CAN REGULATION
Fix the Finance Industry?
Smith Alumni Offer Key Insights

PLUS: Meet the Associate Deans • When Silence Isn’t Golden • Job Search Tips • Art Meets Business
Graduates from the 1950's
Looking for Lost Alumni!

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Can you help solve any of our Lost Alumni mysteries? Nearly 3,000 Smith School alumni have lost contact with us. If you know the current address, phone number or maiden/married name of an alumnus on this list, please send an e-mail to alumni@rhsmith.umd.edu.
KNOWLEDGE TRANSFER
The Potential Pitfalls of Attack Advertising
When the gloves come off, the stakes get higher

11

• Faculty Accolades

12

• When Silence Isn’t Golden

13

• Angel Investing v. Venture Capital

• Strapped for cash? Put away your credit card

CONNECTIONS
Richard Perlmutter Speaks at Commencement

25

26

Smith Businesses to Watch
For Spotlight: Pamela Volm, Annapolis Contracting, Inc.

27

60 Seconds with Lisa Cines

30

Robert H. Smith Receives National Humanities Medal

31

Campaign Profile: Jay and Debby Ricks

FEATURES
2

Smith Business Online

10

Smith at a Glance

28

Alumni News and Notes

29

Alumni Events Photo Gallery

30

Ask the OCM

32

Last Word
FOCUS ON PEOPLE TO AFFECT CHANGES, SAYS FORMER SOUTHWEST AIRLINES CEO

The months after terrorists used planes to attack the United States on Sept. 11, 2001, marked a low point for the nation’s airline industry. Most suffered deep losses in profits and had to lay off large numbers of employees. But Southwest Airlines rose above the rest without reducing its workforce or cutting pay. The company’s success lies in its organizational culture, said former CEO James Parker at the Executive Conference on Leading Organizational Change, held Nov. 14, 2008. Watch the video online.

ASHOKA TEAMS WITH UNIVERSITY OF MARYLAND AS “CHANGEMAKER CAMPUS;” SMITH SCHOOL LEADS SOCIAL CHANGE INITIATIVE

Ashoka, the world’s largest network of social entrepreneurs, is launching a pilot program called “Changemaker Campuses” in which Ashoka applies its resources as a catalyst for positive social change to America’s university campuses. Ashoka selected the University of Maryland as one of only four campuses across the United States to serve as the pilot program for its campus initiative.

WEB POLL:

Will the federal bailout of the financial system be successful?

Log on to the Web site and let us know at www.rhsmith.umd.edu/smithbusiness.

Last issue’s Web poll results:

Are you thinking about telecommuting more often in response to higher fuel prices?

Yes: 84%  No: 16%
The federal government’s Highway Trust Fund is going broke. That’s a problem, because monies in the Trust Fund are used to maintain and expand our nation’s roads and bridges. Currently federal gas taxes are the primary funding mechanism. But recently these proceeds have decreased because higher fuel prices have caused people to cut down on the amount of gas they’re buying, and due to the rise of alternate fuels.

Legislation governing the Highway Trust Fund and infrastructure investment is up for renewal in September, and the cargo transportation industry needs a seat at the table during the discussion, says Joni Casey ’74, MBA ’79, president and CEO of the Intermodal Association of North America (IANA). Casey has 25 years’ experience working at transportation trade associations and dealing with these kinds of issues.

IANA’s membership comprises railroads, trucking companies, ocean carriers, and third-party logistics providers that move freight. “Because we have such diverse constituents, it can be hard to build consensus, but when we do it can be pretty compelling,” says Casey, who is working with lawmakers and industry leaders to develop policy positions for congressional consideration.

Potential mechanisms to augment the diminishing fund might include an increase in diesel fuel taxes and the creation of tax credits for private sector investment, says Casey: “Additional infrastructure is a must, and investments that generate more capacity could also create jobs and boost the sluggish economy, as well as afford IANA’s member companies the opportunity to transport cargo in safer and more effective ways.” –SE
In the field of social venture entrepreneurship, the success of a recent Smith consulting initiative is creating a lot of buzz—and it’s MBA students who are leading the charge.

The program started small with just five student consultants and three projects, but it has grown in leaps and bounds because of the success of past projects and positive word of mouth from both students and non-profits. Last fall, 44 students and 43 non-profit companies applied to the program.

One recent success story is the program’s work with InterConnection Seattle. Since 1999, InterConnection has worked to facilitate Internet access by providing training, low-cost refurbished computers and Internet services to underserved local and global populations. Interconnection then expanded abroad from Seattle to Uganda. Interconnection turned to the Social Venture Consulting Program to find out how to best expand their operations to other countries and to seek management tools that would help them make the best decisions as they expanded.

Smith MBA students and their faculty advisors utilized finance, marketing, and global strategy concepts to help Inter-Connection discern appropriate business partners in new markets. They developed a financial model and designed a brochure for marketing the program.

“Interconnection was an opportunity to integrate multiple disciplines in a real-world international business challenge. We were able to help an entrepreneurial not-for-profit grow and build strong relationships with both part-time and full-time classmates through a common interest,” says Jonathan Holloway, part-time MBA student and member of the consulting team for InterConnection.

The Social Venture Consulting Program has proven to be a win-win for non-profits and students alike. The non-profits get a team of dedicated problem-solvers to tackle projects ranging from building marketing plans to building databases from scratch. The students get a vehicle to be involved with transformative social change and the opportunity put their skills to good use in the community around them. The program has been so successful that the Smith School may launch similar Social Venture programs at other universities under the Smith brand name.

For more information on the Social Venture Consulting Program—or to find a dedicated group of MBA students to boost your non-profit company—go to http://www.rhsmith.umd.edu/dingman/programs/social_venturing/.

—PB
Happy 15th Anniversary, QUEST

Each year, some of the best business, mathematics, engineering, computer science, and physical sciences students enter a multidisciplinary, reality-centered academic program that focuses on innovation, quality systems management, and teamwork. Quality Enhancement Systems and Teams (QUEST) began 15 years ago when the University of Maryland launched IBM/TQ, a multidisciplinary program with IBM. The program became QUEST, a special honors program, in 1998.

Dr. J. Gerald Suarez, associate dean for external strategy and former executive director of QUEST, says that businesses and academic institutions need to look at problems, possibilities, and opportunities from multiple perspectives. “QUEST is a community of learning that values all the aspects of teams—collaboration, synergy, trust, quantitative and qualitative methods—and combines them to help people achieve their aspirations, pursue their collective goals, and translate theory into action,” he says.

To celebrate the program’s 15th anniversary, the Smith School caught up with QUEST alumni to hear how they remember the program and how it affected their lives. -DL

Making Sense of the Economic Crisis

Haluk Unal, professor of finance, has 20 years’ experience in exploring and understanding the supply, demand and regulation of financial services, which gives him a unique viewpoint on the financial crisis.

He sees the economic recovery plan as akin to an insurance payout after a disaster, with the federal government—and the U.S. taxpayer—making the payout. “Any insurance company would ask two simple questions before writing a check for an insurance payout,” says Unal. “Did you pay your insurance premiums? And what was your deductible?”

Unal traces part of the current problems back to the passage of a crucial piece of legislation, the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), which mandates that the FDIC stops collecting insurance premiums when the size of the insurance fund exceeds 1.25 percent of the total insured deposits from funds that are highly rated.

By preventing the FDIC from collecting premiums when times are good, says Unal, this legislation kept the government from having the assets on hand to pay out in the case of a financial disaster just such as this one. And the FDIC is not allowed to collect funds at all from investment banks (like Lehman Brothers and Goldman Sachs), mortgage giants (like Fannie Mae and Freddie Mac), and insurance giants (like AIG).

Minimal insurance premiums were collected from financial institutions in the past 10 years. In 2006 the FDIC collected just $32 million total from the entire financial system. Had the FDIC collected just $5 billion per year in insurance premiums from the banking industry—the amount collected in 1996—the agency would have $120 billion on hand today, one third of the funds needed for the $700 billion bailout plan. If the FDIC had also collected insurance premiums from investment banks and the mortgage and insurance giants, Unal estimates it would now have $250 billion in its coffers.

What is worse, says Unal, is that the $700 billion rescue plan reflects the barest minimum of the actual cost of the financial meltdown to the American taxpayer. The current insurance liability of the FDIC is $4.2 trillion, the estimated amount of deposits covered by the FDIC. Three trillion dollars have been added to this liability in order to shore up Merrill Lynch, Morgan Stanley and Goldman Sachs. Add to this the $3.5 trillion resulting from the rescue of other entities like Fannie Mae, Freddie Mac, AIG, and Bear Stearns, and the federal government now has an explicit insurance liability of $11 trillion. -RW

DEBBIE FEINBERG ’95, PRESIDENT, MAXIMIZE! LLC
There were tangible things I learned in the QUEST program, additional statistics, additional engineering concepts, additional marketing concepts. There was also the really intangible—how to work in teams, how to work in cross-cultural teams, cross-functional teams, and bringing that attitude of ‘yes you can do anything’ to the workplace. I think that’s what makes a successful employee and I think QUEST students come out with that.

MICHAEL SCHAFFER ’06, CONSULTANT, DELOITTE
I think that QUEST is really where I found my interest in consulting. It was while working in teams to solve client issues that I really learned that was something I wanted to do.

MATT BRUMBERGER ’07, CONSULTANT, BOOZ ALLEN HAMILTON
The QUEST program provided me with valuable lessons both inside and outside of the classroom. The constant interaction with fellow students, staff, and faculty, as well as the stimulating curriculum enhanced my ability to assimilate within the workforce and enriched many aspects of my life.
Art, Meet Business
Smith introduces two new Undergraduate Fellows programs in the arts

The Smith School has launched two new Fellows programs for business majors. These tracks, in addition to 17 other Undergraduate Fellows programs, allow students to specialize in a specific area of business and create “communities of scholars” within the Smith School. In a business environment that demands “outside-the-box” solutions, these fellowship programs bring together right- and left-brain thinking.

Music Management Fellows
This program is open to business school students interested in music marketing, production and distribution, broadcasting, and event management. One highlight of the fellowship is hands-on experience in observing, designing, and managing a live event. The students also learn from experts in the field through specialized clinics and internships.

Playing an instrument isn’t a prerequisite for the program, but most of the students have a strong involvement in music. One has recorded his own CD, several play in bands, two are DJs for the school’s radio station, and others produce live shows at a local club.

“They’re not your typical business students,” says Hugh Turner, Tyser Teaching Fellow and the faculty champion for the program. He is especially excited about the contacts his students are making with industry professionals. “We have pretty good connections and we’re expanding those.” During the SPRING 2009 semester, the initial cohort of 19 students had the opportunity to hear from and interact with professionals from LiveNation, Rolling Stone Magazine, 9:30 Club, and others.

Design and Innovation in Marketing
This fellowship is unique, in that it is open to both Smith marketing majors and art majors. The interdisciplinary program focuses on producing business leaders who can make strategically sound and creative design decisions. Students develop their creative problem-solving skills along with marketing strategy and design techniques. This year, the students had the opportunity to travel to New York City to visit MTV’s headquarters, as well as several design firms. Many of the students will also attend a two-week course in London that will include tours of the Victoria & Albert Museum, the Design Museum and Council, the British Museum, and several design consultancies.

Mary Harms (Smith School) and Ruth Lozner (Department of Art) oversee the program. Harms has been working to arrange hands-on opportunities for the students. “We have negotiated with a Dupont Circle retailer to have our students design their windows for them indefinitely.”

Lozner is thrilled about the collaborative nature of the program. “Since the two fields are inextricably bound in the workplace, both design and marketing students realize that this is a unique opportunity to learn more about the other field. By definition both fields must be creative, innovative and collaborative.”

The Smith School is committed to educating the creative business thinkers of the future, and these new programs are striving to do just that, two integrated brain hemispheres at a time. –TL
Undergraduate Dancer Brings Talent to the Workplace

For undergraduate student
Mark Fangmeyer, dance class was just what the doctor ordered. Literally. After his leg was run over by a car during his sophomore year of high school, Fangmeyer’s doctor recommended dance classes for rehabilitation. His initial response was, “You’ve got to be kidding me. I’m a football player.” Fangmeyer was the quarterback for an undefeated JV football team, but a year later he gave up football to concentrate completely on dance and tumbling. “All of a sudden it was six to seven days a week, six or seven hours a day. Once I got up under the lights, it was all over.” By the time he graduated from high school, Fangmeyer was competing nationally in dance competitions and working part-time for a dance competition company.

Fangmeyer’s professional pursuit of dance didn’t end when he began his degree in marketing four years ago. He filmed a commercial for the Baltimore Ravens, played a feature role in the film, “Step Up”, and even spent a month in Los Angeles shooting a TV pilot for a dance contest show (that program was never aired). He represented the United States in the International “Prix D’Italia,” bringing home a first place prize with his team (and beating out teams from 26 other countries). And since beginning his classes at Smith, Fangmeyer has continued to work for Starpower Talent Competition as a performer, judge, teacher and marketing assistant. During the week, he took classes in Van Munching Hall and most weekends he was on a plane, flying to competition locations all over the country. “Essentially it’s been a full-time job for me,” Fangmeyer says.

Fangmeyer feels that his work experience has given him a real advantage among his business school peers. “Dance has actually allowed me to go farther in a business sense than most people get to in college,” he says. “A lot of my friends are struggling to get internships every summer, but I’ve been with the same company now for four years and they trust me on the performance and the business side of things. I’ve learned a lot about the way a company is run from the inside out. That’s hands-on experience.”

Fangmeyer has also gained some relevant marketing skills by working for the country’s largest talent competition. “I’ve learned a lot about personal selling, about marketing for a multimillion-dollar corporation. I was emceeing the shows, too, and that was a really good experience for me. If I have to get up in class and do a presentation, I’m not nervous about it—I get up in front of 4,000 or 5,000 people on any given weekend.”

Coming to the University of Maryland seemed like a natural fit for Fangmeyer, whose parents are both Terps: Mark Fangmeyer, Sr. and Laura Fangmeyer. Fangmeyer cites his family as one of the reasons for choosing a business major. “I love performing and I love teaching class, but it’s not something physically that you can do forever. My number one priority is to have a wife and kids and to be able to support them like my family has supported me.” In a few years, Fangmeyer plans to open his own entertainment company, either a dance studio or a talent competition of his own.

As for the immediate future, Fangmeyer is a bit unsure. His real-life marketing and sales experiences have opened up job opportunities in marketing technical sales, but he also feels the call of the Big Apple. “I want to go to New York and audition for Radio City and as many Broadway shows and national tours as I can,” says Fangmeyer.

No matter where Fangmeyer ends up in the short-term, one thing is certain: he will be doing plenty of marketing in the next year. Whether he’s promoting himself through headshots, agents and auditions or promoting a company through larger scale marketing efforts, Fangmeyer’s Smith degree will be dancing with him through the next stage of his life. –TL
China, Up Close and Very Personal

Smith students attending the Dingman Center’s China Business Plan Competition had a life-changing global experience.

“This has totally changed my life,” exclaimed one student winner of the Young Entrepreneurs Award in the Smith School’s China Business Plan Competition in Beijing this past October. He was beaming with emotion as he received his Olympic-esque medal and $1,000 cash award — one of 10 such awards — for his five-minute business pitch in the competition, hosted by Smith’s Dingman Center for Entrepreneurship. His sentiment was echoed by the 12 Smith students who traveled to China to learn about business, entrepreneurship and culture through the competition and a week of networking, meetings, business visits and other activities.

“It was fantastic it terms of understanding the culture,” said Michael Holzheimer, a senior finance major. “You can’t really describe it in a textbook or have a lecturer who lived there or worked there tell you about it. You have to walk the streets of Beijing and talk to the individuals in the city.”

This powerful experience is exactly what the Smith School is going for when it sends the Dingman Center delegation of students, entrepreneurs-in-residence, and faculty and staff to one of the world’s fastest growing economies. This is the fourth year the center’s Managing Director Asher Epstein has organized the competition and led the delegation, part of the center’s Global Week of Entrepreneurship in China.

“This trip gives students a view of the world—the complex, diverse global economy—through an on-the-ground, hands-on experience,” said Epstein.

The final round of the China Business Plan Competition was the week’s highlight for the Smith students, six undergraduates and six MBAs. The contest began in early 2008 with more than 200 entries that judges narrowed to five finalist teams. The finalists pitched their business plans to a panel of judges comprised of China venture capitalists and Dingman Center entrepreneurs-in-residence in Beijing at Peking University’s Guanghua School of Management. The winners included $25,000 grand prize winner CreditEase, a peer-to-peer loan facilitator, and $15,000 second-prize winner Vendamax, a firm that combines vending machine services with point-of-purchase advertising. The Young China Entrepreneur Awards were new to the competition this year and with 36
enthusiastic
Chinese university
students participating,
they provided an exciting addition
to the event.

In addition to the competition, the Dingman delegation attended talks and visits that shed insight into local business and cultural trends including sports and hospitality marketing, growth of locally driven innovation, foreign direct investment, and consumerism. Students visited iSoftstone, an information technology outsourcing firm; Crystal CG, a graphics company that produced the electronic fireworks display at the Beijing Olympics opening ceremony; and Lenovo, China’s largest computer maker. The group met with business leaders from Fidelity Asia Ventures, the U.S. Department of Commerce’s Patent and Trademark Office, and the founder of nutritional supplement provider BabyCare Ltd., Matthew Estes. The students learned about hotel operations with a behind-the-scenes tour of Marriott’s Renaissance Beijing Capital Hotel, where they stayed for the week.

Interspersed with visits to companies and organizations, students had a chance to experience Chinese culture with visits to the Great Wall, Forbidden City, Olympic venues, an acrobat performance, and several traditional meals. Epstein took every opportunity to weave business lessons into the trip — even using a shopping trip as a chance for students to hone their negotiation and bargaining tactics.

“The excitement and opportunity to learn more about international business and seeing first-hand the transformational changes occurring in China was well worth the lack of ‘shut-eye,’ said G. Nagesh Rao, a part-time MBA student on the delegation. “I highly recommend Smith School students to take advantage of this opportunity and be ready to immerse yourself in an intense week of business learning and cultural immersion for what will be an amazing experience.” —CH
SMITH AT A GLANCE

Rankings Roundup:

Undergraduate Program
#17 UNDERGRADUATE PROGRAM
#17 MANAGEMENT INFORMATION SYSTEMS
#8 SUPPLY CHAIN MANAGEMENT/LOGISTICS
#9 ENTREPRENEURSHIP

Graduate Programs
#18 MBA PROGRAM, U.S.
#6 PHD PROGRAM, U.S., #13 WORLD
#11 IN RESEARCH, WORLD
#6 BEST IN IT, WORLD (ALUMNI RECOMMENDATIONS)
#7 BEST IN EBUSINESS, WORLD (ALUMNI RECOMMENDATIONS)
#5 PUBLIC BUSINESS SCHOOL, U.S.
#2 VALUE FOR THE MONEY CATEGORY (AMONG TOP-20 US SCHOOLS)
Financial Times, 2008

Graduate Programs
#26 MBA PROGRAM, U.S.
#3 INTELLECTUAL CAPITAL
Business Week, 2008

#16 PART-TIME MBA PROGRAM
#6 INFORMATION SYSTEMS

INTELLECTUAL CAPITAL VS. ENDOWMENT
AT SMITH’S PEER SCHOOLS

The Smith School is rated #3 in intellectual capital by BusinessWeek, which goes to show how much we’ve accomplished as educators and thought leaders despite being so far behind our peer schools in terms of ready resources. Help us raise the bar on our endowment, and see how much more we can do!

SMITH IN THE NEWS

Time Magazine – Dec. 1, 2008 – PETER MORICI, business professor and economist, is quoted in story about a federal bailout of the automobile industry following his testimony before the Senate Banking Committee.

New York Times – Nov. 23, 2008 – DAVID KIRSCH, associate professor of strategy and entrepreneurship, and his Dot-Com Archive and related research are the subject of an article. Kirsch documents what did and didn’t work during the flurry of business activity in the dot-com boom.

New York Times – Nov. 16, 2008 – A column quotes ROSELLINA FERRARO, assistant professor of marketing, and explains her research that studies the effects of social encounters with brands.


Wall Street Journal – Oct. 18-19, 2008 – ALBERT “PETE” KYLE, the Smith Chair Professor of Finance, is quoted in a story about the federal Securities and Exchange Commission investigation into Bear Stearns’ collapse, which he conducted.

The Economist – Sept. 20, 2008 – ANIL K. GUPTA, the Ralph J. Tyster Professor of Strategy & Organization, is quoted in an article about globalization and strategies for multinationals that addresses rising economic powers. Gupta and HAIYAN WANG, a Smith alumna, have co-authored the book “Getting China and India Right.”
The Potential Pitfalls of Attack Advertising
When the gloves come off, the stakes get higher.

In the battle for market share, companies often try an aggressive approach when advertising their products. This kind of combative strategy often involves knocking the company’s chief competitors. But that may not get the results you want, warns Yogesh Joshi, assistant professor of marketing. A study co-authored by Joshi, Yuxin Chen at the Stern School of Business, and Jagmohan Raju and Z. John Zhang, both at the Wharton School, found that combative advertising can actually cause consumers to feel less inclined to choose one product over another—the exact opposite of what advertisers desire.

“The typical objective behind attack ads is to highly polarize customers toward your product or service, and away from the middle,” says Joshi. “But you may just hurt yourself instead of being able to lure consumers to your side.”

Joshi and his colleagues developed an economic model and supported it with experiments where undergraduate students came into a lab and recorded their preferences for competing products in select categories. These categories included courier services, toothpastes, cars, batteries, and credit cards. Students recorded their preferences between two products. Once their initial preferences were recorded, students looked at advertisements from competing products in each category, and stated their preferences again. After watching aggressively targeted advertising, the students became more indifferent in some categories, such as toothpaste, credit cards and cars, and more partisan in others, such as courier services and batteries.

In mature, highly competitive product categories such as beer, automobiles and wireless services, attack advertising may be particularly counter-productive. Typically, advertising serves one of two roles—either being informative or persuasive. Combative advertising, while seeking to persuade consumers, does so at the expense of one’s rivals. Joshi’s research suggests that it is not to advertisers’ advantage to use a blanket combative strategy. Instead, they should take under active consideration the product category, and the level of responsiveness or engagement the consumer is likely to have to ads in that category.

“The returns to combative advertising depend on how consumer preference is impacted,” says Joshi. “And consumers can either become more partisan or more indifferent when exposed to attack ads.”

Firms are then forced into escalating investment in advertising to little or no effect, and ultimately price becomes the weapon of last resort. This leads to a double whammy, forcing brand and product managers to spend more on advertising while reducing price points, in the face of increasingly disengaged, indifferent customers.

Joshi pointed to the results of the 2008 U.S. presidential campaigns of President Barack Obama and Sen. John McCain as an example.

In any election, candidates tailor messages towards specific voter segments to gain their vote. Attack ads were, as always, a prominent feature of both campaigns. The effectiveness of these messages varies from group to group, often driven by how engaged the group is with the election process. A notable group in the last election was young voters, a group historically notorious for their disinterest in election matters.

Obama was able to engage this group by speaking to them in the language of social networks and text messages. Once engaged, this group had open ears for both candidates in the market. The combative ads then created strong partisanship in young voters, as evidenced by clear movement toward a preferred candidate and party.

“This is born out by the fact that young voters turned out in higher numbers than in the last presidential election, and they canvassed in larger numbers, and voted in larger numbers,” said Joshi. “Obama largely set the stage for their engagement. It can even be argued that young voters were key to Obama’s victory.” --AT
When Silence Isn’t Golden

A work environment that is perceived as fair can help reduce employee silence about critical work issues.

When problems crop up in the workplace, employees have two options: to remain silent or to speak up. Unfortunately, many employees choose to remain silent, to the great detriment of the organizations for which they work.

This kind of silence exists in many professional settings, from research scientists who remain silent despite concerns about a new medication, to engineers who remained silent despite concerns about problems with the space shuttle Columbia. Employees remain silent about conflicts with co-workers, disagreements about organizational decisions, potential weaknesses in work processes, illegal or dangerous behaviors, and individual grievances. Their silence keeps management from receiving critical information that would allow their organizations to improve or address problems before they have adverse effects.

So reducing employee silence is a key concern for managers. Subrahmaniam Tangirala, assistant professor of management and organization, with co-author Rangaraj Ramanujam, Vanderbilt University, examined how the effects of individual-level variables such as professional pride, loyalty to the organization, and individual perceptions of organizational fairness and supervisor status affected employee silence. They also looked at the effect of a group-level variable, a climate of fairness in the workplace.

The authors used data from a survey of front-line nurses in several large Midwestern hospitals. They chose to study nurses because employee silence in a hospital context can have serious and even fatal consequences for patients. As many as 98,000 Americans die each year from preventable medical errors. Why would nurses, whose professional identity is bound up in patient care, choose to stay silent even in a life-or-death situation?

The answer appears to be twofold, says Tangirala. People don’t speak up because they fear being retaliated against themselves, or because they are hesitant to point out the flaws of their peers.

Surveys were mailed to 850 nurses, each of whom had at least six months tenure with the hospital. The nurses were part of 30 different nursing departments, each headed by a nurse-supervisor. The survey consisted of four separate mailings with a response rate of 72 percent. Nurses were asked to rate themselves on how closely they identified with their workgroup, their professional commitment, the perceived status of their supervisors, and their perception of fairness in the workplace.

The authors found that nurses were less silent when they identified with their workgroup, felt proud of and attached to their profession, and perceived a high level of fairness in the workplace.

Surprisingly, though, these factors weren’t enough to reduce employee silence unless they were accompanied by a group-level perception of a fair work environment.

“Nurses are known to have great pride in their profession, and we found that many had great attachment to their organizations. But rather than confront a problem head-on, they would try in small ways to tackle the problem because they were afraid of speaking up,” says Tangirala.

However, if everyone in the workgroup feels that the supervisor is fair, employees worry less about personal retaliation and about creating problems for their co-workers when relating information about a problem to a supervisor. This creates a climate where employees feel more comfortable speaking up.

The authors also found that the higher the supervisor’s status, the more likely the nurses were to remain silent. This highlighted the unintended consequences of a current trend in hospital management to give nurse-supervisors more authority.

“In a lot of literature it is recommended that nurse-supervisors be given more power and authority within the organization because they play a crucial role in spearheading organizational initiatives to improve patient safety,” says Tangirala. “But our research shows that the more power a supervisor is perceived to have, the less likely it is that nurses will share critical information. High supervisor status seems to prevent lower-level employees from sharing information—an aspect that hospitals should be mindful of.” –RW
Angel Investors vs. Venture Capitalists

Angel investors are every entrepreneur’s dream—affluent individuals who provide capital for a business start-up, usually in exchange for convertible debt or an equity stake in the business. Angels don’t exert as much control over the developing business; they are less likely to control the board of directors, have special rights to shut down the firm, or have liquidation privileges.

Many entrepreneurs would prefer to take capital from angel investors for just that reason. But if your venture is large, that may not be an option. And even if it is an option, your company may have a better chance of long-term success if you work solely with venture capitalists or angel investors, not with both, according to new research on early venture financing by Brent Goldfarb, assistant professor of management and entrepreneurship, Gerard Hoberg, assistant professor of finance, David Kirsch, associate professor of management and entrepreneurship, and Alexander J. Triantis, professor and department chair of finance.

The research examines the role of angel investors in early venture financing using a new sample of 182 different Series A preferred stock rounds. It analyzes deals where angels invest on their own and those where they co-invest with venture capitalists (VCs), as well as deals in which only VCs invest.

One result was surprising: “We weren’t expecting to find the number of mixed deals out there—that is, instances where angels and venture capitalists were investing side by side that weren’t a result of seed investors still investing in the next rounds,” says Goldfarb.

When angels invest on their own, they tend to do so in smaller firms, where the cash flow and control rights tend to be weaker than in other deals. These firms are just as likely as VC-backed firms to have successful liquidity and are more likely to survive, though often in an inactive state.

When deals are large, VC participation is often an essential element for raising capital. Ventures that required an initial investment of more than $3.5 million in capital were more likely to be successful when VCs were the sole investors. Ventures which had both angel investment and VC investment didn’t fare as well—though outcomes were still good overall, Goldfarb adds.

Some of the deals where angels and VCs invest in tandem may have the potential to be even more successful with angel investors alone. Why? Angels may be more likely to give a venture’s founders greater autonomy. “This is a very good idea if the founders are skilled entrepreneurs or have superior industry knowledge than the investor,” says Goldfarb.

VCs often find it difficult to give founders a great deal of autonomy because of their fiduciary responsibility to their limited partners. “Venture capitalists are working with someone else’s money, which necessitates that they impose somewhat more draconian terms,” says Kirsch. VCs may also be less patient with a venture’s early struggles, because they must cash out of their investments in a few years and pay back the limited partners.

Unfortunately, angels often don’t have sufficient liquidity to fund larger deals. When considering smaller deals, enterprises supported solely by angels have the lowest incidence of failure, and a similar incidence of IPOs and acquisitions, when controlling for deal-size, firm age, cash flow and control rights, among other factors. –PB

Paying for items with plastic—credit cards or gift cards—encourages consumers to spend more, according to research from Joydeep Srivastava, associate marketing professor at the Smith School. The research also finds that people spend less when they have to estimate expenses in detail.

Srivastava and study co-author Priya Raghubir, New York University, used four experiments to dissect people’s buying habits using cash and cash equivalents. In the first, they asked 114 participants to quantify how much they would pay using various payment forms for a vividly described restaurant meal. Results showed people were willing to pay more when they used a credit card than when using cash. The authors attributed the difference in spending behavior to the way cash can reinforce the pain of paying.

The second experiment asked 57 participants to estimate the cost of Thanksgiving dinner item by item, rather than by grand total. When they confronted the detailed reality of expenses, the cash-credit spending gap closed and it no longer mattered what form of payment they were using, highlighting the future pain of paying.

For the third study, 28 participants were given a shopping list and sent to the store with $50 in a gift certificate or cash. Those with the gift certificate spent more than those given cash.

Lastly, 130 people were given $1 cash or $1 gift certificate to buy candy. At first, participants were more willing to use the certificate than the cash, but after holding onto the certificate for an hour, they became less likely to use it. This signaled that they had assimilated the value of the gift certificate and therefore were treating it like cash. When researchers again highlighted the difference in transparency between cash and gift certificates, people reverted to their original behavior.

But be wary of overspending when using payment forms other than cash—don’t fall into the trap of treating credit and gift cards like Monopoly money! –CH
Dean Anand’s fantastic team of Associate Deans has a challenging task: to manage and lead the school’s diverse and wide-ranging academic offerings to more than 4,000 undergraduate, MBA and executive students. Meet the folks who do the business of running a business school.
Notch Team
Patricia Cleveland, associate dean of undergraduate studies, thinks of the 2,900 Smith School undergraduates as “our kids,” and she enthusiastically sings their praises to everyone who will listen. Cleveland spends her days figuring out how to make things work in a program that offers not only academically rigorous management education but also a host of customizable learning opportunities through the Undergraduate Fellows Program, which bridges both academic and co-curricular activities. The Office of Undergraduate Studies provides student academic services—registration, academic advising, scholarship administration and the like—as well as managing student life, co-curricular activities and the undergraduate community.

One of the most demanding components of Cleveland’s job involves the development of undergraduate study trips. Last school year Smith offered three undergraduate trips to four locations around the world. To put those trips together, Cleveland and her staff spend a lot of time on planning and logistics, such as booking hotels and plane fares, but also on developing robust educational components with classes, tours of factories and stock exchanges, and visits to high-level executives and officials.

Staff development for her large crew of academic advisors, Fellows program directors and admissions staff is also a significant portion of her responsibilities. “We are always doing something new,” says Cleveland of her department. “Part of my job is to figure out the best way to do a new thing and then teach that to my staff.”

She also works with the alumni community. “A huge amount of the wonderful, generous scholarships and sponsorships that support our students comes from our alumni and corporate partners, so I work very closely with the Office of Development and Alumni Relations,” says Cleveland.

It makes for busy days, but Cleveland’s pretty high-energy. After getting her PhD from the University of Kansas, Cleveland became the first academic advisor to the athletic program at Bowling Green State University, shortly after new academic requirements for student athletes were instituted. “I got to be in on the ground floor of something brand-new,” says Cleveland. “While creating that program, I learned how to make and run a system that would fulfill the goals and the vision of the university. All the administrative skills I use today I learned in athletics.”

Cleveland went on to the University of Hawaii’s business school, where she was in charge of the office of student academic services, giving her a chance to learn about both the undergraduate and graduate student programs. After a brief stint at American University, Cleveland joined the Smith School in 1998.

Since then the school’s undergraduate program has grown in reputation and complexity and is currently ranked #17 in the nation by U.S. News & World Report. Most days, Cleveland is racing from one meeting to the next. And after her busy work day she gets to attend undergraduate events—by the end of the semester she’s headed off to a different event every night. But despite her hectic schedule she’s made it a priority to be available to students, who appreciate her warm, approachable style, and the fact that they are “her kids.”

Learn more about the Smith School’s undergraduate studies program at www.rhsmith.umd.edu/undergrad.
Black and Decker, and Lockheed Martin; and open enrollment non-degree programs and courses. Courtney also oversees the office of global programs, the umbrella office that includes the Center for International Business Education and Research (CIBER), international study trips for graduate students, and semester abroad programs.

Courtney is enthusiastic about the opportunities for growth he sees in executive education. “We have high-quality programs and services right now, but they’re relatively small,” says Courtney. “Given our location, our intellectual capital, our incredible faculty, our great staff—we should be doing more.” And even though the economy is tough, Courtney is strategizing how to best use the school’s resources to pursue the right opportunities.

Expanding alumni opportunities for lifelong learning is also one of Courtney’s strategic priorities, particularly for alumni who live within a few hours drive of the Washington, D.C., metropolitan region. “The question is not whether to do it, but which ones to do,” says Courtney. “One of the things I’m doing is going around to departments, talking to faculty and figuring out what programs we should offer. I am confident we can create some very attractive opportunities for alumni.”

Strategically speaking, Courtney thinks executive programs can play an important role in cementing the school’s reputation as a world-class source of management education. “Five years from now I’d like to see us having a much greater impact on business practice,” says Courtney. “I hope we will be serving more clients in more countries, tackling their toughest problems; that we will have flagship EMBA programs around the world with elite global partners; and in our own backyard, an even stronger presence in Baltimore and D.C. This will also allow us to generate more revenue to reinvest in all of our programs and improve the school’s brand overall.”

To learn more about how you or your company can benefit from the Smith School’s executive education programs, visit www.rhsmith.umd.edu/execed.

ROBERT J. KRAPFEL, associate dean of MBA and MS programs, has been at the Smith School since 1982, when it was located in Tydings Hall. “There were just 60 faculty members,” says Krapfel. “There was one person managing the entire MBA program, with the help of two graduate assistants. We were a tiny little operation. We were not a big deal.”

THE SMITH SCHOOL’S ROLE and place in the life of the University of Maryland has changed dramatically in the past 26 years, and Krapfel has been here to see it all. Krapfel received his PhD from Michigan State University, and after four years working at General Motors came to the Smith School as a member of the marketing faculty. He has since held a number of administrative and leadership positions. As associate dean, Krapfel now oversees every aspect of the master’s degree programs, from curriculum to community-building to student relationships, for full-time and part-time students on all four U.S. campuses.

Krapfel is committed to creating the highest-quality experience for students in the school’s highly respected master’s degree programs. “We promise students when they arrive here that we will give them the opportunity to acquire a top-class business education, and we have to deliver on that promise,” he says. “So a good portion of my responsibilities lie in quality assurance, in guaranteeing the integrity of the Smith School.”

“I’m a cheerleader and an advocate,” says Krapfel. “I love the students who enroll in our programs and take our classes. I want to see them challenged and I want the program to be rigorous, but I also want them to have a good time.”
and rigor of the master’s degree programs."

But he is not just a taskmaster. He is also committed to building an energized and enthusiastic Smith community. “I’m a cheerleader and an advocate,” says Krapfel. “I love the students who enroll in our programs and take our classes. I want to see them challenged and I want the program to be rigorous, but I also want them to have a good time. I want them to connect with faculty and staff. So part of my job as a community-builder is to help bring faculty together with students outside of the class setting.”

Krapfel has a global sensibility and deep appreciation for other points of view, born from the years he spent living in Brazil, Italy and Portugal. That experience helps him listen to, and learn from, the school’s diverse MBA community. More than a third of the school’s full-time MBA students are international.

Krapfel also keeps an eye on the world outside the Smith School, trying to keep ahead of things that affect MBA students so the school can better serve their needs. This involves new product development: the school is in the final stages of discussion for a new MS in Finance, with a new MS in Information Systems also in the pipeline. It also involves shaping current curriculum. “For example, if there are going to be profound changes in financial institutions, in business/government relations, what implications does that have for curriculum?” says Krapfel. “Even prior to the financial crisis we saw an interesting trend among incoming MBA students, who expressed greater interest in the non-profit world and a hunger for knowledge about corporate social responsibility and sustainability. So we made curriculum improvements to bring more prominence to those things in the core curriculum.”

Learn more about the Smith School’s MBA and MS programs at www.rhsmith.umd.edu/mba or www.rhsmith.umd.edu/ms.

FEW OTHER SCHOOLS have combined functions in this way, but Suarez thinks it is vital to coordinate the activities that interface with the world. “Recruiting the best possible students and placing them in the best possible positions is what brings recognition, relevance and consequence to what we do. It elevates the school brand,” says Suarez.

Suarez earned his PhD from the University of Puerto Rico and spent a number of years working for the Navy, then the Undersecretary of the Navy, then spent 11 years at the White House before joining the Smith School in 2005. As Director of Presidential Quality for both the Clinton and Bush administrations, Suarez was responsible for bringing best business practices to the White House. One of his challenges there was finding a way to make a bureaucratic monopoly sensitive to the need for continual improvement. At the Smith School he is focused on improving the total Smith experience. “We need to continually look at what we do from the perspective of the most important customer we have—the students,” says Suarez. “How effective are we, how accurate are we, how much value do we bring to them? We’ll continue to make changes internally to better serve their needs.”

Suarez also feels a keen responsibility to make connections between recruiters and Smith students. “We owe our students a good opportunity to connect with the right employers and the right opportunities, because after all, they entrusted us with an important piece of their lives and their future,” says Suarez. “When you make a decision...
“I do hear an awful lot… And I try to always hear both sides of an issue, because there are always two sides to an issue.”

THE MEDIANO

SUSAN TAYLOR, senior associate dean and associate dean of faculty, compares her job to that of chief “Good Listener.” She oversees faculty governance; faculty hires, promotion, tenure and the faculty merit review processes; parts of the administrative interface with the university; and selected faculty human resource issues and related school operations. And from time to time she also mediates inter-departmental and interpersonal issues, monitoring team dynamics and striving to keep the school’s many disparate elements working together smoothly. It is a job that requires a general knowledge of virtually every facet of the school, from external relations to strategy, from the school’s program portfolio to the external environment.

THE SMITH SCHOOL is a giant operation, with hundreds of staff and faculty and thousands of students, both in College Park and at satellite campuses in the Washington, D.C., metropolitan area. Being senior associate dean, says Taylor, requires being available to people across the organization, having a willingness to listen to their problems and seeing inter-connections between those problems and the problems of other Smith faculty and staff. Listening is key to keeping the whole thing running smoothly, because listening delivers information that helps grease the administrative wheels around the school.

All this listening is right up her alley. Taylor, who is Smith Chair of Human Resource Management & Organizational Change, has been conducting research on procedural justice in the workplace and employer-employee relations for many years. Taylor received her PhD from Purdue University and taught at University of Wisconsin-Madison before coming to the Smith School’s management and organization department. She was department head and is co-director of the school’s Center for Human Capital, Innovation and Technology (HCIT), which helps organizations with change, leadership development and innovation.

HCIT works with the problems Taylor likes best, the ones that have implications she can take back to managers. At the Smith School she does something quite similar, assessing problems and moving information from around the building to her fellow associate deans. “At one time or another I get information that can potentially help make other associate deans more effective, and I take that to them and give them specific feedback about what I’ve heard, with some suggestions,” says Taylor. “I do hear an awful lot, and I try to spread that knowledge around where it may be beneficial on a larger scale. And I try to always hear both sides of an issue, because there are always two sides to an issue.”

Taylor hopes to see the Smith School develop an environment that promotes community-building among its many constituents. This involves more than just supporting the school’s community activities. Taylor must also strive to make community-building a priority for Smith School faculty, for whom the pressures of teaching, mentoring graduate students and producing cutting-edge research can overshadow the desire to spend their limited time at student—or even faculty—functions. But Taylor believes that building relationships with faculty is one of the most valuable aspects of a student’s Smith School experience—and often of the faculty members’ as well.

“Increasingly, if you’re going to provide students with an incredible academic experience, then community needs to be part of that,” says Taylor. “So we are encouraging faculty and trying to support them as they make time for community-building.”

In the next issue of Smith Business magazine, we will feature another key member of Dean Anand’s senior leadership team: Debra Shapiro, Clarice Smith Professor of Management and Organization and director of the PhD program.

SMITHBUSINESS@RHSUNITED.MD.EDU

SPRING 2009 O SMITH BUSINESS
t’s been a rough year for the finance industry—a year in which we’ve seen the decline of the housing market, the credit crisis, and the collapse of the auction rate market. Tens of thousands of finance industry jobs have been lost. The stock market has been rocketing up and down while consumer confidence has plummeted as quickly as the value of your 401(k) retirement plan or state-sponsored pension fund. Eager to apportion blame, pundits and politicians have been pointing fingers at everyone from deadbeat homeowners to Wall Street fat cats, from Republicans who deregulated to encourage free-market innovation to Democrats who encouraged risky borrowing to promote home ownership. It will take years of careful scholarship to fully unravel the many strands that led to worldwide financial turmoil.
But there is one thing everyone agrees on: some kind of regulatory change is needed.

Even a long-time regulator and a long-time banker can see eye-to-eye on that. Terry Iannaconi, MBA ’78, spent many years with the Securities and Exchange Commission (SEC) and eventually became the Deputy Chief of Accounting in the Division of Corporate Finance; she is now a partner with KPMG, one of the Big Four accounting firms. Bill Longbrake, PhD ’76, spent many years in the financial industry and eventually became the vice-chair of Washington Mutual Bank—once the sixth-largest bank in the United States, now a victim of the financial upheavals of fall 2008. He now consults with the Financial Services Roundtable, a research and advocacy group for the finance industry.

Both Iannaconi and Longbrake have unique insider viewpoints on the finance industry. Do they think regulation can prevent future financial catastrophes?

Maybe, says the banker. “The current financial crisis is not a coincidence of bad decisions,” says Longbrake. “There are policy decisions and ways of doing business that have been in place for literally decades that have led to this crisis. There are long-term policy imbalances that have built up in the global economy which need to be corrected.”

Maybe not, says the regulator. “Regulation is inevitable and it will address some of the problems we’ve been going through, but it won’t address the main problem of human nature,” says Iannaconi. “I’m a free market theorist. I think that markets should be able to find their own demand and prices without government intervention. People should be able to make their own rational choices.” Unfortunately, Iannaconi adds, those choices aren’t always good for the economy. “I don’t think we can afford to be free market theorists any longer.”
Patching Up the Regulatory Agencies

Holes in the regulatory structure need to be addressed. Iannaconi says that as the government begins to think about regulatory reform, it may reopen the question of why we have multiple banking regulators. The Federal Reserve, Office of the Comptroller, Office of Thrift Supervision, and Federal Deposit Insurance Corporation all regulate pieces of the depository financial institutions.

Big institutions that provide a variety of financial services are particularly difficult for the government to monitor because they fall under so many different agencies’ jurisdictions. The SEC oversees the brokerage arm of a company. Bank regulators supervise its banking operation. State insurance commissioners supervise the insurance business. But no one agency is responsible for overseeing the operations of the institution as a whole. Oversight issues are certain to be addressed when regulatory reform is considered.

“At least with respect to company and function, the challenge is to design a regulatory framework that can operate on a highly sophisticated technical level for functions and products but also can step back and view the aggregate risks in the entire company,” says Longbrake. “This is particularly important in the case of highly diversified, large financial services companies.”

Rulemaking v. Macro-Regulation

Regulation also has a hard time keeping up with the rapid pace of change in the financial industry, often the result of technological advances. Today’s enormous computing power, for example, allowed the creation of intricate, extremely complex, hugely innovative financial instruments such as collateralized debt obligations (CDOs) and credit default swaps, which act as a kind of insurance to protect the holder of a mortgage security against a possible default.

Such instruments are getting a lot of flak these days, but they did what they were intended to do, says Longbrake: they spread risk out to many parties, not just in the United States but throughout the world, thus bringing down the cost of credit for everyone. But this also increased systemic risk in the global economy. In the short term, credit default swaps worked—which is why so many companies used them. Sophisticated models gave business leaders the ability to assess risk to their organizations in the short-term, but most did not recognize the systemic risk they were creating.

The federal government needs to be looking out for the economy as a whole, says Longbrake, who would like to see more government oversight of systemic risk, not just individual transactional activities. Longbrake is also concerned that the collective risk to the economy is not being adequately assessed or monitored. He imagines a system that is based on overarching principles developed and overseen by a broad regulatory working group. “As times change, as markets change, as innovations come along, there should be a body within government asking the global questions, reporting to Congress, doing research and helping regulatory agencies make changes that can mitigate crises before they happen,” says Longbrake.

Iannaconi agrees: “The concern I had as a regulator, and have now, is that agencies may be well-meaning in their purpose and actions, but may drill down to the fine points of regulatory compliance yet fail to address the major macro-economic risks that are within the jurisdiction of the agency.” But she says that this responsibility seems to fall within the purview of Treasury or the Federal Reserve.

She agrees that a narrow focus on rule-making may come at the expense of a true broad understanding of the economic impacts
of policy. Part of the problem, she feels, is that people in general are not receptive to government involvement in business when times are good. “We had an over-leveraged economy, but if the Treasury or Federal Reserve had tried to step in and dictate to banks how they should engage in private transactions—I don’t think that would have been tolerated,” says Iannaconi. “Today the culture has changed; now it might be accepted.”

Taking the Long View

It’s also time for a paradigm shift on the part of CEOs and corporate executives, say both Longbrake and Iannaconi. People naturally want to maximize their returns. That’s not a bad thing. But while maximizing outcomes is a reasonable goal, Longbrake argues that business leaders should start considering the time-frame over which this should take place. Focusing solely on next quarter’s returns is too short-sighted, he feels, and may even be detrimental to the company over the long term.

Iannaconi agrees. From a strictly legal perspective, the corporation is owned by shareholders, who elect directors, who appoint management. If shareholders want an optimum financial return, then managers have a fiduciary responsibility to work toward providing that optimum financial return. And yet managers might think about their fiduciary responsibility differently if they started taking a longer view.

“What we are dealing with now is a very long history of short-term financial optimization. In the end, no matter how many quarters of growth these companies have experienced, they lost at least five years worth of it in just 60 days last fall,” says Iannaconi. “In the long run, financial optimization needs to look at activities differently than short-run maximization. Short-run maximization may lead to long-run losses. Management needs to have a broader perspective, a longer-run perspective. That will ultimately be more of a maximizer than focusing solely on short-term concerns.”

“It’s difficult to make sensible judgments when your shareholders are focused on short-term profit,” says Longbrake. “Even the most thoughtful CEO who is a good communicator may have a hard time bringing investors along. But doing so is an important element of leadership.”

Getting the Best Information to Policy-Makers

Sometimes policy meant to improve the health of the economy does as much harm as good. Last fall, for example, the Treasury guaranteed bank debt in an attempt to unfreeze credit. Unfortunately, this drove up mortgage rates, which was not at all what policy-makers intended.

But this is the problem, says Longbrake, with creating policy on the fly in a time of crisis. Thinly-staffed government agencies simply don’t have the manpower to conduct studies on the efficacy of a policy at the moment when government intervention is desperately needed. But universities do. And business school faculty are well-equipped to do what government agencies are not: think about the impact and effects of policies before they are actually needed. In fact, the Smith School’s new Center for Financial Policy and Corporate Governance will bring together Smith School faculty experts as well as those from industry and government, providing a nexus to aggregate and synthesize the best of thought leadership for policy makers. Smith is uniquely positioned to provide these insights because its faculty is well-connected in Washington, and their intellectual capital spans a variety of different areas.

In the end, Iannaconi and Longbrake generally agree on how to fix what ails the finance industry: better oversight, a clearer blueprint to guide macro-oversight and regulation, and a longer-term viewpoint on the part of executives and investors alike. And if the former banker and the former regulator can come to agreement, perhaps policy-makers should take notes.
New regulation is coming. 
WHAT CAN YOU EXPECT TO SEE?

Credit Regulation

Regulation of credit markets is likely. Federal regulators will be looking at who should grant credit, what kind should they grant, what kinds of loans should be made, and what kinds of securitized vehicles should be permitted, says Iannaconi. We are likely to see more transparency in the credit markets and regulation of derivatives markets. Municipal markets will also come under scrutiny. “The state and local bond market don’t have federal oversight; a lot of those state agency-issued municipal bonds which were presumed by investors to be highly liquid turned out to be not very liquid,” says Iannaconi.

Limits or New Taxes on Executive Compensation

Executive compensation is certain to be in the cross hairs as well, and Longbrake feels that it may be about time. “Compare CEO salaries to the average worker salary,” says Longbrake. “Most boards of directors want to pay their executives a little better than average so that they can effectively compete for the best executives. But these constant salary increases have over time led to a huge percentage difference between executive pay and that of the average worker.”

But Iannaconi cautions that targeting executive compensation could send the wrong message to young people who are considering careers in business. “The compensation of an executive running a significant business is already less than that of a sports professional or movie star,” says Iannaconi. “Good CEOs are worth their pay.”

Kay Bartol, Robert H. Smith Professor of Management and Organization, says that CEO compensation needs to strike the right balance between pay, bonuses and stock options. In a recent study conducted with Ken Smith, Dean’s Chaired Professor of Business Strategy, she found that if stock options are too large a percentage of CEO compensation, the CEO has too much incentive to keep the company’s stock prices from falling, and that isn’t good for the company. “Our research suggested that if the CEO has too many stock options [as a proportion of his total compensation package], the company is more likely to engage in earnings restatements and other sort of inappropriate tactics,” says Bartol. Read more about this research at Smith Business Online.

Smith Faculty on the Finance Crisis

Smith School faculty have been actively involved in advising key players and proposing potential solutions to the finance crisis. Albert “Pete” Kyle, Smith Chair Professor of Finance, worked as an expert for the SEC in conjunction with the OIG report on the collapse of Bear Stearns, briefing congressional staff for Henry Waxman’s Committee on Government Oversight. Kyle and Haluk Unal, professor of finance, held a briefing session for members of the Senate and House Committees on Banking, reporters from BusinessWeek, Dow Jones and U.S. News & World Report, and Department of Justice officials, at the Smith School’s downtown Washington, D.C., campus in the Reagan Building. Lemma Senbet, William E. Mayer Chair Professor of Finance, and N.R. Prabhala, associate professor of finance, were invited by Maryland Congressman John Sarbanes to brief his chief of staff and the legislative staff of the federal Oversight and Government Reform Committee on issues relating to the execution of the Paulson economic rescue plan. They and many other Smith finance faculty have provided expert commentary to numerous press outlets and news programs, including ABC, CNN, the Washington Post, Forbes magazine, Bloomberg, and NPR.

Here’s a sampling of their expert opinions:

Alexander Triantis, Professor and Department Chair of Finance

One of the questions that emerges from all this is what will happen to financial engineering? I’ve heard people say that the whole structured mortgage market will be wiped out; no one will do these packages of securitized loans anymore. That would be unfortunate. Financial engineering in some cases is a way to get around taxes and accounting, and that’s not helpful from a societal aspect. But financial engineering can create a way for people to manage their risks and tailor their risk return, and I don’t want to get rid of that.

Lemma Senbet, William E. Mayer Chair Professor of Finance

We need to be sure compensation design is providing executives with incentives to perform, as opposed to incentives to manipulate performance. Research and development has a long-term influence on a company, but it does not have a short-term affect on profits, so there may be an incentive to delay R&D in favor of short-term profit…that is why we need to look at how compensation is structured.

Albert “Pete” Kyle, Smith Chair Professor of Finance

The trend recently, before the last year or so, has been toward deregulation. What you’re going to see in the next two or three years is that the government will be extremely, heavily involved in the financial markets. Fannie Mae and Freddie Mac will continue to be big problems and government will have stakes in banks it will need to decide what to do with. After two or three years of active involvement, I can see the focus shifting toward how to get government regulation into balance.

N. R. Prabhala, Associate Professor of Finance

This crisis is not entirely about credit or liquidity, but about consumer confidence in the residential home market. Some kind of direct relief to homeowners, or to buyers of homes, such as a tax break or perhaps direct subsidies of closing costs, might stimulate interest in buying homes. Of course, that assumes that home prices are depressed below their actual value.

Read more and watch video from each of these professors at Smith Business Online.
Connections

Richard Perlmutter Speaks at Commencement

Developer Richard Perlmutter addressed 200 undergraduates, 120 MBAs, 48 MS in Business/Accounting students, and two doctoral students at winter commencement on Dec. 21, 2008.

Perlmutter has had an unusual career path—he started out by studying urban planning, then got a law degree. He served as counsel for the U.S. Senate Commerce Committee and then went into real estate development, eventually becoming a senior vice president of Bank of America, responsible for managing its real estate portfolio. The bank had $1.5 billion in unexamined equity, and he worked on improving and selling the property at a profit. He founded Argo Investment Company in 1996.

One of the company’s most prominent recent projects is the redevelopment of downtown Silver Spring, Md., a multi-use development that is often credited with revitalizing the city’s economy.

Perlmutter’s advice to students took into account the uncertain financial times they were entering. He urged students to keep an open mind when considering their options.

“Some of the best things in my life have been unplanned,” said Perlmutter. “Back in the late 1980s, the real estate world started to decline at an ever increasing pace, just like today. By being flexible and anticipating changing market conditions, I revised my plan and moved from a successful development company, where I had just been made partner, to a sick, commercial bank, with enough bad real estate loans to sink a ship. …Those five years provided me with the tools and learning experiences to build a very productive and exciting career. While that bank continued on a downward spiral, my own career path couldn’t have been brighter.”

He also urged students to value their educations and the opportunities that come with them. “Please remember, you are one of those fortunate few and with that comes a responsibility to make your life count,” said Perlmutter. “Appreciate your education, learn from your experiences and don’t let the world pass you by. But most importantly, treat people the way you would like to be treated and your success in life will be guaranteed.”

—RW

EXTREME MAKEOVER: EAST CAMPUS EDITION

In a few years, when you drive down Paint Branch Parkway toward campus you won’t see bus parking and used furniture storehouses. Instead, you’ll be surrounded by high-end retail shops, restaurants, housing, and even a concert venue.

The transit-oriented, mixed-use East Campus project is a public-private partnership that is being run by Perlmutter’s Argo Investment Company. It will be transformational for the campus, connecting the College Park Metro station, the M square office park, and the main part of campus.

It is a tremendously complicated project, but Perlmutter is enthusiastic about the benefits it will bring to the campus.

“Maryland is competing with universities that are in great towns, so we want to bring in the best services and the best retail, as well as housing, hotel and office space,” says Perlmutter.

But it’s about more than just real estate for Perlmutter. It is about creating a sense of place, and helping the university create an environment that supports increasing excellence in education.
SPOTLIGHT: ANNAPOlis CONTRACTING INC.

Pamela Volm ’92, president of Annapolis Contracting Inc., has achieved success in a field where women are few and far between: construction. Her company provides residential and commercial wood framing in the Baltimore and Washington, D.C., metropolitan area for national homebuilders such as Pulte and Ryan, as well as local contractors.

Over the years, she has worked hard with builders to earn their trust. “As a female in construction, you really have to put that time in to show people that you are competent and reliable,” says Volm. “For the first five to seven years that was very important.”

Volm spends most of her time on project oversight and management, but she does make the time to swing a hammer for Habitat for Humanity, a nonprofit organization that builds affordable housing in partnership with people in need. One of the projects she remembers most fondly is the “First Lady’s Build,” which had Francis Glendenning, at the time First Lady of Maryland, as its chairperson. Volm’s favorite moment during the build was handing the homeowner the keys to her house.

It was an experience Volm will never forget. “Actually working with the homeowner to build the house, and then handing her the keys to her home at the end, was probably the most rewarding thing I’ve ever done,” says Volm. “Even today if I’m walking through Annapolis and the homeowner sees me, she’ll cross the street and come give me a hug. Knowing what a difference that house made in her life is just the best feeling.”

Volm has used her business savvy on behalf of the Smith School as a judge of case competitions. But the sharing of expertise has gone both ways. Volm does extensive volunteer work with Court Appointed Special Advocates (CASA), a nonprofit group that advocates for abused and special needs children in the foster care system. Rebecca Hamilton, associate professor of marketing, and two of her classes of MBA students helped develop a marketing and branding strategy for CASA. Volm was thrilled with the experience and pleased that the Smith School was able to help a cause dear to her heart.

Volm, like many other small business owners, has felt the impact of the economic downturn. She has begun shifting her company’s focus from residential construction, which had been the heart of the business, to more commercial construction. She has also had to cut costs; her shop, which had 43 employees a year ago, is now down to 22 employees. It was painful for Volm to lay off workers who felt like family, but she knew that some difficult decisions would be necessary to keep her company afloat.

“We’ve been hit hard. It’s a tough time to get through, but I always go back to what I learned at the Smith School,” says Volm. “I will never forget sitting in class and doing case studies, talking about companies that made tough decisions early enough, and made the changes that would allow their businesses to continue.” –DL

Get in Touch! Contact information for Pamela Volm is available on the Alumni Network.

www.alumninetwork.rhsmith.umd.edu
Lisa Cines ’81 is a true-blue Smith Terp. She’s married to Smith Terp Larry Cines ’82, and her son Corey is a Smith sophomore. Both of her brothers graduated from the Smith School as well. But she doesn’t just have a family connection to the school. Cines has been back to speak to students almost every year since she graduated, and the accounting firm of which she is the managing partner, Aronson & Co., has 60 Maryland alumni on staff—eight of them partners.

As managing partner she handles strategy and visibility for her firm, works with practice leaders to develop vision and direction, and engages with leaders of other firms to understand what is happening in the industry. Cines, who until recently was the only woman serving as managing partner of a top 50 accounting firm, is also highly knowledgeable about the issues affecting her industry. She serves on the board of the AICPA, the industry trade organization, and is the current chair of North America for Praxity International, as well as some local boards and committees.

Bringing international resources to her clients is a new but developing need for Cines’ firm. “Our clients don’t have large global operations, but they might have an office in China, so there’s a need for them to have local support. So we’re seeing an uptick in that client need,” says Cines.

Cines brings her expertise to the school on a regular basis, speaking frequently at the school’s Business Ethics Lecture series. Last fall she was a panelist at one of the school’s town hall meetings that helped the Smith community make sense of the financial crisis. One of the reasons Cines loves talking with students, she says, is that she believes accounting firms are crucial to a business’s success. “What happened with WorldCom and Enron was an important eye-opener for my profession. It helped us realize that we have a responsibility to play an active role in setting a course for the future,” says Cines. She thinks the industry is moving toward global standards and more consistent licensing procedures in the U.S. as a result.

Cines lives in the Rockville, Md., area with husband Larry Cines ’82, son Corey and daughter Brittany. –RW
’50s
Robert C. Pearson ’57 serves as senior vice president—investments at Renn Capital Group, Inc.
David Uhlfelder ’56 was appointed by Gov. Martin O’Malley to a five-year term as member of the Board of Education for Baltimore County, Md.

’60s
Charles H. Robbins ’62 is the founder and CEO of CRAsociates, a veteran-owned business providing healthcare services for government and corporate clients.
Robert H. Thompson ’66 was recently appointed as a Board Member of Legacy Technology Holdings, Inc.
Lee Vincent ’60, MBA ’61, has been reappointed to serve on the State of Connecticut’s 9-1-1 Commission, where he serves as vice chairman.

’70s
Frederick J. Boos II ’76 is the executive vice president and co-chief investment officer of Atlantic Capital Advisors LLC and Hatteras Financial Group.
Earl U. Bravo, MBA ’75, is senior vice president, secretary and assistant treasurer of eChapman.
Art Brodsky ’73 is the communications director of Public Knowledge, a Washington, D.C., based public interest group working to defend citizens’ rights in the emerging digital culture.
Mary Cannon ’77, is chief operating officer of Allen & Shariff Corporation in Columbia, Md.
James D. Causey, MBA ’77, is vice president of Trader Publishing Company and a board director of Commonwealth Biotechnologies, Inc.
John D. Clark, Jr., MBA ’72, has been appointed to the executive board of directors for BICS, the professional association supporting the information transport systems (ITS) industry.

’80s
Glen A. Hellman ’78 is president and COO of IntelliPark in Bethesda, Md.
Don Klein ’74 is president of Chesmar Homes, based in Houston, Texas.
Barry I. Regenstein ’78 is the president of Command Security Corporation. He also serves on the board of directors for Mandalay Media, Inc. and Prolink Holdings Corp.
Donald Paris ’77 was recently listed as one of the smartest CPAs in the Washington, D.C., area, for the third time, by SmartCEO magazine.

’90s
Vivek Agrawal ’96 is vice president, investment research at Declaration Management & Research LLC.
Michel Auvillein, MBA ’91, is senior business development director for Abbot’s nine business units.
Paul Barnes ’91 recently joined the Aberdeen & Rockfish and Pee Dee River Railroads as vice president, sales & marketing.
Greg Denicola ’96 is a partner at Grande Ventures, a venture capital firm in Columbia, Md.

’00s
Michael Barr, MBA ’06, is the founder of Netnito, a consulting company offering embedded computer systems to a global market.
David R. Emerson, MBA ’02, was promoted to vice president of LCG Associates, a national investment consulting firm.
Sean Gallagher, MBA ’06, was recently named director of national intelligence programs at Invertix.

James R. King ’95 serves as director of portfolio management for Rydex Funds.
Robert W. Mattson, MBA ’99, was recently named portfolio manager for Aberdeen Asset Management Inc.
Craig Pearce, PhD ’97, published his article “Follow the Leaders” in the Wall Street Journal on July 7, 2008.
David Pincus ’91 has international photography featured in a new exhibit at the Sam M. Walton College of Business in Fayetteville, Ark.
West Riggs, MBA ’98, recently moved to Hong Kong to accept the role of managing director and head of equity capital markets Asia for Piper Jaffray & Co.
Todd Rose ’95 joined the Wilshire Variable Insurance Trust as a senior portfolio manager in the Mellon Index Fund Management Division.
Toby Smith ’91 was recently named executive director of Alaska Center for the Environment, the state’s largest grassroots conservation organization.
Michael Starr ’94 is chief operating officer at CRAsociates, Inc.
Haiyan Wang, MBA ’95, recently co-authored, with faculty member Anil K. Gupta, the book Getting China and India Right: Strategies for Leveraging the World’s Fastest Growing Economies for Global Advantage.
Scott W. Wine, MBA ’95, was recently named Chief Executive Officer of Polaris, Inc.

Michael Barr, MBA ’06, is the founder of Netnito, a consulting company offering embedded computer systems to a global market.
David R. Emerson, MBA ’02, was promoted to vice president of LCG Associates, a national investment consulting firm.
Sean Gallagher, MBA ’06, was recently named director of national intelligence programs at Invertix.
Alumni Events Photo Gallery

Many more events are coming your way this fall! Get the latest news on upcoming events at www.rhsmith.umd.edu/alumni/, or call 301-405-5777.

TERP Babies
Left: Alex Cantor, son of Jill Cargotech Cantor ’98 and David Cantor ’96, MBA ’98, PhD ’06.
Right: Aariv Gupta, son of Arun Gupta ’08

Send us a photo of your Terp Baby! E-mail editor@rhsmith.umd.edu, or send by mail to:
Editor, 3570D Van Munching Hall, University of Maryland, 20742-1815. Please include baby’s name, your name and graduation year, and relationship to baby (parent, grandparent, etc.).

Corporation, a communications company in McLean, Va.

Malcolm Gillian, MBA ’00, is vice president of Momentum Worldwide. He was recently featured on CNN’s program Black in America.

Jerry Godwin, EMBA ’07, was awarded the Bronze Star for his combat service in Operation Iraqi Freedom. He returned home safely and currently serves as business development manager for Montgomery County Department of Economic Development.

Dan Gronkowski ’07 has been nominated for Academic All-America honors the past two seasons. He plays tight end for the Terps football team and is currently pursuing his MBA degree (candidate ’09).

Meghan Hallahan, MBA ’06, has joined Eisai Corporation of North America as a global market research manager.

George Harvey ’03 retired from the army and recently launched a human resources consulting business. He was named Teacher of the Year at Golden Gate High School in Naples, Fla.

Rebecca Keedy, MBA ’04, is director of accounting and financial reporting for XLHealth Corporation. She was recently inducted into the Cambridge Who’s Who Executive, Professional and Entrepreneurial Registry.

Dana Lande, MBA ’04, is the CEO and founder of Dayna Designs. Her Dayna U college jewelry is being sold in Dillard’s stores.

Michelle Liu, MBA ’00, is associate portfolio manager at ProShare Advisors.

Laura (Grandy) McGann, MBA ’03, has joined the organizational development group at Bose.

Sung W. Park, MBA ’06, is an equity research analyst at Brown Advisory.

Darryl R. Oliver, MBA ’02, is an equity research analyst at Brown Advisory.

Jonathan Powell, MBA ’01, is senior project manager at CACI. His recent article, “Use the WBS to Improve Sales,” was published in the August 2008 issue of Contract Management magazine.

Smith Speaker Series featuring Gary Williams, October 14, 2008
From left: Mike Pulzone, Alumni Chapter Board president Julia Pulzone ’84, MBA ’93 and Dean Anand chat following the presentation.

Smith Speaker Series featuring Gary Williams, Gary Williams ’67 answers questions during the reception.

Smith Homecoming, September 25, 2008
From left: Bob Kern ’75, Susan Wilheim and Kurt Wilheim ’78.

Smith Homecoming, September 25, 2008
From left: Richard Woods ’70, Melissa Belsinger and Janet Woods.
We have all felt the effects of the financial crisis in one way or another. Perhaps you have lost a job or know someone who has. Or maybe your retirement account has devalued, requiring you to work longer than anticipated. You may be considering switching jobs—or even career fields—if your industry was hit particularly hard. Yet, even in a fluctuating economic climate, creative new career opportunities are always available.

Formal and Informal Networking
Be aware of the difference and understand that your profile may be affected by both types of networks. Informal networking may include how you meet and greet others in clubs or social events and may occur even online through blogging or cyber community environments such as MySpace. Formal networking occurs when you dress for success and present at a career fair, job interview or professional conference. While either situation can offer new associations or contacts, your informal behaviors or dialogues can move through the grapevine, so be careful not to publish information that can come back to haunt you.

Pay it Forward
You always remember those that have made a difference and you can inspire others to do the same. The best way to establish relationships in person or in writing is to consider how to contribute something of constructive value. If you are seeking connections in a professional association, volunteer on a committee which can help you meet many other members and build your professional reputation. If you want to meet influential business leaders, many of them participate on advisory boards for non-profits where you might offer assistance to a business project.

Tools of the Trade
At some point in life everyone must meet a difficult challenge. The important thing is to get honest—reassess the reality in front of you. Be positive. How can you creatively adapt to this new reality? What resources do you have in your family, school, workplace, or community? What have you learned? Are there things you could do differently to strengthen your skills or value in the marketplace? Are there similar jobs where you can utilize your skill sets and experience?

Retooling Your Future
Here’s the good news: Business skills such as financial management, marketing, innovative problem solving, or project management are always in demand—especially now! Business intelligence is needed in all sectors—government, private industry, non-profit, and educational arenas—domestically and internationally. The Smith School is a professional community network to which you belong, offering a variety of resources to help you develop a creative, strategic career plan. You can work through self assessments, update your resume, search new job opportunities, and design your next career project. The Office of Career Management is continually working on new initiatives, ongoing workshops and events, coaching, online forums, and employer recruiting on campus.

Be your own agent of change, and turn this moment into a great new opportunity! Contact the Smith Office of Career Management with inquiries and suggestions regarding alumni career resources at 301-405-9978, or pthibodeau@rhsmith.umd.edu, or visit the OCM Web site at www.rhsmith.umd.edu/career/alumni.

Robert H. Smith Receives National Humanities Medal

Robert H. Smith ’50 was honored with the prestigious National Humanities Medal for 2008 for his philanthropic contributions to the humanities. Smith received his award from President George W. Bush during a ceremony at the White House East Room on November 17, 2008. In total, nine distinguished Americans, one museum, and a philanthropic foundation were honored for their exemplary contributions to the humanities and were recognized for their scholarship, literary works, philanthropy, and preservation efforts.

Smith was recognized “for his profoundly wise stewardship and generous support of our nation’s premiere institutions of historical, artistic, and cultural heritage. He has been a farsighted benefactor and a civic leader for all seasons.”

Smith has supported significant projects at James Madison’s family plantation Montpelier in Virginia, Benjamin Franklin’s London townhouse, Thomas Jefferson’s beloved Monticello, George Washington’s Mount Vernon, and Abraham Lincoln’s summer cottage retreat in Washington, D.C. He is dedicated to making them accessible to the public and his emphasis is on education and outreach, whether through visitor centers, scholarly resources, or professional development for teachers. He is also a former president of the National Gallery of Art, has provided major gifts to the Mayo Clinic for Alzheimer’s disease research, to Johns Hopkins to research the prevention of blindness, and to the Hebrew University in Jerusalem for an initiative to end world hunger.

Photo credit: James Kegley
Jay Ricks ‘56 almost didn’t come to the University of Maryland. He was a great runner but hadn’t worked very hard in high school, Ricks admits ruefully, so his grades weren’t terrific. But the university’s track coach, Jim Kehoe, helped Ricks enroll in a program that helped him catch up on his studies and get his academics up to par. Working mostly with his fellow athletes, Ricks took non-credit courses and special study programs. That was all it took to get him back on track, and he was able to go on to study at the Smith School, then called the School of Business and Public Administration.

One of the courses he found particularly interesting was business law. Ricks went on to Georgetown Law School, where he finished first in his class. He joined the Washington, D.C., law firm of Hogan & Hartson, and spent 28 years practicing law specializing in telecommunications. He represented emerging technologies and the new businesses that were seeking to compete with what had historically been the monopoly service of AT&T and the Bell system. Later he went into business with a former client; the two of them owned numerous cable stations in rural areas.

Over the course of his career Ricks worked with many of the top players in the nascent telecommunications industry. Once, Ricks went to AT&T representing Howard Hughes. Hughes thought the public was eager to see more sports programs, and he wanted to be the one broadcasting them. But this was in the days before satellites, and AT&T owned all of the line-of-sight transmitting facilities that would have permitted Hughes to broadcast his sports programs. The general counsel of AT&T was sympathetic, but the company denied the request. On the eastern shuttle back to Washington, D.C., Ricks met a short and skinny fellow with a Texas drawl who had also been in New York to ask AT&T for data transmission rights. The fellow turned out to be Ross Perot, and he too was turned down.

“Imagine if AT&T had permitted Hughes to start an early version of ESPN back in the 1960s,” laughs Ricks. “He would have been even richer than he was.”

Ricks never forgot that the university’s initial investment in him made his successful career possible. “I appreciated the fact that Maryland had taken a chance on me,” says Ricks. When he began to consider making a gift to the school, Ricks found that a charitable remainder trust was a good financial instrument for him. “I had some securities that had appreciated quite a bit in value, and I was able to put them in a trust. It was a way to increase the amount I could give without having to experience the tax on those gains,” says Ricks.

Ricks is pleased to have the opportunity to support the Smith School, its students and the vision of Dean Anand. “I’m very proud of what the Smith School has done. It’s brought a lot of credibility and prestige to the Maryland campus,” says Ricks.

“I have always admired those who are philanthropic. I’m not able to do it at the same level as people like Robert Smith, but I just felt I had a debt of gratitude and wanted to repay it as best I could,” says Ricks.

Ricks is married to wife Debby (Savage) Ricks ‘55. The two have three children and seven grandchildren and live in Arlington, Va., and Naples, Fla.
Last Word

“\textit{We are actively working to provide expertise to policy-makers and practitioners... during these interesting times.}”

There is a saying attributed to the Chinese: \textit{May you live in interesting times.} The time between September and November 2008 was among the most dynamic, interesting and exciting periods in the last half century. We have witnessed the widespread collapse of global financial markets, massive intervention by world governments in an attempt to bail out banks and mortgage lenders, and the election of the first African American as president of the United States.

It would have been great for the world to stay still while I took over as dean, allowing me to work on exciting new initiatives that would propel the Smith School of Business to the elite tier of business schools. But the world did not stand still, and nor will the Smith School. We are actively working to provide expertise to policy-makers and practitioners, and succor and support to distressed alumni, during these interesting times.

We have already embarked on an aggressive mission to take faculty expertise and thought leadership to important policy-makers through teach-ins and town hall meetings in College Park and Washington, D.C. These events feature our world-class finance faculty, some of whom have seen these issues from the inside, having worked at the FDIC and the SEC. We are also expanding executive education offerings to senior management at companies in Baltimore, Northern Virginia, around the country and the world.

We are upgrading the career and placement services offered through the Office of Career Management. In November, we launched a new initiative to support alumni who were adversely affected by the financial crisis, using both in-house resources and out-placement partners. We want to connect alumni who need help with alumni who have positions, and energize the eAlumni Network with a real purpose.

We also plan to launch two initiatives that speak to the future of this country and the planet. The Center on Financial Policy and Corporate Governance will provide a platform for innovative research in finance that interfaces with public policy, and produce dialogue with leading decision makers in Wall Street and policy makers in the federal government and international institutions. We hope to launch a Center for Social Value Creation that will bring interdisciplinary and market-based approaches to solving the challenges of modern business while addressing environmental and humanitarian needs.

These “interesting times” have come with the state of Maryland in some distress and the university facing budget cuts. I will have to marshal all my energy and skills, and also the innovation and dedication of the Smith community, faculty, staff and students, to stay our course and keep our eye on the promised land. I need the support of our alumni, now more than ever.

Please help us expand our executive education reach, which is one way of building brand as well as enhancing the revenue base to get us through the financial crisis. I thank our Board of Visitors for providing us with valuable advice and contacts.

Help us connect fellow alumni with new positions. I thank the Dean’s Advisory Committee for providing much needed support, including opening doors for our students and young alumni.

And please support our efforts to bring thought leadership to bear on important issues through our new centers. We have already embarked on a fund raising mission for these initiatives and need the support of our key constituencies.

G. ANANDALINGAM, DEAN
Consider making a gift to the Robert H. Smith School of Business that helps the School, you and your heirs. Here are some options.

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*Your Benefit*
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Name the Smith School of Business in your will

*Your Benefit*
A donation exempt from federal estate tax

**Retirement Plan Gift**
Name the Smith School of Business as beneficiary of the remainder of the assets after your lifetime

*Your Benefit*
Avoidance of heavily taxed gift to heirs, allowing less costly gifts

**Charitable Lead Trust**
Create a trust that pays a fixed or variable income to us for a set term, and then passes to heirs

*Your Benefit*
Reduced size of taxable estate; keeps property in family, often with reduced gift taxes

For more information on the various ways to make a gift to the Smith School of Business, go to [www.rhsmith.umd.edu/give](http://www.rhsmith.umd.edu/give) or contact:

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