The Drivetrain of Sustainability
POWERING INNOVATION IN CLEAN TECH
Like the savvy investors who were buying when the Dow dipped below 6,500 last March, I took a calculated risk last year. I came to California at a time when many feared the state still had a long way to fall. I believed then, and am even more confident now, that the California Dream is poised for yet another resurgence.

I came to California from afar—from London after earlier stops in Houston, upstate New York, Chicago and Manhattan. So I bring an outsider’s perspective on the state, its many blessings and its seemingly unlimited potential. In years past, I have watched California re-invent its way out of economic slumps and prolonged periods of anxious introspection. I believe that is about to happen again.

This time, as dean of the UC Davis Graduate School of Management, I hope to participate in what many expect to be the next big chapter of the California Dream, an economy rekindled and then stoked by the new clean technology economy.

It’s easy to understand why some might still be selling the state short. California’s chronic, multibillion-dollar budget shortfall has returned. Double-digit unemployment still exceeds the national rate.

At the University of California, we are using the financial challenges to re-examine what we do and how we do it. After two years of deep cuts, we also have been encouraged by Gov. Arnold Schwarzenegger’s new jobs initiative and his proposal to boost funding for higher education.

But the state’s economic and political troubles historically have been little more than an annoying distraction to the entrepreneurial spirit that created Silicon Valley and spawned household names like Hewlett Packard, Apple, Genentech, Intel, eBay, Google, YouTube, Facebook and Twitter.

Once again there is unmistakable evidence that the innovative passions that made the state a global leader in high technology, biotechnology and clean technology have convinced a lot of smart money that it’s time to start investing in California again. More than $8.8 billion in venture capital poured into California last year. That’s more than half the national total. Silicon Valley alone attracted $6.9 billion, funding more than 860 deals in 2009.

A growing share of those big wagers are being placed on clean technology breakthroughs and approaches that promise to make energy use, generation and storage, as well as other necessities of life, environmentally responsible and sustainable.

California also has an entrenched advantage in human capital, a population more diverse, more tolerant and—perhaps as a result—more willing to take risks on the long shots that can fail badly or succeed wildly.

Now—given California’s unique status as something of a nation-state, with the world’s eighth largest economy—I believe the technology taking shape in labs, fields and classrooms up and down the state, especially on the Interstate-80 corridor linking San Francisco, Davis and Sacramento, could well drive a global recovery from the worst recession since the Great Depression.

On the clean-tech frontier, UC Davis is internationally renowned for its research strengths in energy, the environment, health and nutrition (to name a few), and has the expertise and the opportunity to contribute solutions to many of the world’s challenges. Those solutions depend on our ability to move ideas out of our labs and into policy and the market. As you’ll read in this issue of the Innovator, the Graduate School of Management plays a critical role in developing the entrepreneurial talent and networks needed to accomplish that.

So, when I see reports and hear talk of the California Dream’s demise, I have to wonder: Is it an expression of sympathy for our plight, or is it a signal that investors, who made a lot of money betting on earlier Golden State rushes, are about to prosper again?
The Drivetrain of Sustainability

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Dean Steven Currall sees much greater potential to harness the university’s research horsepower, put it into high gear and accelerate it to market. “The business school is the drivetrain, transforming the power of the engine,” he says, “which makes the Graduate School of Management an important colleague with science and engineering.”

Chancellor Linda Katehi has called for a campus-wide sustainability initiative, taking shape this year, that will have a strong emphasis on entrepreneurship and improving tech transfer. “We are the leaders in this area, and it is time for us to claim it,” Katehi said during her State of the Campus address in March.

The university has partnered with the Sacramento Area Regional Technology Alliance to win a state designation for the capital region as one of six “Innovation Hubs” in California, focused on collaboration to encourage entrepreneurial job creation and economic development in the clean-tech and medical technology sectors. Sacramento already ranks among the top U.S. metro areas in green tech, based on jobs, investment activity and other factors, according to Clean Edge, Inc.

UC Davis will build on an array of programs and initiatives that already have helped jumpstart clean-tech ventures, plugged students and alumni into networks of clean-tech experts and financiers, and changed the way innovations move from the test bench to the marketplace.

The Graduate School of Management’s pioneering approaches to technology management and entrepreneurship education have gained international attention. More and more MBA students say the opportunities to collaborate with researchers, venture capitalists and experienced entrepreneurs—as well as executives from top corporations—are a major draw.

Initiatives already in place include:
• The UC Davis Center for Entrepreneurship (C4E), a Center of Excellence at the GSM, is focused on helping scientists and engineers commercialize their research and launch ventures based on their
work. Among its offerings are one-week Entrepreneurship Academies attended by researchers from around the world, and a Business Development program that teams MBA students with engineers and scientists. The center was created in 2005 as an outgrowth of a course taught by Professor Andrew Hargadon, UC Davis alumnus and serial entrepreneur Charles Soderquist and venture capitalist Scott Lenet of DFJ Frontier. The center will benefit from a recent $2 million bequest from Soderquist’s estate for entrepreneurship studies (see page 24).

- The Big Bang! Business Plan Competition, organized by UC Davis MBA students and now in its tenth year, has become a springboard for clean-tech start-ups, which have been among the finalists and winners of the competition.

- The UC Davis Energy Efficiency Center (EEC), formed in 2006 with a $1 million challenge grant from the California Clean Energy Fund, is focused exclusively on commercialization. Headed by GSM alumnus Ben Finkelor ’04, the center works with utilities, regulators, industry (including major corporate sponsors such as Chevron, Pacific Gas & Electric and Wal-Mart) and UC Davis technology hubs such as the California Lighting Technology Center and the Western Cooling Efficiency Center.

- The UC Davis MBA Consulting Center, opened in 2005, has teamed students to tackle clean-tech related projects for clients such as Pacific Gas & Electric (PG&e), SAP Labs, SolarCity, Solaicx and SynapSense (a UC Davis spin-off).

The Graduate School of Management’s web of networks bridging science and business have helped launch ventures such as energy-management companies SynapSense and Octus Energy; automotive fuels start-up GreenTech Biofuels; nanotechnology-based photovoltaic cell developer Bloo Solar; and the novel approaches to treating wastewater being developed by UltraV and Micromidas.

‘The Next Industrial Wave’

“Clean tech and sustainability is the next industrial wave, much like information technology was in the ’80s and ’90s,” Currall says, adding that UC Davis has an unparalleled depth of research from agriculture to energy to medicine to engineering to create the swells and ride the wave alongside Stanford and UC Berkeley.

But unlike information technology, the commercial development of clean tech will be more closely tied to government standards, regulation and grants. The university and the Graduate School of Management have deep connections to the nearby state capital that give UC Davis an edge, Currall says.

“They are taking a page out of the Stanford playbook and applying it in areas where they arguably have leadership—the green space,” says Tony Espinosa, a GSM and Stanford alumnus who while CEO of HID Labs, Inc. tapped the expertise and linkages at UC Davis—including Hargadon and the California Lighting Technology Center—to advance the company’s more energy-efficient, high-intensity discharge lighting. “It helped us get off the ground faster,” Espinosa says.

From his vantage point as founding director of both the Center for Entrepreneurship and the Energy Efficiency Center, Hargadon primes the entrepreneurial pumps and preaches the value of community in launching science-based businesses, putting him at the nexus of innovation at UC Davis.

(continued on page 4)
That’s one of the key strengths of the EEC, Hargadon says. “It’s built a network between the venture capitalists, angel investors, Chevron, Wal-Mart, the Public Utilities Commission, the utilities…. When efficiency technologies come in, we can go to a Wal-Mart and say, ‘What do you need to make this work for you?’” Hargadon says the free flow of information helps turn a technology into a potential business. “Pretty quickly, we can build a network around ideas that would have taken years in the past.”

Chevron—California’s biggest public company—works closely with the EEC to get a first-hand look at new products and applications it can use internally and offer to its energy retrofit clients. “I think what Davis is doing is unique in a couple of areas,” Chevron’s Chief Technology Officer John McDonald told Fast Company in a feature article about the EEC last May. “Its strong focus on commercialization resonates with us from a business perspective.”

The kind of cross-pollination of ideas from science and the marketplace also buzzes through the C4E’s business development programs and academies, such as the fourth-annual Green Technology Entrepreneurship Academy set for June 28–July 2 in Incline Village, Nev. Researchers from around the world team up to bounce their ideas off faculty, intellectual property lawyers, investors, veteran entrepreneurs and industry executives, addressing questions about the commercial potential of their research like, “What type of business could be built around this?” and “Who are its customers?” and “How big is the market?”

“You make a few of those initial connections and then the entrepreneurs have to run with it,” Hargadon says. “And they have.”

The five-day academies blaze a trail to bring their ideas to reality, says Wil Agatstein, executive director of the C4E. “At the end of the week, we have a dozen investment-ready pitches and another 30 or so that could be investment-ready,” Agatstein says. Some 420 scientists, engineers and business students from universities worldwide have attended the center’s 12 academies so far, and at least 24 companies have been launched or supported, with more in the pipeline.

**MBAs Speed Commercialization**

As new technologies flow at a brisk pace out of labs, UC Davis MBA students play a pivotal role by analyzing markets, investigating tech transfer opportunities and vetting product ideas.

Second-year MBA student Sam Wainer is an emerging venture analyst for the Energy Efficiency Center, where he has been working on a PG&E project involving the California Lighting Technology Center to look at consumer acceptance of the next generation of energy-saving lighting. He’s also developing a process for the Sacramento Municipal Utility District to identify energy-saving innovations most likely to be adopted by consumers and manufacturers. Wainer’s background in consumer products marketing made him a perfect fit for the projects. “Understanding the market is a big part of commercializing technology,” he says.

In the clean-tech space, it’s critical to understand the regulatory environment and the incentives that affect behavior by customers and manufacturers alike. Through the EEC, Ujvalla Gupta, a second-year MBA student, is working with a major California private utility, crafting a road map for its codes and standards program to find ways to encourage more manufacturers and builders to use more energy-efficient technologies. She’s also worked with the California Public Utilities Commission, studying the adoption of energy-efficient lighting technologies.

“After coming here from India and working at the EEC and with faculty, I realized that the GSM is brimming with opportunities and its reputation is growing fast,” says Gupta. “The focus on entrepreneurship and energy efficiency complement the MBA program very well.”

**Clean Water:** With a lab demonstration of his xenon-based technology to clean water by exposing it to ultraviolet light, Bassam Younis, a UC Davis professor of civil and environmental engineering, and GSM alumna Mananya Chansanchai ’09 visit the UC Davis wastewater treatment plant, where they plan to test a prototype of the lamp purification process. Younis says commercializing his technology, which borrows on a method NASA uses to sanitize food in space, never would have gotten off the ground without the help of GSM students, led by Chansanchai, who continues to work with Younis. Incorporated as UltraV, the venture won the $15,000 first place prize in the 2009 Big Bang! Business Plan Competition last May.
For a virtual case study in the power of GSM networking, look no further than Octus Energy.

Davis-based Octus specializes in reducing energy use for its clients by applying an array of tools and approaches, from lighting and HVAC retrofits to smart energy automation and creative project financing. “We try to cut a building’s utility bill in half,” says alumnus Chris Soderquist ’98, CEO and president of Octus.

The company recently licensed Wickool, a passive evaporative cooling technology from UC Davis that promises to pay for itself in three years through energy savings. Within five months of the first napkin sketch, Wal-Mart was trying it out atop a West Sacramento store and it’s now installed on a Target retail store’s rooftop air conditioners.

“It wouldn’t have happened without the UC Davis Western Cooling Efficiency Center and without the GSM,” says Soderquist. The company has a distinct Davis flavor to it. “We have five GSM grads out of seven people at the company… because of our networks.”

On top of that, several of the GSM connections also have been—or still are—involved in other local start-ups that grew out of the Big Bang! or other university programs. “The greatest untapped asset the GSM has is its alumni and their networks,” Soderquist says.

Also on the Octus team is GSM alumna John Argo ’04, who is director of energy projects. He entered the Big Bang! competition in January 2005, teaming with UC Davis Professor Pieter Stroeve and researcher Ruxandra Vidu. They took second place with their development of ultra-efficient solar power panels based on nanotechnology. The resulting West Sacramento company, known as Q1 NanoSystems and later as Bloo Solar, has an exclusive license for the UC Davis technology and is working with a partner to commercialize it.

“Our first invitation from venture capitalists [to discuss financing] came as a result of Big Bang!,” Argo says. At the beginning he “didn’t have any of the contacts that were necessary to succeed in an entrepreneurial enterprise…. By mid-summer [2005] I had a complete network.”

Another Octus team member, who also worked with Argo at Bloo, is Mananya Chansanchai, a 2009 GSM graduate. She was an emerging venture analyst at the EEC and worked with engineering Professor Bassam Younis, Elisabetta Lambertini, Yong Kim and James Bui on a wastewater treatment system using ultraviolet light. The team won the 2009 Big Bang! Business Plan Competition and formed UltraV, which is working to license the technology and develop a prototype to test at the UC Davis wastewater treatment plant. “The whole point of the Big Bang! is to get technology out into the market,” Chansanchai says.

Soderquist sees UC Davis as rich in the expertise, technologies, networks and relationships needed to become a hotbed for clean tech. And Dean Currall notes that a reputation for world-class science and connections with government will attract more financial and social capital to seed start-ups.

“It would be difficult to argue,” Soderquist says, “that there’s a better place to build a company in the clean-tech area… than Davis.”

Team Octus: Atop the UC Davis Western Cooling Center with a small-scale example of Wickool—a passive evaporative cooling technology for commercial rooftop HVAC units licensed from the university—are members of Davis-based start-up Octus Energy. Several are GSM alumni: (from left) George Ecker, CFO and director; John Walter ’92, senior manager, smart energy products; John Argo ’04, director, energy projects and finance; Mananya Chansanchai ’09, energy services program manager; and Chris Soderquist ’98, president, CEO and director. “We try to cut a building’s utility bill in half,” Soderquist says of the company’s approach, which includes energy-efficient lighting, HVAC retrofits, smart-energy automation and creative project financing.
The Role of Venture Capital in Green-Tech Innovation

Everyone is clamoring these days for a revolution in the ways we produce and consume energy. Policy makers guided by existing models of what drives innovation are investing billions in this pursuit. But, if these models are wrong for the green-tech sector, their actions will cause more harm than good. Venture capital financing has become a guiding archetype for the Obama Administration and the U.S. Department of Energy (DOE).

Venture capitalists work closely with start-ups bringing new technologies like personal computers, medical products and Internet businesses to market. Google, Genentech, Intel, Cisco and others were funded this way, and it’s natural for the federal government to look toward venture capital to identify and invest in new ventures. And they have—with large loan guarantees to VC-backed start-ups like electric car manufacturers Tesla ($365 million) and Fisker ($528 million) and solar manufacturer Solyndra ($535 million). The loans will not be recouped if the venture fails.

These investments are being guided by former venture capitalists now working closely with, or for, the DOE, which has more than $50 billion in loan guarantee authority to advance nuclear, clean coal, advanced renewable and energy-efficiency technologies.

Green Technology ECO:nomics

Green technology is defined primarily by its benefits over what it’s replacing—existing technologies embedded within the infrastructures of large, well-established markets like automobiles, energy, residential and commercial buildings.

By their very nature, however, many of these markets don’t meet the criteria for effective—and profitable—venture investing. Why? Because venture capital does well when three closely related market conditions are present:

1) Objective evidence of a large and fast-growing market

Venture capital is usually linked with companies that launch whole new markets but, in fact, VC-funded companies do well when new markets grow big, not when they first emerge.

The best markets for green technology are already large, mature and growing relatively slowly. Together with the extensive regulation of these industries, this makes it extremely difficult for innovations to take root. The global energy supply market grew just 3 percent last year—a far cry from what the information technology markets experienced in their heyday—yet new wind and photovoltaic solar power accounted for only 8 percent and 0.5 percent, respectively, of that new growth.

2) Strategic benefits from scaling quickly

Simply put, if venture capital investments can’t enable a company to grow faster or reach the market sooner than its competitors, then there is little advantage to investing in it.
Because many green technologies look to displace expensive and established infrastructure, customers are extremely reluctant to experiment with new and unproven technologies. As a result, many small companies are forced to either wait until the technology matures or partner with larger firms like General Electric, Chevron or Cisco, to reduce the risk to buyers.

3) Large and rapid payoffs
Venture capital makes money when its start-ups “exit,” either by going public or being acquired. And it must happen fairly quickly—within five to seven years for the venture fund to be successful. Winning bets also must return 10 to 20 times their investment to offset a fund’s failed deals.

But few green-technology companies will emerge to generate tremendous wealth quick enough to make venture capital investing successful. The energy, transportation and construction markets, for example, are slow to turn over their machines, equipment and infrastructure, and even more reluctant to experiment with new technologies and the small companies that introduce them.

In short, venture capital has worked extremely well in supporting innovation in markets and moments of relatively sudden and rapid market growth, where small companies quickly scale with that growth, and there are large and rapid pay-offs for those that survive.

But if policy makers blindly apply this model to green technology, they run the risk of wasting money and, perhaps more importantly, undermining the ways innovation moves forward in more traditional industries.

Investing in Start-up Social Networks
Does this mean we should we abandon investing in green technology? Absolutely not. We just need to invest wisely. The energy sector is vastly different from the open information technology markets where venture capital flourished. It’s shaped by a century of regulatory policies and industrial coordination that happens in ways entrepreneurs can barely see, let alone access.

The best investments will come from reshaping this landscape—through open and consistent regulatory policies that enable new business models to take shape; from providing access to industry partners and regulators that share knowledge and build partnerships; and from developing the niche markets where innovations traditionally emerge and grow.

New institutions are emerging to provide new clean-technology start-ups with support that money can’t buy: the knowledge and social networks they need to make a difference.

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—PROFESSOR ANDREW HARGADON
Faculty Director and Founder, UC Davis Center for Entrepreneurship

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New institutions are emerging to provide new clean-technology start-ups with support that money can’t buy: the knowledge and social networks they need to make a difference. At UC Davis, our Center for Entrepreneurship and Energy Efficiency Center are plugging scientists and engineers and new ventures based on their research into extensive networks of investors, industry executives and new ventures based on their research into extensive networks of investors, industry executives and regulators to make connections that might otherwise take years to develop.

As the Department of Energy continues to invest in green tech and funds its new Energy Hubs with an eye toward commercializing research breakthroughs, it should seriously consider how it will provide emerging ventures with the intellectual and social capital they will need to succeed.

UC Davis Center for Entrepreneurship
>> http://entrepreneurship.ucdavis.edu

UC Davis Energy Efficiency Center
>> http://eec.ucdavis.edu
Former CIA Chief Warns Against Oil Dependency

Former CIA Director R. James Woolsey wants to deal a “body blow” to Middle Eastern oil—or at least make it dull.

“We need to turn oil into salt,” Woolsey said during a January 22 campus talk on renewable energy and energy security as part of the Graduate School of Management’s Dean’s Distinguished Speaker Series.

As Woolsey explained, parallels exist between salt and oil. Until the 20th century, salt was a strategic and prized commodity to preserve food. It was a pillar of civilization—not unlike oil today, which powers transportation systems globally. As late as the 1880s, nations went to war over salt mines.

But it all changed with refrigeration, which led to salt being used almost exclusively for seasoning—not civilization-building. “We need to do that to oil as soon as possible. Make oil boring,” said Woolsey, CIA director from 1993 to 1995.

Beyond the CIA, Woolsey has worked as an attorney, U.S. Army officer, U.S. Senate counsel and negotiator in the Strategic Arms Reduction Talks. His resume includes numerous affiliations with boards, groups and committees in Washington, D.C. Today he is a partner at the Silicon Valley venture-capital firm VantagePoint Venture Partners, which invests in renewable-energy companies.

‘Single-mindedly Focused’

Woolsey is “single-mindedly focused” on complex energy and national security issues. To simplify it all, he speculates about what the ghosts of John Muir, Gen. George Patton and Gandhi would say. In his mind, it seems Muir would have concerns about pollution and the environment, Patton about financing terrorism by buying Middle Eastern oil, and Gandhi about finding a locally self-sufficient energy source for people in all walks of life.

While differences exist among these historical figures, common ground does too, and Woolsey believes a balance must be struck among their perspectives.

Woolsey is an advocate of more solar and wind power and waste-to-energy systems. He is less enthused about nuclear power, as the plants are costly (four times what natural gas plants cost) and susceptible to terrorists. And, building nuclear plants does nothing to reduce U.S. dependence on Middle Eastern oil—nuclear energy is not used as fuel for vehicles.

Woolsey believes that with the political instability in the Middle East—and the fact that almost all oil-producing countries are dictatorships—the U.S. must solve its “oil curse.”

Otherwise, Americans will continue to send money through oil profits to terrorist enemies, said Woolsey. “Never since the Civil War has America financed both sides in a war,” he quipped. “This is not a sound strategy,” and the U.S. must “do something radical about oil.”

Natural Gas, Renewable Energy

Woolsey said it is time to wean ourselves off coal by tilting toward a greater reliance on natural gas, a low-polluting energy source. Just using natural gas in all fleet vehicles and trucks would help cut emissions nationally. “Natural gas is the best option,” he said.

As for energy grid security, the U.S. is in a vulnerable condition, and many other systems—such as water and sewage—depend on electricity. “If the electrical system goes down,” he said, “all the other ones do, too. All three of my ghosts have big worries about electricity.”

Transportation Crossroads

So much depends, Woolsey said, on finding new energy sources for vehicles. Woolsey has visited UC Davis before to meet with engineering Professor Andrew Frank, who is an expert on plug-in hybrid electric vehicles.

“These are not theories,” he said about programs like Frank’s. “These are programs and products coming into the marketplace if we organize them well….We need to change the fuel we drive [with].”

View the video of Woolsey’s talk @
>>> www.gsm.ucdavis.edu/woolsey
Why Aren’t More Commercial Buildings Going Green?

Commercial buildings are energy sinks, second only to transportation as the largest power user. With modest energy efficiency technologies, they could be made 30 percent more efficient—resulting in a 50 to 80 percent savings on their utility bills. The technology is readily available, proven effective and known to those in the commercial construction industry. Yet it is often ignored. Why?

Professor Nicole Biggart presented her research on the topic in her talk “Where are the Green Buildings?” at a seminar for engineering, sociology and transportation scholars hosted by the UC Davis Energy Efficiency Center in February.

Biggart, who has studied and published on the commercial building industry with Associate Professor Thomas Beamish of the UC Davis Sociology Department, explained that constructing a building requires an interlocking network of players with different timelines and tasks to get the project done. Developers, design firms, construction managers and subcontractors each have decisions to make and deadlines to meet in the process. And, most importantly, they all have expectations about the technology and equipment that will be used. This is where industry conventions become critical, Biggart said.

“Everyone involved in a construction project looks for reliability, predictability and established reputations for getting the job done—in other words, they follow conventional practices.” These conventions allow buildings to be completed rapidly and profits realized. “Anything that has the potential to slow the process down, like an unfamiliar technology, is rejected out of hand,” Biggart said.

Buildings are major investments, and part of portfolios that are expected to generate rents for 30 to 50 years. Because developers typically do not occupy the completed building, they do not have a vested interest in whether it is energy efficient. Biggart said the best way to convince the industry to adopt more efficient technologies is through legislation or by lobbying hedge funds to invest in commercial buildings that are energy efficient. “Investor revolt is usually quite effective in getting new standards implemented,” she said.

>> [www.gsm.ucdavis.edu/biggart](http://www.gsm.ucdavis.edu/biggart)

Rethinking Innovation in Clean Tech

In an effort to boost employment, promote cleaner, more sustainable sources of energy, and give the U.S. a global competitive advantage, governors across the nation are looking to implement policies that spur clean-tech innovation.

In February, Professor Andrew Hargadon, faculty director of the UC Davis Center for Entrepreneurship, participated in “Spurring Business Start-ups and Innovation in Clean Technology,” a National Governors’ Association Center for Best Practices webcast co-sponsored by the Kauffman Foundation.

Hargadon outlined the two common assumptions about how innovation happens. With the linear model, innovation occurs through research, development and deployment demonstration. In the ‘great man’ model innovation occurs in a single moment and by a single person. “These models,” Hargadon said, “[have] shaped the way governments invest in entrepreneurship and innovation with an eye toward economic growth.” He said both approaches have proven inadequate in fast-tracking wide market adoption of innovative technologies.

Hargadon made the case for the network model. “Innovation is finding new combinations of old ideas and building a network of people who can fund these new combinations.”

As an invited presenter, moderator and keynote at conferences and industry events worldwide, Hargadon continues to gain international prominence by challenging industry and investors to rethink innovation and energy efficiency.

In October, Hargadon traveled to Qatar (pictured right) for the Connected Speaker Series hosted by ICT Qatar (the Supreme Council of Information and Communication Technology). Addressing nearly 300 attendees, Hargadon shared his insights on networked innovation and how it can be applied to energy efficiency and information and communication technology.

Hargadon served as a moderator at the “Technology Transactions in the Post-Financial Crisis Economy” symposium sponsored by the UC Davis Law School in March. His next stop: the National Collegiate Inventors and Innovators Alliance in San Francisco, where he discussed entrepreneurship and teaching entrepreneurship programs.

>> [http://entrepreneurship.ucdavis.edu/hargadon](http://entrepreneurship.ucdavis.edu/hargadon)
A Blueprint for Entrepreneurial Success

High-tech start-ups, especially those in the energy sector and clean tech—and researchers who want to move their ideas from the lab to the market—have a valuable new resource.

Technology Ventures: From Idea to Enterprise (McGraw-Hill, 2010), by Professor Emeritus Richard Dorf and co-authors Professor Tom Byers of the Stanford Technology Ventures Program and Professor Andrew Nelson of the Lundquist College of Business at University of Oregon, is a newly revised, 700-page guide for analyzing opportunities and building new, high-growth enterprises.

The book has won praise from Silicon Valley executives, venture capitalists and veteran entrepreneurs. “Byers, Dorf and Nelson have given literally every potential entrepreneur a proven blueprint for success,” wrote Scott Kriens, chairman and former CEO of Juniper Networks.

The third edition draws on the latest academic research and practitioner insights. Dorf and his colleagues integrate a clear theoretical framework with action-oriented examples, up-to-date exercises, an expanded, user-friendly index and connected web content. University technology commercialization is also addressed. “We emphasize clean tech, environmentally friendly products and other sustainable business practices,” explained Dorf.

Renowned Silicon Valley venture capitalist John Doerr, partner at Kleiner Perkins Caufield and Byers, also endorsed the book. “Green technologies could be the biggest opportunity of the 21st century. Technology Ventures is an indispensable guidebook for everyone who cares about new ventures,” wrote Doerr.

> http://techventures.stanford.edu

Assistant Professors Greta Hsu and Victor Stango have received tenure and will be promoted to associate professor effective this summer.

Hsu joined the School in 2004 after earning her Ph.D. in organizational behavior from Stanford University, where she also earned her M.S. in statistics and an M.A. and B.A. in sociology. Her research has examined the impact of critics’ conceptions of quality on producers’ pricing decisions in the wine industry, genre spanning in the film industry, and patterns in perceptions of organizational identity. Her recent work, “Multiple Category Membership in Markets: An Integrative Theory and Two Empirical Tests,” was published in the American Sociological Review. Hsu is associate editor of Management Science and serves on the editorial review boards of Organization Science, Administrative Science Quarterly, and Academy of Management Review. “Greta’s course on ‘Organizational Structure and Strategy’ has been well received, and she has been an active contributor to the School since she arrived,” said Dean Currall.

Returning to UC Davis where he earned his Ph.D. in economics in 1996, Stango joined the School two years ago from the Tuck School of Business at Dartmouth College, where he was an associate professor. Stango has extensive experience in economic policy as a senior economist at the Federal Reserve Bank of Chicago, where he is a consulting economist, and as a visiting senior economist at the Federal Reserve Bank of New York. A research economist for the National Bureau of Economic Research, Stango also is an associate editor of the International Journal of Industrial Organization. He teaches the core MBA course “Markets and the Firm.”

Stango’s research interests focus on consumer and firm behavior in banking markets with an emphasis on fostering sound public policy. Two recent studies co-authored with Associate Professor Jon Zinman of Dartmouth were accepted by top-tier journals: “Fuzzy Math, Disclosure Regulation and Credit Market Outcomes: Evidence from Truth in Lending Reform,” forthcoming in the Review of Financial Studies; and “Exponential Growth Bias and Household Finance” published in the December 2009 Journal of Finance. “Victor is an extraordinarily productive researcher with global visibility,” said Dean Currall.

In December, Stango teamed with UC Davis economics Associate Professor Chris Knittel on a high-profile study showing that shareholders of Tiger Woods’ sponsors collectively lost up to $12 billion in the wake of the golfer’s infidelity scandal (see page 14).

>> www.gsm.ucdavis.edu/hsu

>> www.gsm.ucdavis.edu/stango
Having grown steadily over the past three decades, private equity funds worldwide today manage $1 trillion in capital raised from retail, individual and institutional investors. They play an increasingly important role as financial intermediaries in addition to their significant day-to-day involvement as company board members and advisors. Yet relatively little is known about the industrial organization of these various funds.

In fact, the private equity market hit a wall last year. According to Dow Jones, U.S. private equity fund-raising closed out its worst year since 2003, with 331 funds raising $95.8 billion in 2009. That's down 68 percent from the $300 billion raised by 508 funds in 2008.

Against this backdrop, Assistant Professor Ayako Yasuda and Professor Andrew Metrick of the Yale School of Management teamed up to identify and differentiate the economic characteristics of private equity sectors as an important indication of how the funds may perform for investors and fund managers.

In “The Economics of Private Equity Funds,” forthcoming in the Review of Financial Studies, Yasuda and Metrick used data from a large investor who considered investing in 238 private equity funds raised between 1993 and 2006. Yasuda and Metrick developed an innovative model that estimates the expected revenues fund managers would obtain as a function of fee and profit-sharing rules. They then estimated how revenues vary across sample funds; these revenue variations allowed them to identify differences between types of funds, such as venture capital (VC) and buyout (BO) funds.

“VCs and BOs have similar fund structures, but our data show that their economic models are very different,” Yasuda explained.

One distinguishing feature is scalability. According to Yasuda's findings, venture capital investments are consolidated into small firms with typical valuation in the tens of millions. Venture capitalists hold investments in high-growth start-ups until they mature to have an exit value of $150 million to $200 million or more. In contrast, once a buyout fund manager is successful in handling $100 million companies, they may apply those same skills to managing $1 billion companies. In short, venture capitalists add value to small companies while buyout fund managers add value to larger companies, making their funds more scalable. The result: buyout fund managers generally earn more revenue because they are able to build on their experience by increasing the size of their funds faster.

“Successful BO funds grow faster than successful VC funds, meaning that access to the top VC funds is more difficult for investors than access to the top BO funds,” Yasuda said. Her research is a first step in categorizing the differences and bringing to light how these private equity investments function.

Yasuda has presented these findings at the Amsterdam Business School, Cornell University, MIT, Princeton University, Stanford University, Tuck at Dartmouth College, USC and The Wharton School at the University of Pennsylvania. She also has presented on the topic at the Conference on Private Equity at the University of Chicago; the Entrepreneurship, Venture Capital and Initial Public Offerings Conference at Harvard Business School; the National Bureau of Economic Research in Cambridge, Mass.; The Institute for Financial Research's Conference on the Economics of Private Equity Market in Stockholm; the Federal Reserve Bank of San Francisco's Center for the Study of Innovation and Productivity symposium on private equity; and the European Financial Management Association's annual meeting in Madrid.

>> http://ayakoyasuda.com
Not All Retailers Are Sold on Group Buying

To group, or not to group: That’s the question for retailers considering the strategy of cooperative buying. Despite lower wholesale prices, retailers may not always benefit from pooling their purchasing power, especially when they are competing with each other, according to Assistant Professor Rachel Chen.

Certainly, Chen says, competition may not be a concern for retailers with similar market bases and operational efficiencies. “Homogeneous retailers should always participate in cooperative buying, even if they are competitors,” Chen explains. “This is consistent with the observation that co-op members are often of similar sizes and interests.”

In practice, retailers frequently face the opportunity of group purchase. WorldWide Retailer Exchange, the premier integrated worldwide exchange community, promotes the idea among its members, who are mostly large retailers (e.g., Kroger, Safeway, CVS, Walgreens). In Europe, purchasing consortia are well established for the retail sector. In the U.S. and Canada, for example, with the majority of furniture coming from overseas, independent retailers who do not get on board with a buying group often find themselves having a hard time surviving.

However, not all retailers are sold on group buying. While this can be explained by coordination efforts or purchase timing required to join in, Chen shows that competition between retailers could also deter cooperation. Her research, believed to be the first that studies group buying in a distribution channel, offers another possible explanation of why some retailers may not join group purchases.

“We found that if the asymmetry level between two retailers is high, cooperation in purchasing can be detrimental to the larger [or more efficient] one,” explained Chen, who recommends that retailers that are different from the competitors should look closely at the competition level and negotiate a relationship that will allow them to benefit from joint purchasing.

Chen teamed up with visiting Ph.D. student Paolo Roma from the University of Palermo, Italy, to research whether cooperative buying always produces benefit for retailers. Their work, “Group Buying of Competing Retailers,” is forthcoming in the journal Production & Operation Management.

How Marketers Can Best Prepare for Black Swans

A spontaneous acceleration problem led Toyota to recall eight million cars globally and suspend sales of several models in November 2009 and in January. Then, in February, reports surfaced of faulty brakes on the Prius hybrid. The defects have battered Toyota's reputation, resulting in huge losses and sinking consumer confidence.

Professor Prasad Naik and Assistant Professor Olivier Rubel have analyzed how companies and their marketing managers can prepare for a potential product crisis—and demonstrated that there is an optimal course of action for incorporating risk into the allocation of marketing resources.

“Product crises are rare, but when they happen they can be devastating to a firm’s brand equity,” explained Rubel. “These should be seen as ‘black swan’ scenarios—always expect the unexpected.”

Using empirical data, Naik and Rubel developed a dynamic model of sales growth that assumes a crisis will occur at random times in the future.

“Some marketing scholars argue that companies should spend more money and build brand loyalty before any crisis occurs; this acts as a buffer to declining profits following a crisis,” said Naik. “Others argue that a portion of advertising budgets should be set aside in case a crisis does occur.”

Naik and Rubel’s research supports saving for the rainy day. Using the 2000 Ford Explorer rollover problem as an example, they show that Ford’s baseline sales dropped 65 percent immediately following the crisis, which cost the company $3.5 billion. Ad money spent before the crisis was less effective in maintaining sales afterwards, when profits sank. Naik and Rubel said companies are better served by spending less on building brand loyalty up front and maintaining a reserve for post-crisis advertising. “Think of it as insurance against the possible damage,” said Rubel. Further, ad spending after a crisis is more effective in building brand interest than before a crisis.

In a March 8, Los Angeles Times article (“Toyota Attacks Claim of Defect Found in Electronics”), Rubel said Toyota should concentrate on winning back consumers’ trust.

Naik has presented this research at the Yale School of Management, University of Virginia’s Darden School of Business and UCLA’s Anderson School of Management.

>> www.gsm.ucdavis.edu/naik
>> www.gsm.ucdavis.edu/rubel
Dean Steven C. Currall has appointed Professor Michael Maher as the associate dean for academic affairs and Professor Hemant Bhargava as the associate dean for instructional programs. Both will start their new positions on July 1.

“Hemant and Michael are deeply respected by both faculty and staff members,” Currall said in announcing the appointments. “The School will benefit greatly from their wisdom, good judgment and commitment to our future success. I look forward to working together with them to chart an ambitious plan for development of the GSM.”

Bhargava will take the helm for instructional programs from Professor David Woodruff, developing programs, managing resources and ensuring that instructional needs are met. Maher will follow Professor Donald Palmer to manage all academic matters, including faculty merits and promotions, personnel processes and hiring.

Woodruff and Palmer served three-year terms, which will end in June, and both will return to the faculty to pursue their ongoing research and teaching activities. Currall praised them for their unselfish and outstanding service to the School, and for helping ease his own transition.

“Since I came on board as dean last summer, both Don and David have been deeply supportive of me personally as I learned the GSM and UC Davis culture,” Currall said. “They have been invaluable in providing sagacious advice about GSM and UC Davis policies and operations.”

As head of academic affairs, Maher brings more than 20 years experience in higher education as an educator, an internationally renowned researcher and high-level administrator. He previously served as dean of the Graduate School of Management from 1988–1989, as associate dean from 1996–1999 and as a member on the academic senate committee on academic personnel for the campus from 2002–2005.

“Given my institutional knowledge, I think that I am in a great position to assist our faculty in navigating the UC Davis promotion process and providing guidance to junior faculty on strategizing for their careers as UC professors,” Maher said. “I want the GSM to continue being a comfortable place for young scholars.”

Maher also hopes to promote a more flexible research and teaching environment, and change a merit system that penalizes rather than rewards faculty for entrepreneurial activities such as securing external funding or developing centers that are beneficial to the university.

Bhargava joined the GSM in 2003 as a full professor and holds a secondary appointment in the UC Davis Computer Science Department. From 2006–2008, he was the faculty chair on the GSM Executive Committee, representing the faculty’s perspectives to the dean.

Bhargava said he will approach his new position with a unique perspective based on his research and expertise in operations and information systems.

“I am excited to apply my knowledge and experiences to the many changes that the School will face over the next five years,” he said. “The associate dean for instructional programs has to ensure that supply—courses offered—and demand—students wanting to take courses—are both met efficiently and seamlessly.”

“Hemant and Michael are deeply respected by both faculty and staff members. The School will benefit greatly from their wisdom, good judgment and commitment to our future success. I look forward to working together with them to chart an ambitious plan for development of the GSM.”

— DeAN Steven Currall
Study Shows Tiger Woods Scandal Cost Shareholders up to $12 Billion
Investors in Golfer’s Sponsors Felt Financial Fallout

Shareholders of Nike, Gatorade and other Tiger Woods sponsors lost a collective $5 billion to $12 billion in the wake of the infidelity scandal that engulfed the world’s No. 1 golfer, according to a UC Davis study released just a few weeks after Woods’ fall from grace amid a tornado of media coverage.

The stock losses are separate from—and potentially much larger than—damage to Woods’ own earnings.

“Total shareholder losses may exceed several decades’ worth of Tiger Woods’ personal endorsement income,” said study co-author Victor Stango, an assistant professor of economics at the Graduate School of Management.

With UC Davis Associate Professor of Economics Christopher Knittel, Stango looked at stock market returns for the 13 trading days that fell between November 27, 2009, the date of the car crash that ignited the Woods scandal, and December 17, 2009, a week after the golf great announced his indefinite leave from the sport.

To estimate the damage to the market value of Woods’ main sponsors, Knittel and Stango compared returns for each company during this period to those of both the total stock market and of each sponsor’s closest competitor. They also reviewed returns for four years before the car accident to determine how each sponsor’s market performance normally correlates with that of the total market and of competitor firms.

NEARLY $1 BILLION A DAY IN LOSSES
The study looked at eight sponsors for which stock prices were available: Accenture; AT&T; Tiger Woods PGA Tour Golf (Electronic Arts); Gillette (Proctor & Gamble); Nike; Gatorade (PepsiCo); TLC Laser Eye Centers; and Golf Digest (Conde Nast). Overall, Stango and Knittel concluded that the scandal drove down shareholder value in the sponsor companies by 2.3 percent, or about $12 billion.

“This pattern of losses is unlikely to stem from ordinary day-to-day variation in their stock prices,” the researchers wrote.

Investors in the three sports-related companies (Tiger Woods PGA Tour Golf, Gatorade and Nike) fared the worst. They experienced a 4.3-percent scandal-generated drop in stock value, equivalent to about $6 billion. On the other hand, Accenture, a global management consulting firm, experienced no ill effects following the accident.

“Economic theory would predict this,” Knittel explained. “For Tiger Woods, having a firm like Accenture as a sponsor probably
does not enhance the overall value of the Tiger brand very much, giving Woods a lot of bargaining power when negotiating that deal. If the company therefore ends up paying Woods something close to its extra profit from his endorsement, it isn’t much worse off without him than with him.

“However, Nike and other premier sports-related sponsors are special for an athlete like Tiger Woods. They are themselves powerful brands that add value to Tiger’s brand and create other financial opportunities for him. This gives a premier sports sponsor the bargaining power to capture some of the profits generated by an endorsement deal with Woods—with that the Tiger brand is tarnished, those profits may decline. Our study measures that decline.”

The pace of losses had slowed by December 11, the day Woods announced his leave from golf, Knittel and Stango found. But as late as December 17, shareholders had yet to reverse their losses.

“Our findings speak to a larger question of general interest in the business and academic communities: Does celebrity sponsorship have any impact on a firm’s bottom line?” Stango said. “Our analysis makes clear that while having a celebrity of Tiger Woods’ stature as an endorser has undeniable upside, the downside risk is substantial, too.”

MEDIA SPOTLIGHT SHINES ON STUDY

Fueled by the mainstream media and tabloid frenzy over the Woods scandal, Knittel and Stango’s study quickly made headlines worldwide, from stories, commentary and blogs by The New York Times, The Wall Street Journal and Reuters to coverage in Australia and Malaysia. Stango appeared on ABC News’ “Good Morning America” and Fox News, while Knittel was interviewed by CNBC and NPR. The intense international interest prompted a flood of comments about their findings—and a healthy dose of skepticism.

“Ordinarily when one writes an academic paper, it’s incredibly hard to get others to read it and provide criticism. To put it mildly, we didn’t have that problem,” Stango said. “We received tons of feedback almost instantly from columnists, readers and other academics—some of it positive, some of it negative,” he said. “Our primary results held up to that scrutiny, and in the process we received a lot of constructive comments that will improve the paper.”

BRAND REBOOT: REHABILITATING IMAGE

Before the scandal, Woods stood as a king of Madison Avenue, earning about $100 million a year in endorsement income, more than any other athlete. But as revelations of his extramarital affairs emerged, Gatorade (PepsiCo), AT&T and Accenture ended their relationships with the embattled golfer.

After a five-month hiatus and following a staged press conference in which he publicly apologized to his family and fans for his behavior, Woods returned to golf at the Masters tournament on April 8, finishing tied for fourth. His comeback gave CBS its highest ratings for the event in nine years.

And Woods wasn’t completely abandoned. The sponsors that lay low and stuck by him immediately put plans into play to profit from his comeback. Among the campaigns: Electronic Arts rolled out a new browser-based version of its Tiger-themed video game.

The real question now, Stango said, isn’t whether Woods’ reputation and value as a corporate ambassador will recover. “It almost certainly will,” he predicts. “But at what cost? The stakeholders in his brand may have to spend billions of dollars to rehabilitate his image—a re-investment, if you will. This will have cost those stakeholders dearly.”

Download the full study @>> www.gsm.ucdavis.edu/Tiger

View media coverage of the study @>> www.gsm.ucdavis.edu/news2009

“Seven out of the eight firms that we examined lost value relative to the benchmarks that we used after the accident. That’s something that is fairly unlikely to happen just by chance.”

— ASSISTANT PROFESSOR VICTOR STANGO on ABC News’ “Good Morning America,” December 30, 2009
Bullish vs. Bearish Bets
Vexing Valuations Push Stock Prices Up

How are stock prices set when investors disagree about a company’s valuation? The efficient market theory, which assumes that prices accurately reflect all available information, no longer holds water. Recent work in the field of behavioral finance is breaking new ground by using empirical techniques to unveil and understand various cognitive biases of market players.

In her recently published book, *Differences of Opinion in Financial Markets: The Implications for Asset Returns* (VDM Verlag Dr. Müller, November 2009), Assistant Professor Anna Scherbina shows that market prices end up being too high, reflecting more optimistic views. While bullish investors can express their opinions freely by buying the shares of the firms they favor, bearish traders are often prevented from selling due to widespread short-sale constraints.

The bottom line for investors: Stay away from stocks in which there is much disagreement about valuation and there are signs that negative information is being withheld by securities analysts.
**Q Innovator:** While it is quite clear how stock prices are formed when all investors agree on the firm valuation, what happens when investors disagree?

**A Anna Scherbina:** In the classical view of finance, if half of all investors believe that a stock price should be $10 per share and the other half believes it should be $30 per share, then the market price will be set at $20 per share. Investors would learn from each other, revise their beliefs and converge to a common valuation. But this is not exactly how the market works.

In reality, when investors disagree on a firm’s valuation, there is a high likelihood that the market price will be set somewhere above $20. In other words, prices end up being too high relative to the average investor’s valuation.

Why? It turns out that it is not always easy for pessimistic investors to trade on their views. These investors believe that the firm is overpriced and would like to sell the stock. However, if they do not already own the stock, they would need to sell it short, meaning that they have to borrow the shares from another investor who owns them in order to sell. In the future, they will have to buy the shares that they owe at the prices prevailing at that time and return them to the original owner. They hope to make a profit on this trade by betting that the current prices are too high and will be lower in the future, allowing them to pocket the price difference. However, this type of trade is both risky and costly.

**Q What are the risks and costs of short selling?**

**A** First of all, it is not guaranteed that prices will go down during the horizon of the trade. If prices go up, the short-seller will lose money. Since, in theory, stock prices could rise infinitely, the possible losses are unlimited.

Second, the original owner may demand that the short-seller return the shares at any time, even before the prices have a chance to go down, and the short-seller may lose money buying the shares back prematurely.

Third, the short-seller will lose interest on the margin account that they need to maintain (often in cash) for the duration of the trade. The interest paid on this account is almost always much lower than what the trader can earn by investing it in Treasury bills.

Finally, if the stock is not owned by large institutions but predominately by individual investors, it might be difficult to find owners to borrow the stock. For all these reasons, short selling is both risky and costly, and pessimistic investors may prefer to stay out of the market rather than express their views by selling the overpriced stock.

Since short-selling costs pose a barrier that prevents pessimistic opinions from getting into the market, other investors may never learn of the existence of negative views and fail to sufficiently revise down their optimistic outlook. Of course, if all investors were perfectly rational, they will take into account the possibility that the bearish investors may be out there but may not act on their beliefs due to the high costs of short selling. Prices could still be correct, on average.

However, these calculations are too complicated for an average investor, who naively thinks the absence of sell orders means there are no negative opinions. As a result, stock prices are set too high and converge down only as negative information about the firm is revealed to the market, forcing the initially bullish investors to adjust down their stock valuations. So, when the levels of investor disagreement are high, future returns tend to be low.

**Q How can disagreement among investors be measured?**

**A** It is difficult to measure the level of investor disagreement directly, but it can be captured from securities analysts’ forecasts. Specifically, when there is a consensus among analysts’ forecasts of a company’s earnings, the range of valuations is likely tight. When these forecasts vary widely, so too does the firm’s valuation. So when many analysts disagree about earnings, it means that there is also a high level of disagreement among investors about the firm value.

**Q Can investors learn about the existence of negative views from securities analysts?**

**A** Even when the bears cannot express their views due to high short-sale costs, the bulls should still be able to learn about the existence of the negative opinions from securities analysts. Surely, some analysts who follow the firm will also be pessimistic and will issue negative reports and recommendations. Yet, as we’ve learned from recent scandals, analysts are typically very reluctant to issue “sell” recommendations. They have very little to gain and a lot to lose by doing so. Most importantly, they may lose potential investment banking deals for their employers, which bring in large profits. Pessimistic analysts prefer saying nothing at all to saying something negative. In more extreme situations, analysts may stop covering the firm. When analysts drop coverage or choose not to issue a new report about a firm, they might be concealing some negative information. In these instances, I found that firms tend to underperform in the future. This result shows that investors fail to sufficiently adjust down their valuations in response to the hidden negative signal associated with analysts keeping quiet about the firm.

**Q What types of events cause investors to disagree more?**

**A** If we can identify these events, we can then also predict future underperformance without having to rely on measures of analyst disagreement. Hypothetically, these types of events should be relatively uncommon and difficult to evaluate in terms of their impact on firm performance.

In an ongoing research project with Andreas Neuhierl of the Institute for Statistics and Mathematical Economics at the University of Augsburg and Bernd Schlusche of the Bonn Graduate School of Economics at the University of Bonn, I am investigating various types of events to see which cause the most confusion to investors. More often than not, such events have a negative effect on value. Examples are FDA approvals or rejections of drugs, successful research outcomes, announcements of product defects, legal problems, and mergers and acquisitions. It remains to be seen whether these types of events can also predict the long-run underperformance.

Assistant Professor Scherbina’s book, Differences of Opinion in Financial Markets: The Implications for Asset Returns, is available on Amazon.com.

>> www.gsm.ucdavis.edu/scherbina
The Sacramento Business Journal recognized UC Davis as the region’s 2009 Developer of the Year for four recently completed major projects, including Gallagher Hall, which will be the first business school in California to meet the LEED® Gold certification standards.

When Paulo Mendes, managing director of agribusiness firm CAF-Cooperativa Agrícola do Funchal, flew in from Portugal to attend the UC Davis Wine Executive Program in March, he checked in as one of the first guests of the new Hyatt Place Hotel at UC Davis.

The long-awaited 75-room, 51,000-square-foot hotel opened its doors March 17 just in time to host Mendes and his fellow attendees at the 10th annual wine program, a four-day executive education course presented by the Graduate School of Management and the Department of Viticulture and Enology. The attendees only had to walk a few steps from the hotel to sessions at the Graduate School of Management’s new home, Gallagher Hall, which opened in September.

Easily seen from the heavily travelled Interstate-80 freeway linking Sacramento and San Francisco, the four-story hotel’s design fits perfectly into the neighborhood. Its earth-toned tile exterior and steel-and-glass façade complement those of Gallagher Hall, the adjacent UC Davis Conference Center and the nearby Mondavi Center for the Performing Arts, all part of an emerging new front door to campus.

The well-appointed hotel has all the amenities geared for business travelers and executive education attendees, including 24-hour food service, a wine and coffee bar, high-speed wireless network, a 1,200-square-foot meeting room, a fitness center, a pool and a 42-inch plasma TV in every room.

The 42,000-square-foot UC Davis Conference Center, which features multiple meeting rooms and a main ballroom that can accommodate up to 420 people, opened in January. It has hosted academic events, the chancellor’s colloquium and dinners. Dean Steven Currall sees much bigger opportunities ahead.

“The opening of the new Hyatt Place Hotel will cement the Gallagher Hall/Conference Center complex as a vibrant hub of activity for corporate recruiters, participants in the School’s executive
UC Davis Foundation Trustees Applaud Gallagher Hall
Top Executives Tour New GSM Building

More than 30 members of the UC Davis Foundation Board of Trustees and top university officials visited Gallagher Hall in February to learn more about the Graduate School of Management’s recently opened home, which is a cornerstone of the new campus gateway.

The trustees were welcomed by Dean Steven Currall, who presented an overview of the School and details about Gallagher Hall, which opened last September. Currall described the building’s pioneering, eco-friendly design that will make it the first business school in California to qualify for Gold standard certification by the U.S. Green Building Council’s Leadership in Environmental and Energy Design (LEED®) program.

The UC Davis Foundation is led by a volunteer fundraising board that helps to raise and increase philanthropy, advocates for the university, and manages a portion of the university’s endowment that provides faculty, student and program support. The foundation board, which includes CEOs, senior executives, financiers and accomplished UC Davis alumni, also advises university leaders in areas related to public trust and support.

After touring the three-story, 40,000-square-foot, state-of-the-art building, foundation board members applauded it as a symbol of the innovation and excellence for which the School’s community is well known.

Trustee Frank Washington, the CEO of Moon Shot Communications and a GSM Dean’s Advisory Council member, described Gallagher Hall as having a “feel of an intellectual and architectural aerie. Yet, its loftiness is one that speaks to a wealth of perspective rather than arrogance,” he said. “That’s achieved by a fusion of ubiquitous light, the openness of common areas, intermingled with monk-like alcoves. The combination creates the feel of a Renaissance for our times.”

Eamonn Dolan, chief investment officer and managing director of C.M. Capital in Palo Alto, said the building will help propel the GSM’s “surge among the ranks of the world’s top business schools.”

“It’s an exceptionally appealing environment to attract top faculty and students,” he said. “The building’s green, high-tech design also enhances UC Davis’ reputation as a leader in innovation and green technology.”

Dolan said the combination of Gallagher Hall, the UC Davis Conference Center and Hyatt Place Hotel will greatly strengthen UC Davis’ appeal as a destination for conferences and executive education. “This should provide revenues to offset potentially reduced state support, allowing the GSM to maintain and strengthen its standard of excellence despite the state’s challenging economic situation.”

education programs, and for the School’s alumni,” said Currall.

“The complex and hotel will serve as a launching pad for the School’s ambitious vision for outreach to the business community.”

Wine Executive Program attendee Rob McNeill is already considering the potential for his company. McNeill, a 1981 UC Davis alumnus in fermentation sciences, is vice president of winemaking and operations for Mumm Napa. He views the new complex as a compelling venue to bring an annual international conference of top executives of Mumm and its parent company, Pernod Ricard Americas, the fourth largest wine group in the world.

“The possibility and opportunity to host such a conference on campus is clear to me—it would be an ideal site,” McNeill said. “Having Gallagher Hall next to the Hyatt, Conference Center and Mondavi Institute for Food and Wine Sciences is a selfish bonus for us.”

Following a presentation by Dean Steven Currall in Gallagher Hall’s Ali Abbaszadeh Lecture Hall, UC Davis Foundation Board members Javad Rahimian ’72 (left) and Roy Shlemon share their impressions of the new building.
In today’s global economy, leaders are faced with challenges and opportunities that have never been more dynamic or complex. They must inspire others—often across continents—in times of great uncertainty and make timely and tough decisions on the fly. Helping executives excel as nimble, effective and responsible leaders—and preparing the next generation to develop these skills—is a top priority of the UC Davis Graduate School of Management.

Professor Kimberly Elsbach is on the forefront with her cutting-edge research and MBA leadership development. In recognition of her internationally renowned scholarship and her initiatives to prepare UC Davis MBA students, Elsbach has been honored as the first recipient of the Stephen G. Newberry Endowed Chair in Leadership.

Newberry, president and CEO of Fremont, Calif.-based Lam Research Corp., praised Elsbach’s appointment. He underscored the value of her insights into situational leadership styles and importance of emotional intelligence versus older models of leadership and influence through positional power.

“I have built my career on situational leadership styles,” said Newberry. “Over time, as an organization develops and matures, leaders need to adapt to the needs of the people in the organization. The real burden is on the leader to be effective by allowing the people to be the most productive they can be.”

Elsbach joined the School’s faculty in 1997 from Emory University, after earning her Ph.D. from Stanford University in 1993. She is a globally visible expert in organizational behavior and organizational identities and reputations, especially images of legitimacy, trustworthiness and creativity. Elsbach this year was named an International Research Fellow at Oxford University’s Centre for Corporate Reputation. Her research is critically acclaimed, including two papers cited by the Academy of Management Journal’s Editorial Review Board among the 17 most influential in organization and management literature from the past century.

“Kim is certainly a world-class scholar and focused on the complex aspects of what goes on in corporations and what corporations have to think about, including issues such as leadership, creativity, sales and social responsibility,” Newberry said. “It takes world-class research to bring forward a perspective to get people to think about these challenges in new and different ways.”

Elsbach teaches these strategies in her core course in organizational behavior, requiring Daytime MBA students to take “The Leadership Challenge,” an online self-awareness leadership assessment tool developed by Jim Kouzes and Barry Posner. Students’ peers, family and colleagues also offer feedback. The result: students learn their strengths and weaknesses, and receive personalized and practical tools to improve how they think and act in diverse situations.

“Chameleon-like Leadership

Over the past decade, Elsbach said, research on the styles and qualities that make a “good leader” have shifted dramatically. Today’s stand-out leaders are “flexible and more chameleon-like” and can adjust and adapt how they lead according to the situation, she said.

“The best leader is not the charismatic leader who can never be anything else. And the best leader is also not the thoughtful, rational, soft-spoken leader who can only do that,” Elsbach explained. “The best leader is the one who can do both of those things in the appropriate circumstance.

“That’s a big change in thinking about leadership,” she noted. “It’s more situational and it’s more conditional. There is not one right way to do it, but there are good strategies depending on circumstances.”

Elsbach teaches these strategies in her core course in organizational behavior, requiring Daytime MBA students to take “The Leadership Challenge,” an online self-awareness leadership assessment tool developed by Jim Kouzes and Barry Posner. Students’ peers, family and colleagues also offer feedback. The result: students learn their strengths and weaknesses, and receive personalized and practical tools to improve how they think and act in diverse situations.

“It’s designed so tomorrow you can go out and change the way that you behave,” Elsbach said. The personalized leadership assessments are reinforced by a series of nine extracurricular leadership skills workshops, which are sponsored by Lam Research (see page 46).

Elsbach said students who took a follow-up leadership appraisal and attended the most leadership workshops have shown the greatest improvement. “The workshops are making a difference,” she said, “and it proves what we are doing in the classroom dovetails very well with our skill development opportunities.”
“Leadership happens every moment of every day. You always have an opportunity to influence what other people do and why they do it by being a role model and by acting in a way that convinces people you are the kind of person they want to follow.”

— PROFESSOR KIMBERLY ELSBACH
Stephen G. Newberry Chair in Leadership

Probing the Perceptions of Leadership

Students also benefit from the research that Elsbach brings to class, including several projects related to leadership. She is working on a leadership section for an organizational behavior textbook to be published by Pearson Prentice Hall that integrates readings, new cases and interactive exercises.

Turning the Harvard case model on its head, Elsbach is writing the cases by combing media articles and company press releases for quotes from the key players to tell the story in their words. “Instead of me interpreting the situation, I give students the conversations,” she said. “It’s more like being an anthropologist, watching events unfold and developing a transcript of what happened over time and then asking students what went wrong and what went right.”

In collaboration with Dean Steven Currall, Elsbach also has written a chapter about understanding threats to the trustworthiness of leaders for an upcoming book, Restoring Trust: Challenges and Prospects (Oxford University Press). Currall and Elsbach contrast two NCAA football coaches involved in high-profile, trust-threatening failures that were followed extensively in the media. They examined the coverage of Mike Leach of Texas Tech, who was fired last December amid allegations he mistreated an injured player, and former University of Colorado coach Gary Barnett, who in 2004 was disgraced and temporarily suspended, but not fired, after a recruiting scandal and his insensitive remarks about a former female placekicker who alleged that she had been raped by a teammate.

“It’s the tale of two coaches, what happens and what they did wrong,” said Elsbach, who has an extensive background on the topic as the NCAA Faculty Athletics Representative at UC Davis. “Leach was perceived as brilliant, smart, but unethical and did something he knew was wrong, while Barnett was perceived as simply incompetent. It lets students evaluate why being incompetent seems to be more forgivable than being immoral.”

With the chair funding, Elsbach envisions an interdisciplinary conference on leadership that would lead to innovative teaching cases showing how leaders react to multiple, simultaneous management issues. “It would be informative for us across the business school to understand how leadership is affecting the different functional areas, such as accounting, marketing, finance, technology management and entrepreneurship,” she said. “Students love this kind of teaching approach.”

Elsbach also is completing a pioneering study about crying in the workplace, which includes interviews with CEOs and top managers. “We found that perceptions of weakness and lack of professionalism, in certain circumstances when people cry, can really be detrimental to their career,” she said. “In terms of leadership fitness, that has a lot of implications. People who are otherwise qualified as leaders can be knocked out.”

Funding from the chair will help Elsbach’s pursuits to uncover the myths of leadership and shape the leaders of tomorrow. “Leadership happens every moment of every day,” she said. “You always have an opportunity to influence what other people do and why they do it by being a role model and by acting in a way that convinces people you are the kind of person they want to follow.”

>> www.gsm.ucdavis.edu/elsbach

Lam Research CEO Gives $1.5 Million to Foster New Business Leaders

Underscoring the importance of leadership in MBA education at UC Davis, Stephen G. Newberry and his wife, Shelley, pledged $1 million in January 2009 to endow a faculty chair in leadership and $500,000 to fund a student fellowship (see page 22).

A graduate of the U.S. Naval Academy and Harvard Business School, Newberry is president and CEO of Lam Research Corp., a leading semiconductor industry supplier of wafer fabrication equipment and services.

Newberry says that business schools can help to develop a new breed of leaders at a time when those skills are desperately needed. On many occasions, he has shared his values-based leadership message with UC Davis MBA students. He also serves on the School’s Dean’s Advisory Council, lending his 25 years of experience in the high-tech industry.
Energetic Leader in Sustainability
Wayne Leighty Named First Newberry Distinguished Student Fellow

Wayne Leighty got an early start as a forward-thinking innovator in sustainability. He built his first alternative-fuel vehicle at age 14, a battery-electric Honda CRX. He later converted two diesels to run on waste-cooking-oil fuel. Those were just a few of the entrepreneurial projects the self-described “technological optimist and tinkerer” had under his belt when he arrived at UC Davis.

While at UC Davis, Leighty already has earned two master’s degrees—in transportation technology and policy and in agricultural and resource economics. He’s won accolades as Outstanding Student of the Year and for the Outstanding Master’s Thesis Award at the Sustainable Transportation Center. He has been a Graduate Automotive Technology Education Fellow for two years and was the 2008–2009 Chevron Graduate Fellow in transportation. He’s also published research on carbon sequestration in Alaska, advanced vehicle technology, California wind power and the modeling of optimal petroleum production.

Today, Leighty is a second-year MBA student and a Ph.D. candidate in the Institute of Transportation’s Sustainable Transportation Energy Program, focusing on strategy and emerging technology in the energy and transportation industries. As a Dean’s Fellow at the Graduate School of Management, he’s blazing new trails as an emerging venture analyst with the Energy Efficiency Center, Green Technology Entrepreneurship Academy participant and a high-potential MBA intern at Shell Chemical in Houston last summer.

With his impressive academic accomplishments and success as a leader in his professional career, Leighty was named the first Stephen G. and Shelley A. Newberry Distinguished Student Fellow, the Graduate School of Management’s largest privately funded fellowship award.

Recently established by Lam Research President and CEO Stephen Newberry and his wife, Shelley, the fellowship will support students with exceptional potential as team leaders in business. Leighty said he was honored to have been selected from a competitive process that required students to write an essay on their definition and practice of leadership.

“Wayne is bright and energetic and a great example of the type of student we want to support,” said Newberry. “He cares deeply about the environment and social responsibility, which are important to both Shelley and me.”

Before coming to Davis in 2006, Leighty worked as an environmental economics consultant, a wilderness guide and general manager of an Alaskan guiding company, and, most recently, as the legislative chief of staff for Alaskan State Senator Gretchen Guess.

Advising legislators on major changes to Alaska’s oil and gas tax laws and a contract for construction of a $25 billion natural gas pipeline fueled Leighty’s interest in energy and transportation.

Leighty says further developing his leadership, teamwork and management skills at the GSM is critical to his future. He’s on track to earn his MBA and Ph.D. this year. “My goal is to launch a career in the private sector at the intersection of energy and transportation with an understanding of how policy affects those industries,” he said.

At Shell last summer, Leighty led development of case studies of contracts for a successful global training program and managed a user perception survey for an upgrade of a customer relationship management system. He capped off his internship by writing a guide for all Shell Chemical’s business units on selecting the best sales channel for each customer.

“That project got me thinking about the entire global organization,” said Leighty. “I was making calls early in the day to Europe and late to Asia. It introduced me to global commerce.”

With his background and experience, a world of opportunities awaits him.
Outstanding MBA Scholarship

Friends of the UC Davis Graduate School of Management have established several scholarships for MBA students who excel both inside and outside the classroom and show great potential in their future endeavors. We congratulate this year’s recipients:

James R. and Georgia K. Corbett Fellowship
Established by James and Georgia Corbett, long-time supporters of the School, this fellowship is awarded to an outstanding MBA student who is judged to have motivation, potential and passion for succeeding in the entrepreneurial world.

> SAM WAINER, Daytime MBA student

California Wine Industry Management Education Award
For an outstanding MBA student who is interested in becoming a professional in the California wine industry.

> JULIA BARG, Daytime MBA student

The Jerry Suran Fellowship
Established by GSM Senior Lecturer Emeritus Jerry Suran, this fellowship recognizes Daytime MBA or Working Professional MBA students in good academic standing.

> JACQUELINE JASZKA, Daytime MBA student
> CHANDARA PHANACHONE, Sacramento Working Professional MBA student
> LUCIE VON SCHELIHA, Bay Area Working Professional MBA student

William F. And Jean M. Allewelt Award
William and Jean Allewelt established this scholarship, one of the first endowed awards at the GSM, to support a Daytime MBA student in good academic standing.

> KENDRA JOHNSON, Daytime MBA student

Brad Atwood Scholarship
Established by Virginia and Greg Kelsch to honor the pivotal role that Brad Atwood, former vice chancellor at UC Irvine, played in recognizing Virginia’s potential and encouraging her early in her career, this scholarship supports MBA students who plan to pursue careers or who have an interest in not-for-profit organizations and management.

> HILARY HOBBS, Daytime MBA student

Kenneth E. and Joanne M. Nitzberg Scholarship
In appreciation for what the University of California, Davis, has meant for them, Ken and Joanne Nitzberg made this gift especially to benefit re-entry women students in the MBA program. Inspired by his mother, who completed her college degree as a re-entry student, Ken Nitzberg wanted to establish this special scholarship for other re-entry women students.

> ALEXANDRA LANDA, Daytime MBA student

Alumni Association Awards
Three Student Fellowships

At a special awards luncheon at Gallagher Hall in March, three standout MBA students received the Graduate School of Management Alumni Association’s 2009–2010 Student Fellowship Awards in recognition for their passionate and energetic leadership, community building and unwavering commitment of service to the School. Established in 2004, the fellowship program recognizes one student from each of the School’s three MBA programs. Candidates are nominated by students, staff and faculty, and the awardees receive a cash gift that is applied toward the cost of their education. The awards are funded by donations to the GSM Annual Fund.

This year’s GSMAA Student Fellows (from left) are Meredith Abby, Sacramento Working Professional MBA student; Gina DeMartini, Bay Area Working Professional MBA student; and Elena Chavez Carey, Daytime MBA student.
The UC Davis Graduate School of Management has $2 million in new seed money to spark entrepreneurship in California, thanks to a gift from the estate of Charles J. Soderquist, a UC Davis alumnus and long-time supporter and lecturer at the GSM who founded and led several dozen high-tech companies in the greater Sacramento area.

Half of the $2 million has established an endowment to support the School’s Center for Entrepreneurship; the remainder has funded the Charles J. Soderquist Endowed Chair in Entrepreneurship.

Soderquist received his master’s degree in 1973 and his doctorate in 1978, both from UC Davis in environmental chemistry. He died in 2004.

Professor Andrew Hargadon, faculty director and founder of the Center for Entrepreneurship, was chosen as the first Charles J. Soderquist Endowed Chair. He began serving November 1, 2009.
“There is nothing more fitting—nor more moving to me—than to have Charlie’s name and continuing support attached to the program he helped create.”

— Professor Andrew Hargadon, faculty director and founder of the Center for Entrepreneurship, and the first recipient of the Charles J. Soderquist Endowed Chair in Entrepreneurship

**Trailblazing Gift**

“Although I did not have the good fortune to know Mr. Soderquist personally, I am grateful for his many years of dedication to UC Davis,” Chancellor Linda Katehi said. “Philanthropic support, like that from the Soderquist estate, is critical to the growth of programs and helps to move us even higher within the top tier of the nation’s public research universities.”

Dean Steven Currall said this gift will contribute to the momentum of the UC Davis Center for Entrepreneurship. “This is a trailblazing gift that will catapult the center to higher levels of recognition and achievement,” he said.

The Center for Entrepreneurship got its start in winter 2004, when Soderquist, Hargadon and Sacramento-based venture capitalist Scott Lenet co-taught a course that mixed MBA students with graduate students in the life sciences and engineering programs on campus. Students learned under the guidance of experienced entrepreneurs, investors and corporate leaders. Soderquist shared his experiences in launching new companies, along with his vision for how science and business could mix at UC Davis.

“The idea was to create a program that would not just teach entrepreneurship but create entrepreneurs,” said Hargadon. “We felt that UC Davis, with all of its science and engineering talent, could blossom if entrepreneurs helped bring those ideas out of the laboratories and into the broader world.”

**Ideas into Action**

Since then, the center has enrolled more than 40 doctoral candidates in the Business Development Fellows program (a yearlong series of courses and intensive weekend “boot camps”) and more than 420 national and international participants in its entrepreneurship academies. These scientists and engineers have turned their ideas into action, fostering the development of such innovations as energy-efficient LED street lighting, technology that can turn wastewater into biodegradable plastics, and designs for high-efficiency solar cells, among many other projects.

Charlie’s son, Chris Soderquist, a 1998 GSM alumnus, said Hargadon’s successes and position as the first recipient of the chair would make his father proud.

“Andy has taken an idea and morphed it into an institution. The Center for Entrepreneurship is unlike any other in the United States,” Chris Soderquist said. “His approach has been very constructive and is having a real impact. My dad’s passion was applied science and hands-on teaching, and Andy has taken that to another level. He is really inspiring and educating the next generation of Charlies.”

**‘The Art of Business’**

Charles Soderquist often defined entrepreneurship as “the art of business,” and he tirelessly engaged entrepreneurs to replicate themselves. The center married two of his passions: entrepreneurship and UC Davis.

Soderquist’s enthusiasm extended from the science, business and investment communities to education, art, literature and the environment. He was a staunch supporter of his alma mater and served as chair of the UC Davis Foundation, a volunteer-led organization that receives private gifts to benefit UC Davis and manages its endowed gift funds and other private assets. He also served as president of the Cal Aggie Alumni Association and as an alumni representative to the UC Board of Regents.

Hargadon said he only wishes Soderquist could have seen that first class become a program that continues to grow and engage both UC Davis students and scholars from around the world.

“There is nothing more fitting—nor more moving to me—than to have Charlie’s name and continuing support attached to the program he helped create,” Hargadon said. ☞

Learn more about the Center for Entrepreneurship @

>> http://entrepreneurship.ucdavis.edu
Despite decades of public pressure to shatter the so-called “glass ceiling,” women remain a distinct minority in the boardrooms and executive suites of California’s 400 largest companies, according to the Graduate School of Management’s annual census.

Men still hold roughly nine out of every 10 top management and board positions, a ratio that has remained largely unchanged in the five years that the School has conducted the “UC Davis Study of California Women Business Leaders.”

For the first time, the 2009 report explored the consequences of the gender inequity and cites preliminary findings that suggest companies with women executives and board members may be more socially responsible.

CALIFORNIA NOT A PROGRESSIVE TRENDSETTER

“Our findings paint a disappointing picture of corporate gender equity in California, the world’s eighth-largest economy,” said Dean Steven Currall. “For a state that considers itself a hip, progressive trendsetter, California looks like anything but that when you peek inside the executive suites and boardrooms.”

In fact, a study released in March by the InterOrganiza- tion Network—an alliance that reports similar data from 14 members nationwide, including the UC Davis census—shows that California trails New York, Massachusetts, Minnesota and several metropolitan areas in the percentage of board seats held by women.

“In today’s global marketplace, where diverse back- grounds, skills and experience are critical for strategic and operational decisions, having more women involved at the highest levels of business management and corporate governance is likely to result in more profitable and well- managed companies,” Currall said. “Our aim is to enhance diversity at the top of the corporate hierarchy.”

The survey found that women hold just 10.6 percent of board seats and executive positions in California's largest 400 firms, a slight decline from 10.9 percent in 2008. The number was 10.4 percent in 2007 and 10.2 percent in 2006.

The study, the only one of its kind in California, analyzed data that publicly traded companies report to the Securities and Exchange Commission. It included filings up to May 15, 2009.

“The business world is in dire need of a greater number of connected, empowered and effective women leaders,” said Wendy Beecham, CEO of the Forum for Women Entrepreneurs & Executives, a Silicon Valley organization that partners with UC Davis on the study. “The reasons for the stagnation are complex. It’s a mix of sociology, corporate culture and skill-building with relationships to women’s roles in America.”

Nearly a third of the state’s biggest companies—118 of the 400—have no women at the top, either on their boards or in their executive offices. Among these: National Semiconductor, Callaway Golf, Hansen Natural, Quiksilver and Synnex.

Only 15 of the top 400 have a woman CEO, up slightly from 13 a year ago. One of those is Bare Escentuals, a cosmetics company based in San Francisco. With five women on its board, it was the only firm with gender parity in its top management and board positions. Yet it won’t appear on this year’s list: Japanese cosmetics seller Shiseido Co. purchased Bare Escentuals in March.

HALF OF FIRMS HAVE NO WOMEN DIRECTORS

The ranks of women are thinnest in corporate board- rooms. Women occupy 320 of 3,252 board seats in the top 400 companies—just 9.8 percent. Almost half of the top 400 firms—46 percent—have no women directors; another 34 percent have just one.

Women held 321 of 2,770 executive offices in the top 400—just 11.6 percent. But essentially half—49 percent— of those companies had no women executives. Only 79—
“The business world is in dire need of a greater number of connected, empowered and effective women leaders.”

—WENDY BEECHAM
CEO, Forum for Women Entrepreneurs & Executives

less than 20 percent—had two or more. Executive officers counted in the census include CEOs, CFOs, chief operating officers and chief information officers.

The top 25 companies with the greatest number of women in executive suites and boardrooms included Jack in the Box at No. 5; Edison International at No. 8; Clorox at No. 14; Peet’s Coffee & Tea at No. 18; Health Net at No. 19; and Disney at No. 22.

San Francisco city and county had the highest percentage of women executive officers—17.3 percent—among counties with 20 or more firms in the top 400. Santa Clara County, the heart of Silicon Valley, had the most companies—117 of the 400—yet the lowest representation of women—8.2 percent—in boardrooms.

With the statewide numbers stagnant, lead author Professor Donald Palmer began to seek answers to questions raised by the survey. “In all likelihood, it is not because very few women enter the managerial ranks,” Palmer said, noting that women now earn 40 percent of business and MBA degrees nationally. “Whatever is driving this, it’s certainly resistant to change.”

MORE WOMEN, MORE ENVIRONMENTALLY RESPONSIBLE

Using the census data, Palmer examined the possible effect of women leaders on a company’s commitment to environmentally responsible practices. He looked at 62 of the state’s top 400 companies that were included in a September 2009 Newsweek study of the environmental performance of the top 500 U.S. corporations.

Of the 62 overlapping companies, those with women directors and executives did best; those with none scored lowest. The sample is small and results preliminary, Palmer noted, but statistically significant.

“Taken together with our other census findings, they suggest that not only do California’s largest firms admit fewer women into their boards and top management teams, but their corporate social performance suffers as a result,” he concluded.

2009 UC DAVIS STUDY

By the Numbers*

10.6 Percent of female board directors and executive officers overall.

118 Number of companies with no female directors or executive officers.

11.6 Percent of female executive officers.

49.3 Percent of companies without a female executive officer.

15 Number of companies with female CEOs (3.8%).

9.8 Percent of female board directors.

46.3 Percent of companies with no female directors.

*As of June 30, 2009, from data compiled from company proxy statements and annual reports filed with the Securities and Exchange Commission.

Women Faculty: UC Davis No. 1 among World’s Top B-Schools

by Tim Akin

Among the world’s top business schools, the UC Davis Graduate School of Management has the highest percentage of full-time faculty who are women, according to the 2010 Global MBA Rankings by The Financial Times.

At 42 percent, UC Davis is the only school among the top 100 ranked by The Financial Times with more than 40 percent of faculty members who are women. The School’s No. 1 ranking by The Financial Times confirms a similar finding of a study conducted last November by GSM Professors Brad Barber and Donald Palmer. They analyzed the representation of women on the faculties of U.S. business schools from 2002-2009 using data released by AACSB International through last summer, which reflects the previous year’s statistics reported by each school.

Barber and Palmer then looked at the top 50 business schools ranked by U.S. News & World Report in April 2009. Their result: UC Davis topped the list with 35 percent of faculty who are women. Overall, the percentage of AACSB-accredited business school faculty who are women has increased from 20 percent in 2002 to 25.3 percent in 2009, according to Barber and Palmer. They also found the percentage of women is higher among untenured than among tenured faculty, and that small schools and schools in the northeast have better representation of women on their faculty.

Download the study and view coverage, including Dean Currall’s editorial in the San Francisco Chronicle @
>> www.gsm.ucdavis.edu/census

The full census includes analysis and rankings by company size, industry sector and location, and appendices of all 400 companies ranked by percentage of women directors and executive officers; the 400 companies listed alphabetically; and companies listed by county.

Download Professors Barber and Palmer’s study @
>> www.gsm.ucdavis.edu/femalefaculty
Risks and Rewards of an Emerging Market

The ancient Greek philosopher Heraclitus believed that “the only constant is change.” A team of seven UC Davis MBA students were powerfully reminded of this last fall during a two-week trip to Vietnam to learn how business is done in this land of deep traditions, harsh history and rapid transformation.

“Vietnam is working to become its own economic powerhouse without becoming an environmental wasteland or a satellite of the former Soviet Union or China,” explains Wil Agatstein, executive director of the UC Davis Center for Entrepreneurship, who led the International Study Practicum trip. “In the end, Vietnam will have tremendous influence on the coming world’s economy—it’s the next big prize.”

After 10 weeks of intensive classroom preparation, the group hit the ground running on September 7 with a full itinerary of meetings with executives of major multinationals and Vietnamese state-private hybrids, business consultants, U.S. diplomats and NGOs. From Hanoi to Ho Chi Minh City, they soaked up Vietnam’s rich cultural traditions and the nuances of the commercial landscape.

Students shared their first-hand experiences and lessons learned on the trip. >>
“Witnessing Vietnam’s rapid political, cultural and business transformation was amazing. On the corporate front, we learned of state-owned companies transforming into joint ventures with private, multinational corporations, such as Intel and Chevron. These international corporations have brought intellectual property rights and industry best practices—and human rights—into Vietnam’s business world. There is a direct connection between human rights and economic development.”
— MBA STUDENT JIM BUI

Monday, September 7, 2009
Habitat for Humanity
Manual Labor of Love

The day began early with a one-hour bus ride to Dong Xa Village. Our task: to help Habitat for Humanity prepare for a week-long buildathon in November, when former President Jimmy Carter would be visiting. The project: new homes for the village fishermen and their families. The hope is that the move from boat to land will help their children attend school and ultimately improve their job prospects and their lives.

We were greeted by the volunteer leads—an American couple—and villagers who would eventually live in the new homes; other workers were high school and university students.

Our day was spent tying rebar, digging, sanding and painting, giving us an inside look into a classic international development project. It was good to see that quality control was a priority, and that the project leaders were focused on empowering the villagers to continue the work after they left.
—Vivian Kwok

Tuesday, September 8
Chevron Vietnam
Powering Economic Growth

Hank Tomlinson, president and country manager at Chevron Vietnam LLC, shared his experiences and challenges of working and living here from the perspective of a quintessential American executive. Although he has spent time in New Guinea, Sumatra and other distant locales, I sensed that Hanoi’s intense heat and lack of American fast food (with the notable exception of KFC) were testing Tomlinson’s limitations. The antidote: a love of adventure, considerable patience and a great sense of humor.

With Vietnam’s economic growth, power generation has become increasingly important. Chevron hopes to tap into the natural gas reserves located in the South China Sea—but it is not clear whether Vietnam or China owns the rights to offshore exploration and drilling. While the two countries have improved relations in recent decades, their long history has been marked by regional rivalry and border issues. Vietnam is accommodating American business in part to protect itself against Chinese aggression.
—Mark Janusz

Wednesday, September 9
Traphaco
Where East Meets West in Pharma

Traphaco’s office and manufacturing facility is located in an industrial zone off a dirt road, not what I had envisioned for Vietnam’s largest pharmaceutical company. In the conference room, a photo of Ho Chi Minh joined us in watching a PowerPoint presentation about the partially state-owned firm, which benefits from substantial capital from the government and readily available loans.

While there are no government officials on Traphaco’s board of directors, the State Capital Investment Corporation does appoint the company’s CFO.

Traphaco’s primary competitors are foreign pharmaceutical companies. Other domestic firms follow Traphaco in terms of brand image and product offerings that include both traditional eastern and western medicines.

Traphaco distributes its products to Cambodia and other neighboring countries, reminding us that the successful development of Vietnam’s pharmaceutical, healthcare, food and other self-sustaining industries contributes to the growth and health of Southeast Asia.
—Tara Turner
Friday, September 11

**Dakman Vietnam**

Brewing International Coffee Exports

While Vietnam is the world’s second-largest coffee producer by volume, it is still a developing industry. Most farms are small, family-owned plots, which poses quality control and supply issues.

Dakman was founded in 1995 as the first foreign-invested, joint-venture company licensed by the Vietnamese government to process and export Robusta coffee. Located in Buon Ma Thuot City, the center of Vietnam’s main coffee growing region, the company purchases coffee from many sources and does not have plantations of its own. During our tour of the processing plant, we saw how raw coffee beans are sorted, spot-tested and prepared for shipment worldwide.

Dakman was recently certified by the Rainforest Alliance. They are aware of the potentially lucrative markets that exist in fair-trade coffees, and were keen to point out that they are working with local farmers to make their coffee-growing operations more sustainable.

—Yotam Levine

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Monday, September 14

**U.S. Consulate Briefing**

High Risk, High Rewards

We spent an insightful 90 minutes with the Consul General, Kenneth Fairfax, and several officers from Foreign Commercial Services and USDA–Foreign Agricultural Services. Vietnam, they stressed, is a high-risk, high-rewards country for U.S. and other foreign business.

Vietnamese consumers welcome and trust U.S. products, and imports have increased substantially, particularly in wood, beef, veal and cotton. The Vietnamese are also big importers of U.S. fish food for their aquaculture sector. As Vietnam continues to develop, foreign companies involved in automated equipment and other products will likely enjoy greater opportunities.

Despite this growth, U.S. investment is hard to measure. Companies invest in Vietnam through their international subsidiaries—for example, Intel Malaysia provides funding for Intel business developments in Vietnam—and profits are generally re-invested in foreign markets to avoid U.S. taxes.

—Tara Turner
**Monday, September 14**

**Inside Intel Vietnam**

$1 Billion Investment in Largest Plant

Our meeting with Phu Than, Intel’s country manager for Vietnam and Indochina, offered a unique perspective on this dynamic country. In 1975 the teenaged Than was evacuated from the U.S. Embassy four hours before communist tanks rolled into Saigon. He went on to earn an electrical engineering degree at UC Davis in 1985, joined Intel and eventually returned home. I sensed great personal pride in the economic advances that Vietnam has made in recent decades.

Than shared the intriguing story behind Intel’s $1 billion investment to build the company’s largest chipset manufacturing plant in Ho Chi Minh City’s Saigon Hi-Tech Park. Slated to start operations this year, the factory is expected to employ 4,000 people, including 1,500 engineers.

Than said the government leaders laid out the red carpet for Intel because it puts Vietnam on the map for international IT outsourcing and offers intellectually stimulating jobs that will improve its economic interests.

—Mark Janusz

**Wednesday, September 16**

**Cargill Vietnam**

Global Giant Builds Network to Compete

At Cargill’s manufacturing facility in Ho Chi Minh City, we saw how a large, privately held multinational functions in Vietnam. Cargill’s main business here is livestock feed, which their more than 800 small shop dealers sell to the swine and poultry industries.

Much of the company’s healthy profits come from the hog industry. The Vietnamese eat 71 pounds of pork per person per year. With a growing population (up 1.2 million per year) and a GDP that increases six to eight percent annually, the Vietnamese animal feed market is big and booming.

Cargill competes with 230 feed companies in Vietnam. While most are smaller and less stable, 30 of the largest international companies have a 65 percent share of the animal feed market. Cargill is determined to grow its share: workers keep the facility running on three shifts each day.

—Tara Turner

On a hard-hat tour of Cargill’s Ho Chi Minh City facility, the UC Davis MBA team learned how the international food and agricultural conglomerate operates in Vietnam’s competitive animal feed market by using a network of 800 dealers who sell to the swine and poultry industries.

**INSIDER INSIGHT**

The UC Davis MBA team learned about business in Vietnam from executives and leaders in a diverse range of companies and organizations, from multinational conglomerates to state-private partnerships.

**Hanoi**

- Habitat for Humanity
- Chevron Vietnam LLC
- Vietnam Green Building Council
- Traphaco (pharmaceutical company)
- BrooksBowerAsia (consultants)
- U.S. Embassy
- Institute of International Education
- Foreign Agricultural Services—USDA
- Dakman Vietnam, Coffee Processors and Exports

**Ho Chi Minh City**

- U.S. Consulate
- Intel Semiconductor Ltd.
- Cargill Vietnam Ltd.
- Vinamilk (Vietnam’s largest dairy products company)
- Jones Lang LaSalle (real estate services)
- CTC Vietnam (quality assurance, consultancy and training)

Learn more about the trip, read student blogs, view photo albums and more @ **www.gsm.ucdavis.edu/vietnamtrip**

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Photos courtesy of Wil Agatstein

Left: Mark Janusz lowers himself into one of the network of tunnels beneath the Cu Chi section of Ho Chi Minh City. During the Vietnam War, Viet Cong guerrillas used the tunnels as hiding spots, communication and supply routes, food and weapon caches, and even living quarters.
On the heels of Warren Buffett making headlines with his $26 billion buyout of Burlington Northern Santa Fe Corp., which he described as an “all-in wager on the economic future of the United States,” the Oracle of Omaha hosted a group of 26 UC Davis MBA students, Professor Emeritus Richard Castanias and Dean Steven Currall at Berkshire Hathaway’s headquarters on November 20.

It marked the fourth consecutive year that Buffett has invited UC Davis MBA students to meet him. Since 2007, more than 200 UC Davis MBAs have visited and learned from the CEO and chairman of Berkshire Hathaway, whose business advice is so valued that some people have paid more than $1 million to have lunch with him.

The group toured the Nebraska Furniture Mart—part of Buffett’s stable of companies—in the morning, followed by a two-hour question-and-answer session with Buffett. After lunch with the billionaire (his treat), the students visited Borsheim’s Fine Jewelry, also owned by Berkshire.

Dean Currall said Buffett “has the knack of simultaneously educating, inspiring and entertaining.” Currall noted that Buffett’s business aspirations are tempered by his strong values and a profound sense of what truly matters in life. “He spoke at length about the importance of family, integrity and personal character.” Currall said. “This is exactly the message that MBA students need to hear from today’s business leaders.”

Bay Area MBA student Ashley Bruce described breaking bread with the billionaire as “a fantastic experience to learn from such an inspiring, intelligent and fascinating businessman.” She returned with these nuggets of “Warren’s wisdom”:

• Parenting is the most important job you may ever have.
• Carefully choose your heroes and your spouse or partner (the most important decision you will make).
• Work for a company or an individual that you admire.
• Develop a circle of competence.
• Associate with people who are better than you.
• Take a Dale Carnegie speaking course to develop excellence in communication.
• Social enterprise investments should be made by individuals/philanthropists not corporations.
• The U.S. market system works and works well.
• Berkshire Hathaway invests only in companies that have a durable, competitive advantage.
• Buy Benjamin Graham’s The Intelligent Investor and focus on chapters 8 and 20.
• CEOs also need to be Chief Risk Officers—and be penalized for their failures.
• Wealth does not equal happiness!
Continuing a tradition set by the first group of UC Davis MBAs who visited Buffett, many students arrived early—or stayed an extra day—to give back to the Omaha community, following the lead and spirit of Buffett’s philanthropy.

Over two days at the Children’s Museum of Omaha, 20 students created a library catalog for the museum’s books, CDs and other media; helped with preparations for upcoming special events; and cleared out a storage area so that it could be used for classroom space.

“It was really awesome, very helpful,” said the museum’s Director of Internal Affairs Jan McKenzie. “They were a great bunch and very efficient.”

Past students groups have volunteered at Omaha’s Girls Inc., a program that helps girls succeed in school and life, at the United Way, and at the Boys & Girls Club in north Omaha.

“A car!” “Cell phone!” “Shoes!” “Clothes!” “Books for school!” Students in a business math class at Davis School for Independent Study called out the various things they buy.

When asked which of these are “wants” and which ones are “needs,” the discussion quickly turned to why it’s important financially to distinguish between the two.

The approach has been a success for a team of 18 Daytime MBA students who launched a financial literacy outreach program, dubbed “Mad Money,” to help area high school students develop financial management skills.

Mad Money was born out of MBA students’ 2008 trip to Omaha, Neb., to meet Warren Buffett. Several students on that trip were inspired by Buffett’s community efforts and philanthropy, and realized that they could use their business education to give back to the community. They returned to Davis and put Mad Money into action.

They have held a series of workshops for teenagers at the Boys & Girls Club of Greater Sacramento, Families First and the Davis School for Independent Study (DSIS). The workshops follow the award-winning National Endowment for Financial Education curriculum, which covers goal-setting, needs vs. wants, credit cards, investing and other topics. The MBA students often share their experiences, showing students their credit reports or pay stubs to make a point.

“I joined Mad Money because I realized that many of my friends didn’t know the basics about financial issues, such as credit scores and taxes,” explained MBA student Stephanie Fiano. “If these 30-year-olds didn’t understand the financial world and how it applies, then we need to start teaching this subject earlier.”

Laura Juanitas, a business math teacher at DSIS, knows that her students tend to see math as a dry subject and need real-life examples.

Mad Money is popular, she said, because the MBA students are “not much older than my students, and are making some of the same decisions—how to pay for college, how to save money for a big-ticket item, how to manage a budget. The students have enjoyed identifying their real needs, and then figuring out what they need to give up in the short-run in order to save for something that they truly need later.”

Linda Trinh ’10 served as co-director of the 2008–2009 Mad Money Financial Literacy Program.
Dollars and Sense of Health Care Reform
Alumni, Execs Debate Costs, Coverage and Accessibility

Following a year of turbulent and rancorous debate, President Obama signed the Patient Protection and Affordable Care Act in a nationally televised ceremony on March 23. The historic health insurance reform law is the most expansive social legislation enacted since Medicare and Medicaid brought government-funded coverage to seniors and low-income people in the 1960s.

The overhaul stops short of universal coverage. However, the nonpartisan Congressional Budget Office estimates that it will cover 32 million uninsured—more than 94 percent of Americans—and predicts it will lower health care costs in the long term.

Last November, as the political maneuverings and lobbying game played out in Washington, D.C., amid a divisive national debate, a panel of executives deeply involved in health care and insurance came together at a summit at UC Davis to shed light on the underlying economic issues, business challenges and opportunities reform will present.

The spirited discussion between the speakers—and the opinionated audience—ranged from the social value of requiring employers to offer insurance and strategies for cost control to the role of preventative care in containing costs, the advisability of taxing health benefits and ways to increase access to health care.

Moderated by Professor Brad Barber, the event was co-presented by the UC Davis Center for Investor Welfare and Corporate Responsibility, Davis Net Impact and the Bio Business Club.

"This health care reform does not really focus on core economics of health care provision. We’re taking some steps in the right direction but sweeping reform is a way off, and costs will continue to rise.”

— CARTER PAINE (left), Senior Associate, Health Evolution Partners, a private equity firm

Professor Brad Barber, director of the UC Davis Center for Investor Welfare and Corporate Responsibility and Maurice J. and Marcia G. Gallagher Chair in Finance, stirred the debate as the moderator. “Unlike in other industrialized nations, in the U.S., health insurance has been used as a tool to recruit and retain employees since World War II,” he said. “What are the costs and benefits of moving away from this model?”

Alumnus Gordon Hunt, MD, ’97, senior vice president and chief medical officer at Sutter Health, (right) said that by allowing politics to derail the discussion of end-of-life care, Congress missed an opportunity to reform a broken system. “If you’ve ever had someone close to you die, you probably saw them get services they didn’t want and that you didn’t want them to have—and that the medical practitioner didn’t want to provide. There is an enormous waste, not only of human suffering, but also economic and other resources.”
MBA Consultants Write Marketing Rx for Kaiser Permanente

When the nation’s largest not-for-profit health system needed a prescription to boost customer retention and accelerate growth in the highly competitive Sacramento Valley last fall, it turned to a team of UC Davis MBA students.

Kaiser Permanente, a long-time Graduate School of Management Business Partner headquartered in Oakland, Calif., asked the MBA Consulting Center team to develop a 2010 sales plan for the Sacramento region.

Six students from the School’s three MBA programs teamed up to identify competitors’ gaps, analyze the four Ps (Price, Product, Place and Promotion) and develop recommendations for a market where Kaiser operates with other major insurance players such as WellPoint, Blue Shield of California and Health Net as well as medical providers UC Davis, Sutter Health and Catholic Healthcare West.

“We got a crash course in health care economics, played out in the middle of the national health care debate,” said Daytime MBA student Elena Chavez Carey, who is completing a concentration in public health. “It was fascinating to learn how the industry was preparing to respond to the different reform scenarios.”

Led by Bay Area Working Professional MBA student Lydia Cox, a senior manager–client driver at PricewaterhouseCoopers, the team immersed themselves in Kaiser’s culture and business needs and drew on their professional experiences and backgrounds to offer a set of key recommendations, complete with balanced scorecard measurements.

“From consulting to health care to marketing and sales, everyone brought something different to the table,” Cox said. “As a result, we were able to develop a better end product.”

The students worked directly with Ed Mayberry, a business consultant in Kaiser’s Sales Strategy and Operational Performance Division, with input from GSM alumnus Peter Buggy ’99, director of Kaiser’s Strategy Management Execution Team.

“We immediately trusted them to meet with senior executives at Kaiser and with representatives outside our company,” said Mayberry. The students interviewed more than 20 Kaiser employees, industry specialists and customers to complete two SWOT analyses.

Founded in 1945, Kaiser’s footprint spans nine states and the District of Columbia, serving 8.6 million members, including more than 6.5 million in California. The nonprofit reported net income of $2.1 billion last year, which it invests in care delivery facilities and technology supporting its members, patients and the communities it serves.

“The project helped round out my MBA experience and honed my leadership skills,” Cox said. “Classroom lessons in teamwork, strategy, research and data analysis were all put to work.”

Alumna Rebecca Restrepo ’99, managing partner at BlueRock Consulting LLC in Sacramento, served as the team’s field advisor, available as a sounding board for their ideas. She praised the team’s initiative, maturity and strong organizational skills.

“Their observations were right on target,” said Kaiser’s Mayberry. “We have identified eight recommendations as being the most strategically important, and they are at various stages of being implemented.”

Learn more about the UC Davis MBA Consulting Center @
>> www.gsm.ucdavis.edu/consulting

“The debate has shifted from health care reform—accessibility and care—to health insurance reform. Nothing addresses controlling cost, and cost of care ultimately determines the cost of insurance. We need to take a serious look at the economics of supply and demand and their relation to health insurance.”

— ALUMNUS VINNY CATALANO ’97
Area Vice President, Gallagher Benefit Services

“Health care today is defined by changing roles and greater accountability. Insurance reform will not change the increase in obesity and adult-onset diabetes and other pressing issues. Employers need to work with their employees to be more accountable for their health, with early interventions and preventative care. Those who have done this have held costs flat for five years or more—and experienced fewer sick days and increased productivity.”

— TOM CARTER, Vice President of Sales and Broker Relations, Kaiser Permanente
Do the Right Thing

Ethics Pledge Takes Integrity to a New Level

UC Davis MBA students have joined a growing number of present and future business leaders who believe a business equivalent of the Hippocratic oath can help heal both corporations and the national and global economies. The Class of 2011 began their MBA education last fall by making the simple but powerful promise to “complete my degree with honesty and integrity” and to “hold myself and my classmates to the highest standards of honor from this day forward.”

The Graduate School of Management’s Ethics Pledge was initiated by a team of Daytime MBA students. “We felt that it was time to start a meaningful tradition, something that would bind us together while in school and when we head out into our careers,” explained Kimberly Whistler, who helped draft the statement.

“There is a sense of accountability when you make a pledge with and to a group of your peers. I feel that I owe it to my classmates and myself to uphold the spirit of the pledge.”

Every member of the Daytime MBA Class of 2011 has signed and the Class of 2010 participation rate is at 93 percent percent. Discussions are underway to extend the pledge to the Working Professional MBA programs next fall.

A National and International Movement

The concept of such an oath has been discussed for many years, and MBA programs were established, in part, to professionalize the practice of management. Today’s global economic crisis has re-ignited debate about the responsibilities of corporations and their leaders.

“Our students’ decision to make such a public commitment to conduct themselves ethically sends a clear message to the world,” said James Stevens, assistant dean of student affairs at the School.

“From the classroom to the workplace, UC Davis MBAs have high expectations of themselves and their peers—and a deeply held commitment to doing the right thing.”

Stand Like a Rock

Before reciting and then signing the pledge, the students heard from Michael R. Kourey, CFO and senior vice president of finance and administration at Polycom, a global leader in tele-presence and video/voice communications.

Sharing anecdotes and insights, Kourey stressed the critical need for workplace ethics. “Define your values and standards,” he advised. “Would you be okay with your decision or action being on the front page of The Wall Street Journal? If not, don’t do it.”

As future leaders, he told the students, “there is a lot that you can do to put ethics and integrity into practice, starting—and most importantly—by promoting a positive, consistent tone from the top.” He urged them to heed Thomas Jefferson's advice: “In matters of style, swim with the current; in matters of principle, stand like a rock.”

While the consequences of unethical actions range from loss of reputation and peace of mind to civil liability, fines and jail time, “There is no downside to being completely open,” said Kourey. Polycom, he added, has a disclosure committee, careful checks and balances, and a guaranteed-anonymous whistleblower hotline. All employees sign a code of conduct intended to ensure ethical behavior.

“You are an inspiration to me,” Kourey told the students. “Your initiative speaks to your integrity as a group.”

UC DAVIS MBA ETHICS PLEDGE

I promise to complete my degree with honesty and integrity, and will continue to hold myself and my classmates to the highest standards of honor from this day forward.
Fresh from teaching at Harvard, MIT and Rice University, veteran Silicon Valley venture capitalist Jack Gill this spring brings his highly acclaimed course on the role of scientists, engineers and MBAs in the high-tech start-up world to the UC Davis Graduate School of Management.

As the GSM's 2010 Robert A. Fox Executive-in-Residence, Gill, a founder and retired managing partner of Vanguard Ventures in Palo Alto, has tapped his extensive network of high-profile entrepreneurs, company founders and CEOs for guest speakers who will share their best practices and landmines they hit on their road to success.

“The mantra of my classes is based on the live, ongoing case studies told by company founders and principals, which can be much more memorable to students,” Gill explains. “I’ve studied, practiced it and made a teaching style out of it, and now it’s becoming vogue to use this approach.”

Gill’s diverse line-up includes pioneering leaders and entrepreneurs in biomedicine, clean tech, consumer products, online video, nanotech and telecom: Luka Ecreg, founder and CEO of Simbol Mining; Nicholas Seet, co-founder of Auditude, Inc.; Gary Aden, CEO and founder of Pacific Nanotechnology and Topometrix; UC Davis Professor Kyriacos Athanasiou, chair of the Department of Biomedical Engineering; Art Ciocca, chairman of The Wine Group, Inc.; and Greg Oslan, CEO and president of Narus, Inc.

After speakers share their stories, Gill grills them at a feverish pace in “Larry King–style one-on-one interviews” that often wring out mistakes made and ah-ha moments that they wouldn’t typically reveal. “It brings the speaker down off their pedestal,” Gill says of his technique. “They blurt out answers and what follows is an amazing Q&A with students.”

The pragmatic, experienced-based course guides students through the venture capital process and the formation and capitalization of high-tech firms. Gill and his speakers explain the sources of technologies, tech transfer at universities and medical schools, and start-up operational issues. On the finance side, Gill and his guests demystify the role of venture capitalists and board members, stock options and the liquidity process, including IPOs, mergers, and the payout prospects for founders and investors.

Gill brings the course full circle with sessions on career planning and leadership intelligence. He stresses the “importance of interpersonal skills, the power of street savvy awareness and key leadership attributes” that entrepreneurs and CEOs need to succeed. Dean Steven Currall will then turn the tables by interviewing Gill in class, eliciting his experience, insights and advice.

Currall and Gill met at the Jones Graduate School of Business at Rice University, where Currall was on the faculty and Gill taught his course. Currall sought Gill’s guidance in founding the Rice Business Plan Competition, which has become the world’s largest and richest such event. They stayed in touch when Currall moved to the University College London and London Business School, where he invited Gill to teach a course.

Currall says it was natural to ask Gill to come to UC Davis as the Robert A. Fox Executive-in-Residence. The program, now in its 18th year, gives students and faculty a rare opportunity to meet and work closely with a top business leader.

Gill has more than four decades of experience in Silicon Valley and Boston as a company founder, senior executive and venture capitalist, as well as 10 years teaching entrepreneurship courses in science, engineering and medicine at top universities. He has founded and financed start-ups in the instrumentation, computer, communications and medical industries. Vanguard Venture’s first five funds invested $155 million in 107 start-ups and generated more than $1 billion return to investors, including financing of Aldus, Network Appliance, Ciena, Advanced Fibre Communications, Digital Microwave and Mycogen.

Learn more about the Robert A. Fox EIR program @
>> www.gsm.ucdavis.edu/eir
Skip Wise ’89 is “an Aggie through and through,” as GSM Alumni Association President John Argo ’04 put it in presenting him with the 2009–2010 Distinguished Achievement Award. Wise used his 1985 bachelor of science in agricultural and managerial economics and MBA, both from UC Davis, to build a two-decade career in finance, advising wealthy clients on planning and wealth preservation.

Now Wise is sharing his wealth of experience, forging new connections with his alma mater through financial gifts, advice to students and expertise to assist with academic research.

A certified public accountant, Wise spent nearly 10 years at Arthur Andersen, becoming a senior manager in the firm’s private client group. In 2000 he left the firm to join Brownson, Rehmus & Foxworth, Inc., in Menlo Park, a boutique financial planning firm.

Then in 2006 he and eight colleagues from Brownson embarked on his greatest professional achievement: launching a new venture, Galileo Planning Group. The San Mateo firm serves a select group of fewer than 200 clients with an aggregate net worth of around $2 billion, for the most part focusing on preserving their wealth rather than exposing it to risky investments.

The firm is founded on principles and values that are important to Wise. It makes money through fees, not commissions—“serving clients the way they should be served,” as Wise puts it. Galileo gives its people a lot of freedom to use their judgment and act independently, and grows when it makes sense, not simply for growth’s sake.

Wise and company must be doing something right. Since 2006—during years that have seen many portfolios decimated by the downturn—the assets of Galileo’s clients have grown. Over the same span, Galileo has had no turnover within its ranks.

Wise’s sights haven’t been solely focused on work, though. His interest in education led him to teach for a time at California State University, Hayward, and he serves on the board of the Institute for Educational Advancement, a South Pasadena–based nonprofit devoted to helping meet the educational needs of gifted and talented students.

Last year, Wise and his wife, Candace Plevyak, pledged $15,000 to establish a fund to target top priorities and emerging opportunities for the Graduate School of Management. He’s looking to deepen his relationship with the School. After years of recruiting and interviewing graduates, Wise recently toured Gallagher Hall, the School’s new home, and has offered to give students career advice.

In addition, he and finance Professor Brad Barber have discussed projects that could use data from Galileo to further academic studies. “I’d love to somehow be involved in advancing human knowledge in the field of finance,” Wise said. If the right project comes along, he’s happy to help.

“The purpose of this institution and its attributes are very much aligned with my interests and values,” Wise said of the GSM. “I expect my involvement in the School will grow.”
Cleveland Justis ’04 came to the Graduate School of Management from the nonprofit world looking to learn hard business skills, make business connections and take on leadership opportunities. He got much more than he expected.

“For me, it was this exposure to remarkable students, research and faculty and a great group of cohorts,” Justis said. “It’s made me a stronger business leader. It’s made me more collaborative in my work. I’ve formed lifelong friendships out of my time there.”

Justis started volunteering at the School while a student and never stopped. For his efforts giving back to the School and the community, the GSM Alumni Association awarded him the 2009–2010 Outstanding Service Award. While he is grateful, he doesn’t want to take all the credit. “I’m humbled by it,” he said. “I don’t really feel like I deserve it. I’d love to give it to our class.”

Justis said he hopes he can serve as a model for other alumni. “We’re a small school and if we all give back to the greatest degree we can, either financially or with time… the School will continue to be stronger.”

Justis gives back, both with time and donations, because he feels strongly he should support institutions that have given much to him. While at the School he served as student body president, and was involved in several clubs, including the Davis chapter of Net Impact, an international network of business leaders who use business to generate social change.

He helped launch the School’s MBA Challenge for Charity chapter and was instrumental in getting nearly every member of the Class of 2004 to contribute to the School’s endowment. Justis started with the Class of 2004 but took an extra year to graduate after becoming executive director of the Sausalito-based nonprofit Headlands Institute, which teaches children and teens about science and the environment.

Since graduating, Justis has been a visiting lecturer to teach the School’s first social entrepreneurship class. He also has hosted student interns and student visitors at work, and introduced alumni to job opportunities and participated in informational and mock interviews. He talks up UC Davis at conferences. And Justis joined his peers in recruiting classmates to donate money and name a classroom in Gallagher Hall.

He wants his social entrepreneurship students to know their MBA education is useful for endeavors beyond big business. They can start their own ventures or work in the nonprofit or governmental sectors to solve society’s most pressing problems.

As director of the new nonprofit Institute at the Golden Gate, Justis taps the center’s network in the nonprofit, business and government worlds to fight environmental degradation and promote global sustainability. The center is part of the Golden Gate National Parks Conservancy, which launched a $150 million private-public partnership to restore Fort Baker near Sausalito. The institute is part of that project.

“I feel like business is the most powerful force ever, and has a real obligation to be a part of solving environmental problems,” Justis said. “The most powerful solutions come when you combine the power of business with the regulatory power of government and the flexibility of the nonprofit sector. Business has an obligation to set a really high bar and be a great example.”

“We’re a small school and if we all give back to the greatest degree we can, either financially or with time… the School will continue to be stronger.”

— CLEVELAND JUSTIS ’04
Shevonne Bascom

Keeps Time on Time in Magazine Market

Shevonne Bascom didn’t hesitate when the Manhattan-based publishing giant Time Inc. sent her to oversee the opening of a printing plant in Merced, Calif. While the Central Valley’s rural culture came as a shock to the Queens, N.Y., native, the opportunity is expanding her business savvy. It also put her in the perfect spot to attend the Sacramento Working Professional MBA Program, where she’s a second-year student.

Bascom joined the New York office of the country’s largest magazine publisher after a three-year stint at UPS, where she oversaw package distribution at the New York hub. She had started at UPS after earning her bachelor of science in industrial and management engineering from Rensselaer Polytechnic Institute.

She jumped to the Merced job in 2007 to learn the magazine-distribution process first hand. “I felt like this was a great opportunity to get experience that many managers in the New York office don’t have,” she said.

Bascom manages complex logistics and distribution plans for *Sports Illustrated*, *People*, *Entertainment Weekly* and *Time*, several of the company’s top-selling titles. From Merced she also oversees printing plants in Oklahoma City, Okla., and Woodstock, Ill., that print 3.6 million copies a week.

Improving efficiency is one of Bascom’s top priorities. So far, she has saved nearly $100,000 a year in delivery costs by eliminating or combining truck stops, for example.

The shaky economy and upended media market have taken their toll on the magazine industry. During the second half of 2009, U.S. magazine sales fell 9 percent and subscription rates dropped 1.1 percent, according to the Audit Bureau of Circulations. Despite the downturn, Time Inc. is refocusing for the future, Bascom said.

“Time Inc. has taken a hit in advertising and on sales with our subscribers, but our brands are very strong and we still maintain majority market share in a lot of areas, especially with our weeklies,” said Bascom. “It’s a time of transformation for the company.”

One transformative innovation is the Tablet, a recently unveiled e-version of its magazines tailored to the iPad and similar devices. “Time Inc. is reinventing itself, but keeping its core weeklies and staying true to its values, and finding ways to reach out to customers,” Bascom explained.

Bascom survives the three-day-a-week, two-hour round trip commute from her home in Modesto to Sacramento by carpooling with other Modesto-based students. On school days, her supervisor lets her work from home.

While Bascom initially thought she would study finance and pursue a career in human resources, she discovered a passion for marketing. After earning her MBA in June, she hopes to make a lateral move into sales and marketing.

Her classroom experience is paying big dividends on the job. Historical data for the Illinois plant showed employees could ramp up magazine production, speeding newsstand and home delivery. Bascom made her case, but the plant workers balked because their contracts are based on printing a certain number of magazines per hour and falling short of a higher goal could prevent them from renewing another contract. The result: a standstill.

To break the impasse, Bascom took a cue from her organizational behavior class, explaining how faster production would impact sales and subscribers, and the role employees played. She asked them to try it without changing their contracted amount so they wouldn’t get penalized if they fell short.

“They didn’t feel accountable so much as they felt a part of the new process,” she said. They agreed and the new system is working. “As a manager, I’m seeing the change in how I’m communicating and the benefits I’m receiving from it.”

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Innovation Buoys Calvin Woo Through Financial Crisis Storm

Shockwaves from the global financial crisis flipped Calvin Woo’s world upside down. For Woo, a public finance manager at The Bank of New York Mellon in San Francisco, the usually calm municipal bond market suddenly looked anything but, rattled by default fears and higher risk because of the unprecedented stress on state and local budgets.

Innovation and collaboration buoyed him through the crisis, qualities he sought while considering business school. He chose the UC Davis Graduate School of Management, where he’s now a first-year Bay Area Working Professional MBA student.

As a senior associate at BNY Mellon, Woo oversees 100 municipal bond issues and 60 single- and multi-family housing loans, with a total par value of about $500 million. During the height of the crisis, he worked on a team to help change some of the bank’s bond-related processes. The team developed new ways to track bonds, which were constantly changing hands. They needed to know who owned them, who was getting paid and the amount—if they were getting paid at all.

Woo and his team worked closely with the Federal Reserve and Depository Trust & Clearing Corp. “We created several processes that never needed to exist in the past,” Woo said. “To this day, it keeps us ahead of the pack. Other banks don’t have these processes so they’re lagging behind without the sufficient resources to deal with the many types of problems that have arisen because of the financial crisis.”

Woo started at BNY Mellon in 2006 after graduating from the University of Washington with a bachelor’s degree in economics and mathematics. Since then, he’s been promoted twice.

Today Woo manages investments for municipalities in the San Francisco Bay Area, including the cities of Oakland and Richmond. His clients issue bonds to build and remodel highways, schools, water systems, parks and other projects. Lately, he’s been working extensively with Build America Bonds, part of President Barack Obama’s stimulus plan.

The federal government subsidizes 30 percent of the bonds, which are paying to build and remodel public infrastructure.

BNY Mellon marked its milestone 225th year in 2009 and has weathered the crisis and resulting recession fairly well. With many banks in turmoil during the fourth quarter of 2008, it posted net income of $50 million, which rose to $712 million in the fourth quarter of last year. Global Finance named BNY Mellon the safest bank in the U.S. last year; for the fifth consecutive year Thomson Reuters ranked it the nation’s number one overall debt trustee.

Helping to reinvent the way his company tracks bonds marked a seminal moment for Woo. “I definitely learned the value of teamwork,” he said. “Innovation to me was a cliché business word at first, but it has a lot more meaning now.”

That experience helped him choose the Graduate School of Management. “The banking industry is all about trust and integrity, and those are two things that UC Davis emphasizes,” Woo said. “As a result of the financial crisis, our industry right now has a poor public image. I would like to be part of the solution.”

Woo hopes his MBA will propel him faster up the corporate public finance ladder. The degree also has personal meaning. A fifth-generation Chinese-American, his grandparents never had the chance to attend college. His parents attended college and became successful, but didn’t have the opportunity to pursue advanced degrees. Woo is the first person in his family to attend graduate school. “It’s like I’ve broken through a glass ceiling.”

Since Woo started the Working Professional MBA program in September, he notices he’s already a better manager. “I’m more aware of the ripple effect my management decisions have on my colleagues,” he said. “I make faster, more well-informed decisions.”
U.S. Air Force Pararescue troops are fiercely competitive: only one in five recruits makes it through the grueling, 17-month training. They undergo extreme physical and psychological demands, including water fitness, high-altitude parachuting, advanced trauma medicine and weapons qualifications, all in an effort to perfect techniques for dangerous and daring search and rescue operations. Also known as Pararescue Jumpers—or “PJs,”—their credo, “That Others May Live,” reaffirms their commitment to saving lives and self-sacrifice.

As part of this elite unit, Staff Sergeant Matt Talbott served two tours of duty in Afghanistan in 2007 and 2009, leading teams to quickly find and bring back wounded coalition comrades from some of the world’s most treacherous terrain and conditions. Awarded the Air Medal for completing 15 combat missions during Operation Enduring Freedom, Talbott also helped train Afghan National Army forces, and used his paramedic skills to treat Afghan villagers near his forward operating base.

While on the frontlines, Talbott planned his next big challenge: business school. Less than a year later, he landed at UC Davis as a Daytime MBA student. He knew the university and its reputation well, having earned his undergraduate degree here in history in 1999. He said the MBA program stood out because “students and faculty I met expressed a real interest in who I was and what I wanted to do. My impression was that I could have a greater impact here, and that’s turned out to be true.”

Focusing on finance and strategy, Talbott is thriving inside and outside the classroom. He’s co-director of fundraising for the Big Bang! Business Plan Competition, lining up sponsors that provide the prize money. Meanwhile, he has a nascent idea for his own start-up—a web-based community similar to Kiva.com that allows individual investors to collectively fund new ventures. He’s also part of the MBA Ambassador program that connects prospective students with current students to share what life is like at the School.

A native of San Francisco, Talbott has set his sights on returning to the Bay Area to join a Silicon Valley upstart with a culture that mirrors his military experience. “I was a member of a small team of professionals who were very motivated, aggressive in accomplishing what’s in front of them, and very ambitious about achieving goals in a highly stressful environment.”

He’s already had a taste of Silicon Valley’s entrepreneurial zest—and he’s hungry for more. His first job out of college—at the height of the dot-com boom in 2000—was as an executive recruiter at Schweichler Associates. Talbott cold called hundreds of contacts for each search, trying to convince senior executives at established firms to join venture capital-backed, high-tech start-ups. “I wanted to be doing what they were doing and not recruiting them,” he said.

Later, at Foss and Company in San Francisco, Talbott gained experience in project finance and structuring and marketing tax credit investments primarily in the renewable energy field—a baptism that led to his decision to pursue an MBA. “I was doing deals and wanted to learn more about and understand the underlying models.”

Talbott continues to serve with the Air National Guard’s 131st Rescue Squadron, based at Moffett Field near Mountain View. His unit will deploy soon, and they have enough PJs to fulfill their mission. This allows Talbott to continue his education uninterrupted, but his heart is with them.

“I don’t think we will ever be able to match the job satisfaction,” he said. “You go in and get hurt Americans and bring them back to get medical treatment, and you are treated as a rock star for doing that.”
Brand Building for Candidates and Companies
Peer-to-Pier in San Francisco Draws 325-plus

“Want to stand out from all the other candidates?” asked alumnus Matt Vogel ’08. “Start by putting yourself in the hiring manager’s shoes.”

Vogel joined a panel of alumni, faculty and career experts who shared their insights at the seventh annual Peer-to-Pier event on March 4 in San Francisco. More than 325 members of the School’s community came together to learn how both companies and candidates can best market their brand in today’s economy.

After earning his UC Davis MBA, Vogel transitioned from sales to become a product manager at Abbott Labs. He offered a crash course in self-marketing: “Grow your network. Conduct market research. Develop your product by building your skills. Then repeat and innovate because the market is always changing.”

Alumnus Ethan Cooke ‘98, director of human resources for finance at Blue Shield of California, outlined a multi-year initiative that is transforming how the insurance giant does business—and its employee profile.

Cooke said the company remains “committed to providing health insurance to the un- and underemployed…and to eliminating domestic violence.” At the same time, new realities mean cutting costs without sacrificing value.

“We are actively seeking candidates who want to drive change, who are comfortable with ambiguity,” he explained. “While this is not news in many industries, it is a big change in ours.”

Gallup Consulting’s Kristi Philips helps firms attract top talent who fit their culture. She stressed the need to deliver on the “Employee Promise.”

“An employee’s first 30 days on the job are critical,” she explained. “Provide them with good management from day one.”

During an eight-year career with the Chubb Group of Insurance Companies, Gina DeMartini spearheaded numerous diversity initiatives—and developed a strong interest in helping others. When she made the jump to the nonprofit sector, she found herself on unfamiliar ground that required a new vocabulary, new networks and strategic translation of her business experience.

DeMartini confronted a tight job market early last year when she decided to return to the corporate world. Her meticulous research into employers’ needs and articulating her value paid off. Today she is a senior product manager at Charles Schwab, and a Bay Area Working Professional MBA student.

“At the end of the day,” she said, “you need to be a product that the company wants to invest in.”

The panelists’ experiences, said Assistant Professor Gina Dokko, illustrate a decades-long evolution in the U.S. workplace that has replaced “moving up the ladder” with non-linear career paths. But she says while the “boundary-less career is an attractive idea, emerging research indicates that there are complex costs to making changes.”

Experience, Dokko said, “is not as portable as we once thought,” and often includes some baggage in the form of employees’ expectations and behavior. And although “having a diverse background can boost your innovative skills, it may harm your productivity.”

View video highlights of Peer-to-Pier @ www.gsm.ucdavis.edu/p2p

(Photos left to right)
Assistant Professor Gina Dokko examines how people’s career histories can enable learning, innovation, performance and social capital for both themselves and their employers. “Changing careers is not only attractive, but necessary in today’s world,” she said. “But there are costs associated with this, and you need to factor them in.”

Bay Area MBA student Gina DeMartini, a senior product manager at Charles Schwab, shares how she moved from the corporate world to a nonprofit and back into corporate, stressing that successful job applicants “need to bring new ideas to the table.”

Dean Steven Currall, who served as the panel’s moderator, noted that he, too, had “just made a career transition.” In making this move—from the London Business School and University College London to the Graduate School of Management—he considered three key issues: the match between his values and those of the School; the opportunities to make a contribution; and the alignment between his skills and background and the needs of the GSM.

Matt Vogel ’08 (left) uses the plethora of pasta sauces on the market to drive home some basic points about self-marketing. “Think outside of the box and try to anticipate change,” he advised. Ethan Cooke ‘98 (right) advocates to “work and expand your network relentlessly. Seek projects and experiences that demonstrate that you really want what you say you want.”
Sacramento Mayor Kevin Johnson Recognizes UC Davis MBA Fellows
Students Bring Expertise to Economic Renewal, Green Energy, Housing and Arts Initiatives

by Tim Akin

Four UC Davis MBA students recently put their management talent to work for Sacramento Mayor Kevin Johnson’s office to develop special projects and policy initiatives in the areas of economic development, green energy, education and the arts.

Tre Borden, Jacqueline Jaszkia, Rani Chu, and Courtney Sweetin are the first four UC Davis MBA Mayoral Fellows to participate in a new partnership between the Graduate School of Management and the City of Sacramento.

For 12 weeks this winter and spring, the fellows met with various community groups and leaders as they worked to help Johnson realize his vision of “a city that works for everyone.”

Johnson, the former NBA All-Star who was elected mayor of his hometown in November 2008, recognized the UC Davis MBA students at a press conference in April. The Mayoral Fellows Program is patterned after the White House Fellows Program in Washington, D.C.

“I’m excited about this program and the partnerships we are forging with the UC Davis Graduate School of Management,” Johnson said. “These UC Davis MBA students are contributing their skills and energy to our efforts. In exchange, they gain invaluable insights and exposure into how city government works.”

First-year student Rani Chu tackled two projects: “For Art’s Sake,” a unified approach to support the city’s arts community; and a renewed effort to revitalize K Street and the commercial heart of downtown Sacramento.

Meanwhile, Courtney Sweetin, who was a public school teacher before pursuing her MBA, designed and planned collaborations between parents and schools to improve student performance.

“Mayor Johnson’s enthusiasm for the future of Sacramento is contagious, and I find myself coming to City Hall excited to work each day,” Sweetin said. “I have the autonomy to try new things and design my own experience here. It is the ultimate learning environment.”

Dean Steven Currall said the fellows program represents an exciting new opportunity for UC Davis MBAs to apply their knowledge and experience.

“Our students are contributing to our region’s long-term growth and prosperity,” Currall said. “At the same time, they are refining their management skills and acquiring a hands-on understanding of how business and government intersect.

“Partnerships such as these will define economic development and underpin solutions for our most pressing issues, such as the environment, health care and energy efficiency,” Currall added. “We look forward to future collaborations between the city and the university.”

“Mayor Johnson’s enthusiasm for the future of Sacramento is contagious, and I find myself coming to City Hall excited to work each day. I have the autonomy to try new things and design my own experience here. It is the ultimate learning environment.”

— COURTNEY SWEETIN
UC Davis MBA Mayoral Fellow (below)
A New Era Opens for Sacramento Working Professional MBA Program
Classes Start at Dynamic New Learning Hub

With a 15-year history of offering internationally recognized management education in California’s capital, the Sacramento Working Professional MBA Program in March opened a new era at the Education Building at the UC Davis Sacramento campus.

The evening and Saturday MBA program moved from its previous location at One Capital Mall to start spring quarter classes on March 29. The three-year-old, $46.2 million, 121,000-square-foot facility is at the heart of the 140-acre UC Davis Sacramento campus, home of the UC Davis Health System.

The nearly 200 Sacramento Working Professional MBA students have joined a learning hub along with the UC Davis School of Medicine and Betty Irene Moore School of Nursing. The result: a unique and dynamic learning environment where future leaders in business, medicine and nursing can expand their skills to make positive, long-term impacts in the region and around the globe.

Recognized for its modern design, the Education Building includes a library, two 150-seat lecture halls, classrooms, small teaching rooms, a lounge, study areas and a café. It also boasts high-speed wireless connectivity, high-quality projection, video-conferencing and video streaming equipment. California Construction Magazine recognized the facility as the best higher education project in Northern California in 2006.

In its March 2010 issue, Fast Company described Muteki as “the model of the new game developer... small, fast, and self-sufficient. Developer Ryan Evans and business partner Bryan Sawler are best known for building Topple 2, Ngmoco’s Apple Design Award-winning game. Evans and other young game makers can build an entire iPhone game start-to-finish in about a month and make millions for a publisher.”

“Everyone at the company is very excited to see our name alongside the giants of the industry,” Evans said. “We hope that this is just the first of many years on the list.”

Muteki Corp., an upstart video gaming company founded by two recent UC Davis MBA graduates, has been named one of Fast Company’s “Top 10 Most Innovative Companies” in the sector, joining big leaguers such as Apple, Microsoft, Adobe and Rockstar Games.

Alumni Ryan Evans ’08 and Jason Young ’08 launched the Emeryville-based iPhone game company while UC Davis MBA students and attribute its success in part to the lessons learned in Rodney Lacey’s class on innovation management. (Muteki was featured in the Spring/Summer 2009 Innovator.)

Business Partners Also Benefit

The move also opens up new opportunities for members of the Graduate School of Management’s Business Partnership Program, a vital link between the School and the business community. The program counts many of the region’s top corporations, all sharing a commitment to excellence in management education at UC Davis (see page 48).

One of the benefits of membership is complimentary daytime use of the School’s state-of-the-art teaching facilities in Sacramento and San Ramon. The new Sacramento location offers expanded space to accommodate groups of 30–150 people, in addition to an auditorium that seats 30–200 people at the adjacent Marriott Courtyard Hotel.

Business Partners are also able to use the School’s 9,000-square-foot, state-of-the-art suite in the Bishop Ranch Business Park in San Ramon. Home to the Bay Area Working Professional MBA Program, the facility can accommodate groups of up to 68 people in well-appointed meeting rooms and classrooms.

Learn more about our Business Partnership Program @

www.gsm.ucdavis.edu/bp
“If you deliver more to someone than what is expected, you’ll get more in return.”

—RON RANDOLPH-WALL
Founder and CEO, Quantum Loyalty Systems

Loyalty Marketing Pioneer Encourages Intelligent Innovation
by Marianne Skoczek

“Here’s a tip for success in life: Be determined and audacious in going for what you want. But at the end of the day, you have to have the goods. Optimism without intelligence is not a good thing.”

Thinking big with brain engaged was advice offered by Ron Randolph-Wall, founder and CEO of Quantum Loyalty Systems, who spoke to a capacity audience of UC Davis MBA students last October.

Randolph-Wall peppered his lively presentation on self-promotion with anecdotes from four decades of experience creating innovative rewards programs that motivate customers and strengthen brands.

Based in Incline Village, Nev., Quantum ignited the rewards industry in the 1980s when Randolph-Wall introduced the GM MasterCard for General Motors. It was the first-ever, and continues to be the most widely issued, co-branded credit card, and it launched the card-based loyalty industry. He went on to create the world’s first professional sports-affinity cards for the NFL and the NBA, and several other firsts in card-based coalition marketing.

Also in the 1980s, Quantum developed Hollywood Movie Money™, the first universally accepted movie certificate currency. Since then, more than 975 million certificates have been distributed on four continents.

Today Quantum’s worldwide revenues top $50 million, and Randolph-Wall said its goal is to “help companies turn transactions into other customers.” He said his father instilled in him “the belief that I could run my own work life and career,” and he determined to “create businesses no one else had thought of.” His recipe: identify opportunities, craft compelling business plans and approach major companies with confidence and panache.

“People listen to only every third word,” Randolph-Wall told students. “Make sure that what you’re saying is exactly what you want them to hear.”

Preparation Innovative Leaders for Global Impact
Lam Research Leadership Workshops Sharpen Students’ Skills
by Tim Akin

Daytime MBA student Andrew Perroy has made a “conscious effort to speak less, be engaged and listen more”—practicing active listening after realizing how little of it he did in his personal and professional lives. “I admit, it’s a work in progress,” he said, “but already my communication is more succinct and thorough.”

Soaking up valuable lessons, Perrey has immersed himself in the Lam Research Leadership Skills Program, a series of workshops launched as part of a multifaceted approach to teaching leadership through a range of hands-on experiences.

“Each one is beneficial to my career development,” Perrey said. “I appreciate that the workshops are interactive and I can learn by application. It is one thing to be told something is worthwhile, but when you personally experience it in a supportive setting, it makes a world of difference.”

Fremont, Calif.–based Lam Research, one of the world’s major semiconductor industry suppliers, has funded the program the past two years.

Assistant Dean of Student Affairs James Stevens said student participation has doubled over last year as word about the high quality and value of the workshops spread from the second-year to the first-year class.

“The workshops are designed to deepen and strengthen each student’s professional skill set as a complement to their MBA coursework,” Stevens said. “Comprehensively, they better prepare our students to be effective in the workplace and the world.”

Drawing on experts from industry, each of the nine, highly interactive workshops focused on a specific skill for leadership success. Steve Newberry, president and CEO of Lam Research, set the tone in early September with his opening talk on values-based leadership.

Next up was professional speaking coach Arina Isaacson, who had students tell their stories in her session, “Leading Through Effective Communication,” which student Rani Chu described as a “powerful” exercise.

“I saw value in the point that sometimes you need some creativity and enthusiasm to get heard,” Chu said. “What I really liked about Arina’s workshop is feeling like I got to know my classmates on a different level, very personal.”

Students also learned how to better sell themselves in “The Art of Self-Promotion,” a workshop conducted by Peggy Klaus, a workplace communication and leadership expert.

Managing information overload, productivity and time management strategies were the hot topics taught by Randall Dean, the author of a best-selling book, Taming the E-mail Beast. He offered students a system to optimize the use of Blackberries, iPhones and Outlook calendars.

Clinical psychologist Mitchel Adler, director of MindBody Intelligence Consulting, presented workshops on “Leading and Facilitating a Team” and “Emotional Intelligence in the Workplace.” Adler was followed by Melissa Lamson of Lamson Consulting, who led a session on “Managing Change in the Corporate World.”

Management consultant and GSM alumnus John Bouffard ’93 helped students with tips on coaching others and wrapped up the series in early April with a session on giving and receiving constructive feedback.
The Business of Clean Energy
Net Impact—GSM Professional Chapter Hosts PG&E Efficiency Expert

by Gina DeVantrini and Donald Smith

To better understand the challenges of business solutions to fight global warming, the Davis Net Impact—GSM Professional chapter hosted a leading expert on emerging energy-efficiency technologies from one of the nation’s largest natural gas and electric utilities.

François Rongère, director of customer energy efficiency for high tech, biotech and healthcare at Pacific Gas and Electric (PG&E), visited the UC Davis Graduate School of Management’s Bay Area campus in San Ramon in December.

In a wide-ranging talk on the promising future of clean energy, Rongère opened with a brief history of global warming and the potentially disastrous consequences tied to greenhouse gas emissions. “Climate change is not a ‘save-the-world’ problem. It is a business problem,” he stressed.

Rongère predicted that a decade from now new houses will use zero net energy per year, outlining how LED bulbs, insulation retrofitting, electricity from landfill gas and other relatively easy remedies can significantly boost efficiency. “Second only to power generation, transportation accounts for 30 percent of CO2 emissions in the U.S.” Rongère said weaning ourselves from oil is imperative. “There is promise in algae,” he said. “It produces 100 times more biodiesel per acre than soy, and consumes CO2. The problem is cost of production.”

But Rongère said electric plug-in cars are the better answer. PG&E studies show that up to two million electric vehicles can be added to the electrical grid without increasing current power production—once the Smart Grid is complete. Rongère predicted that the electric car will be a part of the grid, able to draw energy from it, but also to be harnessed by the grid during peak demand.

—Bay Area Working Professional MBA student Gina DeVantrini two years ago founded the Davis Net Impact—GSM Professional chapter, which provides Working Professional MBA students and alumni with online resources, community programs and professional development opportunities that inspire, equip, and empower them to use business to create positive change. Bay Area Working Professional MBA student Donald Smith also contributed to this article.

FIRST PERSON

Net Impact Conference Inspires Changemakers, Innovators in Sustainability

by Eve Goldstein-Siegel ’11

One of the assets that drew me to the Graduate School of Management was the excellence of its Net Impact chapter. Net Impact’s mission to inspire, educate and equip students and professionals to use the power of business to create a more socially and environmentally sustainable world, embodies much of my decision to attend business school.

In November I joined more than 25 members of Davis Net Impact at the 2009 Net Impact Conference at Cornell University in Ithaca, N.Y. The staggering number of attendees—more than 2,600 from 40 states, 23 countries and 188 Net Impact chapters worldwide—both overwhelmed and excited me. It proved that even in a recession, Net Impact’s mission and the theme of the conference—advancing sustainable global enterprise—are top of mind in the business community.

As our group of UC Davis MBAs readied for the conference kick-off, I took a seat in the second row next to Mark Albion, author of More than Money and True to Yourself—Leading a Values Based Business, who presented a workshop at the Graduate School of Management in 2008.

Charged up from General Electric CEO Jeffrey Immelt’s keynote address on “Driving Innovation and Economic Renewal,” we headed to a session on “Opportunities in Opportunity Finance.” There, the panelists described the work of community development financial institutions that serve low- and middle-income people, and I realized that this was the type of economic development I wanted to pursue. A panel on the “Value Proposition of Community Banking” offered further food for thought.

The networking opportunities were amazing. I met executives of Honest Tea, Gap Inc. and FINCA International, as well as business students from several Net Impact chapters. During the closing address—“Selling Up or Selling Out: Maintaining a Social Mission While Growing to Scale”—I discovered a new hero: Jeff Furman, a board member and former owner of Ben & Jerry’s. His commitment to maintaining the ice cream maker’s values and social priorities during its tremendous growth and sale to global giant Unilever impressed and inspired us.

—Daytime MBA student Eve Goldstein-Siegel serves on the board of the Davis Net Impact chapter.
The Business Partnership Program provides a vital link between the UC Davis Graduate School of Management and the business community. Among the School’s highest priorities is helping companies address the complex management issues in today’s competitive global economy. As a benefit, we provide Partner companies and their senior managers with opportunities to learn from each other and network with our world-class faculty, MBA students and other top executives. Through generous contributions, Business Partners make it possible for the School to provide a world-class MBA experience for the next generation of corporate managers and leaders. We extend a special thank you to these corporate affiliates for their financial and in-kind support.

To learn how your company can benefit by joining the Business Partnership Program, contact Roberta Kuhlman, director of development, at (530) 752-7829 or rdkuhman@ucdavis.edu.

The Dean’s Advisory Council is one of the Graduate School of Management’s strongest links to the business community. These prominent executives are key advisors to the dean and provide valuable guidance and recommendations on critical issues related to future growth and development of resources, programs and the School’s educational mission. We appreciate the expertise and support we receive from these dedicated business leaders.

To learn how your company can benefit by joining the Business Partnership Program, contact Roberta Kuhlman, director of development, at (530) 752-7829 or rdkuhman@ucdavis.edu.
1988
Heidi Bruins Green: I am really looking forward to 2010! In 2009 my father fell and broke his hip, and as the closest child, his care has fallen on me. After 10 months, he is now recuperating and living nearby. That’s a good thing, because I lost my consulting gig last summer, and am now looking seriously for work. My passion is e-learning design and development, and I am happy to be a consultant or to go in-house. E-learning and distance education is the future, like it or not, so we need to greatly improve its effectiveness. I enjoy the challenge, and see the recent advances in brain science as having the potential to assist with this effort. If anyone wants to talk further, please e-mail me.

1992

1995
Bill Davies: I moved to Charlottesville, Va., and enjoyed all the winter’s snow with my wife, children and friends here. I am interested in new ventures in wine distribution or importing on the East Coast.

Michelle Leyden Li: I’ve recently changed companies, and am now a senior marketing director at Qualcomm in San Diego. We are in the process of moving the family from northern California to sunny San Diego, and hope to have that done once the school year is over in June. I am running fast to learn a new industry—telecommunications—and am enjoying every minute. Our children are growing way too quickly. Alex is now a junior at Jesuit High School in Sacramento. He is doing very well in his studies and hopes to major in biomechanical engineering in college. Grace will be seven years old in May, and she is making dad very happy because she is our basketball player! She is part of a junior team at her school and seems to have a great natural athletic ability which she must have inherited from her dad—not me!

1996
Jason Mikami: I’ve been busy with two start-ups. I recently joined high-tech venture, SugarSync, as senior director of operations in charge of managing the overall cloud storage and data synchronization infrastructure. In addition, I have launched Mikami Vineyards, a winery focused on hand-crafted, limited-release wines from my family’s vineyard in Lodi. See www.mikamivineyards.com.

Debbie Miglau: Doug and I celebrated the arrival of our baby girl, Julianna, on December 1, 2009.


2000
Aaron Chin: Kayla just turned five and Luke will be three in the spring. Looking forward to seeing everyone at our 10-year reunion in May!

2002
Jesse Baird: For the past three years I have been managing the communications and intranet team for State Farm Life and Health Insurance in Bloomington, Ill. It is a very fast-paced and challenging job, especially in the past 18 months. I use knowledge from my UC Davis MBA almost every day. Many people at State Farm have MBAs, but I am the only one here with one from Davis!

Kathy Gee: I currently live in Tucson, Ariz., with my husband, Frank, and our one-year old son, Ariston. I am still with Agilent Technologies as a market development manager, managing marketing programs for several of our distributors.

Richard Hare: After nine years at Cisco Systems, I recently accepted the role as the company’s enterprise architect for finance operations. Now where did I put my notes from Professor Griffin’s accounting class?

2003

2005
Isho Tama-Sweet: I finished my Ph.D. in accounting at the University of Oregon in June 2009. In August I moved to San Clemente, Calif., and started work as an associate professor of accounting at Cal State Fullerton. Things are wonderful.

2006
Yvette Hatton: Everything is going well for the Hattons, I’m still with Wells Fargo and David is still with PG&E. Our daughter is now one year old, which is quite a milestone for all of us.

2007
Geoff Jennings: I’m now working for CALSTART, a nonprofit working on greening the transportation industry, and living in Alhambra, Calif.

2008
Jon Short: The last few months have been very exciting: I was promoted to manager; went on a SCUBA diving trip to Cozumel, Mexico, with fellow alums Kevin Chartrand and Jamie Kitano; and got engaged to Katie Holden of Sonoma, Calif.
Energetic Leader in Sustainability
Wayne Leighty Named First Newberry Distinguished Student Fellow

Greening the Fleet: As part of his Ph.D. dissertation at the UC Davis Institute of Transportation, MBA student and Newberry Fellow Wayne Leighty is modeling how a leaner and cleaner state vehicle fleet under California’s landmark greenhouse gas reduction law will impact the automobile and energy industries.

Read more about Wayne in our Student Spotlight, p. 22.

UC Davis MBA Ranked among Nation’s Best for 15th Consecutive Year

Only 35 U.S. business schools share this track record of distinction in U.S. News & World Report’s rankings, which this year places the UC Davis full-time MBA program among:

- Top 10% of all U.S. AACSB-accredited MBA programs, No. 42 overall
- Top 5% of all MBA programs at U.S. public universities
- Top 3% in student selectivity (full-time program acceptance rate)
- Top 5% in average GMAT score
- Top 5% in job placement rate three months after graduation

U.S. News for the first time ranked part-time MBA programs. Our Working Professional MBA program offered in Sacramento and the Bay Area is ranked No. 35, among the top 11% of all AACSB-accredited part-time MBA programs.

Read more about our recent accolades @ >> www.gsm.ucdavis.edu/mbarankings
A Center of Excellence at the
UC Davis Graduate School of Management

“Viewing technology and technological advancement through the lenses of sustainability results in a more appropriate, effective societal good.”

Whether it’s a car’s motor or the interplay between a technology’s social, cultural, environmental and financial dimensions, Kurt Kornbluth likes to figure out how things work.

A life-long “tinkerer,” Kornbluth grew up in Detroit and got the keys to his first car when he was 15. He’s owned 300 since then. After a brief stint at GM, he embarked on a cross-country—and then international adventure—that eventually led to his current position as director of the UC Davis Program for International Energy Technologies (PIET), launched last year by the UC Davis Energy Efficiency Center. It’s an amazing opportunity to help accelerate the development and commercialization of efficient, renewable-based energy technologies in impoverished communities in the developing world.

Kornbluth is no newcomer to programs that benefit the world’s most needy people. From 1993 to 2003 he worked with Whirlwind Wheelchair International (WWI), managing and implementing technology projects in Africa and Central America. He led an eight-year project with the Finish government, a local Zambian NGO (DISACARE) and WWI that established a regional resource and training center for wheelchair pro-

A Better, Brighter Future
Business Development Alumnus Kurt Kornbluth

See next page >>

PIET Director Kurt Kornbluth (right) describes how to measure lumen output for various lighting alternatives currently available in developing countries.

EXECUTIVE BRIEF:
The Path Best Taken

“Life is a perpetual instruction in cause and effect.”
—RALPH WALDO EMERSON

I recently participated in a panel discussion celebrating the effect that Art Rosenfeld has had on the field of energy efficiency since he first became involved in this cause in the early 1970s.

The oil crisis transformed Art from a physics professor into a champion of energy efficiency. In the 35 years since, he has gone from walking the halls of Lawrence Berkeley National Labs at night, turning off office lights, to retiring from the California Energy Commission. He has done more to shape how California uses its energy than anyone else I know.

One of my fellow panelists, Gene Rodrigues of Southern California Edison, described their need for university graduates with the ability to link cause with effect. This is true everywhere.

It is not enough to believe in what you’re doing. Or simply to do your job well. Today’s engineers and scientists must walk the entire path from discovering opportunities to make a difference, to committing themselves to creating a real and lasting effect. But the path is not always well marked, and it’s all too easy to chase after well-intentioned follies or arrive at unintended effects.

At the Center for Entrepreneurship, our goal is to help faculty, postdocs, graduate students, undergraduates and scientists working outside academia to see the path from cause to effect—and recognize in themselves the ability to walk it. We provide the knowledge and the know-how to build a better world.

Andrew Hargadon
Faculty Director
“My experience as a Business Development Fellow brought home how critical it is to understand the customer’s ‘pain’ when designing, developing and deploying technologies in the developing world,” notes Kornbluth. “As an engineer I had to learn that having a technology work didn’t necessarily mean the client wanted it. Understanding the customer’s needs is an essential component of my work at PIET.”

As director of PIET, Kurt teaches two graduate level courses, D-Lab I & II. The curriculum combines classroom and laboratory instruction with the chance to participate in an international project abroad the following summer. D-Lab provides UC Davis students with an overview of energy issues in the developing world; an examination of available appropriate, efficient and low-cost renewable energy technologies; a study of life cycle cost analysis; and practical, hands-on experience designing, building, testing and marketing prototypes. Selected students participate in the UC Davis Graduate School of Management’s Business Development Clinic.

“D-Lab prepares UC Davis students for international work,” explains Kornbluth. “When they complete their summer technical fieldwork abroad, they will be working with local partners in a specific region of the world. Although they are there to learn, we also want them to have a sound set of skills to offer their in-country partners.”

This innovative energy development-deployment model has already witnessed success. Lighting the Way, founded last year in Zambia, is working to replace kerosene lamps and candles with ultra-affordable, micro-scale solar lights. The venture was first vetted by graduate students in D-Lab.

—Gwynn Benner, Program Manager, PIET

Program for International Energy Technologies (PIET)
>> http://piet.ucdavis.edu

Lighting the Way
>> http://lightingthewayzambia.org

BUSINESS DEVELOPMENT CERTIFICATE PROGRAM

The year-long Business Development Certificate program provides UC Davis science and engineering graduate and postdoctoral students hands-on experience in developing business skills for a career in industry and the opportunity to develop new business ventures.

Business Development Fellows and MBA students experience first-hand what it takes for an idea to move from the lab to the world as they participate in Graduate School of Management courses in technology management, innovation and entrepreneurship, and interdisciplinary clinics under the guidance of GSM faculty, investors and entrepreneurs.

Applications for the 2010/11 Business Development Certificate program, beginning in September, are due June 18.
>> http://entrepreneurship.ucdavis.edu/fellows

“I am where I am today because of the amazing, life-changing experience as a Business Development Fellow.”
—RICCARDO LOCASCIO KAUFFMAN POSTDOCTORAL FELLOW BUSINESS DEVELOPMENT FELLOW ’07

>> Interested in becoming a Network Partner or an Entrepreneurship Academy sponsor? Contact Executive Director Wil Agastein @ wagatstein@ucdavis.edu or 530.752.9397.
Team-building exercises help academy participants begin to think like an entrepreneur.

Entrepreneurship is important within large companies as well as for individual inventors. The Food + Health Entrepreneurship Academy helps scientists learn how to get the critical message to the right people with the proper level of detail and support. The interaction with other innovative and motivated entrepreneurs is invaluable in reinforcing the spirit of driving discoveries in which you truly believe to market. It was a great experience for our scientists.”

—TODD ABRHAM | SENIOR VICE PRESIDENT OF RESEARCH AND NUTRITION, KRAFT FOODS

Danish Dimension

It’s judgment day. Comments and questions from the panel of judges fly through the air while Ph.D. student Morten Jensen tries to take notes while explaining his business model. He has just presented an appetite-regulating fiber extracted from seaweed with the fictitious name "Full-Fill." The judges, who come from the food industry and some of Silicon Valley’s largest investment firms, are not all applauding this model, however. They also question the marketing plan and the user experience.”

...
Any successful venture needs a team of people contributing a variety of skills and resources. As a scientist or engineer, you don’t need to develop a business model and launch a new company on your own. In fact, the best thing you can do first is build a team with the right mix of skills and experience to help you move your idea out of the lab and into the marketplace.

The core team will consist of your venture’s founders and others who will be directly involved in the first year of launching the new venture. This includes advisors, employees and key partners or contractors. It is critical that all team members share a common vision of where the new company is going—and a commitment to make real progress on the company’s first major milestones.

The right mix (and balance) of skills depends on the nature of your venture and the state of your technology, market and business model. Avoid building your core team from friends and colleagues with similar skills. Instead, define the major milestones your new venture will need to achieve in the first year and use those to determine the skills and experience you will need on the team.

Most new companies require a team with technical, marketing and operational skills: for example, a chief executive officer (CEO/president), a vice president of engineering, and a vice of marketing. Don’t feel the need to appoint people to roles that don’t have clear and mission-critical milestones attached to them yet. And don’t get carried away with titles. As a company grows, you often need to bring in more experienced people at the top: nobody wants to start with a highfalutin title and get demoted after a year or two.

Researchers who want to develop a network of business and investment community members can benefit from attending one of the Center’s entrepreneurship academies. These academies are specifically designed to help you identify the first steps necessary for launching a venture or commercializing your research—and thus for determining what right team. Find an academy that fits your needs and interests on our website.●

http://entrepreneurship.ucdavis.edu

Mark Mascal, Professor at UC Davis, GTEA ’09, is moving forward with his research in biofuels.

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