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JOIN THE CONVERSATION
Stay connected to the Columbia Business School community by viewing and sharing videos, photos, and updates. Learn more at www.gsb.columbia.edu/participate.
It is an extraordinary time for Columbia Business School. As you no doubt have heard, in October Henry Kravis ’69 announced his pledge to give $100 million to the School in support of its new facilities, which will be part of Columbia University’s expansion into Manhattanville, just north of the University’s Morningside Campus. (To read about why Henry chose to make this gift—the largest in the School’s history—turn to page 18).

The School’s move to Manhattanville has never been about bricks and mortar, but rather people and ideas. It is an opportunity to change the way we teach and conduct research to more closely reflect the culture of business, which has evolved away from the functional hierarchies of the past in favor of more horizontal, collaborative models.

Our new facilities, which will be designed by Elizabeth Diller of the renowned architecture firm Diller Scofidio + Renfro, will provide space in which teaching and learning can be both experiential and cross-disciplinary. At the same time, the building design will have as its guiding principle the goal of fostering a strong sense of community, in which students, faculty members, alumni, and practitioners can interact and exchange ideas.

This issue of HERMES celebrates the vital, diverse voices that make up our global community. You’ll read about JUSTINE ZINKIN ’02, an alumna whose ultimate mission is nothing short of changing the banking industry (page 8); students and faculty members who are strengthening small businesses and nonprofit organizations in New York City and beyond (page 12); and provocative new research by Professor Ran Kivetz and ANAT KEINAN, PhD ’07, that sheds light on why people stand out in the cold at Times Square on New Year’s Eve (page 16).

The School’s move to Manhattanville is an enormous undertaking—and the School’s greatest investment to date. The School’s Board of Overseers, particularly cochairs Henry Kravis ’69, ART SAMBERG ’67, recent cochair RUSS CARSON ’67, and JERRY SPEYER ’64, as well as a “campaign cabinet” of devoted alumni volunteers, have provided generous guidance and strategic support. I look forward to seeing many of you at the Annual Dinner in May and thank you for your continued support of Columbia Business School.
ARCHITECT NAMED FOR SCHOOL'S MANHATTANVILLE HOME

The School has tapped Elizabeth Diller of the New York–based architecture firm Diller Scofidio + Renfro to design its new facilities in Manhattanville. Columbia University President Lee Bollinger, in consultation with Dean Glenn Hubbard and members of the Columbia Business School Board of Overseers, made the choice after hosting a competition featuring several of the world's top architects.

“Diller Scofidio + Renfro have demonstrated a great ability to translate ideas and concepts into boundary-stretching designs,” said Hubbard. “Our new facilities will be specifically designed to foster collaboration, communication, and an education that reflects the way business is conducted in the 21st century.”

To learn more about the School’s new home in Manhattanville, visit www.gsb.columbia.edu/manhattanville-campaign.

ACCOUNTING FOR VALUE

Stephen Penman, the George O. May Professor of Accounting, details how commonsense accounting principles can help analysts evaluate equity investments in his new book, Accounting for Value (Columbia Business School Publishing, 2011). Penman’s approach helps investors think like accountants to better navigate the ups and downs of the current investment environment.

“Price is what you pay, value is what you get,” Penman explains. “There’s a huge amount of information about firms, but accounting can pull it together for you.”

To read a Q&A with Penman about the book, visit Columbia Ideas at Work at www.gsb.columbia.edu/penmanideas.

FROM COLUMBIA IDEAS AT WORK: TRADING AT LIGHT SPEED

Trading firms invest significant amounts of money in sophisticated computer systems in their efforts to drive latency—the ever-diminishing horizon between the time a trader makes the decision to trade and when the trade is made—down to millisecond or even microsecond timescales to maintain a competitive advantage. Even before a high-frequency electronic trade set off a 300-point drop in the Dow last spring, latency had become the subject of increased attention and calls for regulatory intervention.

Some traders have asserted that only high-frequency investors are affected by latency and that, for example, pension funds, which have very long timescales, are unaffected. Lower latency allows them to be more active and post orders closer together, lowering bid-offer spreads, which should benefit other investors and create greater liquidity.

“To some extent, that is probably true,” Professor Ciamac Moallemi says. “But is their ability to take advantage of low latency coming at someone else’s expense? Less-sophisticated investors who can’t make the technical and R&D investments to exploit lower latency may be at a disadvantage.”

Moallemi worked with doctoral student Emre Sağlam to compare different theoretical trade scenarios, with and without latency, using the results to create a simple quantitative model that can be used to value latency.

“We conclude that latency should be viewed as a trading friction,” Moallemi says. “For any single individual, lower latency will reduce transaction costs. High-frequency traders may be more affected in dollar terms than a pension fund. But every trader pays transaction costs; everyone would benefit from their individual latencies being lowered.”

To read more about this and other research by Columbia Business School faculty members and to subscribe to the monthly electronic issue of Columbia Ideas at Work, visit www.gsb.columbia.edu/ideasatwork.

RICHLAN GIVES $10 MILLION TO ESTABLISH INTERDISCIPLINARY ACADEMIC CENTER

Columbia University has received a $10 million gift to establish the Richard Paul Richman Center for Business, Law, and Public Policy, an interdisciplinary academic center that will be jointly administered by Columbia Business School and Columbia Law School. The grant was awarded by the Richard Paul and Ellen S. Richman Private Family Foundation. Richard Richman ’73, a graduate of both Columbia Law School and Columbia Business School, is chairman of The Richman Group, one of the largest owners and developers of rental housing in the nation. He serves on the Dean’s Council at the Law School and is a member of the Business School’s Board of Overseers.

The new center will encourage collaboration among Columbia’s most prominent business and legal scholars to generate research that will inform public policy and help connect scholarship with real-world applications. The center will also provide a platform for dialogue and the exchange of ideas on timely and relevant issues, while inspiring future students to pursue careers at the nexus of business, law, and public policy.

A reception celebrating the center will take place on campus on May 19, 2011. To learn more, please contact Janet Rossbach, director of alumni relations, at jbr2131@columbia.edu.
TWEETING FOR BUSINESS

As companies like Citigroup and Panasonic are increasingly hiring social media directors to develop and manage online marketing strategies, the School is introducing two new Internet marketing courses this spring: Social Media, taught by Rachel Sterne, New York City’s inaugural chief digital officer, and Media and Technology, taught by New York Times technology columnist David Pogue. “Ultimately, social media should be part of any complete marketing, customer service, or development strategy,” Sterne told Top MBA on June 8. “My hope is that students [who take this class] will be more attractive to employers, more capable as team members, and better positioned as entrepreneurs.”

Find links to all the School’s social media outlets at www.gsb.columbia.edu/participate.

LINDA MEEIHAN RETIRES FROM COLUMBIA BUSINESS SCHOOL

Linda Meehan, assistant dean and executive director of admissions, has retired from Columbia Business School.

“Linda has been a tireless advocate for and friend of Columbia Business School, both on campus and in cities around the world,” Dean Glenn Hubbard said. “Most recently, she leveraged her own remarkable relationships with alumni to raise over a quarter of a million dollars toward financial aid for international students.”

Meehan joined the Columbia Business School community in 1993 as associate director for admissions. In 1994 she was named Assistant Dean for Admissions and Financial Aid, a post she held for 16 years—a period of remarkable growth for the School. Her leadership of the admissions team, in partnership with faculty members and staff, produced lifelong friendships—and impressive results.

To honor Meehan’s 17 years of service to the School, several alumni are celebrating her legacy through the establishment of a need-based scholarship fund in her name. To contribute to the Linda Meehan Scholarship Fund, please contact David K. Keffe at dmk41@columbia.edu or send your gift to his attention at Columbia Business School, 33 West 60th Street, 7th Floor, New York, NY 10023. (Please make checks payable to Columbia Business School.)

To get in touch with Meehan, e-mail her at lbm1@columbia.edu.

35th Annual Dinner

SAVE THE DATE: MAY 2, 2011

The School’s 35th Annual Dinner will honor William V. Campbell, CC ‘62, TC ’64, chair of the board of Intuit, and Mitchell E. Daniels Jr., governor of Indiana, as recipients of the Distinguished Leadership Award in business and government, respectively.

John K. Martin Jr. ‘94, director of investor relations at Time Warner, is chairing the event.

To learn more, e-mail David Siewers at drs2149@columbia.edu or visit www.gsb.columbia.edu/annualdinner.

ART OF CHOOSING NAMED BUSINESS BOOK OF THE YEAR AWARD FINALIST

The Art of Choosing (Twelve Books/Hachette Book Group, 2010) by Sheena Iyengar, the S. T. Lee Professor of Business, was named one of six finalists for the 2010 Financial Times and Goldman Sachs Business Book of the Year Award, which recognizes business books that provide “the most compelling and enjoyable insight into modern business issues.”

In The Art of Choosing, Iyengar incorporates research in decision science alongside anecdotes from her own experiences as a first-generation American to explore the art and science of making wise decisions.

Among many stellar reviews, the New York Times called the book “refreshingly thought-provoking” and Newsweek praised it as “a masterful, and masterfully written, collection of research.”


ON OCTOBER 18, the inaugural Deming Cup was awarded to Samuel Palmisano, president and CEO of the IBM Corporation, by the School’s W. Edwards Deming Center for Quality, Productivity, and Competitiveness. The award, which will be given annually, honors a business practitioner who demonstrates and promotes excellence in operations. The 28-member judging committee was led by Rob Amen, an executive in residence at the School and former CEO of International Flavors and Fragrances, and Paul O’Neill, former secretary of the US Treasury.

To learn more, visit www.gsb.columbia.edu/deming.
THE SCHOOL IN THE NEWS

In a September 18 op-ed in the New York Times, DEAN GLENN HUBBARD, the Russell L. Carson Professor of Finance and Economics, and Senior Vice Dean CHRIS MAYER, the Paul Milstein Professor of Real Estate, urged such government-controlled housing giants as Fannie Mae and Freddie Mac to refinance existing mortgages at current market rates. Representative Dennis Cardoza of California modeled his mortgage-modification bill after Hubbard and Mayer’s proposal. To learn more about the proposal, visit www.gsb.columbia.edu/realestate/refinancing.

On October 10, CNN featured research by Professor DANA CARNEY that shows how very simple behavior can make you feel more powerful. Carney conducted a study in which participants engaged in “power poses” such as leaning back in their chairs with their arms behind their heads and their feet up. After just two minutes, most participants showed increased levels of testosterone and decreased levels of cortisol, a hormone associated with stress.


Forbes featured ERIC ABRAHAMSON, the Hughie E. Mills Professor of Business, in a December 8 article about the methods some employees use to avoid work — and still get paid. Among them are “cyberloafing,” which can involve hiding a game of desktop solitaire under an Excel spreadsheet with a single keystroke. “It’s a whole new loafing medium,” Abrahamson said.

PAUL TETLOCK, the Roger F. M urray Associate Professor of Finance, was quoted in the New York Times on December 22 in an article about computers that read news stories, analyze their content, and make stock-market trade decisions — all on their own. Tetlock, whose algorithms are used by the computers, warns that smaller investors may not have access to the trading machines, leaving them at an unfair disadvantage.

On January 27, the Financial Times featured OLIVIER TOUBIA, a professor in the Marketing Division, in its “FT Lexicon” series. Toubia lent his expertise to the definition of such key terms as blue ocean strategy and data-driven marketing.

For more Columbia Business School news mentions, visit www.gsb.columbia.edu/news/mentions.

THE NEXT GUTENBERG?

The New York Times’ introduction of a weekly e-book bestseller list is just one indication of the rapid transformation under way in publishing as book purchasing — and reading— goes digital. “Being able to play a role in how an industry transitions from what was a century of doing business to this new digital future is very exciting — and a lot of fun,” says BRIAN MURRAY ’95, CEO of HarperCollins. Read about emerging business opportunities in the industry from M urray and other alumni executives at Macmillan, Perseus Books Group, and Scholastic by scanning the QR code below with your smartphone. (“Quick Response” codes are barcodes that can be read by the camera on your smartphone. To scan QR codes, download and install a QR reader on your mobile device.)

COLUMBIA BUSINESS SCHOOL LAUNCHES EMBA SATURDAY

Columbia Business School has launched EMBA Saturday, an innovative path to a Columbia Business School MBA. Complementing the School’s other Executive MBA programs, EMBA Saturday is designed to offer a full MBA experience through intensive Saturday-only coursework. The program will solve a common dilemma facing talented professionals working in competitive industries. “Now these top achievers can pursue an MBA without forfeiting a hard-earned spot in a top firm and without having to secure corporate sponsorship,” said Dean Glenn Hubbard. Unlike the existing Friday/Saturday EMBA option, employer sponsorship of time is welcome but not required.

To learn more, visit www.gsb.columbia.edu/emba/saturday.

BRET GORDON WINS JOHN D. C. LITTLE AWARD

Brett Gordon, an assistant professor in the Marketing Division, is the latest Columbia Business School faculty member to receive the John D. C. Little Award from the Institute for Operations Research and Management Sciences. The annual award, which recognizes the best paper published in Operations Research or Management Science, is becoming something of a Columbia tradition: recent winners include professors Oded Netzer and Olivier Toubia.

Gordon’s winning paper, “A Dynamic Model of Consumer Replacement Cycles in the PC Processor Industry,” looks at replacement purchases—increasingly a dominant proportion of sales in the high-tech goods market. “We’ve gone through a fairly special period of technology adoption over the last 20 years,” says Gordon. “Two decades ago, not many people owned high-tech gadgets. It’s much easier to sell to a market where no one owns anything than to a market were 80 percent of people own a close substitute.”

Gordon introduces a model that accounts for the replacement decision when consumers are uncertain about both future product price and quality. The results reveal substantial variation in replacement behavior over time, suggesting that marketing managers can tailor their product introduction and pricing strategies to the consumers who are most likely to purchase replacements in the near future.

Gordon has also recently coauthored a paper on competition and innovation in the microprocessor industry. Read about it in Columbia Ideas at Work at www.gsb.columbia.edu/gordonideas.

BALACHANDRAN NAMED ASSISTANT DEAN FOR TEACHING EXCELLENCE

Professor Sudhakar “Sid” Balachandran has been appointed the inaugural Assistant Dean for Teaching Excellence at Columbia Business School. In his new role, Balachandran will lead the School’s Arthur J. Samberg Institute for Teaching Excellence and integrate content across disciplines, helping students connect the dots across industries and functions. Among many other activities, he will collaborate with faculty members to develop course materials that further unite scholarship with real-world applications and help professors share best practices and teaching methods.

To learn more about the Samberg Institute, visit www.gsb.columbia.edu/samberg.

COLUMBIA BUSINESS SCHOOL IN AFRICA

Through its partnership with 10,000 Women, a $100 million program funded by Goldman Sachs to improve management education in developing regions, the School has helped the United States International University in Nairobi, Kenya, launch a global Executive MBA program. Columbia Business School faculty members teach 5 of the 10 courses, and the first cohort of students spent a week at the School in September learning about US businesses. The School is also working with the University of Dar es Salaam in Tanzania to develop a certificate program for entrepreneurs. “There is a huge need for high-quality, locally relevant, affordable business education in Africa,” Murray Low, director of the School’s Eugene Lang Entrepreneurship Center, told Bloomberg Businessweek on September 23. “We have a lot to offer students, and Africa is increasingly a place where people are making careers. So for us it is both an opportunity and an obligation.”

To learn more about the School’s initiatives in Africa, visit the Jerome A. Chazen Institute of International Business online at www.gsb.columbia.edu/chazen.

>> FOR THE THIRD YEAR in a row, a student team advised by Professor Laura Resnikoff won a first-place award in the case study category of the Turnaround Management Association’s Carl Marks Student Paper Competition. The annual competition recognizes outstanding achievement in the study of corporate renewal by students in MBA or equivalent business-related master’s programs.
**Q&A WITH SHANG-JIN WEI: CHINA’S MARRIAGE MARKET**

How will a surplus of eligible bachelors affect China’s economic future? Shang-Jin Wei, the N. T. Wang Professor of Chinese Business and Economy, addressed this question and many others at a December 6 symposium hosted by the School’s Jerome A. Chazen Institute of International Business on the world’s major economies over the next 10 years. HERMES talked to Wei about the surprising economic effects of China’s uneven sex ratio.

Q. One in nine young Chinese men does not have a female partner to marry. How does this imbalance in the marriage market affect China’s economic growth?

A. The sex ratio in China places Chinese growth in the near future outside economic norms. There are simply too many men and not enough young women. In the context of surplus men, with the declining prospect of finding a wife, the importance of making money constitutes much more than what it can buy; having money also affects whether a man will marry or not. The consequences are much more dramatic, causing people to work harder than might be the case otherwise, and in turn spurring continued economic growth.

The reward for being richer in this context is dramatically different from a normal society where marriage-market competition is less intense. The value people put on having a spouse is unlike almost any other consumable good.

To watch videos of panel discussions from the symposium, visit [www.youtube.com/columbiabusiness](http://www.youtube.com/columbiabusiness).

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**HANABURY STEPS DOWN AS SENIOR ASSOCIATE DEAN**

After 20 years at the School, ETHAN HANABURY ’85 stepped down from his position as Senior Associate Dean for Degree Programs on February 1.

“Ethan has left an indelible mark, and he will, undoubtedly, be missed,” said Dean Glenn Hubbard. “His direction and leadership have produced impressive results.”

Under Hanabury’s direction, the School’s Executive Education programs saw a 50 percent increase in revenue. Hanabury also increased the competitiveness of the School’s MBA program and, among many other accomplishments, led the School’s Executive MBA programs to high scores in national and international rankings several years in a row. Hanabury’s strong relationships within the community led graduating students to recognize him twice with the EMBA Commitment to Excellence Award.

In honor of Hanabury’s commitment to the School, an award recognizing the service of elected EMBA student representatives will be named the Ethan R. Hanabury Student Representative Award.

**DEAN GLENN HUBBARD** recently recognized Enrique Arzac, a professor in the Finance and Economics Division, and Ray Horton, the Frank R. Lautenberg Professor of Ethics and Corporate Governance, for 40 years of service to Columbia Business School.
FROM BAIL-OUTS TO BAIL-INS

PAUL CALELLO ’87, former head of Credit Suisse’s investment bank, coauthored a proposal to “bail in” troubled banks with shareholders’ money that is gaining momentum in Europe. Calello and Wilson Ervin, a senior adviser at Credit Suisse, introduced the proposal in January 28, 2010, article in The Economist: “A bail-in . . . could have allowed Lehman to continue operating and forestalled much of the investor panic that froze markets and deepened the recession,” Calello and Ervin wrote.

The concept has since been discussed in such publications as the Financial Times, Euroweek, and Seeking Alpha. Furthermore, regulators in Europe— where there is no cross-border FDIC scheme in place— have expressed interest.

HERMES was deeply saddened to learn of Calello’s death on November 16. To read about a professorship and research fund that have been established at the School in his honor, turn to page 22.

ALUMNI IN THE NEWS

Siggi Hilmarsson ’04

On August 19, Slate featured SIGGI HILMARSSON ’04 and his remarkably successful skyr-style yogurt line, Siggi’s. Skyr is a Scandinavian staple — a thick, strained, high-protein yogurt. “The counterintuitive rise of the skyr yogurt company, which as of March took in an estimated $560,000 in annual sales, shows that a pricey, understated new product can grab market share, albeit a relatively small one, in a crowded, consumer-driven field,” Slate columnist Jill Priluck wrote.

Sujal Shah ’04

On September 17, CNN.com profiled SUJAL SHAH ’04, head of fashion at IMG India, the global events management company that runs Lakmé Fashion Week — India’s most prestigious fashion and trade event. In the weeks leading up to the September event, Shah worked with more than 300 people, including ushers, set designers, choreographers, and stylists. Since joining IMG in 2009, he has increased the number of buyers attending by 64 percent.

For more Alumni in the News, visit www.gsb.columbia.edu/alumni/mentions.

MAURA O’NEILL ’05 (EMBA) will help lead the newly created Department of Innovation at the United States Agency for International Development (USAID). As chief innovation officer, O’Neill will work to identify and invest in “high-risk, high-return projects” with scalable social outcomes, Fast Company reported.

On October 26, the Wall Street Journal reported that WARREN BUFFETT, MS ’51, has tapped TODD COMBS ’02 to succeed him as the chief investment officer of Berkshire Hathaway. Combs currently manages a small hedge fund from Connecticut. “He is a 100 percent fit for our culture,” the billionaire investor said.

On November 26, the New York Times featured GORDON MURRAY ’75 and his new book with Daniel Goldie, The Investment Answer: Learn to Manage Your Money and Protect Your Financial Future (Dan Goldie Financial Services, 2010). The book offers straightforward money-management advice drawn from Murray’s more than 25 years on Wall Street, where he was an executive at such firms as Goldman Sachs, Lehman Brothers, and Credit Suisse First Boston. “To have a purpose and a mission for me has been really special,” Murray, who underwent treatment for brain cancer while writing the book, told the Times. “It probably has added days to my life.”

HERMES was deeply saddened to learn of Murray’s death on January 15.

SAVE THE DATE: APRIL 15–17

Columbia Business School’s reunion tradition continues to grow: Last year, nearly 2,000 alumni and guests returned to campus to reconnect with one another and the School. During the weekend of April 15–17, the School will celebrate the milestone anniversaries of the classes of 1961, 1966, 1971, 1976, 1981, 1986, 1991, 1996, 2001, 2006, and 2010. Alumni who have previously celebrated their 50th reunion are also invited to attend as members of the School’s Platinum Classes. The weekend will feature executive education courses, career workshops, a State of the School address by Dean Glenn Hubbard, class dinners, receptions, and a family brunch.

Learn more and register at www.gsb.columbia.edu/reunion.

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HERMES was deeply saddened to learn of Murray’s death on January 15.
Less than a year after Justine Zinkin ’02 earned her MBA and began her dream job as executive director of Credit Where Credit Is Due (CWCID), she had to raise $160,000 in six weeks or Neighborhood Trust, the community development credit union CWCID founded, would be closed by regulators. Headquartered in small, windowless offices in the George Washington Bridge bus terminal, CWCID specialized in helping low-income New Yorkers move beyond crisis mode through intensive financial counseling—but was now in crisis itself. Zinkin had already whittled her staff down to two (including herself) and closed the credit union’s second branch. “We were in a death spiral,” Zinkin remembers. It was 1 a.m. when Zinkin spotted Mark Willis, then Chase’s director of community development, at the coat check after a gala dinner for Common Ground, the New York-based nonprofit where Zinkin used to work. Although Zinkin had never met Willis, she knew who he was—and that he was interested in credit unions. “I went up to him, introduced myself, and ended up telling him our story,” says Zinkin. “I told him that if someone were to come through for us that this would be a pivotal moment.” And it was.

BY SIMONE GUBAR | ILLUSTRATION BY KATE MILLER
Willis connected Zinkin with others in the banking and philanthropic communities and a few weeks later HSBC sponsored a luncheon for potential funders. Armed with an unwavering belief in CW CID and the credit union’s potential to help the most vulnerable New Yorkers achieve long-term financial stability, Zinkin persuaded everyone at the table to take a leap of faith. The group’s aggregate $160,000 capital contribution allowed Neighborhood Trust to stay open and to access a $200,000 grant from the Community Development Financial Institutions Fund.

Six months later, the Robin Hood Foundation stepped up with a major grant to support CW CID’s financial education programs, and in 2005 philanthropist and Columbia Business School Board of Overseers member Russ Carson ’67 gave CW CID and Neighborhood Trust the largest grant the organizations have received to date. (Zinkin recalls approaching Carson at a School alumni event: “I’d like to meet with you and convince you of the work I’m doing.”)

In her first job out of business school, Zinkin had shown an intangible ability that many CEOs take years to develop: a clarity of vision coupled with a gift for persuasion. Over the next eight years, Zinkin honed Neighborhood Trust’s hybrid approach to fighting poverty — intensive financial counseling offered in tandem with affordable banking services — and proved that it is a sustainable alternative to the city’s debt-driving “fringe banking” business: check-cashing outlets, wire-transfer agencies, and pawn shops that map to the city’s poorest neighborhoods.

As a community development credit union [see box], Neighborhood Trust targets such marginalized groups as recent immigrants, public assistance recipients, domestic violence survivors, and the formerly homeless. (Neighborhood Trust and CW CID recently merged under one name.) For 40 percent of its constituency, the credit union represents the first relationship with a financial institution.

“If Neighborhood Trust had closed, it never would have reopened,” Zinkin says in retrospect. “With community development credit unions, there is always a skittishness in the philanthropic community around, ‘is this model sustainable?’ Every time an institution fails, it’s another example that questions the model.”

UNCOMMON FOCUS

Neighborhood Trust’s success is a testament to Zinkin’s long-standing commitment to helping the most vulnerable members of society become more self-sufficient. After graduating from Brown with a BA in philosophy, Zinkin worked as a foster care social worker, helping teenage moms transition to independent living. At a Common Ground, a nonprofit that fights homelessness, Zinkin developed job-training programs for low-income people, and at the New York City Department of Housing Preservation, she expanded her focus to the improvement of affordable housing. Zinkin has always been drawn to the question of structural change: How can you develop sustainable models that improve the systems available to people who are poor and need help?

“I realized that job placement and affordable housing were only part of the puzzle,” Zinkin says. “It was clear that they only made a difference alongside other support structures that enabled small wages to translate into real financial security.”

Thinking and reading about the role of the financial services sector, Zinkin found herself drawn to the credit union movement and its legacy of community empowerment. Credit unions have a long history of serving populations that have historically been unfamiliar with, or even suspicious of, conventional banks. Whereas banks maximize profits for shareholders, often funneling profits away from the communities they serve, credit unions are owned by the members who deposit funds in them. “The more I learned about the credit union movement, the more it spoke to me,” Zinkin says.

After volunteering at a local community development credit union in Brooklyn, Zinkin decided to pursue her MBA at Columbia with a very specific goal in mind: to transition her career from the nonprofit sector to financial services—specifically, to a community development credit union.

At Columbia, Zinkin took the very first social enterprise class the School offered. “In a sense, this emerging discipline I discovered at Columbia—one dedicated to encouraging business solutions to the most intractable social problems—validated my career choice,” says Zinkin.

**Community Development Credit Unions: Fighting Poverty, Building Community**

Neighborhood Trust is one of approximately 200 community development credit unions (CDCUs) in the country. CDCUs are federally regulated depository and lending institutions, each dedicated to a specific low-income population. “There are no financial institutions closer to ‘Main Street’ than CDCUs,” Clifford N. Rosenthal, president and CEO of the National Federation of Community Development Credit Unions, has said. To learn more, visit the National Federation of Community Development Credit Unions online at [www.natfed.org](http://www.natfed.org).
She also participated in the Lang Center’s Small Business Consulting Program, which connected her with Fresh Youth Initiatives, a nonprofit in Washington Heights. It turned out that Fresh Youth’s executive director, Andrew Rubinson, was one of Neighborhood Trust’s first depositors. He introduced Zinkin to the credit union’s founder, Mark Levine, whose career Zinkin had followed for years.

Two weeks before Zinkin graduated, Levine told her that he was leaving and offered her his position — “a dream come true,” Zinkin remembers.

Today, Neighborhood Trust is better capitalized than most major banks — and has grown from serving hundreds of low-income residents of Upper Manhattan to helping some 6,000 New Yorkers annually in the city’s poorest neighborhoods.

The financial crisis — in part a result of predatory banking practices — has only underscored the importance of Neighborhood Trust’s mission of financial literacy and ethical lending. In 2008, New York City Mayor Michael Bloomberg recruited Neighborhood Trust to offer one-on-one financial counseling at several newly created financial empowerment centers across Manhattan. And in response to increased demand, Neighborhood Trust is extending its reach, not by opening brick-and-mortar branches, but by embedding its financial education programming in nonprofits, government agencies, and other community development credit unions throughout the city.

Its impact is impressive. Within two years of completing Neighborhood Trust’s signature “Getting Ahead” program, 50 percent of participants open bank accounts. In that same time, each graduate, on average, reduces his consumer debt by $5100 and saves $1400. As part of the program, each participant receives a “starter banking” package: free checking and savings accounts, and access to low-interest loans with an application process that considers an applicant’s credit union history and character references in addition to credit scores. There is a purposeful lack of small print. “Our products are as simple and transparent as possible,” says Zinkin.

Zinkin is also collaborating with behavioral economists to introduce asset development products that are tailored to the low-income market. This summer, for example, Neighborhood Trust will launch a low-interest, short-term credit product in response to clients’ need for an affordable emergency loan. “There is a lot of research currently under way suggesting that products like these may be critical to bringing financial services to the unbanked,” says Ray Fisman, the Lambert Family Professor of Social Enterprise and director of the School’s Social Enterprise Program.

Ultimately, Zinkin hopes to improve the marketplace for effective financial products and services for low-income people. “As we continue to grow, there’s an opportunity to effect change in the financial services market,” says Zinkin. “You can imagine someone saying one day that ours is a much better model for reaching low-income people — one where everyone benefits.”

Zinkin’s optimism is made concrete in Neighborhood Trust’s new home, the “Getting Ahead Center,” a 7,500-square-foot space in the newly built Triangle Building in the heart of Upper Manhattan, on Saint Nicholas Avenue and 166th Street. Beginning this summer, the new space will headquarters both the credit union and its citywide financial education programs.

Still, Zinkin sees work to be done. “I always feel a little bit like Sisyphus — except I have that glimpse just over the mountain,” she says. “First it was about turning the organization around, and now it’s about scaling and perfecting the model. I’m always saying, ‘we’re not there yet, but I believe we’re going to get there.’ We’re going to have a huge impact.”

Who Are New York City’s “Unbanked”? A 2009 study by the Mayor’s Office of Financial Empowerment found that more than 13 percent of New Yorkers—approximately 825,000 people—do not have bank accounts, compared to 7.7 percent nationwide. These “unbanked” individuals reside primarily in black and Latino neighborhoods that have a median household income of about $30,000—significantly lower than the citywide median income of $47,500. According to the study, the No. 1 reason people avoid banks is a keen awareness of the risks of overdraft fees. There are also documentation challenges: recent immigrants, for example, are frequently denied access to mainstream banks because they don’t have a social security number.
Princess Jenkins (right), the founder and owner of a clothing shop in Harlem, studied business and entrepreneurship with Professor Murray Low through the Columbia Community Business Program.
Princess Jenkins is no novice to retail fashion. Today a Harlem retail entrepreneur, Jenkins began her career in the garment industry running errands as a gofer, then quickly moving up into sales and then production management before launching her first venture, a small retail clothing shop in Brooklyn.

In 1998, Jenkins staked a retail claim on 5th Avenue in Harlem. “When we opened, there was so little there. So we went big,” she says. “We had everything — contemporary clothing, fine jewelry, bridal wear, menswear, a day spa, and two salons — three stories of what we called the first African-American department store.”

Ironically, Harlem’s increasing success in attracting retailers big and small would eventually mean contraction for Jenkins. In 2007 she moved her Harlem store, The Brownstone, to 125th Street, scaling down the shop to focus on clothing, accessories, and cosmetics. As she settled her business into its new space and contended with the recession, Jenkins says, “I knew I needed additional resources to maintain and grow our sales.”

The Harlem Business Alliance, where Jenkins is an active member, connected her with the Columbia Community Business Program (CCBP), a two-year program designed to help small businesses in the local community with at least $250,000 in annual revenue grow and develop. Coordinated through the School’s Eugene Lang Entrepreneurship Center, the CCBP is a collaboration among Columbia Business School, Columbia Law School,
and the Fu Foundation School of Engineering and Applied Science, providing access to Columbia’s practical resources.

“There are so many sources of support out there for entrepreneurs at the $50,000-revenue level, and above the $1 million mark,” Jenkins says. “But CCBP actually focuses on mid-level entrepreneurs like me.”

Jenkins, who is seeing 15 percent revenue growth at a time when many retailers face substantial drops, especially valued the program’s holistic approach. “Each month they asked us, ‘what are the relevant things you need in your business, what challenges are you facing?’ And they delivered — with resources and speakers to address financing, negotiation, marketing, and legal issues.”

CCBP participants also find value from their entrepreneurial peers, 12 in total for the first class, who completed the program in May 2010. The newest class started in September, has expanded to 20 participants, and represents a spectrum of industries, including restaurants, hospitality, new media, consulting, entertainment, technology services, and child care.

“Small business owners don’t always have the luxury of focused time and attention,” Jenkins says, “but the CCBP’s concise, focused monthly sessions were totally supportive of an entrepreneurial mindset.”

**SUMMER SERVICE ADDS VALUE**

The CCBP is the School’s newest effort in a well-established portfolio to extend on-the-ground business expertise to the larger New York City community.

The Social Enterprise Summer Fellowship Program — initially launched in 1992 as the CORPS Fellowship — supports MBA students who work with public and nonprofit organizations and social ventures that would not otherwise have access to MBA talent. In lieu of a traditional summer internship, students work at social enterprises, gaining practical experience helping solve real-world problems, consulting on projects ranging from marketing to financial analysis to performance evaluation, serving scores of organizations each year in New York City and around the world.

Stephanie Palmeri ’11 worked with NYC Seed, a public-private venture capital firm and technology incubator that aims to position New York City as a venture capital leader. One of Palmeri’s many projects involved helping early stage New York City–based technology start-ups identify viable revenue models. “M any of the start-ups are in funding conversations right now, raising money,” Palmeri says. “It was great to see the impact I could have in a short amount of time.”

“Bringing Stephanie on was a good fit,” says Owen Davis ’08, managing director at NYC Seed. “A lot of the principals at these tech start-ups are programmers who can use the help of someone with a business background to think through strategy and financing.”

An interest in microfinance led Emily Criste ’11 to the New York City Department of Small Business Services (SBS), which provides a suite of no-cost business services to businesses in all stages of growth through NY C Business Solutions. “I got a great introduction to work in the public sector and was able to put my hard skills from business school to work, like my accounting knowledge, as well as general project management and communication skills,” Criste says.

Criste worked on a variety of projects aimed at refining service delivery to SBS’s client businesses. “Emily dug in,” says Lindsay Carpenter Nguyen, executive director of program management at NY C Business Solutions. “For one project, she reviewed a series of past cases to understand how financial services were being delivered in the field, working with lenders and our

“The board leadership program gave me a head start envisioning how I could contribute when I’m ready to join a board—an invaluable experience to get while still in business school.”

— MANISHA KATHURIA ’10

HERMES · SPRING 2011
As Columbia MBA students and alumni look for ways to help build communities and social value through careers in nonprofit and social ventures, initiatives burgeon. The Nonprofit Board Leadership Program (NBLP) offers students a chance to work with boards, applying business skills and acumen to help nonprofit organizations prosper, while offering students a sneak preview of what it’s like to serve on the board of a nonprofit organization.

Joyce Roché ’72 was serving on the Social Enterprise Program advisory board when the NBLP was proposed in 2006. “It allows for projects that boards and organizations are both interested in undertaking but probably do not have the time or resources to do.”

At the time, Roché was CEO of Girls, Inc., a national nonprofit whose mission is to empower girls age 6 to 18. Through NBLP, Roché has teamed up with a number of students, most recently working with Manisha Kathuria ’10. “I was stepping down from Girls, Inc., and I wanted to leave my successor well-prepared to understand where we stood in relation to peer organizations, in particular those that had been much more aggressive in revenue generation,” Roché says. “I felt that we needed to understand what levers they’d pulled, where we were too conservative.”

Kathuria’s peer benchmarking project incorporated an overview of fundraising models, analysis of revenue sources, and the significance of revenue diversification for nonprofits. Kathuria, now an investment management associate, plans to remain involved in nonprofit service. “The board leadership program gave me a head start envisioning how I could contribute when I’m ready to join a board — an invaluable experience to get while still in business school.”

Roché has been impressed with the wholehearted embrace Columbia’s MBA community has given to nonprofit board service. “While the majority of MBA students pursue business sector careers, the NBLP helps them recognize the importance of the skills and expertise they bring to a board.”

“There are so many talented students with a multitude of skills to offer — contributing a portion of their time each week is not a sacrifice,” Kathuria says. “You are giving back to the community, adding value to an organization that might not otherwise have access to extra resources.”

While each of these programs, along with similar initiatives, is dedicated to meeting the needs of their respective niches, they hold in common the proof that giving is getting, providing students valuable hands-on experience while spurring and strengthening entrepreneurs, social enterprises, and nonprofits. Together, they offer the promise that as the School and the greater community grow, so too will the mutual benefits each offers the other.
There are certain high achievers who struggle with one activity in particular: taking a vacation. But convincing your workaholic friend or spouse—or your customer—to invest in a vacation may be easier than you think, thanks to new research by Anat Keinan, PhD ’07, and Ran Kivetz, the Philip H. Geier Jr. Professor of Marketing. The findings, forthcoming in the April issue of the Journal of Consumer Research and drawn from Keinan’s doctoral dissertation, reveal that people who are focused on feeling productive gravitate towards unusual or “collectable” leisure activities that allow them to feel a sense of achievement.

The research helps explain the growing popularity of odd experiences like staying at an ice hotel—where guests sleep on beds made of ice—and eating at restaurants that serve such inventive fare as live octopus and bacon-flavored ice cream. It also offers useful strategies to marketers, especially those of luxury goods, who are increasingly selling experiences—like cooking lessons and adventure travel—rather than physical items.

The findings complement earlier research by Kivetz and Keinan showing that people tend to choose work over pleasure to avoid feeling guilty—and then regret it later on. Kivetz and his colleagues call this focus on the future payoff of responsible choices “hyperopia,” or excessive farsightedness. “It revolves around the idea that people want to be responsible, virtuous, and good,” says Kivetz.

The new research shows that this phenomenon is so extreme that some people try to be productive even when they’re not working. These consumers are checking off items on their “experiential checklist,” Keinan and Kivetz write. “Even when it comes to the little amount of time that people allow themselves to spend on vacation, they need to feel a sense of progress,” says Keinan, who is now an assistant.
professor of marketing at Harvard Business School. “People are infusing their vacations with the same amount of achievement they associate with work.”

To prove this phenomenon, K einan and K ivetz conducted a series of lab and field studies involving college students, revelers celebrating New Year’s Eve at Times Square, AARP members, park visitors, train and airport travelers, and people trying to visit all 50 states. Time and time again, participants who demonstrated a “productivity orientation” chose the unusual over the typical leisure experience— and often the one predicted to be less pleasurable.

In one study, for example, K einan and K ivetz approached park visitors wearing watches and asked them to make two choices: American or Faroe Islands cuisine— which was described as “exotic” and “unusual”— and a Florida resort or an Alaskan ice hotel vacation. A fter the survey, participants were asked to show the experimenter their watches. Interestingly, those who set their watches faster than the accurate time— a correlate for a productivity orientation, according to K einan and K ivetz— were more likely to choose the unusual experience.

W hile prior research suggests that it’s impulsive people who choose these novel experiences, K einan and K ivetz found the opposite to be true: these are consumers who are intentionally planning ahead. “People are choosing these unusual activities to build a memory— not to enjoy them in the short-term,” says K ivetz.

In their conceptualization of collectable experiences, K einan and K ivetz turned to the hobby of collecting physical objects like coins and stamps — a pastime that took off during the Great Depression, when both the government and the media encouraged unemployed people to build collections in order to feel a sense of accomplishment and self-worth. A nalogous to collectors of physical objects, experience collectors don’t repeat the same experience twice and perceive rare experiences as more memorable— and more valuable.

In another study, for example, K einan and K ivetz looked at the experience of spending New Year’s Eve at Times Square, which is rated as a popular goal on 43things.com, a website where members report on their personal goals. A s part of their experiment, K einan and K ivetz informed revelers who had been standing in cold weather for several hours that it was going to snow. When the researchers told some people that this would be the first time in the last 15 years that it would be snowing on New Year’s Eve in New York at midnight— thereby increasing the rareness or “collectability” of the experience— these revelers were more likely than the others to hope for snow.

### STRATEGIES FOR MARKETERS— AND WORKAHOLICS

The research suggests that marketers of novel experiences and day-to-day items alike should give consumers the opportunity to form and complete a collection. Grand Harvest Wines, for example, advertises its scotch club as a means of “acquiring a collection of the best and rarest single malt scotches.”

A nother example is the Hard Rock Café, which positions each of its restaurants as a different experience and encourages customers to visit all Hard Rock Café locations. “If you’re a creative marketer,” says K einan, “you can take any product and position it in a way that gives people a chance to experience something new.”

M arketers should also be sure to offer souvenirs and memorabilia, which can be sold at a premium: Productivity-oriented participants in K einan and K ivetz’s studies reported a high tendency to collect souvenirs from the places they visit, suggesting that these consumers want to document their accomplishments and, like any collector, record their progress.

K ivetz and K einan encourage marketers of unusual experiences to target consumers who are reaching significant milestones in their lives like graduating from college or celebrating a 40th birthday. “People often see these milestones as deadlines for personal bucket lists,” says K einan. In other words, if you don’t go skydiving now, when will you?

A nd it’s not just young people who are looking for that off-the-beaten path beer spa or helicopter tour: the research suggests that marketers of unusual experiences should target the 80 million baby boomers — the largest, fastest-growing, and most affluent demographic in the United States— as they retire over the next decade. In one study, K einan and K ivetz surveyed AARP members and found that those participants who explicitly mentioned a desire to feel productive said that when they retire they’d prefer to travel and see as many places as possible rather than stay at a luxurious resort. “People— and psychologists— expect that it’s only teens and 20-somethings who are attracted to these new experiences, but we have also observed this phenomenon among older consumers,” says K einan. “A nd this is a population that is very often neglected by marketers of collectable experiences.”

A s for your workaholic friend, think about how to spin time off as time on. “B uild a vacation that offers them a chance to learn or do something new so that they can tell themselves that they’re being productive,” says K ivetz. “A little self-deception can be a good thing.”

Related research by Kivetz, Oleg Urminsky, and Yuhuang Zheng, PhD ’05, shows that when consumers believe that they are making progress towards a goal, they intensify their efforts. To learn more, visit Columbia Ideas at Work at www.gsb.columbia.edu/kivetzideas.
HENRY KRAVIS ’69
Business and Community in Manhattanville

On October 5, HENRY KRAVIS ’69, founding partner of Kohlberg Kravis Roberts & Co. (KKR) and cochair of the School’s Board of Overseers, announced that he has pledged a gift of $100 million to the School for its planned state-of-the-art home on Columbia University’s new Manhattanville Campus. It is the largest gift in the School’s history. In recognition of Kravis’s extraordinary generosity, one of the School’s two new buildings will be named The Henry R. Kravis Building.

Among his many nonprofit and corporate board activities, Kravis serves on the board of the Council of Foreign Relations and is a vice chair of Rockefeller University’s Board of Trustees. A member of the School’s Board of Overseers since 1990, Kravis is a devoted member of the Columbia Business School community who participates often in School conferences and events. He has previously provided generous financial support to such School initiatives as Columbia CaseWorks, the Meyer Feldberg Distinguished Fellowship Program, and multiple endowed professorships.

The School’s new facilities will more than double its physical space to approximately 450,000 square feet, providing unprecedented opportunities to bring students, faculty members, alumni, and business practitioners together. “Columbia Business School is a great institution, and now—finally—we’re going to have the facilities to match,” says Kravis. Here, HERMES talks to Kravis about this pivotal moment in the School’s history.
How will the School’s presence in Manhattanville strengthen the local business community?

A. We’re not just constructing a building — we’re creating a community of entrepreneurs. It is my hope that innovation and entrepreneurship at the School will encourage and support innovation and entrepreneurship in Manhattanville and beyond.

Importantly, these new facilities will bring the School’s various community initiatives together in one place, forging closer ties between the academic community and the real world. The Columbia Community Business Program, for example, gives local business owners a chance to tap into the expertise of Columbia Business School faculty members and alumni, and the Nonprofit Board Leadership Program, which connects students with alumni board members so that they can learn what it means to run a nonprofit institution effectively, will have more opportunities to connect with small business owners in the community. All involved will benefit from the experience.

While these and many other programs are wonderful, we can do so much more. Students who participate in these efforts tell us that the programs are constrained by lack of space. That is about to change.

Mr. Kravis, you’ve been a generous supporter of the School for decades. What inspires you to stay connected?

A. I am here today because Columbia Business School helped nurture my dreams. I grew up in Tulsa, Oklahoma. The School and this city opened a new world to me. I took a job on Wall Street while studying for my MBA. I got a great education in the classroom and at the office. And what I learned convinced me that my path in business had to include taking risks. I crave challenges, and I’ve always liked to work without a safety net. I’m here today because I want to encourage that entrepreneurial spirit — at the School and in the community.

It has been a long time since I attended Columbia Business School, but I have the same sense of excitement and anticipation that I had when I first walked on campus as a student. This is a new beginning for a school that has nurtured dreams for nearly a century. I am thrilled to be part of that effort.

To watch a video of Kravis talking about the School’s new home and to learn more about the Manhattanville Campus, visit www.gsb.columbia.edu/kravis. To read more about the community programs mentioned here, go to page 12.
On October 5, students, faculty members, alumni, and friends of the School gathered together at Harlem’s Uptown Grand to celebrate the extraordinary $100 million investment made by HENRY KRAVIS ’69 in the School’s planned new home in Manhattanville.

1. “Columbia Business School’s new home will be a vibrant community intersection, where energy, entrepreneurship, and experience meet to create a powerful force for positive change,” said HENRY KRAVIS ’69.

2. Calling the School’s planned new facilities “the heart of the intellectual configuration of Manhattanville,” Columbia University President Lee Bollinger thanked Kravis.

3. THOMAS CAMPBELL ’09, founder of Thorobird, a real estate venture focused on affordable housing and community development projects, addressed the crowd.

4. Campbell, Kravis, and JUSTINE ZINKIN ’02 shared a moment together at the reception.

5. Dean Glenn Hubbard caught up with with SHARON JOSEPH ’97, cofounder of Harlem Lanes.

6. Board of Overseers member WASHINGTON Z. SYCIP (left), MS ’43, catches up with Professor Enrique Arzac.

7. “These new facilities will be the key to unlocking an amazing transformation of teaching and ideas,” said Hubbard.

8. Kravis chatted with Lisa Yeh, senior associate dean for external relations and development.

9. “With Mr. Kravis’s generosity, Columbia’s Manhattanville campus will ensure that the School remains an institutional anchor and an engine of economic growth and intellectual capital,” Zinkin said.
Reunion 2011
New York • April 15–17, 2011
Classes ending in “1” and “6,” as well as 2010 graduates, celebrate reunion with class dinners, panel discussions, career workshops, a family brunch, and more. To learn more, visit www.gsb.columbia.edu/reunion.

Annual Dinner 2011
New York • May 2, 2011
William V. Campbell, CC ’62, TC ’64, chair of the board of Intuit, and Mitchell E. Daniels Jr., governor of Indiana, will be honored at the School’s 35th Annual Dinner at the Waldorf Astoria. JOHN K. MARTIN JR. ’94 is chairing the event. To learn more, visit www.gsb.columbia.edu/annualdinner.

2011 Real Estate Alumni Reception
New York • May 5, 2011
Join fellow alumni for an evening reception honoring this year’s distinguished real estate partner, executive in residence Leanne Lachman.

Sir Gordon Wu Distinguished Speaker Forum
New York • May 10, 2011
LINDA TSAO YANG, MS ’48, chairman of the Asian Corporate Governance Association, is the featured speaker at the Sir Gordon Wu Distinguished Speaker Forum, which promotes the academic study and professional understanding of China’s economy and business practices.

Worldwide Alumni Club Event
Global • June 8, 2011
As part of the School’s fifth annual Worldwide Alumni Club Event, alumni clubs from across the globe will be hosting dinners, panel discussions, happy hours, and receptions. On Twitter follow #WACE11 for live updates from club events around the world.

Pan-European Reunion 2011
London • October 14–16, 2011
The School’s eighth Pan-European Reunion will be an extraordinary celebration of the School’s global alumni network and thought leadership. To learn more and register, visit www.gsb.columbia.edu/paneuro.

Alumni events are scheduled in cities around the world throughout the year. For a complete and up-to-date listing of events, visit www.gsb.columbia.edu/alumni/calendar.