SO FAR, SO GOOD
BY ANDREW M. ROSENFIELD
The campus is still the soul of the university, but Internet technology is transforming educational opportunities worldwide

CLOSING THE DIGITAL DIVIDE
BY STEPHEN M. CASE
In the Internet revolution, nobody wins unless everybody wins

CLASS ACTION
BY NELSON M. FRAIMAN
A maestro conducts a paperless class

TIMES SQUARE: A REVISIONIST LESSON IN CITY BUILDING
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42nd Street takes center stage
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Dear Friends:

At Columbia Business School, we pride ourselves on our long-standing quest for intellectual excellence and our drive to be at the forefront of innovation. This dual commitment is evident in our experiment with distance learning, an unmistakably modern pursuit that relies for its success on the best of our academic traditions. In this issue of Hermes, we consider the many ways in which the Internet and its attendant effects on higher education promise to enhance and redefine our roles: as students, as professors, as an institution and as a society.

Distance learning and its potential for complementing and democratizing, though by no means replacing, traditional tertiary education are explored by Andrew Rosenfield, chairman and CEO of UNext.com, a pioneering Internet education company.

Stephen Case, chairman and CEO of America Online, contributes his thoughts on the role of the Internet—which he describes as “big enough to matter but still young enough to be shaped”—and our obligation to ensure that its myriad benefits do not go only to the select few.

We gain a practitioner’s insight from Professor Nelson Fraiman, instructor of one of the School’s first paperless classes and codirector of the W. Edwards Deming Center for Quality, Productivity and Competitiveness.

Hermes staff writer Sandra Riley explores the School’s groundbreaking ventures in distance learning: joint initiatives with UNext.com and with London Business School.

These articles represent some of the many perspectives on distance learning from ivy-covered walls. Let us hear yours, as well as how and where in the global community of Columbia Business School this issue finds you.

Sincerely,

Meyer Feldberg ’65

Dean
Monte Carlo’s exotic gardens and sun-drenched streets were full of Columbia Business School alumni this fall when a record-breaking nearly 450 people converged on the graceful Principality of Monaco for the fifth Pan-European Reunion. Former students participated in a symposium, networked, socialized and explored the Côte d’Azur on the weekend of September 22–24.

Festivities began Friday evening, when alumni, who represented 29 countries from Argentina to Thailand, were welcomed to a reception at the elegant Casino Gardens by reunion cochairs Jean-Luc Biamonti ’78, John J. Goossens ’71, Paul M. Montrone, PhD ’66, Daniel R. Piette ’70 and Paolo Scaroni ’73.

After Saturday morning breakfast at the Monte Carlo Grand Hotel, alumni—who represented classes from seven decades—attended a symposium on “Technology and Business in the New Millennium.”

Dean Meyer Feldberg kicked off the symposium with an address on the state of the School, highlighting recent successes and looking toward the future. Andrew M. Rosenfield, chairman and CEO of Internet education company UNext.com, weighed in with his thoughts on what will no doubt help shape that future, distance learning education (see “So Far, So Good,” page 10). Antitrust expert Mario Monti, European commissioner for competition, explored technology’s implications for competition policy, while Professor Manfred Lahnstein, special representative of the board of Bertelsmann, considered the “good economy,” one that combines “the intrinsic advantages of the new economy] with the powerful reality of the old.” A lively question-and-answer period followed.

Guests at the symposium were welcomed to Monaco by Prince Rainier III, who acknowledged the School’s record of “producing graduates who are immediately at home. . . in countries throughout the world,” while inviting everyone to examine his country’s many recent infrastructure projects.

Another high point of the festivities, a gala black-tie event, took place on Saturday evening at the Monte Carlo Beach Club, where alumni dined and danced overlooking the beach. After a leisurely Sunday breakfast, graduates dispersed to partake in a variety of sightseeing tours.

The Pan-European reunions have grown dramatically in size over the past decade, building on the success of previous events in Paris, Brussels, London and Venice. The affairs have proved to be extraordinary opportunities for alumni to renew acquaintances, be entertained and learn from one another.
EL ARTE, ONLINE

LatinArte.com, cofounded this spring by CEO Marina Kessler ’00 as the first Web space exclusively dedicated to Latin American art and culture, quickly made a name for itself in two competitions this June. The start-up, which was selected for the School’s Greenhouse program in 1999 and counts the Eugene Lang Entrepreneurial Initiative Fund among its investors, won first prize and more than $1 million in services from top international firms, including IBM and McKinsey, at Net2mil, a competition in Argentina. It also emerged from a field of participants hailing from more than 18 countries at the first Global Entrepreneurs Challenge (held at Stanford University) as the winner of the Positive Social Impact Award, which recognizes the venture that “most positively affects the environment, promotes peace, ameliorates poverty or alleviates social injustice.”

LatinArte.com encourages Latin American artists, increases awareness of Latin American art and, overall, uses the Internet to “democratize fine art,” making it both affordable and accessible to a wider audience. The site offers a variety of art-related services ranging from auctions, discussion forums, museum guides and personal collecting advice to up-to-date information on exhibitions and seminars.

The start-up serves a robust and growing community made up of artists, collectors and galleries. Based in New York, it also has a presence in Buenos Aires, Caracas, Miami, Mexico City and São Paulo. Leonardo Zraick ’00, vice president, business-to-business, heads up efforts in Brazil.

GREENWALD RECOGNIZED FOR DISTINGUISHED TEACHING

Bruce C. N. Greenwald, the authority on value investing and the Robert Heilbrunn Professor of Finance and Asset Management, received the University’s prestigious Presidential Teaching Award during last spring’s commencement ceremony. The award, which President George Rupp bestows on five faculty members each year, celebrates those who make “enduring contributions to Columbia University’s educational mission.”

One of the School’s most sought-after instructors, Greenwald teaches Value Investing and the always fully subscribed Economics of Strategic Behavior; he has taught more than half the School’s graduates since his arrival in 1991. Moreover, declares a resolution adopted last spring by Dean Feldberg and the School’s faculty, Greenwald’s influence extends beyond the classroom to the entire student body through his innovative curriculum development.

Greenwald infuses each of his courses with wit, energy, passion and charisma, maintaining his well-known commitment to the value investing method developed at the School in the 1930s by professors Benjamin Graham and David L. Dodd, MS ’21. As the standard bearer for the methodology, Greenwald is also faculty director of a perennially popular course on the subject as part of Executive Education’s open enrollment programs.

Established in 1996, the Presidential Teaching Award seeks to honor and encourage distinguished teaching by recognizing those instructors whose “demanding presence fosters critical thinking and inspires students to engage in the quest for knowledge as a value and as a craft.” In addition to a citation, the recipient receives a $5,000 prize.

Professor Bruce C. N. Greenwald at the May 2000 commencement.
The School's initiative to expand its array of entrepreneurial programs, courses and activities has now been strengthened by the establishment this fall of the Eugene M. Lang Center for Entrepreneurship. Associate Professor Murray B. Low, executive director, and Russell L. Carson Professor of Finance and Economics R. Glenn Hubbard, academic director, head the center, named for Eugene M. Lang, MS ’40, founder and chairman emeritus of Refac. As the culmination of Lang’s long-standing efforts to nurture an entrepreneurial environment at the School, the center marks the beginning of a new era.

A living laboratory, the center offers significant mentoring to about 70 students each year through the Eugene Lang Entrepreneurial Initiative Fund, a $1 million-plus fund that invests in student ventures, and the Entrepreneurial Greenhouse program, which saw a 50 percent launch rate in its first semester. The endeavors provide students with seasoned, effective advice, largely from a network of approximately 75 successful alumni, throughout the business development process.

This attention to the importance of mentoring, in tandem with the School's traditional strengths—entrepreneurial themes woven throughout the core curriculum, strong electives and rigorous hands-on lab courses—is central to the center’s goal of supporting entrepreneurial activity throughout the School. Veteran advice also comes from adjunct professors, many of whom are top practitioners in a range of industries, including Clifford Schorer, Jr., entrepreneur-in-residence and co-CEO of GeoVideo Networks, a Lucent Technologies venture.

A far-reaching model that may well be emulated by other schools in the years to come, the Lang Center, in the words of its founder, makes “Columbia Business School an international force for stimulating entrepreneurial awareness, thinking, initiative and support.”

**GROWING ENTREPRENEURSHIP AT THE LANG CENTER**

In October, the Harvard Business School Press published *The Entrepreneurial Mindset: Strategies for Continuously Creating Opportunity in an Age of Uncertainty* by Rita Gunther McGrath, associate professor of management at the School, and Ian MacMillan, the Fred R. Sullivan Professor and director of the Sol C. Snider Entrepreneurial Research Center at the Wharton School.

The book lays out practical guidelines for acquiring the thought processes and discipline of “habitual entrepreneurs,” leaders who have made careers out of recreating business. Based on their research, McGrath and MacMillan identify common behavior patterns among successful entrepreneurs, including the ability to forge opportunity from uncertainty. The book recommends low-risk methods for applying strategies to a particular division, unit or company and provides steps for immediate action for both emerging companies and conventional, business-as-usual organizations, which, the authors contend, are at risk of being left behind in today’s technology-driven economy.

**HOW TO THINK LIKE AN ENTREPRENEUR**

Rita Gunther McGrath
DAISELLE CRAWFORD RETIRES

On July 12, the School bade a heartfelt farewell to Daiselle Crawford, office manager in the Dean’s Office and assistant to Associate Dean Jace Schinderman. Crawford’s career at the School spanned 27 years. More than 250 friends, family members and current and former colleagues attended the retirement celebration in Uris Hall, at which Dean Feldberg presented her with an official proclamation on behalf of the faculty and staff of Columbia Business School.

The dean read aloud from the proclamation, which cites Crawford’s work at the School and within the University. “Whereas, Daiselle Crawford has known, cared for and touched the lives of thousands of students; she has always worked with love and has been a source of unending wisdom, strength and warmth for everyone at the School.” The proclamation concludes: “Be it resolved that Daiselle Crawford is recognized with greatest esteem, respect and affection by her colleagues at the Business School.”

Dean Feldberg’s remarks were followed by addresses from Vice Dean Safwan Masri and from Associate Dean Jace Schinderman, with whom Crawford worked most closely for the past 11 years. There were also a series of impromptu addresses from faculty members, fellow administrators and former colleagues, including Boris Yavitz, PhD ’64, dean emeritus and the Paul Garrett Professor Emeritus of Public Policy and Business Responsibility, and E. Kirby Warren, MS ’57, PhD ’61, former acting dean and professor.

Crawford came to the School in 1974 as a project secretary, moving to the Dean’s Office in 1982, when she also began her work as program coordinator for the LEAD Program.

A nationwide program, LEAD (Leadership Education and Development) selects promising minority high school juniors to participate in a mini-MBA program at top business schools during the summer. Crawford’s responsibilities ranged from managing the budget to coordinating the month-long curriculum to counseling participants.

In 1993, she became office manager in the Dean’s Office, and in 1994 she received the School’s Robert W. Lear Service Award for her commitment to students.

Those gathered also heard from friends and family members, including siblings, children, grandchildren, nephews and nieces. In all, the shared praise and anecdotes—it was agreed that Crawford could be counted on as the one person with the answer to almost any question about the School—came together as a testament to her long-standing contributions and exceptional personal qualities.

Crawford, whose life outside of Columbia is equally active, has served in such roles as Cub Scout leader, member of the Schomburg Center for Research and Black Culture and recruiter for the Children’s Aid Society Tutorial Program. She is now enrolled as a student in the School of General Studies.
BOARD OF OVERSEERS ADDS TWO

The School’s board of overseers has added two new members to its ranks: Daniel M. Cain ’72 and Linda Ho McAfee ’73.

Daniel Cain is founding partner of Cain Brothers, which serves the financial and capital needs of the health and medical care industry. Previously, he spent 10 years in corporate and real estate finance with Merrill Lynch, Blyth Eastman Dillon and Salomon Brothers, leaving Salomon in 1982 to start Cain Brothers with his brother, Jim.

Cain, who is active in fund-raising and alumni events, is an independent trustee of two NYSE companies: Universal Health Realty Income Trust and New England Investment Funds. He is also a member of the boards of the Norman Rockwell Museum in Stockbridge, Mass., Sharon Hospital in Sharon, Conn., and the National Committee for Quality Health Care in Washington, D.C.

Linda Ho McAfee is group director at Fairmont and Magsaysay, a family-owned business engaged in shipping, real estate and other investments. She joined Fairmont Shipping HK Ltd. as director of the Magsaysay Group in 1978, and in 1983 she was named president of Fairmont Shipping. In 1989, she was appointed to her current position.

McAfee is a trustee and board member of the Hong Kong Bayanihan Trust and of the SYDA Foundation HK Ltd. She also serves as a member of the Hong Kong Forum, the friends’ committee of the Asian Cultural Council, the president’s council of the Asia Society and the advisory committee for the Harvard Asia Center.

IN MEMORIAM: BENJAMIN BOTWINICK BS ’26

The Columbia Business School community was deeply saddened by the death of Benjamin Botwinick on June 28, 2000. Botwinick, along with his wife, Bessie, was closely affiliated with the School for more than 70 years.

Botwinick was a passionate advocate of ethics in business. To that end, he established the Benjamin Botwinick Prize in Business Ethics through a generous donation in 1989. The prize is presented annually to an individual or representative of a business organization exemplifying the highest standard of professional and ethical conduct.

A second award, the Botwinick Prize for Ethical Practice in the Professions, was established in 1994 to give visibility to ethical decision making among individuals in any of the professions, including accounting, advertising, architecture, health care, journalism, law, public service and social service.

In addition to these prizes, three Botwinick Scholarships are awarded each year to Columbia MBA students who clearly demonstrate a commitment to business ethics in their academic and professional careers.

“An understanding of ethics is a vacuum that must be filled in every profession,” Botwinick said. “It takes more than courses. Columbia is uniquely qualified to assume a leadership role . . . at a time when this kind of leadership is urgently needed.”

Botwinick, who graduated from the School Beta Gamma Sigma, formerly headed the firm Benjamin Botwinick & Company as a certified public accountant. He is warmly remembered for his philanthropy, his extraordinary vitality and intellect and his deep commitment to ethics and social responsibility in business.
BHIDÉ AND DONALDSON AWARDED CHAIRS

This spring, the trustees of Columbia University appointed two faculty members to chairs at the School. Amarnath V. Bhidé was named the Glaubinger Professor of Business, and John B. Donaldson was named the Mario J. Gabelli Professor of Finance. The Glaubinger Professorship was recently established and endowed by Lawrence D. Glaubinger, MBA ’77, chairman of Stern + Stern Industries and a member of the School’s board of overseers. The Gabelli Professorship was established by Mario J. Gabelli, MBA ’67, chairman of Gabelli Asset Management and a board of overseers member.

The first Glaubinger Professor of Business, Bhidé was a visiting professor at the University of Chicago’s Graduate School of Business while on leave from an associate professorship in the entrepreneurial management group at Harvard Business School before coming to Columbia.

He received his MBA and DBA from Harvard Business School and was honored as a Baker scholar during his MBA studies. Bhidé is the author of six Harvard Business Review articles as well as several articles on corporate finance. His work on entrepreneurship has resulted in the book The Origin and Evolution of New Businesses.

Donaldson is known throughout the School for his devotion to teaching and his innovative research. He first joined the School in 1977 as an assistant professor of finance and economics, and he was promoted to professor in 1984. He has taught more than 10 different courses, among them classes in basic finance and options. As faculty director of the Doctoral Program, he has also sponsored many students who have secured positions in both academia and industry.

Donaldson conducts research in the area of business cycles, examining how these cycles are influenced by institutional frictions in the labor market. His studies have appeared in such journals as the Journal of Economic Dynamics and Control, Econometrica, the Journal of Economic Theory and the Journal of Monetary Economics.

ROYAL TOUCH AT A ROUNDTABLE

Her Majesty Queen Rania Al-Abdullah of Jordan visited Columbia Business School on May 31, 2000, for an informal roundtable discussion with selected faculty members, students and board of overseers members. Vice Dean Safwan Masri moderated the discussion, which centered around three areas of interest to the queen: economic development, entrepreneurship and microfinance. Queen Rania received a degree in business administration from the American University of Cairo, and she pursued a career in banking and information technology at Apple Computer and at Citibank prior to her marriage to His Majesty King Abdullah II in 1993.
In September, Dean Feldberg hosted a reception for new full-time and visiting faculty members at the School. New to the full-time faculty are

**Amarnath Bhidé**, the Glaubinger Professor of Business, who joins the Management Division (see article, opposite).

**Michael Morris**, professor, who will join the Management Division in January. Morris served as a tenured associate professor at Stanford University after having earned a doctorate in social psychology from the University of Michigan. He is an expert on the interface between social psychology and organizational behavior, with a strong emphasis on cross-cultural studies.

**Sudhakar Balachandran**, assistant professor, who joins the Accounting Division from Harvard Business School, where he is completing his doctorate. His research focuses on the performance of firms that adopt residual income-based compensation.

**Mikhail Chernov**, assistant professor, who joins the Finance and Economics Division from Pennsylvania State University, where he received his doctorate in finance. His research focus is empirical asset pricing and applications of econometric methods to financial problems. Chernov received his bachelor’s and master’s degrees from Moscow State University in Moscow.

**Francis Flynn**, assistant professor, who joins the Management Division from the Haas of School of Business at the University of California, Berkeley. He received his doctorate there in organizational behavior, specifically the antecedents and consequences of serial influence in organizations.

**Jie Gan**, assistant professor, who joins the MBA Real Estate Program in the Finance and Economics Division from the Sloan School of Management at MIT, where she received her doctorate in financial economics. Her research focuses on corporate finance, real estate finance and financial institutions.

**Michael Johannes**, assistant professor, who joins the Finance and Economics Division from the economics department at the University of Chicago, where he received his doctorate. His research interests include fixed-income asset pricing, options and derivative securities, risk management and continuous-time econometrics.

**Ran Kivetz**, assistant professor, who joins the Marketing Division from Stanford Business School, where he completed a doctoral degree in operations management. Kivetz received his undergraduate degree from Tel Aviv University in Israel. His research interests are in the areas of consumer behavior, the marketing of high-technology products and services, and the management of customer relationships.

**Sergei Savin**, assistant professor, who joins the Management Science and Operations Management Division from the Wharton School, where he is completing his second doctoral degree in operations management. Savin received his bachelor’s and master’s degrees in physics from the Moscow Engineering Physics Institute, and he received his first doctoral degree in theoretical physics, from the University of Pennsylvania. His research interests include the study of service operations and new product diffusion models.

**Raphael Thomadsen**, assistant professor, who joins the Finance and Economics Division from Stanford University’s economics department, where he is completing his doctoral degree. His research interests include industrial organization, game theory and applied econometrics.
In my judgment, Internet learning has the power fundamentally to transform educational opportunity and to democratize access to education in the United States and throughout the world. At the same time, however, we must be mindful of the enormous and immutable advantages of facilities-based learning, and we must “make assurance double sure” that we do not diminish support for, and nurture of, the great colleges and universities that today provide the core of our basic research and also excellently educate the young.

There is temptation at the birth of all new technologies to believe that the new replaces or displaces the old. This is typically false (radio, broadcast television, movie theaters and newspaper publishing are notable examples), and it is surely false in the case of distance learning.

Facilities-based colleges and universities will and ought to remain the cornerstone of our education system and of our education policy.

With that said, there is reason to be excited and optimistic about the future of distance learning. However, one must understand its promise and potential as essentially a complement to—not a substitute for—facilities-based education (at least where and when facilities-based education is available economically).

Much of what has been written about distance education could be read to advocate or predict the replacement of facilities-based education by distance education. For example, a national news magazine predicts that college teaching is among the 10 jobs most likely to disappear as a result of the technology revolution. A Harvard Business School professor calls distance education a “disruptive technology” likely to challenge and threaten
Technology-based education serves as a complement to, and not a substitute for, physical classes and congregated living and learning.

knowledge that, once created, is then widely shared. In this way, facilities-based colleges and universities create a form of distance learning all their own. While the knowledge created is not the “anytime, anywhere” education that the Internet provides, it is the principal source of innovation and scholarship in the sciences, the arts, law, management practices and the humanities.

Internet-based education has a profound advantage for two groups: those who because of financial and geographical happenstance never could hope to attend a physical college or university on a full-time basis; and those who already have completed their university education and seek continued lifelong learning to maintain their edge or simply to enjoy the pleasure of learning at a time, place and pace convenient to themselves.

Internet education is much less expensive than is facilities education for two very different reasons. First, Internet education is less costly to provide per student than is facilities-based education when it is delivered in “scale.” Second, it is significantly less costly for learners relative to full-time matriculation at a physical university because students typically remain employed while consuming Internet-delivered education.

Even with these advantages, however, one must be mindful of some shortcomings of Internet-based education as a substitute for full-time tertiary education. For those who can afford to attend a university on a full-time basis and who want to do so, facilities-based education has great advantage compared with distance learning. Why? The answer lies in the value of the compression and the compaction of faculty and students—people devoted to a quest for learning living together in a real (not virtual) learning community, which is at the very core of the traditional university. This compaction in itself creates learning in a way that other methods of education can only poorly mirror because, by definition, other methods must accommodate education with work. The greatest economy of distance learning—the ability to learn while “at work”—is the central reason that distance learning is not as effective as full-time immersion in a learning community. Learning is most effective when it is a student’s full-time job. That is why we don’t think of college and university students as “the unemployed” but rather as people actively engaged in one of the most important and valuable investments of a lifetime.

Learning happens only when students do—that is, when they think, read, reflect, challenge, argue, debate and question—not when they listen passively to a lecture. And that, of course, is why the great colleges and universities correctly pride themselves on seminars, breakout sessions, small classes and the recruitment of inquisitive and intelligent students who challenge faculty and one another, read texts critically and think and speak for themselves.

That is also why distance learning delivered via the Internet rather than by mail, telephone, radio or television presents massive opportunity. It has been impossible using all other technologies to effect distance learning that is active and engaging—learning that mandates doing instead of watching. The community-creating aspect of the
Internet greatly improves upon old-fashioned correspondence courses using “snail mail” or television and fosters student-to-student activities and collaboration of far greater intensity then ever before possible at distance.

It is because the Internet permits community and peer-to-peer learning that some see the Internet as a potential replacement for the college and university campus. This idea of the Internet as a complete substitute for the physical university is, to say the least, naive. It arises, in part, because, as I said previously, there is a tendency whenever a new and powerful technology appears for some to see it as a complete substitute for what went before. This is true even if the new technology is not well suited to displace completely what already exists and even if what exists already provides an excellent service. This is one reason—the “knee-jerk” reason—that is behind much of the interest many have in Internet education.

But there is a more important and better-grounded reason to be focused on Internet education within our country and even more profoundly throughout the rest of the world: sadly, full-time facilities-based higher education is so expensive that it is available to only a very small percentage of the people in the world and to only about half of all Americans. The cost of attending a facilities-based college or university on a full-time basis is enormous. In the United States, only about half of high school graduates move forward to full-time tertiary education. When one looks at the rest of the world, the percentage of young adults attending physical colleges and universities full-time is, simply put, minuscule. Less than 6 percent of Brazilians go from secondary school to full-time university education. In India and China, the percentage is even less. Only very rich countries can afford to support young adults who could be working and permit them instead to invest in the pursuit of full-time tertiary education.

The principal role for Internet education as an alternative to full-time facilities-based education is to address this problem (and even here we should seek to provide a full-time tertiary education to more, not fewer, people). Internet education can and will bring very high quality learning opportunities to people who could not possibly afford a full-time education at a facilities-based school. These students can learn on their own schedule, while employed, and thus can avoid the largest component of educational expense: forgone earnings.

Another fundamental role for Internet education is to serve as a pure complement to facilities-based education. This it can do in two ways. First, it will efficiently and effectively provide continued lifelong learning throughout work and retirement to those people fortunate enough to have obtained tertiary education at a facilities-based school. Second, technology-based education delivered via the Internet will become part of the standard apparatus used on campuses to make education active, exciting and convenient to full-time students. In these cases technology-based education serves as a complement to, and not a substitute for, physical classes and congregated living and learning.

We should foster Internet learning and celebrate its potential to democratize and expand quality education. At the same time, we should be very hesitant to tamper with the great American colleges and universities that are regarded everywhere as the jewels of tertiary education. These are the institu-

Our great universities are the source of the best distance education ever imagined: research and the creation and dissemination of knowledge.

Andrew M. Rosenfield is founder, chairman and CEO of UNext.com, an education company dedicated to delivering online learning to adult students throughout the world (see “Together, Apart,” page 14). He is an economist, a lawyer and a senior lecturer in law at the University of Chicago Law School. This article is excerpted from his testimony before the Congressional Web-Based Education Committee on July 20, 2000.
n a virtual breakout session, a student in Brazil defends his role as trusted adviser to the Sydney sales manager of a hypothetical Australian casual-wear manufacturer, with the aid of course material developed by a Columbia Business School professor. A London-based executive meets with top government officials in Asia as part of a field project to complete her intercontinental dual MBA. These scenarios are examples of the potential of the School’s recent initiatives, which, through new alliances and technological advances, are expanding its global reach and influence.

In March 1999, the School entered into an agreement with UNext.com, a pioneer in Internet-based distance learning, seeking to leverage decades of intellectual capital and place itself at the forefront of developments in education and information technology. Under the terms of the agreement, the School licenses academic content with the right to use its name and logo in connection with UNext courses and programs. The School maintains control over the use of both.

Andrew M. Rosenfield, founder, chairman and CEO of UNext.com, worked closely with Dean Feldberg
to bring Columbia Business School on board at the outset. Of the schools involved, Rosenfield says, “Columbia was our first partner, the most ambitious and the most focused on distance education early on.” In turn, the University of Chicago Graduate School of Business, Stanford University, the London School of Economics and Carnegie Mellon University, followed the School’s lead and joined the consortium of institutions that is developing content for Cardea, UNext’s online university, named for the Roman goddess Cardea, guardian of thresholds.

Cardea uses an asynchronous, anywhere, anytime method of study, designed by experts in technology and cognitive science (three Nobel Prize winners sit on the academic advisory board). Students follow a problem-centered, “learning-by-doing” curriculum, collaborating with other students while being monitored via click streams and threaded discussions. Columbia’s relationship with UNext offers the School the unique opportunity to generate significant new capital (the School receives a royalty stream and has the right to convert it to equity prior to an IPO) while reaching out to a new population of lifelong learners.

UNext will also play a key role in another of the School’s expansive initiatives, EMBA-Global, an unprecedented collaboration between two of the world’s leading business schools. The joint executive MBA program with London Business School (LBS), which begins in May 2001, will provide graduates with a degree and alumni membership from both schools. The program offers a unique, once-a-month schedule alternating between London and New York, with an international field project in Asia in the second year. UNext’s courses and technology dovetail well with the Columbia EMBA Programs’ emphasis on project-based, problem-centered learning. Dina Consolini, associate dean and director of the EMBA Programs, says, “UNext really sets the stage for Columbia to expand with sophisticated distance-learning courseware, which makes something like EMBA-Global possible.”

Set in two of the world’s major financial hubs, EMBA-Global is designed to be time-efficient and is ideal for those precluded geographically from the traditional

Distribution via the Internet provides business education with a scale and global reach previously impossible.

EMBA weekend schedule. An executive in Ecuador, for example, is more likely to participate in this format enhanced by distance learning, while gaining the international perspectives offered by fellow executives from around the world.

Columbia has enjoyed a longstanding relationship with LBS (ranked the No. 1 MBA program in Europe by the Financial Times) through the School’s MBA and EMBA exchanges. Consolini says, “None of these initiatives stand alone. They work in tandem as part of the School’s strategy to make sure we have an expansive, holistic approach.”

Columbia Executive Education is also exploring ways to collaborate with LBS and is working closely with UNext to capitalize on its expertise. In custom programs, Ethan R. Hanabury ’85, associate dean of executive education, explains, “We are generally able to reach only the top 200 to 250 executives in an organization because of the limitations and cost of face-to-face learning.” By employing the UNext model, the program could cascade learning to the next 5,000 members of that organization, “enabling us to reach a much larger audience that otherwise wouldn’t be able to benefit from Columbia’s teaching,” Hanabury says.

Whether within the hierarchy of an organization or across continents, Internet-based education can work to significantly narrow the gap between the small percentage of people in the world who have access to top-rated universities and those who do not. By lowering the barriers of time, distance and cost, Internet-based learning can reach regions where education and technological advances are crucial to economic growth and stability.

“Education is one of the great creators of opportunity,” Rosenfield points out. “It seems unfair that a person’s success so depends on the sheer happenstance of where he or she lives.” Stressing the need to democratize education, he argues that someone living in South America with the same skills and passion should have access to the same opportunity as someone living in the United States.

As Columbia Business School continues to aggressively expand its international reach—the Chazen Institute, for example, is actively seeking exchanges with schools in Asia and Latin America—these two new initiatives underscore the School’s commitment to promoting lifelong learning on a global scale.
It's interesting to see what's happened in the Internet in the last few years. And it's also interesting to know what's happened in the past few years in terms of business schools, which have really become think tanks for start-ups and for Fortune 500 companies alike. And it seems as if every day now there is another article about how a graduate student's idea just hit pay dirt on the public market.

In a way, that's nothing new, because schools like Columbia have always been laboratories for big ideas. It just took a while for the rest of the world to figure this out. But there's no question that the Internet revolution has changed the landscape of business schools and of businesses all around the world. To cite just one statistic: Five years ago, virtually nobody had heard of the concept of e-commerce; but by 2002, global e-commerce revenues are expected to reach a half-trillion dollars.

So the world is starting to think and work on Internet time, and information technology is starting to drive this new global economy.
In the United States, it accounts for a full third of our economic growth and has led to the strongest economy in our history. Information technology creates jobs and creates remarkable opportunities for small businesses to enter the global marketplace, reducing barriers to entry, cutting costs and extending brands well beyond the regional boundaries they were once restricted to.

And technological innovations are driving a second Internet revolution that, I think, will make the first one look almost quaint by comparison. Looking ahead only a few years, we see a world in which virtually everything is connected: PCs and TVs and wireless phones and a range of handheld and household devices that will forever change the landscape of business and of communications. But this connected future is about more than bytes or bandwidths or business plans: It is about how creatively, effectively and intelligently we can use new technology to improve people’s lives by building bridges between industries and mediums, between governments and the citizens they serve and between people and their communities.

There’s a growing sense of responsibility in the private sector, and certainly that is true in the Internet industry. We have to work together to extend the benefits of the Internet as far as we can possibly take them. In a networked economy, people who are already connected benefit each time more people get connected. So as our industry analyst Bruce Springsteen once put it, “Nobody wins unless everybody wins.”

But our responsibility certainly doesn’t end there. We have to make sure that the World Wide Web isn’t worldwide in name only.

To do that, we have to work with both developed and developing nations to improve their telecommunications infrastructure, to reduce trade barriers and tariffs, to strengthen their distribution and delivery systems, to build their consumer financial services and to use the Internet to improve government services and expand educational opportunity.

We know that 75 percent of households with incomes of $75,000 or more own computers, but only 10 percent of our poorest families do. And when 60 percent of new jobs already require high-tech skills—a trend that is likely only to increase in a more global world—we know we have to move fast. So I don’t think there’s a more urgent task before us than trying to use the Internet to really expand opportunity. We’re trying to do this at AOL and all across the Internet industry by actively engaging in this crusade to close the digital divide, promoting new initiatives to give disadvantaged kids access to the Internet and provide them with the guidance they need to make the most of it.

Last week here in New York, CEOs from all around the world, including my new partner, Gerald Levin of Time Warner, all came together to have a discussion called the GBDE—the Global Business Dialogue on E-Commerce. We hope this is an ongoing discussion between business and government leaders that will help set international standards ranging from security to privacy to taxation so that countries, companies and communities can make the most of the Internet revolution.

The Internet is big enough to matter but still young enough to be shaped. It would be a real irony and, I think, a real tragedy, if the agent of all this change, the engine of this new prosperity, wound up widening the gap between developed and developing nations, between rich and poor, between young people’s dreams and their ability to achieve them.

Indeed, one of your most prominent graduates, Warren Buffett, once said, “Someone is sitting in the shade today because someone planted a tree a long time ago.” We have a real chance today to take up that challenge and plant those trees for the future. I believe we have to aim high, because the stakes are high and the benefits are many. Because, ultimately, we know that the true value of this medium will not be measured in dollars or euros or yen; rather, it will be measured in the impact it has on people’s lives all around the world.

Stephen M. Case is chairman and CEO of America Online, Inc. This article is excerpted from a speech he gave last May at the School’s Annual Dinner.
OUR ROLE WILL CHANGE FROM SIMPLY TRANSFERRING KNOWLEDGE TO ORCHESTRATING KNOWLEDGE
At its most basic level, distance learning takes place when a teacher and student are separated by physical distance, and technology—whether voice, video or data—is used to bridge the instructional gap. Technology has had, and will continue to have, a tremendous impact on higher education. It has enabled distance learning to become a frequently used method of instruction by educational institutions and organizations worldwide, and distance-learning programs are proliferating quickly: The U.S. Department of Education reports that from 1995 to 1998 distance-learning programs increased by 72 percent. In 1998, 1,680 institutions offered a total of about 54,000 educational courses online, with 1.6 million students enrolled.

At Columbia University, we have been in the distance-learning arena for years. Through the Columbia Video Network (CVN), established in 1986 and recently designated “Best of the Web” by Forbes, the Fu Foundation School of Engineering and Applied Science has granted more than 400 master’s degrees. In 1999, Columbia Business School agreed to develop courses for Cardean, UNext.com’s online university (see “Together, Apart,” page 14). Furthermore, Columbia University has announced plans to offer online nondegree continuing education courses and has also launched Fathom.com to distribute its intellectual property, as well as that of other institutions, online.

“These new technologies offer opportunities for us to improve teaching and research at the University and also to extend our reach. But we will need to be sure that we realize the opportunities in ways that reaffirm our basic mission and our core values,” wrote President George Rupp in a February 29, 2000, letter to members of the University’s faculty.

This semester, CVN is offering 49 courses. Technology Management, an elective I teach in our MBA Program, is also an elective for CVN students pursuing a master’s degree in engineering. What I will describe here is what was done with technology the last time the course was offered, in the fall of 1999. I had a total of 60 students, 47 of whom were taking the course on-site (39 students from the MBA Program, seven from the School of International and Public Affairs and one from the Engineering School) and 13 off-site (nine who registered through CVN and four Executive MBA students).

As a requirement for the course, students have to form groups and analyze an industry and firm. They act as internal consultants to the firm, providing recommendations for improvements in some area of technology management. In this case, the theme for the projects was the Internet and its effect on the structure of industry and firms. Sixteen firms had volunteered to have student teams work with them, including Allied Signal, Intel, Benetton, Bikini.com, Dress Barn, Bloomingdale’s, Double Click, FultonStreet.com and Merrill Lynch.

With the exception of the usual casebook and readings, which were distributed in hard copy to class participants, I posted all course materials—syllabus, schedule and lecture notes—on the Web, so students went there to find out what was happening with the course. It was “one-stop shopping.”

Once a week, in addition to traditional office hours, I held office hours using a chat room. For students who could not visit the chat room, a transcript of the sessions was kept. Each team also had its own chat room that students could use to interact with one another and to interview members of their firms; in particular, these chat rooms facilitated interaction among on-campus and off-site students.

All my lectures were videotaped, and students, whether on campus or off-site, had the choice of getting a copy of the videotape from the business library or watching the lectures via the Web. We used videoconferencing a few times during the semester in order to bring in guest speakers from Lucent Technologies and Compaq. I used e-mail to send messages, give feedback on assignments and send other targeted communication to one or more class members, and class members sent me their assignments as attachments to e-mail. Except for the initial distribution, the class was paperless.

Prerecorded videotapes of presentations by someone other than me were used for some class lectures. The library staff taped a session on industry and firm analysis and created a Web page with links to specific library resources.
For the reports on the companies, I required each team to videotape its presentations, and everyone in the class had the assignment of grading one another. That meant that students had to be in attendance when their teammates presented or go to the Web and watch the presentations online or go to the library and get the videotape. In this way, we harnessed the power of the Internet to enhance the learning experience.

There is no question that the first time you offer a course using distance-learning methods you have to choreograph it as you would a ballet; every movement must be rehearsed and played out ahead of time. When the course is offered subsequently, the workload is still high, because technology is constantly changing.

In my experiment with distance learning, besides the preparation of the material to put online, a very time-consuming activity was e-mail correspondence, which the online course encourages. In the traditional classroom setting, you might have a few eager students who ask questions; with an online course, you hear from all of your students. Since we had a paperless class, I also had to download each homework assignment, and that took a lot of time—in this case, technology was not an improvement. (As a result, this fall I am asking students to turn in a hard copy of their assignments.)

For both instructor and students, an online course means intensive writing. The students engage in chat-room discussions with the professor and with one another and get involved in e-mail communications. That takes more time, but participation can be anytime from anyplace. It was not unusual for me to answer e-mail and communicate with students at odd times of the day or night.

Online learning represents a natural evolution of education, from Socratic dialogues to written text to digital media. As this type of education matures, the integration of videostreaming and other types of multimedia technology may make the distance-learning class a more lively and participatory experience that could eventually compete successfully with any campus-based class.

Distance learning certainly will enhance the educational experience, but I do not think that online education at Columbia Business School will replace the classroom. The social experience at the School is as much a part of the allure as the educational one. On my annual student field trip to Chanel to review the product-development, manufacturing and distribution processes, two off-site students (from Lucent and AT&T in New Jersey) participated, and two off-site students from Intel in New Mexico came to class at the end of the semester to give their presentations “live.” I think that a hybrid model combining classroom interaction with Internet-enabled technology provides the richest educational experience.

The Internet can provide a valuable means not just to deliver information but to explain concepts as well. I would assume that part of the School’s core-course material, which we now teach in a lecture-driven way, could be placed on the Web for students to review and learn from. We could break down course components into bite-sized chunks, posting them on faculty members’ Web pages, and students could work through the material at their own pace. This material could then be available on demand, rather than when we schedule classes. Students could start taking math camp once they decide to come to Columbia Business School. The on-campus math camp experience could also be quite different. In the Operations Management class, we could have lectures on queuing, supply-chain management and statistical quality control videotaped and placed on the Web, presented by three faculty members whose fields of research and interest would be reflected in the lectures they give.

We will save class time for intellectual interactions, case discussions and debates. In this way, far from displacing us, technology will actually give us new opportunities; our role will change from simply transferring knowledge to orchestrating knowledge. Our role as educators can be that of mentors of the learning process. That is not a bad role for faculty members to have in the new millennium!

NET EDUCATION

As a leader in the field of distance-learning, UNext.com continues to work closely with Columbia Business School faculty members. *Newsweek* (4/24/00) put the spotlight on Associate Professor Michael Kirschenheiter’s Assessing Profitability as an example of a distance-learning course that links top educators with cutting-edge technology. The result is an interactive class that presents students with real-life corporate crises. Students use interactive tools to sift through company balance sheets and accounting data to locate the information necessary to piece together solutions. UNext’s course-development process and technology are designed to provide optimum experiences for employees of global corporations who need further business education but are unable to attend business school full-time.

WANTED: MBAs

It seems that newly minted MBAs are in hot demand in all sectors. With Internet start-ups attracting increasing numbers of graduates, traditional firms have intensified their efforts to woo students. At the same time, to remain competitive with established companies, some young Internet firms have approached business school placement offices for advice on how to successfully pitch their businesses to graduating students. The result, Dean Meyer Feldberg told the *Industry Standard* (5/15/00): “In my 30 years in education I have never seen such a voracious appetite for talent.”

The article also noted that students interested in e-commerce but wishing to participate in the new economy from another vantage point have joined traditional firms in technology-related positions.

CEO COMPENSATION AND THE BOTTOM LINE

Stock options have become an integral part of executive compensation packages for companies wishing to attract top talent. Proponents of this trend argue that increasing an executive’s stake in the company encourages the CEO to produce better results. The *New York Times* (4/2/00), however, spoke with some industry experts who questioned the notion that options automatically improve performance. The article included a study by R. Glenn Hubbard, the Russell L. Carson Professor of Finance and Economics, Associate Professor Charles P. Himmelberg and Associate Professor Darius Palia that shows that while there is an important role for managerial equity holdings, there is not necessarily a connection between changes in managerial ownership and company performance. Managerial equity holdings should vary across companies, depending on such factors as size and research spending. Although stock options remain a part of many compensation packages, such findings may give brokers and investors pause as they listen to the one-size-fits-all claim that higher executive stock holdings improve performance.

VESTED DIRECTORS BOOST COMPANIES

Companies constantly search for new theories and applications that will help boost their bottom line. A new study by Donald C. Hambrick, the Samuel Bronfman Professor of Democratic Business Enterprise, and Eric Jackson, a PhD student at the School, documents a link between a company’s success and the presence of outside directors with a direct financial stake in the company. A *Financial Times* (6/9/00) article about the study reports that companies would perform better if they matched nonexecutive directors’ share purchases up to $200,000. Companies implementing that policy had stronger performances than those who gave shares outright to directors. The researchers think that the increased financial stake causes directors to become more involved with the company and delve more deeply into management and production issues. The study also notes that companies should shy away from directors who object to investing in the company, as they are probably more interested in prestige or connections than in promoting a company’s growth.
E-TAILERS LEARN BRICK-AND-MORTAR LESSONS

Pundits predicted that e-commerce would revolutionize retailing as consumers could easily—with the click of a mouse—comparison shop for the best prices. A study by Columbia Business School and the Wharton School, however, argues otherwise. The study, led by Eric J. Johnson, the Norman Eig Professor of Business, was profiled by the Wall Street Journal (4/6/00) and the Associated Press (4/14/00). It concludes that consumers are swayed less by competing sites than was previously thought. In an interview with the Associated Press, Johnson commented that, as with brick-and-mortar companies, consumers are most comfortable going to sites they already know and are less likely to browse unfamiliar sites—even in search of bargains. With the glut of online businesses, e-tailers are facing some of the same competitive issues as traditional retail chains and are realizing that they need to stand out, whatever the medium.

ENTREPRENEUR BENEFITS FROM FUND

Entrepreneurs are facing many challenges as they vie for venture capital in an extremely competitive market. The BBC (8/9/00) sought out Yael Alkalay ‘97, founder of red flower nyc, to discuss how Columbia Business School helped her start her own company. An innovative company offering a distinctive line of candles and teas, red flower nyc has achieved remarkable success since its launch last year. Alkalay credits much of her company’s steady growth to the School’s Eugene Lang Entrepreneurial Initiative Fund, which provided her with the seed money, extensive mentoring and time necessary to develop her business plan. In an interview with board of overseers member Eugene M. Lang, MS ’40, the renowned businessman who established the fund with a $1 million gift to the School in 1996, the BBC highlighted Lang’s emphasis on identifying and nurturing small businesses. At a time when rapid expansions and public offerings of fledgling companies are the norm, the Lang Fund allows businesses to grow at a steady pace, building for the long term.

A REVOLUTION IN ACCOUNTING PRACTICES

In an effort to improve financial reporting, the SEC proposed that accounting firms be restricted from consulting for audit clients, limiting the chance of a firm’s being biased in favor of a client when certifying its financial reports. Professor John O. Whitney, codirector of the W. Edwards Deming Center for Quality, Productivity and Competitiveness, passionately argued otherwise in Barron’s (8/28/00), explaining that new regulations will only make the situation worse. Instead, Whitney proposed that accounting firms do the opposite and combine their accounting and financial expertise with their consulting skills to advise their clients and no longer issue certifications of companies’ financial reports. Such a system puts the onus on companies to report their financial earnings responsibly and on investors to study those figures carefully.

FIRESTONE’S ANNIVERSARY WOES

As part of its 100th anniversary celebration, Firestone had planned to highlight its history of providing quality products through a centennial Web site and numerous advertisements and promotions. But the news that the company’s tires had been implicated in more than 100 deaths and countless injuries raised serious questions about the propriety of those promotions. The New York Times (8/18/00) spoke with several marketing experts, including Associate Professor Gita V. Johar, about what Firestone should do to recognize its anniversary. Her take on the situation: the company’s advertising budget and energies should be devoted to handling the recall. She advised that local dealers, not the company, were in the best position to discuss the promotions with customers.

LEADERSHIP 101

Under the leadership of Dean Meyer Feldberg, the School’s international reputation has steadily increased, establishing Columbia as one of the top business schools in the world. Intrigued by the institution’s dramatic ascendance, the Financial Times (8/21/00) profiled the dean and discussed his tenure at the School. Feldberg recounted how, upon his arrival in 1989, he identified and focused on a small number of goals, including curriculum development, fund-raising and alumni outreach, as cornerstones of the School’s transformation. Establishing that foundation, along with a willingness to take necessary risks, has yielded tremendous gains for the School.
TIMES SQUARE: A REVISIONIST
LESSON IN CITY BUILDING

BY LYNNE B. SAGALYN

apid comprehensive change in the physical pattern of a city is a minor revolution—as is the transformation of 42nd Street and Times Square. Two decades ago the agenda for change posed two big questions: Is it possible for cities to reshape what the market is likely to deliver in an area? Is large-scale redevelopment even a plausible political objective, especially when aggressive actions such as condemnation are deemed a necessary part of the strategy?

In New York, where public officials operate in the shadow of Robert Moses, legendary master builder, and the specter of the failure of Westway, large-scale ambitions have been handicapped from the get-go. “Public Projects: Are They Viable in the City Anymore?” asked a seasoned New York Times reporter in 1985. The presumptive answer was no. Confidence in government performance in New York and elsewhere had been falling for years and had not yet hit its nadir. The transformation of Times Square reversed that trajectory, unexpectedly.

The successful execution of the 42nd Street Development Project (42DP) rewrote the lesson plan on large-scale urban projects. It created a new story line—public-sector success—and definitively marked an era of city building in New York.

From its beginning in 1980, the cleanup strategy for West 42nd Street grabbed center stage as a public initiative. Aggressively pushed forward by the mayor and governor, it reflected in both real and symbolic terms the city’s agenda—and constant effort—to rebuild itself, economically as well as physically, and stem the continuous flight of its middle class to the suburbs. By the end of the decade, the effort had reached a stalemate, bogged down by litigation and entrapped in a downturn of the real estate cycle.

The question of whether it was possible to execute as large a project as the 42DP seemed to have been answered in the negative.

By the mid-1990s, however, opportunity born out of overbuilding, coincident with a shift in tastes favorable to cities, fused with a new entertainment-oriented vision for the street. As the use activity shifted from drug dealing, prostitution and pornography to legitimate theater, family entertainment and office employment, ironies of change defined the transformation—in symbolic as well as physical terms.

The new Times Square is a “made dynamic.” It is not an accident; it is an invention. The 20-year process was grinding, a highly politicized affair that would have been anathema to Moses, the power broker who defined the definitive command-and-control style of public development.

The transformation of Times Square offers compelling testimony that it is still possible to execute ambitious city-building agendas—without Moses. It has recalibrated the scope of public possibility. It does so, however, only by adding substantive heft to the persuasive argument Jane Jacobs makes in her now-classic book, The Death and Life of American Cities. Jacobs maintains that big schemes for clearance and renewal could never work; only small-scale interventions and private investments can deliver the type of renewal that brings with it urban vitality. Though it violated most of the premises of what became a new planning orthodoxy—save for preserving the theaters—the tortured process of rebuilding West 42nd Street vividly demonstrates that if renewal calls for a significant amount of bulldozing, the vision must be consistent with the symbolic legacy of the place’s past.

Selectively chosen and skillfully executed large-scale projects might not be naturally doomed to failure. However, to view the cityscape once again, as did Moses, as a claylike assemblage of parts to be reshaped into a more efficient arrangement, would be to misread this message of renewal.

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