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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.
One of the hallmarks of Columbia Business School is not only the success of its alumni but also of its students. In some cases, students enter business school with a path clearly defined; for others, inspiration comes from—and leads to—unexpected places well after graduation.

This issue of HERMES recognizes the amazing, and at times surprising, career achievements of students and alumni. You will read about Master Class students who are working to improve New York City (page 8); alumni entrepreneurs whose “outrageous” business ideas were first heard in a Columbia competition (page 14); and documentary filmmaker Matthew Kallis ’86, who left a successful career as a hedge fund manager to follow his lifelong passion for art and realize his dream of making movies (page 18).

All of these stories have one thing in common: Columbia Business School helped spur the creative and critical thinking behind each initiative—and led to accomplishments that change the way people live, work, and see the world. Fresh ideas combined with leadership skills honed through classroom knowledge and practical application will define the next generation of business trailblazers—especially those who cut new paths all their own.

At the Annual Dinner on May 7, graduates will have the opportunity to connect with fellow alumni and learn about the paths their careers and lives have taken while also sharing their stories with students who are just beginning their own journeys. I look forward to seeing many of you there and thank you for your continued support of Columbia Business School.
EUROZONE CRISIS BRINGS RISKS—AND OPPORTUNITIES

If you’re worried about the impact of the euro crisis on your career, you might consider moving to Asia, Shang-Jin Wei, director of the Jerome A. Chazen Institute of International Business and N. T. Wang Professor of Chinese Business and Economy, advised students in a February 2 panel discussion hosted by the Chazen Institute.

“China will come out better from all this,” Wei said. Dean Glenn Hubbard moderated the discussion, which also featured David Beim, professor of professional practice; Michael Johannes, professor of finance and economics; and Emi Nakamura, the David W. Zalaznick Associate Professor of Business.

China is always looking to invest, Wei noted, and it could lend resources through the IMF to the EU. Doing so would not only help the eurozone, but could also lead to new non-European leadership at the IMF.

Beim emphasized that the introduction of the euro in the 1990s was the wrong choice. In order for a currency union to work, he said, member countries need to have similar inflation rates, fiscal and political integration, price and wage flexibility, and labor mobility. “Currency unions never seem to last more than 10 to 15 years,” Beim said.

But Nakamura disagreed. “In times of crisis, we forget that there was a reason these countries entered this economic union in the first place,” she said, stating that the most troubled countries now also benefitted the most when the union was formed; for example, the convergence of interest rates allowed Greece to borrow at Germany’s rates.

Johannes said that almost all developed countries have had credit crises in the last 20 years and that mispriced credit always plays a large role. “In this case, it’s caused by the EU’s dogmatic belief that sovereigns can’t default,” Johannes explained. “Countries are breaking social contracts with their people, but they aren’t yet ready to break their contracts with the European Union.”

The panelists agreed that could soon change—starting with Greece’s exit. “We will see Greece default,” Hubbard predicted. “There will be a banking problem in Europe, but then there will be huge opportunities for reorganizing assets.”

To watch a video of the discussion, visit www.gsb.columbia.edu/eurocrisis.

PANEL HIGHLIGHTS NEED TO INCREASE DIVERSITY IN CORPORATE LEADERSHIP

Despite studies linking improved corporate performance to the diversity of a firm’s board, most Fortune 500 companies continue to lack true boardroom diversity. While women represent 51 percent of the US population, and African Americans, Asian Americans, and Hispanics together represent 34 percent, only 28 percent of board seats are held by women or minorities.

These troubling facts were brought to light on October 6 at a lunchtime panel discussion hosted by the Sanford C. Bernstein Student Leadership and Ethics Board, Columbia Women in Business, and the Latin American and Hispanic Business Association.

Ann Bartel, the Merrill Lynch Professor of Workforce Transformation, moderated the discussion, which featured Ilene H. Lang, president and CEO of Catalyst and founding CEO of Alta Vista; Monika Mantilla ’96, president and CEO of Altura Capital; and Carlos Orta, president and CEO of the Hispanic Association on Corporate Responsibility.

The three panelists agreed that several key factors are essential in persuading corporations to hire diverse senior leadership. First, the business case: research suggests that better decision-making occurs with more diverse groups and that diversity is correlated with better financial performance.

Second, talent: women now earn more than half of all professional degrees.

Finally, reputation: research indicates that companies with more women leaders are perceived as more ethical.

Despite the obstacles, Mantilla and her fellow panelists are hopeful about the future. “I believe we are changing the world,” she said. “It is revolutionary to live in a system that works for all.”

To watch a video of Gbowee’s remarks, visit www.gsb.columbia.edu/gbowee.
Poverty is at its highest rate in 52 years. We’re in a structural contraction that will grow interest on the deficit, and the proliferation of loopholes and deductions lead to a continued period of low growth and high unemployment. No wonder we visited $4 trillion over the next 10 years. During the conference, Bowles emphasized the need for legislators to find a solution as soon as possible.

In December 2010, the commission produced a plan to reduce the deficit by $4 trillion over the next 10 years. During the conference, Bowles emphasized the need for legislators to find a solution as soon as possible.

“The gap between the haves and have-nots is immeasurably large,” Bowles said. “Poverty is at its highest rate in 52 years. We’re in a structural contraction that will lead to a continued period of low growth and high unemployment. No wonder we have people occupying Wall Street. The partisan divide is causing us to put off dealing with these problems, but our generation can’t afford to leave them for the next generation.”

The conference also featured panel discussions led by faculty members, alumni, and industry experts, including Laurie Hodrick, the A. Barton Hepburn Professor of Economics in the Faculty of Business and founding director of the Program for Financial Studies; DOUGLAS R. JAMIESON ’82, president and COO of GAMCO Investors; ANN F. KAPLAN ’77, chair of Circle Financial Group; PREM PARAMESWARAN ’95, managing director of Deutsche Bank Securities; PATRICIA MORAES ’95, co-head of investment banking, Brazil, at J. P. Morgan; and many others.

To watch videos from the conference and learn more about the Program for Financial Studies, visit www.gsb.columbia.edu/financialstudies. 
In October, Elke Weber, the Jerome A. Chazen Professor of International Business, met with the Dalai Lama to discuss ecology and ethics alongside nine fellow behavioral and climate scholars during a five-day workshop in Dharamsala, India, organized by the Colorado–based Mind & Life Institute. Weber and the Dalai Lama talked about the behavioral factors that keep individuals and companies from acting on environmental problems and what can be done to enable people to change. Weber said the Dalai Lama, who has previously focused on the effects of meditation on the brain, is particularly interested in the science behind global warming.

Q. What was it like meeting the Dalai Lama?

A. Before meeting him, I’d never been more scared in my entire life. I figured it’s the closest I’ll ever come to talking to a god, so to speak. But I prepared very well and knew not only what I was going to say, but how I was going to say it. The Dalai Lama is the most science-literate person I’ve met in a long time. He is a genuinely interested person and very much in-the-moment when you’re with him. He’s a really warm human being who emanates goodness, and he’s an extremely funny man. We touched foreheads at the end of our conversation. I noticed with another presenter he knew better, they rubbed noses. Apparently, the Dalai Lama doesn’t rub noses on a first meeting.

To read more and watch Weber’s conversation with the Dalai Lama, visit www.gsb.columbia.edu/weberdalailama.

STAY CONNECTED TO THE COLUMBIA BUSINESS SCHOOL COMMUNITY

>> MENTOR CURRENT STUDENTS. Update your work and contact information in the alumni directory at www.gsb.columbia.edu/alumni and sign up to be a Columbia Career Network (CCN) mentor. You will be highlighted in student searches as a CCN mentor and will be invited to participate in mentoring programs with students across industries.

>> NETWORK WITH LIKE-MINDED ALUMNI. Log in to the alumni site at www.gsb.columbia.edu/alumni and join one of the more than 150 industry, interest, and location-based discussion groups. For assistance, e-mail alumni@gsb.columbia.edu or call 212-854-8815.

STRATEGIC LEADERS NEED VISION, SAYS GENERAL GEORGE CASEY

Retired general George Casey, the 36th chief of staff of the US Army, shared his expertise on strategic leadership with Columbia Business School students on February 7 at the School.

As chief of staff, Casey led one of the world’s largest and most complex organizations—1.1 million people and an annual budget of more than $200 billion—from 2007 to 2011. He is credited with restoring balance to the war-weary US Army and helping to modernize the armed forces to meet the demands of 21st-century warfare in a post-9/11 world. From 2004 to 2007, he commanded the coalition of forces in Iraq, with troops from more than 30 nations.

The former general said that effective leadership begins with a clearly defined vision. “The question I always ask is, ‘What are we trying to accomplish?’ Articulating a vision is hard work, and it’s the work of the most senior person in the organization.” Leaders must develop a strategy and then build consensus around it, Casey said.

He also talked about driving cultural change within an organization. Historically, force was the “weapon of choice” in the army, but the complex combat in Iraq required more strategic decisions and tactics. In addition, Casey said US forces had a tendency to “do everything” themselves instead of giving Iraqi security forces enough responsibility to eventually take control. To change these cultural tendencies within the ranks, Casey made a point of meeting with every brigade as they arrived in Iraq, starting in 2005.

“There was no certainty for me about how Iraq was going to turn out,” he said. “Leadership requires personal courage—stating your convictions even when you know they’re not popular.”

The event was hosted by the Military in Business Association and the Sanford C. Bernstein Student Leadership and Ethics Board.
ALUMNI IN THE NEWS

The National Wrestling Hall of Fame and Museum will honor ANDREW F. BARTH ’85, a member of the School’s Board of Overseers with its Outstanding American Award on June 1, 2012. The award is given to individuals who have used the discipline of the sport to launch notable careers in science, technology, business, government, and the arts.

On November 6, THOMAS EASTON ’86 of the Economist was presented with the Bastiat Prize for Journalism, which celebrates journalists whose writing emulates the 19th-century French philosopher and politician Frédéric Bastiat. Easton’s winning articles looked at China’s thriving thicket of bamboo capitalism.”

Working Mother named LISA GRENIER ’99 (EMBA) a 2011 Working Mother of the Year. Grenier is a plant manager at Kraft Foods Planters in Fort Smith, AR.

The New York Times featured SUSAN HENSHAW JONES ’85, the new president of New York’s South Street Seaport Museum, on November 25, 2011. Jones is also president and director of the Museum of the City of New York. She “is not the sort to be intimidated by… challenges,” the Times reported. (Jones’s daughter, ALICE EATON ’13, recently began the School’s Executive MBA Program.)

KAIHAN KRIPPELDOFF ’99 has written a fourth book, Outthink the Competition: How a New Generation of Strategists Sees Options Others Ignore (Wiley, 2011). A former consultant with McKinsey & Co., Krippendorff is an independent consultant and investor who has spent more than a decade studying and writing about corporate conflict. He is also a regular contributor to fastcompany.com.

In September, DEBRA KURSHAN ’07 was named a 2011–12 White House Fellow. Kurshan was most recently a consultant with the Recovery School District in New Orleans, LA, and served in a variety of leadership roles at the New York City Department of Education. (Read more about Kurshan on page 33.)

A documentary film about NAIF AL-MUTAWA ’03 and the Islamic superhero comic book series he created, The 99, aired on PBS in October.

On October 19, the Wall Street Journal ran a feature about KikiSweat, a pop-up fitness company cofounded by ALICIA THOMAS ’07. The company brings exercise classes to nontraditional fitness venues throughout the five boroughs.

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

15,000

The number of hours of student time contributed to nonprofit board projects at local organizations—from the New York Philharmonic and the Child Mind Institute to the Big Apple Circus and Children’s Museum of Manhattan—through the School’s Nonprofit Board Leadership Program since the program launched in 2006. The program pairs students with nonprofit board members—a majority of whom are alumni—for mentoring and collaboration, culminating in consulting projects that address boards’ strategic goals.

DANIEL AMES, a professor of management, Michael Johannes, a professor of finance and economics, and DORON NISSIM, the Ernst & Young Professor of Accounting and Finance, are recipients of the 2011 Dean’s Prize for Teaching Excellence. The awards were established through a gift from GEORGE WIEGERS ’61, cofounder of Wiegers Capital Partners. The Dean’s Office supplements the prizes to celebrate additional winners for their superlative performance in the classroom.

PROFESSORS SHEENA IVENGAR AND RITA MCMCRATH were named to the “Thinkers50” list—a global ranking of management thinkers that is published every two years at www.thinkers50.com.

WWW.GSB.COLUMBIA.EDU/HERMES
THE SCHOOL IN THE NEWS

“Why are we three years into the crisis and some of the same kinds of complicated derivatives deals that brought down some of our biggest financial institutions are being done by Freddie Mac?” CHRIS MAYER, the Paul Milstein Professor of Real Estate and co-director of the School’s Richard Paul Richman Center for Business, Law, and Public Policy, commented in the New York Times on January 30.

On January 5, U.S. News & World Report featured a study by STEPHAN MEIER suggesting that impatient people have lower credit scores. Meier and his coauthors offered low- to moderate-income participants bigger cash rewards if they were willing to receive the money later. Those who were most willing to wait for cash rewards had, on average, credit scores that were 30 points higher than those who were the least patient.

“Incentives may be driving CEOs to invest less,” JOHN DONALDSON, the Mario J. Gabelli Professor of Finance, told Fortune magazine on January 30. When CEOs are paid highly in options or restricted stock, “the economy becomes more volatile.” Donaldson recently coauthored a report on the connections between pay, business decisions, and the economy’s health.

Both Bloomberg Businessweek and the Wall Street Journal highlighted a new Master Class at the School in which students develop recommendations addressing New York City problems. “We have all these talented people, all these fabulous corporations—we should do something,” said CLIFF SCHORER, the entrepreneur in residence who created the class. “Use the intellectual power of these young people [and] link it to the city and the problems that they’re dealing with.” (To read about the class, turn to page 8.)

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

“We have too many regulations stopping democracy and not enough regulations stopping Wall Street from misbehaving.” Professor Joseph Stiglitz told protesters at Occupy Wall Street on October 3. Watch a video of Stiglitz at Occupy Wall Street and read his impassioned essay in support of the protesters in Chazen Global Insights at www.gsb.columbia.edu/stiglitzows.

THANK YOU TO THE MORE THAN 300 ALUMNI who completed the School’s first HERMES readership survey in November. The survey confirmed that Class Notes is the most popular section in the magazine, followed closely by Columbia Ideas at Work.

To learn more about the survey’s findings and how they will inform future issues of HERMES, visit www.gsb.columbia.edu/hermessurvey.

STUDENTS HONOR PROFESSOR THROUGH DONATION TO SOUTH AFRICAN NONPROFIT

In October, Executive MBA (EMBA) students in the School’s International Seminar in Cape Town, South Africa, raised more than $1500 for Go For Gold, a Cape Town–based nonprofit that trains disadvantaged young adults for jobs in the construction industry. The students made the donation in honor of Trevor Harris, the Arthur J. Samberg Professor of Professional Practice.

Harris developed and led the week-long seminar, which was offered for the first time in Cape Town. The course focused on the retail industry and featured tours of local businesses alongside presentations by Cape Town–based executives. IAN SUTHERLAND ’97, the finance director of an engineering consulting firm in Cape Town, served as a teaching assistant.

“It was an amazing opportunity to be exposed to many different facets of the retail industry in South Africa,” said ALEXIS DESIENO ’12. “We wanted to find a way to thank Professor Harris and also help address what remains a major challenge in the country—poverty and unemployment.”

The EMBA Program’s International Seminar, taken for one week in the second year of study, enables students to apply global business concepts learned during their coursework to another country. Other recent seminars have taken place in Mumbai, Paris, Rio de Janeiro, and Shanghai.

To learn more about International Seminars at the School, visit www.gsb.columbia.edu/embaseminar.

UNDER30CEO named BRITE—the annual conference hosted by the School’s Center on Global Brand Leadership that explores how brands are built through technology and innovation—among its top 50 events for young entrepreneurs.
Q&A WITH JEROME CHAZEN ’50: MY LIFE AT LIZ CLAIBORNE

“We can start a company.” JEROME CHAZEN ’50 was 48 years old and already a successful executive when he uttered those words to two old college friends in 1975. By 1989, their start-up—Liz Claiborne—was the largest women’s apparel company in the United States, with $1.4 billion in annual sales.

By 1991, Liz Claiborne had ventured to Canada and the European markets and was listed on the New York Stock Exchange. That was also the year Chazen founded the School’s Jerome A. Chazen Institute of International Business, which develops international perspectives in business practice and policy.

Liz Claiborne’s phenomenal success is the subject of a new memoir by Chazen, My Life at Liz Claiborne: How We Broke the Rules and Built the Largest Fashion Company in the World (AuthorHouse, 2011). Earlier this month, Chazen talked to HERMES about transforming the apparel industry, taking to marketing “like a duck to water,” and Project Runway.

Q. What’s your advice for alumni and students pursuing careers in retail?

A. Know the business. It’s no coincidence that we were in our late 40s when we started the company. We were not star-struck kids who thought we knew the business. Know everything about your industry before trying to do something on your own.

I get upset with things like Project Runway where kids get the idea that they’ll design one garment and become millionaires. In a sense it’s important that you pay your dues.

When you know your industry and how to do things, then the ideas that you have make more sense because even in your own head you can bounce them off the experiences that you’ve had.

It may be a personal bias, but I also think that getting your feet wet in retail is a terrific start for almost any type of career. Virtually every company today deals with consumers. The background that I have in the retail world has always helped me.

To read the complete Q&A and an excerpt from the book, visit www.gsb.columbia.edu/hermes/chazenbook.

STUDENTS ADVISE TOP LUXURY BRANDS

In the next two years, three of Louis Vuitton’s five Manhattan stores will undergo major expansions. How should the brand differentiate these five locations?

A student team crafted a marketing strategy for the stores around the concept of travel and five distinct emotions that it invokes—anticipation, wonder, escape, romance, and glamour. The team presented their plan to executives from Louis Vuitton as part of a Master Class offered at the School this fall, Design and Marketing of Luxury Goods.

Student teams from the class also presented recommendations to Cartier, Dior Beauty, and MiuMiu/Prada. “Participating companies give students firsthand experience in the development, creation, and marketing of new concepts and product lines—in short, the professional skills needed to succeed in careers in the luxury industry,” said Ketty Maisonrouge, the adjunct professor who taught the course. Maisonrouge is the head of Ketty Maisonrouge & Co., a consulting firm that assists luxury companies and start-ups in branding, financing, and long-term strategies.

FREDDIE MAC CEO TALKS LEADERSHIP, HOUSING MARKET WITH STUDENTS

“The most common question I’m asked [as CEO of Freddie Mac] is, ‘why did you take the job?’” Charles E. “Ed” Haldeman Jr., who announced his resignation as CEO of Freddie Mac in October, told students on September 13 as part of the School’s 2011–12 David and Lyn Silfen Leadership Series.

“I wanted to be a part of bringing stability back to the housing finance and mortgage industry,” Haldeman said.

As a result of the 2008 financial crisis, the US treasury owns 80 percent of Freddie Mac, a publicly traded company that is the nation’s second-largest source of mortgage financing. The company is still struggling to rebuild.

Haldeman said that he regularly reminded employees that more than 90 percent of single-family mortgages in the country come from Freddie Mac, its competitor Fannie Mae, and the Federal Housing Administration. “We assure employees that what they’re doing is critical to the future of the American economy,” Haldeman explained.

Moving forward, Haldeman sees Freddie Mac as a crucial partner in supporting government initiatives to strengthen the economy. Haldeman supports the Obama administration’s Home Affordable Refinance Program, saying that refinancing helps homeowners meet their monthly mortgage payments and have more disposable income. In addition, he believes large-scale renting of single-family properties has possibilities, though details need to be worked out.

“Both sides of the aisle—all of us—believed in the American dream of home ownership. Worldwide, housing is seen as a stable, tangible investment, and we all have to realize that housing can go down. Not everyone should own a home, especially if it limits labor mobility,” Haldeman said. “But I do think that every American should have a reasonable opportunity to buy a home if it’s in their best interest.”
A BETTER BIG APPLE

THROUGH A NEW MASTER CLASS—
A UNIQUE PARTNERSHIP BETWEEN
THE SCHOOL, CITY AGENCIES, AND
THE PRIVATE SECTOR—STUDENTS
ARE WORKING TO IMPROVE ONE OF
THE MOST COMPLEX ENTITIES IN
THE WORLD: NEW YORK CITY.

BY SIMONE GUBAR
Waiting for a taxi at John F. Kennedy Airport can be tedious and exasperating. It’s at least as tedious for the driver who must follow an elaborate path and protocol before picking you up. He or she must wait—at peak times, over an hour—in a giant lot known as Central Taxi Hold. After receiving a printed ticket with a terminal assignment, the driver presents that ticket to a dispatcher in the terminal as proof of having waited in line. If the destination is somewhere closer than Manhattan, the dispatcher will also give the driver a “shorty” return ticket, so that on return to the airport he or she can cut the line at Central Taxi Hold.

It’s an inefficient process with real costs in time and money for drivers and passengers—and the city’s Taxi and Limousine Commission, which generates about $2 billion annually through taxis.

In September a student team—KOEN BREMER ’12, MATT GORDON ’12, TRUETT HORNE ’12, TIMON LORENZO ’12, DOUGLAS MAYNE ’12, MIKE PASCUCCI ’12, and GEORGE XU ’12—went out to JFK to learn about these inefficiencies so that they could recommend improvements. Their task was one of six challenges identified by the New York City Mayor’s Office (see sidebar at right) and presented to students in a Master Class offered at the School for the first time in the fall.

The course—NYC: Innovative and Entrepreneurial Solutions to the City’s Complex Challenges—was created by Cliff Schror, the School’s entrepreneur in residence. “There’s so much talent here at the School and in the Columbia network. I believe that we should be directly involved in working on major city problems,” said Schror, who worked with the Mayor’s Office and Robin Smith, former director of the School’s Master Class Program, to select the projects.

“I always tell project sponsors—in this case, the Mayor’s Office—that we are looking for projects that they really want to do,” Schror added. “This year’s classes generated a lot of enthusiasm. A number of the projects professors and students pitched to the Mayor’s Office were selected by the Mayor’s Office.”

>> New York City Master Class Projects

To watch the teams’ presentations to the Mayor’s Office, scan the QR codes. Videos can also be found at bit.ly/master-classes.

**Taxi Dispatch at John F. Kennedy International Airport**

During peak times, waiting for a taxi at JFK can take more than an hour for both drivers and passengers. What can be done to minimize wait times?

**Social Media for Emergency Response Messages**

According to Rachel Sterne, the city’s chief digital officer (and an adjunct professor at the School), more than four million people engage with the city each day through the Web and social media tools like Facebook, Twitter, and YouTube. How can the city tap into these channels to amplify its emergency response messages?

**New York City Transmedia Center**

Firms and freelance artists in the rapidly emerging “transmedia” space—those working in digital advertising, interactive entertainment, and social media—are often disconnected from one another. How could a digital media center encourage collaboration and innovation, and what would it look like?

**Real Estate Development in Downtown Queens**

Even though the ingredients are in place for an “airport village” in Jamaica, Queens, leveraging the proximity of JFK, development in the area has stalled since the 2008 downturn. How can Jamaica attract hotels and small businesses to the area?

**Minority and Woman-Owned Businesses**

The City’s Minority and Woman-Owned Business Enterprise Program was signed into law in 2005, but many small business owners don’t understand how it works. How can the city increase the number of minority and woman-owned businesses competing for contracts and improve access to capital?

**NYC Life**

Local television station NYC Life airs original programming about the city’s attractions and activities as well as content from partners like the History Channel and NBC. How can the channel better inform and engage its local audience?
done,” said Smith. “We want to take on projects that organizations would do themselves if they had the resources.”

To help students tackle complex public projects, Schorer added a unique element to the New York City Master Class: corporate mentors (see sidebar on page 12). He paired teams with practitioners—executives from such companies as Bell Labs, Goldman Sachs, and Google—whose expertise would likely inform students’ emerging recommendations.

More than a dozen practitioners volunteered as mentors—a generosity of spirit that Schorer touted on more than one occasion in class. “One thing I’ve noticed about successful people is that they always want to give back,” Schorer reminded students. “It’s part of their DNA.”

LEARNING BY DOING
Whereas most MBA classes involve weekly lectures and occasional exams, the New York City Master Class required students to craft their own course. In addition to assigning each team member a function within the group, students developed their own project timelines, identified and connected with stakeholders, and finalized a strategic plan with a financial analysis and rollout for implementation—deliverables not unlike those produced by major consulting firms.

“Participants were given free rein to create their own solutions, travel to multiple locations throughout the city, secure expertise and resources, and most importantly, meet with and expand their networks to include some interesting and capable business leaders,” Schorer said.

Class sessions functioned like workshops, with corporate mentors and city officials checking in regularly with students and offering advice. Student-organized fieldwork supplemented the classroom experience.

“It’s less structured than other classes. You really have to push yourself to create your own milestones,” said DANIEL MERNS ‘12, whose team looked at how to use social media to amplify the city’s emergency response messages.

New York City is a social media hub: of nine million New Yorkers,
eight million are on Facebook, and the city boasts more Twitter users than any other city in the world. (Some New Yorkers even reported reading about last summer’s earthquake on Twitter before feeling tremors themselves.) “There’s a real opportunity for us to use the reach of these networks to help millions of people during emergencies,” said Merns.

An in-class demo by ADITYA GHUWALEWALA ’11 inspired the social media team to incorporate a real-time analysis of emergency management into their recommendations. As the founder of consultancy Media Maven, whose technology aggregates information from across the web to evaluate consumer feelings, Ghuvalewala showed how the team could use social media to provide the city with real-time feedback on how emergencies are being handled.

For a team tasked with defining the parameters of New York City’s first “transmedia” center, getting out of the classroom proved essential to understanding what “transmedia” encompasses—the design firms, gaming companies, advertising agencies, freelance artists, and others who tell stories via multiple interactive platforms.

“This class really forces you outside of the academic bubble,” said EMILY HORBAR ’12, whose team devised a rebranding strategy for city-owned TV station NYC Life. “It’s an ideal transition as we start to plan for life after business school.”

“Students aren’t used to someone saying, ‘just go out and do it,’” said Schorer. “Cultivating that action mindset was one of the main drivers of the class.”

When the taxi team searched for current data on the number of taxis entering and leaving JFK, they were out of luck; none existed. So they interviewed drivers, passengers, dispatchers, airline representatives, and city officials from the Port Authority and Taxi and Limousine Commission.

And they went out to JFK to count cabs.

**REAL-WORLD RESULTS**

Theories may sound great in the classroom, but how will they work in practice?

A focus on actionable results was a major theme of the class—and one that can seem especially daunting with public-sector clients.

“In government, we should treat our residents and businesses like customers—just like a business would,” Tokumbo Shobowale, chief of staff to the deputy mayor for economic development of New York City, told students in class on November 14. Creating a pro-business environment, said Shobowale, is a key pillar of Mayor Michael Bloomberg’s economic development strategy.

“How do you help agencies communicate with each other so that they can work together to get things done?” Matt Gordon ’12 of the taxi team asked.

“Welcome to my world,” Shobowale said, grinning. “One of the most important things you can learn is how to influence people. There’s no short answer, but incentives for change are important.”

Identifying those incentives for change was part of a common challenge students wrestled with throughout the semester: stakeholder management. Which
constituents can be persuaded to champion a proposed solution, and how?

For the social media team, an obvious champion emerged: Google. Talks with executives at the company convinced the team that it would welcome the opportunity to partner with the city’s Office of Emergency Management. As part of their strategic plan, the team showed how the city’s emergency messages could be slotted into existing ad units on the Google homepages of New York City area users.

“With about 80 percent of New Yorkers engaging with a Google product on a daily basis, that’s a huge impact,” said Jonathan Goldsmith ’12.

For the taxi team, implementable recommendations meant outlining “quick wins” for the Port Authority, which runs the airports: training taxi dispatchers to be more efficient, for example, and using social media to communicate anticipated wait times to arriving passengers. Sharing the results of smaller-scale solutions like these might convince stakeholders to adopt the team’s more ambitious recommendations like using existing GPS technology to track cabs at the airport, and redesigning the queue so that there are multiple lines leading to multiple service stations.

“Learning how to manage clients’ expectations and identify champions—these skills around stakeholder management—are critical to the success of any consulting work,” said John Gamberoni, an adjunct professor for the course who heads the government consulting practice at Accenture.

**FRESH EYES**

“Enable all to contribute; ideas come from everywhere,” Nuno Guerreiro ’12, a global vendor manager at Google who served as a mentor to the taxi team, advised students in an in-class presentation on Google’s “Nine Rules of Innovation.”

It could very well be a motto for the New York City Master Class.

“Those of us who have been looking at a problem the same way tend to see it from the same perspective,” Robert Steel, the city’s deputy mayor for economic development, told students before they presented their official recommendations to the city on December 12. “Having people like you come in with a fresh perspective is something that we’re really excited about. I can pledge to you we are going to be focused on what you’ve worked on.”

Ultimately, as Jonathan Goldsmith ’12 of the social media team remarked at the conclusion of his team’s presentation, the potential impact of the class is not just local. “This is a huge opportunity for the city to serve as a model to other cities,” Goldsmith said. “Using social media as an emergency response vehicle could be a much bigger life-saving initiative.”

For most teams, developing recommendations for improvement was only part of their work; they also looked beyond the scope of the assignment to propose related enhancements.

Say you’ve just arrived at JFK from Charles de Gaulle. After confirming that you won’t have to wait more than 10 minutes for a taxi by checking a monitor displaying current average wait times, you catch a taxi to the city. Noting that the driver doesn’t speak English fluently, you use the taxi’s touchscreen TV to access Google’s translation technology. As you’re driving to your hotel, you read other passengers’ reviews of restaurants and shows, and book reservations and tickets for that evening.

So much for tedious and exasperating—it sounds rather fun, doesn’t it?
OUTRAGEOUSLY SUCCESSFUL

BY AMANDA CHALIFOUX AND SIMONE GUBAR
PHOTO BY MIKE MCGREGOR
Businesses that were first pitched as part of Columbia’s A. Lorne Weil Outrageous Business Plan Competition are proving that visionary thinking—and tenacity—are keys to entrepreneurial success.

“Very ambitious, but not flaky”—that’s how Murray Low, director of the Eugene Lang Entrepreneurship Center, defines “outrageous” in the context of Columbia’s A. Lorne Weil Outrageous Business Plan Competition.

Each spring, student teams present two-minute elevator pitch videos—literally filmed in Uris Hall’s elevators—to a panel of seasoned entrepreneurs, venture capitalists, and faculty members who select five or six finalists to field judges’ questions. Winners receive cash prizes totaling $14,000.

“The competition very much simulates the experience that entrepreneurs go through when they’re trying to get funding,” says competition founder and judge A. LORNE WEIL ’71, CEO of Scientific Games Corporation and a member of the School’s Board of Overseers.

The competition has led to more than 30 thriving businesses—from liquid-filled cartridges that snap onto glasses
to form instant mixed cocktails (Wix Industries, founded by Nick Friend ’11) to a website about relationships (Your Tango, founded by Andrea Miller ’02). Such success is not only a testament to the visionary thinking the competition inspires; it’s also indicative of a certain stick-to-itiveness. In the words of Winston Churchill: “Never, never, never give up!”

NTIEDO “NT” ETUK ’02: PLAY HARD, LEARN MORE—WIN BIG

>> The Idea: To get kids excited about learning through interactive stories—and rewards. “The outrageous goal was to become the next Sesame Street or Disney,” says NTIEDO “NT” ETUK ’02, who won the competition in 2002. Kids would complete online quizzes about each story they read, racking up points to earn prizes like bicycles and CDs.

Prior to business school, Etuk was a tutor with Big Brothers Big Sisters while he worked as a policy analyst at a major credit card company. “It got me thinking about the effectiveness of rewards systems among adults,” he says. “Why would it be any different for kids?”

>> The Business: DimensionU (formerly Tabula Digita) produces educational video games for K–12 students that build math, literacy, and science skills. Inspired by his own childhood passion for gaming, Etuk narrowed his focus to software not long after graduation. Students in more than 70 school districts across the country—and in English-speaking regions around the world—compete with one another and earn points toward rewards from vendors including Amazon.com and Best Buy.

The World Economic Forum recently named DimensionU a Technology Pioneer and EdNet included it among its “Shining Star” products. Last summer, the company honored the winner of its first annual National Scholarship Tournament with a $50,000 scholarship—plus Lady Gaga concert tickets and a photo op.

>> The Takeaway: Stay positive. “If you look at some of the most revolutionary companies—Apple, Amazon, FedEx—they began as ideas that people didn’t believe could work,” says Etuk. “Be flexible, but don’t quit.”

Jeremy Miller ’10: The ABCs of FSAs

>> The Idea: To make Flexible Spending Accounts (FSAs) easy for employees to use. FSAs allow people to put aside pre-tax money to pay for insurance co-pays, prescription medication, and other health products. Employees base their contributions on estimated healthcare costs for the coming year; any money not spent by year-end is forfeited.

“It’s a use-it or lose-it account,” says Jeremy Miller ’10, who refined his idea through the competition, winning second prize in 2009 and an honorable mention in 2010. “But not everyone can accurately predict their costs.” Some 35 million Americans have FSAs, says Miller, but in 2010 alone, $450 million was left unspent in these accounts.

>> The Business: FSAs, Inc., which Miller launched with Azar Gurbanoj ’10 in June 2010, features thousands of FSA-eligible products, services, and healthcare providers. With 2011 regulations limiting spending on non-prescription products, FSAs, Inc. educates consumers through an online learning center. The company will also contact members’ doctors for prescriptions for over-the-counter medicines that now require prescriptions to be FSA-eligible.

>> The Takeaway: If you have an idea, “just do it,” Miller says. “That motto was even my log-in password for my Columbia e-mail account. It helped me keep pushing forward.”

Shazi Visram ’04: Helping Parents Think Outside the Jar

>> The Idea: To revolutionize the way babies are fed in this country. “It was outrageous to me that you could spend $1,000 on a stroller or $100 on a pair of fancy baby booties, while there were very few products that could really improve babies’ health,” says Shazi Visram ’04, whose idea for a line of organic baby food was voted an audience favorite in 2004. “I knew that it could be huge.”

>> The Business: Happy Family (formerly Happy Baby) is the leading premium organic baby and toddler food brand in the United States, offering everything from frozen baby and toddler meals and the first dry cereal with probiotics (potentially beneficial dietary supplements) to pureed foods delivered in pouches—eco-friendly packaging that is BPA-free. Last year Happy Family ranked No. 2 among food and beverage companies in Inc. magazine’s annual listing of the 500 fastest-growing companies—the same year the magazine named Visram among its top 10 female entrepreneurs.

Whole Foods and Target—which both sell Happy Family products—have dramatically increased the space allotted to organic baby products in the past five years. “We’ve created a product that has such a high demand, we’re actually creating a positive environmental impact,” Visram says. “We are helping parents put fewer pesticides into their babies’ growing bodies and into the soil.”
The Next Level of “Outrageous”

Each year the A. Lorne Weil Outrageous Business Plan Competition inspires some ideas that do not ultimately go to market, but which are truly memorable.

**PREGEASY**

Sagar Pilania ’12 and Sumit Suman ’11

2011 Audience Favorite

The PregEasy device is placed inside a toilet and tells the user via text message when she ovulates so that she can increase her odds of getting pregnant.

**CATISTAN**

David McCreery ’10

2009 Most Outrageous Elevator Pitch

A social network similar to Facebook—except for cats. The site would be supported by the sale of merchandise that cat owners can emblazon with their feline’s image.

**TURN OFF**

Adam Birnbaum ’08, Nir Bruner, and Sonja Kosman ’08

2008 Most Outrageous Video

Spurred by a student who was unable to concentrate in class because she had a crush on the professor, Turn Off is a drug designed to “temporarily stop sexual arousal by halting the production of pheromones.”

To watch videos of these crowd-pleasing elevator pitches, visit www.gsb.columbia.edu/outrageous.

**JENNIFER WRIGHT ’09 (EMBA): DELIVERING A BETTER PIZZA BOX**

**The Idea:** To provide an alternative to impractical, outdated, and wasteful pizza boxes. “The pizza box hasn’t changed for decades,” says JENNIFER WRIGHT ’09 (EMBA), who took second place in the competition in 2008. “How many times have you seen pizza boxes stacked on top of trash cans because people can’t fit them inside?”

William Walsh, Wright’s late business partner, consumed a lot of pizza as a college football player and started ripping off the tops of boxes to use as plates, then breaking the boxes down to recycle. “Why hadn’t anyone thought of changing this before?” Wright wondered.

**The Business:** Ecovention developed the GreenBox, a pizza box made of 100-percent recycled material. Several national pizza chains have expressed interest in the product, and the company is already working with national distributors like Whole Foods and pizza chains like Maryland–based Pizza Boli to make the new boxes available. Last summer, Ecovention launched the SmartBox (made of partially recycled materials) with Pizza Hut Costa Rica and Telepizza in El Salvador and Guatemala.

Both types of boxes break down into convenient serving plates, and the bottom halves convert into storage containers. Strategically placed perforations and scores allow for easy disposal in standard-sized recycling bins. A new pizza restaurant “doggie” box and compostable single slice container are also available, and a recyclable, multifunctional hoagie box is in the works. All three products are available in designs that are made from 100-percent recycled or partially recycled materials.

**The Takeaway:** Believe in your idea, even when no one else does. “Sheer tenacity separates successful entrepreneurs from unsuccessful ones,” says Wright. “If you’re ambivalent about your product or service, it will be that much tougher to stick it out during the not-so-rosy times.”
MATTHEW KALLIS ’86 heard Oprah before he saw her. He’d been asked to attend the Sundance Film Festival for the announcement that OWN, Oprah Winfrey’s TV network, had chosen his documentary film, *Most Valuable Players*, as a charter member of her new documentary club—the film counterpart to the famous Oprah’s Book Club.

Kallis didn’t know, however, that the pop culture queen was attending the event herself. At one point during the announcement party, he and producing partner Christopher Lockhart noticed the crowd growing outside. “I heard this huge scream and turned around. Suddenly, a few feet from me, was Oprah Winfrey,” Kallis says. “The room was going insane. I said, ’um, hi, my name is Matthew Kallis.’ She said, ’I know. You directed *Most Valuable Players*. I love your movie!’ And she wrapped her arms around me.”

Kallis chuckles at the memory, the disbelief still in his voice. “It was like being Charlie in the chocolate factory and being given the golden ticket. It was amazing.”

Amazing. Kallis uses that word a lot to describe the experience of creating the film. In the winter and spring of 2008, Kallis and a small crew followed three high school musical programs in the Lehigh Valley area of Pennsylvania. They captured the inspirational and emotional ride of students and teachers during a musical theater season that culminated in a three-way horserace for the Freddy Awards, the high school equivalent of the Tony Awards.

Oprah’s endorsement represented an affirmation of years of hard work—more than 300 hours of film was edited to create a 90-minute
Matthew Kallis ’86 photographed where it all began, not far from the bright lights of Hollywood—on the stage of his alma mater, Beverly Hills High School, where he was part of the stage crew for school productions. Kallis screened his documentary, *Most Valuable Players*, and spoke to musical theater students at the school this winter.
documentary—but it was also just one more chapter in the story of the film’s success. *Most Valuable Players* premiered in New York and Los Angeles in August 2010; it has also screened in New Zealand, Ireland, Canada, and India. Besides being chosen as a charter film for the new Oprah Documentary Club, the movie had its TV premiere on OWN in September 2011 and was released on DVD in February 2012.

“Amazing” could also be used to describe Kallis’ journey from hedge fund manager and entrepreneur to documentary filmmaker. Though the occupations seem worlds away, he sees parallels between finance and film.

“Every movie is a start-up. You have to raise money, figure out a business plan, bring the talent together,” Kallis says. “But at the same time, it also involves that ineffable element of being art, which feeds an element of my soul.”

**EARLY WORK**

Art—film, in particular—has always been a part of Kallis’ life. His father and grandfather created poster art for studio movies; his mother was a commercial artist. Growing up in Beverly Hills, Kallis made movies on his Super 8 video camera, co-opting his friends for roles in his remake of *Huck Finn*. And even early on, Kallis was working his connections: a friend’s father was Lalo Schifrin, the film composer who wrote the iconic *Mission: Impossible* theme music. When Kallis needed a soundtrack to one of his amateur films, Schifrin stepped in.

But along with filmmaking, Kallis was also enamored with technology, robotics, and computer science. The latter led him to study at MIT, where he worked in a lab funded by the Defense Advanced Research Projects Agency (DARPA), which commissions research for the Department of Defense. The lab, Arch-Mach, was the forerunner to the MIT Media Lab, developing one of the first virtual reality systems. While there, Kallis also studied in a film program run by Ricky Leacock, a British filmmaker who was one of the forefathers of *cinéma vérité*, which combines naturalistic and stylized approaches in documentaries.

“In my mind, I was really headed for a career in the arts either working for a studio, doing special effects, or becoming a filmmaker,” Kallis says.

After graduating from MIT, he followed potential job leads at Zoetrope (Francis Ford Coppola’s studio) and the then-fledgling MTV Networks, where Kallis was told that the job was his, but he “wouldn’t be able to afford to sleep anywhere but on the streets.”

Soon, however, Kallis’s burgeoning interest in business came into play. “In college, I used to talk with people at my dad’s tennis club about investing in the stock market,” Kallis says. One of those talks paid off in the form of a lunch invitation with a hedge fund manager. “He flew to Boston and offered me a job working for this thing called a hedge fund, which I’d never heard of, but it sounded appealing.”

His new employer quickly became a mentor and urged him to study finance at Columbia Business School. Kallis and a colleague started their own investment management firm after graduation, eventually selling it in 1996. Then, Kallis bounced through several start-ups. “I got to that point and said, ‘Do I really want to keep doing this?’ I had always wanted to do filmmaking. Why was I not doing that?”

**A NEW SCRIPT**

Kallis’s transition to filmmaker didn’t happen overnight. “I had my own sensibilities and past experiences in the arts to draw on, but I had to teach myself from scratch how to be a filmmaker,” Kallis says. “Then, you need a lot of luck.”

Luck soon came in the form of Christopher Lockhart, who was giving lectures in the Los Angeles area about how to pitch a script in Hollywood. Lockhart works for WME (formerly William Morris Endeavor), the world’s largest talent agency, matching scripts with stars like Denzel Washington, Steve Martin, and Christian Bale. “His seminar was incredibly entertaining,” Kallis recalls. “It was like American Idol for screenwriters.”

Kallis was inspired by the seminar and thought it would be good material for a documentary. He presented the idea to a local cable TV station, and *The Inside Pitch*, his first film project, was born and would be nominated for a local Emmy. It was his relationship with Lockhart, though, that would prove especially useful in his new career.

“Matthew was even-keeled, easy to talk to,” Lockhart says. “I’ve worked with a

“Every movie is a start-up. You have to raise money, figure out a business plan, bring the talent together. But at the same time, it also involves that ineffable element of being art, which feeds an element of my soul.”

— MATTHEW KALLIS ‘86

HERMES • SPRING 2012
The high school students featured in *Most Valuable Players* represent a fraction of the nearly 3,000 students who participate in musical theater in Pennsylvania and New Jersey’s Lehigh Valley area and compete in the annual Freddy Awards.

lot of producers, and he was smart and low-key, which I appreciated.”

A couple of years later, Lockhart stumbled onto a YouTube video about the Freddy Awards. “I saw a performer on stage singing, but it was really well-produced,” Lockhart explains. “The audience was going crazy, and then I noticed they were all kids wearing stage show costumes. It looked like a cross between the Tony Awards, a rock concert, and *Let’s Make a Deal*.”

After more research, Lockhart was convinced the Freddy Awards would make a great focus for a documentary. He had film experience, having produced a feature horror movie, *The Collector*. But he needed funding, and more importantly—the right producing partner and director. “There were a lot of people I could have taken this project to,” he says. “But I had a feeling about Matthew—I just thought he’d get it.”

Kallis says that having been part of the stage crew for his high school theater group, the awards resonated with him. “I think we all remember that feeling of getting to high school and trying to figure out where you belong. The thing about the arts is that it’s another family. This project was a chance for me to go back in time and live vicariously through these kids.”

Of course, Kallis sensed a ripe business opportunity, too—to tap into the growing “high school musical” market. Disney had just released *High School Musical 3*, and the TV hit *Glee* was about to debut. Before the filmmakers could capitalize, though, they had to find their story. In 2008 the plot was handed to them: two of the schools were performing the same show, *Les Miserables*, on the same weekend, creating a built-in rivalry; the third school featured in the film, Freedom High School, was performing *Bye, Bye Birdie*. Kallis says they gravitated toward Freedom because of the openness of the students and their teacher, Jennifer Wescoe; the producers even gave Freedom students handheld digital cameras to capture footage in between film-crew visits.

The film not only followed the students’ passion—tears and screams when the nominations for the 2008 Freddy Awards were announced, for instance—but also highlighted some poignant moments for the adults, including the cancer diagnosis of longtime Freddy coordinator Vic Kumma.

When they’d finished editing the film, Kallis and Lockhart knew they had something special but were hesitant about what lay ahead. Finding a distributor for documentaries is notoriously difficult. “I said to Chris, my dream is to make something that will get released in theater,” Kallis said. “He looked at me like, ‘are you crazy?’”

**CENTER STAGE**

Kallis got his theatrical release—not only at the IFC Center in Greenwich Village, but also at the famous ArcLight Cinemas in Hollywood—and then on screens around the world. The International Documentary Association dubbed *Most Valuable Players* the “feel-good documentary of the year” in 2011. And of course, there was Oprah, whose network made the film’s TV debut and DVD distribution possible.

“This project has been magical from the get-go. Films aren’t always like that,” Kallis says. “There’s so much going wrong in the world, and this is something that’s going right, that people can support and feel positive about.”

As for his next film project, Kallis’s lips are sealed—but he’ll certainly tap all of his experience to make it happen. “I’ve learned so much about this process now, but I really think if I hadn’t had the business background and education, there would have been many places I could have smashed the ship on the shore,” Kallis laughs. “Just like in business, you lay bets with your limited resources, work tirelessly, and hope you get a little lucky along the way.”

Watch a trailer for *Most Valuable Players* and learn more at [www.mostvaluableplayersmovie.com](http://www.mostvaluableplayersmovie.com).
The Real Deal

“All of life is a negotiation,” says Daniel Ames, a professor of management. But not everyone is prepared when they come to the table. Drawing on his research on social judgment and behavior, Ames helps students and seasoned professionals “read minds” to make inferences about what others think, feel, and want—insights that are invaluable to negotiation.

In his Managerial Negotiations course, Ames teaches MBA students how to approach a business negotiation by first showing them how they are perceived; students watch videotapes of themselves making a fictional deal with a classmate. Through better understanding of their own priorities and those of their counterparts, Ames says, students learn how to steer any negotiation toward success.

Q. How do people typically approach business negotiations? Where do we learn our negotiation skills?

A. The culture we’re born into shapes all our interactions, including negotiations. When people are reaching across cultures at the table, it can introduce tension and frustration. Some cultures are more direct than others. For instance, in Israel, it might be more common for people to say directly, ‘I want this’ or ‘I don’t want that.’ But Japanese professionals might be less inclined to directly deny someone’s request or even to say explicitly, ‘this is what I need.’ Negotiation is still possible, but it may unfold in a less straightforward fashion.

Another important cultural value is how we define success. Some people will define success in terms of relationships, and others will focus on economics. Cultural values can shape whether we need our returns to appear sooner rather than later. In short, our cultural values give us a compass at the table.

Firsthand experience is another source of our negotiation skills. We’ve all had lots of experience negotiating for jobs, finding apartments, and arranging vacations with loved ones. All of life is a negotiation—but experience is not always the most effective teacher. It’s easy for us to convince ourselves that we’ve succeeded when we’ve actually left a lot of value on the table. So one thing we do in my negotiation class, after a fictional deal is made, is pull back the curtain and have everyone reveal all their information. Our students encounter feedback that the world does not typically give them, and that propels their development.

What are the major mistakes people make when negotiating?

Three mistakes are reasonably common. First, people are often not aware of how they come across. They may think that they’re engaged and reasonable, but their counterparts see them as disinterested, pushy, or weak. This is one reason we videotape our students: they have to confront how they come across.

A second mistake is that we often misunderstand our counterparts. Many people tend to come into negotiations assuming a counterpart is an adversary—an enemy with whom you must do battle. To the extent that your enemy is happy, you must have lost something, and the only way for you to be happy is for your enemy to be wounded. But your success doesn’t require your counterpart’s failure, and
their success does not require your failure. When we understand what they care about, we can often create opportunities to give them some or most of what they want in a way that helps us succeed as well.

A third common—and important—mistake is that we are often not ready to make tradeoffs. Many people come to the table without clearly organizing in their minds what their limits are. If you have to sacrifice somewhere, what would you be ready to give, and what do you want to hold on to? If you are not clear about your priorities and limits in advance of coming to the table, you can end up making bad choices.

What key tactics should people keep in mind when entering into a negotiation?

First, check in with yourself. You need to understand what is most important to you. What is your real definition of success? Do you care most about the relationship, your reputation, or the economic value? You have to start by defining your success and understanding your priorities.

Second, step into your counterpart’s shoes. What problem is your counterpart probably trying to solve? What are their priorities? Many times when we’re getting ready to negotiate, we’re consumed with our own goals for the negotiation. People don’t necessarily have the instinct to take a moment and approach it from their counterpart’s point of view, which can be extremely valuable.

Third, think about information sharing. Think about the three most likely questions your counterpart will ask you. If you were them, what would you ask? Now think about how will you respond. I’m not suggesting you script out your entire negotiation, because you can’t. But if you can think about what kinds of questions might be thrown at you, you can be more prepared to respond to them in the moment.

The fourth specific thing is discovery: what do you want to discover or learn about your counterpart, and how can you do that? You may have assumptions about them that you want to test. There may be some things about them, like their time constraints, or their preferences for price versus quality, that you just don’t know. To negotiate effectively, you need to prepare a strategy in advance for what you need to learn and how you can learn it in the negotiation.

Finally, effective deal-makers often have an instinct to step back and re-think—to change the game: Who should be involved in the negotiation? What issues should be on the table? When should we have this conversation? They tend to shape conditions before they ever walk into the room so that they are set up to succeed.

How can professionals keep their negotiation skills fresh?

Over the last few years, we’ve asked some of our students in the negotiations course to go outside of the classroom and coach others. This comes later in the course after they’ve already developed and refined many of their own negotiation skills. Some reach out to former work colleagues, others negotiate with their spouses. They often have mixed feelings when they receive this assignment, but they come back from this experience energized with a new appreciation for how much they’ve learned and a real satisfaction for having been able to share some of this with others. I would urge alums and advanced professionals who want to continue to refine their own negotiation skills to look for opportunities to coach people around them in negotiation. It’s a way of sharing their knowledge and experience, and I’m certain that their own skills will improve as well.

Watch Professor Daniel Ames talk about teaching negotiation skills at www.gsb.columbia.edu/faculty-profiles.
Kick Back and Spend

CAN RETAILERS PROMPT CUSTOMERS TO SPLURGE BY CULTIVATING RELAXATION?

Complimentary mini-massage as a precursor to your cut, color, and style? Such perks and atmospherics aren’t new to marketers; many retailers go to great lengths to create robust customer experience settings—music, lighting, scent, design, and more—whether in an attempt to associate their brand with pleasure or as an acknowledgement that consumers simply enjoy shopping in pleasant environments.

Marketers may be on to something, but more and differently than they know, says Professor Michel Pham.
In a study undertaken in collaboration with Iris Hung of the National University of Singapore and Gerald Gorn of the University of Hong Kong, Pham found that consumers in a more relaxed state of mind consistently increase—and often substantially inflate—their monetary valuations of products and services compared with those in a less relaxed state of mind.

In their initial experiment, the researchers induced feelings of relaxation in their participants by showing a video of nature scenes or playing a recording of instrumental music. When these participants were then asked to assess how much a series of different products—from a digital tire-pressure gauge to a scarf—were worth, they consistently estimated higher values for each of the products compared with a control group of less relaxed (but not stressed) participants who were feeling equally pleasant.

When the researchers switched up the experiment by asking relaxed participants first to think about a product’s characteristics in a more concrete way before being asked to place a value on it, the effect of relaxation was eliminated. In other words, when relaxed participants thought about products in a more concrete, less subjective way, their valuations did not increase much compared with control groups.

The researchers were careful to distinguish between a merely pleasant mood and feelings of relaxation, noting that the two don’t necessarily coexist. A child about to open many birthday gifts and an athlete about to take the podium to receive an award are both probably in exceptionally pleasant moods but too excited to be relaxed.

The effect holds true for a variety of products and services, not just, as might be expected, for products typically associated with relaxation, such as spa services or a weekend retreat, but also for less relaxing products such as gym memberships or bungee jumping sessions and “vice” products such as casino memberships and rich desserts. What mattered was the state of mind at the time of the purchase or, as here, the valuation, which, depending on the experiment, increased approximately 10 to 20 percent when participants were relaxed. (These experiments used nature videos and instrumental music to promote feelings of relaxation, but Pham notes that a number of techniques or stimuli could be used to the same effect.) The researchers emphasize that their data indicate that it is relaxed consumers who consistently attribute higher valuations for products, not less relaxed consumers who decrease their valuations of the same products.

Ultimately, says Pham, their findings suggest that consumers may pay more for products and services if marketing professionals can find new ways to encourage customers to sit back and relax. As for consumers, while some types of decisions might best be made under contemplative circumstances, when it comes to shopping, they might do well to focus on the practical aspects of products before letting their imaginations—and wallets—run away with them.

Read More

Michel Pham is the Kravis Professor of Business in the Marketing Division at Columbia Business School.

To subscribe to the monthly electronic issue of Columbia Ideas at Work, visit www.gsb.columbia.edu/ideasatwork
Nearly 600 alumni and guests from 37 countries attended Columbia Business School’s Pan-European Reunion in London October 14–16. Attendees participated in panel discussions led by faculty members and alumni on such topics as creative strategy, the global economy, and healthcare innovations.

Save the date: the School’s next global reunion will take place in Singapore October 10–12, 2014.

1. The opening reception took place at London’s stunning Royal Courts of Justice.

2. Constance Hubbard, LEW FRANKFORT ’69, Dean Glenn Hubbard, and Bobbie Frankfort (left to right) attended a private reception at the newly opened Coach store on Bond Street.

3. Alumni enjoyed panel discussions at the majestic Guildhall.

4. HENRY MILLER ’70, ROBERT REIBESTEIN ’82, JOANNE DEASIS ’77, and MARIO GABELLI ’67 (left to right) mingled in between panel discussions.

5. Bruce Greenwald, the Robert Heilbrunn Professor of Finance and Asset Management and director of the Heilbrunn Center for Graham & Dodd Investing, moderated a panel on the global economic environment.

6. Paul Glasserman, the Jack R. Anderson Professor of Business, moderated a discussion on risk management with panelists MASSIMO TOSATO ’80, ANDREA FARACE ’82, and Thomas Kalaris (left to right).

7. Lyn and DAVID SILFEN ’68 enjoyed the gala reception and dinner at London’s Royal Horticultural Halls.

8. A group of alumni from the class of 1993 including NINA GLASS, ELIF GERMIRLI, BULEND CARBACIOGLU, ANNE TOLEDANO, STEVEN H. HIRTH, FENELLA J. CUBBON, JAMES YU, and MARC BEAUAJEAN reunited at the Gala Dinner.

9. STEPHAN M. REY ’85 and Daniela Weber-Rey were inspired by the 1920s music and art deco décor at the Gala Dinner.

To view more photos from the event, visit www.gsb.columbia.edu/paneuro/photos.
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](http://www.gsb.columbia.edu/alumni/calendar).

**Annual Dinner 2012**

**New York • May 7, 2012**

Kenneth I. Chenault, chairman and CEO of the American Express Company, and Janet L. Yellen, vice chair of the Board of Governors of the Federal Reserve System, will be honored at the School’s 36th Annual Dinner at the Waldorf Astoria. **MARK T. GALLOGLY ’86** is chairing the event. To learn more, visit [www.gsb.columbia.edu/annualdinner](http://www.gsb.columbia.edu/annualdinner).

**PhD Alumni Reception**

**New York • May 9, 2012**

All PhD alumni are invited to join PhD program co-directors Costis Maglaras, the David and Lyn Silfen Professor of Business, and John Donaldson, the Mario J. Gabelli Professor of Finance, for an evening of cocktails and conversation.

**2012 Real Estate Alumni Reception**

**New York • May 10, 2012**

Join fellow alumni for an evening reception hosted by the Paul Milstein Center for Real Estate.

**China Business Initiative Forum**

**New York • May 22, 2012**

The annual event features Xiaobing Chang, chairman and CEO, China, of Unicom (Hong Kong), and will take place at Columbia University’s Low Library.

**Nand and Jeet Khemka Distinguished Speaker Forum**

**New York • May 31, 2012**

Tara Thiagarajan, chairperson of Madura Micro Finance, is the featured speaker at the Nand and Jeet Khemka Distinguished Speaker Forum, which is organized by the School’s Jerome A. Chazen Institute of International Business.

**Worldwide Alumni Club Event**

**More than 50 Cities • June 2012**

As part of the School’s sixth annual Worldwide Alumni Club Event, alumni clubs from across the globe will host dinners, panel discussions, happy hours, and receptions. On Twitter follow #WACE12 for live updates from club events around the world.