Fall 2003

Rotman Management

The Alumni Magazine of the Rotman School of Management

Roger Martin on Capital vs. Talent

The Race for Effectiveness

Stanford's Jeffrey Pfeffer on Knowing vs. Doing

How A. G. Lafley turned P&G Around

MAKING YOURSELF EFFECTIVE

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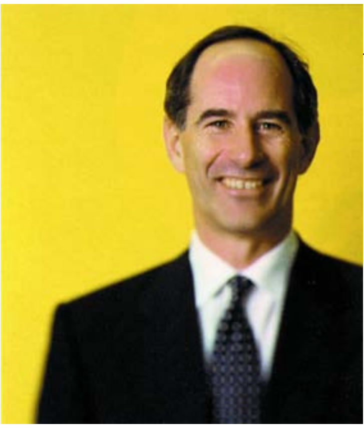

From the Dean

By Dean Roger Martin

Ask ten people what it means to be effective in the workplace, and you'll get ten different answers. But while effectiveness in a business context can be defined in many ways, one trait that remains constant is that it is rarely achieved in isolation.

Whether you own your own business or work in consulting, run a non-profit or work as CFO of a large corporation, effectiveness is achieved through cooperative efforts. Business relationships are interdependent realities, but all too often, people approach them with an independent mentality.

In this issue of *Rotman Management*, we tackle topics related to making you a more effective contributor in today's increasingly integrated workplace.

There's a war brewing out there, and no matter which side you're on, it's important to arm yourself with an understanding of the players. In industries everywhere, talent is battling capital over the profits from the knowledge economy – and the increasing focus on attracting and retaining the best human capital means the sky is the limit for talented individuals. Read all about it in **Capital** vs. **Talent**, beginning on page 6.

These days, people know a lot, but with the vast amounts of state-of-the-art knowledge and training out there, we should all be a lot more effective, says Stanford Professor **Jeffrey Pfeffer**. The key challenge for today's companies – and for individuals inside them – is to build a culture of action. He describes what he calls **Knowing vs. Doing**, beginning on page 12.

PHOTOGRAPHY: JIM ALLEN

We learn early in life – in classrooms and on sporting fields – that our effectiveness is judged by our ability to achieve the highest score in a timely way. This way of thinking is reinforced in organizational settings, where success is largely based on an ability to do things better and faster than others. But in **The Race For Effectiveness**, on page 18, Dr. **Hilary Austen** argues that this isn't necessarily the most effective way to win. She offers an alternative approach—one that involves creating new knowledge and pursuing far-term results.

Picture this: in the past three months, your company's stock has fallen 52 per cent; a crisis of confidence is permeating your organization; and you are put in charge of fixing it. Not an enviable task, but **A.G. Lafley** tells how he rose to the challenge and got **Procter & Gamble** back on track. His story of personal effectiveness begins on page 23.

Research shows that IQ explains only 15 to 25 per cent of individual differences in job performance. It is now widely accepted that emotional intelligence is a distinct form of intelligence, and that understanding and raising your 'EQ' is essential to your success and leadership potential. Rotman Assistant Professor **Stéphane Coté** presents new research that describes emotional intelligence as a set of four key skills. **Working with Emotional Intelligence** begins on page 32.

Elsewhere, on page 26, Assistant Professor **Jennifer Berdahl** looks at how power dynamics affect behaviour in the workplace; and Adjunct Professor of Marketing **David Dunne** and **Julia Moulden** discuss the importance of branding yourself in today's talent-centric environment, on page 28.

On the alumni front, we profile **Michael Zerbs** (MBA '89), who was recently named to *Canada's Top Forty Under Forty*; **Petra Cooper** (MBA '95); and **Claudia Avila Connelly** (MBA '96), beginning on page 50. And we introduce new, shorter profiles called 'Alumni Capsules' on page 54.

Making yourself effective is a tall order. Amongst other things, it involves understanding the workings of the broad business landscape; being open to new definitions of 'effectiveness' and new ways of thinking; contributing to an action-oriented workplace; differentiating yourself in a talent-centric environment; understanding and raising your emotional intelligence; and being aware of status hierarchies and power imbalances.

The common thread that weaves all these elements together is the human aspect. In an ever-changing business landscape, one thing that hasn't changed is that the energy, synergy and productivity we count on to move an enterprise forward are determined by how people work together. The only people who become great managers are those who understand that managing is not merely a series of mechanical tasks, but a set of human interactions.

Effectiveness involves continually deepening your understanding of reality and becoming increasingly capable of participating in the unfolding of the world. In the end, it's about playing a role in the creation of new realities.


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Capital vs Talent

THE BATTLE THAT'S RESHAPING BUSINESS

By Dean Roger Martin and Mihnea Moldoveanu

The emergence of skill as the lynchpin asset in the modern economy has led to a fierce battle between capital and talent for the proceeds from the knowledge economy, say Dean Roger Martin and Mihnea Moldoveanu, director of the CCMF Centre for Integrative Thinking and professor of strategic management. And while it's unclear which side will prevail, at the moment talent is holding most of the firepower.

Throughout the 19th and early 20th centuries, the key assets most firms competed with were physical ones – things like minerals, oil, and land. As the 20th century progressed, these physical assets shifted from natural resources to plants and equipment, and financial assets became more important as a determinant of competitive advantage. The capacity to create dominant scale in plant equipment and locations is what set companies like **IBM, AT&T, GM,** and **Eastman Kodak** apart from their competitors.

The terms of competition had changed dramatically by the late 20th century, and dominant physical and financial assets no longer determined success. By 2000, many of the world's top 15 firms by market capitalization began with little or no physical or financial assets – including **Microsoft, Cisco, Intel, and Wal-Mart**. The vast majority depended on superior human assets for their advantage – great research scientists, inspired code writers, distribution geniuses, product innovators – and knowledge assets – patents, brands, know-how, experience. In short, in increasing numbers, leading companies were depending on talent.

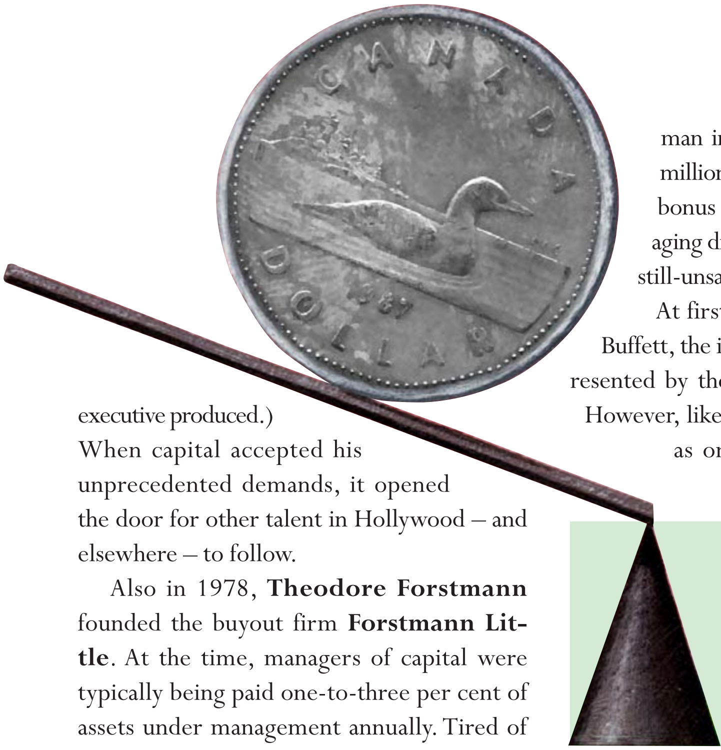
The very revolutions in information technology, globalization and knowledge management that drove people-based assets from the 'back of the bus' to the driver's seat have changed the environment of the firms in which these people work. Indeed, they have changed the business environment itself, sparking a battle between talent and capital for the profits from the knowledge-based economy – and there's no end in sight.

How Talent got to where it is today

For talent, it has never been – and probably never will be – a better time to be skilled. Capital needs talent increasingly desperately, and in industries everywhere, talent is realizing just how badly it is needed.

One of the first identifiable salvos in the battle between talent and capital occurred in 1978, when filmmaker **George Lucas**, flush with success from *Star Wars*, negotiated a 50/50 split of the profits – before overhead and distribution costs – from **Paramount Pictures** from his next venture, *Raiders of the Lost Ark* (which **Steven Spielberg** directed and Lucas

ILLUSTRATION: BRUNO BUDROVIC



executive produced.)

When capital accepted his unprecedented demands, it opened the door for other talent in Hollywood – and elsewhere – to follow.

Also in 1978, **Theodore Forstmann** founded the buyout firm **Forstmann Little**. At the time, managers of capital were typically being paid one-to-three per cent of assets under management annually. Tired of seeing providers of capital earning great returns on his advice while he earned relatively modest returns, Forstmann demanded the usual two per cent, plus 20 per cent of the upside over a six per cent annual return. Capital didn't even flinch – indeed, people tossed him money. Before long, **George Soros** followed suit with his Quantum Fund, and **John Doerr** and **Vin Khosla** weren't far behind with their venture capital fund for **Kleiner Perkins.**

And so it went. By using their relatively scarce talent as leverage, these savvy negotiators extracted a substantially bigger piece of the economic rents out of the hide of capital. The formula they invented is now the standard arrangement in the business, and because of it, lots of people have become extremely wealthy – including Forstmann, Soros, **Henry Kravis, William Lee**, and many others on The *Forbes 400*.

Another seminal event occurred in the wake of uber-capitalist **Warren Buffett's** 1987 investment of $700 million in investment bank and commodities trader **Salomon Inc**. Buffett, who joined the board at the time of his investment, fumed as he watched profits plummet between 1989 and 1990 to an anemic 10 per cent return on equity for shareholders. Meanwhile, compensation costs increased $120 million, as 106 investment bankers earned compensation of over $1 million on the basis of hefty bonuses. When Buffett took over as chairman in 1991, he engineered a $110 million reduction of the planned 1991 bonus pool for Salomon's 150 managing directors in order to improve the still-unsatisfactory shareholder returns.

At first this was seen as a victory for Buffett, the icon of capital, over talent, represented by the greedy investment bankers. However, like most battles, it was not quite as one-sided as it first appeared. The shareholders got their extra $110 million – but in the wake of the raiding of the bonus pool, Salomon faced a massive defection of its most talented investment bankers, from which, as many observers have noted, it never recovered.

A parallel conflict – centering on the birth and development of the strategy consulting industry – was taking shape at the world's leading business schools. Brought into being by **Boston Consulting Group** in 1963, strategy consulting was an industry of small firms built almost exclusively on talent, not capital. By the mid-1980s, BCG was joined by numerous start-up firms, including **Bain and Company** and **Monitor**, as well as old-line firms, such as **McKinsey and Company**, **A.T. Kearney** and **Booz Allen Hamilton**, in an industry that grew for decades at over 20 per cent per year.

These firms decisively won the recruiting battles for talent at the world's leading business schools. By the mid-1980s, over 50 per cent of the graduating classes of the best business schools – including **Harvard**, **Stanford**, **Wharton** and **INSEAD** – were taking jobs at strategy consulting firms.

How did the strategy consulting firms do it? They simply paid dramatically more – in starting salaries, signing bonuses, year-end bonuses, and potential for compensation growth. Talented young business graduates used this new type of firm – owner-operated strategy consulting firms – to extract more of the available rents than they had been able to at the capital-backed major firms. For young MBA's, a consulting career often represented a shortcut up the corporate ladder, whose bottom end is most often contemplated by new graduates. More and more 'strategic' functions of the corporate head office were 'contracted out' to where the new talent was: in the strategy consulting firms.

Talent – everyone from Hollywood directors, to venture capitalists, to strategy consultants, to investment bankers, to CEOs – decided that its share of the pie was too little, and that of capital was too big.

In the movie business, a noteworthy event in the emerging battle was a 1991 purposely-leaked memo by then-**Walt Disney Studios** chief **Jeffrey Katzenberg**, chronicling the spiral of irrationality in the movie production business. Katzenberg argued that studios put up all the capital and took all of the risk, but the profit was being stripped off by the spiraling costs of movie stars, script-writers, and directors – the 'talent' as it is called in that industry. He argued that the industry would suffer from anemic profits as long as it continued to support the spiral of talent extracting all the profit. While he offered some suggestions, little has changed in the movie business – as new investors like **Edgar Bronfman, Jr.** have found out to their chagrin.

The CEO Connection

These more isolated incidents – investment bankers, strategy consultants, hedge fund managers, movie stars – spread to the public consciousness over the past several years with the public's reaction to the spiraling of executive compensation, especially CEO compensation.

In 1980, CEOs of large American companies were being paid 33 per cent less per dollar of earnings generated than in 1960. Shareholders of the time were happy – but it was not to last. As talent began to flex its muscles, between 1980 and 1990, pay for CEOs *doubled* per dollar of earnings produced. And that was only the beginning: between 1990 and 2000, it *quadrupled*.

CEOs have been given unprecedented ability to share in the upside of their firms, with packages that have neared $1 billion in the case of executives such as **Coca Cola**'s **Robert Goizueta.** Increasingly, angry shareholders question why executives appear to be getting huge returns when shareholders – who supply the capital – are getting miniscule returns, a critique not dissimilar to that of Buffett a decade earlier.

Talent – everyone from Hollywood directors, to buyout fund managers, to hedge fund managers, to venture capitalists, to strategy consultants, to investment bankers, to CEOs – had decided that its share of the pie was too little, and that of capital was too big.

Why was talent able to draw this conclusion? Three reasons.

First, capital is abundant, and it is totally generic. A buck is a buck is a buck. It used to be associated with an owner – like **Morgan, Mellon,** or **Rockefeller** – but in the main, it isn't anymore. And one buck is pretty much the same as the next.

Second, the emergence of skill as the lynchpin asset. The knowledge economy had arrived, and more and more industries were becoming talent-centric. If you asked the *Fortune 500* CEOs in 1950 which they would prefer to keep – their human assets or their financial assets – it would be a no-brainer for financial assets. If you asked the same in 2003, it would be a no-brainer for human assets.

Third, mushrooming agency costs made capital almost wholly dependent on talent. The increasing complexity of the 'battlefields of business' on which companies competed with each other made 'dumb and blind' capital increasingly dependent, not only on talented 'experts', but also on 'watchdogs' that would help keep the talent in check. These watchdogs, of course, were also members of the talent class – attorneys, accountants and business consultants with the specialized knowledge to follow the intricate manoeuvres of those they were charged to monitor.

The Implications for Talent

Returns for increasing skills will be highly positive, so specialized skill acquisition will be critical. In particular, investing in education and life-long learning will have a high positive return for the individual.

Ever-increasing levels of applications to elite colleges and graduate schools represent recognition that skill acquisition is rising in popularity. The key for individuals will be to develop talent that is seen by providers of capital as essential to business success and differentiable. That is, small differences in talent level will make a substantial difference in business outcome. CEO compensation has risen so rapidly over the past decade in part because Boards of Directors have concluded that relatively small differences in CEO quality can leverage huge differences in share price performance of firms. For **Loblaws**, former CEO **Richard Currie** was an acceptable bargain at the hundreds of millions he was paid over his 25 years with the company.

Talent will increasingly flex its muscles, as it has already done in professional services and entertainment. Increasingly, pharmaceutical scientists and software designers will demand a direct slice of the value they create, rather than a wage plus small bonus. True, the boom cycle of the late 1990's may be over, and entrepreneurs may feel a tad squeezed by the venture capitalists they are re-negotiating their equity slices with. But that is only if one compares current deals with those struck at the height of the frenzy. Pre-1990, deals between venture capitalists and entrepreneurs look paltry compared to today's structures, in which residual claims by entrepreneurs on the value of the business they help to create are considered commonplace.

In choosing among industries, talent will be rewarded most highly if it picks industries that employ capital and require differentiated talent to win. In low-capital businesses – for example, legal services – the talent must generate all the rents that it appropriates. In more capital-intensive businesses – for example, investment banking or movie production – capital actually leverages the value-creating ability of the enterprise only to see (as did Buffett and Katzenberg) talent appropriate the rents generated by both itself and capital.

Talent should avoid industries in which capital can utilize relatively generic, fungible human resources, because in such cases, capital can appropriate a disproportionate share of the rents. Animated film production contrasts dramatically with live-action film production in this respect. While outstanding animation artists are well-paid, they do not earn – at least yet – anything close to the levels of movie stars, directors or screenwriters. Katzenberg understood well this difference and it informed his decision to challenge the Disney domination of animated feature films and make them a priority when he co-founded **Dreamworks Studios**.

Talent is still in its ascendancy, and will continue to make inroads. New forms of talent will get into the game – people like consumer brand builders and product designers. The key is uniqueness. Generic human assets will be the big loser in the battle between capital and talent – they will be like elephants dancing.

In choosing among industries, talent will be rewarded most highly if it picks industries that employ capital and require differentiated talent to win.

The Implications for Capital

It will be a miserable time for capital as it comes to terms with a completely changed reality. Capital will get increasingly hostile, tiring of having to pass itself through talent's hands in order to be used. And talent will increasingly recognize that it is indeed the gatekeeper, and can set the toll as high as the value it can create. Beleaguered capital will take two actions: it will collectivize; and it will politicize.

Despite the fact that they are providing a completely generic product – money – providers of capital think that that they deserve to earn a reasonable return on that generic input. Capital is increasingly going to wake up to just how generic and undifferentiated it is.

First, it will collectivize. The major holders of capital have become the institutions, in particular the pension funds. As **Peter Drucker** correctly predicted, pension funds have become one of the most important holders of capital. They will increasingly band together to attempt to use their leverage their collective power to offset the power of talent to extract rents.

Collectivization has already begun in Canada, as 19 of the country's largest pension funds and money managers have banded together to form the **Canadian Coalition for Good Governance** in an attempt to exercise shareholder power over executive compensation. The Coalition is headed up by the Rotman School's own **David Beatty, Conway Director of the Clarkson Centre for Business Ethics & Board Effectiveness** and professor of strategic management.

Collectivizing will provide relatively modest benefits on its own. As with any cartel, its members will have the incentive to cheat and undermine their own efforts. So the next step will be aggressive lobbying of governments to legislate in favor of capital – for example, to cap CEO salaries and reduce the use of options.

Capital will have to get used to the fact that in order to earn a return, it will have to create an environment in which it is particularly difficult for talent to appropriate the rents.

In such an environment, talented human assets create knowledge assets, such as patents, brands, know-how, or customer relationships, that the firm can appropriate, at which point capital – not talent – can earn a return on these assets. However, this will be increasingly tricky as talent figures out the 'game' – that is, that they are enticed to create a 'product' that is alienable (i.e. can be separated) from them and will be appropriated by capital. As they see this happening, talent will negotiate for an ever-greater proportion of the life-cycle rents of their creation before agreeing to create it in the first place. In some talent fields, such as recorded music, this happens already, as the talent receives compensation by way of royalty every time their music is played. However, it does not yet happen with artists, who do not receive a royalty every time their artwork is resold. Increasingly, talent such as research scientists at pharmaceutical companies will negotiate direct royalties on the drugs they are instrumental in creating.

It will be a particular challenge for capital to organize and structure enterprises conducive to its appropriation of rents. Why? Because its would-be allies in running the firms are none other than card-carrying members of the talent class – the CEOs and senior executives of its firms. While capital hopes to create a structure conducive to it appropriating the rents, the very talent it hires to do so will be busily figuring out how to appropriate the rents for itself rather than for capital. So capital will increasingly feel like an outsider, with nobody there to help it earn returns. As a result, we will see an enormous intensity of lobbying activity on the part of capital as it tries to deal with an unpleasant start to the 21st century. While there are no great answers for capital in this war, there are a couple of things to keep in mind.

First, don't pull an **Edgar Bronfman Jr.** Trading **Seagram's** and **DuPont** for **Universal** and **Polygram** was a dreadful idea from the start. Why? Because the movie and record businesses are as talent-intensive as any industries on the planet. Each has layers and layers of talent between capital and its potential returns, each with its fingers in the till and capable of grabbing a big handful. Capital will have to be much more attentive to the power of talent to extract the benefits.

Sexy industries with growth and highly-differentiated products – like the movie business – are not good for capital. Professional service businesses – like advertising agencies and consulting firms – are also bad for capital, which is simply put in to be held up at a later date.

The best businesses for capital are those in which assets can be built using relatively generic human assets that become the property of the corporation and don't really need talent to operate the assets. The Canadian bank retail businesses are a good exemplar. Not to be confused with their investment banking sides -- which are set up primarily to benefit their talent. **Procter & Gamble** is a good model for capital, because it is not dependent on any one brand manager or R&D scientist.

Second, capital has to watch for a run on the bank. There is a major contagion effect when talent breaks into new ground. It happened in Hollywood when Lucas set his precedent in the late 1970s, and it happened by the midpoint of the dot-com boom. But in each case, capital continued to invest, even as the talent kept asking for more and more of the spoils. And for capital, spoiled it quickly got.

> The best businesses for capital are those in which assets can be built using relatively generic human assets that become the property of the corporation and don't really need talent to operate the assets.

The owners of capital are going to have to stay involved and add more value themselves. Unattached capital will get held for ransom more often than attached capital. That is to say, self-directed RRSPs will be tolled one fewer time than financial advisor-directed RRSPs. If you want real talent managing your money, it will charge top dollar for the privilege – so make up your mind that you really want it.

Conclusion

In the end, as in all wars, there will doubtless be some form of accommodation between capital and skilled labor. Both sides need each other, as has always been the case. But as in all wars, how each side fights the battle will significantly influence the nature of the accommodation, and whether or not they ever achieve anything resembling peace. RM

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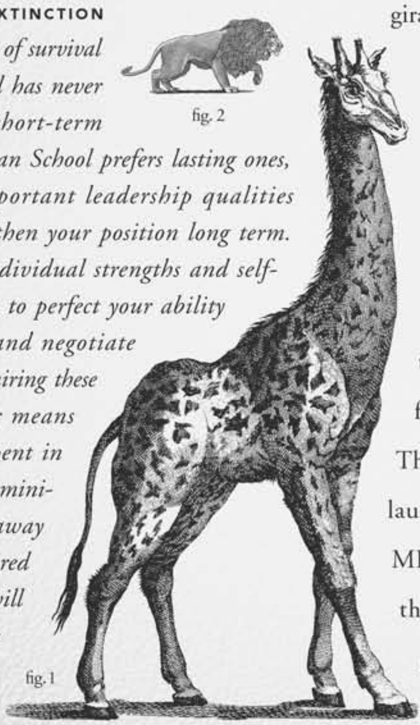

fig. 2

fig. 1

fig. 3

The Nature of the Class

To the discerning mind, a classroom full of Rotman students is strangely reminiscent of birds in flight. Sound silly? Well, it's not. Like the perfect V-formation, the Rotman School is comprised of leaders, prepared to take their position at the apex of their field.

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KNOWING VS Doing

Why can't we get anything done?

By Jeffrey Pfeffer

A key challenge for today's companies – and for the individuals within them – is to build a culture of action, says Jeffrey Pfeffer, Thomas D. Dee II Professor of Organizational Behavior at the Stanford Graduate School of Business. He describes some of the common obstacles that can get in the way of knowing what needs to be done, and actually doing it.

These days, people know a lot. Thousands of business books are published each year, and organizations spend billions on training and consulting. Meanwhile, more than 100,000 MBAs graduate annually from North American business schools. All this state-of-the-art knowledge leaves us with a nagging question: If we're so well trained and so well informed, then why aren't we a lot more effective?

One culpable party is the literature of knowledge management – almost the cult of knowledge management – that has grown over the past few years. Advocates of knowledge management as "the next big thing" have advanced the proposition that what companies need is more intellectual capital. While that is undeniably true, it's only partly true: what those advocates are forgetting is that knowledge is only useful if you do something with it.

The reason that we've fallen into this 'knowing-doing gap' is this: Doing something actually requires doing something! It means tackling the hard work of making something happen. It's much easier and safer to sit around and have intellectual conversations, to assemble large databases, to invest in technical infrastructure – and never actually implement anything.

Today, there are plenty of experts on everything except *how to get things done*. The educational establishment must take some responsibility for this problem. Think about what business schools do: They train people to talk about ideas and concepts and to solve problems. But the one thing they typically don't do is train students how to actually do anything – not just analyze problems but implement their solutions in the messy world of real people.

Ask yourself this question: Would you undergo heart surgery if the surgeon had been trained in the same way that business-school students are trained? Imagine that the surgeon had sat around in medical school discussing heart-surgery cases, watching heart-surgery videos, and listening to great heart surgeons talk about what they did – and now you're lying on the operating table, as that surgeon's first real patient. Would you let that surgeon cut you open?

The truth is that business school is more about talking than doing. After graduation, many B-school students take jobs in management consulting. I've always found the job market to be perplexing for this reason: You can be a plant manager – actually have what it takes to run a plant – and make up to $100,000 a year. Or you can talk about plant management and make twice that. Why do people get paid more for talking about things than for actually doing them? The message from the job market is that it's more important and more valuable to be clever than it is to have the ability to make something happen.

The good news is that a number of MBA

programs have begun to address this and are developing different models of business education more rooted in learning-by-doing and taking a more holistic, integrated approach to understanding business issues. The **Rotman School's** focus on integrative thinking is one key example. Rather than focusing on the conventional functional courses, the School recognizes the interdisciplinary, interrelated world of modern business – which leaves it more veridical with the problems people face in actual management situations, where issues do not arrive to be solved segmented by discipline. Schools like Rotman are focusing on changing how people think about business issues – an essential element in changing what they do and how they manage.

Companies are also beginning to recognize that it's not only critical to know; it's also very important to do. We've been through the phase in which every company thought that it could outthink the competition. Today, the advantage that you get from outthinking the competition lasts an incredibly short period of time. Put simply, the speed with which your competitors can copy even the best idea has increased much faster than the advantage that you get from having come up with that idea in the first place. And that's happening in a variety of industries, both in products and in services. So while having knowledge is useful, it's not sufficient. It gives you much less competitive leverage than it once did.

Doing = Learning = Making Mistakes

If companies genuinely want to move from knowing to doing, they need to build a 'forgiveness framework' – a tolerance for error and failure – into their culture. A company that wants you to come up with a smart idea, implement that idea quickly, and learn in the process has to be willing to cut you some slack. You need to be able to try things, even if you think you might fail.

The absolute opposite mindset appears to be enjoying a lot of favor at the moment: the notion that we have to hold people accountable for their performance. Companies today are holding their employees accountable – not only for trying and learning new things, but also for the results of their actions. To see how that mindset affects performance, compare the ways that **American Airlines** and **Southwest Airlines** approach accountability – and then compare those two airlines' performances.

Stanford's Jeffrey Pfeffer

American Airlines has decided to emphasize accountability, right down to the departmental – and even the individual – level. If a plane is late, American wants to know whose fault it is. So if a plane is late, what do American employees do? They spend all of their time making sure that they don't get blamed for it. And while everyone is busy covering up, no one is thinking about the customer.

Southwest Airlines has a system for covering late arrivals: It's called "team delay." Southwest doesn't worry too much about individual accountability; it isn't interested in pinning blame. The company is interested only in getting the plane in the air and in learning how to prevent delays from happening in the future.

Now ask yourself this: If you're going to be held accountable for every mistake that you make, how many chances are you going to take? How eager are you going to be to convert your ideas into actions?

One of the most pervasive emotions in the workplace today is fear. The reason that there is so much fear is that everybody wants to build a learning organization, but nobody actually wants anyone to learn. Learning requires tolerating inefficiency and failure. If you genuinely want to build a learning organization, you have to accept the fact that learners are never as proficient as experts. Learning comes at a price: the experts might not get to use their expertise, and the learners might make mistakes.

One of the side effects of fear is that it absolutely retards the flow of information inside a company. So you have this anomaly: Companies pat themselves on the back as knowledge-management businesses, but because nobody wants to be the bearer of bad news, nobody inside those companies knows what is going on. A famous quote by producer **Sam Goldwyn** sums up that point well: "I want everybody to tell me the truth – even though it costs him his job."

Yet another side effect is that fear causes individuals to focus only on the short term and on their own survival. I used to teach a case study about a company that made brakes for airplanes. The case described a chain of events in which workers ultimately falsely attested to the brakes' capabilities. I asked my class a question: Why would you falsify documents when you know that there is absolutely no chance of the problem going undetected? Sooner or later, somebody's going to fly in the plane, the brakes are going to fail, and the problem will come to light. It's inevitable! So why lie?

The answer is that if there's enough fear in the workplace, you don't worry about what's going to happen eventually. You don't even worry about what's going to happen tomorrow. You worry only about today: can I get through today?

Talking vs. Doing

Companies often confuse talking with doing. They think that talking about doing something is the same as doing it – that planning is the

People often confuse talking with doing. They think that talking about doing something is the same as doing it – that planning is the same as doing, and that giving presentations is the same as doing.

same as doing, and that giving presentations is the same as doing.

Mistaking talk for action is worse than just a simple error: Talk can actually drive out action. Studies about the way meetings work demonstrate that negative people are perceived as being smarter than positive people – that is, being critical is interpreted as a sign of intelligence. You see this attitude in business all the time: The fastest way for me to seem smart is to cut you down. So you come up with an idea, and I come up with a thousand different reasons why that idea won't work. Now everyone sees you as dumb and me as smart – and we've created an environment where no one wants to come up with and share ideas.

The other trap that companies and people fall into is confusing making a decision with making something happen. First, we become obsessed with making the right decision – which becomes a major obstacle to trying something to see if it works. Then we forget a simple fact: that a decision by itself changes nothing.

And so we work at making good decisions. Did we make the right decision? Could a better decision have been made if better information had been produced? While it's always better to make a good decision than a bad decision, just making a decision doesn't change anything! Did you implement the decision? And perhaps more importantly, did you follow up on the decision to see what you could learn from it, so you could do better next time?

One of the biggest enemies of getting something done is the dreaded 'P' word: program. Whenever you hear that a company is about to "roll out a program," it's not good news. It suggests that the company is about to spend all of its time worrying about the content of the program, rather than learning by doing. **David Kelley**, founder and former CEO of **Ideo Product Development**, has it right: "Enlightened trial and error outperforms the planning of flawless intellects."

No matter how smart you are, you can't pre-plan everything and then roll out your program. What you want to do is to try some stuff and see what happens. And by the way, "enlightened trial and error" is the perfect antidote to the cynicism that exists in many organizations whose people have seen programs come and go. I recently visited a company

Making Your Mind Effective

By Professor Mihnea Moldoveanu

The central task of management is getting things done in situations in which you cannot do everything yourself, which means getting things done through others. To carry out this task – and solve the concrete problems it poses – managers need a causal map of their employees' beliefs, intentions and actions.

This is a tall order. Beliefs are easily misinterpreted, and the words that we express them with are slippery. Intentions are malleable and prone to be overtaken or masked by false sentiments. Actions are ambiguous and can scarcely be explained without reference to the beliefs and intentions that inhabited the mind of the actor at the time of the action.

Unfortunately, we do not have any better building blocks for explaining human behavior than this threesome: beliefs, intentions and actions support our conceptions of others in the same way that space, time and causality support our models of the physical world. They are what is called 'primitives': in spite of many aberrant attempts from the social scientists and analytic philosophers to find alternatives, they are still the leading contenders for supplying an explanatory apparatus.

The question that we have set for ourselves is: what can effective managers do with these primitives to fashion causal maps of others?

To answer this, we have undertaken a study of causally-effective managers. These are executive team members who get things done – not at some point in time, but within a ten per cent ratio of when they said they were going to get them done. Not any things, but things that are causally connected to positive changes to the bottom line of their firm or division.

This 'causal effectiveness study' – although not complete, has yielded some interesting preliminary results about the ways in which causally-effective managers delve into the 'black box' of the human psyche – providing some common psychological elements of the 'movers' (but not necessarily 'shakers'.)

They do indeed, it turns out, use beliefs, intentions and actions to conceptualize the activities of others – they are not ontological innovators. Their secret lies not in finding new ways of conceptualizing the human animal, but in rendering the beliefs and intentions of those they manage accessible and observable, to themselves and to others, and thus removing the awful causal ambiguities that plague our interpretation of others' actions.

Their secret can be distilled into three principles:

1. If you want to discover someone's preferences, look at their choices. Do not merely ask them, but observe their behavior in situations in which they have a choice. If these situations do not easily arise, create them. The act (perhaps, the art?) of discovery involves giving decision rights to the 'managed' – not, as many think, taking them away. Do not merely presume to know, on the basis of some social science text or the words of a clinically-minded academic, but, for whatever theory-of-mind you have, test it out, to see how well it predicts actual behavior. Causally-effective managers act as if two fundamental truths are wired into them: that textbook or 'scientific' knowledge about 'most people' is rather useless when whose CEO is famous for coming up with a new program every year. One year it's Six Sigma, the next it's Total Quality Management, the next it's customer satisfaction. Every year, the troops go through a bunch of plans and processes. And in the end, they've learned to do nothing at all.

The Otis Redding Theory of Measurement

There's an old saying in business: What gets measured is what gets done. What's happening today is the flip side of that: Measurement has become a tyranny that makes sure that nothing gets done.

My colleague **Bob Sutton** and I developed what we like to call the **Otis Redding** Theory of Measurement. In his song, "Sittin' on the Dock of the Bay," Redding sings, "I can't do what ten people tell me to do, so I guess I'll remain the same." That line sounds as if it could be about companies' misconceptions about measurement.

Companies have managed to convince themselves that, since what gets measured is what gets done, the more they measure, the more stuff will get done. Last summer, I met a woman who works for a large oil company, and she told me that the company has 105 measures for which she is responsible. So I asked her, "How many of those 105 measures do you pay attention to?" Her answer? "None." Because in the end, she's measuring so many things that she doesn't pay attention to any of them.

Here's another measurement problem: You can measure the wrong things. **General Motors** was a perfect example of this; it's measurement central. GM can tell you about everything having to do with a car's outcome: how much of every kind of material went into its manufacture, how many defects it has, how many hours of labor went into making it. The company has many measures of outcome. But what GM doesn't have (yet) are process measures. And without process measures, you don't know where to intervene to change outcomes. Measurement can, in fact, be crucial to achieving the right kinds of action – but you must do the right measurements.

The Perils of Internal Competition

Another piece of corporate behavior that prevents companies from implementing good ideas is ugly internal competition. Many a business has fallen in love with the idea that the best way to get people to do things well is to have them compete with one another. That mindset derives from a sloppy sports analogy: People run faster if they run against someone else. That may be true for track, but when it comes to learning, people learn best when they're operating in a mode that is less competitive.

Companies that adopt internal competition as their operating style might as well post as

what matters is 'here and now'; and that the path to discovery of any one person is fraught with the dangers of deception and self-deception. Hence actions, truly, are made to speak.

2. If you want to discover someone's beliefs, look at the bets they are willing to make. Many managers and employees throw around predictions and opinions with the aim of befuddling those around them, or with no aim at all. How to cut through the verbiage? Causally-effective managers construct situations in which the opinionated can put up, or shut up – and they do so publicly, quickly and decisively. The question that they pose is not, 'What do you believe?' but rather, 'How much are you willing to pay to play a lottery in which you win a cash prize if your prediction turns out to be correct, and $0 otherwise?' As with the inference of preference from choice, the causally potent find ways of turning words into sharply-interpretable behaviors.

3. If you want to discover someone's intentions, look at the consequences of their actions. A colleague's accidentally-missed milestone becomes an opportunity for your long-conniving boss to fire you: Accident? Or, rather, intentional manipulation? The principle of causal instantiation advises us to err in favor of the latter. Accidents can and do happen. But the standard of organizational behavior rises palpably when people are treated as if, in retrospect, they will have intended all, or most, of the consequences of their actions. The principle works poorly if used privately, to construct conspiracy theories that are ultimately never tested. It works to heighten awareness and vigilance if used with full disclosure, in the name of overall organizational effectiveness.

Prof. Mihnea Moldoveanu

These three principles will not be new to many social scientists that have tried to peek into the 'inner world' of humans. Economists will recognize the first principle as a (loose) formulation of the principle of revealed preference. Behavioral decision theorists will recognize the second principle as an instantiation of **Frank Ramsey**'s brilliant scheme to extract subjective probabilities from subjects with no feel for probability. Psychoanalysts will recognize the third principle as a tried-and-true method of producing consciousness-raising interventions in their analysands. And, they may be gratified to hear that, even though social science remains dismal as a predictive tool, causally-potent practitioners have found their way to their methods of inquiry.

Mihnea Moldoveanu is director of the CCMF Centre for Integrative Thinking and an assistant professor of strategic management at the Rotman School.

their corporate mission statement that famous saying from the comic strip "Pogo": "We have met the enemy, and it is us." I remember talking with the people at Southwest Airlines shortly after its leader, **Herb Kelleher**, was the subject of a *Fortune* article ("Is Herb Kelleher America's Best CEO?" May, 1994). The reaction inside the company was, "Now we're in trouble." Because when a company becomes that successful, people inside that company start to pick at one another. And what Southwest employees ended up saying to me was, "Thank God for the United Airlines shuttle!" It took a little of that good old external competition for Southwest to remember that the real adversary is on the outside, not the inside.

So what's the remedy? The remedy is to do something! **Detroit Tigers** head coach **Steve Mariucci** once said, "I never wear a watch, because I always know it's now – and now is when you should do it." If you want the future to be better than the present, you have to start working on it immediately.

Remember: What you want is *better than*, not optimal. Your job is to do something today that's better than what you did yesterday. And to do something tomorrow that's better than what you did today.

Make knowing and doing the same thing

The challenge for companies – and for the individuals inside them – is to build a culture of action. The best description of the knowing-doing gap that I've ever heard came from a woman in one of my executive programs. She said, "Benchmarking is very popular today – but companies benchmark the wrong thing. They benchmark what other companies do, when they should be benchmarking how those companies *think*."

In the retail world, companies benchmark the **Men's Wearhouse**. The Men's Wearhouse pays people on commission. And if employees sell more than $500 at one time, the company pays them a bigger commission. Other companies have adopted that system. But what other companies don't do is look at the underlying thinking that drives that system.

Founder and CEO **George Zimmer** had a great insight that is the key to the success of the Men's Wearhouse. He started with a question: Where is the power in retail? Most people think that the power in retail is in buying the merchandise – that if you want to rise to the top of retail, you need to be in buying. But Zimmer had a blinding grasp of the obvious: You don't make money when you buy the merchandise – you make money when you sell the merchandise! If you adopt that idea as the basis for how you run your company, what do you do differently? You put more emphasis on store operations. You put more emphasis on training your salespeople. If you look at everything that Zimmer does at the Men's Wearhouse, you'll see that it all connects back to one fundamental idea: that in retail, selling is the key to success.

Here's another example. Southwest Airlines is premised on another blinding grasp of the obvious: People do not pay to sit in the **Dallas-Fort Worth Airport**. They pay to get from once place to another. It sounds simple, but it's very hard to get people to have the courage, the wisdom, and the insight to see beyond what everybody else is doing – and to take notice of the obvious, unexamined, and unacted-upon truths.

For successful companies, there is no knowing-doing gap. There is no difference between how they think, who they are, and what they do. RM

Jeffrey Pfeffer is a monthly columnist for Business 2.0 magazine and the author of ten books – including, The Knowing-Doing Gap: How Smart Companies Turn Knowledge Into Action (Harvard Business School Press, 2000).

Readership Survey Results

Last April, we surveyed *Rotman Management* readers to find out what you think of your magazine. We sent an e-mail survey to 1,800 alums, and received close to 300 responses – a great rate of return that we truly appreciated. Here are some highlights of our findings:

- We were very pleased to see that 73 per cent of respondents "go through the magazine page by page" and/or "read most of it";
- A majority said they would like to see more input from the following groups: outside experts (72 per cent); alumni (64 per cent); other leading business schools (58 per cent); and Rotman faculty (51 per cent);
- Sixty-two per cent of you said our subject matter is "timely and interesting", while 48 per cent find it "useful for life-long learning."
- We won't be moving to an electronic format any time soon – only 21 per cent said they would prefer it;
- The most popular sections of the magazine are **feature stories** ('always' or 'usually' read by 86 per cent of respondents); **Class Notes** ('always'/'usually' read by 82 per cent); **Alumni Profiles** ('always'/'usually' read by 77 per cent; and **News Briefs** ('always'/'usually' read by 73 per cent).
- On the other hand, only 60 per cent and 51 per cent, respectively, 'always' or 'usually' read our **Q&A** and **book excerpts**. As a result, these sections will appear in the magazine less frequently from now on.
- Perhaps most meaningful to us is that a whopping 74 per cent of respondents say the magazine "makes [them] feel connected to the Rotman School and its activities." That is, after all, one of our key goals.

In response to your feedback, we've already implemented a few changes. We've added a new alumni feature called "Alumni Capsules," which will introduce you to four more of your fellow alumni per issue; and rather than featuring less-popular items like book excerpts or a Q&A, we've included seven feature stories – more than ever before.

Thanks to all of you who took the time out of your busy schedules to help us make *Rotman Management* more effective. If you missed out on this survey, there will be another one next April. Or, you can contact Editor **Karen Christensen** via e-mail at christen@rotman.utoronto.ca.

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The Race for Effectiveness

Is It Effective?

By Hilary Austen

Moving as fast as you can and being right as often as possible may not be the optimal path to effectiveness, according to Dr. Hilary Austen, a director of the Rotman School's Dean's Advisory Board and a management consultant based in Palo Alto, California. Here she offers an alternative view of effectiveness – one that involves creating new knowledge.

We learn the concept of 'effectiveness' early in life: 'Be right, and do it fast.' By competing in classrooms and on sporting fields, we learn that our effectiveness is judged by our ability to 'win' by achieving the highest score in a timely way. This way of thinking about effectiveness is later reinforced in organizational settings, where promotions and pay are largely based on our ability to do what we are doing better and faster than others.

In an attempt to establish objectivity in this Darwinian environment, teachers and leaders identify and set measurable standards to validate their evaluations of effectiveness. Schools measure students objectively with standardized tests, while organizations tie performance evaluation to measurable targets, often financial and time-oriented. Even in the 'softer' business disciplines, questions such as, "How would you rank your manager's ability to com-

ILLUSTRATION: BRUNO BUDROVIC

A COMMONLY HELD VIEW OF EFFECTIVE ACTION	AN ALTERNATIVE VIEW OF EFFECTIVE ACTION
• Mastering available knowledge	• Creating new knowledge
• Focusing on incremental results	• Pursuing long-term results
• Adopting pre-existing preferences/norms	• Developing novel preferences/norms
• Applying specified standards of measure	• Applying intuition and judgement
• Pursuing measurable consequences	• Pursuing internally-generated directions

municate on a scale from 1 to 10?" are included in performance review questionnaires in an effort to assess employee effectiveness reliably.

This approach to effectiveness – being both right and fast, in a measurable way – is rooted in educational and organizational efforts to reduce variability, increase overall performance, and to reward fairly. This approach so permeates our accepted notion of effectiveness that it might seem odd to question it. However, challenging this approach is the unavoidable destiny of educational institutions – like the **Rotman School** – that want to promote integrative thinking.

Competing Views of Effectiveness

Why challenge the accepted view? Because the race toward reliable, objectively-measured effectiveness leads us away from an alternative and equally-important view of effective action.

This alternative view, often discussed by proponents of organizational innovation, bounded rationality, and visionary leadership, is inherently more difficult to implement and assess in familiar ways. These two views are summarized on the left and right sides of the chart above.

At first glance, there appears to be an inherent tension between the familiar understanding of effectiveness and its alternative – pursuing effectiveness in the common way makes pursuing the alternative impossible, and vice versa.

Staying true to our commonly-held notion of effective action, we travel familiar ground; we know what to do and can look to others to find a path; we can clearly track our progress and quickly reap the rewards of our demonstrated successes; and when we stray the path, course corrections can be determined by checking existing information. In this world, the measure of effectiveness is expected to be specific, objective, and shared.

Taking the alternative approach, we step into unfamiliar territory, adding creativity, interpretation, and the extended passage of time into the picture. We are creating new ideas, exploring away from what we know will work – pursuing innovations that may take years to evaluate. We are tackling problems where standards of measure do not exist, and so are replaced by general criteria that require personal judgement to apply. Without predetermined directions and rewards at hand, an internally-generated sense of direction and accomplishment takes the place of immediate consequences as a measure of success.

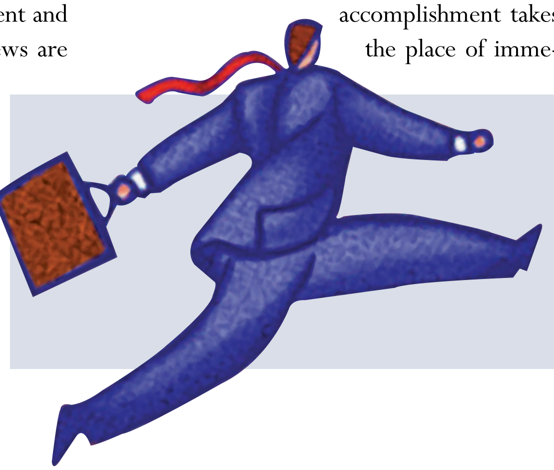
In this alternative world, effectiveness becomes more fluid, and less rationalized, tangible, and standardized. When departing from the measurable, assessing effectiveness is more akin to assessing the quality of a work of art than it is to checking the correctness of an arithmetic problem, however complicated.

Presented with these apparently competing alternatives, it's easy to see why we might have developed our current leanings. First, we want to know that our surgeons, engineers, CEOs, investment managers, and the like, know what they are doing before we depend on them. And, while visionary, creative, individualistic, original people are the source of innovation and advancement, most of them fail at what they are doing most of the time. Few of us want to be affected by potential failures, even if these may be fertilizer for the seeds of future success.

Second, while intuitively attractive to many, the alternative view has remained vague when it comes to concrete implementation. For instance, a method for assessing and rewarding long-term vision, novelty, personal conviction, and innovation remains elusive.

At the same time, it takes only a bit of reflection to see the value of innovation, exploration, and advancement, and that people effective in the status quo rarely take us into the future. Even if we can't always recognize the early signs of impending success, it is from a few of the individuals who take the alternative approach that new products and technologies, new lifestyles, new approaches to communication, new social policies, and so on, will come.

History's review of effectiveness often reveals people who were not 'right and fast',



Without educating for this expanded notion of effectiveness, schools will graduate largely short-term thinkers, who rely on recipes dictated by others.

who failed at the status quo, and took a new direction. People once thought 'wrong' or 'slow' have a habit of becoming effective in our hindsight – if not in their own lifetime. And, it is just as common for the badge of effectiveness to be taken away, as time gives us the ability to reinterpret people and events. We can all think of the effective ideas, people and technologies that were once ignored, resisted – even feared – that are now accepted and even revered. We all read daily headlines filled with stories about the label of 'effectiveness' being stripped from contemporary figures.

> "Not everything that matters can be measured, and not everything that is measured matters."
> *– Elliot Eisner, Stanford University*

This indeterminance in the status of effectiveness means we experience cognitive fluidity. This fluidity is worrisome to most people – so much so that they tend to avoid, ignore, or deny it by choosing one approach to effectiveness over the other, all the while maintaining their commitment by overlooking the inherent incompleteness and inconsistencies of either alternative. This commitment is often made with such fervor that it puts the two alternatives – and the people who embrace them – at odds.

An Integrative Response

The competitive tension between the two views of effective action discussed above creates an opportunity for an integrative response – the choice to embrace both alternatives, rather than over-simplify and choose between them.

Admittedly, it will be difficult to pursue, let alone achieve, these alternatives simultaneously. However, I believe the ability to embrace this tension in performance is the promise of integrative thinking. Achieving this embrace is the job of integrative thinkers – to expand the definition of effectiveness without abandoning the familiar.

Achieving this redefinition, integrative thinkers would display their strength in our current view of effective action and augment this with the ability to:

- Tolerate slow learning, indeterminance, and failure, as they and others venture into innovative and unknown regions;
- Use their sensitivity to assess situations and events when familiar numeric measures don't apply; and
- Rely on their own personal (sometimes ill-timed, unpopular, and risky) sense of direction, while they work toward a long-term goal they may not even live to enjoy.

These kinds of capabilities lie outside of normal boundaries, so including them in our shared definition of effective action will require a significant expansion in the way we – and our schools – think about effectiveness. For example, few of us currently consider the willingness to wait decades, even hundreds of years, to be acknowledged for what we have to offer to be an effective act. And, it is hard to imagine why – if we can't reap the rewards of this kind of vision and patience – we would choose this route. However, without educating for this kind of expanded notion of effectiveness, schools will graduate largely short-term thinkers, who rely on recipes dictated by others; people who shape and work on problems rooted in the status quo, rather than people with the ability to change the world.

Educating for a New Kind of Effectiveness

The comfort of our accepted notion of effectiveness comes from what it provides: immediate external assurance about direction, performance, and motivation. The alternative view is disconcertingly free of this reassuring certainty. If schools like the Rotman School – that value integrative thinking – are going to help students take advantage of this freeing opportunity, they will have to find new ways of preparing students for the new dynamics they will face, including shifting directions, delayed feedback about performance, impotent instruments of measure, and mis-directing external pressures.

The educational move toward integration is in its infancy. Two of the pivotal challenges that schools like Rotman will face are helping students to:

1) Develop the cognitive skills suited to the new dynamics they will be working with; and

2) Find their own internal sources of direction and motivation to replace their dependence on the external.

The work of two researchers, **Elliot Eisner** and **James G. March**, both of Stanford University, can provide help in this direction.

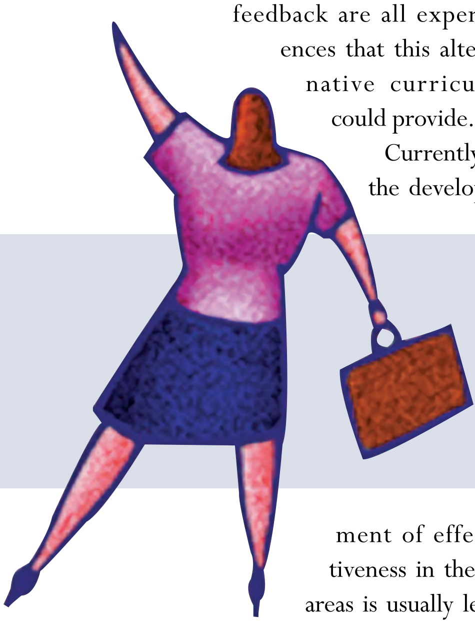
Help From the Arts

At Stanford University's School of Education, Professor Eisner has spent a lifetime revealing the importance of the arts and of arts education. His work applies here because in the arts, the common notions of effectiveness have important – but limited – utility. The arts explicitly employ the alternative view of effectiveness, and so can suggest educative elements that could foster an integrated approach to effectiveness in other disciplines.

> Agile minds comprehend a world quickly, so fail to change it.
> *–James G. March, Stanford University*

If well-designed and well-taught, arts curricula reveal how both views of effectiveness can work in concert. Such curricula treat elements associated with our common approach to effectiveness – continuity, practice, technique, and skill—with seriousness and rigor. Simultaneously, students of the arts develop the ability to apply criteria, understand relationships, compose problems, resolve tensions, use imagination, pursue originality, and apply good judgment in a particular medium – all capabilities critical to acting with an alternative view of effectiveness, where common standards, measures, and feedback don't apply.

Taking cues from Eisner's work, we can imagine what it would mean if we taught business as an art. His work recommends that in addition to the relevant areas of business expertise – accounting, marketing, economics and such – students could be offered alternative curricula to help them achieve the artistic abilities listed above in a way relevant to their own field. Business problems without finite, time-bound solutions; messy problems that required design as well as resolution; decisions that lack clear parameters; and the pressure to make directional choices in the absence of external feedback are all experiences that this alternative curricula could provide. Currently, the development of effectiveness in these areas is usually left to the school of experience and hard knocks. Encouraging students to adopt an expanded view of effectiveness without designing supportive curricula to prepare them is a poor (but rather typical) solution. Schools of integrative thinking can take on this demanding job by adding an artistic twist to their curricula and giving students a headstart in this direction.



If successful, schools will be able to produce people who are smarter at problem solving, who can create hardier business solutions, and who have the courage to pursue what is meaningful against difficult odds.

Help From a Legend

James G. March has been researching and writing on organizations for a lifetime. Departing from this tradition, his latest work is a film titled, *Passion and Discipline*. The film explores the connection between the literary character **Don Quixote** and contemporary leadership – a connection puzzling to many before seeing the film. This puzzlement is not surprising, since Quixote failed at everything he attempted! Not a record typically admired in the business world. But March's depiction of Quixote helps us understand the power of internal motivation.

Failure is frightening and understandably avoided by most people. Success drives our common approach to effectiveness, so we quickly learn to steer away from failure's pressures. But failure is a more constant companion when we venture into the alternative world. Unfortunately, each comforting step we take to conserve success distances us from the chance to innovate, to be original, and to step outside the status quo. When guided by common views of effectiveness, the inevitable failures associated with creativity often discourage our dreams.

Don Quixote's story shows us the power in treating failure differently. Quixote's failures did not deter him. He did not learn from failure that he was wrong. Instead, failure inspired him to greater action, greater commitment, and greater glory. If we embrace the idea that effectiveness may not always be time-, consequence-, and consensus-bound, then the Quixote character reveals much about what this will mean.

March's film reveals a Quixote who is steadfast in his vision because his sense of effectiveness is not dependent on the outcomes of his efforts. Instead, he is effective when he fulfills his sense of 'what is right action'. Effectiveness is felt in the joy of fulfilling his role as a knight, in the worthiness he finds in his commitment to his spiritual love, and in his enthusiasm for persistence. The pleasures of commitment, faith, love, joy, and right action take the place of consequential reward. These feelings sustain and motivate Quixote, and so he effectively persists when being laughed at, or even trampled by sheep – experiences that today's visionary, innovative and creative people can expect to share. This inspired persistence will be critical for anyone interested in achieving an integrated approach to effectiveness.

Finding a New Kind of Effectiveness

In redefining effectiveness, schools will have the challenging job of teaching students to value, and to be effective in, both the common and alternative approaches to effective action. This will be tricky, but if successful, they will be able to produce people who are smarter at problem solving, who can create hardier business solutions, who have a stronger commitment to personal vision than most, and who have the courage to pursue what is meaningful against difficult odds. These are all organizational capabilities that make this attempt at redefinition well worth the effort it will take.

To succeed as educators in this attempt, we need robust answers to the following questions: What kind of changes do schools need to make if they are to teach this new understanding? How might curricula be reshaped? What kind of students can these schools hope to graduate? In combination, March's and Eisner's ideas offer initial answers to these questions. They show us the integrative power of developing both internal motivation and artistic cognitive skills, and how succeeding at this expanded view of effectiveness is possible. However, they don't say exactly how schools, curricula and teachers might achieve this development and integration on a day-to-day basis in business classrooms. This is the exciting challenge of today's educators and students – like those at the **Rotman School** – who have both the passion and discipline to pursue what some might see as an impossible dream. RM

GETTING P&G BACK ON TRACK

By A. G. Lafley

On March 7, 2000, Procter & Gamble announced that it would not meet its projected first quarter earnings, and its stock price abruptly fell from $86 to $60 per share. In total, between January 2000 – when the stock peaked at $116 – and March 2000, P&G stock fell 52 per cent. However, the biggest crisis at P&G was not the loss of $85 billion in market capitalization: it was the crisis in confidence – particularly leadership confidence – that permeated the organization.

PHOTO: KEN MCGUFFIN

Procter & Gamble CEO A.G. Lafley at the Rotman School in April

In too many of our businesses, best-in-class competitors were on the attack. P&G business units around the world were blaming headquarters for their problems, while headquarters was blaming the business units.

Analysts and investors were up in arms: how could this reliable company have messed up so badly? Employees were very vocal about their lack of confidence in leadership and were calling for heads to roll. Retirees were madder than hatters, and understandably so: they rely on P&G's stock for a comfortable and secure retirement – and their nest eggs had lost more than half their value.

On the day I was announced as the new CEO, P&G's stock fell another four dollars, and after 15 days on the job, it fell another $3.85 – which was not much of a confidence builder. The business media – and the media in general – were not kind. Reporters and commentators had a right to express their views, and they exercised that right with aplomb. Headlines from the spring and summer of 2000 read:

"P&G Investor Confidence Shot" (*Cincinnati Enquirer*); "Trouble in Brand City: We love their products. But in a tech-crazed market we hate their stocks" (*Time*); "Analysts Unsure When Tide Will Turn for P&G" (Dow Jones Wire)

The lowest point was the front page headline from *Ad Age* on June 9, 2000: "Does P&G Still Matter?" I've kept that article close at hand, and not a month passes that I don't look at it. We'd made a mess, and everybody knew it. So what did we do to clean it up?

We faced up to the reality of our situation. We started seeing things as they are – not as we wanted them to be.

First and foremost, we had to come to grips with reality: we weren't delivering on goals and commitments to analysts and investors. Major P&G businesses were under-performing – only three of them accounted for 80 per cent of the total value created in the 1990s. Competitors were swooping in and gobbling up market share. We were over-invested: we over-built capacity, hired too many people, funded too many aggressive introductions of new products and expansions of existing brands.

P&G brands were not delivering good consumer value: we weren't consistently leading innovation, and prices were too high. We had priced-up big established brands to pay for new products and aggressive geographic expansion. Our costs were also too high.

We had frayed relations with important customers who were frustrated with incompatible strategies, poor service levels, and P&G's inability to create value for them.

We were too internally-focused. Consumed with the massive reorganization, and with so many people in new jobs, we were all spending too much time managing internal transactions.

We accepted change, and rather than trying to resist it, we committed to leading it. We started making choices – clear choices – about what P&G would do and not do.

Once we came to grips with reality, we started making choices – particularly choices that required changes in behavior to get better results.

We reset goals. We chose to take another hit to P&G's already-battered stock and compromised-credibility by issuing our third earnings warning in three months on June 8, 2000 – my first official day on the job! We made sure these new goals were realistic, and we said publicly it would take three years to get P&G back on track.

We chose to forego profit to get P&G brand prices right. We made it clear that consumer value comes first.

We stuck with the new organization design – with inter-dependent global business units, market operations, and global shared services. There was a lot of pressure to turn the clock back to independent geographic profit centres, but we stayed the course, and it's paid off in faster innovation and greater responsiveness.

We dramatically focused the company's business strategy:

• on four core businesses – representing

54 per cent of sales and 60 per cent of profits;

- on big, established leading brands – 10 brands with sales ranging from $1 billion to $4 billion.
- on our top ten countries – which represented 80 per cent of sales and 95 per cent of profits – and on our leading retail customers.

We continued to drive our big North America business, and at the same time, mobilized for a major turnaround in Western Europe – our second biggest market. We also continued to invest in growth markets like Central and Eastern Europe and China.

We committed to best-in-class cost structures, and we attacked several 'sacred cows'. Capital spending had skyrocketed to a record eight per cent of sales. (It's now down to four per cent, without foregoing investment in a single initiative or needed capacity.)

Our corporate innovation fund had increased seven-fold in four years. We cut two-thirds of these projects, and at the same time, increased the commercialization success rate.

The hardest choice of all was to reduce the size of the organization. In the mid-to-late 1990s, we'd built an organization to support a $50 billion business. We had a $40 billion business, and this meant that nearly 10,000 jobs would be lost around the world. This was a very necessary but nonetheless emotionally-draining decision. It was the toughest thing we had to do, because it impacted the livelihood and lives of our colleagues and friends.

We shut down under-performing businesses and exited non-strategic businesses. We discontinued product lines like **Olay Cosmetics** and geographic expansions like tissue/towel into Asia. We wrote-off a huge investment in **Olean** and sold off the manufacturing plant. We made a very tough decision to sell P&G brand icons like **Comet, Crisco** and **Jif**. But we did it in a way that preserved jobs for our

Some of P&G's popular products

people, and provided the best possible homes for our brands. We even sold our historic, hometown Ivorydale plant – but again, we did it in a way that preserved jobs.

We opened up to more external partnerships. We partnered for innovation on **Spinbrush** and our new diabetes drug. We found new ways to commercialize technologies through partnerships with competitors such as **Clorox** and with **Glad** food bags and wraps.

Even before we were out of the woods, we chose to make the biggest acquisition in the company's history: **Clairol**. We took some heat for this initially, but it's proven to be a great addition to our hair care business – tracking ahead of acquisition economics.

We put together a strong, cohesive team to lead the business. We put the right players in the right seats on the same bus, headed in the same direction.

The thing that has made all this work is the leadership team we've put together. We are one company in many businesses with many leaders.

In June, 2000, we weren't a team: we were all fighting fires and trying to fix problems in our individual businesses. We had contradictory strategies. We were chewing up financial and human resources, and we had no framework for setting priorities and making choices.

The first thing we had to do was establish a functioning Global Leadership Team. We started talking to each other – every Monday morning – about the business and organization, from wherever we were in the world. We started to own problems as a leadership team – and work toward solutions together. We started having quarterly meetings of all the business unit presidents.

Over the past two years, half the members of our Global Leadership Team are new to their responsibilities. They are the most diverse and broadly experienced leaders we've ever had. Half hail from countries outside the U.S., and the vast majority have extensive international experience in developed and developing markets. They've toiled in businesses and in countries where P&G is not the leader.

What most distinguishes this group of men and women is their ability to work together collaboratively, to put the greater good of the company and its longer-term health above all else. We have become one team, with one dream.

Three Years Later

The outlook is much brighter now than it was in spring 2000: we are meeting or beating all our goals; volume and sales are growing above target; earnings-per-share are comfortably growing double digits; market shares are growing in all four core businesses, and 18 of our 20 U.S. brands are growing share. Free cash flow is at all-time high levels. Most important, we are closer to the consumers we serve, we are better partners with our retail customers, and we are leading innovation that makes everyday lives better.

These happier results notwithstanding, we will not become complacent. We are competing in a very tough global marketplace, and it's only going to get tougher.

Despite these challenges, I am confident we have the clarity of purpose, values and principles, the focus of clear strategic choices, and the strength of leadership to continue growing. RM

***A.G. Lafley** is chairman, president and CEO of The Procter & Gamble Company, based in Cincinnati, Ohio. He spoke at the Rotman School on April 21 in the ongoing Rotman Integrative Thinking Seminar Series.*

IN SEARCH OF Power EQUILIBRIUM

Employees' fear of the boss often suppresses healthy debate

By Professor Jennifer Berdahl

Supervisors who find subordinates easily agreeing with them and flattering their ideas should be reminded that these behaviours may be largely driven by the subordinate's sense of power imbalance. Assistant Professor of Organizational Behaviour Jennifer Berdahl explains.

On January 13, 1982, Washington, D.C. was hit by one of the worst blizzards in years, closing National Airport for much of the day. When **Air Florida** flight 90 was finally given clearance for take-off late that afternoon, the captain elected not to follow standard de-icing procedures.

During take-off, the first officer noticed something strange and said, "That doesn't seem right, does it? ... That's not right." The captain asserted, "Yes it is..." and the first officer began to question his own judgment, "Naw, I don't think that's right.. maybe it is.. .I don't know."

Less than one minute later, the plane slammed into the 14th Street Bridge, killing five people before crashing into the Potomac River, killing another 69 passengers and crew.

This is a dramatic illustration of the problems that can arise from workplace power dynamics.

In almost every workplace setting, the need for efficient decision-making and a clear chain-of-command to assign responsibility requires hierarchies in which a few individuals have power over others.

If power is in any way assigned (or perceived to be assigned) arbitrarily - on the basis of luck, connections or discrimination - organizational hierarchies will be seen as unjust, hurting employee motivation and performance, and leading to tension, resentment, and even sabotage, as employees attempt to correct the perceived inequities. However, recent research has also demonstrated that even when power differences are legitimate, power discrepancies can lead to undesirable outcomes.

In a study I conducted with my colleague **Cameron Anderson** from Chicago's Northwestern University, several hundred people were randomly assigned to supervisor and subordinate roles, but were led to believe the assignments were based on past performance.

Time and again, supervisors openly expressed their opinions while subordinates withheld theirs during a decision-making task. This hesitancy of subordinates to express opinions can weaken decisions, because not all perspectives and ideas are expressed and taken into account.

In the case of Air Florida flight 90, the power dynamic between the captain and his first officer encouraged the officer to question the validity of his opinions, with fatal results.

The hesitancy of subordinates to offer their own ideas during a discussion is also likely to detract from their performance, and may hinder their chances of being seen as high contributors and of being promoted – though this depends on whether obsequiousness or originality is rewarded in a given organization.

Subordinates presumably inhibit themselves when their ideas differ from the bosses' because they fear their bosses will use their power to retaliate against them in some way - by withholding rewards or administering punishments.

This points to the importance of not having vindictive or overly authoritative supervisors who only want "yes men" working for them. This style of supervision compromises decision-making, creativity, and the quality of products coming out of units led in this way, ultimately weakening organizational performance (not to mention increasing turnover and lowering employee morale).

As management research has found, creating a sense of psychological safety and a non-judgmental atmosphere is critical to creativity and effective decision-making.

Another interesting result from the supervisor-subordinate study was that subordinates overestimate how negatively their supervisors feel about them, while supervisors do just the opposite: they underestimate how negatively subordinates feel about them.

Individuals lacking power are especially attuned to potentially negative information, and may err on the side of assuming that those in positions of power are displeased with them. These people tend to go overboard to appease the powerful by smiling at them much more often, being more polite, writing longer and more flowery e-mails, and agreeing with them more often (even when they disagree).

Those with power, on the other hand, are less likely to be concerned about others' feelings and more likely to wrongly assume the best. Why is it important to be aware of these power dynamics? A lack of awareness about how power affects perceptions and behaviour can lead to miscommunications and misunderstandings.

John Bargh and colleagues at the University of Minnesota suggest that sexual harassment may result in part from misunderstandings of these power relations. For example, a male supervisor may overestimate a female subordinates' interest in him based on her friendly and appeasing behaviour, which may really be motivated by their difference in power.

This, in turn, may lead him to make advances toward her that he believes are welcome, whereas she experiences them as threatening and unwelcome. But instead of responding with a firm "no," she is more likely to use friendly and appeasing tactics to avoid the negative repercussions she fears may ensue from a strong and clear refusal.

Other research I have conducted on small, self-directed work groups similarly demonstrates that those developing steep power imbalances, with a handful of people exercising authority over others, have lower levels of performance, worse interpersonal relations between team members, and lower group morale.

Likewise, **Matt Bloom** at the University of Notre Dame has demonstrated that when salary discrepancies between baseball players on a team were higher, and when some members had much higher status on the team than others - thus creating a power discrepancy between team members - the team was likely to play less co-operatively and to perform worse.

Photo: Karen Christensen

Prof. Jennifer Berdahl

All of this suggests that steep status and power hierarchies reflecting extreme differences between top-performers or executives and other employees may actually exacerbate the performance differences upon which they are based and undermine team effort, morale and performance.

That said, power hierarchies between individuals and within groups and organizations may nonetheless reap more benefits than costs in terms of efficiency and the assignment of responsibility, depending on the task at hand. For example, a military platoon may benefit from a strong chain-of-command, where input from a broad range of platoon members is not helpful, whereas a team of product designers may perform better with a flat and democratic structure that encourages input from everyone.

Cultural and individual differences also factor in to how much people embrace power differences.

Research demonstrates that people from cultures in which inequality is both expected and desired, and where 'might' prevails over 'right' - the Philippines, Mexico and Arab countries are examples - tend to actually prefer clear and strong power hierarchies at work, and to be uncomfortable with the ambiguities involved in more egalitarian structures.

Much research also shows that men are more likely to favour and develop social hierarchies than women. Work groups of men are marked by more centralized status hierarchies, whereas women's groups prefer to divide work and responsibility on a more egalitarian basis.

In any work setting, it is important for everyone to consider what kind of hierarchy may best suit each task and the workers involved, and be aware of how power differences shape individual behaviour and perceptions. Keeping these things in mind should minimize the misunderstandings, performance detriments, and other costs incurred from power inequalities at work.

Supervisors who find subordinates easily agreeing with them, flattering their ideas, and acting friendly, should be reminded that, while these behaviours may be based on genuine feelings, they could also be largely driven by the subordinate's sense of power imbalance.

If the supervisor is interested in the employee's true feelings and opinions, she should try to minimize the power distance between herself and the employee. Rather than sitting in a large chair behind a desk, she should sit in an identical chair across from the other person. Reminders of her power should be discouraged ("When I was lunching with the president the other day..."), and employees should never be threatened implicitly or explicitly with retaliations ("My letter of recommendation helped to get so-and-so that job.")

But a manager should also be honest about how comfortable she is with equality - if she really does want deference and admiration and will retaliate if it's not forthcoming, she'll be a wolf in sheep's clothing by disarming subordinates in this way.

Similarly, employees in relatively powerless positions should keep in mind that they're likely to overemphasize the threat involved in the interaction. The person with power is likely to feel more positively about them than they think. If they are confident in what they have to say, not only will better decisions get made, but their career may be better off for it. RM

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Brand U

Why branding yourself makes sense

By Professor David Dunne and Julia Moulden

In today's talent-centric workplace, it makes sense to brand yourself as a unique entity, say Adjunct Professor of Marketing David Dunne and communications consultant Julia Moulden. Branding yourself focuses your thinking on what the marketplace needs and what your competitive advantage is, and can help you discover how to best serve your customer's — or employer's — needs over the long term.

People were the first brands. In the Middle Ages, craftsmen marked their wares with a letter or symbol. This mark assured the consumer that she was buying a particular artisan's work, and provided a guarantee of quality.

Today, we tend to associate brands with companies and the products they make. While brands continue to provide customers with an assurance of quality, they have also another dimension: expressing a set of values that customers may identify with. The **Coca-Cola** brand, for example, represents more than just the promise that the contents of the can will be dark and sweet: it carries a set of American values that strike a chord with consumers all over the world.

It is natural to think that brand loyalty can extend to people, too. Indeed, career counselors sometimes refer to "Brand You", or the creation of a personal brand, as a way of getting a better job, or a promotion. And **Tom Peters** wrote a book, *The Brand You 50*, about how to turn yourself into a brand.

Some individuals have clearly made their mark as brands, chiefly in sports, entertainment, business, and politics. **Richard Branson** represents a unique set of values: his maverick image imbues **Virgin Atlantic Airlines** with a youthful, rebellious attitude. Similarly, **Oprah Winfrey's** Book Club provides consumers with the assurance that they will enjoy the books they are buying. And **Michael Jordan's** brand allows consumers to fantasize that they could be a little like him by buying products that carry his name.

But does branding work for people like you and me? Is it a legitimate way to identify ourselves to our potential customers and distinguish us from the competition?

To answer these questions, we must first think about what a brand is and isn't. Branding is often thought of in narrow terms; for instance, that it's simply a cool logo. Others see branding as spin. Some – including **Naomi Klein** in her book, *No Logo* – regard branding with suspicion, even equating it with deception.

By contrast, marketing professionals think of a brand as a promise to the customer, and brands stand or fall based on whether they actually deliver on that promise. Since people need to deliver on the promises they make in their professional lives, this much, at least, is applicable to people.

We also need to consider where branding does not successfully translate to human beings. Products can be changed to suit market needs. Coca-Cola is sold in over 200 countries, and uses many different flavours according to the preferences of local consumers. And British aficionados of **HP Sauce** will tell you that it just doesn't taste the same in North America. But people aren't commodities. Human beings don't have the same flexibility – we have an essential core that does not change, and cannot be altered to service the brand.

Brands can also – if they're not performing adequately – be killed. Certainly, there are some celebrities we would all like to see less of, but most of us – perhaps with the exception of **Tony Soprano** – would have trouble extending this particular branding practice to human beings.

Despite these real limitations, branding can be of benefit to individuals. **David Aaker**, in *Building Strong Brands*, argues that brand awareness, brand loyalty, perceived quality, and brand associations add up to brand equity, which has important benefits for companies. If customers are loyal to a brand, it can command higher prices, make marketing programs more effective, and give the company a sustainable advantage over competitors.

Individuals, similarly, can benefit from awareness of their brand and the right associations. Just as a new line of clothing from **Versace** has an automatic advantage over unbranded competition, individuals with strong personal brand equity can move into new areas and command higher returns. Investors, for example, often gravitate toward companies led by well-known individuals in whom they have confidence, and the executives benefit by being handsomely rewarded.

PHOTO: KEN MCGUFFIN

Prof. David Dunne and communications consultant Julia Moulden.

So the answer to the questions we posed is yes and no. There are limitations, but it is possible to apply what companies have learned about managing brands to ourselves. If you're launching a career, changing direction, or simply want to improve your chances of success where you are now, some basic branding knowledge may help.

Brand Learning and You

Successful marketers place a great deal of emphasis on understanding what their brand stands for – what type of quality it promises, and which values it represents. In the case of personal brands, understanding oneself is even more important. As we said earlier, building a personal brand is not about adapting to customers' needs as a commodity would. Instead, our objective is to find a good fit with a selected audience.

To do this, we must have a clear understanding of who we are and an in-depth understanding of our target audience. The first step is self-assessment.

Harley-Davidson is more than just a motorcycle. It's an experience, an attitude, a sense of freedom and of rebellion. Harley owners proudly call themselves HOGs (for Harley Owners Group), and even go as far as tattooing the logo on their bodies. Now that's brand loyalty.

The **Harley-Davidson Motor Company** clearly understands the importance of the brand to its customers: HOG activities are supported and sponsored by the company, and the Web site provides a drop-in centre for users to live the experience and connect with other riders, even when they are not on the road.

Similarly, understanding ourselves and what we represent is the foundation of personal branding. In discovering who we are, we can create the brand promise – a guarantee that we'll do certain things and behave in specific ways, consistently over time. It's an axiom in marketing that a brand must deliver what it promises, or it will fail. The reverse is also true: a brand must only promise what it can deliver, so the promise must be consistent with the reality of who we are.

Your personal brand is based on your identity: who you are, what you stand for, and what you hope to achieve. Your brand's identity is divided into three parts: core, extended, and potential (see Figure 1, page 30).

Core Identity

A brand must be true to its identity. Coca-Cola discovered this when it tried to launch New Coke in 1985 and found that, although the new product formulation was clearly preferred by consumers, the product change caused a massive consumer backlash. Because Coke was not just a beverage, but an American icon, consumers fiercely resisted the change.

This lesson is even more important for personal brands. As noted earlier, product brands have more flexibility to change in response to customer needs than do individuals. Let's take **Deepak Chopra** as an example.

Chopra is chairman and co-founder of the **Chopra Center for Wellbeing**. He has developed a name for himself as a healer who combines Western medicine (he was formerly chief of staff at New England Memorial Hospital, and taught at Tufts University and Boston University Schools of Medicine) with the principles of Eastern medicine.

Dr. Chopra's East Indian nationality helps make his promise of alternative healing more credible (to Westerners), while his intelligence and empathetic demeanour make him a credible and magnetic physician. So the core of Dr.

Chopra's personal brand is perhaps his Indian nationality and his manner of dealing with people. These would be difficult qualities for him to change, even if he wanted to.

Similarly, the first step in developing a personal brand is to honestly appraise who we are. This is our core identity, the unchanging part of our personal brand.

Extended Identity

The extended identity of a brand represents what it undertakes beyond its core qualities. For example, **Kraft** has been known for many years as a provider of quality foods. The recent announcement of its strategy to counter obesity by modifying its products represents an important extension to the core identity of the Kraft brand. If it is successful, Kraft will become known as a company that provides quality foods and cares about the health of its customers.

A brand's extended identity can be thought of as the intersection between its core identity and a clear understanding of what consumers want and need. Kraft's move into healthier products is a response to increasing concerns in the media about obesity, and is only possible because the Kraft name already has strong associations of quality.

Similarly, the extended identity of a personal brand represents the skills we have developed on which we can build our brand promise. To develop an extended identity for our personal brand, we need to carefully consider the target audience's needs, how we can deliver value, and how this is consistent with our core identity.

Deepak Chopra's extended identity includes his extensive experience as a medical practitioner of both Eastern and Western schools. He has taken this further by writing many books and articles, and appearing frequently in the media. So Chopra's extended identity – beyond his core qualities – provides him with essential credibility as a healer.

Potential Identity

The potential identity of a brand is all about vision: it represents the directions it could take in the future – what extensions or repositionings can be envisaged, given its current identity.

It is important to understand the brand's boundaries. The French brand **Bic's** association with low-cost, practical items allowed it to extend from ballpoint pens in the 1950's, to disposable cigarette lighters in the 1970's, to disposable razors in the 1980's. But when Bic attempted to enter the perfume market in 1989, consumers didn't respond. 'Low cost' and 'practicality' aren't desirable qualities for perfume.

Deepak Chopra's potential identity includes all the ventures he could undertake in the future. It is not inconceivable, for example, that he could use his name to launch a line of health supplements. But before making such a move, he would need to have a strong appreciation of what his brand means to target customers, and in which directions it can be stretched.

In developing a personal brand, it is important to think of all the potential directions in which it may be expanded, and to choose those that make sense both in terms of your identity, and what the marketplace might need in the future.

Brand Identity Components

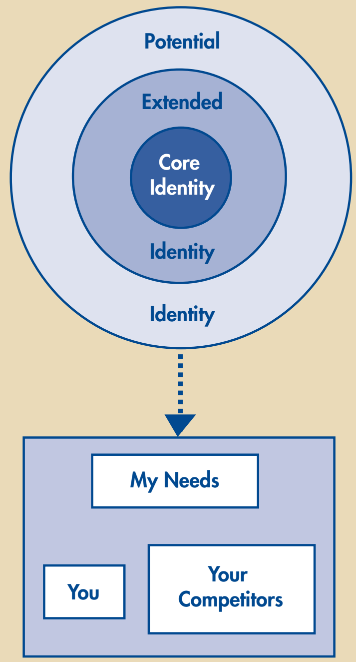


Figure 1

Your Brand's Competitive Advantage

According to branding expert **Kevin Keller**, successful brands develop strong, favourable, unique brand associations in the customer's mind. These can be encapsulated in a 'brand mantra' – a three-to-five word expression of the most important aspects of your brand and its core values. **Nike**'s brand mantra of "authentic athletic performance" guides its marketing programs, while **Disney** relies on "fun family entertainment". Opportunities that are not consistent with the brand mantra—no matter how appealing—are rejected.

Deepak Chopra hasn't shared his brand mantra — or any other kind of mantra, for that matter — with us. But a plausible guess might be "spiritual holistic healing". A phrase such as this can act as a guide to which projects are appropriate and which are not.

However, a brand must also have a sustainable advantage over competition. Keller also distinguishes between "points of parity" and "points of difference". Points of parity (POP) show that you can do what others do. In branding terms, these are the things you must have in place in order to be considered a contender in your category. For health and beauty aids, POP might be that a deodorant will stop odour, or that a shampoo will clean your hair. For personal brands, POP might be a degree, or a certain skill, or a number of years' experience.

It is important to establish the POP as the "price of entry" into a category. Only when customers are convinced that a brand meets the minimum criteria for entry into a category will they be prepared to consider its points of difference. These are the things that make a brand unique. For a deodorant or a shampoo, it might be that they are also gentle and protective. For personal brands, it might be that you have a stellar reputation as a public speaker, in-depth knowledge of ethical investing, or that you have led a variety of divisions to profitability.

Understanding the Target Audience

According to branding research, people choose brands that are consistent with their actual or desired self-concept. In *Brand New: How Entrepreneurs Earned Consumers' Trust from*

How's My Brand Equity?

Martha Stewart and the Personal Brand

Martha Stewart's recent difficulties may have damaged her personal brand. Stewart once said, "About two years ago I realized that I was no longer a person, but a brand". She has successfully leveraged her personal reputation as a home advice expert into magazines, books, television, newspapers, radio, online, and catalogue sales, as well as alliances with Kmart/Zellers and Sears/Canadian Tire. Martha Stewart Omnimedia revenues exceeded $285 million in 2000. However, recent accusations of insider trading have left some questioning the viability of the Martha Stewart brand. Whether the brand will survive depends on whether consumers can separate her alleged conduct – clearly not "a good thing" – from her homemaking advice.

Wedgwood to Dell, Harvard Business School professor **Nancy Koehn** examines successful entrepreneurs and concludes, "These master brand builders all had deep respect for the way products fit into the lives of consumers."

But, as we said earlier, people are not products. Unlike ketchup, we do not – and should not – modify our fundamental values to meet our customer's needs. This does not mean we won't evolve along with an ever-changing world, or in the face of competition. We mean that our true selves, our core identity, cannot change. If we try to change it, our brand promise will be false, and doomed to failure.

Because the core 'product' cannot be changed, it becomes all the more critical to find a group of customers to whom one's identity will appeal, as shown in Figure 1. Richard Branson and Deepak Chopra arguably have mass appeal because they strike a universal chord in humanity, but many successful personal brands appeal to narrower groups. Rap star **Eminem** has intense appeal for a select group, and emerging NBA star **LeBron James** is relatively unknown, but has already garnered the respect of true basketball fanatics.

Since the task of all marketing is to find a level of fit between a producer and its target market, it is essential to consider how the target audience views and interprets the world. The process can be likened to turning a screw: we begin by comparing potential target audiences based on our intuition and understanding, and go ever deeper and narrower as we eliminate groups that are of less interest and progressively enrich our understanding of more appropriate groups through in-depth research.

Companies consider a target audience's functional and emotional needs when developing and launching a product. **London Life**'s "Freedom 55" service not only provides financial and insurance packages, but appeals to its target audience's emotional desire to experience the liberty of retirement at an early age.

Personal brands also need to appeal to their target market's hearts and minds. It is important not just to think about the type of work the target market needs, but also about the kind of people it wants to deal with. We live in a chaotic and hostile world and want to build alliances that make us feel good. When someone feels in sync with a brand, they are more likely to choose it, and remain loyal to it over time. For individuals as for products, brand loyalty can be an important asset.

While the branding concept has some limitations when applied to people, its major advantage is that it focuses your thinking: who you are, what the marketplace needs, and what your competitive advantage is. In short, it will help you discover how you can serve your customer's, or employer's, needs over the long term. And that, to borrow a term from **MasterCard**, is "priceless". RM

Julia Moulden is a communications consultant and President of Bee's Knees Communications Inc. (www.juliamoulden.com).

WORKING WITH Emotional INTELLIGENCE

A Skills-Based Perspective

By Professor Stéphane Côté

Many non-technical skills that are essential for career success are difficult to train and assess. These include the ability to work effectively with others, motivate and coach subordinates, and handle stress – all of which involve emotional intelligence. Rotman Assistant Professor of Organizational Behaviour Stéphane Côté discusses four skills that can help increase your emotional intelligence.

Prof. Stéphane Côté

PHOTOGRAPHY: KEN McGUFFIN

It is widely accepted today that emotional intelligence represents a distinct form of intelligence. Over the last three decades, evidence has grown that emotions play an adaptive role in guiding human behavior, thinking, and communication, and that emotional abilities influence success in various realms of life.

Western education has generally emphasized analytical or logical-abstract thinking to the detriment of other skills that are also important for success in life. This is partly because the rules of logic, grammar, and mathematics can be more precisely formulated than the knowledge and skills that help people handle creative or emotional problems in real life. Part of the reason why IQ tests are popular is that they are fairly precise, objective, and easy to administer. They rely on problems that are fully and clearly specified, and allow only one correct solution.

However, the problems that people face at work are usually very different. They tend to be unclearly specified, allow multiple solutions, and cannot be solved through logical reasoning alone. Managers are always making decisions on the basis of limited information and substantial uncertainty, drawing on their previous experience, intuition, and creativity.

Research shows that IQ does not encompass the full spectrum of skills that contribute to success in life – indeed, studies show that it explains only about 15 to 25 per cent of individual differences in job performance. IQ and broad personality dispositions together account for less than half of individual differences in job performance. It is likely that emotional skills also have an important influence on work-related outcomes.

Managers have long known that the abilities to work effectively with others, motivate and coach subordinates, understand the boss, teamwork, network, establish good relationships with clients, negotiate, resolve conflicts, and handle stress are essential for career success. Many business schools now teach courses on communication, negotiation, and leadership (the latter two are now required courses in the Rotman MBA program), and these courses help people to understand important principles.

Yet these principles cannot be applied blindly. There are many ways to be a good leader or to negotiate a business deal, and the best solution depends on one's personality and skills, the nature of the situation, the type of people one is interacting with, and how they view the situation. This entails a tremendous challenge: some of the non-technical skills that are essential for career success are also relatively difficult to train and assess.

Challenges of Evaluating and Training Non-technical Skills

Research on emotional intelligence is growing rapidly and yielding promising findings. Studies using performance measures of emotional intelligence suggest that it is associated with empathy, pro-social behavior, and the quality of interpersonal relationships. Preliminary findings also suggest that emotional intelligence may be associated with the quality of teamwork and job performance. Accordingly, this line of research may have important implications for management, and especially for corporate recruitment and training.

We view emotional intelligence as a form of expertise that develops with age and experience, and is amenable to training. This expertise relies on knowledge of emotional processes and information processing skills. Accordingly, we think that training people to pay attention to and manage emotional processes may help them to interact more effectively with others, contributing to job performance and satisfaction at work.

In this article, we discuss a line of research that seeks to assess emotional intelligence as a set of skills. This research was inspired by **Peter Salovey** and **John D. Mayer**'s theory of emotional intelligence, which encompasses four broad and interrelated skills:

1. Perceiving emotions
2. Using emotions to facilitate thinking
3. Understanding emotions
4. Managing emotions

The first skill involves identifying emotions in oneself and others. It entails identifying information conveyed by facial expressions, tone of voice, gestures, and body posture. It also involves the capacity to express emotions effectively using such cues.

The second skill involves using emotions to facilitate thinking. This entails a capacity to use emotions to focus attention, reason, and communicate. It includes the capacity to associate mental images and emotions, and knowing how emotions influence mental processes such as deductive reasoning, problem solving, creativity, and communication.

The third skill involves understanding emotional processes. This entails understanding what events are likely to trigger different emotions, how emotions combine to form complex blends of different emotions, and how emotions progress over time, sometimes generating a chain of emotional reactions. A deep understanding of emotional processes may help one to judge how other people might respond to different situations.

The fourth skill has to do with managing emotions in oneself and others. It entails regulating the experience and expression of emotions within oneself and in social interactions, in order to achieve one's goals. This could mean reframing a bad experience to make it seem more bearable; telling a funny story to keep one's colleagues in good spirits; playing up one's anger to make sure that a subordinate gets the message; or dampening one's exhilaration about a promotion if a colleague who is sitting nearby did not even get a bonus. Some people may be especially gifted at managing emotions to expand their social networks, getting others excited about a project, providing performance feedback without hurting people's feelings, and diffusing conflicts in a team.

These four skills are thought to be interrelated and to help people achieve their goals at work. These goals might include having good relationships with others, feeling satisfied, and being successful at work – although emotional skills could also be used for exploitative or dishonest purposes.

Emotional intelligence contributes to work performance largely through the role that emotions play in social interaction. Organizations are social entities characterized by frequent interpersonal interactions. Duties are increasingly assigned to teams, and group dynamics create a multitude of challenges to the efficiency of these teams. Emotional intelligence helps individuals to successfully navigate the hundreds of interpersonal interactions that they encounter on a weekly or monthly basis at work, and to negotiate the challenges of teamwork.

Emotional intelligence helps individuals successfully navigate the hundreds of interpersonal interactions that they encounter on a weekly or monthly basis at work.

Emotional management skills may also contribute directly to satisfaction in the workplace, and buffer staff against burnout. In turn, positive relationships with colleagues and satisfaction at work can also enhance employee motivation and organizational commitment.

Teamwork and Job Performance

Research around measures of emotional intelligence in the workplace is only just beginning, but promising findings from two studies suggest that emotional intelligence is indeed associated with teamwork and job performance.

The first study was conducted in the financial services centre of a large insurance company. It included 164 staff, grouped in 26 teams. Teams with higher average scores for managing emotions received higher performance rankings from managers, especially for customer service. Team leaders scoring higher on perceiving, understanding, and managing emotions also received higher performance rankings from departmental managers. This study suggests that emotional intelligence may contribute to both team effectiveness and work performance.

Another study explored the role of emotional intelligence (EI) in work groups. The **Mayer, Salovey, and Caruso Emotional Intelligence Test** (MSCEIT) evaluates people's performance on the four dimensions of emotional intelligence. Individuals scoring highly on the managing emotions branch of the MSCEIT (a) were rated by their peers as exhibiting more strategic vision and articulation, (b) were more satisfied with communication within their group, (c) were more satisfied with the other group members, and (d) reported receiving more social support than their counterparts. The results support the notion that individuals who know how to regulate their emotions obtain better outcomes in work groups than their counterparts.

The finding that emotionally-intelligent individuals were rated by their peers as more visionary also has important implications for the performance of leaders of organizations. Emotionally-intelligent individuals may be more successful than their counterparts at attaining pleasant emotional experiences that heighten creativity and, in turn, producing and communicating inspiring visions. The ability to regulate emotions in others may also help to generate enthusiasm for one's ideas. Thus, emotionally intelligent leaders may perform better than their counterparts.

> The emotions we experience at the time of a decision influence how much risk we take: Anger and happiness increase risk-taking by augmenting certainty over the outcomes of one's actions, while fear has the opposite effect.

Training Emotional Skills

It may be difficult to change people in a short span of time. Even so, emotional skills training can be beneficial if it enables and motivates people to learn from everyday experience beyond the training period. Training is likely to be more effective if it induces people to pay more attention to the role of emotions in workplace social interaction. If that happens, training will generate accrued benefits over time as people learn to interact more effectively with others. Organizations may also reap short-term benefits from the sense of personal growth and the boost in motivation that such programs provide.

1. Perceiving and communicating emotion

Training people to read facial displays associated with emotions like anger, fear, and happiness may help them identify and pay more attention to subtle expressions of emotion at the workplace. **Paul Ekman** and **Maureen O'Sullivan** showed videotapes of individuals who were either lying or telling the truth to U.S. secret service agents, federal polygraphers, robbery investigators, judges, psychiatrists, students in a course on deceit, and college students. Perhaps surprisingly, all of the groups except one were right about half of the time; that is, at a rate not higher than chance. Those who were most successful at detecting lies—U.S. secret service agents—were successful because they examined facial signals of emotion as well as the content of the communication, while others focused mostly on the content. Training individuals to attend to emotional cues could enhance decoding accuracy. For example, people can be trained to identify the difference between a real and a fake smile. A fake smile involves the movement of the zygomatic major muscles around the corner of the mouth. A real smile, known as the Duchenne smile, is difficult to fake because it involves movement of the orbicularis oculi muscles around the eyes, in addition to the muscles around the corner of the mouth.

Real-life situations, films, and photographs can be used for training purposes. The **Interpersonal Perception Task** (Archer et al., 2001) has been widely used in educational settings. Subjects are asked to evaluate filmed sequences of interpersonal situations lasting a few minutes each. For example, after watching a brief conversation, they have to identify who is the boss and who is the supervisee. In order to judge these situations, one can draw on both verbal and non-verbal cues. The latter might include facial expressions of emotion, tone of voice, body posture, gestures, how far apart two people are sitting, how they are dressed, which of them seems to be paying more attention to the other, and so forth. Discussing what cues might convey relevant information in various situations may raise people's awareness about different processes of non-verbal communication.

2. Using Emotion to Facilitate Thinking

Emotions influence how people think in many ways. For example, the emotions people experience at the time of a decision influence how much risk they take. Happiness can stimulate creative thinking. When people are in a happy mood, they perform better on problems requiring creativity, for example. In contrast, sad individuals process information more systematically, and are better at distinguishing between strong and weak arguments in a persuasive message. Also, anger and happiness increase risk-taking by augmenting certainty over the outcomes of one's actions, and fear has the opposite effect. Understanding the consequences of emotion might enhance one's ability to use emotion to guide decisions in the workplace. Emotionally intelligent

> Training staff to evaluate problems from other people's points of view, to pay attention to their feelings and to try to come up with mutually-beneficial solutions can help them maintain healthy relationships at work.

individuals, for example, might forgo making important decisions when angry, knowing that their decisions might involve unreasonable degrees of risk.

3. Understanding Emotion

There are several possibilities for improving workers' understanding of emotion. First, one could discuss how emotions combine, progress, and transition from one to the other. Concrete examples may be useful. For example, you may get upset with two of your colleagues because of some remarks they make, and lash out at them, but then you start thinking that you overreacted and feel guilty about it. Second, one could discuss similarities and differences among emotions. For example, what are the differences between rage, anger, irritation, annoyance, and frustration? Finally, one could discuss what triggers different emotions. Events are appraised along dimensions such as certainty-uncertainty (i.e., "How certain am I about the event?") and self-control vs. other-control (i.e., "How much personal control do I have over the event?"). This pattern of appraisals determines what emotion is felt. For example, appraising an event as unpleasant, certain, caused by another person, and requiring high effort elicits anger. Such knowledge might enhance workers' emotional intelligence and their ability to predict and understand their own and others' emotions.

4. Managing emotions

Helping people to broaden their repertoire of coping strategies and try out new ways of handling emotionally-charged situations may be a good way to enhance emotional management skills. This might involve discussing ways to handle particular situations. Asking people to role-play difficult situations could provide useful practice. Filming interactions to help people understand how they handle challenging situations and what they might do differently would be an interesting way to provide more individualized feedback.

A discussion of coping strategies might start with problem-focused coping. If something is bothering you, the best response may be to fix it, rather than trying to cope with the frustration. To this end, it may be useful to train people to address interpersonal problems and negotiate conflicts effectively. Training staff to evaluate problems from other people's points of view, listen to what others have to say, pay attention to their feelings and concerns, and try to come up with mutually-beneficial solutions may help people to maintain healthy relationships at work.

When problems cannot be easily or immediately fixed, there are a number of emotion-focused coping strategies that might help people handle temporary feelings of anxiety, sadness, or frustration. These include re-evaluating the problem to make it seem less disturbing, or otherwise reframing it in a more positive light; finding ways to distract oneself; seeking help and emotional support from others; or using meditation to relax, for example.

Because emotions are intimately associated with cognitive and social processes, there may be many ways to enhance workers' capacity to handle adverse events in the workplace. For example, training people to dispute overly negative thoughts may help to prevent the sort of rumination and catastrophizing that fuel anxiety, hopelessness and depression.

Emotional intelligence training may be beneficial if it enables and motivates people to learn from everyday experience beyond the training period. Training is likely to be more effective if it induces people to pay more attention to the feelings and concerns of others, enhancing participants' understanding of other people's motives and behavior.

Asking team leaders to set the example might also be useful. A recent study by myself, **Thomas Sy**, and **Richard Saavedra** demonstrates that leaders' emotions are contagious. Positive leaders have pleasant employees and teams. Negative leaders, in contrast, have unpleasant employees and teams. In addition, teams with positive leaders were more coordinated than teams with negative leaders. It is the responsibility of leaders to set the emotional tone of their teams because it ultimately affects team performance.

Training managers and team leaders to nurture workers' intrinsic motivation (e.g., by providing challenges to match workers' level of skill, and reinforcing their sense of autonomy and competence) also helps people find fulfillment and harmony at work, and distracts them from problems they cannot control. Finally, providing opportunities for people to bond and get rid of tension (retreats, parties, sports or outdoor activities) may help people to expand the network of relationships that they can draw on when difficulties arise, which may help them to cope with stress.

Conclusions

Given the stability of personality traits and deeply entrenched coping habits, we should not expect emotional training to yield rapid change. However, training can raise awareness about the importance of emotional skills and motivate people to learn from their everyday experiences. Organizations will benefit from such training over time as people learn to interact more effectively with others. They may also reap short-term benefits if training programs manage to instill in participants a sense of personal growth and motivation, contributing to a positive work atmosphere. RM

The above is an excerpt from a book chapter by Prof. Côté and Yale University's Peter Salovey and Paulo Lopes, which will appear in the forthcoming Linking Emotional Intelligence and Performance at Work *(V. Druskat, F. Scala & G. Mount. eds.)*

A LESSON IN EFFECTIVE LEADERSHIP

By Joelle Allen

Joelle Allen spoke to Associate Dean, Executive Education Jim Fisher about effective leadership. His experience as a private sector executive and consultant has taught him first hand about the need to align a leadership plan with an organization's business plan.

When an executive gives a directive, is it actually carried out? Is it carried out in the most efficient and cost-effective way?

Most people in leadership positions live by the myth that as a leader of an organization, you give an order – and it gets done. However, **Jim Fisher**'s experience in the private sector has shown him that executives, in fact, have far less control over the actions of their employees then they think.

The reality of the situation is that unless employees are motivated to follow a directive, they will find ways to ignore it, get around it or do it in a way that compromises the desired outcome. An effective leader realizes this, and strives to find a state where all employees believe in the organization's vision and want to take action to support it. Fisher refers to this as 'alignment'.

"The key to effective leadership is to have a combination of a well-crafted business plan aligned with a thoughtfully constructed leadership plan – one without the other is either ineffective or dangerous," he says, using **IBM**'s 1995 acquisition of **Lotus Development Corporation** to illustrate this effective combination.

From a business point of view, Lotus was a perfect acquisition and filled a hole in IBM's portfolio. However, from a leadership perspective, Lotus and IBM were structured differently, with very diverse corporate cultures. One of the leadership problems IBM CEO **Lou Gerstner** faced was how to effectively deal with Lotus' employees during the acquisition, so that they would stay on board with IBM. Lotus employees were angry at being taken over by 'the enemy'. They had money in their pockets from the deal, and they were highly skilled and mobile. If Gerstner could not induce a critical mass to stay and work enthusiastically for IBM, this would have been another in the long list of failed corporate mergers.

"To make an acquisition a success, people have to have their hearts in it, they have to almost volunteer to work for you," says Fisher. Gerstner recognized that his good business plan needed an equally good leadership plan. He put more time and thought into this aspect of the deal than into all the financial and legal details.

Before the acquisition even went through, top IBM executives met with the Lotus management group to discuss corporate culture and how best to integrate the two companies.

Associate Dean Jim Fisher

Lotus employees were dealt with in an open, honest and transparent manner. Gerstner made sure that employees heard the news of the acquisition from IBM, not through the media. He also had many personal meetings with the Lotus contingent. These initiatives led to an extremely successful acquisition, where Lotus went from installing two million Notes (its main product) in July 1995 to 90 million by the end of 2001.

In the end, says Fisher, "You are only a true leader if people are willing to follow you in a direction they would not otherwise go."

A NEW APPROACH TO LEARNING AT CANADA POST

By Dave McIntyre

Canada Post Corporation recently completed a strategic planning intervention around the way it learns and manages knowledge. Attuned to the pressures and challenges of the day and hardwired to the Corporation's strategic business priorities, the new three-year Learning and Knowledge Management initiative provides a compass as to how and where major human resource and knowledge management investments should be made, with a vision "To enable dynamic learning and growth for extraordinary individual and team performance across the Canada Post Group of Companies."

Why now?

The impetus for this new strategic roadmap was the appointment in the Summer of 2002 of **Mhoire Murdoch** as vice president of learning within the Corporation. The initiative was a way for her to assess the current state of learning within the company, to engage major stakeholders and customers and determine their expectations and business priorities, and to set forth a refreshed and robust learning and knowledge management agenda for the future.

In recent years, learning teams at Canada Post focused almost exclusively on a Business Transformation initiative (i.e. a major SAP implementation). While this initiative continues today, there was a growing recognition that focused learning will be increasingly important to achieving the Corporation's business objectives. For example, one of Canada Post's strategic priorities is to become more process based. This calls for a fundamentally different kind of management and a more balanced investment between people, interpersonal competencies and technical skills.

Like most organizations, Canada Post is facing huge demographic challenges as baby boomers move into retirement years. This calls for the development of the next generation of Canada Post leaders, and a strategy that ensures critical intelligence is passed on before key subject-matter experts depart. It also necessitates the development of a new employee value proposition that positions Canada Post as an employer of choice for today's young talent.

The four-month strategy development process employed fairly standard strategic planning methodologies. With the assistance of a third party, a cross-functional team of senior managers conducted a thorough assessment of the current and required learning and knowledge management capabilities along a number of dimensions: process, people, organization, technology, suppliers and funding, to name a few.

Outcomes

Many things made this strategy development process unique at Canada Post. For example:

• The comprehensiveness of the analysis. While business plans for learning were developed in the past, they paled in comparison to this analysis and its outcomes. A total of 180 recommendations were synthesized, consolidated and prioritized for implementation over a three-year period;

• The introduction of a new learning and knowledge architecture. The Corporation has made significant investments in its e-Learning capability, and that is just the 'tip of the iceberg'. While the classroom is still vital, new learning delivery methods such as action learning, performance support systems and knowledge repositories, and access to experts and communities of practice will be part of the innovative delivery mix moving forward.

• The Corporation's strategy development process has been acknowledged as progressive and leading edge by the likes of The Conference Board of Canada. If any company's greatest asset is its people — and those people's greatest assets are their knowledge and learning ability — then initiatives such as this hold enormous promise for all types of organizations.

Of course, as with any strategic intervention, the hard work has only just begun. Can a huge bureaucracy like a postal administration learn? Our ability to meet and exceed customer and employee expectations depends on it.

Dave McIntrye is director of learning strategy at Canada Post Corporation, and a recent graduate of Rotman's Advanced Program in Human Resources Management.

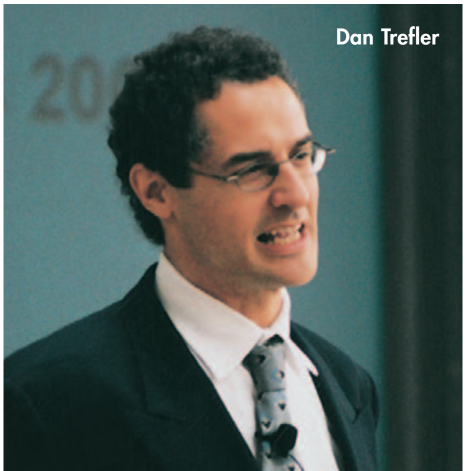
LIFE-LONG Learning 2003

By Rotman Advancement Staff

Close to 300 alumni – including Joseph Rotman (MCom '60), pictured above right, in centre – gathered at the Rotman School for the fourth annual Life-Long Learning sessions on May 30th to hear some of today's leading thinkers address the theme, "What's Next for Capitalism?" Dean Roger Martin kicked things off by discussing the emerging war between talent and capital. You can read his complete article on this topic on page 6. Following are some highlights from the presentations.

"There is no magic formula as to which policies will make Canada more productive as a nation. But including early childhood programs in the mix is an important element, since human capital is strongly associated with economic growth. Study after study shows that human capital accumulation is a dynamic process, and that the skills acquired in one stage of life affect learning at the next stage. One key element of the science behind it involves brain plasticity – how the brain develops. Scientists know that certain developments of brain functions are critical in the first three years of life – and that if certain areas of the brain do not receive the proper development during this period, they can shut down. Subsidizing post-secondary education is not the answer, since data proves that early childhood experiences have a much greater influence on whether students eventually go on to college or university. The single most important asset a country has is its people, so investing in our human capital early on will have far-reaching impact on Canada's innovation agenda and productivity going forward."

-Dan Trefler, J. Douglas and Ruth Grant Chair in Competitiveness and Prosperity and Professor of Business Economics, Rotman School; Research Fellow, Canadian Institute for Advanced Research


Dan Trefler


Jim Fisher

"Business leaders trying to motivate people should look to Shakespeare – specifically, to the speech given by King Henry before the Battle of Agincourt. It demonstrates great leadership through a perfect marriage of vision and action, and a keen understanding of human motivation. Henry's troops were vastly outnumbered, hungry, and weary from sleeping outside for weeks and marching in mud and rain. They were facing 60,000 fresh troops from France who were well-rested, well-fed, and more than ready for them. Shakespeare knew that Henry had to give a stirring speech that morning to motivate his troops, and he had to dig deep into his knowledge of human motivation to imagine it. The speech he created for Henry gives his team a sense of purpose and direction at a time when all seems senseless and chaotic. It gives his soldiers a true feeling of participation in the battle by allowing unwilling soldiers to leave. As the king says, 'I would not die with that man who would not die with us.' Henry can't give them food, sleep, or reinforcements, so he provides the only things he can: the promise of honour, pride, and the fact that they will live forever in posterity by fighting side by side, like brothers. The Battle of Agincourt is considered one of the decisive battles in military history, with the British troops coming up victorious against all odds over a much larger French army. French soldiers on horseback were bogged down in the mud by heavy armour, while English archers played a key role, using the 'new technology' of steel-tipped longbow arrows to debilitate the opposition. The English side lost 300 soldiers, while France lost 10,000 men, including a huge proportion of its nobility. By the next spring, Henry had married the French princess — so the whole endeavour was actually quite a successful business venture."

-Jim Fisher, Associate Dean, Executive Education and Professor of Strategic Management, Rotman School; Corporate Director, Canadian Tire Corporation, CDPlus.com, Lallemand, Inc., Ace Bakeries Ltd.

"In the second half of the 20th century, a new society of individuals emerged – a breed of people unlike any the world has ever seen: educated, informed, and well-traveled, they work with their brains, not their bodies. Throughout human history, the problem of identity was settled in one way: 'I am my mother's daughter; I am my father's son'. But in an irreversible break with the past, today's individuals seek the experiences and insights that enable them to find the singular pattern that is 'me'. Their sense of self is more intricate, acute, and rich than at any other time in human history. They have learned to make sense of their lives in unique and private ways, to forge the delicate tissue of meaning that marks their lives as their own. They still accumulate and enjoy their 'things', but they place an even higher value on the quality of the lives they lead, in which those possessions only play a part. They insist on self-expression, participation, and influence, because they share the certain knowledge that the singularity of their own lives cannot be deduced from the general case. But despite the rise of this new breed of individuals, corporations continue to operate according to a logic invented at the time of their origin, over a century ago. The chasm that separates individuals and organizations is marked by frustration, mistrust, disappointment – even rage. But it also harbors the possibility of a new capitalism and a new era of wealth creation."

- Shoshana Zuboff, Charles Edward Wilson Professor of Business Administration, Harvard Business School; Author, The Support Economy: Why Corporations are Failing Individuals and the Next Generation of Capitalism (Viking Penguin, 2002)


Shoshana Zuboff

By Rotman Advancement Staff

GIFT OF $3 MILLION ENHANCES STUDY OF VALUE INVESTING AT ROTMAN SCHOOL

Rotman students will be learning much more about Value Investing, thanks to a generous gift of $3 million from **John Watson** (BCom '66, MBA '67), managing partner of Sprucegrove Investment Management Ltd.

The gift establishes the **John H. Watson Chair in Value Investing**. Finance Professor **Eric Kirzner**, a leading authority on investment finance who has been at the U of T since 1989, has been named the inaugural Chair holder. The Chair will provide the Rotman School with the strongest teaching and research component on Value Investing of any Canadian business school.

Value Investing involves searching for companies whose share prices are undervalued, and, as such, it is "a bargain-hunter's approach to picking stocks," says Kirzner. "The approach assesses a company's value – regardless of its current share price – using a series of strictly quantitative tools. It is based on the premise that the underlying value of a stock (its intrinsic value) is measurable and stable, even though its market price may fluctuate." The key to successful Value Investing is to buy securities when their market prices are significantly below their intrinsic value, he says. "This gap between price and value was first referred to as the 'Margin of Safety' by **Benjamin Graham**, who is considered the founder of modern security analysis and is revered by Value Investors. As the Margin of Safety increases, the potential return rises and the risk of loss declines."

Graham's best-known disciples in the field are **Sir John Templeton** and billionaire **Warren Buffett**, chairman of Berkshire Hathaway – the 'Oracle of Omaha' – who is known for his long-term success in the Value Investing field.

Professor Eric Kirzner, left, with donor John Watson

Starting in January, Prof. Kirzner will be teaching a new MBA course – Security Analysis – with a focus on Value Investment. Previously, Security Analysis was taught together with another course, Portfolio Management. Prof. Kirzner will also work collaboratively with the **Bonham Centre for Finance** and the University of Toronto's **Capital Markets Institute** – both located at the Rotman School – focusing on topics such as analyzing and estimating the values of stocks and companies, industry structure, and security analysis. The gift will also enable the Rotman School to bring in guest speakers and host seminars on Value Investing.

"My father bought me my first stock certificates when I was eight or nine years of age, and I have been fascinated by the stock markets ever since," says Watson. He describes his father, the late **Gordon M. Watson**, as having had a tremendously positive impact on his life, instilling in him a great belief in the value of education in general and long-term investing in particular.

"When I looked at the landscape of Canadian business education, I saw very few students who even knew what Value Investing was – never mind having expertise in the field," says Watson. "This initiative aims to address that need, and, I believe that under the outstanding leadership of Eric Kirzner, the Rotman School will produce graduates who can contribute to the efficient allocation of our nation's resources."

"At this point in the history of the markets, our focus on Value Investing may turn out to be very fortuitous," says Professor Kirzner. "The markets are coming out of one of their worst periods since the 1930s, but tough times often turn out to be the best opportunities. Sir John Templeton refers to this as the principle of 'Maximum Pessimism'. We have no doubt that the bargain hunters – which is what Value Investors are – are the ones who will come out ahead in these times."

Dean **Roger Martin** says the new Chair will greatly augment the Rotman School's teaching and research platform. "We believe that boosting this area of our curriculum through Mr. Watson's generous support will have long-term benefits for the Canadian economy as a whole."

John Watson has been a generous donor and steady supporter of both the Rotman School and U of T's Victoria College, where he earned his undergraduate Bachelor of Commerce in 1966. In 1997, Watson established an MBA entrance scholarship, the **Gordon M. Watson Entrance Award**, in honour of his late father. He has also funded a scholarship in honour of his late mother, the **Kathleen Watson Scholarship**, at Victoria College.

– by Mary Ann Gratton

PHOTO: BABAK

FACULTY MEMBER CREATES SCHOLARSHIP TO ENCOURAGE PRINCIPLED LEADERSHIP

Community leadership is being recognized thanks to adjunct professor of marketing **Paul Bates**, who recently donated $25,000 to establish the **Charles E. Bates Award in Principled Leadership** at the Rotman School.

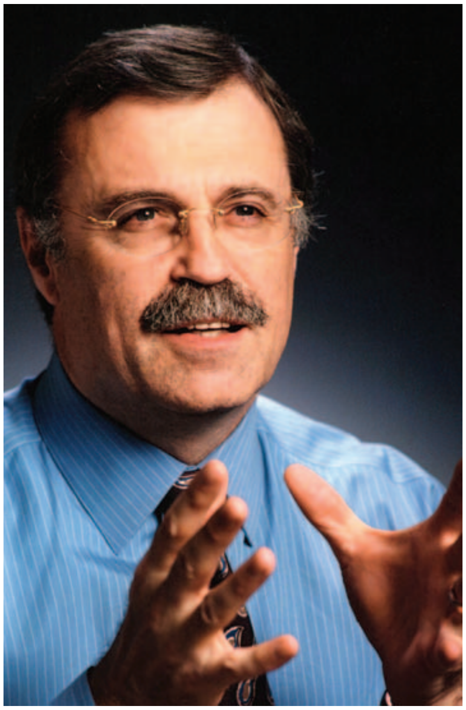
Named in honour of his late father, the Award will be given to continuing students in the full-time or part-time MBA programs who have demonstrated leadership at work and who are committed to positive social change within their respective communities.

"My dad was a trade unionist, and although I'm not, I inherited his sense of social responsibility," says Bates. "I've realized that making a contribution to the community is an obligation, something you must do."

The Award will be given out for the first time this September. It reflects the strong impact that Bates senior had on his son, even though he passed away when Paul was just 21 and struggling to raise a young family. Particularly important for Bates junior was the year or so before his father's death, when he learned the lessons that have lasted him his entire life. The most important pieces of advice passed on from father to son were to pay attention to the needs of others and to leave the world a better place than it was the day you arrived.

He gives complete credit to his father for shaping him into "a capitalist with a social conscience."

The Charles E. Bates Award in Principled Leadership is the most recent entry on a long list of contributions made by Bates. In addition to teaching at Rotman, he has held numerous leadership positions in the financial services industry. He is the former president of **Charles Schwab Canada** and has been involved in the policy side of the investment business as a governor of the **Toronto Stock Exchange** and as a board member of the **Investment Dealer's Association of Canada**. In June of this year, he was announced as one of three new commissioners appointed to **Ontario Securities Commission** to oversee the management of its finances and to set policy under the *Ontario Securities Act* and the *Ontario Commodity Futures Act*.



"To be a good business person is not enough: you have to be a good business person who is also paying attention to the environment and the social fabric."

Charles E. Bates, father of Paul Bates (pictured above)

"Governance is a huge issue today, and I don't think it is possible to create an industry where there are no conflicts of interest," he says. "What has changed is the desire to manage those conflicts far more transparently than has been attempted in the past."

Never one to take his success for granted, Bates has also led by example by serving on several charitable and community organizations, as a director of the **Rotman Advancement Board**, chairman of the board for the **Canadian Psychiatric Research Foundation**, chairman of the Advisory Council for the **Royal Canadian Academy of Arts** and a board member for **Evangel Hall**, a Toronto shelter for the homeless and the working poor.

According to Bates, "to be a good business person is not good enough. You have to be a good business person who is also paying attention to the environment and the social fabric."

By establishing this award, Bates joins the **Bealight Foundation** and **Dr. James Fleck** in the creation of Rotman scholarships that encourage students to make a difference in the community. All three scholarships signal an evolution in the School's leadership model —that is, to encourage integrative thinking in all kinds of leadership, including community leadership.

For Bates, the Rotman School is "a microcosm of the world we live in today. All of these elements create a rich environment to live and work in. It's a privilege to be a part of it."

– by Jennifer Peng

By Rotman Advancement Staff

Friends of Rotman Receive Honourary Degrees

Amongst the influential leaders in business, academe, the arts and philanthropy receiving honourary doctorates from the University of Toronto during June's convocation ceremonies were two close friends of the Rotman School. **Marcel Desautels** received an Honourary Doctor of Laws in recognition of his outstanding contributions to business education and philanthropy; and **Jeffrey Skoll** received an Honourary Doctor of Laws for his extraordinary success in melding science and business.

Skoll (BEng '87), the co-founder and first president of **eBay**, helped establish the **Jeffrey Skoll BASc/MBA Program** at U of T, through a $7.5 million gift in 1999. The Program combines studies in engineering and management, producing graduates who can develop complex technologies and transfer them into commercially viable ventures. Skoll's gift established a Chair in Computer Networks and Innovation and a Chair in Software Engineering at the Faculty of Applied Science and Engineering, and a Chair in Technical Innovation at the Rotman School. His gift also contributed to the creation of the Bahen Centre for Information Technology – home to the Skoll Program.

As chairman of the Skoll Foundation, Skoll oversees programs that fund the world's most promising entrepreneurs in order to effect lasting, positive social change. In 2002, he was identified by *BusinessWeek* as one of the most innovative philanthropists of the decade.

Born and raised in Winnipeg, Desautels earned Bachelor of Arts, Bachelor of Laws, and Master of Laws degrees from the University of Manitoba. In 1971, he joined **Creditel of Canada Ltd.**, a financial services firm specializing in account recovery and consumer credit reference checks, as president and CEO. Together with his board of directors, he helped grow Creditel's assets from a modest $11,000 to over $60 million in 1996.

Following the sale of Creditel in 1996, Marcel and his board members decided to pool the proceeds to create a foundation —the **Canadian Credit Management Foundation (CCMF)**, with Desautels as president and CEO. CCMF's mandate is to support specific educational organizations in Canada in the fields of business and finance.

In 1998, CCMF made its first gift to the Rotman School, providing $1 million to establish the **University of Toronto Canadian Credit Management Foundation Fellowship**. It remains the largest student award in the history of the Rotman School, and to date, more than 40 MBA & PhD students have received CCMF Fellowships.

In May of 2000, Desautels' visionary gift of $10 million established the **CCMF Centre for Integrative Thinking**, a new academic unit at the Rotman School that is bringing together internationally-renowned scholars to redesign business education.

"Marcel's vision and generosity have helped put the University of Toronto at the leading edge of business education and at the centre of a knowledge revolution," says Dean **Roger Martin**.

"Visionaries like Marcel are the architects of our collective future as Canadians. Thanks to him, the Rotman School is in a position to evolve a very ambitious vision into reality. He has been a great friend, supporter and advisor to me, and his generosity of spirit and belief in our vision mean more than I can say."

-by Karen Christensen

Dean Roger Martin with Marcel Desautels.

Ex-Enron executive Sherron Watkins

Live@Rotman: Enron's Whistle-Blower

Former **Enron** vice president **Sherron Watkins**, who blew the whistle on her company's accounting irregularities and was subsequently named Person of the Year by *Time* magazine, spoke in the inaugural '**Live@Rotman**' event in early April.

As Enron's vice president of corporate development, Watkins was the only employee to come forward and reveal her concerns

PHOTOS: KEN MCGUFFIN

about accounting improprieties to former chairman **Kenneth Lay** – thus establishing a trail for a major investigation by the **Securities and Exchange Commission** and the **United States Congress**.

Watkins joined Enron in 1993, working in portfolio management for Enron CFO **Andy Fastow**, "at a time when the balance sheets were truly balanced." In August of 2000, CEO **Jeffrey Skilling** resigned. "Jeffrey had told me this was his dream job, so I knew that something must be going on," she says. By the summer of 2001, she began to notice some strange new columns on Enron's spreadsheets. "Our top finance guys would zip through these slick, cutting-edge presentations. Their attitude was, 'you're not going to question this, are you? Surely you understand what we're showing you?' Not wanting to appear stupid, no one said anything."

Watkins knows she wasn't the only one to notice something was going on. She describes the scenario like this: "Suddenly, there was an elephant in the room. It was surrounded by fog when it first came in — so at first, people might have thought it was just a few harmless bunnies. But when the fog cleared, everyone tried to pretend they didn't see the elephant." It soon became clear to Watkins that the amount of income statement accounting fraud was double the size of Enron's revenue.

With Skilling's departure, chairman Ken Lay came out of retirement to return as CEO. "He had no idea what his company had become, and at the same time, he was very focused on outward things — like getting **George Bush** elected and building a stadium for the **Houston Astros**." It was very much an 'Emperor's New Clothes' scenario, she says. "A series of lies and omissions quickly piled up — until it was much too late for anyone to admit to them."

Things went downhill quickly. In the third quarter of 2001, Enron performed an 'unwinding' of previously disclosed transactions – but it didn't hold water. It was a huge hit to shareholder equity — $700 million in fraudulent earnings. Enron's share price fell from $33 to 11 cents. But that wasn't the end of it.

In January 2002, it came out that 25 Enron executives had paid themselves a total of $55 million. "They were just as crooked as Fastow," says Watkins. "And it wasn't just Enron, it was **Arthur Andersen** too: they knew what was happening, but because Enron was a $1-million per week client, they did nothing. The banks were involved too — **Merrill Lynch**, **Chase** and **Citicorp** loaned Enron money."

Despite Enron's very public meltdown, the bad behaviour in corporate America isn't over yet, she says. "Just look at the situation at **Health South**: two CEOs signed the company's statements in August 2002, knowing full well there were improprieties. They hired young people, and bred blind loyalty in them by paying them well. If anyone spoke up, they'd tell them, 'we'll clean this up next quarter'. But the

Continued on page 44

Prof. David Beatty

PHOTO: JOHN HRYNIUK

Beatty Appointed to Good Governance Role

Rotman Professor **David Beatty** has been appointed the **Canadian Coalition for Good Governance**'s first managing director. The Coalition also elected the Hon. **Michael H. Wilson** as its first chairman. Wilson is the chairman and CEO of **UBS Asset Management**, and was Finance Minister of the Government of Canada from 1990 to 1994. As a result of the appointment, Prof. Beatty was profiled in *The New York Times* and *The International Herald Tribune* in June.

"We will work closely with regulators, exchanges, educational institutions and other organizations interested in good governance to ensure that the Canadian investment climate is investor friendly and attractive to foreign investor," says Prof. Beatty, who is also director of the Rotman School's Clarkson Centre for Business Ethics and Board Effectiveness.

The work of the Coalition will include: ensuring that all publicly traded companies comply fully with the disclosure requirements of the TSX; promoting the importance of fully independent Directors on Boards so that the shareholders interests would be strongly represented; developing views on compensation issues including option terms and grants; and representing shareholder interests in matters of public policy from accounting, to regulatory guidelines to taxation.

The Coalition comprises 19 subscribing members managing CAD$350 billion in assets. Members include: **Burgundy Asset Management; Franklin Templeton Investments Corp.; Jarislowsky, Fraser Ltd.; Mackenzie Financial Corp.; Ontario Teachers' Pension Trust; RBC Global Investment Management;** and **UBS Global Asset Management**.

-By Ken McGuffin

Enron Whistleblower cont'd

next quarter, they'd simply go to another employee and get them to do the work. People in the health industry were wondering, 'how are they getting these numbers?' They were keen to find out what their secret was – they just couldn't compete. And now we know why."

In the end, says Watkins, a purse-snatcher can't get caught and then say, 'ok, you caught me – here's your purse back.' "People must be made responsible for their actions – or inactions, as the case may be."

-by Karen Christensen

PHOTO: KEN MCGUFFIN

MIT's John Sternan talks system dynamics in the *Rotman Integrative Thinking Seminar Series.*

System Dynamics Expert Speaks at Rotman

John Sterman, one of the world's leading thinkers on system dynamics, was featured in the 17th session in the *Rotman Integrative Thinking Seminar Series* in March. Sterman is the Jay W. Forrester Professor of Management and director of the System Dynamics Group at MIT's Sloan School of Management.

Sterman began by telling the audience that "All models are wrong — yet every decision you make is based on a model of some sort." We believe that what we see is what is really there, he says, and that's not our fault. "There are a huge number of neurons in the brain, and their job is to find the 'edges' of objects. This leads to illusions – but because it goes on at the hardware level of your brain, you can't 'turn it off'."

When a manager chooses to solve a problem in a certain way, it has a domino effect – creating what Sterman calls 'legacy effects' of prior decisions. "Attention may be focused in the wrong direction – for instance, the manager might be focusing on customers. He can see the 'customer' domino immediately in front of him, but he often can't see all the other dominoes in the line, because some are quite far away. By pushing that first one over, he gets rewarded, but someone else has to deal with the legacy of his decision."

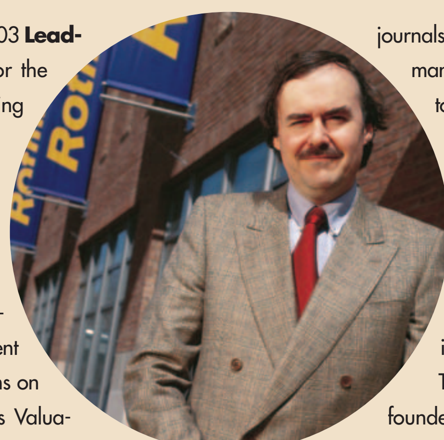
Most of today's businesspeople work within an ordered system of goals, decisions, and subsequent impact on the environment, he says. "But we are actually embedded in a much larger system: there's feedback along the way, and that affects the outcome. All decisions have two kinds of effects – those you think about, and those you don't. In addition, other agents are making decisions at the same time as you are, which only compounds the scenario."

So how can we get around these tendencies for weak modeling? "Identify areas you aren't looking at," says Sterman, "and then generate a way to measure how important they are. There are always feedback effects that aren't being considered." The greatest potential for improvement comes when the modeling process leads to changes in deeply-held mental models, says Sterman. But the

Booth Named Leader in Management Education

In June, Professor **Laurence Booth** received the 2003 **Leaders in Management Education Award** for the Ontario region. The Awards pay tribute to outstanding professors at Canadian schools of management.

Booth is the CIT Chair in Structured Finance and the Finance Area coordinator at the Rotman School. At the University of Toronto since 1978, he has taught graduate courses in Business Finance, International Financial Management, Corporate Financing, Mergers and Acquisitions, Financial Management and Financial Theory, as well as executive programs on the Money & Foreign Exchange Markets, Business Valuation, Mergers and Acquisitions and Financial Strategy. He has been voted the second-year MBA instructor of the year three out of the last six years.



Prof. Laurence Booth

PHOTO: JIM ALLEN

Prof. Booth's research activity is primarily in domestic and international corporate finance, where he has published extensively in leading academic journals on cost of capital, corporate financing issues and risk management. He is an active researcher and is on the editorial board of four major journals, including the finance editorship of the *Canadian Journal of Administrative Sciences*. His advice is frequently sought by the media, and he has appeared as an expert financial witness before the **Ontario Securities Commission**, the **National Energy Board,** the **CRTC** and most of the major provincial regulatory tribunals in Canada.

The Leaders in Management Education program was founded in 1996 and is sponsored by the *National Post* newspaper and **Pricewaterhouse Coopers**. Each of the 50 schools of management across the country is permitted to nominate one faculty member each year for the awards. Winning candidates represent the elite of the 2,400 full-time faculty members who teach in Canada's management schools.

more fundamental the mental model, the more defensive people will be about changing it.

How can we become better systems thinkers? "Constantly expand the boundaries of your mental models. Seek out multiple points of view. Avoid blame — focus instead on feedback and system structure. Develop not only technical skills, but skills in dialogue, empathy and self-reflection."

"Take a smaller piece of the puzzle and affect it. And aim high."

-by Karen Christensen

Rotman Research Receives Shot in the Arm

Researchers at the Rotman School were amongst the beneficiaries at over 60 Canadian universities with the announcement of a major investment by the **Social Sciences and Humanities Research Council of Canada** (SSHRC) in April. Projects by seven Rotman professors will receive funding as part of the announcement by the federal government agency, which promotes and supports university-based research and training in the social sciences and humanities.

The investment comes from two SSHRC programs, the Standard Research Grants program and the Initiative on the New Economy Collaborative Research Grants (INE). The latter program supports projects that bring together critical masses of research talent on complex issues that can be best addresed through collaborative research. For example, a team of six researchers led by Rotman Prof. **Sandford Borins** received a grant to study 'Information in the Public Sector: political, policy and managerial challenges'. Other Rotman professors receiving funding include: **Stéphane Côté** for 'Emotional

Inaugural Judy Project Launched

The Judy Project: An Enlightened Leadership Forum for Executive Women, was launched on April 6 at the Kingbridge Centre in King City, just outside of Toronto. Its aim is to build stronger organizations by advancing more women into senior leadership positions.


Judy Elder

The Project was established in memory of **Judy Elder**, a well-known and respected Canadian business leader who passed away in March 2002. Through her intelligence, tenacity, and ambition, she reached the top ranks in several organizations including **Ogilvy & Mather**, **IBM Canada**, the **Canadian Marketing Association**, and **Microsoft Canada**. Elder was an advocate for career women, encouraging them to acknowledge and be proud of their ambition, to have an impact, make a difference and make things happen.

Less than a year ago, a consortium of major corporations, associations and the Rotman School embarked on this initiative, which, is now supported by over 30 organizations.

The five-day Forum, which ran from April 6-11, 2003, featured 26 high-potential women executives representing a diverse range of some of Canada's most significant and innovative corporations and organizations:

- **Daryl Aitken**, Head of Marketing and Category Management, eBay Canada
- **Dorothy Cayen**, General Manger Finance, Canadian and UK Operations, Inco Limited
- **Isabelle Courville**, President, Enterprise Division, Bell Canada
- **Debbie Ford**, Vice-President Fashion, Zellers Inc.
- **Heather Fraser**, Managing Partner, Planning Director, Taxi Advertising & Design
- **Rose Gage**, Corporate Initiatives Manager, GE Canada
- **Clare Gaudet**, Former Senior Vice-President, Toronto Stock Exchange
- **Stacey Grant-Thompson**, Senior Vice-President, Marketing, ING DIRECT
- **Marin Guy**, Vice-President and Director, Global Advisory Team, RBC Investments
- **Paula Howell**, Managing Director, TBWA/Chiat/Day
- **Joan Kennedy**, Partner, Blake, Cassels & Graydon LLP
- **Sylvie Leduc**, Vice-President, Category Management, Molson Canada
- **Mary Lou Maher**, Chief Human Resources Officer, KPMG LLP
- **Adele Malo**, Vice-President Law & General Counsel, Ontario Power Generation Inc.
- **Kelly McDougald**, Senior Vice-President, Business Sales, Bell Ontario
- **Sandra Palmaro**, Director of Strategic Planning, Microsoft Canada
- **Denise Pickett**, Vice-President, Marketing & New Business Development, Corporate Services, American Express Canada
- **Dale Ponder**, Managing Partner, Osler, Hoskin & Harcourt LLP
- **Lauren Richards**, Senior Vice-President, National Media Director, Cossette Communication Marketing
- **Carol Ring**, Vice-President and General Manager, Ottawa, Rogers Cable
- **Susan Ross**, Group Vice-President & General Manager, Corus Entertainment
- **Sandra Sanderson**, Senior Vice-President Marketing, Universal Studios Home Video
- **Janine Sharp**, Vice-President, Real Estate Property, Best Buy Canada Ltd.
- **Lynda Somerton**, Vice-President, Client Care, TELUS Mobility
- **Susan Storey**, Managing Director, CIBC World Markets
- **Mardi Walker**, Vice-President, People, Maple Leaf Sport and Entertainment Ltd.

Led by Academic Co-Director **Brian Golden**, Rotman associate professor of strategic management and organization, and Business Co-Director **Colleen Moorehead**, president of **E*TRADE Canada**, The Judy Project is a learning partnership among business leaders, participants and their peers, and leading business school faculty. The inaugural forum featured **Michael Sabia**, chairman & CEO of BCE Inc.; **Barbara Stymiest**, president & CEO, TSX Group; **Annette Verschuren**, president of Home Depot Canada; **Frank Clegg**, president of Microsoft Canada; and **Sherron Watkins**, former vice president of Enron and *Time* magazine's 2002 Person of the Year. For information on the next session of The Judy Project, visit www.rotman.utoronto.ca/judyproject

-by Ken McGuffin

intelligence in the workplace'; **Lisa Kramer** for 'Stocks and portfolios: return predictability and the cross-section of expected returns'; **Brian Silverman** for 'Research and development, organizational structure and the development of corporate technological knowledge'; **William Strange** for 'Agglomeration, opportunism, and the rat race'; **Huilan Tian** for 'Some theoretical aspects of technology transfer from advanced economies to developing economies'; and **David Zweig** for 'Defining the boundaries of electronic monitoring'.

"Whatever the issue, social sciences and humanities research is fundamental to our ability to understand the world around us and to make informed decisions as a society," says **Allan Rock**, minister of industry, who is responsible for SSHRC. "This investment will ensure that we continue to generate the ideas Canada needs to advance."

-by Ken McGuffin

Missing Opportunities - Ontario's urban prosperity gap

Ontario's cities account for the province's prosperity gap versus leading U.S. states. GDP per person in its city regions is almost 13 per cent lower than the average in city regions in 16 comparable North American jurisdictions. This prosperity gap equates to $5,779 for every person in Ontario. In contrast, Ontarians living outside city regions were $937 or three per cent ahead of their U.S. counterparts in the same jurisdictions.

This was a conclusion of the **Institute for Competitiveness & Prosperity**'s third working paper, *Missing Opportunities: Ontario's Urban Prosperity Gap*, released in June. The paper demonstrates that Ontario's urban areas benefit from some significant advantages in productivity and prosperity. They also rank well in comparisons of demographic and creativity indexes. But Ontarians are missing opportunities and need to overcome some important handicaps to increase productivity and prosperity in metro regions.

"Our urban areas benefit from a vibrant creative class, a steady inflow of well-educated immigrants a first-rate primary and secondary schools system, and a great mix of industry clusters," says **Roger Martin**, Rotman dean and chairman of the Institute. "But our work indicates that our aspirations may be stopping short of what is required to achieve prosperity levels enjoyed in the largest U.S. states."

"Our high school students do better on standardized tests and have higher graduation rates than their U.S. counterparts. Yet fewer of these graduates are pursuing university and post-graduate degrees — by a huge margin against some states like Massachusetts, New Jersey, and Pennsylvania. This is an urban prosperity issue, since cities attract more knowledge-based industries and need educated workers, who in turn have higher lifetime earnings."

The paper also points out that Ontario and Canada are not getting the full benefit of the 'brain gain' achieved from immigrants. They tend to have more advanced degrees than those born in Canada but face higher obstacles to applying their skills fully to benefit Ontario's prosperity. Other sources of missed opportunities include a federal fiscal framework that transfers resources out of urban regions; municipal fiscal and governance structures that need improvement; and the urban/rural imbalance of political representation federally and provincially.

In its first annual report released last November, the **Task Force on Competitiveness, Productivity and Economic Progress** identified a prosperity gap between Ontario and its peer group of 15 other jurisdictions, including the 14 most populous states and Quebec. The second working paper confirms that "the prosperity gap identified in the annual report is in our city regions – and that's where the closing of the gap has to occur."

The Task Force will publish its second annual report to the people of Ontario this fall. The complete working paper can be downloaded directly from: www.competeprosper.ca

-By Ken McGuffin

Restoring G-8 Leadership of the World Economy

At June's G-8 Summit in Evian, France, 20 members of the **Shadow G-8** urged G8 leaders to concentrate their efforts on launching a convincing strategy of reconciliation following the rift over the Iraq war, and on cooperating to kickstart the faltering world economy.

The Shadow G-8, which includes **Barbara McDougall**, Canada's former Foreign Minister, and **Wendy Dobson**, former Associate Deputy Minister of Finance and Rotman professor of international

Rotman students win Cressy Awards

PHOTO: BABAK

Six Rotman students from the Class of 2003 were recently honoured with the University of Toronto's Gordon Cressy Student Leadership Awards. Named after a former University vice-president, the Awards recognize students who make a difference through hard work and dedication that has significantly contributed to the enrichment of campus life. The Cressy Awards were presented by U of T President Robert Birgeneau at a ceremony in April. From left are: Silver Chen, Sherry Pedersen, Charlotte Warren, Rotman Assistant Dean Gary Lindblad, David Jarvis, and Edward Ng. Cressy Award winner James Spearing (MMPA '03), is missing from the photo.

-by Mary Ann Gratton

PHOTO: JIM ALLEN

Prof. Wendy Dobson

business, as well as **Paul Volcker, Henry Kissinger, Leon Brittan** and **Renato Ruggiero**, released its 2003 Report in late May. *Restoring G-8 Leadership of the World Economy* made five recommendations, emphasizing the necessity of Europe, Japan and the United States to act jointly to restore global growth. The report stated that coordinated reform of domestic policies and efforts to restart the Doha Round of WTO trade-liberalizing talks is more likely to overcome domestic opposition and foot dragging than if each acted alone.

Other recommendations included new initiatives in energy and environment to strengthen energy security and reduce the risks of further environmental degradation, additional improvements in debt relief, and a series of steps to address the critics of globalization. Initially prepared in January 2003, the report was discussed then with respective government representatives and was updated after the conclusion of the Iraq conflict.

Innovative Solutions Provided by Rotman's Impact Consulting Group

Whether you are an established corporation or starting your own business, there's an alternative source for your business solutions located right here at the Rotman School of Management.

The **Impact Consulting Group** is a team of second-year Rotman MBA students offering a range of professional services, including market research, business planning, corporate strategy, and business-process improvement. Impact offers competitive rates and works with clients ranging from established corporations to start-ups in a range of sectors and industries. Current projects include market positioning for a biotechnology start-up, and competitive analysis for a global aquaculture firm.

PHOTO: KEN McGUFFIN

Impact Consulting Group's Malcolm Jussawalla, Lizanne Correa, Mark Chaikelson, Amy Fisher, and David Woods.

Impact also helps small businesses in the Toronto community with a range of services. Most recently, Impact helped a local bakery improve its employee satisfaction and customer service. Impact can help small businesses realign their business strategy and explore new opportunities in light of current economic uncertainties.

"The Impact team provides services usually only found at top tier consulting firms, but at a budget price," says Rotman Professor **Joe Martin**, former managing partner **Deloitte Consulting** [Canada], who currently serves as faculty advisor to Impact. "This year's team has a diverse mix of skills and experiences. In addition, the team can draw on the expertise of Rotman faculty, and has access to the School's state-of-the-art business information and research facilities."

Meet the Impact team for 2003-04:

Mark Chaikelson holds an honours BSc in Software Engineering from the University of Toronto. Upon graduation, Mark began his career as an IT consultant, primarily developing e-business systems. He soon established his own IT consulting firm, working with clients in the financial, automotive and retail industries. His ability to envision and manage a project from initial concept through to completion is a great asset for the Impact team and its clients. Mark's expertise includes Internet marketing strategy, competitive analysis and business process improvement.

Lizanne Correa graduated summa cum laude from Clark University with a BA in Economics and International Relations. Prior to joining Impact, Lizanne enjoyed such diverse experiences as working on a **United Nations** urban development project in Cambodia, an internship with **Morgan Stanley Dean Witter**, and fundraising for the **Atlantic Council**, a non-profit think tank in Washington, DC. Her areas of expertise include financial modelling, economic cost-benefit analysis and strategy development.

Amy Fisher graduated from Queen's University with an honours BA in History and Philosophy. Before beginning her MBA at Rotman, Amy was the communications director for a luxury brand in the tourism industry. Holding various positions, Amy honed her skills in project management, marketing communications and strategy development. She has an expertise in event planning and fundraising, having worked and volunteered at a number of non-profit organizations.

Amy also brings exceptional problem solving, research and writing skills to the Impact team.

Malcolm Jussawalla graduated with an honours BASc in Materials Engineering, as well as a Certificate in Entrepreneurship and Small Business Management from the University of Toronto. His work experience ranges from software sales to market research to co-founding a magazine dedicated to Canadian football. Malcolm's strong analytical and quantitative skills, along with his understanding of small business management, strategy and planning, make him a valuable member of Impact.

David Woods graduated from Queen's University with an honours BSc in Biology, Mathematics and Physics and a BEd. David most recently spent three years as the Head of Science at the British International School in Caracas, Venezuela. In addition to his classroom experience, David was an integral part of the school's leadership team, chairing the financial committee, managing the IT department and overseeing the school's marketing program. David brings to Impact a corporate training background, computer expertise and a strong strategic vision.

For more information on the Impact Consulting Group, please visit: www.rotman.utoronto.ca/impact.
-by Ken McGuffin

Institute of Corporate Directors and Rotman to train boards of directors

The Institute of Corporate Directors (ICD) and the Rotman School have announced the creation of a new program that will train directors to meet and exceed heightened expectations of good corporate governance.

"Corporate governance is becoming a bell-wether of capital market health and an increasingly complex and scrutinized area of daily business life," says Bernard R. Wilson, FCA, LL.D, chair of the ICD's Board and vice chair of PricewaterhouseCoopers LLP. "The ICD and the Rotman School will provide the means to enable better performance by a key group of players in corporate governance – boards of directors. The Director Education Program (DEP) will prepare directors to serve with knowledge, skill, professionalism, accountability, and integrity."

The first cohorts of students will begin studies in November, 2003, and graduate in June, 2004. The DEP will be taught by Rotman faculty and ICD Fellows - senior directors recognized for their con-

13 GREAT MINDS JOIN ROTMAN SCHOOL

Two internationally – acclaimed economists, a globally – recognized scholar in marketing research, and a world leader in strategy and organizations are among 13 professors joining the Rotman School of Management for the 2003/2004 academic year. Included among the new faculty are a mix of established researchers and professors from international universities including Johns Hopkins University, Harvard Business School, and Columbia Business School, and new professors who are completing their studies at prestigious universities such as Northwestern University and the Wharton School at the University of Pennsylvania.

"We are excited that this extraordinary group of scholars has decided to join the Rotman School. Research excellence combined with a strong dedication to improving the quality of the student experience is the hallmark of a leading business school. These individuals will allow us to further build on our strengths," says Professor **Peter Pauly**, associate dean, research and academic resources.

Maryann Feldman, an economist who focuses on the areas of innovation and technological change, has joined the School as a professor of Business Economics. Prof. Feldman, who previously taught at Johns Hopkins University in Baltimore, will also hold the **Jeffrey S. Skoll Chair in Technical Innovation and Entrepreneurship**.

Dilip Soman, professor of Marketing, joins the Rotman School from the Hong Kong University of Science and Technology. He is a leading marketing researcher in the area of consumer behaviour and decision-making.

Paul Ingram will serve as a visiting professor of Strategic Management and the **J.R.S Prichard and Ann Wilson Chair of Management**. Currently, a professor of business at Columbia Business School, he has significant expertise in the area of strategy and organizations.

Mihkel Tombak, a professor of Strategic Management, will be the holder of the **Hatch Chair in Technology Management**. He previously taught at Queen's University.

Ajay Agrawal will be an assistant professor of Strategic Management. Previously he was at Queen's University and holds a PhD from UBC.

Ken Corts joins the Rotman School from Harvard Business School as an associate professor of Business Economics.

Opher Baron will be an assistant professor of Operations Management. He is working on his PhD at MIT.

Also finishing her PhD at MIT, **Mara Lederman** will be an assistant professor of Strategic Management.

In addition to Prof. Tombak, five professors have been appointed to the University of Toronto at Mississauga and will also be cross-appointed to the Rotman School.

Thomas Astebro, associate professor of Strategic Management, comes to UofT from the University of Waterloo.

Gus De Franco, an assistant professor of Accounting, is working on his PhD at the Wharton School, University of Pennsylvania.

Sergio Meza, assistant professor of Marketing, is currently finishing his PhD at New York University.

Soo Min Toh, assistant professor of Organizational Behaviour, is currently working on her PhD at Texas A&M University.

Mark Weber, assistant professor of Organizational Behaviour, is completing his PhD at Northwestern University.

New faculty members Ken Corts (top) and Maryann Feldman.

tributions to governance. The program will include academic lecture and theory, simulations of board meetings, and case studies.

"The Rotman School's close proximity to many of Canada's leading corporate headquarters, our commitment to providing outstanding executive education programs and the existence at Rotman of the **Clarkson Centre for Business Ethics and Board Effectiveness** — headed up by Professor of Strategic Management **David Beatty** — make us ideal partners in this venture," says **Jim Fisher**, associate dean of Executive Education at the Rotman School. The Clarkson Centre is dedicated to research on business ethics and corporate governance.

To graduate, DEP students will complete four modules, learning best practices in several areas including board responsibilities and ethics; board functions and composition; financial reporting and auditing systems; the role of the audit committee; relations with management; management appointments; monitoring, assessing and development of management compensation issues; and trends in programs relevant to legislation, governance, and board strategy. Plans are underway to develop a portable version of the program that could be delivered in other regions and centres across the country in conjunction with ICD chapters in British Columbia, Alberta, Manitoba, Ontario, the National Capital Region, Quebec and the Atlantic provinces.

"This important initiative will enhance Canada's leadership position in corporate governance," says **Purdy Crawford**, an experienced director with a strong corporate governance background and counsel to **Osler, Hoskin & Harcourt**.

The mission of ICD is to ensure that directors are well prepared to deal effectively with their responsibilities and are informed about the ever-changing demands of corporate governance. The ICD acts as a resource to all corporate directors by providing information, education, advocacy, and networking. Its wide range of members includes boards, directors, lawyers, accountants, pension experts, academics and senior executives.

– By Ken McGuffin

Cities Vital for New Businesses: Study

Despite the proliferation of electronic communication, a company's physical location – especially in a city – is extremely important in attracting new businesses and supporting entrepreneurship in the new economy, say researchers.

"Over the last 10 years, people have suggested that advances in telecommunications and the Internet have made cities less relevant," says **William Strange**, the Rotman School's **RioCan Real Estate Investment Trust Professor in Real Estate and Urban Economics**. "However, if you look at commerce in Toronto and elsewhere, companies still require close contact to do business with each other." Strange is the co-author of "Geography, Industrial Organization, and Agglomeration," published in the May 2003 issue of *The Review of Economics and Statistics*.

Strange, along with Professor **Stuart Rosenthal** of Syracuse University, examined a database of 40,000 U.S. zip codes, which they cross-referenced to new businesses. They were then able to determine the number of start-up companies established in industries such as software, machinery and fabricated metals over the past year. Using geographic information software, they determined why some locations attracted more new businesses than others.

New businesses are most strongly attracted to cities where similar companies are located within an eight kilometre radius of each other. They are also attracted to locations with many smaller, related companies to which services could be outsourced. In addition, start-up companies gravitate towards cities which have a diverse range of businesses.

"Cities are essential for Canada's prosperity, so we need to make sure they remain a vital force in providing new business growth and innovation for this country," says Strange. The study was funded by the **Social Sciences and Humanities Research Council of Canada**.

– By Ken McGuffin

PHOTO: KEN MCGUFFIN

Faculty-Staff Campaign co-chairs Laurence Booth, Jacqueline MacNeil, and Jim Fisher

Faculty-staff campaign exceeds goal by 40 per cent

They already give their time and effort to the Rotman School every day, but now Rotman staff and faculty have made financial contributions well.

This year's Faculty-Staff Campaign to support the **Rotman Vision Fund** was launched in spring 2003 with a goal of $32,000, but the Rotman community raised $45,000, surpassing its goal by 40 per cent. This builds on the momentum of last year's campaign, which had a goal of $15,000 but went on to raise $30,000.

The funds will be used for the School's highest priorities, which are: attracting and retaining more high-calibre faculty and staff from around the world – at a time of exceptional competition for talent; implementing the new curriculum; and enhancing student and alumni services.

"This tremendous effort shows that the faculty and staff are really behind the School's vision," says **Rod Lohin**, director of alumni and community relations. "People already put their heart into so much of what they do here every day, but this time they have gone above and beyond the call with a significant contribution at a time of real need. This commitment demonstrates their support for the effort to create a globally competitive business school."

Lohin also commended the extraordinary Campaign co-chairs. Representing the staff, faculty, and senior management, respectively, were: **Jacqueline MacNeil**, MBA program services associate; Professor **Laurence Booth**, CIT Chair in Structured Finance and finance area coordinator; and Professor **Jim Fisher**, associate dean, Executive Programs.

– By Mary Ann Gratton

MICHAEL ZERBS (MBA '89)

Chief Operating Officer, Algorithmics Incorporated

As told to Karen Christensen

My job

Algorithmics Incorporated is a Canadian company that is leading the way in the development of risk measurement and management tools and processes. My role involves responsibility for the field organization, sales, and the whole professional services side. It also involves an operational role, overseeing our finance function and legal department. I was one of the first to join the company in 1989. We are now Canada's second-largest private software company, and in terms of public companies, we're around number seven. Risk management solutions did not exist as an industry ten or 15 years ago, so we helped design this space.

The key skills it takes

In such a young industry, it's crucial to have strong technical credibility, so that I can talk to key decision makers about the issues of the day. Secondly, my internal role requires strong communication skills – an ability to explain what our key objectives are and maintain a focus on them. Because a lot of what we do is new, ill-defined and fairly complex, classic problem solving skills and an ability to find a path through uncertainty are key.

My key challenge

These days, it's defining 'who we are' as a company. We started out as a software vendor, so for many years, the majority of our thinking was around research and development. But as we mature, we are focusing more and more on how we handle our customers. Part of offering solutions involves paying more attention to the services we provide around the software – things like product implementation and the client's ability to extract optimal value from the software. This is a massive cultural transformation for us: taking an organization that defined itself around its products, and moving it toward an organization that is more service-oriented.

What effective leaders look like

Credibility is the key. True leaders are seen as knowing what they are talking about, and also, meaning what they say. This is probably the biggest asset a leader can have, and also one that – if lost – is almost impossible to get back. Also, an ability to reduce complexity, to communicate essential aspects, and communicate consistently. People need to know where we're starting from and where we're heading. In a very uncertain world, some sense of stability is key, and true leaders provide that.

Canada's Top Forty Under Forty

The highlight of being named to *Canada's Top Forty Under Forty* was a two-day offsite session, called The Top 40 Institute. It brought together people who have had an impact on the community – either in the business, public, private, or social domains. It was really great to talk to my peers – other young leaders in challenging roles. There were people there from all walks of life, and I was honoured to be included.

Remaining calm in the face of chaos

People ask me how I stay so calm and relaxed all the time. I don't do anything special, but I do take great satisfaction in the simple things in life. I've got a wonderful family, and I love coming home and playing with my kids. On a Sunday, we might head up to the cottage – out of cell phone range. Or I might take my eldest skiing (Michael and his wife have a son, age 9, and twin daughters, age 3). I make a point to 'switch off' from work as soon as I get home.

My philosophy of life

In everyone's life – professional and personal – there are things that go well, and things that don't. The biggest challenge is dealing with the problems that arise. I always try to keep a sense of proportion. You can't get too focused on the one thing out of ten that didn't go well. In the end, there are things we can influence, and things we can't. Stop and ask yourself, 'can I change this?' If yes, go ahead and change it; if not, accept it as a constraint and work around it, instead of spending the rest of your life worrying about it.

CLAUDIA AVILA CONNELLY (MBA '96)

Secretary of Economic Development, State of Hidalgo, Mexico

As told to Karen Christensen

My job

As Secretary of Economic Development for the Mexican state of Hidalgo, I am responsible for encouraging local companies to become more internationally competitive by linking demand and supply. We keep a constant eye on which companies are buying which products, and try to get our local companies into the mix. I also work on the state's infrastructure, because local businesses can't be competitive without the proper environment and regulations in place.

Hidalgo's business environment

One of the key industries here is the textile and apparel industry. We have companies that run the gamut from producing natural and synthetic fibres to making end products. But while we offer the entire production chain, it isn't well integrated. We have some very large companies here, like **Kaltex**, which is a Mexican company and a Latin American leader in the production of cotton products – they produce **Dockers** pants for **Levi's**. But they are very vertically integrated. They don't obtain most of their raw materials from Hidalgo, which they could be doing. We are trying to integrate our small and medium-size companies with big companies like Kaltex, which act as 'anchor companies'.

Another important sector here is the mechanical industry. **Bombardier** has a plant here, which recently won a US$500 million contract to construct 405 train cars for Mexico City's subway system. Anchor companies like Bombardier allow us to attract direct investment to Hidalgo – both national and foreign, and the suppliers that come with it. This means that contracts will go to our local companies, who can work as second-tier suppliers.

My key challenges

This administration ends its term in March 2005, and I don't know whether I will continue on here, so my key challenge is to leave the Secretariat with a solid basis in place to continue the work we have started. For instance, we recently started a cluster-creation program for Hidalgo, to make it globally competitive by 2025. It doesn't make sense to attract new investments here if we don't think about what kind of companies we need to strengthen the industries that already exist.

The key tools I use

Strong communication skills are very important. So is knowing which way to head, strategically, and how to get there. Third is focusing on training. If people here don't have the skills to understand concepts like globalization and competitiveness, it's impossible to implement all the projects we have in mind for the next two years. My entire staff is taking English as a second language – we offer it as a free benefit. They are motivated to participate, because the more competitive their skills, the better the chance that they will still have a job in the next administration.

Traits of a good leader

Leaders must be very involved at all times – if they don't understand what is going on, it's impossible to implement anything. Secondly, it's vital that people understand the situation from the leader's perspective. Sometimes, a leader knows what should be done, but forgets to share the vision with people throughout the company. This means investing time in talking to people. Finally, a good leader listens to everyone's ideas – because we don't have all the answers!

Work-Life Balance

I work from 8:30 to 4:30, and try to keep my afternoons free for my daughters, Camila and Renata (aged 5 and 3.) For me, it's very relaxing to spend time with them. Otherwise, I get concerned about them – which creates stress. I also try to have weekends free for family time. We have a ranch half an hour from Pachuca, where I live. Our neighbours have horses, which we ride sometimes. My husband José and I also sometimes go to Mexico City (we're about an hour and a half away) on Friday evenings for a movie or the theatre.

My Philosophy of Life

It's important to believe in what you are doing and enjoy life. People should make a concerted effort to accept reality. While there are many things in the world that have to be changed, it often isn't within our control. I advise my associates to push themselves, and to participate – but if something isn't possible, don't get frustrated! I also try to enjoy every minute with my family and friends. As our governor says, 'You can't assume you will wake up tomorrow', so enjoy every day!

FOCUS IS KEY TO EFFECTIVENESS, SAYS PUBLISHING EXECUTIVE

By Mary Ann Gratton

Working a 14-hour day is not the way to succeed in your career or in life, according to **Petra Cooper** (MBA '95).

You might not expect to hear that from the president of the Higher Education Division at **McGraw-Hill Ryerson Canada**, a high-achieving manager who leads a team of 75 and oversees a $60-million operation.

Petra also serves on the boards of the **Ontario College of Art and Design**, the **Dorothy Ley Hospice**, **Bankworks Inc.**, **Access Copyright**, the new **Integrative Management Challenge** (IMC) course at the Rotman School, and other organizations – not to mention being the mother of a very active two-year-old daughter.

> *Self-development is vital to career development, and it's easy to miss out on tremendous learning oppportunities outside of work.*

"People ask me how I do it – they think I must work 14-hour days, but I don't," she says. "I put in long days, but not on what is classically defined as work. I include time for family, creative interests, and contributing to the community. I've learned over the years about the importance of a 'wide-angle perspective', and that professional development can also happen *outside* of the work context."

In her current role, Petra is responsible for meeting the bottom line and leading the senior management team that oversees all areas of the Higher Education Division – including editorial, business development, sales and marketing. McGraw-Hill Ryerson – a Canadian subsidiary of the U.S. based parent company – publishes educational textbooks, and is known for innovation in educational technology.

The best ways to make yourself effective are: to know what you want, be realistic about the required trade-offs, focus, develop excellent time management and planning skills, and be careful in identifying projects that relate to your personal and company goals, Petra advises.

"We go through a stage in our 20s and 30s when we are largely approval-driven. We feel we have to respond to every request within 24 hours and do everything perfectly – and work like crazy, putting in 70-hour weeks. We forget that self-development is vital to career development and leadership, and it's easy to miss out on tremendous learning opportunities outside of work."

She believes in balance, but "not the common interpretation of work-life balance, because there's more to it than that." Community work, continuing education, professional development, spiritual life, and creativity through the arts are al part of balance, according to Petra. "People talk about work and home as the two sides of balance, but it's important to stretch beyond that. Your career is a great avenue for personal development, because you learn how to deal with failure, and how to work with a diverse group. But work is only one part of your development as a human being."

"Many people seem to think that the busier you are, the more you are accomplishing. When I see people talking on their cell phones in restaurants instead of concentrating on the person in front of them, I consider this an example of poor planning or prioritizing. Your daily reservoir of intellectual and physical energy is finite, and expending it unconsciously can reduce your energy for more important activities. I try to keep my list of priorities short, and do the things that really matter."

Delegating is a key part of managing, she says, and saying "no" is something she would like to get better at. "One of the best lessons I've learned is that in business it's not a sprint – it's a long distance race." Petra regularly reviews goals and "getting there" activities — not just daily but — annually, to help her focus on key objectives. "Every week I look at my annual list to help me stay on track and to make sure I am making progress in key areas."

While Petra enjoyed the Rotman Executive MBA program, she would like to see MBA schools trying to foster and cultivate creativity more, and trying to instill a greater appreciation of the arts and their fundamental underlying processes. "I think the business world can learn a lot from the arts."

When Petra is not working, she and her husband and daughter spend time at their hobby farm in Prince Edward County, Ontario. She also enjoys jogging, yoga, gardening, continuing piano studies, and scrapbooking.

PHOTO: MARY ANN GRATTON

COMING

on January 29th 2004...

Rotman MBA Business Conference 2004

The Canada-U.S. Relationship: Envisioning a New Generation of Business

"Canada should be expressing its sovereignty by providing vision and leadership in the North American economic space. Canada will attract U.S. attention to its economic concerns only by initiating a joint strategy to pursue a Big Idea."

-From Shaping the Future of the North American Economic Space: A Framework for Action, by Wendy Dobson, Director of the Institute for International Business, Rotman Professor of Business Economics, and former Associate Deputy Minister of Finance

This year's Conference will address the issues of fair trade and national security that have affected our relationship with our largest economic partner. Canada's standard of living has become more dependent on U.S. trade than ever, even as our values and cultures diverge.

How do we maintain political sovereignty while increasing economic interdependence? How do we address U.S. security concerns while serving our own interests? How can we best market Canadian innovations in the U.S. and vice versa, given our cultural differences?

If it's a Big Idea that needs forming, then we're thinking big: The 2004 Rotman MBA Business Conference will be a unique summit of top business, political and academic leaders from Canada and the U.S. Keynote addresses and panel forums will explore multiple perspectives and generate ideas for moving forward.

This will be one of the premier events of the year

don't miss it!

Book January 29, 2004
in your calendars now.

Please visit **www.rotman.utoronto.ca/businessconference** for conference details, sponsorship opportunities and ticketing information.

The Rotman MBA Business Conference is an annual student-run conference on the most critical issues in the Canadian business community. Previous conferences have explored venture capital, industry consolidation, technological innovation and urban renewal. Past speakers and panellists have included Bob Rae (former Premier of Ontario), Michael Sabia (CEO of BCE), David Kassie (CEO of CIBC World Markets), Don Drummond (Senior VP and Chief Economist, TD Bank Financial Group), and William Thorsell (CEO of the ROM and former Editor-in -Chief at the Globe and Mail).

Alumni Capsules

In our recent Readership Survey, you told us you wanted to see more of your fellow alumni on our pages. In response, we're pleased to introduce a new feature: Alumni Capsules.

Compiled by Karen Christensen

OYVIND FJUGSTAD (MBA '87)

Director of Finance, IS & Franchising
McDonald's, Norge AS

Where do you live? I live in Asker, Norway – a suburban municipality 30 minutes south of Oslo. My office is in downtown Oslo.

Best thing about my job: In addition to the challenges my job offers, I'm able to have time for my family and my friends. That, I believe, is the basis for a good life.

Biggest challenge of my job: Dealing with the culture of Norwegian employees and licencees on one side, and the American culture of the McDonald's Corporation on the other.

Most important skills for my job: A strong academic platform, interpersonal skills and flexibility.

Proudest moment: Graduating from my BBA and MBA in Canada.

Where/how I relax: I have a cabin up in the mountains where I spend quite a bit of time. It's located in a hillside-setting at about 900 metres above sea level, in a mountain range called Norefjell (about two hours drive from Oslo.) In the winter we go cross-country skiing, while in the summer we take hikes in the mountains. In addition I spend as much time as possible with my daughters and wife.

Book you should read: I recommend *The Gathering Storm* – the memoirs **Winston Churchill** wrote about World War II. But only if you have plenty of time!

Most prized possession: Must be my daughters – Grethe (11) and Trude (8).

Most important thing my MBA taught me: To put different areas of business together into one strategic platform.

Words of Wisdom: If you feel like you've hit bottom, things can only improve!

JASON YEE (MBA '97)

AVP, Finance and Management, Asia, JP Morgan Chase

Where do you live? Hong Kong.

Best thing about my job: There's never a dull moment, since change is the norm in today's workplace.

Biggest challenge of my job: Current challenges involve cost management via restructuring, off-shoring and outsourcing. Moving non-essential services in the value chain to lower-cost global centers is quite a challenge since technically, all services could be relocated and performed elsewhere.

Most important skills for my job: Broad business and industry knowledge; financial management; and tact, to get things done.

Most important lesson learned: Always follow up on every little thing to keep the wheels moving/progressing. Plan your career and what you want out of life early on!

Proudest moment: Birth of my daughter in 2000.

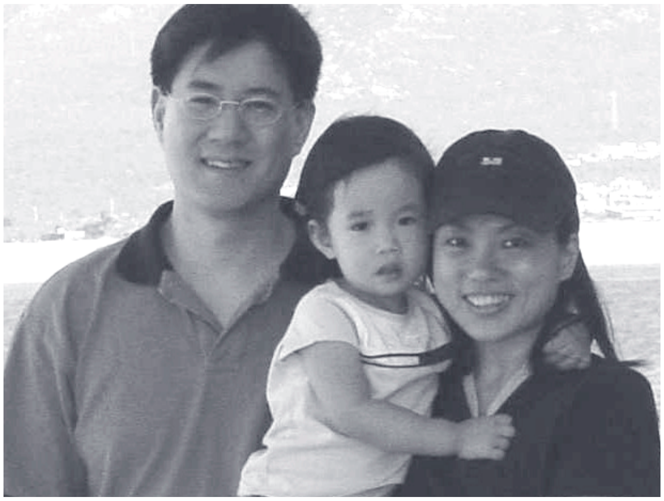
Where/how I relax: Aboard one of the Princess ships, cruisin' !

Book you should read: *eCFO: Sustaining Value in The New Corporation* (**Cedric Read** and **Jacky Ross**, Editors)

Most prized possession: My beloved wife of 12 years, Passy, and our daughter Audrey. Falling off the list is our mid-level Hong Kong flat, which has depreciated enormously since the '97 handover.

Most important thing my MBA taught me: Be patient, never give up, and everything is possible over time.

Words of Wisdom: Always do your best, and fate will decide the rest.



LARA ZINK (MBA '95)

VP, Institutional Equity Sales,
RBC Capital Markets

Best thing about my job: Working in the North American equity markets is very dynamic and challenging. I enjoy the top-down economic calls and the bottom-up analysis of individual companies. I work with a great group of people in sales, trading, and research, all of whom are highly motivated to serve our clients and win market share on a yearly, monthly, daily – and hourly – basis!

My biggest challenge: Processing numerous data points and coming up with a single stock pick that actually performs according to my prediction!

Most important skill for my job: Relationship building – and the ability to know and serve my clients better than my competition.

Proudest moment: When my 11-month old son (pictured above) took his first steps a few months ago!

How I relax: Enjoying the company of my husband on a quiet evening; reading books with my son; and dinners with family and friends.

Book you should read: *It's Not About the Bike* by **Lance Armstrong** – a story of the pursuit of excellence against all odds!

Most prized possession: A bracelet from South Africa given to me by my late father.

Most important thing my MBA taught me: The importance of effective communication skills and leveraging the strengths of a team to get the job done.

Philosophy of life/Words of Wisdom: Life is a journey, not a destination. Take time to give thanks for your health and prosperity and make time to help those less fortunate. And remember to provide whatever support you can to the Rotman School to ensure the continued success of its students and faculty!

REGGIE YAN (MBA '94)

Director of Sports Marketing & Digital Media
CBC Television

Best thing about my job: Knowing that what I do has a direct impact on the sports programs Canadians watch and enjoy on TV – specifically programs like **Hockey Night in Canada**, the **Olympics** and the **CFL Grey Cup**. I also enjoy working directly with the talented producers at CBC Sports. For example, our Hockey Night in Canada producers create "Coach's Corner" with **Don Cherry** and **Ron MacLean**, arguably one of the most popular TV segments in sports. My team then sets the price required for a company to sponsor the segment, and we market and sell segments to agencies and companies.

My biggest challenge: Balancing the needs of our advertising/business partners with the reality of being a public broadcaster. Although CBC is funded by Parliamentary Appropriations, the network also tries to maximize television advertising revenues. This can get tricky, because CBC's mandate is to 'tell Canadian stories reflecting the reality and diversity of our country and to build bridges among Canadians, between regions and linguistic communities'. If an advertiser doesn't fit into the network's mandate and guidelines, we cannot accept their business.

Most important skill for my job: The ability to create a strategy and then build consensus from other stakeholders, both internal and external – all of whom approach the situation with their own differing perspectives. Having a clear end destination is key. Nobody likes being told what to do, but if you make them part of the plan and solution, people are more likely to believe in the strategy and execute it more effectively.

Proudest moment: When CBC secured the Canadian broadcast rights for the next five consecutive Olympic Games, until 2008. Being part of the bid team was a memorable experience. The plan took over a year to complete, but there was tremendous learning along the way and jubilation when we won the bid.

Where/how I relax: To relax I try to go to gym at least once or twice a week to work out. I also try to play golf whenever I get a chance.

Most prized possession: My new son Tyler, born this past May.

Most important thing my MBA taught me: The importance of considering the entire business entity when making decisions – from marketing to finance to production to research & development and HR. I'm typically in meetings with finance and production teams. Having an understanding of their functional areas allows me to engage them more effectively as I develop strategies. 'Silo thinking' is no longer a viable option.

THE ALUMNI DIRECTOR'S CORNER

Announcing Rotman Alumni Portal Version 2.0

By Rod Lohin

Since April 2002, thousands of MBA alumni have used the Portal to find classmates, build their careers and keep connected to the School.

You have also given us lots of feedback about how the Portal can be improved, and based on this feedback, I'm pleased to announce that the Alumni Portal has undergone an extensive upgrade. The Rotman Alumni Portal 2.0 now includes the following features:

Username reminders

If you've lost your username or password, you can get a reminder by pressing the Forgot your password? link on http://alumni.rotman.utoronto.ca.

Customized log-in

Now you can choose a username and password you'll remember wherever you are. To customize your account and get access to new features, press the Register for a personalized account button.

Improved navigation.

The Portal's content has now been organized to make it easier to find. New areas include:

- My Network - Detailed instructions on how to use the Alumni Directory
- My Career – MBA-level job postings and links to online career management resources at Spencer Stuart and Global Workplace
- My Knowledge – Research and presentations from Rotman events

Enhanced Alumni Directory

You can now find other alumni by title, industry and province or state.

More ways to connect to classmates

When you log on to the Alumni Portal, you'll have access to a special area – My Class – that's accessible only to you and your classmates. In that area, you can now add events, documents and other information for your classmates to see. As well, you can send emails to all your classmates quickly and easily.

To check out the new, improved Alumni Portal, go to http://alumni.rotman.utoronto.ca. Let us know what you think!

Alumni Web Site Relaunched

The Alumni Portal is just one service for Rotman alumni around the world. To help you better understand and access alumni services, check out the revamped Rotman alumni Web site. It includes an overview of:

- Rotman alumni (how many, where they are, what they do, etc.)
- how to stay connected
- what we can do for you
- what you can do for the School.

The new Web site can be found at www.rotman.utoronto.ca/alumni

MBA/MCOM FULL & PART TIME

1965

MBA Class Champion: Cam Fellman
Cam.Fellman65@rotman.utoronto.ca

1967

MBA Class Champion: Len Brooks
Len.Brooks@rotman.utoronto.ca

1968

MBA Class Champion: George Hayhurst
George.Hayhurst68@rotman.utoronto.ca

1970

MBA Class Champion: Charles Johnston
Charles.Johnston70@rotman.utoronto.ca

Andy Bunkis is a founding shareholder and chairman of I. A. Sciences Inc.

1971

Brian Clark joined Euro Brokers in Toronto in 1973 as the eighth employee. In 1974, the company moved to New York City and grew internationally to over 600 employees. Brian served as executive vice president of the inter-dealer brokerage firm (www.ebi.com) until after September 11, 2001 when he was appointed President of the Euro Brokers Relief Fund Inc. Brian is married to his Thornhill High School sweetheart and they have four children and four grandchildren. They live in New Jersey.

Michael Sproule has been elected executive vice president at New York Life Insurance Company. He will continue his role as chief financial officer, a position to which he was appointed in 2002. Michael is responsible for the controller's office, mergers and acquisitions, financial analysis, risk management, tax, and treasury department functions, as well as the office of the chief actuary. He and wife Doreen reside in Connecticut with their three sons.

1974

MBA Class Champion: Hank Bulmash
Hank.Bulmash74@rotman.utoronto.ca

Ejaz Mian is presently chairman, marketing at the Institute of Business Administration in Karachi, Pakistan. Having acquired Canadian Citizenship in 1976, he has lived in Pakistan and Canada. Now he is thinking of relocating to Canada. Enjoying the single lifestyle, Ejaz is mostly into jogging for the last 20 years. Ejaz is the Rotman Regional Envoy in Karachi, and welcomes all inquiries.

Norm Rosenitsch is a professor and the information systems department coordinator at Centennial College in Scarborough. He is treasurer of the faculty union (Local 558 OPSEU), and he also lectures part time at Ryerson University's School of Business, in the information technology department.

1976

MBA Class Champion: Jane Gertner
Jane.Gertner76@rotman.utoronto.ca

Gordon Currie is vice president and CFO at Wescast Industries Inc. of Brantford, Ontario. Wescast is the world's largest supplier of exhaust manifolds for passenger cars and light trucks. Gordon has over 23 years of experience in financial management of large multi-national manufacturing organizations, is a CGA, and holds a BA from UWO in addition to his MBA.

1977

MBA Class Champion Judy McCreery
Judy.McCreery77@rotman.utoronto.ca

1978

Stefan Zawalicz is managing director of SKZ Associates, which provides management consulting in business transformation – i.e. business process re-engineering, change management, strategic planning, mergers and acquisitions, and human due diligence. He extends best wishes to the class of '78 and looks forward to connecting soon.

1981

John Grzybowski is chief financial officer at BFS Entertainment & Multimedia Limited, which serves the North American market with a wide range of entertainment home videos and DVDs for resale to retail and catalogues. John is also a chartered accountant.

1982

MBA Full-Time Class Champion: Danny Chau
Danny.Chau82@rotman.utoronto.ca

MBA Part-Time Class Champion: Michael Hale
Michael.Hale82@rotman.utoronto.ca

Dean Murdock recently joined HSBC USA's Entertainment & Media Group in its private bank as a managing director. Dean's new office location is on Fifth Avenue in New York. He is looking forward to expanding the Private Bank's business with high-net-worth individuals connected with the entertainment and media community. Prior to joining HSBC, Dean was senior vice president and department head, media and entertainment finance, for Mizuho Corporate Bank USA in New York. He also spent 11 years with The Bank of Nova Scotia in Toronto and New York.

1983

Barbara Anderson is the chief financial officer for New Marketing Canada, a merchandising, advertising and promotion services firm and a division of News Corp. The company provides services to consumer packaged goods companies, grocery and drug retailers and technology companies.

Eli Javier is the senior director of technology at Amicus Bank, a subsidiary of CIBC.

1985

Christina Best , vice president, human resources at CIBC World Markets in London, recently married Michael Ciszewski and is relocating from the UK to Washington D.C. The Best family of two now becomes the Best-Ciszewski family of five, anxiously awaiting the arrival of Spike the dog.

Bruno Maruzzo has been appointed director of corporate development at ChondroGene Limited in Toronto, where he focuses on corporate development and investor relations. ChondroGene is a genomics-based company focused on the discovery and development of disease-specific therapeutic and diagnostic products.

1987

MBA Class Champion:
Ted Wheatley
Ted.Wheatley87@
rotman.utoronto.ca

1988

Ross Gascho joined the pension and benefits law group in the Toronto office of Fasken Martineau DuMoulin LLP in April of this year. Prior to this, he worked with human resources consultants Towers Perrin in their retirement and health and welfare businesses, practicing out of the Toronto office.

Jim Oneschuk is manager of business development for outsourcing at IBM in Toronto. After a string of management roles in technology startups during the late '90s, he joined IBM in 2001. In 2003, he was awarded the IBM Americas Leadership Award for performance and impact within the company. The Oneschuk family has two boys, Jack (6) at UCC, and Jamie (3) at a Montessori School. Wife Lisa is director of marketing at Sunpac Foods. Jim sends best wishes to the Classes of '87 & '88 and looks forward to the next Thirsty-Thursday reunion at the Mad.

1989

MBA Part-Time Class Champion:
John Harris
John.Harris89@
rotman.utoronto.ca

Chris Hill is vice president and treasurer at Kinross Gold Corporation, the 7th largest gold mining company in the world. Kinross recently merged with TVX Gold and Echo Bay Mines Ltd. Chris and Cindy married in August 2000, and they welcomed their son Harold into the family in January 2002. "Rachel and Nadia are thrilled to have a baby brother to play with," he says.

1990

Rowena Yue started out as an auditor in one of the 'big four' banks in Canada. She moved back to Hong Kong to continue her career, and has since worked in several international investment banks and is currently focused on mergers and acquisition activities in the region. Rowena attained both CA and CFA designations after graduating, and is now embarking on her LLB degree through a distance-learning program.

1991

MBA Class Champion:
David Littlejohn
David.Littlejohn91@
rotman.utoronto.ca

After completing her MBA, **Lubna Ladak** went on to obtain a CA designation and spent five years with Ernst & Young. She subsequently went on to progressively senior management positions with Ontario Power Generation, where she is currently a controller. On the home front, the Ladak family recently welcomed their second daughter into the world.

1992

MBA Co-Class Champions:
Blair Kingsland
Blair.Kingsland92@
rotman.utoronto.ca

Diana Rankin
Diana.Rankin92@
rotman.utoronto.ca

Monica Donahue works with TELUS Communications in Toronto as a human resources business partner. Since graduation, she has spent time working in the health care sector in Baton Rouge, Louisiana and in Vancouver, also for TELUS (formerly BC TEL).

John Downing is an account director for Sabre Travel Network, handling the firm's large travel agencies in California and Nevada. The Downings live in Orange County, California with their two sons – John Henry, age 12, and Marc Oliver, age 9 – and love beach life. The family travels frequently, with recent trips to New Zealand, Hawaii, an Alaskan cruise, and several excursions to the National Parks of the American West.

1993

MBA Class Champion:
Daniel Lin
Daniel.Lin93@
rotman.utoronto.ca

Alik Kassner was recently promoted to the position of principal officer with WestLB AG's Toronto lending branch, where he is responsible for the bank's Canadian business with corporate and public sector clients. WestLB is a top tier wholesale bank, headquartered in Germany, with a global network of offices in over 35 countries and more than EUR 350 billion in assets.

Bill Mohri is a manager in the strategy & operations practice of Deloitte Consulting. His work focuses on business and marketing strategy with clients like Coca Cola, Shoppers Drugmart, Nestlé, Parmalat, and Kraft.

Kim Shannon started her firm, Sionna Investment Managers, in the fall of 2002, and has retained her old fund, the Canadian Investment Fund, which is now under the CI Funds banner. Her daughter Cailin is now three years old and is keeping Kim "young at heart." Kim says the part-time MBA was a stimulating experience, and that "some of my best friends today, I met in the program. A big hello to those who started the part-time program in January 1989."

Pavel Votruba is a financial representative of Primerica Financial Services company, a member of Citigroup. Pavel came back to Toronto after 4 years in Slovakia. He sends his best wishes to all 1992 and 1993 classmates.

Darren Williams is a vice-president and partner with Orenda Corporate Finance Ltd., a Toronto-based investment banking boutique focusing on providing mergers and acquisition services and raising private risk capital (equity and subordinated debt) for mid-market companies.

1994

MBA Class Champion:
Glenn Asano
Glenn.Asano94@
rotman.utoronto.ca

Andrea Horan is an equity research analyst at Westwind Partners Inc. in Toronto. Holder of the CFA designation, she previously worked with RBC Capital Markets. Westwind is an independent research and investment banking firm based in Canada.

Mark Nawacki has been appointed vice president of business development at Paladin Labs Inc. of Montreal. Mark will play a lead role in identifying and pursuing acquisition opportunities for new products to support continued growth within the Canadian specialty pharmaceutical market. From 1998 to 2003, Mark held senior leadership positions in business development and finance in the Canadian subsidiary of Pharmacia Corporation, now a part of Pfizer, Inc.

Milan Strnad is a vice president in the New York headquarters of Citigroup. The Strnad family has recently returned from Belgium and Australia, and is about to undergo further adventures in Morocco. "The best summer vacations, however, are always in Canada," says Milan.

1995

MBA Full-Time Class Champion:
Nick Strube
Nick.Strube95@rotman.utoronto.ca

MBA Part-Time Class Champion:
Darlene Varaleau
Darlene.Varaleau95@rotman.utoronto.ca

1996

MBA Part-Time Class Champion:
Daisy Azer
Daisy.Azer96@rotman.utoronto.ca

Meg Langley began attending the Faculty of Law at the University of Toronto in September, 2003.

Anthony A. Lee is a senior accounting manager for Infonet Services Corporation in El Segundo, California. Infonet is a leading provider of managed network communications services for nearly 3,000 multinational entities. Anthony's prior experience includes the Capital Group and KPMG LLP. He resides in Irvine, California with his wife Ella and their two-year-old son, Addison

Jodie Parmar is director of business and strategic innovation with the City of Toronto's Corporate Services Department. Previously, in his capacity of vice-president, corporate development, Privatization Secretariat/Ontario, Jodie led and managed the sale of Highway 407 for $3.107 billion--Canada's largest privatization and the world's largest toll road privatization. Jodie and his wife, Fariba, recently celebrated their tenth wedding anniversary. They have three boys: Nevin (9), Liam (2) and Nolan (1).

1997

MBA Full-Time Class Champion:
Burke Malin
Burke.Malin97@rotman.utoronto.ca

MBA Part-Time Class Champion:
Nancy Crump
Nancy.Crump97@rotman.utoronto.ca

Lynn McAuliffe is a senior consultant in the human resources practice of BrandHouse Inc. Lynn is also the chair of the board for Welcome Baby Program, a small but growing charity that helps high-risk young mothers gain life and par enting skills. Lynn and her husband, John, have two children - a boy and a girl. One parent says "two is enough," while the other wants another one. "We will have to wait and see who wins this one," she says.

1998

MBA Class Champion:
Natasha Samuels
Natasha.Samuels98@rotman.utoronto.ca

Judy Chang is a senior product manager with Kraft Canada, where she has worked for over four years on Crystal Light, JELL-O, and Post Cereals brands. Judy was married in 2001 to Lucas Chang (MBA '98). This year's travel plans involve a visit with relatives in Taiwan.

Justin Cressall has been appointed treasurer at Platinum Underwriters Holdings, in Hamilton, Bermuda. Justin joins Platinum from KPMG LLP, and will lead the firm's investor relations function. Platinum Underwriters provides property and casualty reinsurance coverages to a diverse clientele worldwide.

1999

MBA Full-Time Co-Class Champions:
Lenore Macadam
Lenore.Macadam99@rotman.utoronto.ca

Aran Hamilton
Aran.Hamilton99@rotman.utoronto.ca

MBA Part-Time Class Champion:
Louisa Yue-Chan
Louisa.Yue-Chan99@rotman.utoronto.ca

Ruta Benjamin, husband Neil Simpson, and big brother Liam celebrated the birth of Owen Andrew Simpson on July 1st, 2003.

Nicole Desloges is the vice-president human resources at Symcor Inc., a North American leader in the provision of financial transaction outsourcing services to the retail and corporate banking, mutual fund, insurance, retail, telecom and utility industries. She has been involved in a number of outsourcing initiatives, both in Canada and the U.S., and has continued her studies, completing the mandatory courses for the CHRP designation. Nicole, who still enjoys travelling, visited Europe in summer 2003 and plans to visit China in 2005.

Santosh Kamat and his wife Jaymini (married for six years) are thrilled to announce the recent birth of their first baby boy, Shivam! Also, in 2003, Santosh accepted job offer from Amex Canada, joining their Interest Rate Risk Management group within the Treasury department. Prior to this Santosh had a stint at Capital One Financial Corporation in Richmond, Virginia, and he worked at Scotiabank in Toronto for two years after graduating from the Rotman School.

Erick Wong says his prized herd of cattle "isn't so prized any more after the mad cow crisis." Nonetheless, he is spending about a weekend a month in his vacation home in the majestic northwestern suburbs of Calgary. Otherwise, most of his time is occupied mountain biking or snowboarding in the bay area or, when he is in Calgary, near Banff. He is contemplating purchasing a full suspension mountain bike.

WHERE ARE THEY NOW? A SPOTLIGHT ON THE CLASS OF 2000

In each issue, we focus on updates for a particular graduating class. This time, we are pleased to feature the Class of 2000.

2000

MBA Class Champion: Mitchell Radowitz
Mitchell.Radowitz00@rotman.utoronto.ca

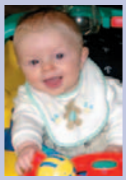
Ghada Abou El Dahab is finance director at cStar Technologies Inc., a Toronto based wireless data communications company. She sends along her best wishes to all.

Ivinder Ahuja is an associate in the CIBC Mid-Market Investment Banking group. The group provides M&A, capital raising and financial advisory services to companies with revenues between CAD$10-500+ million. Ivi was recently awarded the 2002 Chairman's Award for outstanding contributions to CIBC.

Matthew Chapman is vice president of finance at Workbrain, Inc., an enterprise software firm founded in 1999 (www.workbrain.com). Workbrain has since grown to over 250 employees - including several Rotman alumni - and is one of the fastest growing software firms in North America.

Amy Charette and partner Jason welcomed their first child, Cassandra Rose, on June 16, 2002 (Father's Day). "She keeps me almost as busy as the MBA did," says Amy, who has returned to work at the Hudson's Bay Company and was promoted to senior manager, process engineering services. Amy would love to hear from fellow classmates.

William (Bill) Dale is plant manager at Xerox's Supplies Development Centre, where the company makes specialty chemicals used in toners and photoreceptor devices. Bill's family grew over the past two years with the marriage of his oldest daughter, Joy, and his oldest son, Bill. The two weddings took place in the span of five months, and Bill is now looking forward (although somewhat sadly) to sharing an 'empty nest' with his wife and youngest daughter.



Anita (Lopez) Davis is currently on maternity leave from her role as a program manager in the retail brokerage group of RBC Investments in Toronto. She and her husband Bryan welcomed their son Andrew Thomas Lopez Davis (pictured above) on December 30, 2002.

Julie Denton is a manager in the public services practice of BearingPoint (formerly KPMG Consulting) in Toronto. Her consulting focus is in strategy, process and business transformation. She recently completed a six-month project in Ottawa, and is heading to Victoria, B.C. for three months. Julie completed her third marathon this past summer (with fellow alumna Jodi Wilson) in Cincinnati. She remains involved with the CIBC Run for the Cure for the Canadian Breast Cancer Foundation, which she joined while at Rotman. "I hope to see some of my former classmates at this year's run on Sunday, October 5 at Nathan Philips Square," she says.

Mario Di Pietro is an associate in investment banking at Orion Securities Inc., a full- service investment bank serving Canadian growth companies. Mario and Patricia moved into their new home in August, and are expecting their first child in early November.

Sally Dufresne is a manager of human resources in Toronto for TD Securities after leaving Korn Ferry Executive Search in March of 2002. Sally and her husband Steve are living on the Danforth in Toronto, and Sally keeps in touch with several classmates.

Robert Glover is a senior associate with IBI Group, an international planning and development consulting firm based in Toronto. Robert has had a major role in the design and planning approval of numerous recent urban developments in the Toronto area, and in 2001, he was responsible for developing a design and planning concept for a new Western Gateway Boulevard into Makkah, Saudi Arabia, for the Millennium Group of Beirut. Earlier this year, his family spent time in southern Chile visiting penguins' colonies, alpacas, cows, horses, "and other good friends."

John Glynn has spent the past three years at CIBC World Markets in Toronto, where he works in the Diversified Industries Group in investment banking. He was awarded the CFA charter in 2001, and has spent the past two years advising clients primarily in the burgeoning Canadian income trust sector. Prior to that, John spent a year in CIBC World Markets' in mergers and acquisitions. Outside of the office, he spent much of last winter skiing and snowboarding on the slopes in Collingwood, ON, and was certified as a Level I Instructor by the Canadian Ski Instructors Alliance.

Annabella Guo is a mergers and acquisitions analyst in business development at Manulife. She is engaged to an engineer who lives in the Silicon Valley, and they look forward to their upcoming wedding in sunny California.

Peter Hodgson is vice president of corporate planning for Four Seasons Hotels and Resorts and is based in Toronto. He has been spending the majority of his time working on new development projects around the world —- including new hotels and resorts in San Francisco, Whistler, Paris, Prague, Costa Rica and the Bahamas. He recently married Karina Bukhanov, and the two have been spending much of their time renovating a cottage in Muskoka.

John Hovland is a senior manager with the Financial Strategy Consulting Group at Bank of Montreal, where his work has focused on projects relating to the Bank's regulatory capital. Since graduation, John and his wife Anne Kothawala have welcomed a second child, Justin Antoine Kothawala Hovland, to their family. Justin is getting along well with his older brother Eric, and "the resulting mayhem proves that sometimes 1 + 1 > 2 x 1."

Mark Kerzner is vice president of business development at FirstLine Mortgages, a division of CIBC Mortgages Inc., where he is responsible for marketing, product development, and portfolio retention. The Kerzner family recently welcomed its second daughter, Maya (a sister to Jaimie).

Paul Koreen is associate vice president of corporate development at Ketchum Canada, where he oversees the firm's finance, communications and human resource functions. Paul joined the firm as a campaign consultant in 2000, after graduating from Rotman. Assignments have included guiding The Salvation

Army through its first-ever capital campaign in Toronto. Paul and his wife Darcy had their first child, Cooper, in May 2002, and are enjoying family life in Bloor West Village.

Kevin Lasitz is vice president of sales and business development for Infusion Development Corporation, working in their New York City and Toronto offices. Infusion provides in-house and off-shore software development services, architectural consulting, integration strategies and customized training solutions. Kevin enjoys living and working in New York City and being able to spend time in Toronto as well. Travel is his favourite pastime — recent trips include Rio de Janeiro, London, Lisbon, and Madrid.

Benson Li is a senior financial analyst at Royal Bank of Canada in Toronto. Since graduating from Rotman, he has continued his academic pursuits by writing and completing the CFA levels I and II. Benson is now eagerly waiting for the results of his CFA Level III, so that he can finish planning his European vacation for the fall.

Jonathan Lister is director of interactive marketing at AOL Canada. Prior to this, he ran a sales group at a company specializing in designing, building and managing hosted internet infrastructure. His team took the business from startup to over a million dollars in annual revenue within two years. The organization was subsequently sold to what was then AT&T Canada. Jonathan and his wife Heather have a one-and-a-half year old daughter named Ruby.

Katherine Magee is assistant vice president of marketing at Franklin Templeton Investments Although there have been "occasional trips back home to the green forests of the West Coast," Katherine is currently anticipating a trip in the late fall to Vietnam. "Any tips on what to see or where to stay are more than welcome," she says.

René Marston is assistant vice president of corporate transformation at AIM Trimark. He lives in Toronto with his wife and two young daughters.

Miglena Nikolova is a senior marketing manager with Scotia Capital in Toronto. She lives with her husband and 10-year old son in North York.

Rob Pankratz is manager of quantitative analysis at Manulife Financial Corp., in the market risk management department. Rob and Elaine are expecting their second child in August, a sibling for two-year old Jared. "Odds-on favorite is for another boy, based on the ultrasound." A larger house is somewhere in their future, as "an ever-increasing number of toys is beginning to overwhelm every part of the house and yard."

Peter Park is a manager in the Canadian wealth management IT group at RBC Investments.He is currently involved in implementing a customer relationship and portfolio management system for RBC's investment advisors, assistants and action direct representatives. His daughter, Alexandra — born just before final exams — is now three years old and "already outsmarting her dad." Peter and his wife, Helen, will be celebrating their 10th wedding anniversary this fall.

Mike Paszti is working as a commodity manager at Celestica in Toronto. He takes great pride in his Rotman MBA and "will never forget the countless doors it has opened."

Annelise Pederson and **Chris Spafford** were married in December 2001, and moved to Dallas in April 2002, following Chris' transfer with Mercer Management Consulting. Annelise was also transferred with Ernst & Young Corporate Finance, and spent the first 10 months in Texas commuting to Houston every week to work at Enron for the unsecured creditors committee. Chris has developed "serious gastrointestinal issues due to the copious amounts of Tex-Mex" he "inhales" on a daily basis. The couple loves Dallas and the southern climate, although they get teased frequently 'aboot' their accents!

Linhai Pu is a financial analyst at the world headquarters of Nortel Networks. In 2000, Pu won first place in the company's Toronto Region Finance Investment Challenge. Last February, he married Kristen Xie and completed the CFA level II and CPA exams. He and Kristen enjoy traveling, to places like Las Vegas and Los Angeles (late last year) and Tokyo earlier this year. Their future travel plans include Europe and the Caribbean.

Class Champion **Mitchell Radowitz** is a supply chain consultant with Inergi LP, a subsidiary of Cap Gemini Ernst & Young Consulting in Toronto. Inergi is a full service supply chain, IT, billing and call centre, HR and Finance outsourcing provider for CGEY's Toronto Services Delivery Centre. Mitchell has recently returned from a month-long adventure 'Down Under', and looks forward to catching up with all his class mates in the near future.

Steve Redden is a manager in the Evanston, Illinois office of ZS Associates, an international management consulting firm specializing in sales and marketing. Steve specializes in compensation plan design, and will obtain his Certified Compensation Professional (CCP) designation by the end of the year. In his spare time, he enjoys working in his yard, playing soccer on weekends, and competing in chess and pool tournaments. Steve will be climbing Mount Kilimanjaro this fall, and plans to tour southeast Asia next year, "perhaps even playing a match of Xiangqi (Chinese chess) against a master."

Linda Rendulich is the senior manager of labour relations at Allstream Corp. (formerly AT&T Canada). She is responsible for strategic labour relations planning and for leading the union relationship on behalf of the Company at the national and local level. On a personal note, Linda is also busy planning her August 2003 wedding to Michael Cann in Toronto. She says "Organizing a wedding is a true test of any MBA's project management, negotiation, marketing and accounting skills!"

Adam Sadowski worked as an independent management consultant following graduation, consulting on a variety of issues for firms in the areas of software, manufacturing, real estate and non-profit. In late 2002, he co-founded Infocapital Investments (www.infocapital.ca), a small private equity investment and acquisition firm in Toronto. By press time, Adam and Meredith Low will have set up house in downtown Toronto. Adam is currently working on a self-published DVD retrospective of the comedic films he produced and directed in the early 1990's. "The project should be finished just in time for the busy Christmas shopping season, and will not be available at any reputable retail store in its right mind," he says.

Susan Schutta is senior advisor, communication, at BMO Financial Group. She is currently working with BMO's performance-enhancement team, focusing on improving the organization's operational efficiency. Susan and her husband Bernard have two children, Zoe (two) and Alex (three). The family enjoys camping trips and beach vacations.

Donna Shear is director of Northwestern University Press in Evanston, IL, publishing approximately 60 titles per year in contemporary fiction and poetry, continental philosophy, theater and performance studies, and Slavic literature and theory. Donna and her husband, Joe Weber, will celebrate their 25th anniversary this fall. They have three children — Rebecca, 19, a junior at Columbia University; Daniel, 17, a high school junior; and Abigail, 15, a high school sophomore. "Visitors to Chicago from the class of 2000 should stop in!"

Manoj Srivastava is a consultant at Accenture, after a brief stint as business development manager at a start-up. Coming to Canada from a completely different culture was not easy, and he is grateful to the Class of 2000, which not only made his initial years wonderful, but also prepared him for the challenges to come. Manoj, along with his wife and daughter, moved into their first home in Canada at the end of August.

In December 2002, **Andrea Stairs** left Ernst & Young Corporate Finance to take on the position of senior manager, strategy for Gap Inc. Canada. In her new role, Andrea is responsible for a wide range of strategy-related work for Gap Inc.'s three brands, Gap, Old Navy and Banana Republic. Andrea remains close friends with many of her MBA colleagues from the class of 1999, and "spent the summer cottage-hopping with a number of them."

Since graduating, **Karen Sturrock** has spent the majority of her time on maternity leaves with her two daughters, Haley (born Nov. 2000) and Claire (born Aug. 2002). Between the two children, she worked at AT&T Canada as a sales manager, with a team of data & internet specialists. Currently, Karen is enjoying her second maternity leave, and plans to return to work at Allstream Inc. (formerly AT&T Canada) in a sales management role this fall.

Susanna Tai is working at IBM Global Services in Toronto.

Talyn Terzian is an associate in the capital markets group, mergers & acquisitions at Ernst & Young Corporate Finance Inc. in Toronto. Following her marriage to fellow classmate, Kevin Gilmour ("HEY GILMOUR!") in December 2001, she travelled to Hawaii and then to Greece for some much needed R&R. She still has aspirations to "conquer the world" and will be making a move soon. But in the meantime, you can always find her "planning the next big outing and trip, laughing hysterically at the silliest of things, and dancing her signature moves — drink in hand!"

Rob Vandervelde is living in Edmonton, working in the world of public finance as a tax policy analyst with the Alberta Ministry of Finance. Rob decided to bolster his management education with further accounting courses, attaining his CGA designation. He has now moved on to classical guitar lessons, which have proven "far more challenging." Rob is keeping busy this summer with canoe trips and hiking excursions in the Canadian Rockies. While he has no family to report yet, he says he's "working on it."

2001

MBA Full-Time Class Champion:
Daniel Zinman
Daniel.Zinman01@
rotman.utoronto.ca
MBA Part-Time Co-Class Champions:
Lisa Sansom
Lisa.Sansom01@
rotman.utoronto.ca

Matt Barasch and wife Karen recently welcomed a chubby little bundle of love into the world. Naomi Barasch was born last August. He says he now has two full-time jobs — both of which he loves. Matt urges anyone who is interested in making the leap into wealth management to give him a call or buy him coffee — or both.

Pierre-Luc Bisaillon is working in the Toronto office of McKinsey & Co. He and his wife Debbie recently purchased a house in the Roncesvalles Village area, and welcomed their son Benjamin to the world on May 21, 2003.

Robert Field married **Wei He** (PhD '01), and at press time they were looking forward to the arrival of their first child in late July. Robert serves as manager of operations support for the automotive supply chain of Canadian Tire. We is a senior analyst in the corporate risk management department of BMO Financial Group.

David Paul and wife Heather welcomed Nicholas David Paul into the world on March 19, 2003.

Lisa Sansom is an organizational development advisor with Export Development Canada in Ottawa. After a year in Paris and several weeks travelling through France, Italy and Greece, Lisa, her husband James and son Adrien are glad to be back in Canada. "Anyone visiting Ottawa — please give us a call!"

Jennifer Shelton has been named to the volunteer Board of Directors for Humewood House, a registered charity serving Toronto's west end. The non-profit organization, established in 1912, helps pregnant and parenting young women aged 13-21 build safe and stable lives for themselves and their children. For details on how to volunteer or make a donation, visit www.humewoodhouse.com. Jennifer found this volunteer opportunity through Boardmatch (http://www.boardmatch.org), which was promoted by the Rotman Career Development Centre, and she recommends it to any alumni seeking governance experience.

2002

MBA Full-Time Class Champion:
Rizwan Suleiman
Rizwan.Suleiman02@
rotman.utoronto.ca

MBA Part-Time Class Champion:
Jay Nicholson
Jay.Nicholson02@
rotman.utoronto.ca

Julija Ezergailis is an account manager at Michael Bell Marketing Communications agency in London.

Steve Green is a research associate in the metals sector at Research Capital. He can be reached at steven.green@research capital.com

Priscilla Lau received that transfer she had been hoping for, and has joined CIBC World Markets' Credit Derivatives Group in London, England. A group of her MBA 2002 classmates bid her farewell at a social gathering in Toronto, May 2003.

Neil Lindsay is working for the corporate finance division of the Ontario Financing Authority, an agency of the provincial government, on a contract basis. In this capacity, he advises the Province, its agencies, and the broader public sector on project and infrastructure finance policy and transactions. Neil also enjoys tutoring undergraduate, MBA, and Executive MBA students in finance. Neil and his wife, Sharon, recently celebrated their first anniversary.

Jay Nicholson is a branch manager with TD Canada Trust at BCE Place in downtown Toronto. "Don't be a stranger. Call me or e-mail me to say hello!"

Eduardo Vidal is mergers and acquisitions vice president of Banco Itaú BBA in São Paulo, Brazil. Banco Itaú is the largest wholesale and investment bank in South America.

2003

MBA Class Champion:
Laurin Mayer
Laurin.Mayer03@rotman.utoronto.ca

Josh Enchin is an associate at Rudson Valuation Group, Inc. in Toronto. RVG is devoted to business valuation, litigation support, and forensic and investigative accounting. Josh recently moved in with grad-school sweetheart Angela Johnson. The entire family celebrated with a road trip through the Maritimes, which included "conquering Alexander Keith's brewery tour." Josh sends best wishes to all the Class of '03 and looks forward to the big 1st Class Reunion planned for next summer.
"Ed?…Steve?…Fran…?"

Xiaoming Hu is an architect and real estate professional, active in the North American and Chinese markets. She sends her hope for the best of luck to her fellow classmates and alumni and wishes for splendid careers ahead. "Stay connected!"
Michael Rose leads a group of portfolio managers that hedge the interest rate and foreign exchange risk in TD Bank's non-trading balance sheet.

Ryan Spong is an associate in the power and utilities sector of the DCM group at Barclays Capital.

EXECUTIVE MBA

1985

Class Champion:
Bob White
Bob.White85@rotman.utoronto.ca

1986

Andrij Brygidyr is president of A&A Merchandising Ltd. and a part-time instructor at the Rotman School, where he teaches global marketing. A&A is a marketing services company that implements various marketing programs at the retail and corporate level. The Brygidyr family recently returned from a trip to Argentina, where they attended a polo clinic and had an opportunity to play with some of the top ranked players in the world.

1988

Class Champion:
Simon Cooper
Simon.Cooper88@rotman.utoronto.ca

1989

Class Champion:
Peter Murphy
Peter.Murphy89@rotman.utoronto.ca

1990

Class Champion:
J.P. Sabourin
JP.Sabourin90@rotman.utoronto.ca

1992

Class Champion:
Chris Hill
Chris.Hill92@rotman.utoronto.ca

1993

Class Champion:
Andy Hofmann
Andy.Hofmann93@rotman.utoronto.ca

1994

Class Champion:
Andrew Stewart
Andrew.Stewart94@rotman.utoronto.ca
Don Logie has established a real-estate consulting business, assisting clients in buying, selling and redeveloping their commercial and mixed-use properties.

1995

Class Champion:
Jim Stewart
Jim.Stewart95@rotman.utoronto.ca

1996

Class Champion:
Jon Waisberg
Jon.Waisberg96@rotman.utoronto.ca

1997

Class Champion:
Jennifer Hill
Jennifer.Hill97@rotman.utoronto.ca

1998

Class Champion:
Ashok Sharma
Ashok.Sharma98@rotman.utoronto.ca

1999

Class Champion:
Mo Mauri
Mo.Mauri99@rotman.utoronto.ca

Gregg Loos is vice president of U.S. sales for a start-up software company based in Canada.
He and his wife Liz (EMBA '98) reside with their son Hunter just outside of New York City, in northern New Jersey.

Graham Miller is assistant vice president of shared finance at Sun Life Financial. The Miller family welcomed their fourth child, Ryan, into the world on Christmas eve, 2002. Graham sends best wishes to the EMBA Class of '99 and fondly remembers the 20 months spent together in the program. "Would love to hear from classmates — drop me a line if you have a chance!"

2000

Co-Class Champions:
Jennifer McGill
Jennifer.McGill00@rotman.utoronto.ca

Bruce Lawson
Bruce.Lawson00@rotman.utoronto.ca

Karalee Close is a project leader at The Boston Consulting Group. She is currently on a transfer, working out of BCG's Paris office. While she tries to learn French "as quickly as possible", she is working with clients in the software, IT and telecommunications industries. "It seems that my brief time in Paris during the EMBA program was just the beginning of a great adventure!"

A year after completing his EMBA, **Azam Foda** parted company with Hummingbird, seeking "more challenge and excitement." He joined Sigma Systems Group, a cable broad band OSS company belonging to the Kleiner Perkins 'keiretsu', as director finance. In this role, he successfully executed its exit strategy, resulting in the sale of Sigma to Liberate Technologies of California for US$62M. Azam is now the CFO of Par-Pak Ltd, a global player in the polystyrene packaging industry. Wife Nisreen was expecting their third child in August, and consequently, he has had to put off learning golf "for another few years."

Joseph Mapa was selected by the Canadian College of Health Service Executives to receive the 2003 Chairman's Award for Distinguished Service. The College is a professional association of over 2,500 health care managers and executives across the country. Each year, the Award recognizes an individual acknowledged by peers and colleagues to exemplify a high level of consistent professionalism in health service administration. The Award was conferred at the College's annual Healthcare Leadership Conference in June.

Ravi Nookala has been "very busy" since graduation. In January of 2001, he was promoted to general manager for mobile network products (PC, camcorders, digital still cameras, personal audio products and PDAs) at Sony of Canada. This past April, he was promoted to vice president of consumer marketing.

Robertson Rodil sends along the following: "It feels like it's been ages since I last visited Rotman. My current work schedule is crazy. I have been on the road for the last six months, implementing manufacturing process improvement programs in several DaimlerChrysler assembly plants in Mexico, the U.S., and Canada. I am privileged to be in a team of specialists from Toyota, Honda, GM, and Chrysler. It's a lot of work — but absolutely rewarding."

Marcy Saxe-Braithwaite works for the Vancouver Coastal Health Authority, one of the largest health authorities in Canada. "B.C. is a very interesting province with many challenges and opportunities," she says. "Regionalization has presented the health authorities with many opportunities to integrate care delivery and maximize resource allocation — challenges currently underway at the Vancouver Coastal Health."

2001

Co-Class Champions:
Ken Hagerman
Ken.Hagerman01@
rotman.utoronto.ca

Gary Ryan
Gary.Ryan01@
rotman.utoronto.ca

2002

Class Champion:
Cheryl Paradowski
Cheryl.Paradowski02@
rotman.utoronto.ca

2003

Class Champion:
Jennifer Figueira
Jennifer.Figueira03@
rotman.utoronto.ca

THE CLASS OF 2003 HAS LEFT THE BUILDING ...Here's where some of them have gone

Ian Archbold, Associate, AT Kearney
Jason Baibokas, Equity Derivative Sales, Merrill Lynch
Dushan Batrovic, Business Analyst, Reliance Aerotech
Sandra Bernardo, Associate, TD Securities
Ian Bisset, Associate, TD Securities
Linda Blair, Consultant, Courtyard Group
Juan Caceres, Associate, Export Development Canada
Silver Chen, Reimbursement Strategy Manager, Pfizer Canada
David Chorney, Associate, Paul Weiss Rifkind Wharton & Garrison LLP
James Colaco, Consultant, Deloitte Consulting
Steve Cryer, Manager, Deloitte Consulting
Lai Debbie, Manager, Pharmacy Development, Shoppers Drug Mart
Kent Dehnel, Manager – Operations, BC Enertech
Luigi Di Pede, Associate, BMO Nesbitt Burns
Jaron Easterbrook, Higher Education Program Manager, Apple Canada
Nadine Ferreir, Rotational Program, CIBC
D'Arcy Finley, Leadership Program, CIBC
Leslie Flancman, Associate Director, CIBC World Markets
Elissa Gertner, Account Manager, Marketing Manager, Montreal Trust/Computershare
Greg Harris, Research Associate, Yorkton Securities Inc.
William Holy, Associate, CIT
Josh Hunter, Law Clerk, Government of Canada
David Jarvis, Supply Chain Process Leader, Canadian Tire
Angela Johnson, Generalist, RBC Investments
James Lanthier, Vice President Business Development, Columbia Exchange Systems
Chad MacLean, Financial Management Associate, Thomson Corporation
Gerardo Margolis, Dealer, RBC
Laurin Mayer, Director of Marketing, Butterfield & Robinson
Shalini Menon, Intermediate Business Analyst, AT&T Canada
Edward Ng, Analyst, Ernst & Young Corporate Finance
Letitia Ng, Articling Student, Gowlings
Luke O'Brien, Associate, RBC
David O'Leary, Analyst, Morningstar
Sherry Pedersen, Manager, Leadership Edge, Maple Leaf Foods
Ashnoor Rahim, Client Service Manager, North York Community Access Centre
Michael Rose, Manager, TD Bank
Paul Schneider, Director of Research, Canadian Coalition for Good Governance
Sana Shamsi, Audit Analyst, Nationwide Financial
Darren Shaughnessy, Risk Management, CIBC
Jack Shuai, Senior Financial Analyst, Ontario Energy Savings Corp
Anita Shuper, Consultant, Managerial Design
Marcello Silva, General Manager, Embavi
Lorne Amir Sperling, Associate, Simpson Thacher & Bartlett
Ryan Spong, Associate, Barclays Capital
Silvia Struna, Management Associate, Citigroup Inc (New York)
Jackie Taitz, Articling Student, Torys LLP
Jeffrey Torkin, Associate, White & Case LLP
Charlotte Warren, Consultant, Managerial Design
Jeremy Weyland, Manager Trainee, Scotiabank
Bernhard Wu, Investment Analyst, Drug Royalty Corp
Jack Xiaowu Yang, Senior Analyst, CIBC
Tom Zelenka, Program Manager, Avery Dennison
William (Wenli) Zhao, Financial Analyst, Fairmont Hotels & Resorts

GEMBA (GLOBAL EXCUTIVE MBA)

2000

Class Champion:
Nancy Dudgeon
Nancy.Dudgeon00@rotman.utoronto.ca

Ron Fabbro is a business partner and EVP, sales & marketing for Data Recovery UK Limited. The Central London lab is the newest location of the Data Recovery Services family of worldwide recovery labs. Ron & Shirley have moved to London from Florida to set up and run what are the beginnings of a European operation. They have a flat in the Butler's Wharf area, overlooking the Thames River, just a two-minute walk from the business. Their two children remain back in Toronto for the time being. "If anyone has any good and unique insight into London — restaurants, bars, sightseeing, etc. — or any business insight into the UK and the continent, we'd love to hear about it."

2001

Co-Class Champions:
Margaret Evered
Margaret.Evered01@rotman.utoronto.ca

Renald Hennig
Renald.Hennig01@rotman.utoronto.ca

Lea Friedmann dos Reys writes from Sao Paulo: "As you all probably know, I had a second child, a wonderful girl named Laurah Rachel, and we have just celebrated her first birthday. She is very demanding; even without speaking, she can show everybody what she wants. Her older brother Michel is trying to teach her everything. He started school last August and he just loves it. Mauro is totally dedicated to the two kids — he even decided to stop working for a while so we all could travel together every time my work demanded it. The whole family is now off for the second time to Londrina, Brazil, for several months, where I will be working on a customer relationship management project (CRM) for my company.

2002

Co-Class Champions:
Lynn Dean
Lynn.Dean02@rotman.utoronto.ca

Petra Cerhan
Petra.Cerhan02@rotman.utoronto.ca

Dr. Gordon Coutts is a partner at Desante Financial Services Inc., which offers innovative financing solutions that help both public and private healthcare organizations meet their financial obligations and continue to provide important public services. The Coutts family — Gordon, Helen, Dylan and Griffen — are happily settling in to life after business school and plan to celebrate their 10th wedding anniversary, complete with grandparents, in Greece this summer. Gordon sends his best to the class of '02 and looks forward to seeing all of you soon.

Robert Harris writes: "I am pleased to announce that I have been promoted from publisher to general manager of the Professional & Trade Division at John Wiley & Sons, Ltd. I will now lead a CAD$24M operation with 23 staff. I believe the EMBA was a significant distinguishing factor in the competition for this job: it demonstrated to the hiring committee (a) a self-directed focus on career development, (b) a commitment to leadership and (c) a commitment to augmenting my skill set. In addition, I found it helpful that the EMBA provided me with models and a strategic context for business problem-solving. This allowed me to both communicate effectively in the interviewing process and display the confidence required to perform well in a senior management role. My thanks to my classmates and the other members of the Rotman faculty and administration who guided my MBA experience. I trust that future students will have similar positive results." Robert and his spouse, Deborah, have two children, Max (one), and Ruby (four). Deborah is also involved in the publishing industry, as the Eastern Canada sales manager for Pearson Education. On a volunteer basis, Deborah and Robert support school building programs in West Africa.

2003

Co-Class Champions:
Michal Berman
Michal.Berman03@rotman.utoronto.ca

Susanne Justen
Susanne.Justen03@rotman.utoronto.ca

MBA (ACCOUNTING/ MASTER OF MANAGEMENT & PROFESSIONAL ACCOUNTING

1982

George Richards is a self-employed IT consultant. Individually or in partnership with his associates, George operates in both the Caribbean and Canada. His present focus is in the area of technology-assisted training & education.

1990

Sean Kogan is division director for the North York branch of Robert Half International - the largest recruiting agency in the world, specializing in the placement of finance and accounting professionals. "In a nutshell, my team places intermediate and senior level accounting professionals in positions ranging from senior accountant to CFO levels. My wife Lisa and I would like to announce a new addition to the quickly-growing Kogan clan: Along with Mitchell and Hannah (our beautiful 17 month-old twins), Emily was born in February, 2003. I hope all alumni from the first graduating class of the MBA Accounting program are doing great, as well !"

1998

Melody Tien Grewal is a senior financial analyst at the University Health Network, Toronto General Hospital. She and her husband, Christian, welcomed their first child, Isaiah, in August 2002. Melody is currently enjoying her maternity leave.

1999

Yin Luo is a director of equity research at CIBC World Markets in Toronto, where he covers quantitative analysis and equity index research,

2000

Yin's wife, **Jane Wang** is a senior analyst in treasury and pension investment at IBM Canada.

Shane Saltzman is manager of financial operations at Pitney Bowes Canada. In September of 2002, he qualified as a CA.

2001

Class Champion:
Elaine Ilavsky
Elaine.Ilavsky01@rotman.utoronto.ca

COMMERCE

1955

Class Champion:
Murray Kideckel
bankid@interlog.com

1979

Elaine Bell and her husband Jack Bush moved to the beautiful Haliburton Highlands of Ontario in 2000 and opened Trailside House Bed & Breakfast. Elaine also keeps busy freelancing in business management and personal income tax preparation, in addition to teaching piano, organ, voice, and theory rudiments.

Brian Lass is a CA and consults to businesses in transition. He was president of the Community Hebrew Academy of Toronto (CHAT), a volunteer position for 2001 and 2002.

1984

Class Champion:
John Spano
jspano@oxfordproperties.com

Be a Class Act:

Volunteer as a Class Champion

Class Champions ensure their class remains active and vibrant long after graduation and bring the Rotman School and its graduates closer together. They help organize reunions, promote events, and keep track of their classmates' activities for inclusion in the Class Notes section of Rotman Management. To represent your graduating class, contact the Rotman Alumni Office at (416) 978-0240, or via e-mail at alumni@rotman.utoronto.ca.

1988

Marc Belaiche
marc.belaiche@
roberthalffinance.com

1996

Class Champion:
Mike Mei
meikangw@hotmail.com

Kelley Marko MBA, MA, BCom, is a senior organization development and effectiveness professional and president of Marko Consulting Services Inc. In addition to over ten years of working in organizations ranging from front line to senior leadership positions, including the Royal Bank Financial Group, Kelley worked as a management consultant for seven years. He is qualified to administer the Myers Briggs Type Indicator (MBTI)®, is a guest lecturer in the MBA program at Toronto's York University, and is an Associate Faculty member of Royal Roads University, in Victoria, B.C.

1998

Class Champion:
Merzana Martinakis
merzana.martinakis@
ca.pwcglobal.com

1999

Class Champion:
Tomas Freyman
tomas.freyman@
ru.pwcglobal.co

WHAT HAVE YOU BEEN UP TO?

New job? Getting married? Planning an exciting trip? We'd love to hear about it, and so would your classmates! Send your news, indicating your degree and year of graduation, to alumni@rotman.utoronto.ca TODAY!

Upcoming Events

For complete details and to register go to www.rotman.utoronto.ca/events All events take place at the Rotman School at 105 St. George Street unless otherwise indicated. We're a 3-minute walk from St. George subway station. Underground parking at Rotman is available. The entrance is just south of the School.

"Dress code" is a mix of business casual and office attire. Questions: events@rotman.utoronto.ca, (416) 946-7462 Proceeds from most Rotman School events will be invested in the Rotman Vision Fund and directed to the School's most pressing needs.

SEPT

Leader to Leader Seminar
September 17, 2003, 7:30-9:00am
For Senior Corporate Officers and Directors
CO-SPONSORS: Rotman School, Canadian Coalition for Good Governance
SPEAKER: **John R. Evans** (M.D. '52, Hon. LL.D. '80), Chairman, Torstar Corp.
TOPIC: "Keeping Strategy at the Top of the Board's Agenda"
COST: $300 - ROTMAN ALUMNI COST: $240

Rotman Integrative Thinking Seminar with Bob Young
Session 1 of 7 with Bob Young
September 23, 2003, 5:00-6:30pm
SPEAKER: **Bob Young** (BA '76), Co-Founder, former Chair and CEO, Red Hat Inc.; Founder and CEO, Lulu Inc. (Raleigh, NC)
MODERATOR: Roger Martin, Dean, Rotman School
OTHER DATES: **Bob Young** will also speak on October 6, October 7, October 27, October 28, December 1, December 2
COST: $99 - ROTMAN ALUMNI COST: $79

OCT

Rotman Integrative Thinking Seminar
October 14, 2003, 5:00-6:30pm
SPEAKER: **John Bachmann**, Managing Partner, Edward Jones (St. Louis, MO)
MODERATOR: Roger Martin, Dean, Rotman School
COST: $99 - ROTMAN ALUMNI COST: $79

9th annual Rotman Distinguished Business Alumni Award Tribute
October 16, 2003, 6:30-10:00pm
HONOUREE: **Bill Downe** (MBA '78), Deputy Chair, BMO Financial Group and CEO, BMO Nesbitt Burns Investment Banking
SPONSORS: *The Globe and Mail, Report on Business Magazine*
COST: Individuals: $300, Corporate Tables for Ten: $3500 (includes signage)

OCT

Rotman Entrepreneurship Seminar
October 20, 2003, 1:00-6:00pm
TOPIC: "How to Grow When Markets Don't – Strategies and Tactics for Entrepreneurs"
KEYNOTE SPEAKER: **Adrian Slywotzky**,Vice President, Mercer Management Consulting (Boston); Author, *How to Grow When Markets Don't, The Art of Profitability, The Profit Zone, Profit Patterns, Value Migration: How to Think Several Moves Ahead of the Competition*
PANELISTS: **Martin Connell** (Hon. LL.D. '95), Co-Founder and Co-Owner, ACE Bakery; **Kathryn From**, Chief Executive Officer, Bravado Designs, Inc.; **Peter Glowczewski**, Founder and President, Tradition Fine Foods Limited; **Pierre Rivard**, Co-Founder, President and CEO, Hydrogenics Corporation; **Michael Tippin**, Founder, President and Owner, Tippin Corporation; **Dianne Waterhouse**, President, Round Top Window Products Inc
SPONSORS: BMO Financial Group, Export Development Canada, Business Development Bank of Canada
COST: $99 - ROTMAN ALUMNI COST: $79

Live@Rotman: Don Tapscott
October 24, 2003, 7:30-9:00am
TOPIC: "The Naked Corporation: How the Age of Transparency will Revolutionize Business" (Viking, 2003)
SPEAKER: **Don Taspcott**, Adjunct Professor of Strategic Management, Rotman School; Co-Founder, Digital 4Sight; Co-Author, *The Naked Corporation, Digital Capital, The Digital Economy, Growing Up Digital*
COST: $99 - ROTMAN ALUMNI COST: $79

Leader to Leader Seminar
October 28, 2003, 1:00-3:00pm
For Senior Corporate Officers and Directors
CO-SPONSORS: Rotman School, Canadian Coalition for Good Governance
SPEAKER: **Nancy Southern**, President and CEO, ATCO Ltd.
TOPIC: "Building Effective Boards in Family-Held Companies"
COST: $300 - ROTMAN ALUMNI COST: $240

Live@Rotman: John Ryan, Wal-Mart Stores, Inc.
October 29, 2003, 5:00-6:30pm
TOPIC: "How Wal-Mart Has Stayed in First Place on the Fortune 500 for 3 Years Running"
SPEAKER: **John Ryan**, Senior Vice President, Global Sourcing, Wal-Mart Stores, Inc. (Bentonville, AR)
COST: $99 - ROTMAN ALUMNI COST: $79

NOV

12th annual Rotman Canadian Woman Entrepreneur of the Year Dinner and Awards
November 13, 2003, 5:30 - 10:00 pm, Hilton Toronto Downtown, 245 Richmond Street West, Toronto
CO-HOSTS: **Tony Comper** (BA'66, Hon. LL.D. '99), Chairman and CEO, BMO Financial Group; **Diane Francis**, Editor at Large, *Financial Post* and *National Post*
PRESENTING SPONSOR: BMO Bank of Montreal
COST: Individuals: $175, Corporate Tables for Ten: $2000 (includes signage)

2nd annual John Crispo Forum on Public Policy
November 27, 2003, 5:00-7:30pm
TOPIC: "Free Trade With the U.S.: At What Cost?"
DISCUSSANTS: TBA
CLOSING REMARKS: **John Crispo** (BCom' 56), Former Dean and Professor Emeritus of Political Economy and Industrial Relations, Rotman School; Author, *Rebel Without a Pause: Memoirs of a Canadian Maverick* (Warwick Publishing, 2002 with Marion E. Raycheba)
COST: $99 - ROTMAN ALUMNI COST: $79

JAN

Managing Unexpected Health Crises: Lessons for the Future from SARS
January 19-20, 2004, 8:00am-5:00pm
A Conference for Health Care Leaders
COST: $999 - ROTMAN ALUMNI COST: $799

Leader to Leader Seminar
January 28, 2004, 7:30-9:00am
For Senior Corporate Officers and Directors
CO-SPONSORS: Rotman School, Canadian Coalition for Good Governance
SPEAKER: **Brian Levitt** (B.A.Sc. '69, LL.B. '73), Partner, Osler, Hoskin & Harcourt LLP; former President and CEO, Imasco Limited; Corporate Director, BCE Inc., Bell Globemedia Inc., Domtar Inc.
TOPIC: TBA
COST: $300 - ROTMAN ALUMNI COST: $240

Live@Rotman:Jim Collins
January 28, 2004, 9:00am - noon
TOPIC: "Good to Great: Why Some Companies Make the Leap… and Others Don't" (HarperBusiness, 2001)
SPEAKER: **Jim Collins**, Consultant; Co-Author, *Built to Last: Successful Habits of Visionary Companies* (HarperBusiness 1994); **Author, Good to Great**
COST: $99 - ROTMAN ALUMNI COST: $79

14th Annual Rotman MBA Business Conference
January 29, 2004, 8:00 am-4:30 pm
TOPIC: "The Canada-U.S. Relationship: Envisioning a New Generation of Business"
COST: $200 - ROTMAN ALUMNI COST: $175

9th annual

Rotman Distinguished Business Alumni Award Tribute

Thursday, October 16, 2003
6:30-10:00pm

Fleck Atrium (Ground Foor)

HONOUREE: Bill Downe (MBA '78), Deputy Chair, BMO Financial Group and CEO, BMO Nesbitt Burns Investment Banking

EVENT SPONSORS: *The Globe and Mail, Report on Business Magazine*

COST: Individuals: $300, Corporate Tables for Ten: $3500 (includes signage)

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Proceeds will be invested in our Dean's Vision Fund and directed to the School's most pressing needs.

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