Do the Right Thing
Business leaders discuss the impact of recent corporate misdeeds.

Introducing the New VMH
The $38-million new wing of Van Munching Hall, home of the Smith School of Business is open.

Spotlight: The Candy Man Can
A profile of Milton Matthews ’68, former Terp track star and ex-Marine, now vice president and chief customer officer at Hershey Foods.

Real Time
Corporate scandals offer some lessons for investors and corporate America, ethics educator says.

Connections
The Dingman Center's new venture capital fund is a sound investment in economically disadvantaged communities.

Academic Focus
New program helps MBA students develop leadership skills.

Faculty Up Front
The University of Maryland Trauma Center is the laboratory for Smith professor's research on expertise coordination.

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Do the Right Thing

For nearly a year, reports of unethical, even criminal, behavior by major corporations and their employees have shaken investor confidence and affected the stock market.

These misdeeds have been the subject of water cooler chats, dinner table conversation, and exclusive television reports. SMITHbusiness invited four executives based in the Baltimore-Washington, D.C., area to share their thoughts on how the actions of a few are affecting their industries and their companies.

Participating were: William Apollony ’69, MBA ’76, senior vice president, healthcare division, Allfirst Bank; Kimberly Gavaletz, vice president, corporate internal audit, Lockheed Martin Corporation; Diane Herndon ’77, senior partner, national tax department, Ernst & Young; and Aydin Tuncer, MBA ’96, associate vice president, investments, Raymond James & Associates, Inc. Also contributing to the discussion was Stephen Loeb, Ernst & Young Professor of Accounting and Business Ethics, and creator of Smith’s Business Ethics Experiential Learning Module for MBA students. Facilitating the discussion was Rosemary Faya Prola, editor of SMITHbusiness. The discussion took place in Van Munching Hall, July 9, 2002.

Whom do you think is to blame when employees act in an unethical manner?

SL (Stephen Loeb): I think really the onus is on a lot of people. I think it is partially the employer. The Treadway Commission report, published in 1987 as a result of the savings and loan crisis in the ‘80s, talked about “the tone at the top.” The tone really has to be set by the CEO and senior management. I also think the responsibility resides in the individual employee and is the result of his or her background and training. And maybe it is part of our responsibility at the business school to train our students to make proper decisions.

WA (William Apollony): I agree the responsibility spreads throughout an organization and that perhaps it starts at the top, by the actions, deeds, and policies of the executives. But each person must be responsible for their actions. And you also have corporate responsibility, which is that of the organization.

AT (Aydin Tuncer): I would just add a couple of things. I don’t think it’s healthy to point fingers across the board. You have to take individual responsibility whether you’re
management or an employee. I would agree that fostering a corporate culture is important. That does have to come from the top because the cultural makeup of a company really does start with the management, setting up guidelines and procedures.

**Do you think employees, executives, and the public accept the fact that unethical behavior is bound to occur in business, that “everybody does it?”**

**KG (Kimberly Gavaletz):** I don’t think so. As all these things have come to light in the media, I haven’t felt that the reaction has been, “Well, everybody does it.” As each new event gets uncovered, it’s actually been more depressing to me.

A lot of people outside the U.S. are looking at what’s going on today and questioning our ethical principles. I believe that we have an opportunity to further strengthen and reinforce what we already are as a nation, and what we expect as ethical behavior in our businesses.

**WA:** I’m not sure the average person on the street has necessarily trusted big business. When you look at situations like the S&L crisis and go back through history—not only here in the U.S. but in other countries—there have been periodic crises that have eroded the trust and confidence of not only the average person, but also the average investor and the more sophisticated investor. Trust is something that’s easy to lose but very difficult to get back. I think that in the exuberance of the 1990s, it just seemed like the market would go up forever. Managers do try to keep the momentum going from quarter to quarter. So maybe it’s a human phenomenon.

**DH (Diane Herndon):** A cyclical human phenomenon. In the 1990s people had wide eyes when they saw their neighbor who was an administrative assistant at some dot-com cash out and retire with a few million after a few years. Everything was fast: Many asked, “How quickly can I make money so that I can make more money?” I have to think a lot of it is a kind of greed that certain individuals have. It seems as though there was a time in this country when people took pride in the product they made or that what they did was the best. Now the emphasis seems to have shifted to how much cash or investments you have.

**WA:** I would agree with you, but it’s not just the greed, but also the arrogance that goes with it. If the stories are anywhere close to being true, you sit there and you scratch your head and wonder how anyone thought their behavior was okay and that they could get away with it. Their actions affected not only the employee who sat next to them and all the other employees in company, but the company’s investors and their own families.
AT: I agree there has always been skepticism on the part of people when they think of corporate management. When I compare the U.S. to other places in the world, however, I really think that it’s a totally different level elsewhere, much worse. No country is immune.

WA: In the U.S., we have a history of these problems coming up and discussing them publicly. We look back and see how these problems occurred. It’s in the press. People have opinions that are out in the open. It’s good for the economy.

SL: Hopefully, we can teach students to make the right choices. We offer a Business Ethics Experiential Learning Module for our MBA students. The module for full-time MBA students is a complex program and includes taking students to federal minimum-security prisons. Students get a chance to see how they are going to live if they make the wrong decisions down the road. Additionally, students may get a chance to interact and speak with former executives who are serving sentences for making wrong decisions.

**What is causing the apparent wave of unethical corporate behavior?**

KG: I believe that we have become an instant culture. Information is instantly available, and instantly reacted to. Corporations have to deal with the ramifications, and everyone has to be able to manage in more instantaneous ways. In the past, the release of annual reports was the major event, then it was the quarterly reports. It is now a stream of ongoing actions and reactions. Some of the behavior may be based on buying time to deal with situations that eventually only got worse.

WA: I think there has been a proliferation of people not taking responsibility for their own actions. Perhaps going beyond the factor of greed, having a perception of their situation being a more important situation and that’s as far as it goes for them. I certainly believe sanctions will be taken against these individuals or companies for a period of time. I think that people need to emphasize a corporate culture of high values and corporate responsibility for ethical behavior. We are all being reminded by these events of what can transpire if everybody takes a hands-off approach.

AT: Loyalty is also an issue. Their opinion is: “Why should I be loyal to a company that is not loyal to me?” So they think, me first. It’s an unfortunate result of the freedom people have in changing jobs and the freedom management has in hiring and firing.

WA: It’s the short-term perspective versus the long-term perspective as how you view your employment and how you set your goals.

DH: I have seen people at a very low factory level, where they go in day in and day out for their whole career, and they feel very rewarded. They like what they do. They like the people around them, and feel they are treated well by their company as far as benefits and they earn a decent wage. And what seems to have happened, when you look at people at upper levels in certain companies, it’s “where can I jump to next?”. They are in it only to do as well as they can. Their biggest stress is trying to drive as much profit as they can.
**AT:** In addition to the high stock returns, through stock options and other things, I think there are issues of boardroom structure. You have CEOs who are also chairman of the board at the same time. They may have the feeling that they are disconnected from what’s happening around them because of their options and because, since they can control some of what’s happening in the company, they are not really accountable to a board.

**KG:** I don’t see one easy answer. I see pieces of what everybody has said in all the events that are going on.

Of course, it’s not just executives who are guilty of unethical behavior. It’s also evident at lower levels of the organization.

**SL:** I was on a committee last year to suggest revisions to the undergraduate program. Along with another faculty member, I served on a subcommittee whose task was to talk to alumni and recruiters and find out how we should change our curriculum. One thing I kept hearing from both groups was that they want to hire employees with, first and foremost, integrity. I thought that was very positive.

**KG:** Everyone is elevating the importance of ethics. Vendors now start their sales presentations to me by presenting their ethical credentials since they know that ethical behavior is important to Lockheed Martin.

**Talk about the impact of the Enron, Andersen, and other scandals on your industry, and about specific actions your organization has taken as a result of these events.**

**SL:** I think one of the real issues is education. I will be co-teaching business ethics with Josh Newberg this fall in the MBA program in Washington, D.C. We are planning to integrate a lot of current material into the course. I think students will be interested, and I believe such matters should be discussed. Many other Smith faculty likely will be integrating similar material into their courses. I think from our point of view we have to continue to work in teaching ethics and do a better job of it.

**KG:** Corporations are looking at the specifics behind each event. Boards are asking probing questions to make sure that the same situations are not present in the corporations they represent. At the same time, I think most companies are looking at how to further improve their overall governance. They are not just waiting to see what the SEC is going to do, or Congress, or the New York Stock Exchange.

I run the internal audit function for the corporation. Our integrity is based on, if we find something, doing the right thing against whatever obstacles could be out there. It’s going to be interesting as the whole audit profession, external and internal, evolves through this.

Specifically, the impact on my organization is that we are taking a look at what we are auditing. Are we auditing broadly enough, deeply enough? Are we looking at the right areas? I am networking with everyone I can across the audit profession and in governance...
fields. It’s just a massive keep-in-touch with each other to try and invent or to find someone who has approaches or practices that could help.

**SL:** Have you thought about to whom the internal auditors should report within the organization?

**KG:** Fortunately, we report to the audit and ethics committee and to the executive office. It’s a very strong dual role. This reporting relationship facilitates interactions and actions that could be more difficult if the internal audit function reported anywhere else.

At my internal audit organizational meeting in April, I brought in the chair of our audit and ethics committee as our primary customer. I told my staff that, short of this, I would have to bring in all the shareholders. I wanted them to refocus on for whom we really work.

**AT:** I’m a financial advisor, so your comments about shareholders rings true. That’s whom we are dealing with all day long now, and the massive loss of confidence by the investment community. People are just frozen by this right now. I think they are going through a couple of stages from frozen to anger, wanting to see real structural changes, real results from what’s happening.

I think people need to take a step back and realize it’s not happening with all companies they are invested in. People need to realize if they have diversified, they will be okay. And I’m warning people there are going to be other skeletons coming out of the closet. I don’t want people to think this is it; this is the end of the problems. I think unfortunately, it’s maybe the beginning or the middle, but it’s not the end. People have to brace themselves for that.

**DH:** The effect on my industry has been pretty interesting. We’ve been waiting this week (July 8) to know a little more about pending legislation. There’s been a real people effect with what happened with Andersen. I think that the firms that are left—the “Final Four”—are trying to settle down and see where we are. It’s had a very different effect on my particular business. What I do is tax planning in the national tax department. In much of the planning, I work with a company and typically, go to the IRS and obtain consent to do what we’re doing. I see now where a lot of companies are turning to that because they don’t want anything risky going on, they want to settle down a little bit.

We haven’t had a consulting business for two years. Right now, some companies that we audit do not want any service other than the audit. If they have the audit, they don’t want the tax service, which I find very interesting because, when I think about what I do, my side of the business is so different from the financial side. We never really run into each other often.

But it’s been wild. I’ve spent a fair amount of time some days dealing with people issues: we do have a lot of Andersen people who came over. Culturally the firms are very different, and that’s been a significant issue for us, just trying to explain how we operate.
We have different QCs (quality controls), different ways of operating. I am re-educating myself as I’m educating them about key issues and how we operate.

**WA:** As you know, I work for a bank. We have become very introspective over the last several months looking at our own internal and external audit functions, oversight, how people are organized, etc. There is a fair amount of introspection going on now about corporate governance and trying to make sure we are aligned correctly and properly. But going beyond that, when these external events happen and our organization is lending large sums of money, you’re constantly reminded how important character is and who your business partners are.

**Because you don’t want to lend money to someone who may default?**

**WA:** When you think about lending somebody money, the first thing you try and evaluate is character. You need to be close to your client. You need to understand what they’re thinking. You’re not always going to be right—we’re in the business of taking risk and sometimes we are going to be wrong. But if you’re close to your client and you have a fair understanding of what’s going on as best you can, you minimize the number of times it can potentially happen. The farther that a client gets from you, perhaps, the more you open yourself up to having a character event affect your business.

**AT:** There’s a parallel to that in my business when money managers assess companies. There’s going to be a new premium on money managers who are better able to assess the character issues and able to assess the cash flow issues. I think investors will be attracted to the type of manager who has a lot of experience, who does his/her homework, and who has been through other periods of difficult times.

**As business becomes increasingly global, it seems like it could be more difficult to read character and ensure that you’re getting the information you need to make decisions. How do you deal with this situation?**

**WA:** You depend on your employees, but I also think it involves looking at the individuals you deal with on a day-to-day basis and how they carry the corporate culture of their own particular company with them. It is not impossible to evaluate that corporate culture and the importance of ethical behavior within it.

**How do you judge someone’s corporate culture: by a written statement?**

**Everyone:** No. No.

**KG:** It has to be behavior, what they demonstrate, what is important to them, what they talk about.

**WA:** A written statement is going to get you so far, but if you work with a particular company, you learn about their corporate culture by knowing a fair cross section of individuals and evaluating their behavior as that behavior reflects the corporate structure
of their own particular business. You use your senses to evaluate who’s across the table from you. You have to spend time to get to know these individuals and their own particular functions. It involves time, but the benefit is making the right decision.

**AT:** From the investment perspective, a lot of it is your comfort level dealing with management and it’s a “feel” thing, based on the experience you have to have under your belt. It’s also about doing the work: You have to talk to the people in the organization, not just to the managers. I think going forward, we’ll see a lot more scrutiny. If a company’s management wants shareholders to be behind their stock—and this will be institutional shareholders with big blocks of stock—they are going to have to be more transparent. They are going to have to show the money managers how they got to these numbers. I am hoping that’s going to be a positive that comes out of this. Some silver lining where there will be more disclosure, more transparency.

**WA:** The levels that discussions are held at probably need to rise, and we need to be talking to people in positions of control to get the correct perspective on particular corporations. Whom you talk with depends on the level of the transaction. If you’re talking about hundreds of thousands of dollars, you deal with a certain level of individual but if it rises to the millions, perhaps it goes up a notch or two. If you’re talking hundreds of millions or more, then obviously we need to be assessing the very top echelon of that particular company, what their strategies are, and what they’re like as individuals.

It sounds like an individual’s character is more important than ever in business dealings.

**WA:** In what I do, it’s always been the most important thing. Then you go from there to the numbers, and then assess strategies, etc., but the first place you start with is character.

**KG:** Character has to be the foundation because anything else has the potential to shift out from under you.

**What do you see as the role of government in helping to prevent some of the current situations from happening again?**

**SL:** I will talk about the accounting profession: I do think there is strong need for accounting reform now. I think that to restrict non-audit services is not the answer. I don’t think it will solve anything. There are other things that can be done to promote ethical behavior. I think strong public policy will do that. Also, I think we need simplification of accounting principles, which I believe are much too complex. Additionally, I think employers need to spend more time in educating their employees on ethics.

**WA:** It’s a very important characteristic you want in your employees. Obviously it’s good that there is a module here that deals with the subject, but I think that ongoing, internal education is part and parcel of corporate ethics.
SL: With 30-some years’ experience as an educator, unless you have a separate course in it, it will not happen. I’m very proud of the state of Maryland because, as I note in one of the chapters I wrote in the Maryland Association of CPAs’ forthcoming centennial history book, to my knowledge, Maryland was the first state to require a course in business ethics for individuals wishing to take the CPA exam.

DH: I have a question about the education. I didn’t take your course when I was here, but I feel very ethical. You don’t have to take me to a minimum-security prison to get me to do the right thing. Do you identify students who walk into your class who are unethical and turn them around? I just thought this was something you learn when you’re growing up—it’s like cheating. You just don’t do it.

SL: I’m glad you brought this up. Daniel Callahan wrote an essay, “Goals in the Teaching of Ethics,” that appeared in The Hasting Center’s 1980 book entitled Ethics Teaching in Higher Education. He suggests what you try to do is get students to realize what is an ethical conflict situation. You try to stimulate their “moral imagination.” You try to get students to be able to analyze a situation. You try to get students to learn to handle and to exist with “ambiguity” and “uncertainty.” Finally, maybe, if you’re lucky, you get them ready to “change.”

KG: It sounds like you encourage the students to talk openly about ethics. I think it is more of the norm today to be able to talk about ethical issues. People are asking about it in job interviews and talking about it in meetings. I think that openness to talk about it is going to improve it. Hopefully that’ll stop some behavior before it ever happens.

WA: I think that government plays an important role in what we do in the financial services industry. But oversight can swing too far at times and make it very difficult to do business in the normal course of things. The regulators that I have met over the years, I’m actually kind of glad they are there because they perform another oversight function that is important in our business. But I wouldn’t want them sitting with their thumb on me every day of the week either. Unfortunately, in today’s environment, we’re going to get more of it. If that oversight goes too far, it could be difficult to do business. It will be more costly. It’s just a question of the proper prescription—you don’t want to be over medicated.

DH: I’ve been watching it on the tax side because, for the last couple of years, the IRS has focused on tax shelter rules and penalties. My concern is that it’s very tough to write rules in this area that get at what they are trying to govern and control without pulling in a lot of other day-to-day activities and transactions. I can’t imagine where they would go on the audit side or financial services side.

How can business regain the trust of the American people?

KG: We have to be open. We have to be open to questioning and open with our answers. It has to be a give-and-take with the community out there being willing to hear the information. WorldCom is an example. Right now, it’s a death sentence for someone to
come out with a correction or behavior that needs to be looked into. It’s just amazing how quickly things happen. We all need to be proactive and get out in front to prevent these situations from occurring. But when they do occur, the American people need to be able to trust that the situations will be surfaced and dealt with.

**WA:** The transparency and openness of the corporation has to be there to the investing public and the various investment firms. But going beyond that, I think corporations need to realize that when a problem arises, you need to be quickly accountable. The penalty for trying to cover it up and trying to hide information is much worse—it’s severe. And the investment community will wreak havoc on stock price and ask for other sanctions once you lose that trust.

**AT:** It’s a more sober period where people are actually looking at numbers, actually behaving on a more fundamental basis, not reacting to things and not rushing to judgment. The mindset has shifted.

**DH:** I think the corporations are really going to have to work at earning back the trust of the American people. It’s not going to come easily or be a short-run process. It has to be part of their corporate culture. Every employee has to live it.
Open for e-Business
The $38-million expansion of Van Munching Hall is complete

Two years after Leo Van Munching Jr. ’50, Robert H. Smith ’50, Smith School of Business Dean Howard Frank, and University of Maryland President C.D. “Dan” Mote Jr., wielded silver shovels at the official groundbreaking, Smith School classes are under way in the new wing of Van Munching Hall.

The four-story, 103,300-square-foot space is an attractive, functional, technologically advanced learning environment. The building is designed to meet the requirements of Smith’s cross-functional curricula, delivering the academic, professional, and social experiences necessary to help prepare our graduates to lead 21st-century organizations.

Joined on every floor to the original wing (opened in 1993), the new Van Munching Hall doubles the size of the business school facility and unites most of the undergraduate and graduate classes under one roof for the first time ever. The building features a sophisticated, high-speed information technology and communication infrastructure enabling faculty, students, and industry partners to exploit today’s knowledge-driven business practices.

The bright, spacious interior includes:

- eight new classrooms, including four team presentation rooms;
- 250-seat lecture hall;
- a laboratory designed to facilitate the development of key behavioral skills;
- a computer laboratory dedicated to education in financial trading and portfolio management;
- a 24/7 computer lab;
- four research-focused technology labs;
- MBA student organization offices;
- graduate student lounge and lockers;
- the new “Rudy’s Cafè,” a cafeteria that opens to the Clocktower Quad;
- an executive dining room;
- and an extensive suite for the Office of Career Management, including a dozen interview rooms, a recruiter lounge, and student changing rooms.

The new space is also home to the Dean’s Office, Supply Chain Management Center, Center for Global Business, Dingman Center for Entrepreneurship, Office of Administration, Office of External Relations, Office of Communications, Office of Undergraduate Studies, Office of Information Technology, and faculty offices.

Formal dedication of the building is scheduled for Saturday, November 9, 2002. For further information, logon to www.rhsmith.umd.edu.
The Candy Man Can
By Lisa Gregory

As a business student, Milton Matthews fondly recalls sitting in the back of marketing class and trading sports pages with his buddy, Gary Williams ’68. Says Matthews, “I got The Washington Post. Gary got The (Baltimore) Sun. We’d swap.”

Sports pages aside, both men would go on to do quite well. Williams, of course, would return to his alma mater and, as head men’s basketball coach, lead Maryland to a national title. And, today, Matthews is vice president and chief customer officer for the Hershey Foods Corporation, a company that he joined 30 years ago. He says, “I attended a great institution and got an education that paved the way for an interesting and successful career.”

But first, Matthews was a talented distance runner from New Jersey. So talented, in fact, that the teenager caught the eye of Maryland’s legendary track coach, James Kehoe, who recruited frequently in the area.

At Maryland, Matthews shone. “We were ACC team champions in nine events during the three years I was eligible. In 1966, I received the ACC title for the 1,000-yard run,” he says. He also received numerous track and cross country awards, including, All-Atlantic Coast Conference, National AAU Champion, M Club Man of the Year (Charles S. Fowler Award), Alvin Aubinoe Award, and election to New Jersey’s Track and Field Hall of Fame.

“The track scholarship provided a great opportunity for a kid from the streets of New Jersey,” Matthews recalls. He also formed a close bond with Coach Kehoe. “He mentored and shaped me as an individual with ideals that have served me well: integrity, courage, and leadership.”

As a student, Matthews decided to study business and became especially interested in the food industry. “Let’s face it,” he says with characteristic directness. “People are always going to eat.”

His career plans, however, were temporarily put on hold shortly after graduating with a marketing degree in 1968. Matthews joined the United States Marine Corps, serving five years and achieving the rank of captain. “I wanted to go over to Vietnam and help end that war,” he states. Serving as an attack helicopter pilot and operations officer, Matthews flew 460 combat hours and was awarded 31 air medals, a Vietnamese Star, a Vietnamese Cross, and a Navy Commendation.
“It was leadership 101,” Matthews says of his military service. “I was given these unbelievable life-and-death responsibilities at a very early age and had to live or die with the consequences.”

Returning from Vietnam, Matthews joined Hershey in 1972 as a sales representative in Southern California. “Hershey actually didn’t start advertising until 1970,” he recalls. “I was one of the young bloods coming into the organization as it was changing. I was in at the ground floor of a sleeping giant. When I started, Hershey had $260 million in sales. Today we’re at $4.5 billion. This was a place of constant change and opportunity.”

In 1977, Matthews was promoted to manager of sales planning, and in 1981, to director of sales development with Hershey Chocolate Company. And, yes, he is a big fan of chocolate. His favorite? “A Hershey bar with almonds,” he says.

By 1989, Matthew was named vice president of sales for Hershey Chocolate USA and a decade later was promoted to vice president, U.S. Sales, Hershey Foods Corporation. He was named to his current position in June 2001.

The ex-Marine and former track star has made his mark in the candy industry. Matthews’ awards and honors include the National Candy Wholesalers Association Confectionery Dean of the Industry; New York Confection Man of the Year; Illinois CATD Milton Rothenberg Man of the Year; AWMA Confection Hall of Fame; NCSA Candy Hall of Fame; New Jersey CATD Industry Leader Award; and Pennsylvania Distributors Captain of Industry.

“We’re talking about a fun business here,” Matthews states. “Candy is fun. I tell people if you love what you’re doing, you never work a day in your life. I’ve never worked a day in my life. I love what I do.”

In his role as vice president and chief customer officer, he guides a sales force of over 2,000. “At Hershey we don’t recruit, we select people,” Matthews offers. “We have a name and reputation and a proven system to place them into. We provide all the training, learning, and growth we possibly can. But we expect a lot.

“The most rewarding part of what I do is watching and nourishing people, helping them grow. Coaching them,” he says.

Much like James Kehoe, his own mentor. In fact, “He’s still my mentor,” Matthews says of Kehoe. “We talk by phone about once a quarter.” And, he has remained friends with Gary Williams, as well, delighting in his friend’s successes.

Matthews serves on the Dean’s Board of Visitors for the Smith School. He would like to help the business school further promote the ideals of leadership. “There’s so much we
can expose young students to regarding leadership principles,” he says. “Because when it is all said and done, he who has the best people . . . wins.”

Looking ahead in his own career, Matthews says he hopes to “leave a legacy here in the Hershey organization. I’m only a steward at this fantastic company. But, I would like to look back and say, ‘Hey, I made a difference.’”

“You never know where life’s taking you,” he muses. “I had a few lucky breaks. Somebody suggested that I start running. Coach Kehoe recruited me for Maryland. I joined the Marine Corps. I came to work for Hershey. I met Becky, my wife, and had two great kids, Mike and Steve.”

“It’s been a good run.”
On July 8th, President Bush spoke from Wall Street regarding the rash corporate scandals plaguing business.

He put forth a comprehensive program to address these issues, including: creating a Corporate Fraud Task Force; providing additional funding for the SEC; making corporate officers more accountable, and punishing those involved in corruption; protecting small investors and pension holders; and creating an independent regulatory board to oversee the accounting industry. In the week that followed his address, the Dow Jones Industrial Average dropped 7.4 percent.

In addition to the president’s plan, numerous other remedies are in various stages of consideration and implementation. The Sarbanes and Oxley bills have been passed in the Senate and the House respectively and are currently in joint committee. Legislation regarding pension reform to better protect employee retirement plans is under way. The SEC has put forth recommendations for more detailed and timely disclosure. Wall Street firms are changing their compensation schemes and disclosure requirements. The New York Stock Exchange put forth recommendations for changes in corporate governance of its member firms to include, among others, requiring a majority of independent directors on the board, and only independent directors on the audit, nominating, and compensation committees. Collectively, these changes will no doubt raise the standards of doing business and cause the gatekeepers and corporate stewards to take their responsibilities more seriously in protecting the public trust.

How did we get here? Along with the greatest bull market in the history of modern capitalism, we witnessed a rising tide of uninhibited self-interest. The uneasy opulence of the late 1990s exposed a widespread pattern of deceit, fraud, and, as Federal Reserve Chairman Greenspan noted, an “infectious greed.” Newcomers to the circle of success-like Adelphia, Global Crossing, Enron, ImClone, Martha Stewart, and WorldCom-have been joined by venerable names like Christie’s, Sotheby’s, Red Cross, Xerox, Tyco, Arthur Andersen, and Merrill Lynch in dealing with scandals. Painfully, we are reminded that business fundamentals-like positive cash flow, quality products, and service excellence-really do matter. Most importantly, there can be no substitute for character. It’s not possible to make a good deal with bad people. The hidden cost of moral risk is prohibitive.

What are the lessons from all this? While it is dangerous to generalize or oversimplify these scandals, there are some things investors should keep in mind going forward:

1. A business leader who predicts continuous double-digit growth is the starting point for trouble. Setting unreasonable expectations for investors is a recipe for accounting
gymnastics. Attempting to regularly achieve announced earnings targets encourages internal decisions to manage earnings by shifting income or expense from one period to another.

2. Review management compensation in the annual report. Excessive options often determine if the management team sees itself merely as “financial owners” versus “business owners.”

3. Beware of CEOs and other corporate insiders who are selling their stock, and test those actions against what they are telling their investors. This can help determine if they view shareholders as partners or merely a market for sale of their interest.

4. Review the relationships of the independent directors to the firm. Do they have any business, consulting, or financial relationships that undermine their independence?

5. Determine if the external auditors also consult for their client and, if so, how much they earn. The very first rule of accounting is “independence.”

6. Assess the moral risk. Choosing the people you invest in and do business with is a strategic choice. Honesty and integrity are the foundation of trust, but words without actions are an empty chalice.

There is, without question, a crisis today. We must get back to basics and restore the sacred trust that holds us together as a community of people. More of our leaders today must develop organizational cultures that align ethics and values to strategies and operating plans.

In the end, however, we cannot legislate trust. Trust comes from the heart. It is built upon a common understanding between people. It is the understanding that a product will do what it is represented to do, that the warranties made for services will be honored, and that the financial information represented to investors is honest, accurate, complete, and comprehensible. It is understanding that the interests of customers, employees, and investors matter perhaps more than our own self-interest.

President Bush called for “a new ethics of personal responsibility.” Properly, he said, “In the long run, there’s no capitalism without conscience; there is no wealth without character.” We are the conscience of capitalism. If not us, who? If there was ever a leadership moment, it is now. It is time for our character to be counted.

Keith T. Darcy is vice chairman of the Center for Values-Based Leadership, the country’s first nonprofit association dedicated to promoting values-centered leadership. Darcy previously served as executive vice president, director of professional services, and a member of the executive office of IBJ Whitehall Bank and Trust Company until its merger with the Industrial Bank of Japan earlier this year. He has combined a career in the financial services industry with
one in academia, along with a long-term involvement promoting ethics and leadership. His previous academic appointments include serving as associate dean and distinguished professor at Georgetown University’s McDonough School of Business. He is a teaching fellow in business ethics at the Smith School of Business.
Dynamic Community Development Model Created by Dingman Center

By John Hetherington

A new venture capital fund created by the Dingman Center for Entrepreneurship has mobilized the best and brightest of the Baltimore-Washington investment community into an impressive team with an unusual mission: to grow early-stage businesses in some of the region’s low-income neighborhoods.

The New Markets Growth Fund targets promising new businesses, infuses them with capital, and supports them with expert advisors. “Our objective,” says Donald Spero, director of the Dingman Center, “is to find them in low-income areas, build them there, or move them there.” The fund is part of the New Markets Venture Capital program administered by the U.S. Small Business Administration (SBA). The fund has raised $10 million to be matched by $10 million from the SBA, plus $6 million in grant money over the five years of the fund, bringing the total pool of capital to $26 million.

A new model for community development
The fund’s model brings together high-caliber advisors, substantial capital, and experienced management with the sole purpose of using entrepreneurship and technology as catalysts for neighborhood revitalization.

“This is a model the entire country can use and emulate,” notes Mark Grovic, fund managing partner and Dingman deputy director. The soundness of the model was recognized in May 2002 when the fund was awarded a $250,000 grant in technical assistance money from the Federal Home Loan Bank of Atlanta (FHLBA). In announcing the award, FHLBA Chief Executive Officer and President Raymond Christman noted that “intellectual and financial capital must be combined to make new ventures work.”

Fund advisors key to success
The fund’s investment committee and advisory board amount to a “who’s who” of area investors and entrepreneurs, including Jack Biddle of Novak Biddle; Willie Woods of Digital Systems International; Bill Streuver of Streuver Brothers; Sandra Long, deputy secretary of the Maryland Department of Business and Economic Development; and Jonathan Silver of Core Capital. Silver comments, “This represents an enormous opportunity for the university to play an increasingly active and important role in building businesses around emerging technologies.”

Management of the fund will fall to an experienced team: Dingman Director Spero, Deputy Director Grovic, and a third managing director, to be appointed. Spero, a University of Maryland post-doctoral physicist in the 1980s, is the founder and former CEO of Fusion Corporation. Grovic brings a 10-year track record of venture capital investing in small business in emerging markets with the Calvert Group, Templeton, and Small Enterprise Assistance Funds.
Working with the fund is Sydney Williams. Williams has 11 years of investment banking experience with Goldman Sachs, Morgan Stanley, and Merrill Lynch. Smith School MBA candidates will provide staff support. “The high level of our team has helped us attract investors,” Williams states.

**Backed by substantial capital**

Hundreds of potentially high-growth investments for the fund will be supplied by partnerships with Johns Hopkins University; Baltimore/Washington Venture Group; University of Maryland, Baltimore County; Capital Access Network; Calvert Group; community development banks; Maryland Technology Development Corporation (TEDCO); and a host of other well-placed, influential organizations. It was TEDCO that teamed up with the Dingman Center to secure the FHLBA technical assistance grant. “When Maryland’s various economic development agencies work together, there’s no telling what we can accomplish,” states Phillip Singerman, president and executive director of TEDCO.

Businesses eligible for fund investment must have less than $6 million net worth and under $2 million in average net income for the last two years. They must also agree to move into or already be located in a low-income area, including historically underutilized business zones (HUB zones), enterprise zones, empowerment zones, and any census tract with a poverty rate of at least 20 percent or that qualifies for low-income housing tax credit.

According to Grovic, investing in the fund is not only socially responsible but also a shrewd business decision. “Small and minority-owned firms are the source of over 50 percent of all technological innovations and have an average return growth rate of 34 percent,” he reports. Although financial rewards remain a prime reason for investing, the unique social mission of the fund attracts investors.


U.S. Senator Paul Sarbanes takes questions at the May 17 press conference announcing a $250,000 grant from the Federal Home Loan Bank of Atlanta to the Dingman Center for Entrepreneurship's New Markets Venture Fund. Looking on are (l-r): C.D. “Dan” Mote, president, University of Maryland; Raymond Christman, president and CEO of the Federal Home Loan Bank of Atlanta; Howard Frank, dean of the Smith School of Business; and Donald Spero, director of the Dingman Center for Entrepreneurship.
Advantage, Smith MBAs
Program helps students build competitive edge

By Pamela Yee

What single characteristic gives individuals an important edge in today’s highly competitive marketplace? While it comes in various forms, this trait can be succinctly stated: leadership. And the Smith School of Business created the Leadership Advantage program (LA) to help MBA students develop their leadership capabilities.

Leadership Advantage focuses on individual personal development and comprises components in leadership, teamwork, communication and feedback, cross-cultural perspectives, negotiation and conflict resolution, adaptability, creativity, and project and career management. The program is shaped on two significant fronts: academic and employment.

Paul Tesluk, Smith assistant professor of management and organization, has conducted research in human resource management, work experience, and work performance. These interests led him to become faculty advisor of Leadership Advantage last year. He is responsible for the research, design, and technical components of the program.

“The goals of LA are really threefold,” Tesluk states. “The first is for the student to develop greater self-awareness of his or her current professional strengths and developmental needs through, for instance, feedback from peers in team situations that matter. The second is to translate that increased understanding to identify developmental priorities and create a personal plan to enhance professional skills by taking advantage of programs and resources in our MBA program. The third goal is for the student to put his or her plan into action by developing those skills, thinking how he or she can continue to develop leadership capabilities after graduation in a new career.”

The program’s employment dimension involves thorough execution via one-to-one counseling with LA participants. “Our goal is to build the soft skill set of our MBAs,” comments Colleen McCusker, a former assistant director in Smith’s Graduate Career Management Center and one of the program’s creators.

The leadership program’s implementation tools include self-assessment, 360-degree feedback, and skill development resources. First-year MBA students are required to take the online assessment during orientation, followed by a peer assessment. They receive staff and faculty feedback, and then work out a plan to strengthen skills in certain areas. Students retake the online assessment in the second semester to measure any improvements or changes.

Second-year MBA student Brandon Griesel took the online self-assessment twice and learned—his peers confirmed—that teamwork and project management are his greatest strengths. He suggests that students also go to past employers, managers, and supervisors to get feedback on how they operate at work.
“This knowledge can shed further light on your leadership strengths and weaknesses,” he says. “I have discovered what others perceive as my weaknesses, and I am showing progress in improving these areas,” asserts Griesel, who interned in Honeywell’s IT department summer 2002.

Cara Mattison, also a second-year MBA student, interned at AOL’s human resources/organization effectiveness group. Her projects included examining performance management best practices, identifying online assessment vendors, and building a corporate mentoring program.

“I appreciate that Smith formalizes both my professional skills—through the Leadership Advantage program—and my academic experience,” Mattison states. “I chose my extracurricular activities carefully to fill the gap in completing my professional skill set, and I found the entire feedback process and its careful repetition to be very helpful.”

“My internship at AOL demonstrated the importance of having professional skills to succeed, especially in large corporations,” she says.

Typically, industry experts are invited to share their leadership experience with LA participants. Guest speaker David Goldfarb ’79, CFO of Lehman Brothers, Inc., launched the 2002-03 Leadership Advantage program August 20.

Clearly, Leadership Advantage is a way for Smith MBAs to enhance their own success.
Discovering how cross-functional teams of specialists coordinate their work in high-velocity settings is the major research focus of Samer Faraj (left), assistant professor of decision and information technologies at the Smith School of Business. In 1999, Faraj joined colleagues from the University of Maryland Medical School to do an in-depth case study of expertise coordination in the dynamic environment of the University of Maryland Trauma Center (TC) in Baltimore.

“An increasing number of organizations operate in high-velocity, highly uncertain environments,” Faraj says, “including dot-coms, consulting and law firms, and flexible manufacturing organizations. Such environments demand coordination practices that effectively integrate distributed (shared) expertise and support error-free operation. Our goal was to ascertain what lessons we can take from trauma and apply them to other environments.”

In addition to developing a framework for modeling coordination processes, the researchers were keenly interested in the role of information technology in support of coordination. The study received a two-year, $200,000 grant from the National Science Foundation. Co-principal investigators on the project were Faraj, Xan Xiao, associate professor of anesthesiology, University of Maryland Medical School, and Colin Mackenzie, professor and vice chairman of anesthesiology, University of Maryland Medical School.

The primary work team in the TC is the trauma team, which consists of between 15-20 people. The team includes an attending surgeon who serves as the team leader, a surgery fellow, four to eight residents specializing in emergency medicine or surgery, three to four medical students, an attending anesthesiologist, an anesthesia nurse, four trauma nurses, operating room charge nurse, and two technicians. In their study, the researchers used a variety of data collection methods, including interviews, review of archival records, observation of Trauma Resuscitation Unit (TRU) operations, and shadowing key TC personnel. Smith School students Sharyn Gardner and Seo Khwa Yun, both Ph.D. candidates in management and organization, and nursing and medical students at the University of Maryland, Baltimore, assisted in the data collection.

The researchers characterize the TC environment as one with both high-input uncertainty, i.e., the number of patients admitted daily is unpredictable, and high-process uncertainty,
i.e., since each patient is different, treatment cannot be pre-specified. In their findings, Faraj, Xiao, and Mackenzie describe four categories of factors that ensure effective coordination in the TC.

First, the center has developed a number of administrative processes that ensure quick response, including reliance on established medical protocols and procedures, role-based ‘teaming’ (by specialization, trauma team members are readily switched and substituted), and resource brokering (calling on other hospital personnel and facilities in times of need).

“What we found surprising was that TC personnel viewed their specialty group-surgery, nursing, or anesthesiology—as the team that mattered, not the group that worked together on a patient,” Faraj says. This perspective enhanced coordination, since it allowed key personnel on a patient team to be mobile, joining other teams where their expertise was needed or dividing into sub-teams to treat more than one patient.

This specialty orientation relates to the second category of factors that support coordination: communities of practice, a term for groups with similar interests, goals, and expertise. In the TC, these communities—the specialty groups—support coordination by managing staffing interdependencies and internal learning processes, and negotiating meaning across professional boundaries, i.e., solving differences of opinion as to appropriate treatment. “Having each specialty group perform these functions was found to be more empowering and more effective than using traditional centralized planning,” Faraj and Xiao write in “Coordination in Fast-response Organizations,” their working paper on the study.

The third key category is the existence in the TC of well-developed expertise coordination processes, which include knowledge-sharing practices and skills assessment. While communication devices such as telephones and pagers support knowledge sharing, the most important means of communication, the researchers found, is a huge white write-on board in the TRU where patient information is posted and updated.

The final category identified as significant to coordination in the TC is the presence of a transactive responsibility system. In this system, while each team member has a specific area of treatment responsibility, every member has a responsibility to identify and prevent errors. “The transactive responsibility system operates at all levels and covers all specialties, serving as a system of checks and balances,” the researchers note. Supporting this system is the shared TC culture which puts patient safety above any other consideration and which is a source of pride for TC personnel.

In August, Faraj chaired an interdisciplinary symposium on the Trauma Center study at the annual Academy of Management meeting in Denver. Faraj and his University of Maryland Medical School colleagues are working on two follow-up projects: a detailed comparative evaluation of coordination and use of IT in 12 trauma centers, and a survey of 200 major trauma centers in the U.S. to investigate the existing and potential roles for information technology in expertise coordination. These projects are supported by seed
money from the Smith School’s Center for Human Capital, Innovation, and Technology, and by a three-year, $500,000 grant from NSF.

“These studies will deepen our understanding of how organizations can effectively coordinate complex work in challenging environments through unique structuring processes and innovative, shared cognitive processes,” Faraj concludes.

For further information on trauma center research, e-mail sfaraj@rhsmith.umd.edu.
Global Corporate Financing Patterns and Their Effect on Firm Growth

“Eloise, check; Bernie, check… 50 cows total.” Stamp. “Loan approved!” Literally, in some countries getting your ducks (or cows or sheep) in a row and accounted for is part of the loan process for small businesses. Because their laws are not written to facilitate modern commerce, banks and investors are unwilling to lend to potential entrepreneurs, says Vojislav “Max” Maksimovic (right), Bank of America Professor of Finance at the Robert H. Smith School of Business.

“Making financial, legal, and political institutions in developing countries ‘business friendly’ is a win-win proposition,” Maksimovic notes. “It benefits U.S. investors in those countries and it benefits the people who live there. However, we don’t always know what the most important things to fix are.”

In a series of published papers, the Smith School professor and his collaborator, Asli Demirgüç-Kunt of the World Bank, are among the first financial economists to tackle this issue by analyzing how different legal systems and various bank organizations affect firm growth across countries.

In his latest paper, “Financial and Legal Constraints to Firm Growth: Does Size Matter?,” Maksimovic focuses on how institutional differences affect small firms. To help small business globally, the World Bank has approved more than $10 billion in small and medium enterprise (SME) support programs in the past five years, $2.9 billion of it in the last year. Despite the major policy push, other impacts on small firm growth, such as institutional differences across countries, still need to be determined.

To address this knowledge gap, Maksimovic, with Demirgüç-Kunt and Thorsten Beck, also of the World Bank, used a unique firm-level survey database-the World Business Environment Survey (WBES)-covering 4,000 firms in 54 countries. The survey asked companies, “What are the obstacles to your growth?”

The obstacles that firms reported were then linked by the researchers with the related government and banking data which reflected the actual business environment. Their econometric model allowed them to determine whether or not the perceived obstacles in fact affect firm growth, and to test how specific obstacles affect firms of different sizes.

“Our results showed that the extent to which these factors constrain a firm’s growth depends very much on size and that it is consistently the smallest firms that are most adversely affected by obstacles such as an inadequate legal system, corruption, and weak banks,” states Maksimovic. For example, if financial institutions are corrupt, smaller firms are not able to offer bribes and have less access to outside financing. This needs to
be taken into account when designing aid policies, he says, because agencies often rely on banks to channel additional funds to small firms.

On the survey, larger firms reported that many of the same obstacles annoy them, but these conditions don’t seem to affect their growth.

Interestingly, while legal systems judged inefficient by firms are associated with low growth, the evidence also shows that many of the specific characteristics of these legal systems are not predictors of firm growth. This finding suggests that the mechanism by which legal systems affect firm performance needs to be further explored before any policy recommendations can be made, says Maksimovic.

Maksimovic’s current research includes identifying additional financing options for small firms, including obtaining greater access to trade credit. For more information on his research, send e-mail to vmaksimovic@rhsmith.umd.edu.
WWW Doesn’t Spell Doom for Publishers
e-books can bring new revenue stream

Could the bound, hardback, and paperback novels on the shelves of your local bookstore soon disappear, replaced by PDF (portable document format) files transmitted through cyberspace? It’s not likely to happen any time soon. But, according to new research by Smith School Professor P.K. Kannan (right), there is financial incentive for publishers to sell electronic versions of their books, or “e-books,” in addition to the print versions. Kannan’s research indicates that while most readers still prefer books in print form to PDF, some are willing to pay a little more to buy copies in both formats.

The findings are the result of nearly two years of research conducted by Kannan and the National Academy Press (NAP), the publishing wing of the National Academy of Science. NAP specializes in science, engineering, and health books. The research, funded through a $212,000 grant from the Mellon Foundation, focused on whether NAP should offer its products in digital as well as print forms, and at what price these products should be offered.

“We wanted to find out whether the different product forms would cannibalize each other or if, instead, consumers would be willing to buy both forms separately or together as a package,” says Kannan, Safeway Fellow, associate professor of marketing, and associate director of the Smith School’s Center for e-Service.

Kannan and NAP Director Barbara Kline Pope first surveyed offline NAP customers. They then conducted an online experiment, which ran February through April 2002. This experiment involved intercepting customers—those who were buying and those who were browsing—and offering them various options for purchasing books: the print version, the PDF version, or both versions as a package. The offers were made at varying prices to determine at what price consumers would change their behavior. The customers were also surveyed regarding their perceptions of the quality of the different forms, and their similarities.

Kannan and Pope discovered that about 84 percent of the customers preferred the print form of a book to PDF. The remaining 16 percent preferred PDF to print. But they also found that a full 45 percent were willing to buy both the PDF and print forms, as a package, when the price was right. The researchers found that, in order to maximize revenue, the PDF version ideally should be priced close to the print version, with
the “package” of both versions offered at a slightly higher price than only one version or the other.

“This implies that if the forms are appropriately designed and priced, publishers can actually be quite successful in selling these product forms as complements, and generate additional revenue,” says Kannan.

Although Kannan’s research focused on the book publishing industry, he believes the findings can also be applied in the music and video industries. While electronic files will not soon replace books, CDs, and videotapes, Kannan’s findings suggest they complement each other for many customers. To learn more about Kannan’s research, e-mail pkannan@rhsmith.umd.edu.
Barry Farber’s latest book, The 12 Clichés of Selling (And Why They Work), explores the value of business clichés in such chapters as “Never Take No for an Answer” and “The Harder You Work, the Luckier You Get.” “The world of sales is full of clichés,” he says. “Why? Because they work.”

Fittingly, it is a cliché that best describes Farber. He is a natural born salesman.

Says the Smith School alumnus, who is the author of eight books, including two that have been translated into 14 languages, “I love selling something that I’m passionate about and that I know has tremendous value to people.” That applies to products and ideas.

Farber is president of Farber Training Systems, Inc., (www.barryfarber.com), a sales management and motivational training company, which has trained over 100,000 salespeople and executives on topics such as state-of-the-art selling, sales management, and leadership skills. Clients of the Livingston, N.J.-based company include Merck, AT&T, Perrier, Citibank, Gateway, and Minolta.

He is also president of The Diamond Group, which is both a literary agency that represents authors in the business and entertainment fields and a sales and marketing company that offers unique products such as the Foldz™ Flat Pen (the FoldzTM folds to the size of a business card).

To appreciate Farber’s drive, it is necessary to understand his curiosity about the world and his ability to see opportunity in every possibility. “Life is synergy,” he says. “Everything is relative.”

Farber launched his sales career as a community college student, selling fold-up sunglasses. “A friend and I rented a table and sold them, making $400 to $500 a day. I thought, ‘Wow! I’ll do this the rest of my life.’”

He didn’t, but, by the time he received his degree in marketing from the business school in 1982, he had three jobs-selling real estate on weekends, home improvement products at night, and magazine advertising during the day. As his career progressed, Farber moved on to senior positions in sales management and sales training and was the national sales training manager for Ricoh Corporation, a $2-billion company. In 1991, he started his own company.

Today, Farber-who is also a columnist for Entrepreneur magazine, creator of the Focus with Farber pocket magazine, and host of his own television show-takes great satisfaction in what he describes as “developing the people around you.”
“That way,” he states, “you leave some kind of legacy or information that keeps going. I like that idea.”
Smith School's Regional Networking

The Alumni Chapter of the Robert H. Smith School of Business presented three regional networking events in spring 2002.

The first event was held April 16 at the Pier 5 Hotel in Baltimore’s Inner Harbor. Gary Williams ’68, head coach of the 2002 NCAA National Championship Terrapins basketball team, was the keynote speaker. Coach Williams spoke to an exuberant crowd of 350-plus alumni and friends just two weeks after bringing home the national crown to College Park. Prior to his talk, “How to Motivate Your Team,” Williams signed autographs as well as posed for pictures with fans. He recapped the road to the national championship and also entertained questions about how he kept the team motivated.

The Baltimore networking event also provided an opportunity to showcase Smith MBA students. Representatives from the Office of Career Management were on hand to distribute the résumés of graduating students who were still seeking employment. Kudos to all of the alumni and friends who picked up the résumé books and have since hired some of our MBAs.

The Big Apple was the next stop for networking. The Rihga Royal, a JW Marriott Hotel, was the location of the June 4 New York event. Al Carey, senior vice president of PepsiCo and a 1974 University of Maryland alumnus, was keynote speaker. Carey gave an insightful presentation on Pepsi’s diversity initiatives. He also entertained the crowd of 100-plus with some of Pepsi’s new commercials, featuring pop/hip hop stars such as Britney Spears and Shakira. In addition, Brian T. Ratchford, holder of the PepsiCo Foundation Chair in Consumer Research at the Smith School, offered insight on diversity and Pepsi’s initiatives. Host for the evening was the general manager of the Rihga Royal, Dan Flannery ’85.

The final networking event of the season was held June 18 in the nation’s capital at the City Club of Washington. Close to 100 alumni attended the panel discussion with financial industry professionals discussing “Ethics and Investing.” Panelists included Meg VanDeWeghe (left), Executive-in-Residence at the Smith School and
former managing director, JP Morgan; and William Shepherd (right), JD, a Washington, D.C., lawyer, Smith Executive Fellow, and a former Miami prosecutor. Stephen E. Loeb (center), Ernst & Young Alumni Professor of Accounting and Business Ethics, served as moderator.
Former Intelligence Analyst Opens Lines of Communication

Growing up in a small Mississippi town, Janet Hall, who today is senior director of product marketing for AOL Time Warner, was intrigued by foreign affairs and international relations. “I spent my summers reading about that world,” she says.

Hall would not only find her way into that world working for the Central Intelligence Agency and the Department of Defense, but she would go on to open up a whole new world to others through her work with global communications.

The recipient of a bachelor’s degree with honors in political science and German from Millsaps College in Mississippi, as well as a Fulbright scholarship, Hall began her professional life as an intelligence analyst with the government. However, “After the Cold War, I found the work less interesting,” says Hall. She decided on a career change and received her MBA in marketing from the business school in 1994.

After working briefly for MCI, Hall joined AOL in 1996. “I came in at the beginning of what turned into hyper growth,” she says of the early days at AOL. “We were shaping an industry and breaking barriers.”

Her work at AOL has included overseeing the entire software development life cycle of AOL/CompuServe/Netscape’s content management systems. She was also the original product manager for the Web-based messaging service, AOL Instant Messenger, spearheading its launch in 1997. “It was a secret project,” she says. “A small group of us were working on it during our off hours.”

Now, says Hall, when the teenaged children of her friends discover her role in instant messaging, they are impressed. “I’m like a rock star to them,” she says, chuckling. “They use instant messaging the way we used the phone when we were their age.”
Robert H. Smith School of Business Alumni Chapter Board of Directors

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Come home to the Robert H. Smith School of Business on Homecoming Saturday, November 9, to help us dedicate the newly expanded Van Munching Hall. The celebration will commence with breakfast from 8-9 am. Members of the board of directors of the Smith alumni chapter as well as current MBA students will be on hand throughout the morning to take you on tours of the new wing.

After breakfast, have a seat in one of our new computer laboratories and learn from a student’s perspective. The Alumni College Program will run from 9-10:30 am. This is a great opportunity to meet Smith School faculty and discuss how the latest developments in technology are impacting business and society.

The fun continues at noon as the 2001 ACC Champion Terrapin football team takes on the N.C. State Wolfpack. A shuttle bus will be provided from Van Munching Hall to the Homecoming Festival.

For more information on the Van Munching Hall dedication, contact alumni@rhsmith.umd.edu or visit www.rhsmith.umd.edu/alumni/.
Your Alumni Chapter Needs You

The Robert H. Smith School of Business Alumni Chapter is gearing up for another exciting year of alumni programming. Please consider joining one of our standing committees as we attempt to provide our alumni with opportunities to learn, grow, and reconnect with each other and the Smith School. The more alumni involved, the more successful we can be. Please contact the committee chairperson for more information if you are interested in serving.

Membership and Communications. This committee seeks to increase the Smith School alumni base at a rate equal or greater to the university’s successful efforts. Within this drive, the committee anticipates finding new alumni who will want to take an active role in the alumni chapter. To achieve this goal in 2002-03, we plan to use new marketing techniques and to promote the importance of belonging to the University of Maryland Alumni Association. Contact Membership and Communications Chairperson Jim Poulos ’70 at jim.poulos@host.marriott.com.

Professional Networking. The purpose of Smith School alumni networking events is twofold: to educate our alumni, and provide opportunities for alumni and friends of the Smith School to network. The committee organizes, implements, and promotes gatherings of alumni, corporate partners, friends, and students for this purpose. Contact Networking Chairperson Glenn Page ’91 at Glenn.Page@gecapital.com.

Student Recruitment. This committee assists in student recruitment and retention activities in coordination with the Undergraduate Studies Office, Office of Career Management, and Master’s Admissions Office. Contact Student Recruitment Chairperson Kenyon Rogers ’00 at kenyon.rogers@marriott.com.

Alumni Mentor Program. The new alumni mentor program rolls out fall 2002 (see story, p. 33). The program will provide current full-time MBA students with a young-alumni mentor, as well as a senior-level mentor. The program will open up to part-time and undergraduate students in fall 2003. Contact Mentor Program Chairperson Joshua Katz ’97 at jrkatz29@yahoo.com.

Special Events. This committee plans and implements reunions, Homecoming, Fallfest, and gala events for Smith School alumni. Contact Special Events Chairperson Elmus Mosby Jr ’97, MBA ’00, at Elmus. Mosby_JR@bankofamerica.com.

Alumni Golf Tournament. This committee supports the annual tournament chairperson with fund-raising ideas, soliciting auction items, promotion, and coordination of the event. The alumni golf tournament is the annual fundraiser for the alumni chapter. Contact Golf Tournament Chairperson Bill Van Dyke ’79 at bvd@paradigm.com.
Nominations (by-laws, governance, awards). This committee reviews the by-laws to ensure chapter activities are in compliance with operating procedures and regulations of the University of Maryland Alumni Association. In addition, this committee recommends criteria and selects candidates to be recognized for personal achievement or for outstanding contribution and dedication to the business school and the university. Contact Nominations Committee Chairperson Ab Krall ’81 at albert.m.krall@accenture.com.

Finance. This committee has developed internal control procedures, consolidated chapter funds to facilitate control, implemented a process for producing periodic financial statements, and assessed our financial condition. The committee also prepares annually a preliminary budget for the fiscal year that is submitted to the Executive Committee and then to the full board for approval. Contact Finance Committee Chairperson Dave Covington ’73 at d covington@deloitte.com.

MBA. The MBA committee works to maintain a presence with current Smith MBA students as well as with young MBA alumni. The chair of this committee will be the elected class president. Contact MBA Committee Chairperson Michael Green MBA ’02 at m green@gdss.com.

Not sure where you can help? Contact Francena Phillips Jackson, director of alumni relations, for advice: fjackson@rhsmith.umd.edu.