Calendar

OF ALUMNI EVENTS

BIG BANG! BUSINESS PLAN
COMPETITION KICK-OFF EVENT
Wednesday, January 23, 2002, 7:00-10:00 P.M.
Location: Memorial Union II, UC Davis
http://bigbang.gsm.ucdavis.edu/

ALUMNI SOCIAL IN SAN FRANCISCO
Thursday, January 24, 2002, 6:00 P.M.
Location: Jillian’s @ Metreon

UC DAVIS WINE EXECUTIVE PROGRAM
Presented by Graduate School of Management and Department of Viticulture & Enology
Sunday-Wednesday, February 3-6, 2002
Location: One Capitol Mall, Sacramento
www.wineexecutiveprogram.com

BIG BANG! BUSINESS PLAN
COMPETITION WORKSHOP
Guest Speaker: Kevin Coyle from Gray Cary
Topic: Legal Considerations
Wednesday, February 13, 2002, 7:00 P.M.
Location: GSM Building, Room 174
http://bigbang.gsm.ucdavis.edu/

DEAN’S DISTINGUISHED SPEAKER:
Tom Gardner, Co-Founder, The Motley Fool
Topic: “We Know What Happened. What Do We Do Now?...Lessons from the Internet Economy”
Thursday, February 28, 2002, 6:00-7:30 P.M.
Location: Buehler Alumni Visitor Center,
AGR Room, UC Davis
RSVP to: develop@gsm.ucdavis.edu

3RD ANNUAL GSM SNOW DAY
Saturday, March 2, 2002
Location: Homewood Mountain Resort
(West Shore, Lake Tahoe)
For more information, visit:
www.gsm.ucdavis.edu/alumni/snow_day02.htm

DEAN’S DISTINGUISHED SPEAKER:
Pamela Marrone, President and CEO, AgraQuest, Inc.
Topic: “Do Sustainability and Hard Business Mix?”
Wednesday, March 6, 2002, 6:00-7:30 P.M.
Location: Buehler Alumni Visitor Center,
AGR Room, UC Davis
RSVP to: develop@gsm.ucdavis.edu

SACVALLEY GSM ALUMNI SOCIAL
Friday, March 15, 2002, 5:00-7:00 P.M.
Location: River City Brewpub, Sacramento

DEAN’S DISTINGUISHED SPEAKER:
Ken Larson, Corporate Social Responsibility Manager, Global Operations, Hewlett-Packard Company
April 2002 date to be announced
Location: UC Davis campus, room to be announced
RSVP to: develop@gsm.ucdavis.edu

PICNIC DAY PANCAKE BREAKFAST
Saturday, April 20, 2002, 8:30 A.M.
Location: GSM Courtyard (AOB IV), UC Davis

ASM GOLF CLASSIC
Friday, May 3, 2002
Location: Wildhorse Golf Course, Davis, CA
For more information, e-mail: asm@gsm.ucdavis.edu

BIG BANG! BUSINESS PLAN COMPETITION
AWARDS CEREMONY
Friday, May 24, 2002, 6:00-10:00 P.M.
Location: Buehler Alumni Visitor Center,
AGR Room, UC Davis

ALUMNI WELCOME BBQ
Friday, June 14, 2002, 11:30 A.M.-1:30 P.M.
Location: GSM Building Courtyard
(AOB IV), UC Davis

Franciscan Estates Builds Passion for Fine Wine
Agustin F. Huneeus, President & CEO

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WINTER 2002

Graduate School of Management
One Shields Avenue
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Innovator
GRADUATE SCHOOL OF MANAGEMENT
STEALTH BRAND MARKETING

Agustin F. Huneeus, President & CEO
IN THIS ISSUE • WINTER 2002

Dean’s Message ........................................ 1

Feature ..................................................... 2

Agustin F. Huneus
Builds Passion for Fine Wine

GSM Rises as Center for
Wine Business Education

Distinguished Speakers
Tim Draper and David Stamm:
Venture Capital in the Capital ............ 6

Start-up Friendly:
Sacramento’s Business Challenge ........ 7

School News
Alumni Day 2002 ................................. 9
Team Consulting Breus
Critical Client Solutions ....................... 10

Kanoff Helps Students Polish Presentations .. 12

Volunteers Rally to
Give Back to Community ..................... 13

Net Impact Conference
Refines the Bottom Line ....................... 14

GSM Launches Sustainable
Business Web Site ............................. 15

In Appreciation
Dean’s Advisory Council ...................... 16

Faculty Focus
David Woodruff
Pushes Biotech Boundaries ................. 17

Faculty Research .................................. 18

Alumni Spotlight
SPREDCAR Pips the Hood
on Company Financials ...................... 20

In Memory
Lyn Vuia (Class of 1991) ....................... 21

Alumni Association
Class Notes ........................................ 22

Serve on the GSMAA Board! ............... 23

Students Reveal
Company Shareholder Value .............. 25

Back Cover
Calendar of Alumni Events

Robert H. Smiley
Dean

The council suggested that we market
the program to a broad spectrum of
professionals in the Sacramento area
and not limit our program to CEOs
and others at the executive level. Over the years,
they continued to advise us as we negotiated for new
classroom space, recruited students and, most recently,
weighed various options for expanding the program.
The result of taking their advice—a thriving Working
Professional MBA Program that continues to fill an
educational need in this region.

This group influences many other programs at the
GSM—too many to mention, given the restraints of
my space here. They freely give of their time to serve
as guest speakers in management classes, to mentor
student clubs and initiatives, to offer us the benefits
of their connections and community resources, to
provide public endorsement of the GSM and to
serve as dedicated ambassadors.

Robert H. Smiley

Three times a year at 7:30 in the morning, you
will find me in Sacramento at our classrooms
in One Capitol Mall. I’ll most likely have a
cup of coffee in hand and be greeting a group of
business professionals. I’m referring to the Dean’s
Advisory Council—an invaluable advisory group
that has been assisting me for my entire thirteen-
year tenure as dean.

They come from locations such as Folsom, Roseville,
Sacramento, Palo Alto and Los Angeles and are men
and women with high energy and in-depth business
experience. Some have been on the council since
1989—my first year as dean. None is shy about
giving me opinions and advice.

Most of the council members come from private
industry (see page 16) and have been frustrated at
times by the way decisions are made in a public
institution like the University of California. Despite
the differences in our organizations, however, this
group has consistently given me constructive feedback
and guidance and has played a critical role in many
important decisions at the GSM.

One example in which the council has had a positive
impact on the GSM is a key initiative for the Graduate
School of Management—planning and launching
the Working Professional MBA Program. This was a
new venture for the GSM and the UC Davis campus,
and we depended upon the Dean’s Advisory Council
to give us advice from the perspective of the regional
business community.
Dean’s Message .......................... 1

Feature
Agustin F. Huneus
Builds Passion for Fine Wine .......................... 2
GSM Rises as Center for
Wine Business Education ......................... 5

Distinguished Speakers
Tim Draper and David Stamm:
Venture Capital in the Capital ..................... 6

School News
Alumni Day 2002 .......................... 9
Team Consulting Brews
Critical Client Solutions ......................... 10
Kanoff Helps Students Polish Presentations ...... 12

Volunteers Rally to
Give Back to Community ....................... 13

Net Impact Conference
Redefines the Bottom Line ....................... 14
GSM Launches Sustainable
Business Web Site .......................... 15

In Appreciation
Dean’s Advisory Council .......................... 16

Faculty Focus
David Woodruff
Pushes Biotech Boundaries ....................... 17

Faculty Research .......................... 18

Alumni Spotlight
SPREDCAR Pips the Hood
on Company Financials ....................... 20

In Memory
Lyn Vu (Class of 1991) ....................... 21

Alumni Association
Class Notes .......................... 22
Serve on the GSMAA Board! .................... 23
Students Reveal
Company Shareholder Value .................... 25

Back Cover
Calendar of Alumni Events

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www.gsm.ucdavis.edu/Innovator

The Innovator is published three times a
year by the UC Davis Graduate School of
Management to inform alumni and
students about the programs and activities of
the School.

Robert H. Smiley
Dean

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Robert H. Smiley
Dean

Other programs...
Visiting the Graduate School of Management as a Dean’s Distinguished Speaker last November, Huneeus treated a standing-room-only audience to an animated presentation on the art of “stealth brand marketing” in the highly specialized fine wine business.

HAND-SOLD, NOT MASS-MARKETED
“In the high-end wine business, you can’t build brands in typical ways,” Huneeus said. “You can’t advertise. You can’t do commercials because we’re very sophisticated. Everything is very subtle and elegant. In the effort to build brands, you have to find a unique way to do it. It’s really a very grassroots process and approach we take at Franciscan.”

Franciscan’s sales force identifies the owners and operators of restaurants and fine wine shops who understand and value the subtlety and power of the estate philosophy in their wine offerings. Relationships are cultivated and reinforced. Huneeus said half his business comes from the restaurant channel, where the competition is fierce to get on the wine lists of high-profile, trend-setting establishments and upscale chains such as Morton’s and Ruth’s Chris. It’s where brands are built by the glass.

Continued on next page
“Building a wine brand is harder than other consumer products,” Huneeus said. “The wine industry is more like a commodity category than a branded category. There just is no absolute must-have brand in the wine business. There just isn’t. You can live without Kendall-Jackson. You can live without Mondavi. You can live without Beringer.”

Huneeus’ philosophy and strategy have proven a success. Under his direction, Franciscan Estates has become one of the fastest growing wineries in California, and the fastest growing and most profitable division of its parent company, Constellation Brands, Inc., a beer, wine and spirits superpower. New York-based Constellation is the nation’s second-largest supplier of wine, the second-largest importer of beer and the fourth-largest supplier of distilled spirits. In the United Kingdom, the company is a major seller of wine and the second-largest producer and marketer of cider.

Known for its low-margin, inexpensive jug wines, Constellation is a relative newcomer to premium wine production. In less than three years, the company has acquired one of the largest collections of fine wine brands in the business, which it exports to more than 20 countries. Constellation jumped in with a splash in 1999 with one of the biggest California winery deals ever—the $240 million purchase of Franciscan Estates from Agustin Francisco’s father, Agustin Huneeus Sr., a savvy and worldly vintner who remains chairman of the board of Franciscan Estates and proprietor of Quintessa.

Agustin Francisco began his formal career in the wine business in 1989, managing Franciscan Estates’ Chilean brands. After two years running the company’s Chilean export operation, Huneeus returned to California to become general manager of Estancia Estates. He later received his MBA from Northwestern University’s Kellogg Graduate School of Management then joined San Francisco-based Hambrecht & Quist as an associate in the branded consumer venture group. Huneeus returned to Franciscan Estates in 1996 to lead the winery’s sales and marketing team and was named president of Constellation-owned Franciscan Estates in May 2000.

**BIG IS OUT, BOUTIQUE IS IN**

Maintaining the individuality and image of each Franciscan Estates winery and camouflaging the connections to Constellation while leveraging its financial resources and clout among distributors, are all critical to Huneeus’ goal to build the world’s best portfolio of fine wine.

Continued on next page
“Franciscan Estates and Constellation are invisible,” Huneeus said. “We are not a brand. We are a group of boutique wineries. I’m invisible. Corporate is invisible. We’ve got to be small; we’ve got to be boutique. I don’t want people to know we’re owned by a big corporation.”

Franciscan now owns or leases more than 4,200 acres of vineyards in California and Chile, including 750 acres in Sonoma County’s Alexander and Russian River valleys. Combined, the seven wineries in the portfolio sold about 1.5 million cases in 2001, netting $160 million in sales and $106 per case, the highest average case price among big-volume producers for wines retailing for $10 or more per bottle, according to Huneeus’ figures. Franciscan Estates’ per-case net sales outranked industry stalwarts such as Kendall-Jackson, Beringer, Robert Mondavi, Allied Domecq, Diageo and E. & J. Gallo.

Huneeus said the key is accentuating the strengths and integrity of each winery and giving them autonomy to grab a leading position in their categories. “I believe we can develop a well-balanced family of wineries, a portfolio of sexy brands, where all the wineries will have a reason for being; wines that stand for something, that have meaning, so that they are easier to sell in a very, very crowded marketplace,” Huneeus said. “Anything that makes you stand out, that makes you different, that makes you sought after. We’re focused on the high-end, cream-of-the-crop customers.”

**CARVING OUT A NICHE**

One fact has to be taken to heart when marketing wine in the U.S.: Americans are not big wine drinkers compared to many countries. Although the U.S. is the third-ranking wine consumer in the world, per capita consumption of 1.7 gallons per year has remained steady since the early 1980s, and a relatively small number of people drink most of the wine.

“There’s 11 percent of the population that drinks 80 percent of the wine,” Huneeus explained. “Our company is focused on that 11 percent.”

Capturing their attention is getting harder and harder. The wine trade is overflowing with competitors—especially small operations that go head-to-head with the Franciscan portfolio. There are 847 commercial wineries licensed in California, according to a December 2001 report by the Wine Institute, a San Francisco-based public advocacy association for the state’s wineries. Roughly half of the 847 sell less than 5,000 cases, and the largest 25 ship 90 percent of all California wine to markets worldwide. Nationwide, there are about 1,800 commercial wineries, triple the number of 20 years ago. Internationally, Huneeus said, more new quality offerings are flooding the market from Argentina, Chile and Australia as well as France, Italy, Eastern Europe and Germany.

“One of the things that makes our business so cyclical is there are not that many barriers to entry,” Huneeus said. “Tomorrow, if you have $20,000 in the bank, you can buy a couple tons of grapes in Napa Valley, you can custom crush it at the wine co-op, have it bottled and in a few years, you can have a couple thousand cases of wine and come compete with me at the high-end of the market. Everyone’s doing it. That’s the environment we’re competing in.”

The premium California wine business has exploded over the past decade and now commands a 44 percent share of the U.S. wine market. There are not only more acres coming online, there are more cases per..."
strengthening UC Davis’ close ties to the wine trade, the Graduate School of Management has established itself as a leader in providing high-level business education for the industry’s managers and future executives.

For the second year, GSM faculty partnered with colleagues from the Department of Viticulture and Enology to teach the UC Davis Wine Executive Program in early February. Blending the business and science of winemaking, the rigorous, three-day professional development course included sessions on marketing, accounting and financial management, wine production and grape and vineyard research. The program has attracted more than 110 top managers involved in the industry.

In addition, the GSM is among five business schools and universities teaching a new program leading to a Wine MBA awarded by the Bordeaux Business School in France. Eleven students from nine countries are touring the world to get their degree. After four weeks in Bordeaux in the fall, they arrived from Chile to study at UC Davis for two weeks in January. Ten GSM professors lectured on topics ranging from merchandising and risk management to international trade and foreign exchange to leadership communication, before the students packed their briefcases for Japan and Australia. The group visited three Napa wineries during their stay.

“People are spending more on wine,” Huneeus said. “They’re drinking better wine. They’ve been drinking the same amount, but just paying a lot more for it.”

PLAYING THE THREE TIERS GAME
To get to consumers, in most states wineries must negotiate a legally mandated three-tiered system that forces them to sell to state-licensed distributors, who can then sell only to in-state retailers. The networks of distributors and retailers are rapidly consolidating, putting the fate of more and more wine brands into the hands of fewer wholesalers and account managers.

“This system does not exist in any other consumer product, and it’s incredible because it puts us very, very far away from our consumers,” Huneeus observed. “It puts up more barriers for us to go through. . . . It’s a very difficult system, but for us it’s a good system with our parent company; we have a lot of clout. The competition is intense; it’s a very competitive market at every level, wholesale, retail, fighting for the consumer’s share of mind.”

Supermarket, restaurant and hotel chains are also replacing independents, creating synergies for centralized purchasing. “Not only are supermarkets becoming more important, the chains themselves are consolidating—Albertson’s bought Lucky, Safeway bought Vons, Wal-Mart bought ASDA in the United Kingdom. It’s not only national; it’s international,” Huneeus said. “That means every day I have fewer customers. If the guy with Albertson’s just doesn’t like our wine, it’s huge. It’s a big, big deal. It’s hard to break through that.

“This is a radical shift,” he said. “The wine business in this country has always been done by independent restaurants and by independent retailers. This phenomenon of chain accounts and supermarkets getting into the wine business is totally new. It’s very different from the way we’ve ever marketed and sold our wines before.”

GSM Rises as Center for Wine Business Education
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With venture funding in the Sacramento region heading toward a record year, two seasoned financiers—and proven entrepreneurs in their own right—paid visits to the Graduate School of Management this past fall, one a former Intel innovator who later led two software companies from concepts to global positions in their market, and the other a third-generation VC and founder of a top Silicon Valley high-tech investment firm who plans to establish an outpost and regional fund in the state capital.

Tim Draper, founder and managing director of Draper Fisher Jurvetson, introduced himself and leaders of his new Sacramento team to the School’s Business Partners at a breakfast event in October. In what would be a milestone for Sacramento’s quest for more capital and stronger ties to Silicon Valley, Draper revealed his goal to establish a full-fledged affiliate in the city and described his firm’s investment philosophy and background. Known for its willingness to take risks that have returned big rewards, Draper’s $3 billion fund focuses on early-stage start-ups and has invested in more than 150 companies involved in information technology, telecommunications and networking. Headquartered in Redwood City, Draper Fisher Jurvetson has 13 offices in the United States, Singapore and Hong Kong.

Appearing as a Dean’s Distinguished Speaker a week after Draper, David Stamm, an active venture capitalist and chief executive officer of the Stamm Family Foundation, drew on his extensive experience to talk about “Key Success Factors for Start-ups.” As a Silicon Valley entrepreneur, Stamm founded Daisy Systems, a manufacturer of software used in microprocessor design, and Clarify, a leader in customer relationship management software, which he took public and sold to Nortel Networks in March 2000 for more than $4 billion.

Together, Draper and Stamm painted a picture of what it takes to build and support a thriving culture of entrepreneurship and how start-up founders can maximize their chances for success.

12 Steps and the Rule of 10

Based on his experience launching Daisy Systems and Clarify and conversations with founders of other successful start-ups, Stamm offered a road map for would-be entrepreneurs to follow. Though not iron clad, he said his 12 “success factors” better the odds of bringing a great idea to fruition.

“First, you need to organize your life,” Stamm suggested. “If you have an idea but you can’t act on it because your financial or family situation is such that there’s no way you could quit your job tomorrow and start working on that idea full time, then you’re probably not going to be successful at starting a start-up.”

Jumping in takes more than a part-time commitment because of a phenomenon Stamm dubs the “Rule of 10,” which means there are usually unseen competitors willing to devote their lives to the same idea. “Whenever you do have a good idea, there are at least ten other people who have that idea within a few months because something has happened in the world that made this new concept or product feasible,” Stamm said. “Now you’re in a race with those other individuals. Who’s going to be able to turn this into a real product and a company quickest?”

Even the very best ideas must stand up to intense scrutiny. Stamm’s second “success factor” is that entrepreneurs have to be willing to scrap their first idea and should work on several different ideas simultaneously and contrast them against each other to analyze their potential. His third and fourth

Continued on next page
pieces of advice are to spend the majority of time developing and researching sales and marketing plans and evaluating the competition.

The next critical step, according to Stamm, is to model the start-up against an existing public company to test the profitability of the business model, costs, average sales prices and cycles, growth rates and capital requirements. “During the dot-com bomb, people said they couldn’t find existing profitable companies to compare themselves to, so they started inventing new metrics like hits, page views and eyeballs, certainly not profitability, revenue and cash flow,” Stamm observed. “Pioneering an unproven business model is too dangerous. Even with a model company, risk is high. Without a model company, you are flying blind.”

For the company to survive long-term, founders also must agree on a company culture and plan on replacing themselves. “Extremely few founding CEOs are still CEO after 10 years,” Stamm noted. “The skill set needed during the first three years is not what is needed the next three years. Inform everyone that you intend to replace yourself.”

Stamm’s eighth tip is to think big—aim for a worldwide market. “It’s important because you can double or triple the potential market size for a modest increase in product development and sales channel costs,” Stamm said. Meanwhile, he recommends self-funding the company for several months until prospects can testify to market need and price, a technical and marketing team is identified, there’s a fundable CEO and financial and product development plans are in place. His tenth recommendation is to make certain the business scales profitably, increasing efficiency in customer acquisition costs.

Continued on next page
Sticking with the idea during the first six months to a year and not getting deterred is Stamm’s next to last rule. He said sailing off course sinks initial efforts because “you have to go back and ‘resell’ all your constituents on your new idea or new targets, which is extremely difficult because they bought into your first one.”

Stamm’s final piece of advice: raise much more money than needed. “Plan on at least three funding rounds before going public and raise enough to meet a major milestone plus a significant buffer,” he urged. “More money equals lower risk to the entrepreneur with only a slight increase in dilution of ownership. Many Sacramento companies are not thinking big enough and not raising enough money.” That trend could change when Tim Draper comes to town.

SEARCHING FOR HEROES

Red Herring magazine in June 2000 selected Draper Fisher Jurvetson as one of the “Top 100” companies most likely to change the world, mainly because of the type of entrepreneurs the firm likes to fund. "We look for heroes," Draper explained. "They have this great vision that 'I'm going to change the world and nothing is going to stop me.' Those are the people that we really love to back. Now, we often need to put them together with people who've got a little more solid grounding. But if you do that properly, and that's our art form, you've got a formula for success."

Draper sees the Sacramento region as underinvested and full of potential. Despite the recession and a slump in venture funding nationwide, more than a dozen companies in the Sacramento region raised about $100 million in venture capital in 2001. This is believed to be the best year ever for the area, according to the Golden State Capital Network, a Chico-based consortium linking investors, entrepreneurs, professional service firms and capital. Area business leaders want to bump that number up to $167 million annually, or $500 million over the next three years. To reach the mark, major players like Draper are needed to give the local market a boost. Draper’s firm could help provide promising companies the millions they need after spending early seed money.

Initially, Draper Fisher Jurvetson Central, the Sacramento beachhead, will focus on investing $20 million promised from the California Public Employees’ Retirement System as part of a program to fund enterprises in capital-short markets.

“What’s cool about Sacramento is there is enormous growth in this region,” Draper said. “It has a good quality of life, people love coming here, there’s a brain drain from the Silicon Valley. There’s a low cost of living, real estate is still relatively cheap, salaries are lower and UC Davis is tremendous in agricultural biotechnology and a lot of other fields . . . This is a potentially wonderful place to start an entrepreneurial venture.”

Draper said his firm fosters investing wherever it goes by establishing “entrepreneurs’ clubs,” where successful investors can share their wisdom. They also partner with other venture capitalists to share risks and use community outreach like Draper’s Bizworld program to teach free enterprise to school children, teachers and parents.

“We try to build a culture of entrepreneurship in the region, with events like this and other means to get people connected, networking,” Draper told the GSM’s Business Partners. “We also create an equity economy. If you’re a shareholder, you’re an owner and you feel ownership. That’s why we like every employee in every company to be a part-owner; the work that they put in compensates them.”

As the technology economy struggles to rebound, Draper believes it’s one of the best times in history to be a venture capitalist or an entrepreneur. “When everybody’s down in the dumps,” he said, “the compass needle is spinning and nobody knows which way to go. You can show them which way to go. You can lead the whole world around. This is an exciting time.”
Presentations on the myths of innovation, film set interaction and financial investment topped the agenda at Alumni Day 2002 as nearly 130 graduates, current students and faculty came together on campus January 12 to reconnect and celebrate the 20th anniversary of the Graduate School of Management.

In his last Alumni Day address, Dean Robert Smiley reflected on his tenure, highlighted the School’s milestones and offered his predictions for the next 20 years. “The School will continue to garner academic prestige around the world and be recognized as one of the best small MBA programs,” he said.

As keynote, UC Treasurer and Vice President of Investments David Russ ’86 described his challenge managing $55 billion for the UC Regents. “We try to position the portfolio for more return and less risk, it’s the true free lunch of diversified investment,” Russ explained. “The benchmark is the enemy. You overweight and underweight the different sectors and hope you outperform the index.” Russ recalled how his staff quickly rebalanced the portfolio following September 11 by shifting into bonds and underplaying stocks, a move that led to a $2.7 billion gain in the last quarter of 2001.

The event, hosted by the Associated Students of Management, also featured Assistant Professors Andrew Hargadon and Beth Bechky, two of the newest GSM faculty members. Hargadon overviewed his research on technology innovation, which he’s found often results from “knowledge brokering” among industries—revolutionary ways of applying existing ideas—rather than the discovery and application of new inventions as commonly thought.

Bechky took the audience behind the scenes of a big-budget movie where she studied how the complex activity of a production crew gets coordinated on the set. It depends, she said, on a culture of communication marked by “gratuitous gratitude,” instant feedback and jokes about job performance and a hierarchy of worker roles.

“Thriving in a Sluggish Economy,” an afternoon discussion on career development, was led by panelists David Bellshaw ’92, vice president of Ethos Consulting Inc., Stuart Buchan, recruiter for Drake Beam Morin, and Helen Scully, principal consultant for Scully Career Associates. They offered valuable advice on job search strategies, self-marketing and cultivating relationships.

“It’s the strength of this community that’s important,” said Bellshaw. “We should be giving each other jobs and moving each other up the pyramid. So go GSM!”
Learning by doing rather than in lectures is central to the MBA experience at the Graduate School of Management, where students pool their marketing, financial and organizational expertise to work with both non-profit organizations and for-profit businesses, often designing strategic plans, evaluating internal procedures or identifying competitive threats. These team projects provide value for both the students and the client companies, which receive no-cost professional services on par with today’s best consultants.

Both full-time and Working Professional students have opportunities to collaborate and apply their collective decision-making and problem-solving talents to solve real-world management issues. As part of their training, Working Professional students in the program’s capstone course, Management Policy and Strategy, team up on consulting projects for regional client businesses. Students work directly with top-level executives to investigate corporate concerns ranging from e-commerce to financial analysis of new ventures or existing divisions.

Another avenue is through the student-run Community Consulting Group, which fills a much-needed niche by offering free consulting services to non-profit organizations. Founded by GSM students in 1999, the CCG has built on the School’s long-standing traditions of outreach, community service and entrepreneurial spirit.

CCG EXPANDS HORIZONS
In the past two years, the Community Consulting Group has completed 14 projects for clients located throughout Northern California. The projects have addressed a wide range of needs including proposing new site uses for an inter-city redevelopment agency in San Francisco; creating leadership development and long-term funding plans for a volunteer community health clinic that provides free healthcare for low-income residents in Sacramento; and drafting a guide that educates beginning farmers in need of start-up financing.

“The projects with non-profits that we undertake all have one thing in common—the need for smart business advice,” said second-year student James Pence, chair of the CCG. “It’s a practical, challenging way to put to immediate use the academic components of our MBA; to try out that ‘toolkit’ of skills.”

This winter quarter, sixteen students are involved in six more team projects, including the group’s first international endeavor. Each team works under the guidance of a professor with expertise in the arena. The students are working with clients such as the Yolo Basin Foundation, the Mercy Housing Competition, the Napa Valley Economic Development Council and Aldea Global, a Nicaraguan farmer’s association. Amid a worldwide crash in coffee prices, Aldea Global is looking to form a strategic alliance or joint venture with several Nicaraguan and U.S. businesses to provide fair market returns to small coffee farmers as well as guarantee gourmet coffee to roasters and consumers. That’s where GSM students will help brew solutions.

“I think we can help Aldea Global by providing them with a for-profit perspective as they try to take their high-quality coffee directly into a competitive market environment,” said Chris Davis, a GSM student with more than a decade of experience trading bulk commodities in agribusiness and one of three on the consulting team. “Our goal is to produce a strategic plan that will help insulate their producers from the volatility of the coffee commodity market and provide them with a variety of marketing options for their products.”

Continued on next page
Professor Nicole Woolsey Biggart, a faculty advisor, says more students than ever before are participating in CCG. “The clients are very often mission-based; they have ethical, social and political values at the basis of their company and students see CCG as an opportunity to further these values,” Biggart said. “Students want more than just money. I think it’s generational. Students are more interested in sustainable business and there is a lot more social consciousness among MBA students today.”

**MGP 240: TEAMWORK UNDER PRESSURE**

A 10-week countdown begins the moment students walk into Management Policy and Strategy, better known by its class code: MGP 240. The course requires students to use all of the skills they have developed—analysis and synthesis, strategic business planning, human relations and communications—and challenges them to make critical management decisions in a team and communicate their recommendations to executives at client businesses.

Students go to work immediately after choosing a client, tapping key players for insight into the problem they must solve and collecting data from sources inside and outside of the company. Their study must encompass the major functional dimensions of the business operation, including marketing, financial and organizational expertise.

“The experience of studying a real organization in real-time gives students the opportunity to observe the uncertainties, ambiguities, emotions, conflicting signals, ambitions, politics and rapidly-changing environments which managers and leaders often contend with in running a business, whether for profit or non-profit,” said Senior Lecturer Emeritus Jerry Suran, who most recently taught the course in the fall.

Just in the past three years, students in 240 courses have consulted for more than 50 clients in a broad spectrum of industries, from biotech and banking to government agencies and entertainment companies. Projects have included developing a business plan for NEC Corporation’s Roseville Foundry Business; analysis of the pharmaceutical industry for Novo Nordisk; and advising Intel Corporation on the viability of investing in new technology so they can enter an emerging market.

In December, a team of six student consultants presented a strategic analysis of Genentech, Inc’s Product Operations division at the biotech company’s Vacaville plant. Together, the team spent more than 600 hours crafting an oral presentation and drafting a written report. Genentech officials were so impressed with the quality of the results they asked the group to come back and present it to top management.

Suran said the typical professional consulting fee for the average number of hours each student team dedicates to a project would normally cost clients between $50,000 and $80,000. “It’s quite a deal for the client,” he said, adding that students find the experience priceless. “The course often leaves students with a great deal of self-confidence and satisfaction at the end, particularly if the team dynamics were productive.”

“The crucial lesson from MGP 240 is that it is all about the group,” said Chris Flask, a member of the Genentech consulting team who also works at the company. “No matter when you start, which company you select, or how you plan to do the analysis, it will still all rely upon your teammates . . . It was the journey, not the destination that was the reward.”

Above: Working Professional MBA students present their strategic recommendations to Genentech officials.
Over the past 11 years, Roy Kanoff has volunteered countless hours to critique the communication and presentation skills of hundreds of GSM students. His coaching has been instrumental in preparing students to deliver their findings to client companies as part of the final project in the School’s capstone course on management policy and strategy.

From hand gestures to proper stance to articulation, Kanoff offers students valuable feedback to fine-tune their speaking style. While Kanoff works with students on technique, Senior Lecturer Emeritus Jerry Suran, who taught the course last fall, advises students on the content of their strategic recommendations.

“He’s an expert on how to give good oral presentations,” Suran said of Kanoff, who gives input on students’ presentation skills that Suran uses to determine grades.

Kanoff has plenty of experience at public speaking. He has been an instructor for Dale Carnegie courses on sales, human relationships and management and training. He’s a past president of the Kiwanis Club of Greater Davis and was a small business owner in Davis for more than 25 years. He’s also a GSM Business Partner, long-time friend of the School and loyal supporter.

“He compliments me very nicely,” said Suran. “I have a good big-business perspective, having worked for General Electric. He’s a single entrepreneur who started his own business here in Davis. He has a very good knowledge of the retail, small businessman’s point of view.”

Kanoff insists he’s just polishing the rough edges so the efforts of dedicated, talented students shine.

“He teaches you how to captivate an audience’s attention and demonstrate credibility through effective eye contact, purposeful movements, appropriate references and knowing your material so well that you could give your presentation without your slides,” said Leuze.

This past fall, Leuze’s team presented their strategic plan to Lentronics, a telecommunications components manufacturer newly acquired by GE Power Management. Kanoff was there every step of the way, during practice, full dry runs and at the final presentation.
Joining a record 2.6 million volunteers nationwide in a celebration of neighbors helping neighbors, about 40 GSM students, faculty, family and friends devoted Saturday, October 27, to participate in the 11th annual “Make a Difference Day” sponsored by USA WEEKEND Magazine and the Points of Light Foundation.

Organized by the Associated Students of Management, the GSM has taken part in the nation’s largest day of community service for several years. This year, amid a climate of national unity with the victims of September 11 in everyone’s mind, GSM volunteers spread out to three different locations to work on various projects.

In Woodland, volunteers helped at the warehouses of the Yolo County Food Bank. There, several first- and second-year students, Professor Kim Elsbach and her son, Racha, all pitched in to sort cans and boxes and tidy the food bank’s storage space.

Meanwhile, students and their families, including second-year student Ed Slavich and his 7-year old son, Ben, spruced up the Explorit Science Center in East Davis. The Slavichs gave the center’s entry steps and handrails a royal blue treatment, while others cleaned gutters, weeded, gardened and completed other outdoor clean-up activities.

Across town in Davis, the remainder of the GSM crew took brushes and rollers in hand to paint the inside of an assisted living house run by Yolo County Care Continuum. In the spring quarter, Associated Students of Management volunteers painted the outside of the same house.

Eric Freund, a second-year student who lent a hand at both the Yolo County Food Bank and the Explorit Science Center, said giving back to the community opened his eyes. “As managers, we spend so much time working on details that it’s important to go out and see the bigger picture,” Freund said. “We need to act upon our convictions and belief—get our hands dirty and really do something that makes a difference rather than just thinking about how to do things.”
REDEFINING THE BOTTOM LINE

Net Impact Conference Spotlights Ethical, Social and Environmental Issues

Dynamic speakers at this year’s forum challenged participants to think creatively. Keynoter Jeffrey Swartz, third-generation president and CEO of Timberland Company, described how he has helped maximize employee and shareholder value and lead the company to significant growth by forging private-public partnerships with national and regional non-profits. Timberland employees receive 40 hours of paid leave each year to perform community service—one reason the company is listed among Fortune magazine’s "100 Best Companies to Work For."

The conference experience also influenced career decisions being made by attendees. "I’m interested in consumer durables manufacturing," said first-year GSM student Ariana Spiegler. "It was exciting to hear about companies that are successfully increasing their net income by changing their polluting or wasteful manufacturing procedures into environmentally sustainable practices."

First-year GSM student, Chris Davis, attended an innovative conference panel on “Bottom of the Pyramid” issues, which dealt with ideas to improve the quality of life for the four billion people who have not benefited from industrialization and market economies. "I’m interested in international development, and I know that traditional, ‘top-down’ business model approaches to the developing world aren’t effectively serving the needs of the customers," Davis said. "I wanted to find what else was out there."

Empowered by the contacts and knowledge gained from the conference, GSM chapter members hit the ground running on several new projects, including establishment of a subsidy for non-profit internships and a speaker series on sustainability.

For more information on the GSM Net Impact chapter, visit http://students.gsm.ucdavis.edu/NI/

Sustainability (sus-tan’a-bit-it-e) n. A state of dynamic equilibrium achieved by taking responsibility for balancing long-term economic, environmental and social health.

Today’s most forward-thinking business leaders don’t just concentrate on one bottom line. Instead, they gain competitive edge by maximizing their triple bottom line—economic performance, social equity and environmental responsibility. By focusing on sustainability, managers and executives can use creative strategies to better position their organization in today’s global economy.

Thanks to generous funding from the Associated Students of Management, 10 GSM students attended the ninth annual Net Impact conference held in November at the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill. There, the GSM contingent—the largest group based on the size of the MBA programs represented—joined some 700 business students and leaders to discuss sustainable business practices with presenters and sponsors such as Ford, Intel, Citigroup, Johnson & Johnson and Starbucks Coffee.

Since 1993, Net Impact has grown from an idea shared by a few business students into an international network of 5,000 emerging leaders dedicated to better business.
Focusing on the conscientious use of economic, natural and intellectual capital, the Graduate School of Management has launched a new Web site dedicated to bridging the gap between the demands of business and technology and the vital, long-term issues of social and environmental responsibility.

Conceived by GSM Professor Emeritus Richard Dorf, the Sustainable World site draws on Dorf’s more than 25 years of experience researching and writing about the relationship between technology and society. The site features articles on socially responsible business practices; an events calendar with information on national and international conferences and summits; and related links to organizations, groups and programs involved in sustainable development activities.

“The underlying theme is that there’s nothing more important than the husbandry of our resources and doing it better and more efficiently, and also raising everybody’s standard of living,” Dorf explained. “There has to be solutions to spread the wealth.”

The idea for the site grew out a GSM course on sustainable and responsible business and technology offered two years ago. Dorf will teach the class in the spring quarter of 2002 and initially sees the site as a way to attract graduate students from several disciplines, including agriculture and engineering. Dorf, who is also a professor of electrical and computer engineering, has authored two full-length books on sustainability, Technology and Society in 1975, and his latest work, Technology, Humans, and Society: Toward a Sustainable World, which was published last year and will serve as the textbook for the spring course.

Dorf envisions the site evolving into an interactive hub for students, academics and corporate decision-makers to form a community to exchange ideas, promote action and further weave sustainable business thinking into engineering and business curricula. His goal is to convene a faculty conference on sustainability at UC Davis within a year.

“We hope this site will be useful to educators in business management, engineering and other sciences who appreciate the powerful interconnection between business and technology and seek to provide their students with resources for developing a vision of sustainability that draws upon the power of both,” Dorf said.

To encourage corporate involvement and help fund the site’s growth, Dorf is recruiting company sponsors. Already signed on are Denmark-based Novozymes Biotech, Inc., a world leader in enzyme production, and AgraQuest, Inc. of Davis, which markets environmentally friendly pesticides. Dorf said sponsoring the site “is a powerful way for companies to show that they are committed to using the innovations of current technology to build business models geared toward solutions for sustainability.”

www.sustainablebiztech.org
The Dean’s Advisory Council is one of the Graduate School of Management’s strongest links to the business community. These prominent executives serve as key advisors to the Dean and provide valuable guidance and recommendations on critical issues related to future growth, the curriculum, resources, students programs and technology. We appreciate the expertise and support we receive from this body of dedicated business leaders.
UC Davis has a major genomics initiative underway that will unite faculty from across campus to better understand the actions of genes in behavior, growth, health and disease. The structural centerpiece of the initiative will be the UC Davis Genome Center, a $95 million project now under construction and designed to establish the campus as an international leader in functional and comparative genomics.

The Genome Center, slated for completion in summer 2004, will include scientists specializing in gene studies from a multitude of disciplines, including human and animal medicine, engineering, agriculture and the biological and physical sciences. Genome Center researchers are expected to collaborate with and call on the expertise of campus colleagues in many departments and units, including the Graduate School of Management.

GSM Professor David Woodruff is working on the forefront of bioinformatics, a revolutionary field that plays a primary role in genomics. Bioinformatics research concerns development of computational biology and informatics needed to analyze enormous amounts of data generated by genomics research. It has emerged as a strategic frontier between biology and computer science, producing investigative results and an increased understanding of life at the molecular level that particularly affect biotechnology, pharmacology and medicine.

Woodruff, along with Professor David Rocke from UC Davis’ Applied Science Department, obtained a $333,000 matching grant through the University of California Industry-University Cooperative Research Program to create new data mining techniques for SurroMed, a privately held Mountain View, California, bioinformatics firm.

SurroMed is working to develop personalized treatment for chronic diseases. Initially, the company is focusing on rheumatoid arthritis, neurological disorders, diabetes and asthma—crippling diseases that affect millions of people and cost billions of dollars each year in medical care and indirect expenses such as lost wages and production.

“The research opportunities are dramatic,” Woodruff said. “As is so often the case, great research opportunities also enhance teaching. My work with SurroMed and other biotech start-ups gives me a great opportunity to interact with bioinformatics professionals in a very meaningful way.”

SurroMed runs human blood samples through a proprietary laser scanning system that allows scientists to count cell types and determine the levels of various soluble proteins and other factors. The number of measurements produced by the scans is so vast it requires new statistical tools to fully realize the potential.

Woodruff and Rocke have joined forces with SurroMed researchers to examine more than 700 different attributes of blood taken from 80 asthmatics given corticosteroids as a treatment, according to Aaron Kantor, SurroMed’s director of cell and molecular biology. They are looking at biological data to identify changes in cells and molecules in the blood before and after patients took the drug. The hope is this information will lead to the development of customized pharmaceuticals.

“As we look ahead to the ultimate goal of personalized medicine, there are going to be many opportunities to apply the optimization techniques that are the subject of my research,” Woodruff said. “These techniques will be applied to the statistical estimators used to mine data, to the design of medical diagnostic kits and to the management of the biotechnology operations. I’m fortunate to get involved with SurroMed in the relatively early stages of this burgeoning industry.”

GSM Professor David Woodruff is working on the forefront of bioinformatics, a revolutionary field that plays a primary role in genomics.
"The Making of a Dealer Market: From Entry to Equilibrium in the Trading of Nasdaq Stocks," co-authored by Assistant Professor Katrina Ellis and her colleagues, Roni Michaely and Maureen O’Hara from Cornell University, has been accepted for publication in the Journal of Finance. The paper provides an in-depth analysis of the nature and evolution of a dealer market. In a dealer market, such as Nasdaq, prices are set by multiple intermediaries (broker-dealers or market makers). In contrast, in a specialist market such as the NYSE, only one market maker is responsible for setting the price of each stock. Professors Ellis, Michaely and O’Hara explore whether dealer markets are competitive in the sense that many dealers are active in the price discovery process, or if there is a dominant market maker much like there is on the NYSE. They assess whether a dealer market’s structure coalesces quickly, or if it changes slowly over time. They also analyze the importance of the entry and exit of dealers in the market; and how the market concentration affects their entry, exit and profits. By addressing these issues, Ellis and her colleagues provide a tool to understand the specific properties of dealer markets and how these markets evolve over time.

In January, Associate Dean and Professor Paul Griffin presented his paper, "When Does Insider Selling Support a 'Strong Inference' of Fraud?," at the Third Asia-Pacific Journal of Accounting & Economics Symposium in Hong Kong. Co-written with Stanford Professor Joseph Grundfest, the paper reviews the insider trading behavior of 842 companies sued in federal court under Section 10 (b) of the Securities Exchange Act of 1934. It examines whether the amount and timing of insiders’ selling during the litigation class period (the alleged period of misinformation) is unusual in comparison to insiders’ trading at other times. Professors Griffin and Grundfest find that selling during the class period is significantly greater than selling both before and after the class period. They also find more pronounced differences in selling that occurs in smaller firms and firms with less analyst coverage. However, their study is unable to distinguish whether selling is elevated because the insiders are illegally using nonpublic information or because they are using costly, but legal, public information. The paper demonstrates that there are non-fraudulent reasons for insider selling levels to be elevated and recommends that courts
should temper the adverse inferences they might draw when they observe unusual levels of insider selling, particularly when examining smaller companies with lower levels of analyst coverage.

Associate Professor Michael Hagerty recently finished editing a volume for Social Indicators Research titled “Assessing Quality of Life and Living Conditions to Guide National Policy: The State of the Art.” The book’s introduction, written by Professor Hagerty and his colleagues, Joachim Vogel of Statistics Sweden and Valerie Muller of Rhodes University in South Africa, details the evolution and institutionalization of the social indicator movement. Divided into three parts, the book focuses on the concepts and theory behind the movement; the current state of social indicator and social reporting programs; and the ways in which researchers and individuals can use social indicator findings to affect social change and public policy. Scheduled for publication in March, the volume provides readers with “best practices” from all over the world on measuring national quality of life; and is a useful “how to” book for those countries initiating their own national quality of life survey.

Assistant Professor Andrew Hargadon and University of Bologna’s Angelo Fanelli have co-authored “Action and Possibility: Reconciling Dual Perspectives of Knowledge in Organizations,” which will be published in the spring issue of Organization Science. The article recognizes that within organizations, best practices for knowledge management are often driven by two, sometimes conflicting perspectives. The “action” perspective focuses on how organizations exploit what they already know. The “possibility” perspective focuses on how organizations generate new knowledge. Organizations that effectively exploit their existing knowledge often undermine their ability to build new competencies. Similarly, organizations that are good at creating new knowledge are often bad at exploiting what they already know. Professors Hargadon and Fanelli describe the practices of a set of firms that have proven their ability to innovate by continuously recombining their old knowledge in new ways. These firms illustrate a rare but productive interplay between exploiting old competencies and creating new ones.

Professor Michael Maher published his article, “The Evolution of Management Accounting Research in the United States,” in the September issue of the British Accounting Review. Maher contrasts the development of management accounting in the U.S. to the United Kingdom. In the U.K., research in the field was based largely on sociology and psychology and began developing in the 1970s. In the U.S., the field was much more mathematical and economics-based and started in the late 1950s. Professor Maher contends that the reason for the difference between these two otherwise similar cultures was the influence of the Ford Foundation. The foundation initiated business school reforms to deal with the influx of World War II veterans who went to university on the GI bill and to develop management expertise that would help the U.S. economy compete with the then-rapidly growing Soviet economy. To address Ford Foundation criticisms, business school deans sought quantitatively oriented faculty to increase the respectability of their schools. The late 1950s also saw a post-Sputnik shift toward mathematics throughout U.S. education. The result was a booming business school research industry, of which management accounting played a significant part. Maher finds that in the 1980s and 1990s management accounting research has tapered off a bit as the work has become more stylized and abstract. After 40 years of growth and maturity, he says it is perhaps time for a paradigm shift in managerial accounting.

Associate Professor Anand Swaminathan’s paper, “Asset Divestiture Following Horizontal Acquisitions: A Dynamic View,” was published in the September 2001 issue of the Strategic Management Journal. The paper, co-written with Laurence Capron from France’s INSEAD and Will Mitchell from University of Michigan’s Business School, examines the sale or disposal of assets that occurs after companies within the same industry merge. Scholars often argue that the high rate of post-acquisition divestiture is evidence of the acquisition’s failure. Professor Swaminathan and his colleagues take a more positive approach by developing the idea that divestiture is often a necessary part of the reconfiguration of merging firms. In reviewing 253 horizontal acquisitions occurring between 1988 and 1992, the authors argue that business acquisitions can help firms acquire and recombine resources and, in the process, undertake substantive, positive changes of business units. In this light, asset divestiture can be viewed as strategic actions companies take to adapt and reconfigure themselves.
If you want a quick look at a company’s financial health, SPREDGAR may be your answer. Born out of a Graduate School of Management course, the powerful software tool developed and marketed by alumnus, Gordon Gerwig ’97, allows investors, analysts and academics to “check under the hood” at the hard numbers behind a firm’s operations.

Borrowing its name from the Security and Exchange Commission’s EDGAR database it taps, SPREDGAR is a Microsoft Excel add-in that automatically downloads freely accessible annual and quarterly filings from EDGAR into a blank spreadsheet. In seconds, it can calculate and graph more than 30 standard financial ratios in the areas of profitability, leverage and liquidity, and generates cash flow analyses and plots ratios over time for virtually every non-financial, non-utility public company.

SPREDGAR produces the same financial ratios used by Wall Street analysts to assess the earnings quality and prospects of the companies they cover.

Back in 1997, Gerwig and his classmates in Professor Paul Griffin’s course on “Evaluation of Financial Information” brainstormed the idea that spawned SPREDGAR. Gerwig capitalized on the concept and put a business plan into action. “I didn’t know much about Visual Basic or Excel at the time,” he said. “But I did have a background in software. So I taught myself both and went off and wrote the product.”

Today, the software is licensed to more than 60 corporations, 35 universities, government agencies and non-profits and hundreds of others in 13 countries. Major companies such as Cisco Systems, Hewlett-Packard, Prudential Securities and KPMG International are customers, and several business schools have assigned SPREDGAR to students in corporate financial reporting and financial statement analysis courses, including The Wharton School at the University of Pennsylvania, the University of Chicago Graduate School of Business and NYU’s Stern School of Business.

“Corporations find SPREDGAR useful to compare their financial metrics with the competition,” explained Gerwig, who now works as a financial advisor with Morgan Stanley in Sacramento. “I use it in my day-to-day work . . . Many individuals have also purchased it, some of them Wall Street types, and also individual investors. Quite a few MBA students as well.”

Since its initial release, Gerwig has upgraded the software with new features such as one-click access to more than 9,000 ticker symbols/company names, stock quote feeds and a portfolio tracking function.

Meanwhile, favorable press reviews have stirred up even more interest. SPREDGAR has been written about in Fast Company, Wired, Silicon Investor, The Sacramento Bee and the American Association of Individual Investors’ Computerized Investing. It’s rated five-stars by ZDNet, and applauded in two popular

Continued on next page
Company Financials

Software Gains Worldwide Use

SPREDGAR is a Microsoft Excel add-in that automatically downloads freely accessible EDGAR filings and calculates more than 30 financial ratios.

investment guides, *Investing Online for Dummies*, and *deleteyourbroker.com* by Chris Byron, host of MSNBC’s High Noon on Wall Street.

The SPREDGAR enterprise “threatens to become profitable this year,” said Gerwig. The software is distributed solely as a download from www.spredgar.com. “Marketing it on the Internet was a major learning experience—especially during the dot-com boom in which financials didn’t seem to matter much.”

Much has changed since the tech bubble burst. With today’s stock-pickers market, traditional valuation techniques are coming back in style and SPREDGAR could carve an even larger niche market among those who want to crunch raw financial data to make informed investments.

“That some investors like to research small stocks in depth, one that receive little scrutiny from the Street analysts. SPREDGAR is an ideal tool to let them do this,” Gerwig said. “It also lets you do a ‘reality check’ on stock tips you may receive from friends or stockbrokers.”

In Memory of Lyn Vraa

Lyn Vraa, class of 1991, died on December 19, 2001, in San Francisco, California, after battling cancer for several months. Lyn was an active member of the Alumni Association and a faithful attendee of GSM events over the years. Lyn served on the Alumni Board of Directors from 1996-1999 and led the group as president from 1997-1998. Lyn had many friends at the Graduate School of Management. We will all miss her vibrant, generous spirit.

Below are messages from some of Lyn’s former classmates.

“...I was fortunate enough to attend several classes and to work in study groups and on teams with Lyn. We also served a year together on the GSM’s Alumni Board. In her first year on the board, she quickly made an impact with her organizational style and leadership. She was very proud to be a graduate of the GSM and we were lucky to have her with us. She will be missed greatly by not only the GSM but also her fellow alumni.” - Sonja Hongisto Bowman ’91

“It seems to me that the nicest people in this world are generally the ones who leave it first. And so it was with my friend Lyn.” - Maria Kelly ’91

“...Lyn and I were roommates not long after our graduation. Simply, Lyn was a great roommate and an overall great person; the kind of person that one appreciates solely due to her easy personality and positive outlook. I hope that we can appropriately remember her by treating those around us in the same manner that she treated us.” - Keith Mattax ’90

These are just a few of the kind words and fond memories of Lyn we received. We were unable to include them all here. To read more, please visit www.gsm.ucdavis.edu/alumni/inmemory.htm.

In lieu of flowers, Lyn’s family asks that donations be made to either the Melanoma Research Institute (www.melanomacenter.com) or The American Cancer Society (www.cancer.org).
1983

Patricia Boehm: In 1999, I became a resource specialist, teaching seventh grade students with learning disabilities. I am currently working on an intern credential and taking classes while working. My husband, Stan, and I will celebrate our 20th anniversary in July. Our sons, Jason, 17, and Erik, 16, are both hang-glider pilots like their father (I retired from the sport several years ago). Jason will be heading off to college in the fall followed by Erik the year after.

Barry Greenberg: My daughter, Hannah, and I moved into a new house in January. We are still in Alameda. Hannah, now a seventh grader, continues to excel in school while playing sports, mellophone in the band and preparing for her bat mitzvah. In June 2000, I returned to the Life Science Group at Bio-Rad Laboratories as a staffing contractor.

Rhonda Hughes: I am launching a new business, Harrigan & Hughes, which will provide special education consulting for schools and advocacy for children. In the meantime, Online Marketing Partners remains a going concern, and I continue to strive for (and lurch towards) not just work/life balance, but complete integration. Stuart and the kids are well, and we all send our love to the Charter Class. I hope to see many of you at Picnic Day.

Dean Pedrotti: Up until last quarter, it had actually been a good year. I am still an officer at Fire Station 17 in Phoenix and have been for almost four years now. I supervise six folks with a fire engine, ambulance and air/light plane. I have a great crew, and am doing well in spite of September 11. When the attacks happened, I was in Alameda teaching a class on weapons of mass destruction. While driving my rental car the 2,500 miles back to Arizona, our USAR team got mobilized. I had 48 hours in Phoenix before we left on a military transport plane for 10 days at Ground Zero.

Diane Wilcox: I am living in Bern, Switzerland, until August. I am learning so much, am amazed by the beauty of the Bernese Alps and am awed by the tenacity of 90-year-old Swiss women dressed to the nines on the tram every morning with their market baskets in sub-freezing weather. I look forward to seeing our class at the next reunion.

1984

Niels Cappel: For the last 15 years, I have been co-owner, with my wife, of Helix Diagnostics. I managed the finances, did the product development and supervised the manufacturing of critical components of the 15 or so Medical Diagnostic products that we manufactured and sold throughout the world. In July 2001, we sold our company to Bio-Rad Laboratories of Hercules. I finally have a real corporate job as production manager for the West Sacramento facility. Life in the corporate world is great; they pay me on time and they do not talk to me very much.

Tom Chesterman: After five busy years of accomplishment, the time has come for a professional change. I have left Bio-Rad and am looking around for the next challenge. My wife and I are blessed with two sources of infinite joy in Christian, 10, and Noah, 2.

Kirk Fanning: After graduation, I went to work for the Federal Land Bank as a financial analyst and loan officer. In 1983, I moved to the telecommunication industry and have been there ever since. I provide program management consulting and interim management services for the wireless divisions of U.S., South American and European telecom companies. I currently work in Madrid, Spain, for a European division of Comcast. I live in Las Vegas with my wife Sherie and two daughters, Jessica and Carly. It took us all awhile to adjust to my telecom life, which requires frequent travel and long assignments away from home. But the upside is that my family has been able to visit much of the U.S. and parts of Europe.

Julie Jensen: The last couple of years have been pretty strange at work. When I came to HP, I never imagined that I would be responsible for managing downsizing at my site. After the company-wide layoffs in August, I began to wonder if HR is a good place for me. Fortunately, most of the work I do is about building healthy organizations, not tearing them apart. On the home front, Joe and I are still happy in the Northwest. We have three great kids. Our oldest son is in high school and is starting to drive. This is a real test for me as a parent. Any tips from parents of teens would be appreciated.

1985

Al Africa: After living in Red Bluff since graduation, a new job opportunity with a not-for-profit company and proximity to family have brought us to Sacramento.

1986

Aaron Anguiano: I started my own law office this year and am doing better than planned. Martha and our four children are doing well.

Kevin Doody: My article, “Guidelines for Implementing a Corporate—University Relations Program,” was published in the Industrial Research Institute’s journal, Research Technology Management, in September—October 2001. I serve as an academic advisor to the IRI’s University Relations Committee. The article is available online at http://corporate.caltech.edu/corporate.html.

Karen Kurz Salm: Every morning I wake to a view of the Sierras. We love living in a small town in a beautiful setting, our indoor pool, our acre of trees and being only 10 blocks from work and the State Capitol in Carson City, where I am operations officer for the Nevada Public Employees Benefit Program. My son is two-and-a-half years old, and while he has given us some scary hospital stays, we have been blessed.

David Russ: I spoke at the GSM’s Alumni Day on January 12 (see page 9).

1987

Steve Johnson: I was just promoted to manager at the Sacramento Regional Transit District. In addition to taking care of my two kids, I also teach graduate classes at Chapman University.

Nancy Loeb: I am still living in Davis after a sojourn in Washington D.C. I keep busy by working part time at CSUS and raising our five-year-old son, Max.

J. Patrick Ostrander: After 13 years at IBM, I joined Siebel Systems, Inc. and am having a great time learning the software sales business. Debbie and I and our four boys, Patrick, 10, Tommy, 8, Daniel, 6, and John, 4, enjoy living in the Pacific Northwest, close to Debbie’s family.

Continued on next page
NOTES

1988

Steve Robinson-Burmester: My son, Bailey, was born on February 16, 2001. Having him in my life is an absolute joy. Professionally, I have added the duties of CIO to my CFO position. We have been developing modeling tools for GPS systems on our fleet of buses, which I have enjoyed tremendously.

1989

Thomas Ingraham: My three kids and my marriage are great. My company is doing well but the beverage sector is not. We are bigger than the company we split off from.

John Jones: I am retiring this spring after 30 years in law enforcement and am weighing my opportunities for entrepreneurial ventures, part-time teaching or just enjoying life. My daughter, Carolyn, graduated from UC Davis in June 2001 and has begun a career with the USDA Natural Resource Conservation Service as an agricultural engineer.

1990

Andy Chou: Our company, Plank Optoelectronics, produces fiber optic passive components for telecommunication. I have three Ph.D.s and seven Masters working in my R&D group, and we have technical and sales cooperation with several optics companies in the Bay area. I would be interested in speaking with other alumni working in telecommunication.

Joe Monteleone: The MBA bug is catching. Maria, my wife, will complete her MBA in June. This is truly an amazing accomplishment, as she did it concurrently with her full-time management responsibilities at HP. We both continue to be happy in Corvallis and have, so far, survived HP’s on-going “changes.”

Yeong-Wen Juang: In May 2000, Jacqueline and I welcomed our second child, Jesse, into our lives. He definitely makes our life busier and more colorful.

1991

Jeff Nolan: I am currently living in Surrey, England, with my wife Vivienne. We met in Australia in 1996 and were married in Hawaii in May 2000. After 10 years with Bechtel (the last five overseas), I am now working for Zurich. The group I work with provides engineering/construction consulting services for our internal customers (construction insurance underwriters) and a developing, external client base.

Carol Vetter: In April, we had our third child. We now have three boys, Kenny, Matt and baby Jack. Fred ‘89 recently accepted a position with the University of Rhode Island as an assistant professor in the Electrical and Computer Engineering Department. We have enjoyed living in upstate New York for the past few years, but look forward to moving to Rhode Island.

1992

Steve Tracy: There is never a dull moment in my second year teaching middle school math in Alameda. It is a challenge to find adequate time and resources to do the job and deal with a broken educational system. Support your local teachers, please. I had fun visiting Peru—from the jungle to Cuzco. Santa brought me a 2002 Subaru WRX this year!

1993

Max Fang: I have been working at Acorn Product Development for almost six years and am still having fun. Last June, my wife and I had a baby girl, Valen, who is keeping us both very busy.

Joan (Cornell) Fazio: In December, John ’93 and I spent a week in Stockholm watching my brother, Eric, receive the Nobel Prize in Physics. You can see the streaming video at www.nobel.se. I work at iPass, a small Internet services company, which is still breathing and humming along in the Silicon Valley. Our daughter, Katie, is three years old, tons of fun and is looking forward to becoming a “big sister” in late May.

Continued on next page

SERVE ON THE ALUMNI BOARD!

The Graduate School of Management Alumni Association Board of Directors is looking for enthusiastic alumni volunteers to join them in strengthening the School’s alumni network.

The GSMAA is governed by a group of alumni volunteers—the GSMAA Board of Directors. The Board consists of eight elected alumni members who meet at least three times a year to discuss alumni needs, brainstorm valuable new services and create opportunities for networking like informal socials, Snow Day and more.

At the end of June 2002, three Board members’ terms will end. We would like to replace them with enthusiastic alumni who share in their commitment to strengthen the GSM network and make it “cool and fun” to be a GSM alum.

If you have questions or are interested in serving on the Board, please contact:

Britta Hoekenga
hoekengb@fosterfarms.com

Scott Scaramastro
scott_scaramastro@agilent.com

To learn more about the GSMAA Board of Directors, visit:

www.gsm.ucdavis.edu/alumni/election.htm
Leon Hall: I am still working for Accenture. I am currently on a flex leave of absence until the economy improves, giving me a great opportunity to spend time with my wife Pam, Ted, 8, and Emma, 4. I have also taken up piano, which has been a life-long desire. I joined a soccer team, am coaching and refereeing my son’s team and am volunteering at the elementary school.

Dena Lockwood: I continue to enjoy the challenges of teaching young children while raising my active, soon-to-be-six daughter, Erin, with my husband Michael.

Ethan Robertson: My wife and I just finished remodeling our house, and are enjoying the fruits of our labor with our two sons, Duncan, 4, and Riley, 1.

Mike Yuen: After four years with a software start-up I co-founded in San Diego, I decided to head back to the corporate world. I’m now at QUALCOMM, Inc. working on the BREW wireless software platform initiative. I manage the mobile gaming segment for QUALCOMM’s Internet Services division.

1994

Mike Hall: Go2 survived the dot-com shakeout of 2001 and is poised for big things in 2002. Elizabeth and I are expecting our second child, a little boy, in early March.

Eben Johnson: My twins, Owen and Elly, are one-year old. What a year it has been!

Scott and Wendy White: Our two children, Samantha, 3, and Spencer, 1, keep us pretty busy these days. Scott’s company is on the brink of either being sold or going bust, but he keeps his spirits up by playing basketball once a week with friends from work. Wendy is busier than ever getting Intel’s message out and raising two children and a husband. She is eagerly awaiting her sabbatical early next year.

1995

Bill Rhyme: In November and December, Rhyme Cyder was on a list of five “Best American Ciders” in Food and Wine (page 66), and appeared in hard cider articles in the Oakland Tribune, The New York Times and the Santa Rosa Press Democrat. Rhyme Cyder was also part of a group of ciders discussed at the Fancy Food show in San Francisco in January. Sales are really starting to pick up.

1996

Shyama Chakraborty: I was recently promoted to vice president at Microcosm, Inc.

1997

Gordon Gerwig: I spent three weeks this summer on the 61st floor of the World Trade Center’s south tower. My firm, Morgan Stanley, lost only six people (still too many) out of the 3,500 who worked there. It’s still hard to comprehend, even after visiting Ground Zero this fall. On a positive note, I’ve entered into a promising financial planning partnership with a young colleague at work. We are currently giving seminars on municipal bonds in the Sacramento area. I expect to receive my CFP designation next year.

Joyce Hao: It has been a difficult year at Agilent. We have been hit hard by the economic downturn. On a personal note, I have been volunteering for the past year as puppy raiser for Canine Companions for Independence, a service dog provider based in Santa Rosa.

Steve Wetzel: I am enjoying snow skiing, triathlons and life in general.

1998

Beth Ashkin: I still commute weekly to my job with Agilent Technologies in Palo Alto. Thank goodness for books on tape and for having a job. Maybe, some day, I will work and live in the same place. But for now I am thankful for having stayed true to Sacramento and our wonderful group of friends. I vacationed in New Zealand this fall. My New Year’s resolution is to have our study group to dinner this spring and see more of my fellow Sacramento-rooted GSMers.

Elizabeth Broers: Mark and I had a baby girl, Emma, in October. We couldn’t be happier! Mark is still teaching at Rio and I am still doing marketing at Intel.

Randall Fairchild: I got married on October 20 in Davis in former GSM Dean Gary Walton’s backyard. When I married Helen, I became an instant stepfather to two beautiful daughters, Chelsea, 13, and Whitney, 10. Our biggest news is that Helen is pregnant. We heard the heartbeat in January.

Janet Fan: I recently became product manager for SAP’s latest CRM software, which competes head-to-head with Siebel’s product. I have been traveling to Germany a lot to work with the development team there. On a personal note, I got engaged and am moving to Marin County where my fiancé lives.

Tracy Haven: I continue to enjoy working for the California Department of Justice. We have a lot of fun with our two-year-old daughter, Katie, and expect to give her a brother in May.

Richard Mac Bride: I continue to work with small and large corporate clients on issuances of stock, financing and mergers and acquisitions.

Roane Thorpe: My current assignment as strategic sourcing specialist continues to be extremely challenging. Providing supply chain management solutions for ExxonMobil’s global exploration and production businesses is a perfect opportunity to combine my engineering background with the UC Davis MBA skills. Amy volunteers as a school nurse, and Allison and Erica have started kindergarten along with soccer, drill team, Camp Fire Girls, Indian Princesses and choir.

Richard Trutz: I am leading the digital video (DVD) revolution.

1999


Kimball Norup: I accepted the position of vice president of marketing for Nelson Human Resource Solutions, the largest independent staffing services firm in Northern California. With seven business units to support I am very busy! Andrea L., along with our boys, Dexter and Drake, are happy in Sonoma.

Gary Palmer: I am teaching management in biotechnology at the GSM.

Peter Shepherd: In December, I completed over one million yards of swimming for the year!

Bert Wallace: The downturn in “dot-com land” led to my layoff from The Hertz Corporation. It turned out to be the greatest thing to have happened to me as I am now having a great time at Sanitary Fill Company.

2000

Patrick Henderson: I would like to extend an invitation to everyone to come ski Northstar at Tahoe. The snow is excellent and this promises to be a great year. I will be glad to personally teach beginners of all ages.

Randy Lee: On September 1, I married Linzi Hong on the island of Oahu. We had a perfect honeymoon in Thailand and Hong Kong. Linzi and I now live in San Francisco, close to Pacific Bell Park.

Continued on next page
Becky Milstrey: Since graduating, I have had a new sense that I can take on almost anything. I changed jobs to the systems side of finance, which keeps me busy and challenged. I am also re-connecting with family and friends who were somewhat abandoned during the Working Professional MBA program. Through it all, I remain supportive of my special guy who went driving around the country in a semi for seven weeks.

Rob Milstry: Graduation has returned extracurricular time to me. I am taking advantage of that by following old dreams—I got a CDL and spent a couple of months trucking across the country, literally. Also, I have always wanted to be able to play the guitar and now I am learning.

J. Steve Pinson: In January, I assumed the vice-chairmanship of the Department of Anesthesia at the Sutter Medical Center in Sacramento.

Sam Saliba: After being “downsized” at Intel this past summer, I took a few months off to do some soul searching, job searching and a bit of traveling. Maria and I relocated to a new apartment in San Francisco, and in December I joined LucasArts Entertainment Company as a product marketing manager. I’ll be handling all aspects of marketing for some of the StarWars video game titles, as well as, some new original titles.

Julie Saqueton: I am very excited about my new position as CFO for KVIE, Channel 6. I had been thinking about working for a community based non-profit for several years. Also, Wil ’00 and I are thoroughly enjoying our new life as parents of our little angel, Courtney.

Geoff Wong: After a year at E. & J. Gallo, I am now domestic finance manager and support the sales and marketing functions. I still enjoy the wine business and the Central Valley. Jodi and I are engaged to be married.

2001

Rose Elliott: I am currently working in marketing services at Agilent Technologies. I had a baby boy, Calvin Alexander, on September 23, 2001.

Russ Patton: After eight years, I have left Verizon Wireless and have joined Applied Medical, a supplier of surgical devices to hospitals nationwide.

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GSM Students
Reveal Company Shareholder Value

As Enron teetered and the Securities and Exchange Commission stepped up investigations of blue-chip companies for possible accounting violations, Graduate School of Management students this past fall put the financial statements of some of America’s more interesting public corporations under the microscope.

Students in Professor Paul Griffin’s class on financial analysis and shareholder value used detailed financial forecasting techniques to estimate the companies’ future free cash flows. Students then translated these future cash flows into an up-to-date assessment of each company’s intrinsic value to an investor. They also learned how to remove from a company’s financial statements the many accounting biases that might otherwise fool an unsuspecting investor.

“The results were surprising,” Griffin said. “While many of the companies were judged to be significantly overvalued, the students also identified several companies both on the Big Board and the Nasdaq that the market does not apparently fully appreciate in the current economic environment.”

The companies (and ticker symbol) evaluated included:

- Calpine Corp. (CPN)
- Clorox Co. (CLX)
- EMC Corp. (EMC)
- Gilead Sciences, Inc. (GILD)
- Home Depot, Inc. (HD)
- Krispy Kreme Doughnuts, Inc. (KKD)
- McClatchy Co. (MNI)
- MGM Mirage (MGG)
- Raytheon Co. (RTN)
- Schering-Plough (SGP)
- Southwest Airlines (LUV)
- Sylvan Learning Systems (SLVN)
- Sysco Corp. (SYY)
- Wm. Wrigley Jr. Co. (WWY)

If you would like to contact the students who performed these analyses and learn more about their approach to understanding the value of a company, please e-mail Professor Griffin at pagriffin@ucdavis.edu.
Calendar

DEAN’S DISTINGUISHED SPEAKER:
Pamela Marrone, President and CEO, AgroQuest, Inc.
Topic: “Do Sustainability and Hard Business Mix?”
Wednesday, March 6, 2002, 6:00-7:30 P.M.
Location: Buehler Alumni Visitor Center;
AGR Room, UC Davis
RSVP to: develop@gsm.ucdavis.edu

SACVALLEY GSM ALUMNI SOCIAL
Friday, March 15, 2002, 5:00-7:00 P.M.
Location: River City Brewpub, Sacramento

DEAN’S DISTINGUISHED SPEAKER:
Ken Larson, Corporate Social Responsibility Manager,
Global Operations, Hewlett-Packard Company
April 2002 date to be announced
Location: UC Davis campus, room to be announced
RSVP to: develop@gsm.ucdavis.edu

PICNIC DAY PANCAKE BREAKFAST
Saturday, April 20, 2002, 8:30 A.M
Location: GSM Courtyard (AOB IV), UC Davis

ASM GOLF CLASSIC
Friday, May 3, 2002
Location: Wildhorse Golf Course, Davis, CA
For more information, e-mail: asm@gsm.ucdavis.edu

BIG BANG! BUSINESS PLAN COMPETITION
AWARDS CEREMONY
Friday, May 24, 2002, 6:00-10:00 P.M.
Location: Buehler Alumni Visitor Center;
AGR Room, UC Davis

ALUMNI WELCOME BBQ
Friday, June 14, 2002, 11:30 A.M.-1:30 P.M.
Location: GSM Building Courtyard
(AOB IV), UC Davis