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growing businesses
and changing the
landscape for
entrepreneurs

PLUS: Prevent Employee Sabotage  •  New Smith Alumni Club in New York  •  Thailand's "Condom King"
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[www.execed.umd.edu](http://www.execed.umd.edu)
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Here’s How…
Beginning in April, update and register your SmithConnector profile and be entered to win an iPad with WiFi + 3G!

Already a member? You can win an iPod Nano!
Refer an alumnus to SmithConnector.com and you’re automatically entered into a weekly drawing. When your referral creates a profile on SmithConnector.com, YOU and YOUR REFERRAL are entered to win the grand prize … an Apple iPad.

iPod Nano winners will be announced every Friday in May on SmithConnector.com. Grand prize winner will be announced June 1, 2011.

NOTE: Contest ends 11:59:59 p.m. May 31, 2011. One entry per referral. There is no limit to the number of referrals. Only new profiles are eligible for the iPad drawing. Referrer earns one iPod Nano entry per referral profile. Winners will be announced on SmithConnector.com. All winners will be notified via e-mail. Estimated delivery of prize is five to seven business days. All questions should be directed to alumni@rhsmith.umd.edu.

www.smithconnector.com
CIBER Symposium features Thailand’s “Condom King”

Some restaurant owners put out mints. At Mechai Viravaidya’s restaurant in Thailand, Cabbages and Condoms, a basket on the counter reads, “Sorry we are out of mints, please take a condom instead.” Viravaidya, Thailand’s “Condom King,” is passionate about reducing the birth rate in his country as part of his drive to eradicate poverty. He came to Van Munching Hall on Sept. 13, 2010, to speak with Smith students in a symposium sponsored by the Center for International Business Education and Research (CIBER) as a part of the Smith Undergraduate Student Association’s Business Week.

Viravaidya talked about helping reduce the births per Thai family, the deaths from HIV/AIDS and the poverty in the country. In 1974, Thai families had on average seven children per family and the population was growing at a rate of 3.5 percent: “We’d have no future if the population rate stayed that high.”

Viravaidya explained that condoms can also prevent the transfer of the HIV/AIDS. He also educated Thai people on business strategies to help get themselves out of poverty.

“We had a micro-credit program … called the ‘Non-pregnancy Agriculture Program.’ Women who stayed in the program for years without becoming pregnant were rewarded, and eventually the women understood that if they aren’t pregnant, they make a lot of money—and that was the point,” he said.

In 2000, 26 years after Viravaidya began his mission, the births per Thai family were reduced to 1.5 children per family, a 0.5 percent population growth rate. In addition, the spread of HIV/AIDS was reduced by about 90 percent. His programs were so successful in Thailand that “mechai” now means “condom.” –JB

SMITH SCHOOL’S CENTER FOR EXCELLENCE IN SERVICE HOSTS INDUSTRY-FOCUSED SOCIAL MEDIA FORUM

The Center for Excellence in Service (CES) at the Smith School hosted the Social Media Forum on Oct. 1, 2010, inviting social media and marketing industry practitioners to discuss how marketers leverage social media.

Janet Wagner, director of CES, spoke of the center’s mission and the reasoning behind hosting a social media event: “The social media are a vehicle for building relationships with customers. They are the newest way to listen, learn from and do a better job of serving your customers.”

Wendy Moe, Smith School associate professor of marketing, served as the director for the forum. She introduced keynote speaker Chris Boudreaux, senior vice president of Management Consulting at Converseon and founder of SocialMediaGovernance.com, the foremost online resource on governance in social media. Boudreaux discussed how social media’s place in a company is often unclear, as many are unsure of which department should own it, what its accountability is, what kind of data can actually be retrieved from its use, and what its scalability might be.

A panel discussion moderated by David Godes, Smith School associate professor of marketing, followed, kicking off with the question: “What is a social media strategy, and how is it created? And how do you balance listening versus promoting?”

Lunchtime keynote speaker Joe Panzarella spoke on “The Role of Social Media in the 2010 Census Campaign.” Panzarella, senior vice president and director of customer intelligence at Draftfcb, headed up the 2010 Census Campaign and worked directly with the United States Census Bureau.

The event ended with networking and timed roundtable discussions. Attendees had 30 minutes at each table, which was hosted by either speakers from the day or Smith faculty.

For more information about the Center for Excellence in Service, visit www.rhsmith.umd.edu/ces. –AT
Lockheed Martin senior officials were debating how to cut the weight of a spacecraft when one of them suggested the defense industry giant simply stop painting a fuel cell that is used for only a few seconds of a mission. The savings: 800 pounds and untold hours of labor. The idea didn’t come from an engineer, though. The source of what became an important product improvement was an employee from an entirely different part of the company.

Diversity in the workforce is a priority at Lockheed Martin, says CEO Bob Stevens, who recounted this story to more than 200 executives at “The New Challenges of Leadership: Public and Private Sector Perspectives,” the inaugural conference of the Smith School’s new Center for Leadership, Innovation and Change (CLIC) on Oct. 1. The center was founded with a $1.5 million gift from the BB&T Foundation in support of business ethics and leadership programs at the Smith School, including new curriculum and the BB&T Colloquium on Capitalism, Ethics and Leadership.

Stevens, one of several highly successful executives who spoke at the event, told attendees that Lockheed is committed to hiring and developing the best talent representing different backgrounds and opinions as well as culture and ethnicity. Leadership was the common denominator that allowed organizations to address the challenges of increasing demands in a time of decreased and constrained resources. Stevens also spoke about the importance of connecting employees to goals and missions bigger than just the individual. “We’re determined to be a place that people are proud to be part of,” said Stevens. “Part of that is service to others. … We want to operate with the old-fashioned values: courage, honor, integrity. Values are a true north in an age of change. … We can survive a loss, but not the loss of our reputation.”

Deborah Adler Myers, general manager and executive vice president of programming of the Science Channel, Discovery Communications, spoke during the morning session. When Myers came to the Science Channel in 2008, it had about $20 million to fill 335 hours of original programming, most of which attracted an audience of males older than 50. Myers wanted to make the channel more diverse, to incorporate more storytelling and to ask big questions, rather than just report on big knowledge. But Myers said the channel found itself “brand-cuffed.”

“People on our board of directors thought science was special. It shouldn’t be funny,” says Myers. She also faced the challenge of using her tiny budget to create new programming that would attract a wider audience without alienating the existing core audience. One of its first experiments was a program called “Punkin Chunkin,” which covers the wacky competition between people who create catapults and other devices that hurl pumpkins through the air. It was so successful that last year the channel created a similar program, “Large, Dangerous Rocket Ships.”

Myers’ leadership strategy was to find the gems on her staff and then protect, promote and motivate them. She painted a vision of what the channel could
be at its greatest, as a content creator and “thought provocateur.” The channel’s staff was given a chance to adapt to the change of organizational culture; those who could not were encouraged to move elsewhere.

“The hardest thing to do is to make a change in a time of recession, but you have to have those people with their hair on fire about the brand,” she said.

Kathleen Matthews, executive vice president of global communications and affairs at Marriott International, spoke in the afternoon session about how to lead in the midst of constant change. She related her personal journey from a successful career in television journalism to the corporate world. She saw the changing digital technology as an opportunity for businesses, governments and nonprofits to tell their stories more effectively. “I thought it was important that they embrace those opportunities and do it honestly, with the values of journalism,” said Matthews. “I was in journalism because I thought it was a way to do good, and I also believed that business could also be a way to do good—and that doing good was a way for them to do better on the financial front.”

Changes in the way travelers consume media has changed the way Marriott reaches out to customers and the kinds of services it provides. Communication has become a two-way street thanks to social media, said Matthews: “You have to play in this space because if you don’t, you’re out of the conversation.” She led Marriott through a transformation of its communications processes to incorporate new media.

Social responsibility is also a business strategy for Marriott, said Matthews, and that has proven to have a positive effect on the bottom line. “We work very hard on that, because we believe it gives us an advantage with our customers, but we believe it also has a halo effect across the brands,” said Matthews. “We find that people are asking us about our sustainability policy and our diversity policy. We see this as a differentiator for us.”

Panel discussions on leading innovation in challenging times and the challenge of public and private sector leadership also gave attendees a chance to hear from industry leaders working their way through some of the same issues faced by many of those in the audience.

The event was the first for the new center, which is led by directors Kathryn M. Bartol, Robert H. Smith Professor of Management and Organization; Paul Tesluk, Tyser Professor of Organizational Behavior; M. Susan Taylor, Smith Chair of Human Resource Management and Organizational Change; and Executive Director Pat Stocker. “We hope the center will become a fountain of knowledge for executives in the national capital region,” said Stocker. “We have a wealth of faculty who are world leaders in various aspects of leadership.”

The center provides leadership development spanning managers’ careers, with targeted leadership development programs, skill building and professional development workshops, and niche conferences in particular areas. “We can quickly translate vanguard research into practical expertise and advice for leaders,” said Taylor. “When you’re planning for the future or confronting a major problem, that type of early information can be very helpful. We will be conducting briefings and mini-conferences to share the implications of our research with organizations.”

Taylor said the center directors also hope to partner with companies on research projects that address key organizational challenges. -RW

Learn more about programs and services offered by the Center for Leadership, Innovation and Change at rhsmith.umd.edu/clic.

“We work very hard on [social responsibility], because we believe it gives us an advantage with our customers.”

KATHLEEN MATTHEWS
EVP OF GLOBAL COMMUNICATIONS AND AFFAIRS
MARRIOTT INTERNATIONAL
Faculty Retrospective

What happens when you get five longtime professors in a room with the associate dean of undergraduate programs to reminisce about the old days? Well, you learn things. Smith Business had a unique window into the school’s past recently, during a videotaped conversation with Smith faculty. —RW

Our cast of characters (pictured below, left to right):

Stephen Loeb
Ernst & Young Alumni
Professor of Accounting and Business Ethics

Charles Olson
Professor of the Practice and Director of the Undergraduate Business Honors Program

Susan Taylor
Smith Chair of Human Resources and Co-Director of the Center for Leadership, Innovation and Change

Patricia Cleveland
Associate Dean of Undergraduate Studies

Gary Bulmash
‘66, MBA ‘68, DBA ‘74, Distinguished Tyser Teaching Fellow

Burt Leete
MBA ‘64
Professor Emeritus of Legal Studies and Former Senior Associate Dean

Here’s a sampling of stories:

OFFICE REDECORATION
I was sentenced to a basement office for a number of years. I was so disgruntled by this, having come from the University of Wisconsin, where offices were larger—and not in the basement! So, I painted it deep royal blue and put a cloud on the wall that was impossible to remove some years later.
—Susan Taylor

FUN ON THE CAMPUS
South Dining Hall wasn’t here, and when we had a big snowstorm, students would take trays from the dining hall and go sledding down that big hill.
—Burt Leete

CHAOS ON CAMPUS, PARTICULARLY DURING THE VIETNAM ERA
Vietnam had a huge impact on this campus because of the staging going from New York to Washington. I had a class of about a hundred undergrads in the basement of the Armory. Right next door to the classroom were the ROTC uniforms. It was a 4 o’clock class, and that was the day students decided to break in and burn the ROTC uniforms. They were outside hammering on our window, hollering, “How can you be in there teaching at a time like this! After about 10 minutes, I said, “Well, maybe we ought to adjourn.””
—Burt Leete

It was not out of the ordinary for a student to say, “If you give me a grade below a certain level in this course, you’ll be sending me to Vietnam.”
—Charles Olson

OOPS
I remember making an exam and mistakenly putting the answer to the first problem on the page. I gave out the exams and everybody started laughing. One young lady raised her hand and asked, “Did you intend to give us the answer?”
—Gary Bulmash
STUDENTS AND STUDENT LIFE, THEN AND NOW:

One of the things they seemed to have that students today don’t have is that they were more worldly. They knew what was going on in the world and they knew how to conduct themselves.
—Charles Olson

In a class of 60 we might have had 10 women, or none. And there were no women MBAs.
—Burt Leete

The college degree was [relatively] unique 40 years ago... I really feel that you need at least one graduate degree today to differentiate yourself and prepare yourself. I often talk to students about getting degrees in different areas to make yourself more flexible.
—Steve Loeb

Now there’s more group work everywhere. Even at CPA firms, everything today is teams.
—Gary Bulmash

When I first came to the Smith School in 1998, the line of undergraduate students wanting to register for classes extended down the hall, out the building, around the building. No longer do faculty have to go sit in the (former Cole) Field House and the Armory and count noses, no longer do students have to undergo an ordeal by combat to register for classes.
—Pat Cleveland

Structurally, our whole economy is changing. Students don’t even know what the fields will be when they graduate. It’s a very tough time for students now.
—Susan Taylor

GRADING, THEN AND NOW:

We were expected to give low grades, including Fs. It was expected that we give a 2.3 average in a typical undergraduate course, which meant Cs and Bs and not a lot of As. A 3.0 or a 3.8 meant a lot more than it does today.
—Charles Olson

Now if students get a C they think it is the end of the earth. We used to give half the class Cs.
—Burt Leete

TEACHING, THEN AND NOW:

I use PowerPoint, but it’s only to outline what the lecture’s about. The substance isn’t in the PowerPoint. I tell them that if they study the PowerPoint, they’re going to flunk the course.
—Burt Leete

SHARE YOUR OWN MEMORIES BY GOING TO FACEBOOK AND JOINING THE FACULTY RETROSPECTIVE DISCUSSION.

GUESS WHO?

...had a secret rooftop lounge area outside his or her office?
...got tenure in just two years?
...once drove a moving van up to the steps of Tydings Hall?
WATCH THE VIDEO TO FIND OUT

See the rest of the conversation. The video is posted on our website, www.rhsmith.umd.edu/smith_business/spring2011.
More than 200 alumni gathered at the Ernst & Young National Headquarters in Times Square on Sept. 29, 2010, to celebrate the launch of the Smith Alumni Club of New York, or SmithNY. The region-specific alumni club is the first of its kind at the Smith School, and aims to unite the more than 5,000 alumni living in the Greater New York region.

The event was a collaborative effort between the Smith School and the SmithNY Council, including Ngozi Nwaneri ’09; Neil Samen ’09; John Masoudpour ’01, MBA ’07; Alex Muchinsky, MBA ’96; Puja Samria, MBA ’10; Marla Weintraub ’09; and Jared Piche ’00. Both the Smith School’s Office of Development & Alumni Relations and the SmithNY Council saw a need for an alumni club for Smith alumni living in New York City, Northern New Jersey and Southern Connecticut—the second-largest population of Smith alumni, after the Washington, D.C. area.

“We could not have asked for a better turnout or better engagement from the alumni,” Nwaneri said. “It was nice to see so many alumni come out to the launch event. We are looking forward to providing alumni in the city more stimulating programs and events throughout the upcoming year.”

Dean G. “Anand” Anandalingam, Patricia Cleveland, associate dean of undergraduate studies, and Kelly Brown, assistant dean of alumni relations, all made their way up to the Big Apple for the festivities. Vice Chairman and Northeast Managing Partner of Ernst & Young, Mark Manoff ’78, hosted the launch event, letting SmithNY use Ernst & Young’s space in the heart of the city.

“The launch of SmithNY is critical in that we hope to provide a model for other regional clubs to be based on. We anticipate launching the next clubs in the Baltimore and Philadelphia regions,” said Rosetta Clay, director of alumni programs. “The key will be identifying strong alumni leadership who will work with us to build sustainable programming that will be relevant for many years to come. Obviously, there will be region-specific programming for the clubs, but the mission and goal will be the same: to strengthen Smith’s brand and provide opportunities for alumni to engage with one another, students and the Smith School.”

–JB

GE WOMEN LEADERS SHARE LEADERSHIP ADVICE WITH SMITH WOMEN

The Smith Association of Women MBAs (SAW MBA) and the Women’s Network at General Electric (GE) came together on Oct. 5, 2010, to discuss leadership and network during the annual GE Women’s Panel. Each year, the association hosts a panel that gives Smith women and SAW MBA supporters the opportunity to hear practical and sincere advice from successful women employed by GE. Attendees heard about the need to create a “web” instead of a “ladder.” Rather than focusing on reaching each person at the various levels that lead to where you want to be, work to create a valuable network. Panelists also told Smith students that people do not have to have subordinates to be leaders. They urged that the MBA students try to recognize their strengths and weaknesses, especially during stressful times. They also talked about how to achieve work-life balance and keep leadership skills fresh after leaving graduate school. –SK
CIBER Fellows Get to Work
Working abroad widens horizons for Smith MBA students

The Projects

Reneida: I have to figure out new ways for GMM to monetize their existing entertainment content. Mobile phones are the most utilized entertainment medium in the country. Even rural or lower-income households without PCs have cell phones, and everyone here (young and old) enjoys personalizing them with ringtones, ring-back tones, visuals, etc. GMM already sells this type of content (plus entire music tracks) via à la carte or subscription models. Piracy, however, is rampant in Thailand and … erodes the perceived value of GMM’s original content and users’ willingness to pay for it. Digital Domain has no choice then but to innovate.

Brandon: First Step is a special economic zone or export processing zone in Sierra Leone, about 20 km from the main quay [a piece of land, 50 acres, that will be parcelled into anywhere from six to 20 sections, where each section is then leased to a corporation.] Sierra Leone does not export much of anything with value-added manufacturing processes. It has diamonds, iron, gold, mangoes, pineapples, and more, but it only exports the raw materials. Our vision … [is] to attract local and foreign businesses that will sell goods that have this additional value.

Eric: MABS provides technical assistance and training to rural banks to expand microfinance services. The most interesting part of the MABS program is the innovative technology it is introducing. For instance, a service called GCash provides micro-entrepreneurs with the ability to conduct their banking through mobile phones via SMS messages.

Rodney: Foliage Design is a relatively small company and is looking to expand its Plant Rentals Division. It is up to Jenn and me to analyze the market, the company’s brand, and the finances to determine if this planned expansion is feasible and then implement and oversee a plan to expand this division. I’m looking forward to completing this project and shaping the direction of the company.

Great Experiences

Eric: What a week! My first day of work was the beginning of the 57th Rural Bankers Association of the Philippines Conference. In the first two days, I sat at a table with the governor and deputy governor of the Central Bank, a newly elected senator and the U.S. ambassador to the Philippines.

Reneida: Tuesday I had dinner with [then-] President Dan Mote of the University of Maryland, who was in Bangkok for an official gathering of the Thailand Terp Alumni Association. I was very impressed by the level of accomplishment of Thailand’s Terps. Many former students are now professors at some of the biggest universities in the country, CEOs or executives at some of Thailand’s biggest firms. Nevertheless, they are invariably approachable and eager to talk to anyone about their alma mater.

Lessons Learned

Reneida: Before coming to Thailand I never quite understood the important role that technology plays in society, how technology lag can limit a country’s ability to compete, create jobs that are on par with those of other countries or encourage the flow of capital to new businesses. The absence of certain key technologies can cripple education (specifically public education) and the access of the middle and lower class masses to information. It all boils down to inequality and the perpetuation of models that discourage social mobility, competition and collective progress.

Eric: Muhammad Yunus once said that poverty is not a function of the person, but a function of the system. I am not sure I could have truly appreciated the meaning of this quote if I hadn’t worked in the Philippines this summer and visited the hard-working micro-entrepreneurs throughout the countryside who were able to build their businesses because of inexpensive access to credit.

Get the Whole Story
Read more from the CIBER Fellows and view their photos on their blog, http://blogs.rhsmith.umd.edu/ciber-fellows.

CIBER is funded by a grant from the U.S. Department of Education. Learn more at www.rhsmith.umd.edu/ciber –RW
Winning the Dingman Center for Entrepreneurship’s annual Cupid’s Cup Business Competition gives student entrepreneurs startup cash as well as bragging rights. But just how does it affect a student’s business prospects? See how past winners have done.

**North Star Games**  
2006  
Dominic Capralutto  
dominic@northstargames.com

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**Goozex**  
2007  
Jonathan Dugan  
jdugan@goozex.com

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**Anaptyx**  
2008  
Jonathan Rust  
jon.rust@anaptyx.com

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**College Media**  
2009  
Amanda Nachman  
anachman@gmail.com

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**Social Growth Technologies**  
2010  
Paul Capriolo  
p.capriolo@gmail.com

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Everyone wants to be better than average. Top the average income, rate a bit better in the "looks" department, have smarter kids. As it turns out, we consumers don't want to be just average in using our products, either.

In new research that could help increase marketing effectiveness, associate professors of marketing Rebecca Hamilton and Rebecca Ratner found that consumers who don't think they can meet the pace of product use set by other consumers are less likely to purchase the product.

Hamilton and Ratner, with co-author Debora Viana Thompson, PhD '06, designed a series of studies to figure out how people would judge a product when they imagined themselves using it either more or less than other consumers. They asked participants to rate how often they'd use various products—video games, running shoes, grills, and calculators—after showing them either high- or low-frequency usage cues. For example, some participants saw an ad promoting running shoes for workouts "every day" and others saw the ad promoting usage "every week."

Although participants predicted they would use products more often when they were given a high-frequency cue, that actually made them less interested in purchasing the products. That is, participants, particularly those who exercised rarely, were more interested in the running shoes when they read the ad about weekly use. Consumers who saw the "every day" ad believed everyone else would use the product more than they would, and this translated into weakened interest in buying it.

"Even if consumers will be using a product by themselves, such as a calculator, they act as if they care a lot about how much everyone else is using it," said Hamilton. "This seems to be one of the ways that consumers decide whether products are being targeted to them."

So marketing your product to suggest customers will get their money's worth by using it frequently may not be the most effective strategy. Instead, says Hamilton:

- Understand how often people really use your product. Do your market research to figure out how frequently real people use products—not just how often they wish they would use them.

- If you are suggesting a usage frequency, make it attainable. Figure out what's attainable for your target audience and tailor your message to help them feel good about how often they'll use your product. For example, if the goal is to get a casual runner to purchase a new pair of Nikes, the message that "you'll use this product weekly" will encourage the runner to think, "I can do that and maybe even more—this product sounds like a good fit for me!"

- Segment your market and choose the right message for each segment. Adapt your message so that is it most effective for each segment. For example, if you advertise running shoes, your message in Runner's World magazine and National Geographic should be different.

"Outpacing Others: When Consumers Value Products Based on Relative Usage Frequency," will be published in the Journal of Consumer Research in April 2011. –CH
Why does it pay to be nice to your waiter? Because if you don’t, he might spit in your soup. That’s a concern not only for diners, but managers, who know that great customer service is key to building brand and customer loyalty. Most companies hope their employees are behaving in a friendly, professional and patient manner toward customers, and fulfilling their requests. But sometimes employees actively sabotage customers.

Hui Liao, associate professor of management and organization, examined the causes of employee sabotage in a recent study. Liao and her co-authors surveyed about 130 employees at a call center in China that provides customer service support for telephone and cellphone products. Employees were asked daily over a period of 10 working days to list any incidents during the day when they had sabotaged customers. Employees admitted to hanging up; intentionally leaving customers on hold, transferring them to the wrong department or disconnecting them; or lying to customers about the status of their problem. A whopping 88 percent of the employees sabotaged customers at least once during the study period.

What makes service employees act out against customers? Anger is one of the major causes. When employees feel that they have been treated unfairly by customers, they can react with anger and be motivated to retaliate. In those cases, the sabotage is calculated. Employees act to get revenge against customers who have treated them badly.

In other situations, employees simply “lose it.” Dealing with customers is taxing. When an employee faces hostility from customers, it can strain the employee’s psychological resources, leading to a loss of self-control. A recent example was the JetBlue flight attendant who, after being mistreated by an unruly passenger, stormed out of the plane via the emergency slide.

Hiring more optimistic, upbeat and positive people for customer service positions is one way to combat sabotage, because people who are naturally better at and more confident in regulating their emotions are less likely to act out under stress. But managers can help, too. Job training and job tenure mitigated the effect of customer mistreatment on employees, Liao found. Getting employees to understand and embrace their company’s service policies was also important.

“This commitment functions like a motivational resource,” Liao says. “When an employee is more motivated, he or she is more determined and more persistent in sticking to the company’s customer service rules.”

While the study was conducted in China, the findings are not culturally bound. “Chinese people are very polite because they are focused on preserving harmonious relationships between individuals,” says Liao. “So the employee reaction to customer mistreatment was probably less strong in China than it might be in a Western society.”

“Daily Customer Mistreatment and Employee Sabotage Against Customers: Examining Emotion and Resource Perspectives” is forthcoming from the Academy of Management Journal and is co-authored by Liao, Mo Wang, assistant professor of psychology; Yujie Zhan, doctoral candidate; and Junqi Shi, Peking University. For more information, please contact hliao@rhsmith.umd.edu. -RW

Preventing Employee Sabotage
A few simple steps can help you keep employees—and customers—happy

WHAT CAN MANAGERS DO TO REDUCE EMPLOYEE SABOTAGE AGAINST CUSTOMERS?

1. Pick the right people, says Liao. Those who are by nature positive and have a high emotional intelligence better handle the daily stress of working with the public.

2. Invest in training. Showing interactions from customers’ point of view helps employees to respond patiently and courteously.

3. Invest in experience. Seasoned employees know how to manage the stress of customer service and can pass the benefits of their experience along.

4. Nurture motivation. Clarify your expectations for customer service and explain why these rules exist. Then work with your employees to help them embrace your company’s service credo.

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Banks Are Best
Firms with formal financing are more successful, study finds

China is one of the largest and fastest-growing economies in the world, despite the fact that its financial systems and institutions are underdeveloped, under strict central control and notoriously inefficient. It has also proven to be an excellent laboratory for researchers to explore basic principles of finance, identifying what works and what doesn’t.

A new study by Vojislav Maksimovic, Dean’s Chair Professor of Finance, has found that even a dysfunctional formal banking system is better than none. It upends conventional wisdom (and past financial research) that small, unsecured loans from family and friends or from local moneylenders or strongmen have fueled China’s remarkable growth.

“The idea is that you have more incentive to repay because you have a relationship, or because bad things will happen to you if you don’t repay the loan,” says Maksimovic. “Some people have suggested that this is the key to the ‘Chinese miracle.’ What we found was quite the opposite.”

Maksimovic studied 2,400 private-sector firms in China using data from the 2003 Investment Climate Survey that was led by the World Bank. About 20 percent of those firms were financed through formal channels, a number comparable to other developing countries.

Maksimovic and his co-authors found that while there was wide use of informal financing, bank financing was really the predictor of firm success. Small firms with bank funding grew faster than those financed from alternative channels. Firms that received bank loans had higher sales growth, were more productive and had a higher rate of profit reinvestment.

This connection between bank financing and the success of small firms is important, especially for policymakers in nations with developing economies. “It is important because how you develop policy depends on what you believe,” says Maksimovic. “If you believe that formal and informal financing do equally well, then perhaps you do not put as much emphasis on strengthening the banking sector, putting in regulations and controls; instead you would let an organic system grow up to finance small firms through informal means. But countries really need to have a formal banking system in place for small firms to go to. The better firms will try to do that.”

Funding from informal sources also can’t be scaled up beyond a certain point, because their monitoring and enforcement mechanisms aren’t equipped to handle larger firms. For long-term success, firms must “graduate” to more formal financing, says Maksimovic.

It is often difficult to get published data about private firms in nations with developing economies. By working with the World Bank, Maksimovic had access to data far in advance of when public records would become available.

“Most of the research done by finance professors used to be very U.S.-centric,” says Maksimovic, “because that’s where the data is. But we’re finding that more of our students now come from developing countries, and more students are working with companies outside the United States. So it is important that they understand the differences between how things work in the United States and how they work elsewhere.”

“Formal versus Informal Finance: Evidence from China” was co-authored by Vojislav Maksimovic; Meghana Ayyagari, PhD ’04, George Washington University; and Asli Demirguc-Kunt, of the World Bank; and published in The Review of Financial Studies. This research was partially funded by a grant from the National Science Foundation. For more information, contact vmaksimovic@rhsmith.umd.edu –RW
Flight delays cause more than impatience and aggravation for passengers. A recent study conducted at five American universities shows that flight delays cost the nation $32.9 billion a year, with nearly $17 billion of that coming out of the pockets of inconvenienced travelers.

Michael Ball, MES ’72, MSE ’77, PhD ’77, Orkand Corporation Professor of Management Science, associate dean of research and co-director of the National Center of Excellence for Aviation Operations Research (NEXTOR), participated in the research, which was funded by the Federal Aviation Administration. It was the first to model passenger cost in detail, Ball says.

The study found that airline passengers in 2007 were delayed by a total of more than 28,000 years, costing them $16.7 billion in lost time. Passengers whose flights were so late they miss connecting flights, or those whose flights get canceled, bore the brunt of that cost.

“You can have a flight where the delay is only 25 minutes, but you miss your connecting flight and your delay becomes hours long. Or you can get to the airport and your flight is canceled, and that is a huge delay to you,” Ball says. “The passenger costs are higher than the airline costs. Earlier reports show them on par, so that was different than all previous studies.”

The airline industry suffers about $8.3 billion in losses annually because of delays, according to the study, which also found that heavy delays have a negative effect on the economy.

The study was conducted by researchers at the University of Maryland, College Park; Massachusetts Institute of Technology; the University of California-Berkeley; George Mason University; and Virginia Polytechnic Institute. —JB
Celebrating the Smith School’s Influential Entrepreneurship Center

After schlepping off the campus a few times to buy printer cartridges, University of Maryland juniors Sascha Maraj, Bill Ke and Jon Grunewald had an idea for a new business: Collect empty printer ink cartridges from other students and refill and return them.

The friends had a name for the business—“Inkup.” They had a target customer, said Maraj—a student who “has a printer, cares about the environment and doesn’t have a car.” What they didn’t have was startup money.

The trio got their chance to win some at the Oct. 29, 2010, Pitch Dingman event. Instead of pitching to entrepreneurs-in-residence from the Smith School’s Dingman Center for Entrepreneurship, they pitched their big idea to the University of Maryland’s Board of Trustees and a panel of judges that included Kevin Plank ’96, founder and CEO of Under Armour, and Jason Finger ’94, founder of Seamless Web. Both businesses started out small and went on to earn revenues in the hundreds of millions. Inkup’s founders would like to do the same.

Starting your own business is a risky proposition. Thousands of businesses are started each year, and about half of them will fail. The National Federation of Independent Businesses estimates that over the lifetime of a business, 39 percent are profitable, 30 percent break even and 30 percent lose money, with 1 percent falling in the “unable to determine” category.

But Inkup has an advantage—it’s working with the Dingman Center.

The Startup

Rudy Lamone was dean of the Smith School in 1981 when he began pondering the idea of entrepreneurship as a field of study. “When I began to talk to faculty about this idea, they were ready to run me out,” says Lamone. “They didn’t think entrepreneurship was a legitimate intellectual discipline.”

It took Lamone three years to drum up sufficient support for an entrepreneurship program. The turning point was convincing two senior, well-respected faculty—Ken G. Smith, former Dean’s Chaired Professor of Business Strategy, and Stephen J. Carroll, professor emeritus of management and organization—to help with curriculum design.

“It was a big moment for me because I’d worked so hard, and these two wonderful guys agreed to support it,” Lamone says.

But getting faculty on board was only part of the equation. Launching an entrepreneurship center would take money, and lots of it. Lamone needed a partner—an angel investor, if you will—who would be willing to take a chance on teaching people how to start their own businesses.

He found that partner in Michael Dingman, a self-made international investor and businessman who at the time was CEO of Signal Corp. (later to become Allied Signal). Lamone and William “Brit” Kirwan (former university president and current chancellor of the University System...
of Maryland) approached Dingman with the idea, and he was immediately captivated at the notion of an academic center that focused on entrepreneurship. “It’s important for students to have the freedom of thinking that an entrepreneurial spirit creates, toward the creation of a livelihood,” says Dingman. “It helps you think out of the box, to actually apply the lessons you’ve been studying.”

The difference between teaching about venture creation and actually experiencing it parallels the difference between reading about a foreign country and traveling there. In the go-getting Lamone, Dingman recognized a fellow traveler on the roads of entrepreneurship.

“Rudy and Brit Kirwan were very entrepreneurial themselves,” says Dingman. “At the time that was pretty rare. I thought they were magnificent people. I wished Rudy had been dean when I was at business school.”

Lamone promised Dingman that Maryland would start an entrepreneurship center that would touch the lives of many students and would also provide an engine for business development in the state of Maryland. Dingman signed a check, and in 1986 the center was born.

**Dingman Takes Off**

Jerry Feigen was the center’s first director, helping Lamone set up its initial structure. The following year Charles Heller took the reins, and the Dingman Center took off.

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Heller was a serial entrepreneur who came to the university to run a technology commercialization program at what is now Mtech. He was getting ready to leave to start another company when Lamone lured him away to the Dingman Center. Heller promised to stay for a year, but wound up staying for 10.

“I got more satisfaction out of building the Dingman Center than I did out of building my own companies,” said Heller.

Heller made good on Lamone’s promise to Dingman by providing services to entrepreneurs throughout the mid-Atlantic region. He developed a mentor program with 200 mentors, some of whom were active and others who interacted with the center on special issues. He started the Baltimore-Washington Venture Group, which has morphed into the Capital Access Network, one of the first venture programs in the region.

Heller also established student programs such as the Dingman Scholars, which gave entrepreneurial MBA candidates a chance to explore and develop their skills beyond the classroom.

The combination of services was especially important to Lamone. “Entrepreneurship is a different animal,” he says. “You’re coaching and mentoring, not just teaching from a podium, and you’re working with a group of students who really want to go out and do something in the world, to make a difference. But I wanted to have a program not just for the students, but for other entrepreneurs in the area. That’s the mark of the Dingman Center. It wasn’t just another academic center, it was a program for real-life, honest-to-God entrepreneurs who were trying to break through with a new idea or piece of technology.”

And just about every week the center was running workshops or programs all across Maryland, Washington, D.C., and Northern Virginia, teaching entrepreneurs how to get financing, how to market their products and how to manage growth. “I wanted to give people the services that I wished I’d had when I was starting out,” says Heller. “When I started my first company this area was a black hole for entrepreneurs. There were no role models, no educational programs.” When the Dingman Center started it was, Lamone says, “the only gig in town.” No other Washington, D.C., or Maryland school offered anything like it. The Dingman Center helped create a culture of entrepreneurship within the Smith School, but also in the region.

When former dean Bill Mayer encouraged the center to be self-supporting, freeing it from dependence on state funding,
His postdoctoral research at the university led to the development of a high-intensity lamp powered by microwaves, which he sold through Fusion Systems, a company Spero started that brought in $170 million in annual revenue before it was acquired in 1996. At the Dingman Center, Spero was instrumental in creating the center’s New Markets Growth Fund (NMGF), a $20 million venture capital fund created to invest in early- and expansion-stage companies located in economically distressed sections of Maryland, Washington, D.C. and Virginia. Investors in the NMGF include public entities, private institutions, and high net-worth individuals. $10 million were raised from private donors, and $10 million were provided by the Small Business Administration.

Looking to the Future

Since 2004, Asher Epstein, MBA ’04 and former Dingman Scholar, has been at the center’s helm, pushing the center in an increasingly global direction. Epstein sees three main opportunities for the center in upcoming years: to partner with the Clark School of Engineering to promote and develop an entrepreneurial mindset across the entire campus; to aggressively pursue technology commercialization opportunities on the campus; and to strengthen national and global opportunities for students.

Mark Walsh, chair of the Dingman Center’s Advisory Board, and John LaPides, immediate past chair, are both passionate about the global programs offered to Maryland students through the Dingman Center.

“When other universities hear about what we’re doing, they think it is the greatest thing they’ve ever heard. They want to be a part of it,” says LaPides. “I think one of the big pieces for the future will be our global impact. The center has a lot of momentum on which to build for the global future. Entrepreneurs coming out of business school today need to have that global experience; it’s crucial.”

The annual China Business Plan Competition is one of those unique global experiences. Teams of three to five MBA students from the Smith School and the Guanghua School of Management at Peking University in Beijing work together on a business idea—first virtually, and then face-to-face in Beijing—before competing for $10,000 in prize money. It’s a unique opportunity to learn about entrepreneurship and to practice cross-cultural collaboration. The competition, now in its sixth year, serves as the highlight of a weeklong business and cultural exploration of China for Smith MBA students.

“Smith students who participate in the China Business Plan competition come away from it having met and interacted in a very meaningful way with Chinese students and Chinese entrepreneurs. Later in their careers when that becomes an important skill, they will have it, and in a much more meaningful way than most universities can provide,” says Walsh.

The center also offers a unique learning experience in cooperation with the Technion in Israel, in which Smith MBA students partner with Technion MBA students on technology commercialization. “What really distinguishes our international programs is the classroom experience—having our students learn side-by-side with students in China and Israel,” says Epstein. The center recently won the top award for innovative teaching methods from the Global Consortium of Entrepreneurship Centers for its international programs.

Not every Smith student will start his or her own business, but every one of them should have an entrepreneurial mindset, says Epstein: “Being entrepreneurial is about recognizing and capitalizing on opportunities around you, and figuring out an effective strategy for growth.” Entrepreneurship is a core course for all MBA students and is woven into the curriculum for undergraduates. The Dingman Center also provides entrepreneurship classes for non-business students through its summer Jumpstart program and a new I-Series general education course about entrepreneurship.

That knowledge will inspire a number of hopeful students to launch businesses this year—like Inkup. Its founders won the Pitch Dingman competition, and so impressed the audience of university trustees that they won the Audience Favorite award too. That put $2,750 of cash in their hands. Maraj, Ke and Grunewald started refilling ink cartridges for fellow Terps in November. So far profits are small, but they’re growing.

And who knows—maybe they’ll be one of the companies that go from “the back of the napkin” to earning millions in revenue. It could happen. Either way, they’ve joined the ranks of companies that exist because of the Dingman Center. –RW
Rudy Lamone's family immigrated to the U.S. from the province of Abruzzi, Italy, in the early 1900's. They were a family with a knack for business and a bent toward new ventures. His aunt and cousin ran corner grocery stores, his brother ran restaurants, and his cousin opened up a women's sportswear business. That's where Rudy cut his teeth. "I would go to New York to buy women's clothes," he relates with a chuckle.

Their combination of hard work and moxie paid for all the children in Rudy's extended family to go to college. "That was the fire that lit my interest in entrepreneurship," he says.

But when Rudy was teenager, anything business-related took a back seat to anything music-related. Rudy was a gifted saxophone player determined to make music his career. He lied about his age to play in Pittsburgh clubs, burning the end of a cork to create fake beard stubble on his face, and made sure to always enter clubs through the poorly-lit back entrances.

He spent the next four years on tour with a succession of big bands and eventually the Rudy Lamone Band, which provided backup for major acts on tour. In due course he landed in North Carolina, spent three years in the Army at Fort Bragg (and in the 440th Army Band), and then finally settled down to an undergraduate education at the ripe old age of 26 at the University of North Carolina.

When Rudy came to the University of Maryland as a newly-minted PhD, he found a tiny but surprisingly impressive group of young professors and a mentor in then-dean Charles Taff, who was determined to make the business department great. "Coming here turned out to be a great decision on my part," says Lamone. "It changed my life."

At the time, the business department lived in the School of Business and Public Administration, a conglomeration of academic disciplines that included business, economics, journalism, political science and geography.

"We couldn’t become well-known unless we were really a school," says Rudy. He and a few other faculty argued their case to the administration of the

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Reconnect with Rudy!

Send your greetings to Rudy in the comments section of this article on the Smith Business website.

The Godfather of Entrepreneurship

Talk to Rudy Lamone for even a few minutes, and you’ll immediately be struck by one thing: Rudy knows everybody. Everybody. But not everybody who knows Rudy knows how he got to be one of the most respected entrepreneurship leaders in the country and one of the most loved leaders in Smith School history.

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“We couldn’t become well-known unless we were really a school,” says Rudy. He and a few other faculty argued their case to the administration of the
Smith students get firsthand experience with entrepreneurship, and J. Robert Baum, associate professor of entrepreneurship, has taught many of them. As a result he’s seen a lot of student business ideas come and go.

Worst idea ever: the fork with a pen in it.

Great idea: board game “Wits and Wagers,” available at a Target or chain bookstore near you.

Unexpectedly successful idea: the Super Bowl, a toilet that raises and swivels, with a heated seat. It turned out to be a great luxury item, as well as something useful for nursing homes, rehabilitation centers and homes with a wheelchair-bound resident. “It started out as a funny idea,” says Baum, “but it really got traction.”

“There have been hundreds of ideas for nail shops, restaurants, dating services,” says Baum. “They don’t get much traction, but they’re businesses. So try it. Get out and do something. If it doesn’t work, you can try something else.”
KEEPING
CSX
ON TRACK
ew 19th-century technologies have survived unchanged into the 21st. But trains are one of them. And the railway industry isn’t just surviving—it is undergoing a renaissance. As modern industries seek to reduce their carbon footprint, moving material by rail is proving to be greener, more fuel-efficient and more cost-efficient than other methods of transport. Today, two-thirds all new automobiles in the U.S. get from city to city by rail. Coal, steel, grain, consumer products and about 40 percent of inter-city freight are all moved by rail.

And the particular renaissance of CSX, one of the nation’s largest transportation companies, is overseen by Smith alumnus Michael Ward ’72. The $11 billion company provides traditional rail service as well as the transport of intermodal containers and trailers. Ward has spent his entire career with the company that had its beginning in the 1827 Baltimore & Ohio (B&O) Railroad.

Ward had a wealth of ambition but wasn’t sure what he wanted to do with it—in part because he wasn’t very familiar with white-collar jobs. Ward grew up in blue-collar neighborhood in Baltimore, one of eight children of a pool hall owner who pushed his children to get college educations. Ward put himself through the University of Maryland working at an asphalt factory. So when he graduated from Harvard with his MBA, Ward vowed to take the first job offered him by any big company. Chessie Systems Inc. (later to become CSX) was the lucky company that found him. Ward started in the purchasing department, then went on to the finance department as an analyst. He spent the next 15 years in sales and marketing for coal products. Then he ran a division, and then he moved into the C-suite: as CFO, COO and, finally, CEO.

Ward didn’t intend to stay with CSX forever, but he was captivated by the rail industry. “It’s a complicated and fascinating business,” says Ward. “It gets into your blood. Once you get started you’ll never want to leave.”

Part of the industry’s lure may lie in the ways it combines the old and the new, the established and the avant-garde. Take technology. The basics of rail travel—steel wheels on a steel rail—haven’t changed in 150 years. But the rail industry now uses technology that the space station might envy.

CSX owns 84,000 rail cars running on 21,000 miles of track in 23 states, from Montreal in the north to Chicago in the west down to New Orleans and Miami. The immensely complicated logistics required to keep 2,000 trains a day safely in motion involves very sophisticated models to predict origin/destination pairs. These models schedule and track automotive shipments, the shipment of merchandise such as steel, lumber, coal, grain, and consumer goods, and the Amtrak passenger trains that also use CSX track. Digital technologies with cool names (hot-bearing detectors! trackside acoustical detectors! laser-acoustic rail-flaw detectors!) are used to inspect and monitor tracks and equipment for safety and optimum operating performance.

Today’s trains aren’t just technological wonders. They’re also being hailed as environmental heroes. Once a smoke-belching icon of the Industrial Revolution, freight rail is now part of the greening of American industry. “We can move a ton of freight 500 miles on one gallon of fuel,” says Ward. “So we are very fuel-efficient. And we take trucks off the roads. The interstate highway system is getting more congested all the time, so we help reduce traffic. Some trucking companies are doing local pick-ups and deliveries, but hiring us to transport freight between cities. In the latest quarter, our intermodal shipments—trucks on either end and rail in the middle—are up 19 percent.”

Unlike the interstate highways, rail companies are responsible for the upkeep of all their track, as well as locomotives and rail cars. CSX will invest
$1.8 billion in its infrastructure this year, says Ward. When one of its lines along the Gulf Coast was wiped out by Hurricane Katrina, CSX rebuilt the entire line in five and a half months. (It was two years before Highway 90 was rebuilt.)

But in the meantime, CSX moved freight using its competitor’s rails. “We know we need to move the product for the nation,” says Ward. “We work cooperatively with one another, and not just because we’re good guys. We know that we might need someone else’s help one day.”

On an average day, there are more than 200,000 cars on CSX track. Some belong to CSX, and others belong to the companies that contract with CSX. So CSX has to keep track of—and ensure the safety of—200,000 moving pieces of equipment, some of them carrying hazardous chemicals such as chlorine or anhydrous ammonia.

“We’re a common carrier, which means that anyone who gives a shipment to us, we must move it,” says Ward. “From a private enterprise point of view we would prefer not to be responsible for them, but we’re required to by law. So the Transportation Security Administration makes us do an assessment of the most secure routing for these products before we move them. If we have even a leaky seal we have to report it as a release. Last year we moved 99.4 percent of these products with no releases whatsoever.”

It’s a record of which Ward is justly proud, and it is the kind of statistic he can rattle off without a second thought. He’s unabashedly proud of the benefits that rail brings to society.

And that means Ward can’t just worry about running his giant, complex company. He also has to do some politicking. Ward sees increased regulation as the biggest potential challenge to his industry over the next few years, and he’s determined to let lawmakers know about it.

Freight rail is thriving now, but in the 1970s, it appeared that the rail industry was headed for that big railyard in the sky. Twenty-five percent of the nation’s railroads were in bankruptcy, and the rest were pretty close. But in 1980 the industry was deregulated, and freight rail performance improved dramatically.

“The government was faced with two choices: Either nationalize the railroads or free us up to compete with the trucks,” says Ward. “Before deregulation, we had to give someone the same price whether they shipped one car with us or a thousand. Then we could start being more competitive in our pricing, and the industry got much healthier. Further regulation is an ongoing challenge. I and other railroad CEOs spend a lot of time in Washington, D.C., making sure policymakers are aware of what railroads bring to this country and how much we invest in private infrastructure.”

Ward’s lifelong dedication to his company is unusual today, when the average job lasts three to five years. But doing “almost every job in the company” has given Ward an impressive depth of knowledge that has informed his savvy and strategic decisions about efficiency, service and safety. Since Ward took over as CEO in 2003, CSX has enjoyed enormous success. The company’s net income has jumped from $900 million to $2.8 billion in 2008. Dividends to shareholders have tripled. Rep. Bill Shuster (R-Pa.), member of the Transportation and Infrastructure Committee and ranking member of the Subcommittee on Railroads, Pipelines and Hazardous Materials, has publicly credited CSX with converting “more than 14 billion highway miles to rail. It is expected that this system will reduce fuel consumption by 2 billion gallons and shipping costs by $3.5 billion.”

But Ward isn’t resting on his laurels. He’s looking for ways to capitalize on the opportunities that will surely come when the economy improves. –RW
SMITH SCHOOL STUDENTS NETWORK WITH RECRUITERS,
PERSON OF THE YEAR AT 18TH ANNUAL INDUSTRY DAY
Recruiting booths and enthusiastic students alike packed the Pownall Grand Atrium of Van Munching Hall for the Smith School’s 18th annual Industry Day on Oct. 15, 2010. Swag-covered tables, bright signs and information-laden booths attracted students who were eager to network with recruiters and learn about internship and job opportunities in the supply chain management field.

Smith students in the Supply Chain Management Society and the Supply Chain Club recognized Mark Hollifield, the senior vice president of global supply chain for the Home Depot, as the “2010 Person of the Year.” (Michael Ward received the award in 2002).

Afterward, students networked with recruiters from the Home Depot, Target, Black and Decker, and about 30 more employers. Many recruiters were alums who had participated in previous Industry Days.

“I’m an alumna and I got my full-time job at Industry Day six years ago,” said Jackie Doyle, who came to represent Dupont. -JB

“I’m an alumna and I got my full-time job at Industry Day six years ago.”

★ ★ ★

SUPPLY CHAIN MANAGEMENT CENTER BRINGS GOVERNMENT LEADERS
AND TOP EXECS TOGETHER TO SOLVE INDUSTRY CHALLENGES

Supply chain and logistics management is more than getting goods from China to America in time for holiday shopping. Careful management of some supply chains can be a life-and-death matter. Take the risks in moving supplies to troops in Afghanistan: For every 24 fuel convoys that set out, one person engaged in the transport is killed, according to an Army study cited by The New York Times.


The discussion was led by Rick Blasgen, president and CEO of the Council of Supply Chain Management Professionals (CSCMP). It was the second of two such discussions, the results of which were combined with a 300-company survey on supply chain volatility and distributed as an industry white paper.

“The volatility in supply chain management is the new normal,” said participant John D. Porcari, Deputy Secretary of the U.S. Department of Transportation. “We’re living this every day. For example, we’re making sure that the troops in Afghanistan are getting the support they need. We’re seeing it on the civilian side in our freight rail network and how it interacts with our ports and where the bottlenecks are. … This is a very important intersection of academic research, practitioners and national need.”

Participants hope to do other sessions with SCMC and CSCMP. “This conversation was excellent—we hope to collaborate more with our counterparts in other government agencies,” said Michael Kelly, NASA’s director of supply chain. -CH

THE SMITH SCHOOL is one of the world’s best places to explore the challenges of global supply chain management. Our programs are consistently highly ranked—in 2010 “U.S. News & World Report” ranked our undergraduate program #8 in the nation, and our MBA program #15. And Smith alumni, like CSX’s Michael Ward, go on to highly successful careers—not just in traditional fields like transportation, but also in new fields like biotech, cybersecurity and even disaster relief and humanitarian logistics.

We’re able to stay at the top because of our outstanding research and teaching faculty, and because of the opportunities and facilities we offer to students.

Undergraduates in the Supply Chain Management Fellows Program can take specialized courses and participate in extra-curricular and co-curricular activities that give them relevant, real-world experience in the field, like their recent tour of the Port of Baltimore. The Supply Chain Laboratory—one of the most technologically advanced SCM research facilities in the world—trains students in industry leading supply chain software and allows them to take part in real-time simulations, sometimes in competition with other student teams in the U.S. and around the world.

Graduate students can take advantage of our new MS in Supply Chain Management, which allows both full-time students and working professionals to sharpen their skills and learn how to innovate in their fields. Significant corporate partnerships are also bringing expanded opportunities to Smith students. The Intermodal Association of North America (IANA) recently gave $150,000 to support scholarships that encourage freight transportation-related management development. IANA gave $90,000 to start the scholarship program in 2006, which benefits undergraduate students in the Supply Chain Management Fellows Program. -RW
SPOTLIGHT: BLIND PIG COCKTAILS
Landon Shoop, MBA candidate 2011, and Brian Walsh, MBA candidate 2011 have taken a business idea they cooked up for an MBA entrepreneurship class project and are running with it. After trying too many pre-mixed cocktails that weren’t up to par, they decided to create Blind Pig Cocktails. With a name that harkens back to a nickname for Prohibition-era speakeasies, the company will offer premixed cocktails made with all natural ingredients.

“We are a premium premixed cocktail company,” Walsh explained. “Our cocktails are something you probably wouldn’t be able to make on your own—you’d have to go to a mixologist. But, with Blind Pig Cocktails, now you can have quality, premixed drinks at home or at a party without the high-class bartender.”

Walsh has a mechanical engineering background, but has experimented with brewing his own batches of beer for many years. Shoop is a self-proclaimed “foodie” who left a consulting job to get his MBA at Smith, setting his sights set on a new career in the food and beverage industry after he graduates.

Right now, Blind Pig Cocktails is working on two flavors—the Jargarita™, a take on the classic margarita, and Smugglers Tea™, a vodka based drink featuring high-quality black tea, elderflower liqueur, cucumber, and lemon.

“Our cocktails are not just ordinary cocktails, but reinvented versions of classics that add new dimensions of flavor and fun. For example, our twist on a margarita is made with four different citrus fruits and all-natural hot pepper-citrus syrup,” Shoop said.

They want to sell their product in liquor stores, but focus more on getting Blind Pig Cocktails into grocery stores with a liquor license: “Our go-to-market strategy is to focus on selling our product through event planners who have the ability to reach a large number of consumers per each event. We also intend to pursue a more traditional sales route by selling in liquor and grocery stores,” Shoop said. They also want to market their product to party planners, explaining that it typically costs about $500 an hour to hire a mixologist who can create the type of high-end cocktails that they are serving. Now, party planners can provide a $10/hour bartender who can serve Blind Pig Cocktails, so the quality is there, but the cost is not.

“Ultimately, we see our target market catering to the 25- to 35-year-old age range. We will initially target metropolitan areas, first Greater Washington, D.C., but with plans to expand. We want to sell in any retailer that sells alcoholic beverages, ideally in the beer aisle,” Walsh said.

The duo is very excited about creating premium premixed cocktails from unique ingredients. “There are some really great ingredients out there that people have no idea about. If you can tap into those, you can make some really great drinks. We are trying to replicate that in what we do,” Shoop said. They hope to launch Blind Pig Cocktails in spring 2011. –JB
Some people get their great ideas in the shower or on a run. Jason Finger ’94 got his while working late.

After graduating from the Smith School, he earned his JD/MBA at New York University, then was hired as a corporate attorney for a private equity and M&A-focused boutique law firm in Manhattan. One late night near Thanksgiving 1998, Finger was stuck at the office, alone and hungry. Most local restaurants were closed, and those that were open wouldn’t deliver for less than a $75 order. Finger wondered if his dilemma was widespread in the city. And if so, was there a way he could make money from it?

Finger had already demonstrated a knack for making money. At the Smith School, he sold fraternity and sorority insignia jewelry, a business that was so successful it threatened a large distributor, who visited him with a cease-and-desist order. (Ironically, that was what sparked Finger’s interest in business law.) At his law firm, Finger often took dinner orders from colleagues and charged them to his 2 percent cash-back credit card.

But the prospect of starting his own business ignited Finger’s passion. With a friend, he developed a business plan, raised $345,000 from investors and took the scary step of quitting his great job to pursue his dream full-time.

“For the first year or two we had an irrational level of confidence, passion and focus,” says Finger. “I say ‘irrational’ because it’s crazy to start your own business, especially when you have student loans and a good job. But I couldn’t sleep at night, thinking about this idea. I didn’t want to do anything else.”

Within a year he and a friend had started SeamlessWeb, an online meal ordering site. SeamlessWeb aggregates orders—eliminating that pesky “minimum order” problem that so annoyed Finger—pays the restaurant and bills the company. Companies get just one bill, rather than having to deal with receipts and reimbursement forms from many employees. They can also embed all their business rules at the point of sale—amount of reimbursement, billing codes and the like—which reduced company paperwork and saved time for employees.

It was a daunting project. The code for the platform was incredibly complex, and Finger and his friend had to sell the idea of the service to both local restaurants and local companies. But they pulled it off. SeamlessWeb was launched in 1999 and was an immediate success. In 2004, SeamlessWeb was named the fourth-fastest-growing company in the United States by Inc. magazine. In 2006, when it had $100 million in revenues, food giant Aramark acquired the business. Finger worked as the head of Aramark’s SeamlessWeb division until February 2010, when the entrepreneurial bug bit him again.

Today he is serving as an entrepreneur-in-residence at Bessemer Venture Partners and looking for the next big idea. Who knows how it will hit him next? —RW

Connect: Jason Finger ’94 lives in Greenwich, Conn., with his wife Stefanie and daughters Wesly, 7, and Eve, 3. He has been named Ernst & Young Entrepreneur of the Year, Innovator of the Year by the Corporate Executive Council of New York, and to Crain’s 40 Under 40 list of leading young executives. Get in touch through SmithConnector.
'50s
Clifford M. Kendall '54, chairman of the board of VSE Corporation and chairman of the Board of Regents of the University System of Maryland, is a 2010 inductee to the Greater Washington Government Contractor Hall of Fame.

'60s
James A. Joyce '61 founded Aethlon Medical in May 1998, and presently serves as chairman, president and chief executive officer. During Joyce's tenure, Aethlon has evolved the concept of a medical device to treat infectious disease into a reality of treating infected patients in a clinical trial environment.

'70s
Burton J. Haynes '72, JD '79, has served as a member of Star Scientific Inc.'s board of directors since October 2010.

Stanley L. Merson '79 was elected as a board member for the Charles Town, W.Va.-based one bank holding company for Bank of Charles Town. Merson was also elected to the board of Bank of Charles Town.

Charles Tiedebohl '71 has been appointed a wealth advisor in the M&T Investment Group in the greater Baltimore region, working out of Towson. He works primarily with business owners to coordinate and deliver investment solutions and services, and offer M&T Securities brokerage services, investment products and insurance.

Dennis M. Via '77 is the chief financial officer for Lepre Scali & Company Insurance Services LLC. He has been recognized by Cambridge Who's Who for demonstrating dedication, leadership and excellence in insurance and financial services.

'80s
Steven Aarons '81 of Barstons Child's Play was named chair of the board of directors for American Specialty Toy Retailing Association.

Matt Baker '83 founded Terrapin Adventures in Savage Mill. Geared for both groups and recreation, Terrapin Adventures offers a plethora of recreational activities, from zip lines, high and low ropes, challenge courses, bike tours, and nature hikes to fishing, horseback riding and sailing.

Linda Beneze '81 is CEO of KIKA Medical. She is married to Robert Beneze JOUR '78.

Miguel Boluda '81 was recently named head of the board of directors for the MD and D.C. Credit Union Association.

Robert J. Callahan '87 is a certified public accountant who came to the Fund for American Studies in 2001 as the vice president of finance and administration.

Allen Cheng '80 has served as senior vice president and chief investment officer of the adviser at Altegris Investments since July 1, 2010.

Steven Field '83 is chief financial officer for Platinum Solutions in Reston, Va.

Dan Hutchinson '81 has joined Catapult Technology as vice president of the Enterprise Systems division. Hutchinson is responsible for pursuing growth and managing in excess of $20 million a year in programs.

Robert Keuroghlian '85 has been named chief executive officer of Partners International, an independent information technology consulting firm.

Martin King '86 has joined the law firm of Gorman & Williams, where he concentrates on business transaction matters involving real estate development and financing, corporate and commercial law, business planning, taxation, estates and trusts, not-for profit entities, and general business matters.

Jeanne M. Phelan '77, JD '80, recently joined DLA Piper's Labor and Employment practice, based in Baltimore. She has extensive experience representing employers in labor and employment matters.

Barbara M. Pooley '84 has been appointed executive vice president and chief administrative officer of Kimco Realty Corp.

Kimberly and Tim Powers '85, co-founders of Walk the Talk Youth Ministries in Chesapeake, have spent the past decade and more ministering to the needs of teen girls with a message of acceptance and love. They have developed a conference, “In Search of a Princess,” a 24- or 48-hour getaway of talks and interactive sessions held in a luxury hotel.

Doug Sampson '87 is a partner at Excella Consulting. He has been with Excella since 2003.

Richard A. Sullivan '84 joined Harso in 2009 as vice president of business transformation and has added the role of chief supply chain officer to his responsibilities. In this additional role, Sullivan directs the implementation of the key initiatives developed to streamline and strengthen Harso's global supply chain.

Lawrence Twele '89 has been named secretary of the Maryland Economic Development Association. He is director of Carroll County's Department of Economic Development.

'90s
James A. Bell, MBA '97, is senior vice president and chief financial officer of Coldwater Creek Inc. and has become the company’s principal accounting officer.

Kevin A. Brown '93 is vice president of Neighborhood Development, Inc. and is responsible for the acquisition and financing efforts at the Neighborhood Development Co.

Sean Dooley, MBA '99, has been promoted to associate in the forensic and valuation services group at Ellin & Tucker.

Martin Friedman '92 has been appointed to Board of Directors of Access National Corp., holding company for Access National Bank, and serves on the bank’s Loan Committee.

John Giere, MBA '98, is the senior vice president of products and marketing at Openwave Systems.

Richard Krygiel, MBA '97, recently joined Education Affiliates in Baltimore as vice president of strategic initiatives.

Joshua Leigh Fisher '98 and Dana René Goodman and were married in August 2010 at the Landmarc, a restaurant in New York.

Albertina Ponce '98 celebrated one year of marriage to James Brett on Oct. 10, 2010.

Rocco Ricci '91 was recently promoted to senior vice president at Howard Bank.

Ted Rose '89, MBA '93, is CEO of Rose Financial, a Rockville-based company that offers accounting services that replace the back-office accounting functions of companies by doing accounts payable, billing, collections, tax compliance and strategic financial planning. It also does Defense Contract Audit Agency compliance work for federal contractors.

Mike Russiello, MBA '93, is CEO of ClicFlic Intelligent Media Objects Inc.

Marc Russo, MBA '96, was named vice president of Blue Shield of California's Individual, Small Group, and Government Business Unit (ISGBU). Russo is responsible for strategy, business planning, growth, and overall results for the ISGBU senior lines of business.

Pia Sterling '91 was appointed to the Board of Directors for nonprofit organization Vehicles for Change.
IN MEMORIAM: FORMER SMITH PROFESSOR SAM KOTZ

Samuel Kotz, a former Smith School professor of statistics, passed away at the age of 79 on March 16, 2010. Kotz was a world-renowned statistician, an award-winning scholar and the author of numerous groundbreaking books, including the first Encyclopedia of Statistical Sciences. His colleagues remember Kotz’s strong work ethic and intense love for his family, his religion and his studies.

“Sam was Orthodox Jewish and he didn’t want to drive—he was doing everybody a favor by not driving—so he took the bus to and from campus,” says Frank Alt, associate professor of management science and statistics. “He’d leave in late afternoon because he had to be home before the Sabbath on weekends. But once he got here in his office, his door was open to interact with students and faculty who had questions.”

While at the Smith School, Kotz taught a calculus-based statistics class and a regression analysis class. He was honored by the University of Maryland as a distinguished scholar. He retired from the University of Maryland and went to work at George Washington University in 1997 as a professor and research scholar in the Department of Engineering Management and Systems Engineering.

Kotz is survived by his wife Raysal Kotz; his children Tamar Kotz, H. David Kotz and Pinna Levinson; and his nine grandchildren. -JB

Alumni Spotlight
A different spin on a bachelor party

Most guys might not want to share the details of their bachelor party in polite company, but Erik Pedley ’06 doesn’t mind. Instead of spending a boozy night at strip clubs, he decided that he and his friends would spend their time and money helping their community.

“I have gone to other bachelor parties and had a good time at all of them, but I thought this would be a nice way to honor the new chapter of my life and to honor my wife Teresa (’07 and a current Smith MBA student), instead of celebrating my bachelorhood,” says Pedley. “It was a way to network for a good cause. There were Maryland alums, Zeta Psi fraternity friends and coworkers, all getting together for a good cause.”

The group on one day in May 2010 removed weeds, laid mulch, repainted basketball backboards, and mended broken benches at Hyattsville Elementary School. And they raised $1,500 to do it, donating money left over after the repairs to the school to purchase new books.

Pedley chose Hyattsville Elementary because a teacher at the school is a friend of his grandmother, who has always been an important part of his life. He also says he couldn’t have done the makeover without the help of his stepfather, Phil Leiter of Jaffe Construction, whose company donated the materials he and his friends used. -JB

Connect: Erik Pedley lives with wife Teresa in Germantown, Md., and can be contacted through SmithConnector.
Undergraduates, MBAs and alumni from the Smith School came together in New York City on Oct. 21, 2010, for an alumni panel on living in the Big Apple titled “My Life in New York.” The panel was part of the annual Smith Undergraduate Student Association’s New York City trip. Alumni shared details about their workweeks and social activities with the more than 100 people in attendance. The event was sponsored by the Smith Alumni Club of New York and was held in the InterContinental Hotel in Times Square.

More than 200 alumni and current students gather in New York City to hear alumni share their “My Life in New York” stories.
YOUR CAREER

Whether you’re in the job hunt, frequently find yourself giving presentations at work, or want to perfect the toast for your boss’s birthday lunch, compelling public communication is something we all strive for—and many of us fear.

Jeffrey Kudisch, formerly a faculty member teaching leadership, negotiations and human capital management courses at Smith, took the helm of the Office of Career Services this past fall. He and his team are helping Smith students improve their presence with potential employers, but his tips are valuable for anyone hoping to communicate with impact.

KUDISCH’S THREE P’S TO COMMUNICATING WITH IMPACT:

• **Preparation.** First impressions happen almost instantly, so if you want to make a good one, the first few minutes of a job interview, a presentation or any first meeting are crucial.

• **Poise.** Be confident and look organized. Don’t let silence fluster you. Use it as a moment to gather your thoughts and formulate good questions.

• **Passion.** Convey your enthusiasm. You can be a shy person and still pinpoint what you’re passionate about and project that when you communicate.

So if you’re not quite communicating with impact yet, how can you improve?

• Enlist the help of a learning partner, preferably someone who has the communication skills you hope to emulate. Try role-playing. Identify specific behaviors—voice inflection, hand gestures, eye contact, volume, speed, gaps in speech (“ums,” “ahs” and “likes”)—and ask your partner to monitor them as you practice together. Realizing what you are doing is the first step to improving.

• Join a professional organization, such as Toastmasters. Find a local chapter that fits your needs and get involved. It can help you become a more polished, confident speaker in a safe, professional environment.

• Identify a role model—a leader, historical figure, fictional character, or mentor. Watch videos of great speakers, pinpoint what makes them great, and try to mimic it. Ask the good communicators who you work and network with for tips.

• Sign up for an improv class. Hit your local comedy club—many offer classes that can help you break out of your comfort zone.

• Read to children to improve your delivery. Use a different voice for every character and be animated—it will help you translate some of that charisma to your presenting skills, and you can experiment in a safe environment.

NEVER STOP LEARNING.

Discover big ideas at the ThoughtLeadership@Smith Breakfast Series. Smith faculty present their latest research on topics that matter to you and your organization. Each presentation is followed by an opportunity to network with alumni and regional business leaders at one of Smith’s convenient local campuses in Washington, D.C., or Baltimore, Md.

**April 15**, **Washington, D.C.**
**Making Social Media Work for Your Firm**
David Godes, Associate Professor of Marketing
Learn how to harness the power of word-of-mouth and social networking to drive sales and enhance your firm’s brand. This session will help you understand why people talk about your product or service and how to make your firm the subject of the conversation. And discover the surprising reason why loyal customers may not be your best prospect for word-of-mouth marketing.

**April 29**, **Baltimore, Md.**
**How to Test Your Strategy**
Oliver Schlake, Tyser Teaching Fellow of Management and Organization
Lead smarter. This session on strategic management will help you detect the early indicators that your strategy isn’t working. Get tips on how to perform a fast course correction, and identify the five key steps to creating a strategy that will be successful for your firm.

**May 13**, **Washington, D.C.**
**Retaining Top Talent**
Gilad Chen, Professor of Management and Organization
Keep your best workers and ensure they are fully engaged on the job. This session will help you find the right time and the right tools to manage employee satisfaction. Learn not just how, but when, to measure employee satisfaction, as well as some useful techniques to help move the needle.

For cost, times and more information or to register, visit [www.rhsmith.umd.edu/thoughtleadership](http://www.rhsmith.umd.edu/thoughtleadership)

This spring, the Smith School will launch a new monthly e-newsletter for Smith alumni. See advice for common career issues, briefings on the latest research, video interviews with faculty on hot topics in the business world, and news and event information. Check your e-mail—your new resource for lifelong learning is just one click away!
Looking through this issue of the magazine, I am reminded of what a dynamic place this school is (and has always been). There has been so much progress since I started as a professor here in 2001; even in the three years since I've been dean we have made significant positive changes. And we're continuing to evolve and grow.

In October 2010, we broke ground on an expansion to Van Munching Hall designed to accommodate our new Career Center. By the time you read this column it will be well on the way to completion. After a national search with the help of a reputed executive search firm, we hired Jeff Kudisch to be the new managing director of the Office of Career Services. Many of you are familiar with Jeff because he was one of our most distinguished and cherished faculty members. What you may not know is that he has decades of experience engaging senior managers in leadership training and personnel assessment. I am confident that his close relationship with students and recent alumni, his extensive knowledge of assessment tools and his connections within the corporate community will be great assets to the Smith School’s career services.

There are other changes taking place in the school as well. We are making revisions to both the undergraduate and MBA curricula. For undergraduates, we are adding more opportunities for experiential learning outside the classroom. Ethics and globalization will both get more attention inside the classroom, and all students will be encouraged to pursue a global experience, whether taking semesters abroad, global study trips, summer internships in another country, or doing a consulting project for a company headquartered overseas.

In the MBA curriculum, we are also focused on experiential learning. Starting next year, students will be able to choose between one of three practicums in global business, entrepreneurship or social venture creation. This will serve them well in their job search—many employers now want our MBA graduates to have experience with complex real-world problems. We are putting a significant amount of resources into this initiative because it is key to helping students practice what they are learning in the classroom in a business environment.

I’m particularly excited about opening up global opportunities for more of our students. My goal is to see at least 150 MBAs and 500 undergraduates having a global experience each year. We are hoping to generate numerous meaningful entrepreneurship and social venturing projects for the students to tackle. To make all this happen, we’ll need about $1.2 million in additional resources. That’s one of my big challenges for this year!

So the Smith School is, as ever, in motion. But while some things are changing, others remain constant. Since its founding as a land-grant institution, the university and the business school have been committed to education as a means to better the lives of individuals. We’re always changing, but we’re building on a strong foundation—all the good of our past, and the generations of great alumni we’ve produced. You’re part of our past, present and future.

G. ANANDALINGAM, DEAN
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Featuring keynote speaker and event sponsor, Kevin Plank ’96, founder and CEO of Under Armour

VICTORY IS SWEET
CUPID’S CUP
APRIL 1

Only one can take the cup. $25,000 in prize money will be awarded to the best UMD startups. We’ll see you on game day!

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