BEYOND THE BOTTOM LINE: SOCIAL RESPONSIBILITY IN BUSINESS

BY HOWARD SCHULTZ AND SARAH POLEN MBA/MIA ’00
In this special section: the chairman and chief global strategist of Starbucks establishes a brand through trust; an alumna works at housing earthquake victims in Armenia; and our students and alumni build careers on social issues ranging from aiding refugee children to protecting the environment

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BY SANDRA RILEY
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Dear Friends:

Columbia Business School places a high value on individuals. We cultivate an entrepreneurial spirit that draws strength from the diversity of its students. In this issue of *Hermes*, we take a look at how a growing number of alumni and students are blending their personal views on social responsibility with the work they do in the business world. As the School’s international reach and influence continue to grow, it seems an especially good time to examine our roles as leaders and as individual citizens of this ever-broadening global community.

We are pleased to present an excerpt from a speech by Howard Schultz, chairman and chief global strategist of Starbucks, in which he shares the personal history that shaped his convictions. Schultz recounts building a brand from the inside out, by beginning with high standards for the treatment of employees and extending those standards to the global community where Starbucks conducts its business.

In an article focusing on the School’s Social Enterprise Program, *Hermes* profiles the myriad faces of corporate citizenship in our own Columbia Business School community: Tom Manning ’82 and Lawson Shadburn ’83 working to build health care centers in New York City; student entrepreneur Sara Green ’01 creating art-therapy programs for refugee children; Dan Nissenbaum ’88 working on the corporate side of community development; and student Staci Leuschner ’01 helping to preserve Alaska’s environment. Professor Ray Horton shares his vision for the growth of the program, including a new focus on social venturing.

Sara Polen MBA/MIA ’00 describes her firsthand experience of putting her business skills to work to provide housing for victims still left homeless by the 1988 earthquake in Armenia. We also meet Tomaso Radaelli ’96, who brings the art treasures of individual countries to a global audience, and Robert Freidman ’80, president of AOLTV, who presents his views on branding in today’s cluttered market landscape.

These diverse stories share the elements of passion, conviction and the vision to see beyond the bottom line. I take pride in the fact that so many of our students, young and distinguished alumni, and members of the board of overseers continue to enrich their business experience through commitment to social responsibility.

Sincerely,

Meyer Feldberg ’65
Dean
The School celebrated the opening on November 30 of the Eugene M. Lang Center for Entrepreneurship, established with a $3 million challenge grant from Eugene Lang, MS ’40, founder of Refac and founder and chairman of the “I Have A Dream” Foundation.

Lang joined more than 300 faculty members, students, entrepreneurs and alumni, including Russell Carson ’67, general partner of Welsh, Carson, Anderson & Stowe and member of the board of overseers, who gathered for the event.

The center’s founding marks the culmination of several years of growth for the Entrepreneurship Program, as the advantages of entrepreneurial skills—including identifying value, capturing opportunity and solving problems with limited resources—become evident across far-ranging disciplines.

In an innovative approach to the subject, the School integrates entrepreneurial issues throughout the core curriculum and offers such electives as Managing Innovation as well as lab courses that provide select students with comprehensive hands-on experience. Through an extensive network of mentors, many of them alumni, students have access to seasoned advice on industries from airlines to pharmaceuticals.

Such students as Bruce Schneider ’00, proprietor of Schneider Vineyards on Long Island, benefit from support ranging from opportunities to develop business plans to chances to receive up to $250,000 in seed funding.

In serving as a “living laboratory,” the center fulfills its mandate to, in Lang’s words, “foster the strengths and ambitions of our students and extend the horizons of their contributions.”

Associate Professor Murray Low is executive director of the center, and Professor R. Glenn Hubbard is the academic director. For more information about the Lang Center, visit www.gsb.columbia.edu/entprog.

In an alliance that promises to have far-reaching significance for the health care industry, three of Columbia University’s professional schools—the Business School, the Mailman School of Public Health and the College of Physicians and Surgeons—are joining forces to establish a preeminent center for multidisciplinary education and research on health care management.

Linda V. Green, the Armand G. Erpf Professor of Business and one of three faculty codirectors, says that the cross-disciplinary vision is key: “The alliance came about because we realized we were each only looking at one part of the puzzle—no single discipline gives the whole picture vis-à-vis improving health care delivery.”

UNITING TO STUDY HEALTH CARE MANAGEMENT

Martin E. Zimmerman ’61 of LFC Capital and James T. Harden MBA ’78/MPH ’83, of the Memorial Sloan-Kettering Cancer Center serve on the advisory board.
VALUE INVESTING: A TRADITION FOR THE LONG TERM

With the recent changes in the market, investors will no doubt be turning to the latest wisdom coming out of Columbia Business School’s long-standing tradition of value investing. Value Investing: From Graham to Buffett and Beyond will be published this July by Wiley & Sons. The book is written by Bruce C. N. Greenwald, the Robert Heilbrunn Professor of Finance and Asset Management, Adjunct Professor Paul Sonkin ’95, Michael van Biema, associate research scholar at the School, and Judd Kahn.

GABELLI HOSTS SEMINAR
On April 4, Greenwald shared his expertise at a timely seminar on value investing, hosted by Mario J. Gabelli ’67, chairman of Gabelli Asset Management, at the Museum of Television and Radio in New York City.

Gabelli, a leading disciple of the Graham and Dodd school of securities analysis, which was conceived and developed at the School in the 1930s by Professors Benjamin Graham and David L. Dodd, MS ’21, is recognized as a pioneer in applying the principles of value investing to the analysis of cash-generating franchise companies in a wide range of industries.

He introduced the topics of the day with clips from the lecture series by the late Professor Roger F. Murray given in 1993 at the same location.

NEW HEILBRUNN CENTER
Following Gabelli’s remarks, Dean Feldberg noted the seminal role value investing has played at the School for nearly 70 years. He went on to promise value investing’s continuing influence in the new millennium, announcing the founding of a center devoted to its study with a recent $5 million gift from Robert and Harriet Heilbrunn. “The new center will build on the momentum already established, further enrich the curriculum and reach deeper into the greater community of practitioners and academics, with a hope to influence even other business schools,” Feldberg said.

Panel discussions were conducted by leading consultants and mutual fund investors, including Charles Royce ’63, president of Royce & Associates, and Sonkin, who is also investment manager of the Hummingbird Value Fund.

GREENWALD EXPLAINS THE APPROACH
In his lecture, “Value Investing Today,” Greenwald described this long-term strategy as “looking for a real bargain,” and stressed that value investing has consistently outperformed other approaches by 3 to 5 percentage points over time.

He advised playing against systematic bias: “There is one brute fact in investing. When you buy a share, someone else is selling it. Chances are one of you is wrong.”

—Bruce C. N. Greenwald
MIDDLE EAST LEADERS DISCUSS ECONOMIC DEVELOPMENT

The Millennium Lecture Series continues to attract world leaders to the School, bringing both King Abdullah II of Jordan and Benjamin Netanyahu, former prime minister of Israel, to campus over the course of the fall and spring semesters. Students, faculty members, administrators and friends thronged the events.

The academic year began with King Abdullah's speech, “Leading a Developing Nation into Economic Stability and Prosperity. In introducing King Abdullah, Vice Dean Safwan Masri (a native Jordanian), who served as moderator, said, “This is an especially momentous occasion for me as my two worlds come together offering the best of what both have to offer.”

In his talk, the King laid out his basic goals for Jordan’s advancement, which include modernizing education. Stressing the importance of Internet technology, he said that for the development of his country, “the future is no longer in politics. It’s in economics.”

Later that fall, Netanyahu returned to the School to address MBA students in the classroom. He also spoke to a group of EMBA students. The former prime minister posed the question, What makes a good leader? He stressed that good leaders have a vision that they can translate into concrete policies, with a willingness to defend their convictions and values. If you are able to follow your vision, he advised, “others will follow you.” He also discussed the success of Israel’s IT industry and what he sees as the Internet’s potential democratizing effect. “Looking forward,” Netanyahu said, “the information revolution since the advent of the Internet will lead to a global phenomenon that involves economic revolution and, finally, social change.”

The Millennium Lecture Series is part of an initiative at the School to examine aspects of leadership through unique perspectives on management and economic development.

Sheena Iyengar, an associate professor in the Management Division specializing in managerial decision making and organizational behavior, was honored with the Faculty Early Career Development Award by the National Science Foundation.

Iyengar received the award for her work on a research proposal titled “Rethinking the Value of Choice: Considering Cultural, Industrial and Situational Mediators of Intrinsic Motivation,” in which she disputes the commonly held notion that more choice is intrinsically motivating and always ends in higher levels of satisfaction.

The award-winning research project was built upon a foundation laid by Iyengar’s earlier papers, including one featured in a New York Times article on January 9. Results of the study reveal deviations in people’s attitudes toward choice and have potentially broad implications for choices offered in employee benefit programs.

Iyengar becomes one of six members of the Business School faculty honored with the special award. Previous recipients are Julien Bramel, Sebastián Ceria, Fangruo Chen, Paul Glasserman and Laurie Hodrick.

The award is coupled with a $679,500 grant, one of the largest issued by the National Science Foundation.
SILFEN SERIES PRESENTS WEILL AND RODDICK

The spring term began with two highly anticipated guest speakers, Sanford Weill, chairman and CEO of Citigroup, Inc., and Anita Roddick, founder and cochair of the Body Shop.

Both events were part of the Silfen Distinguished Leaders Lecture Series at the School, a program supported by a grant from David Silfen ’68 and his wife, Lyn, that attracts speakers from the highest corporate levels to speak to students in a classroom setting.

GLOBAL MERGERS

A standing-room-only crowd listened attentively as Weill recounted his career in business, which began at Bear Stearns in 1955. He covered topics ranging from the effects of the Berlin Wall’s collapse on international business to the 1998 merger of the Travelers Group and Citicorp.

Weill certainly has vast experience. Even so, he still sees himself as learning. “I’m a neophyte as it relates to global business,” he said. “I’ve had a three-year adventure. I love going to different countries, meeting different people and hearing their aspirations... I’m having fun.”

In a lively question-and-answer session, Weill offered some advice for successful mergers. Treat the people of the company being acquired with respect, he said, and let them know that they are coming into a meritocracy. Make decisions fast, he continued, saying it is better to make a mistake than no decision at all. He also emphasized the importance of a company’s culture.

When asked about challenges, Weill answered that one of his current challenges is to make Citigroup feel like a small company. “I like to think I’m still an entrepreneur,” he said. “I don’t send memos. I find information out by walking the floors and speaking with people.”

BUSINESS AS UNUSUAL

Roddick began her talk with the question she is asked most often by the media: How can you be socially responsible and successful? How can you be ethical and still profitable? From there, Roddick related the Body Shop’s rise from a single shop in Brighton, England, in 1976 to a highly profitable company operating in 49 countries with 1,700 outlets worldwide—all while maintaining socially responsible business practices and founding an array of international relief projects.

She went on to demonstrate her passion for putting idealism back on the business agenda. “There has to be a new language,” she said, “one that incorporates social justice and human rights, not just the language of ever-increasing wealth.”

She also spotlighted a new trend among consumers that she believes will affect brand identity. “There is a new kind of customer out there,” whom she calls vigilante or political consumers, “who are more like ethical watchdogs—choosing because we know the story behind the product.”

Roddick was on tour promoting her new book, Business as Unusual: The Triumph of Anita Roddick (Thorsons, 2001), a personal account of her experiences as an entrepreneur and her opposition to selling or buying products that exploit workers or the environment.
CAPITAL CAMPAIGN LAUNCHED AT 25TH ANNUAL DINNER

On the evening of May 7, event chair Henry R. Kravis ’69, founding partner of Kohlberg Kravis Roberts & Co., hosted more than 130 corporate sponsors and 1,000 guests at the 25th-anniversary Columbia Business School Annual Dinner. At the black-tie gala, Dean Feldberg announced the School’s new capital campaign, which has already raised $100 million toward its $170 million goal.

Featured speakers at the event were Rudolph W. Giuliani, mayor of New York City, and Jacques Nasser, president and CEO of the Ford Motor Company, who received the Distinguished Leadership Award in Government and Business, respectively.

The most successful Annual Dinner to date, the event raised more than $3 million, with contributions topping those of last year’s dinner by nearly $1 million. Held each year in the grand ballroom at the Waldorf-Astoria Hotel, the dinner celebrates the School’s new accomplishments and legacy of academic excellence.

CAPITAL CAMPAIGN PRIORITIES
The campaign aims to keep the School on the leading edge of graduate business education. Funds raised during the initiative are targeted to four priorities: teaching excellence, intellectual capital and the curriculum, cutting-edge technology and building community by means of a residence hall, improvements to Uris Hall and new space for academic centers.

The campaign is cochaired by board of overseers members R. Bradford Evans ’70, Nathan Gantcher ’64 and David W. Zalaznick ’78.

DONALDSON RECEIVES THE UNIVERSITY’S PRESIDENTIAL AWARD

John B. Donaldson, the Mario J. Gabelli Professor of Finance and academic director of the School’s Doctoral Program, was honored with the distinguished Presidential Award for outstanding teaching at Columbia University. He was one of five professors who were selected from 500 nominees.

“Since joining the faculty as an assistant professor in 1977,” says Dean Feldberg, “John has devoted himself completely and successfully to his students. He has enhanced student learning not only with his exceptional teaching but also with his consistently superior course design.”

Most recently, Donaldson designed the course Capital Markets and Investments. He also pursues an active research program, focusing on business cycles and asset pricing, particularly on the real side of the economy’s impact on equilibrium pricing of financial assets.

Donaldson received a citation from President George Rupp and a $5,000 prize at the University’s Commencement on May 16.
THE DISTANT WORLD OF A MISSISSIPPI PRISON

Sid Kara ’01, a former investment banker now in his second year at the School, recently took on another role—that of author—with AmErica House’s publication of his first novel, *Life’s Only Promise*, last fall. The book was enthusiastically received at a prerelease book-signing event at the School.

*Life’s Only Promise* chronicles the story of a black sharecropper in turn-of-the-century Mississippi who is unjustly sent to Parchman Farm, a brutal state-run prison. Parchman, which did exist, also appeared in the recent film *O Brother! Where Art Thou?* To portray its conditions accurately, Kara read history books and old newspaper articles for weeks before he began writing.

The author explains this unusual pursuit, saying, “I’ve always had a creative impulse within me, but it took time to find.” After graduation, he hopes to blend his creative and business interests by parlaying his business education into production or business-development work at a studio—and ultimately into his own production company.

Art Thou? To portray its conditions accurately, Kara read history books and old newspaper articles for weeks before he began writing.

Thus far, he says, *Life’s Only Promise* has given him not only “a lot of positive feedback” but also enough royalties to buy “a nice dinner from time to time.”

BUSINESS AND SHOW BUSINESS

Frantz Cayo ’01 produced his first play, *The Colored Museum*, at the Miller Theater this winter. Members of Columbia University’s Black Theater Ensemble, which Cayo describes as displaying the artistry of minority theater to the University community, performed the work.

Although a first-time producer, Cayo has acting experience both while an undergraduate at Cornell and in a previous production by the ensemble.

In selecting the play, seeking out a director and designing a business plan, Cayo says, he drew upon a number of MBA skills. He experimented with online interactive, or “viral,” marketing on the Web, created relationships with vendors and took advantage of the play’s nonprofit designation to save money.

“Most of all,” he says, “I had to use my managerial skills. With so many egos and the fact that everyone participating had volunteered, I needed to keep everyone enthusiastic and calm.”

The cast of student and other emerging actors played to a packed house for two nights. Written by George C. Wolfe, *The Colored Museum* is a satirical look at social and political themes related to African-American culture, told through a series of vignettes.

Cayo graduated from the School in February and now manages special projects for Major League Baseball’s advanced media division.
COLUMBIA WOMEN: GEARED FOR GLOBAL SUCCESS


Associate Dean Jace Schinderman welcomed the more than 400 members of the audience before the morning keynote address by Jean Hamilton, executive vice president of the Prudential Insurance Company and CEO of Prudential Institutional.

Hamilton discussed the positioning of the 125-year-old U.S. insurance company as a worldwide leader in the creation and protection of wealth and the strategies it employed to expand into the global marketplace.

Conference vice chairs Ellen Kokorda ’01 and Deirdre Vosswinkel ’01 introduced Crandall Bowles ’73, chairman and CEO of Springs Industries, a textile company that produces home furnishings. They presented her with the fifth annual Distinguished Alumna Award, whose recipient is selected solely by the student body.

The students honored Bowles’s excellence in a traditionally male-dominated industry and cited her as a “role model for our own lives and careers.” The fifth-generation leader of her family’s South Carolina–based business, Bowles discussed the challenges of bringing a traditionally low-tech company into a high-tech, global marketplace while competing in a changing retail landscape.

Sponsored by American Express and Deutsche Bank, the conference also included lively breakout sessions on such topics as global financing, corporate social responsibility in a global environment and managing your global career. Industry leaders—many of whom were alumnae—served as panelists.

In closing remarks, Mona Lau, managing director of global diversity for Deutsche Bank, discussed how women have fared so far in international business and analyzed upcoming changes in the global workforce. She also shared career advice, identifying four key success factors for women: choose line jobs, choose global assignments, find a mentor and establish a relative life-work balance.

NEW ALUMNAE BRANCH

CWIB’s efforts to provide Columbia Business School women with resources and contacts are not limited to the annual conference. The group’s recently formed alumnae/student branch started off the fall semester with a breakfast hosted by Susan Segal ’76, general partner at Chase Capital Partners, that drew more than 300 women. Speakers included Janet Hanson ’77, Nina McLemore ’95 and Lulu Wang ’83. A second breakfast, hosted in February by Ann Kaplan ’77, managing director at Goldman Sachs, featured Elizabeth Varet ’71, among others. The group is also developing a comprehensive alumnae/student mentoring program to further enhance members’ opportunities for learning, mentoring and networking.
Master of Arts

BY SANDRA RILEY

Like many Columbia Business School graduates, Tomaso Radaelli ’96 carries out his deal making on an international scale. His latest transaction was in gold, but it wasn’t your typical commodity trade. As exhibition manager for Mondadori, Italy’s leading publisher, Radaelli negotiated with state museums in Russia to produce an international art exhibit of recently excavated precious gold objects from the fourth and fifth centuries B.C.

After acquiring a show, the next challenge he sets for himself is how best to position an exhibit to draw in the largest possible audience. Citing a concept he learned while at the School—“how to link things that aren’t apparently linked”—Radaelli employs uncommon strategies for marketing the fine arts. For example, he looks to trends in television for marketing research. Noting the popularity of the Survivor shows or the Discovery Channel, he tries to sell the exhibit thematically. “We try to make it about a story, not just an archeological finding,” Radaelli says.

OF SCYTHIANS AND SKULLS

Last fall, “The Golden Deer of Eurasia: Scythian and Sarmatian Treasures from the Russian Steppes” opened at the Metropolitan Museum of Art. The exhibit excerpted Histories by the Greek historian Herodotus, who described with amazement and distaste some of the warlike, exotic customs of these ancient societies: the Scythians, who carved drinking cups from the skulls of their dead enemies and held mysterious hemp-inhaling burial rituals, and the Sarmatians, whose women warriors (believed to be descendants of the Amazons) rode into battle and hunted in men’s dress and were permitted to marry only after they had killed an enemy in battle. The exhibit features the first public display of nearly 200 ornately carved and intricately decorated objects found in burial tombs in the foothills of the southern Ural Mountains of Russia.

At the press preview, Radaelli described his work. The next day he would leave for Beijing to meet with government officials to discuss bringing an exhibit of Chinese art to Italy. From there, he was off to Berlin. “A few years back,” Radaelli explains, “Mondadori wanted to branch out into producing exhibits of state museum collections as a private manager. This is a $3 to $5 million business—for one exhibit. One needs to have the resources to put it on.” Mondadori is a $2 billion company under the holding company Fininvest, owned by media mogul Silvio Berlusconi, the prime minister of Italy. The well-known, high-quality art-book division led the firm into managing exhibits.

OFFERING THE WHOLE PACKAGE

“Scholars have fantastic projects but no resources,” Radaelli says. “We provide full service.” Mondadori takes care of all the logistics, from securing the loan of the artwork to corporate sponsorship. Radaelli and Mondadori roll an exhibition into multiple locations around the world, often holding auctions between cities. If an exhibit is successful, it can draw a half million visitors to that location. “The arts are undergoing quite a few changes,” Radaelli says, “from artisan mom-and-pop operations to international shows. It will bring big changes to the way people see art.”

A highlight of Radaelli’s career was the Milan exhibit “From Monet to Picasso,” which was the first showing
in western Europe of this collection of Impressionist paintings from the Pushkin State Museum of Fine Arts in Moscow. As he explains, two of history’s biggest individual Impressionist collectors were Russian. In 1918, Lenin nationalized the collections and divided them between the Pushkin and the State Hermitage Museum in St. Petersburg. In just four months, the Milan exhibit attracted 540,000 visitors. Mondadori also brought the Hermitage collection to Rome, where it drew 600,000 visitors, an Italian record for attendance.

THE EARLY SKETCH

Radaelli’s job producing exhibits began with an unexpected call three years ago. As an MBA student, he took a summer internship at McKinsey and was offered a position there as a consultant. After a year and a half, he got a call out of the blue from Mondadori, to which he had sent a résumé while at Columbia. Radaelli was the president of the Media Management Association at the School. He had always wanted to work in media to combine his knowledge of business with the arts. His interest in media came in part from his family background: his father worked in theater, and his mother in television.

Born in Milan, Radaelli attended a French high school in Rome and college at Università di Roma. He worked for a variety of companies in Europe, including the French consulting firm Solving. He then went to Bata, a Czech retail-shoe company, where he was European controller. At 30, Radaelli decided to go to business school. He applied only to Columbia because he wanted to be in New York City and in a campus setting.

“Columbia provided me with two great years of thinking and planning,” he says. After getting readjusted to the lifestyle of a student, he realized that waiting until he was 30 was the right thing at the right time for him, “possibly the best thing I have done.”

Radaelli is quick to point out that “one thing these shows are not is nonprofit.” He asks, if a typical exhibit lasts three to four months and brings in 200,000 people, how do you get that number up to a half million? Marketing venues of Mondadori’s 50 magazines and other press (“with enough attention, one’s advertising budget is minimal”) are just a start. He also uses such approaches as promotional events and television tie-ins.

COMPETING FOR FREE TIME

Radaelli says he is interested in the innermost motivations that drive people to visit a museum. He sees his competitors in publishing, the cinema and the theater. “It’s all about competing for free time,” Radaelli says, “with the added twist of being on the high end of the offer. Art is never cheap. You can’t reproduce it or replace it. Art is what you would call a virtual monopoly.”

In today’s content-driven economy, Radaelli feels, Mondadori is well poised for growth. From merchandising to cross-marketing, the more people exposed to the art, he argues, the better. Selling images of art brings the art into the home. Deals with other industries, such as tourism, prove mutually profitable.

Another relationship Radaelli emphasizes is corporate sponsorship. Far too often, he believes, patrons don’t even know who the corporate sponsors are. “The average visitor is a wealthy 18- to 45-year-old woman, a purchaser and decision maker.” There is nothing wrong, he says, with advertising sponsorship in a respectful way, as long as it does not take away from the art itself.

Juggling time zones and languages, Radaelli thrives on the personal connections he makes, saying that his move to the art world has provided him access to a range of interesting and influential people. When looking back on Columbia, he stresses that opportunities for MBAs aren’t limited to finance, consulting and the Internet. “The glory of this business,” he adds frankly, “is that the money can be excellent.”

Making his way around the shimmering exhibit at the Met, he is already thinking about the show’s next stop. The Golden Deer’s intricate objects and the stories they’ve unearthed next travel to Radaelli’s native Italy to be displayed in a fourth-century palazzo in Milan.
HUBBARD NOMINATED TO THE COUNCIL OF ECONOMIC ADVISERS

President George W. Bush’s nomination of R. Glenn Hubbard, the Russell L. Carson Professor of Finance and Economics, to the Council of Economic Advisers caused quite a stir among national media outlets. After the nomination, the New York Times (2/27/01) profiled the noted economist and detailed his research in the areas of tax law, family savings and income inequality. Hubbard discussed his hope that the council will play a strong role in developing this administration’s economic policy.

The morning after President Bush’s nationally televised address on his budget proposals, CNBC (2/28/01) turned to Hubbard for insight. Describing the proposed tax cut as being fair across income levels, Hubbard noted that he expects the plan to have a positive impact. He also praised the retroactive tax cut, which can increase consumer confidence, as a potential stimulus for the slowing economy. Hubbard stressed that the current package provides the country with a sound, long-term tax policy.

ACCOUNTING FOR COMPANIES’ GROWTH

Media giant Time Warner has come under attack from critics for its reporting of fiscal year 2000 earnings/performance. The concern stems from accounting reports that included one-time benefits as part of the company’s overall cash-flow growth. Several investment banks have criticized that practice as artificially inflating the company’s results. In an interview with the New York Times (12/15/00), Mary Ellen Carter, assistant professor of accounting, discussed the importance of companies’ distinguishing between recurring and nonrecurring performances and results when reporting earnings. Without such consistency, Carter maintained, analysts cannot accurately compare companies’ growth from year to year.

WHEN FEWER IS BETTER

Traditional economic theory holds that people prefer to have choices so that they can weigh their options and select the item they prefer. Accordingly, many businesses have operated under the assumption that the more choices the consumer has, the better. A new study by Sheena S. Iyengar, associate professor of management, and Professor Mark R. Lepper of Stanford’s psychology department demonstrates, however, that too many options can have the opposite effect and turn consumers away. In an article highlighting this study, the New York Times (1/9/01) explored the professors’ theory that when presented with too many choices, especially when the differences between products are small, consumers tend to feel overwhelmed. As a result, they are less likely to purchase or pursue any of the options put before them. Some companies have already taken this message to heart and have discovered that after consolidating their product into fewer varieties, their market share has increased.

VIRTUAL CHARACTERS BECOME REALITY

In an effort to break through the barrage of advertisements that confront people every day, some companies are turning to new technology to reach the consumer: the next time you walk into a department store, the salesperson helping you just might be a computer-generated or virtual character. With several major cosmetics and fashion firms looking to incorporate virtual characters into their showrooms, CBS News (12/23/00) turned to Professor Bernd Schmitt, executive director of the Center on Global Brand Leadership, to explain this trend. Schmitt noted that consumers are increasingly interested in having experiences while contemplating whether or not to purchase different products. If successfully implemented, he explained, virtual characters can foster experiential moments for consumers, thus helping a company build a brand image.
A BLANKET TRUST
Starbucks’ s chairman and chief global strategist, Howard Schultz, discusses how his company built its powerful brand, not by funding advertising campaigns, but rather by fostering a set of core values and consistent business practices at home and abroad.

REPAIRING THE WORLD
Sarah Polen MBA/MIA ’00, who specialized in public and nonprofit management at the School, puts her business expertise to work in the Caucasus Mountains in Armenia, providing permanent housing for families who are still homeless as a result of the region’s 1988 earthquake.

A DIFFERENT KIND OF PAYOFF
The School’s Public and Nonprofit Management Program—newly renamed the Social Enterprise Program—is changing to meet the demands of a growing number of students who want careers that incorporate their personal values. Meet MBAs who are balancing traditional business practices and social responsibility.

BOTTOM LINE
a blanket
We at Starbucks have been trying to create an industry that did not exist, and a kind of brand that was very unusual. One real anomaly is that we have spent very little on advertising. We’ve had corporate executives try and understand how a brand could become so powerful and ubiquitous with so little promotion. The truth is we had no money to advertise, so we had to figure out a different way. We said to ourselves that if we wanted to build a large enterprise and a brand that had meaning, relevance and trust for all its constituencies, then we first had to build trust with our employees. So we tried to coauthor a strategy in which those who worked for the business really felt they were part of something. As a result, in 1989 and 1990, we provided equity in the form of stock options to our employees.

The story behind this goes back to my childhood and a significant moment that made an imprint on me. I grew up in federally subsidized housing in Brooklyn, N.Y. I was part of a generation of families that dreamed about the American dream, but we were working class. My dad had a series of terrible blue-collar jobs. An uneducated man, he was kind of beaten by the system. A World War II veteran, he had great aspirations about America, but his dream was not coming true.

At the age of seven, I came home one day to find my dad sprawled on the couch in our two-bedroom apartment in a full-leg cast; he had fallen on the job and broken his leg. He hated this job bitterly, but on this one day, he wished he had it back. This was way before the invention of Pampers, and he worked as a delivery driver for cloth diapers. It was an awful job. But in 1960 in America, in most companies there was no workers’ compensation and no hospitalization for a blue-collar worker who had an accident. I saw firsthand the plight of the working class. We had nothing.
That experience had a significant effect on how I saw the world. Finally, when I got into a position of responsibility at Starbucks, in a sense what I wanted to try and do was build a kind of company that my father never got a chance to work for.

Providing equity in the form of stock options and providing comprehensive health care (66 percent of our workforce at that time was part-time) were unbelievable anomalies in American business. We had to get an exemption from the S.E.C. and the board of directors. We were a small company. It was a tough environment to do these things, but everyone saw the opportunity to create an environment that would link us together.

When we did this, we had a couple hundred employees and fewer than 50 stores. Today, we have close to 50,000 employees, whom we call partners, and we will open up our 3,500th store at the end of this month. We have built, I think, an enduring, sustainable business upon a premise that says the experience that we create inside our company will be the defining mechanism of building our brand. We said we must first take care of our people.

Externally, building the brand and creating trust with our customers and creating the experience weren’t easy either. It is more difficult to build a brand today and create relevance to the consumer than ever before. Consumers are incredibly cynical—they are bombarded by so much information and noise every day that no company has enough money to cut through the noise and create a brand and relevance.

One study tried to calibrate the level of confidence in consumer brands today versus 40 to 50 years ago. Then, if you were the brand manager of Procter & Gamble and you put your ad on television, approximately 85 to 90 percent of the people watching the commercial who had unaided awareness of the message believed in the message and were more apt to go out buy the product.

Today, less than 10 percent of the people viewing these ads and commercials who have unaided awareness of the message believe in the promises the companies make.

What happened? Well, many American companies over the last 20, 30, 40 years have let the customer down. Government, public officials and public institutions are also not building trust with their constituents. Therefore, it’s difficult to crack the code through conventional advertising and promotion. More than ever, the consumer is auditing the values and the culture of businesses as well as featured benefits and the cost of the product.

I’ll tell you a story of my own family. About a year ago, I was taking my son to downtown Seattle, before the school season started. We were getting ready to go into Niketown to buy him sneakers. He stopped at the door and said, “I don’t want to wear Nikes this year.” “Why?” I asked. He blurted out, “Because they don’t take care of their people in China.” He was 12 years old!

More than ever, the consumer is asking serious questions of companies that have to be answered with a degree of authenticity that goes beyond “I know your product sells for this much money” and “I can see the features and benefits of the product.” Consumers want to know about the company’s practices with its people and the community. They want to know what the company stands for. We all want to be part of something larger than ourselves. We want to be proud of whom we support and whom we align with.

Under those guidelines, it’s critically important in building a business that every single decision go into the imprinting of that brand. If you don’t tell the real truth to some constituency, you can’t later say that decision just didn’t matter. Everything matters. A business today must be built on a set of values, a foundation that’s authentic, so you can look in the mirror and sit with your people and be proud of what’s going on.

Recently I was walking down a street in London that was a very high fashion piece of real estate. It had one designer store after another: Armani, DKNY, Versace. Expensive stores, expensive rents. Out of the corner of my eye, I saw a storefront that just did not fit. It was about 12 feet wide, and no more than a 500-square-foot store. In the midst of all these fancy signs and fancy stores, this store had one word on top of the door: Cheese. I couldn’t figure out what it was, so, curious, I went in.

Behind the counter was a crusty, poorly dressed 70-year-old guy, and I was the only customer. As soon as I walked in, he came to life. I said, “I don’t know much about London, but it appears to me that this store really doesn’t fit on this street.” He replied, “Many people have said that to me,
TAKE YOUR BLANKET BACK TO AMERICA AND PUSH IT TO FIVE OTHER PEOPLE.

I went into his study and waited 10 to 15 minutes for him. Finally, the doors opened.

What we did not know was that Rabbi Finkel was severely afflicted with Parkinson’s disease. He sat down at the head of the table, and, naturally, our inclination was to kind of look away from him. We didn’t want to embarrass him.

We were all looking away, and we heard this big bang on the table: “Gentlemen, look at me, and look at me right now.” Now his speech affliction was worse than his physical shaking. It was really hard to listen to him and watch him. He said, “I have only a few minutes for you because I know you’re all busy American businessmen.” You know, just a little dig there.

Then he asked, “Who can tell me what the lesson of the Holocaust is?” He called on one guy, who didn’t know what to do—it was like being called on in the fifth grade without the answer. And the guy says something benign like, “We will never, ever forget. . . .” And the rabbi completely dismisses him.

I felt terrible for the guy until I realized the rabbi was getting ready to call on someone else. All of us were sort of under the table, looking away—you know, please, not me. He did not call me. I was sweating. He called on another guy, who had such a fantastic answer: “We will never, ever again be a victim or bystander.”

The rabbi said, “You guys just don’t get it. Okay, gentlemen, let me tell you the essence of the human spirit.

As you know, during the Holocaust, the people were transported in the worst possible, inhumane way by railcar. They thought they were going to a work camp. We all know they were going to a death camp.

After hours and hours in this inhumane corral with no light, no bathroom, cold, hours and hours, they arrived at the camps. The doors were swung wide open, and they were blinded by the light. Men were separated from women, mothers from daughters, fathers from sons. They went off to the bunkers to sleep.

As they went into the area to sleep, only one person was given a blanket for every six. The person who received the blanket, when he went to bed, had to decide, “Am I going to push the blanket to the five other people who did not get one, or am I going to pull it toward myself to stay warm?”

And Rabbi Finkel says, “It was during this defining moment that we learned the power of the human spirit, because we pushed the blanket to five others.”

And with that, he stood up and said, “Take your blanket. Take it back to America and push it to five other people.”
I work for the Urban Institute on a U.S. government–funded project in the Caucasus mountains in the Republic of Armenia, formerly part of the Soviet Union. The ultimate goal of the project is to assess the feasibility of using market mechanisms to provide permanent housing to people who lost their homes in the 1988 earthquake. (More than 12 years later, thousands are still living in temporary housing—shipping containers and rooms in clinics, kindergartens and other public buildings.)

Specifically, this pilot project provides vouchers, redeemable at local banks, that can be used to buy apartments and houses for sale on the private real estate market. On a typical day at my job, I might discuss housing prices with the provincial governor of Shirak Marz, theories of imperfect markets with my Armenian coworkers and financial regulation with an account manager at a local bank.
The pilot project has three components: physical, social and financial. Physically, the pilot site, in the northern city of Gyumri, had to be identified, surveyed and mapped, and it is currently being cleared of vacated temporary housing by the city administration.

For the social component, the Urban Institute is working with the city and two local nonprofit agencies, Meghvik (Honeybee) and the Sakharov Foundation, to explain the project to the community, determine people’s eligibility to participate in the program and provide assistance in completing the process to the approximately 300 households (more than 1,000 people) that are receiving permanent housing through the pilot program.

Finally, the financial component involves financing the purchase of permanent housing through vouchers that are funded by the United States Agency for International Development (USAID) and the government of Armenia and processed by two Armenian banks, Hayeconombank and Ardashinbank.

To implement the project, we have to work closely with the local community, government officials, banks and our counterparts at USAID. While most of the seven other people in the office focus on a single aspect of the project—coordinating with the community and local nonprofits, government agencies or the participating banks—I do a little of everything, from refining the process with the banks to establishing clear guidelines for the privatization of apartments with the local government.

Working on project implementation for an international nonprofit is exactly the kind of job that I’d hoped enrolling in the joint Master of Business Administration/Master of International Affairs program at Columbia would allow me to have. I took a job with the Urban Institute, a nonprofit organization based in Washington, D.C., after graduating from Columbia Business School in May 2000.

The Institute’s overall mission is to sharpen thinking about society’s problems and efforts to solve them; to improve government decisions and their implementation; and to increase citizens’ awareness about important public choices. The institute works in a wide range of areas in the United States, from nonprofit advocacy to Social Security reform.

It also provides technical assistance and program management in more than 20 countries on projects funded by such international donors as USAID and the World Bank. Its international focus is on developing, reforming and strengthening the performance of governments, enhancing private-sector markets and improving the quality of life wherever it is at work.

Although I had worked in the former Soviet Union before, all of my previous work experience was as an editor, so finding a job with an international nonprofit organization represented a significant career change.

I gained a lot from each program at Columbia: I expanded my regional expertise and knowledge of international development issues at SIPA and acquired new skills and a deeper understanding of the business world at Columbia Business School.

Whether I use statistics to evaluate the progress of the Urban Institute’s project, cost-benefit analysis to compare it to other initiatives aimed at rehousing people in the earthquake zone or techniques presented in macroeconomics to predict the effect of exchange-rate fluctuations on housing prices, I’m relying every day on concrete skills I learned at Columbia Business School.

Additionally, I’ve found that the analytical approaches I learned at the School—from disciplines as varied as marketing and international business—have given me the tools to contribute effectively to the project. For example, preparing cases in Emerging Financial Markets helped me understand how the Armenian financial environment shapes the incentives and constraints facing the banks with which I work.

At the same time, I believe that some of the most important benefits for me came not just from the course work, but from the people I studied with at the School. There were fantastic opportunities to learn from the other students, many of whom had worked abroad in a wide variety of industries and countries.

I came to the School in order to make a career change, so it was particularly exciting for me to...
meet people through the Public and Nonprofit Management Program and Net Impact who were coming from or going into the nonprofit field. These same people were also my support network during my nontraditional job search. They not only helped me identify prospective organizations to work for, but also provided moral support and encouragement to pursue my goals when I was concerned about focusing my job search in a sector that offers beginning salaries of less than half my graduate school debt.

Columbia Business School and the Public and Nonprofit Management Program have also made a real difference in my ability to balance my career goals and my financial responsibilities by awarding me the Public and Nonprofit Assistance Grant. By giving me the means to pay off a portion of my debt, the award has guaranteed that I will be able to continue to pursue my career goals in the nonprofit sector.

After six months with the Urban Institute’s housing certificate program in Armenia, I know that I made the right decisions, both in choosing to go to Columbia and in choosing to pursue a career in international development.

Sarah Polen ’00 received dual MBA and MIA degrees from Columbia Business School and the School of International and Public Affairs. The recipient of a Columbia Business School Public and Nonprofit Assistance Grant, she is a project manager in the housing purchase certificate pilot program for the Urban Institute in Armenia.

FOR 12 YEARS, GARNIK AND MARYAM SHIGIRYAN LIVED IN A METAL SHIPPING CONTAINER THAT HOLDS THE HEAT IN THE 100°F SUMMERS AND FREEZES AS SOON AS THE TEMPERATURE DROPS

On April 28, 2000, Garnik and Maryam Shigiryan, a married couple in their late 30s with two sons, Artur, 9, and Tigran, 6, received one of the first five housing vouchers to be issued. In December 1988, Garnik was working in the local machine tool factory and living with his wife in a two-room apartment on Yerevanyan Khjughi (Yerevan Avenue) in Gyumri. During the earthquake, both the factory where he worked and the apartment building where he lived were destroyed.

For 12 years, Garnik and Maryam and their growing family lived on Yerevanyan Khjughi in a metal shipping container that holds the heat in the 100°F summers and freezes as soon as the temperature drops in the winter in this city 5,000 feet up in the mountains. In the Yerevanyan Khjughi neighborhood of Gyumri, where the pilot project is located, more than 700 families live in this kind of temporary shelter, without running water or gas. Like most people in the neighborhood, the Shigiryans are formally unemployed, earning some money by trading in the local market.

“When we agreed to participate in the project, we didn’t really expect that we’d end up with an apartment—after all, we’ve been promised housing for the past 12 years and we’d simply lost hope. But once we got the certificate, it didn’t take long at all for us to find an apartment. We are so much more optimistic about the future now.”

By the middle of July, the Shigiryan family had moved into their new apartment: three rooms, a kitchen and a bath on the first floor of a stone building 10 minutes by bus from their old neighborhood.
TOM MANNING ’82 (LEFT) AND LAWSON SHADBURN ’83 PROVIDE GUIDANCE AND FINANCING TO COMMUNITY HEALTH CARE CENTERS IN LOW-INCOME, UNDERSERVED NEIGHBORHOODS IN NEW YORK CITY. THEY ARE JUST TWO IN A GROWING NUMBER OF COLUMBIA BUSINESS SCHOOL GRADUATES AND STUDENTS WHO ARE USING THEIR BUSINESS SKILLS TO ADVANCE SOCIAL CHANGE IN THE PUBLIC, NONPROFIT AND PRIVATE REALMS.
n 115th street just off Lenox Avenue in central Harlem, there is an old city firehouse, built in the 1890s. For 30 years after the city stopped using it, the firehouse stood vacant and deteriorating, an eyesore riddled with graffiti. Today, the renovated building is home to the Community Healthcare Network–Helen B. Atkinson Center (pictured at left), a vibrant neighborhood facility that treats approximately 20,000 cases per year. This transformation was brought about by the public-private partnership of the Primary Care Development Corporation with the involvement of Tom Manning ’82 and Lawson Shadburn ’83.

Manning and Shadburn work side by side as codirectors of capital access programs. Their careers followed “parallel paths” in community development—Manning came to his position from a government background, Lawson, from non-profit lending.

Of his passion for community development, Manning says, “I honestly think it’s a simple matter of choice. If there are things that are personally important to you, there are a million ways to combine those with what you learn at business school.”

In the private sector as well, the increased importance of corporate citizenship is speaking to a rise in awareness of the impact of for-profit business practices on communities and the environment. This awareness is also changing the way consumers think about brands. Companies are finding that social responsibility not only is good for society, it’s good for business.
ART RELIEF THERAPY IS DEDICATED TO PROVIDING INNOVATIVE TOOLS FOR INITIATING HEALING THROUGH ART IN REFUGEE COMMUNITIES.

Entrepreneur Sara Green ’01 (far left) came to Columbia Business School with a vision for her own business. The start-up, Art Relief Therapy (A.R.T.), is a nonprofit organization dedicated to providing international relief organizations with innovative tools for initiating the arts in refugee communities. The art therapy is designed to help children overcome trauma by articulating, and thus beginning to resolve, their fears and anger.

Green and partners Blythe Henwood ’01 (center) and Jaycee Pribulsky ’01 are what you could call social entrepreneurs. They are businesswomen with all the drive and creativity of successful entrepreneurs, but they are fueled by a special mission: improving the lives of refugee children around the world.

In a highly competitive process, A.R.T. was selected to take part in the School’s Entrepreneurial Greenhouse Program, which helps students get their businesses ready for investment. Green, who spent 10 years as a professional dancer and has an extensive background in managing arts organizations, will serve as executive director of the start-up.

The partners plan to team up with international relief organizations and link corporate sponsors to specific camps. This summer, they hope to develop a pilot program in a refugee camp in Sierra Leone.

SOCIAL ENTERPRISE PROGRAM

The increased awareness of social responsibility in the greater business community is also reflected in the student body. Columbia Business School is seeing an increasing and changing demand from students who are seeking a different kind of payoff and exploring what it means to look beyond the bottom line.

The program, established in 1981 and until recently known as the Public and Nonprofit Management Program, has always served a small but healthy network of students and alumni seeking careers in government and nonprofit organizations. But Professor Ray Horton, director of the program and chair of the Management Division, says he is seeing broader and more diverse categories of students coming to the School.

“In addition to a continuing influx of students interested in public and nonprofit careers, there are groups of students who are committed to increasing corporate social and environmental responsibility, social entrepreneurship and, finally, the management of international organizations promoting economic development and human rights.” Horton continues, “The name ‘Social Enterprise’ is better suited to the expanded mission of the program, which seeks to prepare our students for leadership roles addressing societal problems in not only nonprofit and government but also private-sector organizations. Our job is to develop courses and extracurricular activities that are responsive to student needs.”

“A great concern among prospective students, especially those coming from nonprofits, is how they’ll fit in with the culture of the School, which is perceived as being predominantly geared toward Wall Street,” says Carolyn Champ, assistant director of the program. “They want to learn to apply business concepts to broader public policy issues or discuss ethical standards for conducting business. Student groups and new courses are providing forums for these types of discussions that are definitely gaining momentum within the School.”

With the recent flourishing of interest, the Social Enterprise Program curriculum is adding several new courses, including Social Entrepreneurship; Transnational Business and International Human Rights; Business Strategy in Emerging Markets; Managerial Ethics; and Entrepreneurship in Emerging Markets.

SOCIAL ENTREPRENEURSHIP

The Social Entrepreneurship course, a joint offering of the Social Enterprise Program and the Eugene M. Lang Center for Entrepreneurship, will expose students to the full spectrum of social entrepreneurship, including the funders, financial models, legal issues and intermediary organizations with which students must be familiar to run a successful venture, get it funded and evaluate its impact over time.

NET IMPACT

Two student organizations, Students for Responsible Business and the Social Enterprise Association, merged last year to form a chapter of Net Impact. A global organization, Net Impact aims to prepare future business leaders for the social issues they will face through a variety of activities, including guest lectures and panel discussions.
Last spring, more than half of the student body filled Room 301 in Uris Hall and crowded around television monitors in the lobby to watch a Net Impact–sponsored debate between Bruce C. N. Greenwald, the Robert Heilbrunn Professor of Finance and Asset Management, and Reynold Levy, president of the nonprofit International Rescue Committee and former president of the AT&T Foundation. The vying premises were, respectively, “Resolved: A business leader’s responsibility is to increase shareholder value regardless of the social and environmental impact” versus “Resolved: A business enterprise must factor social and environmental issues into its decisions.”

Keith Timko ’02, president of Net Impact, finds that changes in the landscape of the School reflect a growing interest in social issues: “Students are exploring ways to make a profit and at the same time have a positive social impact by creatively blending their own personal values with what a business education has to offer.”

**STUDENT VOLUNTEERS**

The School has always emphasized its New York advantage, and many students, while taking advantage of New York, are choosing to give back to the city as well. This past year, through the Small Business Consulting Program, teams of MBAs provided pro bono counseling to such nonprofit organizations as New York Cares and the Friends of the Family Academy, which operates a school in Harlem dedicated to providing the same academic opportunities received by children in affluent environments.

The Committee on Volunteering and Philanthropy of the Graduate Business Association organizes a number of volunteer opportunities, ranging from the Harlem Tutorial Program to food and clothing drives and Habitat for Humanity, as well as a Community Service Week. Student involvement is fostered by friendly competition among the clusters for the highest participation rate.

Rick Atlas ’01, the GBA’s representative to the committee, says, “The wealth of skills and experiences of our students allows us to be very flexible to many organizations and provide assistance on multiple levels.”

“I think most notable,” he adds, “was the increase in public and nonprofit internships and CORPS Fellowship last summer.”

**CORPS FELLOWS**

In his CORPS (Columbia Business School Outreach Programs) internship last year, Chip McGee ’01, past president of Net Impact, approached improving public education in New York City from another angle, by working for Breakthrough for Learning. The organization’s strategy is to improve public school districts through a careful combination of performance incentives, professional recruitment and strategic consulting. “My role was to sift through the data to ensure that the incentives were properly aligned,” McGee says. “I spent a large portion of my summer crunching numbers to find out.”

The CORPS Fellowship is an award that financially subsidizes internships such as McGee’s. Through CORPS, students contribute analytical and management skills to public and nonprofit organizations that could not otherwise afford to hire them.

“Creating and financing projects that directly benefit low- and moderate-income families is as useful as working for one nonprofit.”

“My personal values have certainly shaped my career choices,” says Dan Nissenbaum ’88, vice president at the Merrill Lynch Community Development Company. “My family was always involved with nonprofit work. I was the black sheep for going into banking!”

After completing his MBA, Nissenbaum joined Chemical Bank’s real estate department, where he discovered the firm’s urban development group. He saw the opportunity to marry his background and interests. When denied a transfer into the group at that time, he resigned to join Chase Manhattan Bank’s Community Development Corporation.

At Chase, he directed a team of lenders, managed customer relations and structured lending programs for construction projects in New York City targeted to community development and nonprofits. Nissenbaum was recruited from Chase to J. P. Morgan to expand its real estate activities.

Corporate mergers and acquisitions have overlapped with his career path on several occasions. Six months after he joined J. P. Morgan, the firm was acquired by Chase, at which time Nissenbaum decided to move with his colleagues to Merrill Lynch to start a community-development company. He says, “I realized that being in a position to help create and finance projects with direct benefit to low- and moderate-income families can be as useful as working for one nonprofit.”
In keeping with the School’s international reach, CORPS internships and other student efforts extend far beyond New York City. Carlos Abreu ’02, a student in the MBA/MIA dual-degree program with the School of International and Public Affairs, spent his CORPS internship developing a strategy for the United Nations Development Program in Honduras. “For me,” Abreu says, “this situation highlighted the need for and value of business logic in achieving social benefit and illustrated that the two concepts should be woven together.”

This summer, the fellowship program is able to fund seven students, thanks to the unprecedented level of giving by students, faculty and staff members, and alumni: during Community Service Week, students raised nearly $34,000 from fellow students alone. Pledges and contributions for the 2001 fundraising season totaled nearly $50,000, double last year’s amount. Organizations that will benefit from CORPS fellows this summer include Technology Informatics Design Endeavor, a technology intermediary in India that delivers technology to underserved communities, and Funbodem, a microlender in Bolivia.

ALUMNI CONNECTIONS

The Social Enterprise Program’s alumni are at work combining business with social benefit in positions ranging from budget directors of major U.S. cities to CEOs of community development agencies to CFOs of hospitals. The School’s link with alumni starts with the Public and Nonprofit Management Alumni Club, which is organized within the larger structure of the School’s alumni association. Alumni are actively involved in nearly all aspects of the program, including placement, speaker panels, projects and courses. Events such as the Annual Alumni-Student Reception and other social gatherings provide networking opportunities for students, and the program’s Web page (www.gsb.columbia.edu/courses/concen/pnpm) provides shadow placement assistance through job listings.

To assist recent graduates with their first step into the public and nonprofit sectors, the School offers the Guenther Family Public and Nonprofit Assistance Grant. Made possible by a gift from Paul Guenther ’64, a board of overseers member, and his family, the grant assists with financial indebtedness from tuition. Chairman of the New York Philharmonic, Guenther was the president of the Paine Webber Group until his retirement in 1995, after which he chose to focus on the nonprofit sector.

Guenther’s path is one that is growing more common among alumni. The office of the Social Enterprise Program hears from a variety of graduates who have successful careers in the private sector but who are looking to participate in the nonprofit realm through such activities as philanthropy and service on boards of directors or through changes in career paths.

When asked about his fellow students’ future roles, Net Impact president Timko says that what he hopes is that Columbia Business School graduates will continue to “serve as ambassadors between the public and private sectors. There is a lot of flexibility and freedom for alumni to take their skills and expertise, find something they’re passionate about and put their resources toward it.”

— Sandra Riley

For more information about the CORPS Fellowship program or to make a donation, contact Carolyn Champ at cjc48@columbia.edu or at (212) 854-1801.
STUDENTS VOTE FOR BANC

The class of 2001 has designated its class gift to further enhance BANC (Business Alumni Network Community), the online community created exclusively for alumni. In an effort unsurpassed by previous classes or peer schools, the class raised $854,000, with a remarkable 90 percent rate of participation.

BANC offers free lifetime e-mail forwarding, an alumni database search, e-mail networking lists, job-search resources and more. Take advantage of this network by signing on at www.gsb.columbia.edu/alumni/banc.

Stephanie Taubman will be working with the 2001 Class Gift Steering Committee to make this a powerful and interactive tool for us all. She welcomes comments and ideas for improvement at (212) 854-9113 or at sat55@columbia.edu.

YOUNG ALUMNI STRENGTHEN TIES

The Young Alumni Council, founded last spring by graduates of the last five years, has gotten off to an exciting start in 2001. Led by Bita Javadizadeh ’99 and Adam Smith ’98, the council maintains a strong link between the School and its recent graduates, encouraging alumni involvement in career development, admissions, student events, fund-raising and the classroom. New council members for each class are appointed upon graduation by the School and the council.

In January, the council began a panel series geared to first-year students and their job searches. The success of “Nontraditional Career Paths” and “Optimizing the B-School Experience” led to a third panel, “How I Conquered Manhattan (and Even Got a Job!),” as part of Chazen International Week.

The second annual Young Alumni Spring Ball at the New-York Historical Society in May was another success, thanks in part to generous sponsorship from Accenture, Deutsche Bank, Fidelity Investments, Enron and the European Society and from in-kind sponsors eyestorm, Kenneth Cole, MBA Jungle, Robert Mondavi Wineries, Simplicity and Zagat Survey.

For more information, contact Abigail Whiffen at (212) 854-7947 or at aw534@columbia.edu.

NEW ALUMNI RELATIONS TEAM

The Alumni Relations Office welcomes a new team this academic year. Catherine Goetz, director of alumni and donor advancement, joined the School to oversee alumni relations and stewardship. Goetz, who holds an MBA degree from New York University, has a background in school administration, product marketing and, most recently, donor development with Save the Children. She can be reached at (212) 854-8202 or at cjg82@columbia.edu.

Abigail Whiffen, alumni relations officer, coordinates reunions and assists alumni clubs. She can be reached at (212) 854-7947 or at aw534@columbia.edu.

As the new assistant director of stewardship, Stephanie Taubman is responsible for managing alumni and donor relationships as well as directing enhancements to BANC, the online alumni community. She can be contacted at (212) 854-9113 or at sat55@columbia.edu.

Meghan Wheaton, donor advancement officer, relocated from St. Louis in March to assist in the management of donor, fellowship/scholarship and professorship programs and events. She can be reached at (212) 854-4402 or at mw2004@columbia.edu.

Finally, Kristen Murphy recently joined the team as associate director of alumni relations. She was previously with the Sloan School of Management at MIT. She can be reached at (212) 854-8821 or at km2014@columbia.edu.

For information about career resources, the alumni directory, club news and more, please visit www.gsb.columbia.edu/alumni.
BRANDING IN A CLUTTERED MARKET LANDSCAPE

BY ROBERT J. FRIEDMAN ’80

Since I joined New Line in 1990, the company has changed ownership three times and become adept at catering to the ever-changing tastes of the “niche” market. Targeting specific demographics, we make films and TV shows that appeal to finely honed sensibilities. We also make a broad, mainstream film like an Austin Powers, but that comes from targeting a niche and crossing it over to other demographics.

Velocity, or innovation, is our greatest challenge and competitive threat. For with innovation comes fragmentation, distraction and clutter. No matter what business you’re in, clutter is a primary adversary. As a marketing and production executive, let me tell you what clutter means in my business.

More than 200 million people worldwide are surfing more than 800 million Web pages with so much fragmentation and so many choices. In the next three years, experts say, 500 million people worldwide will be online, and the number of Web sites will increase exponentially. On average, people are spending from 15 to 17 hours a month online and up to 50 hours in the highest quadrant. That’s clutter with a capital C.

When I grew up, there was no satellite delivery, no cable TV. There were three primary choices on television: ABC, NBC and CBS. Now, that landscape is practically prehistoric. There are literally hundreds of programming alternatives. Today, regardless of the product, it is difficult to create an event, cast a wide net and cut through the clutter.

If this were the mid-80s, I might have talked about how we build movie or TV franchises, but today it’s more appropriate to talk about building “property franchises.” It’s Harry Potter, toys, theme parks and lines of clothing.

In our lifetime, who would have thought that in 10 years there would be a business in making films that go to home video first, instead of going to theaters or TV? Now they are making films for DVD or PPV.

Who would have thought that almost all households would have a dedicated game (Sega or Nintendo)—and that the costs to produce a game could go into the millions, versus $100,000 only five years ago? Who would have thought that commercials would become part of our daily programming? Who would have thought the real value in cable TV networks would be the brands they’ve developed, not just the shows? Who would have thought that the broadcast networks would have to rethink their business, that they would have to clarify what their brands mean to their customers?

The point is rules are constantly being rewritten—two and three times over the course of a decade—in the entertainment business and probably in many consumer businesses. So brands become even more important. And while many of you will invent applications in whatever business you move into in our world, an innovation or new application alone is not enough.

Whatever business you go into, it all comes down to consumers’ expectations or products, correctly or not.

So identify a consumer need from the consumer’s or buyer’s point of view, not the marketer’s or seller’s. And don’t forget, a brand must be positioned clearly. For example, Avis couldn’t be No. 1, but it could be better by trying harder. Its position eliminated Hertz for customers who cared about caring. It gave Avis identity and direction.

Always figure out the legacy your employer wants to leave behind and how you fit into that plan. Doing so will help you navigate a tricky landscape, where many of the rules you’ve learned here won’t necessarily help.

This endpaper is excerpted from the speech given by Robert Friedman to the MBA class of 2000 at its Recognition Ceremony last December. He was then cochairman, worldwide theatrical marketing, of New Line Cinema and president of New Line Television. In March, he was named president of AOLTV.