwick-based 3rd Ward will occupy 25,000 square feet on the ground floor. In an adjacent space on the ground floor, Butler and Demby plan to create a beer hall with a food court featuring several vendors from The Brooklyn Flea’s Smorgasburg, a food market that takes place every weekend in the borough’s Williamsburg and DUMBO neighborhoods.

Reflecting on his business ventures thus far, Butler
pointed to a common thread: “Everything I’ve done – Brownstoner.com, The Brooklyn Flea, and now the Studebaker building – has been about recognizing the importance of community. Brownstoner.com is a place for people to share ideas, tips, and opinions. The Brooklyn Flea is a community of both vendors and shoppers – a modern-day town square. And the Studebaker building will bring together professionals with complementary skills and visions.”

When asked for advice to fellow entrepreneurs, Butler stressed, “Keep your day job as long as humanly possible. I look back at my paychecks from Merrill Lynch during the first two years of Brownstoner.com as my venture capital.” While painful and grueling at times, his time on Wall Street afforded him the chance to retain full equity in the business and to focus solely on the content of the website rather than selling ads. “One of the things I’m most proud of from that period is that I never missed a day of posting even though I was juggling the blog and a job on Wall Street,” he said. In the end, the hard work paid off when Butler was able to quit his job, knowing that Brownstoner.com had some traction.

Butler doesn’t hesitate to describe the value of having an MBA from NYU Stern either. “I found it hugely beneficial when thinking about business strategy and risk, as well as structuring and executing deals – a huge advantage in any business, but particularly in the creative business sectors,” he explained. Most important, business school gave Butler the vocabulary to tackle business challenges. “So not only can I speak the language of a chef or an architect, but also the language of a banker.”

So what’s the best kept secret in Brooklyn? According to Butler, it’s a restaurant around the corner from his house called Locanda Vini e Olii. “It’s incredible, but unfortunately it’s becoming less and less undiscovered!”
Policy Sages
Volcker and Silber Talk Monetary Policy

As undersecretary of the Treasury for monetary affairs from 1969 to 1974, Paul Volcker played a key role in resolving the crisis of the Bretton Woods system of fixed exchange rates. During his tenure as chairman of the Federal Reserve, from 1979 to 1987, Volcker tamed double-digit inflation in the US. In doing so, he re-established the credibility of US monetary policy and laid the foundation for a generation of economic prosperity, both at home and abroad. Most recently, in the wake of the recent financial crisis, Volcker resumed his position as a policy leader as chairman of the Economic Recovery Advisory Board from 2009 to 2011, promoting reforms such as the Volcker Rule to restore financial stability and to bring the incentives for risk-taking by individual financial institutions in line with the public good.

William Silber is the Marcus Nadler Professor of Finance and Economics at NYU Stern and director of the Glucksman Institute for Research and Securities Markets. His biography, Volcker: The Triumph of Persistence, was published in September 2012 by Bloomsbury Press.

Paul Volcker and William Silber were interviewed on Oct. 15, 2012, by Francesco Guerrera, the money and investing editor of The Wall Street Journal and a past winner of a Foreign Press Association award and an Overseas Press Award.

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**Francesco Guerrera:** We’re fighting unemployment and a huge budget deficit. Is the solution higher interest rates?

**Paul Volcker:** We face this huge financial crisis, a very big, lingering recession, so all of the emphasis is on expansion. There’s no inflation at the moment, but it does raise the question whether in the necessary, understandable wish to push money out into the system and get the economy going again, we will lose sight of the lesson that we learned with some difficulty in the 1970s and 1980s. I am very glad when I hear the Federal Reserve say repeatedly they’re taking more and more action for easier money, but they always add onto their statements, “But we want to do it all in the context of price stability.” I’m glad to hear them repeat that mantra and hope that it will be acted upon when the time comes to act—which isn’t right now.

**FG:** When will the Fed find its time to act?

**William Silber:** I don’t think they should tighten now, unless the unemployment rate starts to really come down even faster than it already seems to be coming down, but I think you have to worry about price stability. Price stability is easy to say and hard to do, like diet and exercise. I worry whether Ben Bernanke or whoever follows him will, in fact, be able to pre-emptively raise rates when we have a legacy of five years of unemployment. The Fed is independent, but not independent of Congress.

**FG:** Have the central banks done too much to compensate for a political arena where nothing or very little has been done on the fiscal front?

**PV:** We’ll know whether they’ve done too much three years from now. The great mistake made in the 1930s, with a long recession and long unemployment, was that the Federal Reserve was too late to ease and too early to tighten. I do think the traditional powers of the Fed have been, to a considerable degree, exhausted. They may have one or two little things left in the tool box but nothing very dramatic. So we have to rely upon other policy measures to get the economy going again. The real lesson here is not so much inflation at the moment, but how did we ever let these excesses of housing here, in Spain, in Ireland, and in Japan earlier, get to that point.

**WS:** You need unemployment insurance, because you need to bolster spending, but you also need long-term budget balance. If there is one lesson that comes out of the 1980s, it’s that you can’t have responsible monetary policy without responsible fiscal policy. Politically it’s too hard. Twelve or 18 months from now, you get a recovery going with the kind of deficit that we have outstanding and with the kind of liquidity that’s sitting in the banking system, I
want to see a Fed Chairman then raise interest rates. This is a political problem, and the two issues, monetary policy and fiscal policy, can’t be separated.

FG: The issue that you just raised is a structural problem.
PV: It’s very difficult to be balanced. It’s equally difficult to get the fiscal side in shape, and that’s the cost everybody’s talking about, and whether we really do it. Nobody’s talking about really making a substantial tightening of fiscal policy immediately, but they’re all talking about how much has to be done, in the Never Never Land in the future. Never Never Land is a year or two off, and this is obviously the big test for any new administration.

FG: One of the things you hear from the financial services industry when they talk about the Volcker Rule is that it’s got nothing to do with the crisis.
PV: Of course, that’s wrong. Just look at the whole outcome of the crisis. I have never argued that the risk of proprietary trading in itself was the cause of the entire crisis. But it did contribute to the cultural atmosphere that, in fact, was the cause of the crisis. The banks’ biggest problem was making too many bad loans on real estate. It wasn’t just banks, others too. There’s no question of that. It’s a major factor, but what contributed to that kind of behavior?

FG: Why not then call for bringing back Glass-Steagall? Why not just completely ban the commercial banks from trading activities or speculation?
PV: I didn’t think that was the way to go, but when you look at the so-called Vickers Report in the UK and now a new report to the European Commission, they propose something that smells like Glass-Steagall, with a difference. They say let’s separate all those activities. You use the same language about proprietary activity in trading and all the rest, and they say we’ll permit them to keep it in the same holding company, but we’ll separate the banking subsidiary from the investment banking subsidiary, and we’ll put all the trading (more than I would allow), all the underwriting, prime brokerage, and lending to hedge funds and equity funds, in the subsidiary. We’ll sequester them in a separate subsidiary, and we’ll have this other subsidiary that’s a commercial bank. When I see this, I wonder why they didn’t take the final step and say no, that’s got to be a separate company. Because it’s very hard to take two subsidiaries of the same company

Professor William Silber: Volcker’s Boswell

William L. Silber, the Marcus Nadler Professor of Finance and Economics and director of the Glucksman Institute for Research and Securities Markets, is now also the author of one of the best-acclaimed business books of 2012. His biography of Paul Volcker, Volcker: The Triumph of Persistence (Bloomsbury Press, 2012), received rave reviews from Bloomberg Businessweek, The Economist, Financial Times, and The Wall Street Journal, to name a few. The book was also short-listed by the Financial Times and Goldman Sachs for Business Book of the Year.

In researching his book, Silber moved from longtime observer of his subject to the kind of intimacy rarely granted to anyone, with full access to both the personal and the professional sides of Volcker. Recalled Silber: “He dumped into my lap the entire contents of a walk-in closet in his apartment, including the elementary school report cards that had been carefully preserved by his mother. He also authorized my reviewing his extensive Fed correspondence held in the archives of the Federal Reserve Bank of New York. The Fed did not like that one bit. The Federal Reserve makes the CIA look like publicity hounds. And finally, he sat for over 100 hours of interviews with me, and it was not always happily.”

The underlying story line, said Silber, is trust. “Volcker earned the trust that’s synonymous with his name by standing up to the political pressure during the 1980s and defeating an inflation that almost destroyed the American financial system. He is obsessed with the honor of government service. He believes that inflation undermines trust in government, the trust that the government will not abuse the right that we as citizens give the government to print money.”

In praising Volcker, Dean Peter Henry remarked: “Professor Silber is not only an expert on financial markets and monetary economics, he’s also a master teacher, one of the real greats. As his students can attest, Bill can communicate a complex economic and political story in a way his audience will never forget.”
In recent years, it has become clear that large financial institutions are at risk. What actions can be taken to prevent these institutions from failing, and what is the role of the Federal Reserve in stabilizing the economy? In the past, institutions that were deemed “too big to fail” were rescued by the government, but this approach has not always been effective. If a financial institution is on the verge of collapse, should it be allowed to fail, or should it be bailed out? If bailed out, who pays the cost? These are some of the questions that the panelists discussed.

Q: Under what circumstances do bailouts make sense?
P: Now we're getting to the heart of the thing, this feeling that large financial institutions are protected and that because they feel protected, they take bigger risks than they would otherwise take. There's no doubt that they were protected on a grand scale during the crisis. Even stockholders were being protected. In very few cases were stockholders wiped out, which you think might happen when you have a failure. The Dodd-Frank bill has a section that says in the future no failing significant financial institution will be saved in the sense that management and the stockholders remaining or the creditors, particularly non-secured creditors, will not be put at risk. The Act provides a so-called resolution authority so you do need some consistency around the world, and I happen to think that it will work. I think theoretically it would have worked for Bear Stearns, Lehman, and AIG. There's no doubt in my mind that if that had been in the law and in the practice, you could have handled it.

Q: What is the biggest danger faced by the US, and what happens if we lose the world's trust? What happens to the dollar, the US economy, and the debt?
P: We've got a country that is deeply divided. It's got big ideological differences. It’s been unable to get together on some cohesive policies and some reasonable understanding on so many issues, including economic policy. We've got to deal with this enormous budget deficit over a period of time, which is going to mean doing something about the so-called entitlements. Some entitlements are relatively easy, others like Medicare are very hard, and we've got to face the revenue problem we clearly have. We've got to get together within the next six or eight months to demonstrate that we can do it, because the avenues we've been down don't give any confidence to anybody, including me, and that's a sad story.

WS: You can't have responsible monetary policy without fiscal integrity. The record shows that we benefited a lot in the US for showing fiscal integrity. We are really at a point where if we do not show it, I think that we are in serious danger of losing the status of a safe haven currency. Could it happen within the next 18 months to two years? Yes.

Watch the entire event at www.stern.nyu.edu/sternbiz/silbervolcker.

Audience Questions

Q: In the 2012 election season, we heard Ron Paul, friend of the Fed, talk about bringing the gold standard back. Your thoughts?
P: I don’t think that’s on anybody’s real agenda. If the gold standard’s going to be effective, you have to fix the price of gold, and you have to really stick to it through thick and thin, and who thinks that after we went off gold a couple of times in the last century or so somebody is really going to stick through thick and thin? As soon as you get in trouble, you go off, and then the gold standard means nothing.

Q: Regarding quantitative easing, do you believe that large-scale asset purchases are effective? And if so, through what channel?
P: I think these are extreme measures, because the straightforward central banking measures have lost their effectiveness. They’ve gone as far as they can go, and you can have a difference of opinion on how effective these last actions are, but there's nothing magic in those actions that's going to produce a dramatic difference.
Born and raised in Oklahoma City, Mick Cornett entered politics in 2001 after 20 years as a local TV broadcaster, winning a city council seat by the largest margin over a sitting incumbent in city history. He was elected Oklahoma City’s 35th mayor in 2004 by an overwhelming margin and in 2010 became only the fourth mayor in the city’s history to be elected to a third term. Cornett, who graduated from NYU Stern’s Executive MBA program, led the charge to pass the visionary infrastructure program known as MAPS 3 – a $777-million investment that will dramatically reshape Oklahoma City and enhance the quality of life of its residents. He is also guiding the completion of one of the nation’s largest public school capital improvement programs. Cornett, a self-described news and sports junkie, with three grown sons, also helped secure an NBA franchise for Oklahoma City. He was named Governing magazine’s 2010 “Public Official of the Year” and finished second in the world in the London-based City Mayors Foundation’s “2010 World Mayor Award.”

Questions

MICK CORNETT (MBA ’11)
Mayor, Oklahoma City

1. With your background in journalism, what aspect of elective office most surprised you?
The level of information far supersedes what you’re aware of as a journalist, in terms of the role of elected officials and the opinions available to them. Also, the competency of the city staff would surprise many people – I’m surrounded by extremely talented people.

2. How has your journalism background influenced your style as mayor?
Journalism teaches you there are two sides to every story. People notice that I’m not quick to judge, that I try to gather all the information first. Plus, you develop a strong work ethic as a journalist, you work all hours with no holidays. That’s an asset in my current role.

3. The city’s economy has been exceptionally resilient. What was the strategy there?
Years ago we diversified from being reliant on the energy sector, though that’s still our major industry. We pursued the aviation, biomedical, and tourism sectors. Plus we’ve created a quality of life that attracts highly educated young people. More young people are moving here from California and Texas than vice versa. The Kauffman Foundation rated us the most entrepreneurial city in the country. We entered the recession late and left it early. By year-end 2012, our unemployment rate was 4.5 percent, the lowest in the country for 21 of the previous 24 months.

4. You faced opposition from fire and police unions over MAPS 3, a $777 million initiative for upgrading city parks, roads, and public transportation that was ultimately passed in 2009. Was that one of your more difficult moments?
Having your own employees gather to oppose an initiative you’ve put a lot of effort behind is extremely disappointing. We’ve repaired the relationship, however.

5. Your municipal dieting program enlisted close to 50,000 participants. Have you ever compared notes on public nutrition goals with NYC Mayor Bloomberg?
He’s very aware of what we’ve done, but I can’t say he learns anything from us – he’s at the top of the information stream. Our cities are so different, but I keep a close eye on the things he’s working on.

6. What are the key challenges still remaining for Oklahoma City?
The biggest challenge is completing our big projects in a way that meets or exceeds voters’ expectations. We’re also working with the county to improve access to health care facilities and with the state to make it possible for us to enact stricter local smoking laws.

7. What have you gained from your business education?
A greater understanding of the business community and also of the economics of city hall. Marketing and crisis management courses were immediately applicable, as were entrepreneurship and leadership. Every course I took offered something.

8. How would you describe your Stern experience overall?
The faculty made going to school enjoyable, entertaining, and informative. Interacting with classmates from around the world and from different industries was part of the growth experience. And if you love cities as I do, New York’s as good as it gets – after Oklahoma City, that is. Watching New York’s public transit system, police, city services all work – it’s amazing from where I sit, something of a daily miracle.
Mindy S. Lubber Named the 2012-2013 Distinguished Citi Fellow in Leadership and Ethics

Marking its 10th year, NYU Stern’s Citi Leadership and Ethics Program appointed Mindy S. Lubber, president and founding board member of Ceres, a nonprofit organization that advocates the adoption of sustainable business practices, as its 2012-2013 Distinguished Citi Fellow in Leadership and Ethics.

Through its fellow appointments, the Citi Program identifies business leaders whose proven track record exemplifies how business can address some of the world’s most intractable problems, including poverty, homelessness, and environmental concerns, and stimulate sustainable economic growth.

Recognized as an expert on sustainability issues and environmental concerns, Lubber directs Ceres’ Investor Network on Climate Risk, a group of 100 institutional investors managing nearly $11 trillion in assets focused on the business risks and opportunities of climate change. She also helps coordinate Ceres’ Business for Innovative Climate & Energy Policy, a coalition of more than 20 leading consumer brand companies advocating strong climate and clean energy policies in the US and abroad. Under Lubber’s leadership, Ceres produced a practical guide for companies and investors entitled, The 21st Century Corporation: The Ceres Roadmap for Sustainability. She has led negotiating teams of investors, NGOs, and Fortune 500 CEOs who have taken far-reaching positions on corporate practices to minimize carbon emissions, water use, and other environmental impacts. She has briefed powerful corporate boards, from Nike to American Electric Power, on how climate change affects shareholder value. Lubber was the keynote for the Citi Program’s annual conference for Stern students and alumni on March 1, and throughout the academic year she interacted informally with faculty and students.

“Her commitment and passion for sustainability make her a perfect fit as this year’s fellow, and her insights on promoting corporate practices that minimize environmental impact are invaluable to our community,” explained Stern’s Bruce Buchanan, C.W. Nichols Professor of Business Ethics and director of the School’s Business and Society Program area.

Established in 2003, NYU Stern’s Citi Leadership and Ethics Program, made possible through the generous support of the Citi Foundation and managed by Stern’s Business and Society Program Area, represents a comprehensive effort on behalf of the School to extend its longstanding commitment to the practice of professionally responsible business.

The NYU Stern Economics Department Launches a Blog

Stern economics faculty members have taken their opinions to the Web, launching a blog last fall devoted to “news and commentary on current economic and business issues by and for the NYU Stern community – and others with similar interests.” As an example of the freewheeling style of the posts, topics in just one week in December included “Argentina gets its ship back,” “The Fed’s open-mouth operation,” “China versus the SEC,” and “Don’t bump your head on the debt ceiling.” Follow this lively bunch of opinionators at: http://nyusterneconomics.wordpress.com/.

In his new book, The Evolution of a New Industry: A Genealogical Approach (Stanford University Press, 2013), Zur Shapira, William R. Berkley Professor of Entrepreneurship and chair of Stern's Management and Organizations department, along with co-authors Israel Drori and Shmuel Ellis, traces the emergence and growth of the Israeli high-tech sector to provide a new understanding of industry evolution. The authors reveal how the high-tech sector in Israel built an entrepreneurial culture with a capacity to disseminate intergenerational knowledge of how to found ventures, as well as an intricate network of support for new firms.

Nobel Laureate Robert Engle, Michael Armellino Professor of Management and Financial Services and director of Stern’s Volatility Institute, will serve as a member of the Financial Research Advisory Committee for the new Office of Financial Research (OFR) at the US Department of the Treasury. Engle was selected to represent the perspectives of the algorithmic trading and risk management communities. Created by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the OFR will analyze threats to financial stability, conduct research, address data gaps, and promote data standards.

Six NYU faculty, including three from NYU Stern, have been placed on Foreign Policy’s list of the “Top 100 Global Thinkers 2012,” the magazine announced in its December issue. They include Chen Guangcheng, Visiting Scholar, NYU School of Law; Nouriel Roubini, professor of economics and international business and Robert Stansky Research Faculty Fellow; Paul Romer, professor of economics and director of Stern’s Urbanization Project; Beth...
Prasanna Tambe, assistant professor of information, operations, and management sciences, has been awarded a $401,624 grant from the Alfred P. Sloan Foundation. The three-year grant will provide funding for research on the “Economics of Information Technology Labor Markets Using Administrative Datasets.”

Assistant Professor of Information, Operations, and Management Sciences Sinan Aral, and Dylan Walker, a research scientist at Stern, presented a new method to measure influence and susceptibility in social networks. The researchers used their method to measure influence and susceptibility in the adoption of a commercial movie application on Facebook among 1.3 million users. Among their findings, the authors demonstrated that, in the decision to adopt a product, men are more influential than women, women influence men more than they influence other women, older people (30+ years) are more influential and less susceptible to influence than younger people, and married people are the least susceptible to influence. This new method has a wide variety of applications, such as developing effective targeting strategies to disseminate products or behaviors in society. The study entitled, “Identifying Influential and Susceptible Members of Social Networks,” was recently published in Science.

C. Samuel Craig, Catherine and Peter Kellner Professor of Entrepreneurship and Arts and Media Management, director of the Entertainment, Media, and Technology program, and deputy chair of the Marketing department, and the late Susan Douglas, Paganelli-Bil Professor of Marketing and International Business, received the 2011 Cavusgil Award for their paper entitled, “Convergence and Divergence: Developing a Semiglobal Marketing Strategy,” which appeared in the Journal of International Marketing. This honor recognizes the article that has “made the most significant contribution to the advancement of the practice of international marketing management.” This is the fourth time that Craig and Douglas won this award.

Noveck, visiting professor, NYU Robert F. Wagner Graduate School; danah boyd, research assistant professor of media, culture, and communication, NYU Steinhardt School of Culture, Education, and Human Development; and Jonathan Haidt, Thomas Cooley Professor of Ethical Leadership.

Arun Sundararajan, associate professor of information, operations and management sciences, NEC Faculty Fellow, and doctoral coordinator of IOMS-Information Systems, joined Steve Forbes, Padmasree Warrior, and more than 50 CEOs at the Techonomy 2012 conference in Tucson in November. Sundararajan delivered a plenary talk on “Collaborative Consumption and the Sharing Economy.”

Assistant Professor of Marketing and Psychology Adam Alter authored a new book, Drunk Tank Pink: And Other Unexpected Forces That Shape How We Think, Feel and Behave (Penguin Press, 2013). The book is a compendium of context effects – relationships between features of the environment and our thoughts, feelings, and behaviors, and even broader outcomes in life. Each chapter describes how a different feature affects us, beginning with the names our parents gave us at birth, and the names we in turn give to our children, companies, and hurricanes, and ending with the weather patterns that affect us all.

In his new book, The Art and Practice of Economics: Lessons from Leading Minds, Clinical Associate Professor of Economics Simon Bowmaker provides an in-depth look into the research methods of leading economists from across the US and Europe. The volume contains 25 interviews with practicing economists, including Nobel Laureate Thomas Sargent, William R. Berkley Professor of Economics and Business. Contributors were asked to reflect on their own experience in economics research, including their methods of working, the process of scientific discovery and knowledge creation, and the challenges of successfully disseminating their work. The interview format showcases each contributor’s personal connection to his or her work, presenting an overview of current economics research.
Business to the lay person is all about numbers and dollar signs. But within a management context there exists a complex world of human dynamics where success and failure are not just functions of the bottom line. The following three research articles delve into different elements of that world: the serendipitous advantage conferred by easy-to-pronounce names, the subtle effects of power versus status on the motivation to be fair, and the pernicious impact of power on managers’ willingness to seek and accept advice.
THE NAME GAME
PEOPLE WITH EASY-TO-PRONOUNCE MONIKERS TEND TO FARE BETTER

If a rose were known by one of its more formal names, say, rosa berberifolia or even rosa maximowicziana, it might not smell as sweet or be as popular, according to new research into the relationship between easy-to-pronounce names and how they’re judged.

Adam L. Alter, assistant professor of marketing at NYU Stern, and fellow researchers Simon Laham and Peter Koval found that – for people at least – those with easy-to-pronounce names are judged more positively than others.

“Names activate a reservoir of semantic information, which then informs judgment,” Alter explained in the paper he wrote with Koval and lead author Laham, “The Name Pronunciation Effect: Why People like Mr. Smith more than Mr. Colquhoun.” The authors cite previous research that links first-name characteristics with income and educational attainments, as well as studies showing that people with African-American-sounding names are less likely to get call-backs for job interviews than those with typically white-sounding names.

At heart, the authors’ thesis builds on the well-established concept that easy-to-process stimuli – whether Chinese ideographs, pictures of furniture, or collections of dots – are evaluated more positively than difficult-to-process stimuli.

Not quite merit-based
The authors conducted five studies, four of which asked student participants to rate a selection of names, cho-
sen from Anglo, Asian, and Western and Eastern European backgrounds, and presented with varying degrees of context – that is, the names alone and the names placed in context, even as potential candidates for election with hypothetical political positions.

The final study involved a real-world analysis of names of 500 lawyers, randomly chosen from ten different law firms, that were rated by experiment participants on the basis of pronounceability and foreignness. When cross-checked against the lawyers’ actual positions within their firm hierarchies, those with easier-to-pronounce names turned out to occupy superior positions, independent of firm size, firm ranking, or mean associate salary.

The authors wrote: “The practical consequences of such effects could be numerous and significant and thus warrant future research. In classroom contexts, for example, preferences for students with easy-to-pronounce names may result in selective treatment, engendering self-fulfilling prophecy effects often detrimental to educational and social outcomes.”

Indeed, Alter, who conducted the law firm analysis, said the effect probably also exists in other industries and in many everyday contexts.

“People simply aren’t aware of the subtle impact that names can have on their judgments,” he explained.

The research builds on Alter’s earlier work, which suggests that financial stocks with simpler names tend to outperform similar stocks with complex names immediately after they appear on the market.

ADAM L. ALTER is assistant professor of marketing at NYU Stern. SIMON LAHAM is the ARC Research Fellow and lecturer at the University of Melbourne. PETER KOVAL is a PhD candidate at the University of Leuven.

CAN THE POWERFUL BE JUST?

STATUS, MORE THAN POWER, MOTIVATES MANAGERS TO ACT FAIRLY

Power may corrupt, but it appears that status confers on its holders the opposite effect.

In new research, Steven L. Blader, NYU Stern associate professor of management and organizations, and co-author Ya-Ru Chen of Cornell University’s Johnson School of Management investigated the effect that self-perceived power and status have on how people relate to others.

How justly people in positions of authority – whether civic leaders, police officers, or corporate managers – treat others is of universal concern. In “Differentiating the Effects of Status and Power: A Justice Perspective,” Blader and Chen presented research demonstrating that so-called high-status individuals are more likely to behave fairly because “their status-maintenance concerns make them more attentive to others and more likely to act in ways that others find respectable and commendable.”

Blader and Chen constructed five studies that tested how people react in various roles that varied according to their and others’ status or power. The studies progressed from simple acts of divvying up bonus money to more complex negotiations...
for the purchase of a business. “All five studies showed consistent evidence that status is positively associated with justice toward others, while power is negatively associated with justice toward others,” they wrote.

**Power breeds entitlement**

Throughout the studies, participants who had an elevated sense of their own power behaved less fairly towards others and made decisions that reflected a weakened concern for fairness. In contrast, participants who had an elevated sense of their status – and were thus concerned about maintaining their high-status positions – behaved more fairly toward others and made decisions that reflected a greater concern for fairness.

Blader asserted that the results have important implications for managers and for organizations more generally. “They help us understand the determinants of whether managers treat their subordinates fairly or unfairly,” he explained.

He and Chen suspect that the tendency by organizations to encourage managers to focus on elements of power – such as headcount, budget control, bonuses, and a wide range of other economic factors – contributes to managers’ unfair behavior to their subordinates. In contrast, the authors expect that if organizations motivated managers to value status – how they are regarded by peers, subordinates, and superiors – workplace relations would improve.

“Unfortunately, there is much less emphasis in organizations on highlighting issues of respect and prestige. These are the factors that drive a person’s sense of his or her own status and that would, therefore, encourage fairer treatment toward others,” said Blader.

STEVEN L. BLADER is associate professor of management and organizations at NYU Stern. YA-RU CHEN is the Nicholas H. Noyes Professor of Management at Cornell University’s Johnson School of Management.

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**THE DARK SIDE OF POWER**

**IT CAN MAKE CONFIDENT LEADERS DEAF TO ADVICE**

Masters of the universe, take note: your perception of your own power could be skewing your leadership ability. NYU Stern Management Professors Kelly E. See and Elizabeth W. Morrison, along with co-authors Naomi B. Rothman of Lehigh University and Jack B. Soll of Duke University, have investigated the relationship between power, self-confidence, and openness to taking advice. The results are not particularly encouraging.

“The decisions made by powerful individuals in business, government and other important organizations arguably have some of the most serious and broad-reaching consequences for society at large, and yet the very power entrusted to those individuals may induce a mindset that prevents them from taking advice, and thus from making sound decisions,” warned See.

In “The Detrimental Effects of Power on Confidence, Advice Taking and Accuracy,” the authors constructed various studies to test their hypotheses. For instance, they asked managers to rate their own power and confidence and then had co-workers rate the managers’ decision-making capabilities and willingness to accept advice; asked graduate students to rate their self-confidence and then assigned them to estimate tuition at several universities, before and after receiving
guidance; and, after determining the self-described power of 254 online participants, asked them to estimate the value of coins in jars, with and without peer advice.

The research confirmed three key findings. First, a high-power mindset increased confidence in one’s own judgment, which resulted in individuals being less willing to take advice in general and to discount even good advice. Second, despite their higher confidence, one of the studies revealed that high-power individuals had “significantly less accurate final judgments” than lower-power participants.

Finally, the authors wrote, “We demonstrate that the psychological experience of power elevates confidence and exacerbates the already strong tendency for individuals to overweight their own initial judgments and insufficiently incorporate the input of others.”

See, Morrison, and their co-authors acknowledge that their findings could have “troubling organizational and societal implications,” but at the same time believe that an awareness of the behavior they identified could open the door to an enlightened attempt to moderate it. “By directly addressing the inflated confidence level of powerful individuals,” they wrote, “organizations may be able to help people with power take and/or seek advice when it is valuable to do so.”

KELLY E. SEE is assistant professor of management and organizations and ELIZABETH W. MORRISON is ITT Harold Geneen Professor in Creative Management at NYU Stern. NAOMI B. ROTHMAN is assistant professor of management at the College of Business and Economics, Lehigh University. JACK B. SOLL is associate professor of management at the Fuqua School of Business, Duke University.
Peer to Peer Student Life in Washington Square and Beyond

TALES IN POSSIBLE
Stern MBA students share their experiences at LAUNCH 2012

LAUNCH is a multi-day introduction to Stern that aims to create in students a dynamic mindset oriented toward transforming emerging problems into business opportunities. LAUNCH 2012 included a presentation by several current students and recent alumni who have begun to do just that. They inspired listeners with true stories about realizing their dreams – and solving problems – through hard work, imagination, and the supportive structure of the School’s robust entrepreneurial and mentoring resources. Below is a sampling of their “Tales in Possible.”

REVIVAL STYLE

Taylor and Sidhu met in a class on social problem-based entrepreneurship. Taylor started in the fashion industry and migrated to nonprofits; Sidhu had a marketing background but dreamt of being in fashion. Revival Style began as a class project after a trip to India. The plan: a sustainable apparel line that blends high style with high social impact. Rural women artisans in India skilled in weaving, beadwork, and embroidery create the fabric, New York garment makers produce the designs. The plan won top award from the NYU Gallatin Founder’s Fund, was a finalist in the Stern Social Venture Business Plan Competition, and made Top 40 in the Dell Social Innovation Challenge.

“Revival Style began as a class project after a trip to India. The plan: a sustainable apparel line that blends high style with high social impact. Rural women artisans in India skilled in weaving, beadwork, and embroidery create the fabric, New York garment makers produce the designs. The plan won top award from the NYU Gallatin Founder’s Fund, was a finalist in the Stern Social Venture Business Plan Competition, and made Top 40 in the Dell Social Innovation Challenge.” — Allison Taylor

TAXI TREATS

In the wee hours one night, Shimmerlik was riding home from a bar in a taxi, hungry, when his epiphany struck: “I said to myself, ‘Snacks should be here.’” Drawing on the entrepreneurial talents of Stern professors and alumni, Shimmerlik crafted a business plan for vending machines in taxis and won a New York City business plan competition and his first $17,000 in seed capital, plus six months use of an office. He reached out

“There is not a better place than Stern and the City to learn how to launch a new business.” — Brian Shimmerlik
to fellow students, including from NYU-Poly, to create a team and networked into the local angel investor community. That strategy paid off: he recently raised an additional $1 million. Shimmerlik figures his Vengo vending machines could be in New York cabs by this summer, and he’s also in talks with municipalities and taxi companies around the world.

CHARTER CITIES

Krieger and Wise worked with Professor Paul Romer, director of Stern’s Urbanization Project, on the Charter Cities project, a new development concept aimed at helping countries in emerging markets develop special economic zones that would provide employment opportunities to people from around the developing world. The zones would operate under their own administrative systems and laws. Because they will have a high degree of autonomy, they will be free to adopt rules that create more favorable environments for residents, businesses, and investors. Learn more at www.stern.nyu.edu/sternbiz/chartercities.

“We’re using financial tools to understand the development of these new cities under different scenarios. It’s an exercise in learning to navigate ambiguity. Everything is starting from scratch.” — Benjamin Wise

BROTHERHOOD PREP

Blay had been a history teacher at an elite New York City prep school for six years before entering NYU in 2011 in a joint MBA/MPA program. He saw too many students drop out along the path toward college because they lacked a support structure, so he arrived on campus determined to found a middle school for boys that would focus on preparing them for success in high school and beyond. While at Stern, he won a fellowship from the Social Impact Internship Fund that encourages students to use business skills to solve social problems. He worked for Teach for America over one summer, gathering more ideas for his new school, Brotherhood Prep, which he and two classmates are developing.

“It’s important to leave a legacy for others to build upon. It’s about community.”

— Corey Blay

To watch these and other “Tales in Possible,” visit www.stern.nyu.edu/sternbiz/tales.
Undergraduates Learn About Business and Political Economy

By Keith F. Miller, Jr.

For undergraduates in NYU’s BS in Business and Political Economy (BPE) Program, business is not a spectator sport, but an immersive experience. This undergraduate degree program, which graduated its first class in May 2013, provides participants with a front seat on the economic and policy issues that are in the headlines. That is exactly what the first class had during its four years of study, in London, Shanghai, and New York, along with brief trips to places such as Brussels and Prague.

Economics Professor and Academic Director Paul Wachtel praised the blend of economics, politics, social science, and business that infuses the degree program: “BPE gives students a contextual understanding of business and the global linkages that affect it. For example, students could hear an EU official deliver a speech about the future of the euro in Brussels, then consider another perspective on a visit to Prague, which is in the EU but does not use the euro, then later contrast those discussions with what they saw and learned about the booming economy in Shanghai.”

Created four years ago, the BPE Program was created to provide a cohort of 50 students with an unprecedented experience as they earn their undergraduate degrees. As freshmen, students tackle their liberal arts core and begin their business core at the Washington Square campus, then spend two semesters in London during their sophomore year, and the fall semester of their junior year in Shanghai or Washington, DC before returning to New York City.

Graduating senior Jack Lei said, “A leader has to be able to navigate an enormous number of opinions and viewpoints. This program enables you to become more flexible in how you analyze and process information that is different from what you are used to, and to become more adaptable.” Added senior Quinn Haberman, “I’ve become more knowledgeable about the rest of the world and how countries work, with an understanding that goes beyond reading, because I’ve been there and seen it.”

Not surprisingly, the students in the program, who come from different countries and socioeconomic and cultural backgrounds, grow closer through this shared experience. After having been away for three semesters, they have returned to the Washington Square campus with shared adventures, among them travels to explore Greece, the Gobi Desert, and Egypt.

They have made their own contribution by launching the Stern Political Economy Exchange, the first multinational student organization at Stern, with groups in New York, London, and Shanghai. One exciting project that the group took on is the “Up to Us” campaign, a nationwide competition to increase the awareness of the federal deficit among college students. Twelve universities competed in this campaign, which was sponsored by Net Impact, the Clinton Global Initiative University, and the Peter G. Petersen Foundation.

As the first class graduates, the experience is perhaps best summed up by Bryan Rozyczki, “Academically and intellectually, the program has helped me to gain a broader perspective. You travel to these countries and learn about them and you understand why certain decisions are made. Having the context is invaluable.”

(clockwise from top left) BPE Students meet with Tung Chee Hwa, the first chief executive of the Hong Kong SAR; visit the Victoria Peaks in Hong Kong; stop for a group shot in Brussels; pose mid-air in front of the Pyramids of Giza; and ride camel-back through the Gobi Desert in the Gansu province of China.
STERN’s on the go... STERNbusiness, that is.

Catch up on campus news and personalities... check out what your classmates are up to... and learn something new from the latest faculty research. Wherever you are, whenever you want it. Your alumni magazine is ready to go. NYU Stern

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On December 6, 2012, more than 600 alumni and friends gathered at the Rubin Museum of Art in a festive celebration of the holiday season and their shared Stern heritage. Attendees enjoyed an evening of reconnecting and reminiscing, amid live music performances, hors d’oeuvres inspired by cuisines from around the world, and six floors of stunning galleries showcasing Himalayan art.
Vanessa O’Brien (MBA ’97), an avid mountaineer and explorer, shows her school spirit after climbing to the summit of Mt. Everest. Where have you taken your Stern pride? Send us a photo at alumni@stern.nyu.edu for a chance to be published in an upcoming issue of STERNbusiness.
NYU Stern Haskins Giving Society Honors
Dr. Clifton R. Wharton, Jr., and Michael Achenbaum (JD/MBA ’98)

On April 24, more than 150 members of NYU Stern’s esteemed Haskins Giving Society gathered at The Pierre for the 34th annual Haskins Award Dinner. The event honored economist, educator, businessman, and public servant Dr. Clifton R. Wharton, Jr., whose distinguished career includes serving as President Emeritus, Michigan State University; Chancellor Emeritus, State University of New York System; Former Chairman and CEO, TIAA-CREF; Former Chairman, Rockefeller Foundation; and US Deputy Secretary of State. The evening also celebrated the support of Stern’s most generous and dedicated alumni, faculty, and friends.

Earlier in April, more than 100 Haskins Fellows and Young Haskins Associates gathered at the Gansevoort Park Hotel for the annual Haskins Cocktail Reception, featuring Michael Achenbaum (JD/MBA ’98), Founder and President, Gansevoort Hotel Group. Visit www.sternalumni.nyu.edu/haskins to learn more about the Haskins Giving Society and to become a member.

Join the Conversation
The Stern community is 100,000+ strong in more than 100 countries. Make connections, find friends, and share information and updates.

Keep Current - Stay Connected
Have you changed your name, job, or address? Update your information online using NYU SternConnect or by calling (212) 998-4040 to receive important updates about the School, information on career services, and invitations to alumni events in your area. Help us be environmentally responsible by providing your e-mail address. When possible, we will send alumni content electronically.

The Annual NYU Stern Reunion tradition continues on October 5, 2013!

Reunion 2012, held on October 13, 2012, brought together more than 600 alumni and friends, who traveled from nearly 20 countries in celebration of 25 classes and 50 years of Stern graduates. Alumni reconnected with beloved faculty, reminisced with old friends, and networked with new ones during a day of timely and relevant programming on campus. The celebration continued into the evening with class cocktail receptions, dinner, and dancing at the Waldorf-Astoria. For more information on Stern’s reunion program, visit the website at www.sternalumni.nyu.edu.

1. MBA alumni from the Class of 2002 gathered for a class photo at their private cocktail reception.
2. Alumnae reconnected at the gala dinner.
3. Dean Peter Henry welcomed alumni and friends to the Dean’s Luncheon.
4. Alumni and guests danced the night away while enjoying live music from the Silk Band.
5. NYU Stern welcomed alumni back to campus.
6. Members of the MBA Class of 2007 posed for a picture at the welcome breakfast.
8. Geeta Meron, Dean, Undergraduate College, and Peter Henry, Dean, announced that reunion classes had raised more than $3 million in support of the Stern Fund.
9. Gena Archer and Omar Archer (MBA ’02)
10. Alumnae showed their Stern spirit by donning violet accessories in the photo booth.
11. Alumni enjoyed a day of networking and panels led by faculty greats.
12. Marcelo Paez (BS ’82) and Alvin Segal (BS ’51)
13. Alumni from the Executive MBA Class of 1997
14. Undergraduate alumni from the Class of 2007 celebrated their five-year reunion.
1960s

Stephen Krupnick (BS ’69), of Laguna Beach, CA, recently retired, completed an exhibition of his photography at the 44th annual Sawdust Art Festival in Laguna Beach. The majority of photos he exhibited were taken during his years at NYU. His exhibit, entitled “Vintage New York,” was accompanied by a photo book of the same name.

Richard Berman (BS ’64, MBA ’73), of New York, NY, has been appointed as a member of the Board of Lustros, Inc. Berman’s business career spans more than 35 years in venture capital, senior management, and merger and acquisitions experience.

1970s

Andrew J. Barile (MBA ’72), of Carlsbad, CA, has been in the reinsurance business for more than 35 years, and co-founded Bermuda’s first publicly held reinsurance company. He has authored two books: A Practical Guide to Finite Risk Insurance and Reinsurance and Reinsurance, A Practical Guide.

Carl W. Turnipseed (MBA ’74), of Suffern, NY, has announced his intention to retire from the Federal Reserve Bank of New York. During his 43-year career at the Bank, Turnipseed has held various management positions in a variety of areas including accounting, information technology, payments and government securities operations, and foreign relations.

G. Martin Poole (MBA ’79), of New York, NY, has been approved as a Registered Financial Advisor by the National Association of Registered Financial Advisors.

1980s

Anthony S. Glickman (MBA ’80), of Teaneck, NJ, has joined Northern Trust in a Global Client Solutions role. Glickman has more than 30 years of financial market-related experience as a banker, treasurer, hedge fund manager and, most recently, as head of risk services.

Craig Mattoli (MBA ’80), of Guangzhou, China, has opened the first foreign-run gallery of Chinese Art, Leona Craig Art, in Guangzhou, Guangdong Province.

Michael J. Haubenstock (MBA ’81), of Glen Allen, VA, has joined Encore Capital Group as Vice President and Chief Risk Officer. Haubenstock will be responsible for managing Encore’s enterprise risk framework and ensuring that the company’s risk policies, controls, methodologies, and reporting will continue to support the company’s growth.

Khanh Vuong (BS ’82, MBA ’85), of New York, NY, has been named First Vice President and Chief Risk Officer of Kearny Federal Savings Bank.

Alexander Moon (MBA ’85, LAW ’85), of New York, NY, has joined Sidley Austin LLP as a Partner in the Global Finance Practice.

Raj Mitra (MBA ’86), of Chino Hills, CA, has been named Vice President of Product Management at Battery-Biz and its newly formed subsidiary, BuQu Tech. Mitra will oversee the product roadmap and product development as well as the expansion of the Magnitize by BuQu Tech magnetic charging system product line.

Mark H. Chardack (MBA ’87, MS ’10), of Gulfstream, FL, has joined Nuix as the Chief Executive Officer for North America.

Joshua Kalter (BS ’83, MBA ’87), of Great Neck, NY, has been appointed to the Advisory Board of Pacific Ore Mining.

Jeffrey B. Koehne (MBA ’88), of Syracuse, NY, has been named Executive Director of Hiscock & Barclay LLP. A certified public accountant, Koehne will use his finance background and decade of experience managing professional services businesses to oversee all administrative departments firmwide. He joined Hiscock & Barclay in October 2011 as Deputy Executive Director.

Kathleen Corbet (MBA ’89), of New Canaan, CT, has been appointed to the Board of Directors of the Connecticut Housing Finance Authority. Corbet is a business entrepreneur with more than 30 years of leadership experience in financial markets, information, and technology.

Jennifer J. Rickard (MBA ’89), of Philadelphia, PA, has joined the University of Puget Sound as Vice President for Enrollment.

Scott R. Singer (MBA ’89), of Westport, CT, has been named to the newly created position of Vice President of Business Innovation for USA TODAY | Gannett Co., Inc. He will be principally focused on developing and implementing new, growth-oriented business models at USA TODAY.

Robert W. Starr (MBA ’89), of Princeton Junction, NJ, has been appointed Senior Vice President and Treasurer of Frontier Communications Corporation. Starr has 23 years of treasury experience in financial services, and investment and commercial banking.

1990s

Herbert D. Cunitz (MBA ’90), of Encinitas, CA, has joined the executive team at Hortonworks as President.

Patrizia E. Micucci (MBA ’90), of Milan, Italy, has been appointed Chief Country Officer for Société Générale Italy.

Steve Benevento (MBA ’91), of New York, NY, has been named Chief Investment Officer of New York Life Capital Partners, a private equity affiliate of New York Life Investments. Benevento joined New York Life in 1995 and was previously Senior Managing Principal.

Bruce M. Buchanan (MBA ’91), of Tenafly, NJ, has joined PricewaterhouseCoopers (PwC) as a Managing Director with the firm’s business recovery services group based in New York. In his new role with PwC, Buchanan serves in
As the son of a senior official of the United Nations, Timothy Moe had a truly global upbringing: born in the Middle East, he traveled extensively during his youth and graduated from the UN International School in New York City. After receiving his undergraduate degree from NYU, where he studied art history and economics, Moe spent time training in martial arts in Brazil. Keen on carrying his international background into his professional ambitions, he returned to NYU as an MBA student. With an eye toward studying international business and finance, he selected Stern because, he explained, “At the time, Stern was the only business school in the country that had a fully fledged international business program with study-abroad programs.”

While at Stern, Moe pursued an international business concentration and enjoyed learning from industry experts and faculty greats, including Professors Ingo Walter, Edward Altman, and the late Dean Emeritus of the Undergraduate College Frederick Choi, who served as Moe’s thesis adviser. Moe also took advantage of Stern’s international exchange program by spending a semester at the Chinese University of Hong Kong. The combination of strong academics and his international study experience made an impression on Moe, who said, “The quality of the education was very high and the opportunity to go and spend time in Asia offered a window into my ultimate career path.”

His interest in Asia sufficiently piqued, Moe returned shortly after graduation to work at Jardine Fleming, a British merchant bank based in Hong Kong. He served as head of Asia Ex-Japan Regional Research and regional strategist for the bank from 1985 to 1993, after which he joined Salomon Brothers in Hong Kong before moving back to New York City as a partner at Omega Advisors, a global equity hedge fund. In 2002, Moe once again returned to Hong Kong, this time with Goldman Sachs as a managing director. He was promoted to partner in 2006.

Currently, Moe is chief regional equity strategist for Asia Pacific and co-head of Asian Economics, Commodity and Strategy Research for Goldman Sachs. As chief regional equity strategist, Moe and his team are responsible for 11 equity markets and provide guidance to the firm’s institutional investor clients. In his role as co-head, Moe oversees the Asia region as part of a six-person executive committee that leads macro research globally. “I love what I’m doing,” he said. “It’s incredibly interesting to work in a dynamic part of the world where things are always changing.” Driven by his intellectually invigorating work, Moe also noted, “The changes mean you have to stay focused and committed, but the reward is that it’s tremendously exciting.”
The beginnings of Frank Ingriselli’s 33-year – and counting – career in the energy industry became apparent during his time as an MBA student at NYU Stern, then known as the Graduate School of Business. He recalls being intrigued by classes in international finance early on. Combined with the exposure to a diverse student body and, as he recalled it, “the global atmosphere at the School,” his Stern experience developed into a powerful fascination with the global financial system. That passion eventually led to a focus on the energy industry and an MBA thesis on competition in the oil industry.

Ingriselli’s thesis topic proved prophetic. After completing his law degree, which partially overlapped with his time at Stern, Ingriselli accepted a position with Texaco, which sent him to China during his first week of work. Over the course of the ensuing three years, he negotiated the first successful foreign oil-development investment contract in China, which kick-started his career.

Looking back, Ingriselli characterized his first 18 months as an important learning process that his Stern education helped him navigate. He explained: “Some of the most basic concepts were very important; we were trying to translate financial and accounting concepts within the context of China and the resulting tax issues.” Ingriselli held informal seminars to counsel the involved parties in China, which included “taking out a blackboard and showing them how to build a P&L statement and balance sheets, or making copies of relevant sections out of textbooks.”

Ingriselli progressed up the ladder at Texaco, and in 1992 he was named president of Texaco International Operations Inc. After a brief detour as president and CEO of a Russian joint venture energy company controlled by Texaco and headquartered in Houston, he returned to Texaco and was eventually appointed president of Texaco Technology Ventures. With the merger of Chevron and Texaco in 2001, he faced a critical career decision: stay with the merged company or take a risk and strike out on his own. Ingriselli chose the latter. As he recalled: “It was a scary time; it was right on the heels of 9/11 and I had to go out and start a new business, which wasn’t the easiest thing to do. But, using the skills that I learned at Stern and in my career, I was able to seek a greater reward for myself.”

Ingriselli went on to start and build other successful companies. In 2005, he founded Pacific Asia Petroleum Inc., a New York-based, publicly traded energy company with operations in China and West Africa. In 2010, he moved on and founded Pacific Energy Development Corp., which focuses primarily on the US shale industry. Currently the chairman, president, and CEO at Pacific Energy, he remains passionate about the field, finding excitement and satisfaction in dealing with its unpredictability and variety. “Every well we drill is a different challenge and a new experience,” he said. “I love going to work every day, and I love what I do.”
As Bulova Corporation’s Global Chief Marketing Officer, Tricia Norton has the heady responsibility of managing the direction of the well-known watch brand around the world. As the brand’s custodian and steward, she oversees everything under the vast marketing umbrella, including marketing strategy, communications, and market research. “Every consumer touch point goes through my office as it relates to the global strategy for Bulova,” she said. In addition to being highly involved in Bulova’s largest market — the US — she also works with global partners to manage the company’s international markets.

Norton began her career with 10 years at Reebok before moving to Timex and becoming Senior Vice President of Marketing. During that period, she began exploring the possibility of an MBA. In appreciation of the increasingly global nature of her work and in pursuit of an education that would round out her robust marketing background, Norton was attracted to the “worldly” focus of NYU Stern’s Executive MBA program. “The global studies part was a big factor for me,” Norton explained. “In my line of work, I have to be globally minded, and the opportunity to visit major world markets once per year was a definite draw. The caliber of businesses, executives, and government figures was exceptional and exposed us to so much more than a standard business trip would.”

The rigor of Stern’s program also appealed to Norton. “I look back on that time quite fondly, though it was quite intense,” she recalled. “You have to reprioritize and challenge your thinking in and outside of the classroom.” Ultimately, she added, the formative experience proved to be life-changing: “The education and relationships are important, but knowing that you can accomplish a challenge like that is what sticks with you the most.”

With all of her professional responsibilities, Norton appreciates the importance of maintaining a work-life balance. Along with enjoying time with family, friends, and hobbies — including running the New York City Marathon — she loves to travel for pleasure, which she often combines with her frequent business trips. In a throwback to her days as an executive MBA student, Norton likes to partake in Stern’s biennial Global Alumni Conferences, “a mini version” of the Global Study Tours she so enjoyed as a student. For Norton, staying involved with the School through its many “phenomenal” events and organizations helps “keep the inspiration flowing.” She encourages her fellow alumni to stay involved with the School, advising, “Let Stern challenge you and your thinking even after graduation.”
Griff Clarke began his undergraduate studies at NYU Stern in 1963, while continuing to work at Chas. E. Quincey & Co., under the guidance of M. A. Gilmartin, Jr., where he began his career as a “runner” after graduating from Archbishop Molloy High School in 1959. For Clarke, the combination of school and work was a challenging, yet natural, fit. As he put it, “I could take subjects out of the classroom and relate them to what I was doing in the field of business.” In addition to the relevance of the curriculum, Clarke was impressed by the caliber of the professors. One professor in particular, Dr. Daniel E. Diamond, “had a serious and important influence on my career as a sort of mentor,” Clarke said.

Despite the difficult task of balancing academics and a full-time job, Clarke distinguished himself academically – he was elected to several honor societies, including Omicron Delta Epsilon and Phi Alpha Kappa, and Beta Gamma Sigma in 1993 – and advanced professionally. He stayed at Quincey after graduating from Stern in 1971, and was promoted to general partner. When the company was sold in 1977, Clarke realized that, after working at a small firm, he had little interest in working for a larger firm. He, along with a few of his colleagues, decided to start a new company with a specific and important requirement in mind. Clarke explained: “We wanted the company to be a direct reflection of our culture and beliefs.”

The group of five men fulfilled their dream in 1979 by forming G.X. Clarke & Co., an institutional dealer in US government, federal agency, and mortgage-backed securities. Now, several decades later, the company, which has been ranked among “The Top 20 Trading Firms” by Institutional Investor, continues to thrive. For Clarke, the formula for success includes a number of critical factors, such as an appreciation for the importance of “hiring people who are meant for this business” and providing exceptional customer service. He also attributes much of the firm’s success to his continued relationship with Stern and its faculty. He explained: “In growing the company, I can honestly say we could not have come as far as we have without Stern. For the past 15 years, Stern professors have come into our office every year to teach our partners and associates using a curriculum originally developed by Professor Diamond, as well as other faculty members such as Bruce Buchanan.”

For his own success, Clarke humbly credits the people in his life, including his family, Professor Diamond, and colleagues. “I could not have achieved nearly as much without the people I’ve met over the years,” he said. “We all have people in our lives who have made a very positive difference for us, and made us more than we would be without them. Whatever positive things I accomplished in my life could not have been done without Stern faculty, family, longtime friends, and most of all, my wife Kathy.”
Propulsion Program before launching a career in financial services.

Akiba J. Leisman (MBA ’06), of New York, NY, has been appointed as a Director of Oro Mining.

Rakesh Mani (BS ’06), of Bombay, India, has joined Teach For India in Mumbai as a fourth-grade teacher.

Mike Royal (TRIUM ’06), of San Diego, CA, has joined AceRx Pharmaceuticals, Inc., as Chief of Clinical Affairs. Royal has board certifications in internal medicine, pain medicine, and addiction medicine, along with extensive research, clinical, and corporate work experience.

Anie Borja (MBA ’07), of Washington, DC, has been appointed Executive Director of National Women’s Business Council (NWBC). The NWBC is a nonpartisan federal advisory council created to serve as an independent source of research, advice, and policy recommendations on economic issues of importance to the growth of women business owners.

Simon Olenick (MBA ’07), of New York, NY, married Heather Renee Zeller at Pellegrini Vineyards in Cutchogue, NY. Olenick is a Senior Management Consultant in Manhattan with Infosys, a business and information technology services consulting firm based in Bangalore, India.

William C. Dalasio (MBA ’08), of New York, NY, received his CFA designation and has been named Director of Risk Management at TIAA-CREF.

Elizabeth Greenbaum (MBA ’08), of New York, NY, recently climbed to the top of Mount Kilimanjaro. Greenbaum is currently a Marketing Manager at American Express.

Jennifer M. May (MBA ’08) and Mark H. Warren (MBA ’09), of Washington, DC, co-founded Next Level Partners LLC, a DC-based political consulting firm that provides FEC compliance and fundraising strategy services to Democratic members of Congress and candidates for political office.

Allison R. Rose (MBA ’09), of Calabasa, CA, married Daniel Moss (MBA ’09) in Napa Valley, CA, in August 2011. The couple are both NYU Stern Langone alumni from the Class of 2009. They met at the PTLF Student Retreat as they began their second year of the MBA program.

Gabrielle R. Sirner (MBA ’09), of Washington, DC, married Morris Bernard Cohen.

2010s

Gregory L. Shapiro (MBA ’10), of New York, NY, married Johanna Rachel Wohlstadter on November 11, 2012, at the Roundhouse at Beacon Falls in Beacon, NY. Shapiro is a Management Consultant in New York for ZS Associates, a consulting firm specializing in sales and marketing, where he works with pharmaceutical companies.

Erin K. Hubbard (MBA ’11), of New York, NY, has been named Senior Associate of Business Development and Investor Relations for Phoenix Investment Adviser. Hubbard brings with her more than eight years of experience in business development and marketing.

Patrick M. Inverso (BFA ’01, MBA ’11), of West Chester, PA, married Erica Kyle Hahn at Atwood Ranch in Glen Ellen, CA.

Sheldon Maye (MBA ’11), of Washington, DC, married Mai Diggs on May 5, 2012, in Durham, NC.

Lewis Silberman (BS ’00, MBA ’11), of New York, NY, has been promoted to Head of Institutional Sales for New York at Oppenheimer Holdings Inc., where he has worked for 12 years.


Theodore M. Davis (MBA ’13), of Brooklyn, NY, has been appointed as Creative Director of Totzy, a private sales site dedicated to offering exclusive deals for parents and children.
ack when the New York subway system still accepted tokens, Richard West went through more than 20 per week, just commuting back and forth to NYU’s Washington Square campus from his Dean’s office at Trinity Place. Until the two campuses were eventually merged — the signature accomplishment of West’s tenure — the Graduate School of Business Administration was housed in lower Manhattan in a couple of buildings near Wall Street, while the undergraduate College of Business and Public Administration resided with the rest of NYU at the east edge of Greenwich Village.

In 1984, when NYU President John Brademas hired West, then 46, from Dartmouth’s Amos Tuck School of Business, the mandate to continue the upgrading of NYU’s business programs was clear, recalled West, and the challenge appealed to him. “The School had an excellent faculty and reputation, it was ‘on the come,’ but we had to bring the campuses together — without that you couldn’t realize the great potential there. We had to consolidate things and build a world-class facility.”

Not just bricks and mortar

The physical restructuring was only part of the story. West believed that to be a top-tier business school, directing additional resources to the full-time program was a critical goal. “The reputation of your full-time MBA program is what sets the standard, and that is not taking anything away from part-time MBA, PhD, or undergraduate programs,” he said.

West believed that a single campus would also help solve another of the School’s challenges, a unified faculty with a tighter focus on teaching and collaboration. The promotion and tenure process would be reformed accordingly, putting more emphasis on teaching, while taking nothing from the scholarship and publication component, which West regards as the “gold standard” of academia.

Two initiatives needed to be set in motion immediately: a campaign that would convince faculty and alumni that the School’s elevation into the top few in the country was not just possible, but imperative, and the search for an enabling, naming gift.

A key move, he recalled, was persuading Henry Kaufman (PhD ’58), then the widely respected managing director at Salomon Brothers and vice chairman of Salomon Inc., to become the Chairman of the Board of Overseers. “Henry was critical to the issue of the move,” West said. “Here was this very distinguished alumnus who understood and supported the plan. He was key to getting buy-in from the Trustees of NYU, alumni, and the NYU administration.”

Working with the faculty, for whom a single campus would be a significant change, took careful diplomacy, recalled West. “We worked the issues with the faculty and got them to participate heavily in the planning. In the end, very little was taken away from anybody, and much was gotten by many. All in all, it was a win/win.”

The hard part

The Trustees were of the opinion that a naming gift of at least $25 million, then among the largest ever gotten for a business school, would have to be obtained. Fortunately, Leonard N. Stern (BS ’57, MBA ’59), himself a prominent Trustee, stepped up. Stern, in his own words, had rushed through the undergraduate program in two and a half years and earned his MBA as a part-timer. “NYU was a subway school,” Stern told The New York Times, “and I was a subway student.” Some years earlier. Stern had already given $4 million in two gifts to the School and had a dormitory named for him. This time, in the fall of 1988, he offered $30 million — an amount that would re-chart the School’s future.

West, now 75 and retired to Phoenix, considers the consolidation of facilities, crowned by the new Henry Kaufman Management Center (recently turned 20), and evolution of the School into the Leonard N. Stern School of Business to be his greatest legacy. “Would the Nobel Laureates and other distinguished academics who’ve joined the faculty in recent years, not to mention phenomenal students, be there if the School were not on the NYU campus in world-class facilities? I doubt it,” West said. “The joint programs with the rest of NYU are also a function of the campuses being physically together.”

Marilyn Harris is editor of Sternbusiness.
IMAGINE THE POSSIBILITIES...

NYU Stern is on the forefront of business education—impacting 21st century skills for 21st century careers, and developing forward-thinking leaders prepared to shape the future of business. We have great pride in the accomplishments of the School, and to remain competitive, we must continue to push the boundaries of business education. But, we can’t do it alone; alumni support is critical to our success.

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