A Toast to the
Wine Business

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An Irrational Choice?

ETHICS AFTER ENRON:
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Our reach is more than regional and continental. We work with France’s Bordeaux Business School as one of three partner universities teaching a part of their international Wine MBA program, which is designed to train the next generation of wine leaders with a global view.

These Wine MBA students, who typically have several years of experience in the wine industry, spend two weeks at the Graduate School of Management learning—and experiencing—the California way of thinking about wine production and management, including a field trip to Napa Valley. They travel to other top wine producing regions of the world, studying at universities in Australia and Chile, before heading back to Bordeaux to present their dissertations.

It is very satisfying to be at the center of an industry that invites passion for the product, attracts inspired people from so many cultures, and takes place in such beautiful settings as the Napa and Sonoma valleys. It is an industry where the technology transfer is often accompanied by a swirl, a sniff and a sip.

Nicole Woolsey Biggart
Dean
Jerome J. and Elsie Suran Chair in Technology Management
In 1880, the California Legislature sensed the potential of the state’s fledgling wine industry and mandated that the Regents of the University of California spur improvements by establishing an academic and research program in viticulture and enology.

Fast-forward to today and the California wine industry is internationally renowned, has become the world’s fourth-largest wine producer and pumps $45 billion into the state’s economy. This year, UC Davis’ viticulture and enology department celebrates its 125th anniversary and its position as the world’s most respected research center for the study of winemaking and grape growing. If credit for California’s wine industry success story can be given to one institution, it’s UC Davis.

The Graduate School of Management has paid close attention to UC Davis’ long history and international reputation as an innovator in wine science and grape horticulture. Building upon that legacy, the GSM has carved out an influential niche on the business side of the dynamic industry.

WINE MARKET COMES OF AGE

A new era has dawned in the wine industry. Increasing corporate consolidation, international competition and the globalization of sales and taste have radically transformed the California, and world, wine economy.

Yet as recently as the early 1980s (about the same time the then-Graduate School of Administration opened its doors), the production of premium wines in California was a cottage industry. Most wineries had been in business fewer than 10 years, and most were unprofitable.

Today, premium wineries of all sizes, and the global beverage conglomerates that have swallowed up many of them, have quickly aged into highly profitable, streamlined operations requiring skilled managers to handle everything from accounting and finance to marketing and distribution.

Capitalizing on its location just 45 miles from America’s wine Mecca in the Napa and Sonoma valleys, the Graduate School of Management has kept a finger on the pulse of these sweeping changes and played a significant role in fermenting this business revolution.

The GSM has fostered strong relationships throughout the industry by providing strategic consulting and research, helping to train the next generation of management talent and educating wine professionals from around the world. (see sidebar, page 5)

CULTIVATING CONNECTIONS

Leading the School’s charge into the wine field has been Professor and Dean Emeritus Robert Smiley, now director of wine industry programs, who began looking at the wine industry soon after he arrived from Cornell University in 1989.

Early in his tenure as dean, Smiley was approached by several wine executives to conduct a strategic analysis of their industry. He signed on and became a founding member of the Napa-based Wine Industry Symposium Group, an organization of California wine professionals promoting financial business programs for their peers.

Smiley’s initial study has evolved into an annual survey of more than 350 wineries, vineyards, retailers, restaurateurs, financial institutions and various industry CEOs that reveal insiders’ reflections on the industry. Each year since 1992, Smiley has presented his findings as a keynote speaker at the Wine Industry Financial Symposium, a forum for wine industry owners and executives, grape growers, distributors and retailers to talk about the latest market trends.

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Widely sought by the media for his perspective on the wine economy, Smiley has consulted for several wineries and serves on the boards of directors of Delicato Family Vineyards, one of the fastest-growing California wineries, and Napa’s Cakebread Cellars Winery.

Drawing on his network, Smiley has been instrumental in bringing several pioneers of the California wine industry, as well as the newest generation of leaders, to visit the School as Dean’s Distinguished Speakers. Over the past few years, these have included Paul Dolan, one of the founders and past president of Fetzer Vineyards, part of America’s seventh largest wine producer; Jess Jackson, the founder of Kendall-Jackson Wine Estates; Peter Granoff, co-founder of Wine.com; and Augustin Huneeus Jr., who at the time headed Franciscan Estates, a fine wine division of Constellation Brands, the world’s largest wine company.

Smiley said the School and the wine industry make an excellent match. “It’s a nice fit, frankly, for our size and location and as far as the industry’s needs are concerned,” he said. “Compared to its main competitors—beer and coffee and soft drinks—wine is a relatively small and growing industry, and we are a small and growing business school.”

Despite its size, Smiley noted the complexities of the wine industry and how it differs: “Unlike most ag businesses, wineries have responsibility for everything, from growing the raw materials of the product to marketing to the consumer. This is very unusual. It’s very vertically integrated.”

Smiley said this vertical integration coupled with a perpetual oversupply of grapes worldwide and the cyclical nature of the wine business makes it a challenge to manage and remain competitive.

**MBAs Minding Wine’s Bottom Line**

UC Davis graduates both in the vineyards and front offices are meeting the daily challenges and pushing the wine industry ahead. Many GSM alumni are now key decision-makers at well-known wine companies with brands such as Beaulieu Vineyards, Mondavi, Meridian, Kendall-Jackson, and Gallo of Sonoma, as well as at boutique wineries, distributors and industry suppliers.

In early February, several GSM alumni met in Calistoga with Dean Nicole Woolsey Biggart, Professor Smiley, and Assistant Dean of Development and External Relations Rissa Spears. Alumnus Steve Spadarotto ’96, vice president of winery operations for Diageo Chateau & Estate Wines, hosted the luncheon at Diageo’s Sterling Vineyards.

The setting itself was a testament to the growing value and capital investment in the industry. Sterling’s hilltop winery overlooks prized Napa Valley vineyards that can command $300,000 an acre and produce winegrapes worth more than $3,000 a ton.

The summit brought together GSM graduates in top positions at Constellation Brands, Diageo, Duckhorn Vineyards, Louis M. Martini Winery, Luna Vineyards, Beringer Blass Wine Estates and Garner Technologies, a supplier of innovative corks and bottle seals.

A common theme among the alumni was how well the Graduate School of Management prepared them for their wine industry careers. They said their MBA skills have been essential in their work as consolidation continues to transform what was once a small, fractured segment of businesses into one part of the global alcoholic beverage industry.

“I’ve gone from working for a $100-million fine wine company selling a half dozen brands to working for the world’s largest alcoholic beverage supplier with almost $2 billion in U.S. wine sales alone—without changing employers,” said Jack Clare ’04, vice president of North American information technology for Constellation Brands.

“UC Davis is providing the education and forum to make us successful business leaders in what is quickly becoming another complex, large-scale consumer products industry,” Clare said.

Belinda Weber ’98 left Robert Mondavi Winery to pursue her MBA at UC Davis and is now senior marketing manager for Duckhorn Wine

(continued)
Company, a premium wine maker with a collection of small estates in the Napa and Anderson valleys. She says she still benefits from the contacts that she made as a student while assisting Smiley with his annual survey.

“I knew that I would return to the wine industry after finishing my MBA,” Weber said. “UC Davis was my first choice because of the reputation of the GSM and the viticulture and enology department. I knew the name would carry weight with potential employers.”

Ralf Holdenried ’03, an assistant winemaker at Louis Martini Winery, which was recently purchased by E. & J. Gallo Winery, the nation’s largest wine producer, said his management skills have been essential to the transition after the merger.

“Building cooperation between winemaking and marketing and finance within E. & J. Gallo has greatly improved as a result of my UC Davis MBA experience,” said Holdenried, who as a part of E. & J. Gallo now counts fellow alumnus Richard Armstrong ’02 as a co-worker.

Armstrong, manager of international finance for E. & J. Gallo, said getting an MBA allowed him to switch careers from hospitality management. “A UC Davis MBA was the best choice I could have made,” he said. “The growing connection between the GSM and the wine industry will only enhance the experience for others on a similar path.”

Like Holdenried, Bob Masyczek ’02 has combined his winemaking skills with a UC Davis MBA. Masyczek, who works with Spadarotto at Diageo Chateau & Estate Wines, was recently promoted to director of innovation and emerging brands in the wake of Diageo’s $260-million acquisition of The Chalone Wine Group, which added 12 brands to their portfolio.

As a winemaker with 22 years experience armed with an MBA, Masyczek found himself in a perfect position. “All of a sudden, they needed someone on the production side who could work very closely with marketing to look at how best to expand based on winemaking capability, and to give advice to the executive committee on the best way to grow the business,” he said.

TASTING THE FRUITS OF THE WINE BUSINESS

GSM students are also reaching out to the wine industry. A group of entrepreneurial MBAs has formed Wine Business Consultants, a new student organization that offers volunteers real-world experience in the wine trade.

Second-year MBA student Mark Meyering said they have completed a marketing research project for Beringer Blass Wine Estate’s wine club. A second group will soon present Beringer Blass managers with results of a consumer survey on six brands. And students are actively lining up future clients.

In addition, the GSM chapter of Net Impact, a student group dedicated to sustainable and responsible business, has also followed the wine industry’s growing commitment to organic farming and environmentally friendly winemaking. Last April, about a dozen GSM students toured Napa and Sonoma valleys to get an insider’s view into the operations of three state-of-the-art wineries and vineyards that are breaking new ground in sustainable business practices.

The School encourages students to get involved in these activities and to forge their own career interests in the wine industry. Each year one outstanding MBA candidate with strong interests in the wine business is honored with the $1,200 California Wine Industry Management Education Award. The endowed scholarship was established in 1998 and awarded for the first time in 1999.

Alumnus Spadarotto, who has watched the industry grow up since he entered in the late 1980s, said it’s a great time for newly minted MBAs to get into the wine business: “There are tremendous employment possibilities that didn’t exist 20 years ago, particularly for those with an MBA from UC Davis—it’s like a one-two punch.”
As featured in the March 14 issue of BusinessWeek, traditional executive education programs offered at business schools worldwide are being trimmed and tailored to address issues faced by managers in specific industries.

The UC Davis Graduate School of Management has been ahead of the curve, establishing itself as a recognized leader providing high-level business education and a center of expertise for one of the world’s oldest industries—wine.

UC DAVIS WINE EXECUTIVE PROGRAM
“What other school would be as suited to host a weeklong program for wine-industry executives than the University of California, Davis Graduate School of Management?” BusinessWeek wrote.

The answer: None other.

The Graduate School of Management partners with the Department of Viticulture & Enology to teach the annual UC Davis Wine Executive Program, a four-day professional development course held at the GSM’s teaching suite in downtown Sacramento.

Now in its fifth year, the program has attracted more than 250 wine industry professionals from across California, as well as a dozen states and around the world, including France, Britain, Chile, Australia, the Caribbean, Hong Kong and South Korea. More than 50 attended this year’s program in early March.

The innovative program brings together top managers and winemakers from the world’s largest wineries with owners of small, artisan wineries, as well as négociants, vineyard operators, retailers, suppliers, distributors, investors, developers and financiers. They break bread, taste each other’s wines and are immersed in an intensive learning environment focused on the art of making and selling wine in today’s global market.

Crafted and taught by prominent UC Davis faculty, the curriculum covers marketing and branding, accounting and financial management, modern winery and vineyard operations, cost analysis, legal issues and cutting-edge grape and wine research.

UC DAVIS ON FOUR-CONTINENT ITINERARY
FOR WINE MBAs
For seasoned veterans of the food and wine business who want the ultra-premium experience in highly specialized wine business education, the UC Davis Graduate School of Management is among four international business schools and universities to teach a program leading to a Wine MBA awarded by the Bordeaux Business School in France.

Designed to train the next generation of wine leaders with a global view, it’s the only MBA specializing in wine management. The GSM has been part of the program since it began in 2001.

Students in the part-time, 15-month program alternate studies in four wine-producing regions worldwide with their work commitments. They spend two weeks each at the Bordeaux Business School, UC Davis, the University of South Australia in Adelaide, and Pontificia Universidad Católica in Santiago, Chile, before returning to Bordeaux to present their thesis project.

This year’s cosmopolitan class from France, Portugal, Chile, Georgia (former Soviet Union), South Korea, New York City and Los Angeles unpacked at UC Davis in January to study for two weeks. Ten GSM professors and guest speakers lectured on topics ranging from merchandising and supply chain management to financial forecasting, marketing research and competitive positioning. The group also visited three Napa wineries during their stay.

“UC Davis exceeded my expectations, the quality of the lectures and the professors’ commitment and support were superb,” said Marcos Pereira, who heads the international wine division of Unicer Bebidas de Portugal, SGPS, S.A.

“The classes allowed us to exploit our own experience and the speakers’ expertise,” Pereira added. “The complexity of the U.S. wine market was approached clearly and we had the opportunity to get a deeper understanding of the production side by visiting Napa Valley.”

WINE MBAs STUDY AT GSM
As part of the Bordeaux Business School’s Wine MBA program, this class of eight international wine industry professionals spent two weeks studying at the Graduate School of Management this winter. (Front row, left to right) Marcos Pereira of Unicer Bebidas de Portugal, a leading Portuguese drink maker with a new wine division; Hervé Le Diascorn, manager of Château Monteils, a 15-hectare French wine estate; Cristian Lopez, general manager of the British subsidiary of Chilean winery Concha Y Toro. (Back row, left to right) Julie Lerner, sales representative for the New York State Restaurant Association; Shota Kobella, production technical director at Pernod Ricard – Georgian Wines and Spirits; Michele Kawamoto with American wine distributor Paul Bullard Associates; Carlos Serrano, export manager for Montes Wines in Chile; and Min-Hwan Choi, a teaching assistant both in financial management and wine classes at Michigan State University.
Curtis Mann's last job had great perks—no commute and just minutes from classes at UC Davis. But there was a downside to managing 181 student apartments. One time, a student using a fire sprinkler as a coat rack caused a leak that led to a three-apartment flood—and a missed midterm for Mann.

Realizing that fixing busted pipes and clogged toilets wasn’t a ladder to success in the wine business—where his true passion lies—Mann applied for jobs at wineries in nearby Sonoma and Napa Valley. He landed a position in tasting room sales and hospitality at ZD Wines in Napa, where some days he pours and sells ZD’s Chardonnay, Pinot Noir and Cabernet Sauvignon to more than 150 visitors.

“It’s a lot of fun talking to the customers, but demanding as well,” Mann said. “I can never predict who’s going to walk through the door—they may know nothing about wines or they may totally surprise me.”

As an undergraduate at UC Davis, Mann studied history with a minor in philosophy. He also took prerequisites for business school. To boost his knowledge of wines, he took two introductory wine courses before graduating in 2002.

Although managing a large apartment complex with a $2 million annual budget and nine employees was a great crash course in business, Mann realized that to compete in the wine industry, he needed more formal business training.

“While looking for jobs, I kept hitting a wall,” Mann said. “I needed more marketable skills and I knew that the Graduate School of Management was the place to get them.”

Mann’s experiences at ZD Wines serve him well in his new position as vice president of student activities for the Associated Students of Management, the School’s student government group. He’s also a member of the School’s Marketing Association and Wine Business Consultants, a group of students who have landed consulting projects for wineries such as Beringer Blass Wine Estates.

Even as an undergraduate at UC Davis, Mann was heavily involved in extracurricular activities. A trombone player, he directed the Cal Aggie Marching Band-uh! and currently is the alumni conductor. He met his wife Danielle—an alto saxophone player—the first day of band retreat their freshman year. From 1999 to 2002, Mann served as parade director and vice chairman for Picnic Day—one of UC Davis’ largest annual events. He also was a member of the committee that established the new logo for UC Davis.

Mann said he was fortunate to have a good friend at UC Davis who majored in fermentation science and enology. This friend invited Mann to his first wine-tasting experience at the home of the owner of Silver Oak Wines. “It was amazing!” Mann said. “I suddenly understood why some people are crazy about wine; it’s about finding that perfect bottle.”

Today, as he works toward his MBA, Mann is also preparing for the introductory sommelier test in August to expand his wine and restaurant experience, and future career opportunities.

What’s his favorite vintage? Mann pulls a bottle from the wine fridge—a Corton-Charlemagne White Burgundy from France. Don’t let the name fool you, he says. Burgundy just refers to the region; the wine is really a type of Chardonnay. He should know—it’s part of his job.
Perhaps a passion for wine is simply a given growing up in an Italian family. For alumnus Steven Spadarotto ’96, that passion led to a high-profile position as vice president of wine operations for Diageo Chateau & Estate Wines in Napa Valley.

A self-confessed wine snob, Spadarotto earned his undergraduate degree in business administration with a concentration in finance from the University of Missouri-Columbia, and worked his way into the wine industry in 1987. But he felt pigeon-holed as the “finance guy.” After meeting with then-Dean Robert Smiley in 1992 while working as general manager at Clos Pegase Winery in Calistoga, Spadarotto enrolled in the School’s Working Professional MBA charter class in 1994.

“I wanted to move up in the industry, but felt my competitors would have an edge with their MBAs,” Spadarotto said. “If I ever wanted to reach for the brass ring, I felt I needed that MBA.”

Spadarotto admits his two years spent in the first Working Professional class felt like a whirlwind. After working all day in Calistoga, he would drive like a madman to Sacramento for evening classes a few nights a week, and often at least one night on the weekend. Plus, he started school with just one child and ended two years later with two more.

In retrospect, Spadarotto says it was well worth the effort. He was sought out by Kendall-Jackson to become general manager of Cambria Winery and Vineyards. For Spadarotto, the move was a quantum leap in responsibility.

“Being a general manager is the type of job it is impossible to be bored with,” he said. “It forces a well-rounded understanding of business in an often capital intense, cash poor industry. That’s a great challenge—like walking a tight rope without a net.”

After four years, Spadarotto moved up to chief operating officer, responsible for Jackson Family Farms’ winery and vineyard estate operations and brands in the U.S., and locations in Italy and Australia. Another four years prepared him for his current position at Diageo Chateau & Estate Wines, part of London-based international spirits giant Diageo PLC, the world’s largest producer of alcoholic drinks.

Now that he oversees multiple facilities for Diageo’s fine wine division, Spadarotto says his biggest responsibility is to choose quality people to run different parts of the company. Diageo’s winery and vineyard holdings range from the newly acquired Napa-based Chalone to Edna Valley in San Luis Obispo. The company also runs two wineries in Washington state, France, and is developing a project in Australia.

Spadarotto says he owes his success to the Graduate School of Management.

“But because of the breadth of classes and such a well-rounded education, I was able to go toe-to-toe with the vice president of sales, marketing and other executives—it gave me a sense of self-confidence,” he said. “That’s one of the greatest values to people in the UC Davis MBA program—to see their confidence and innate abilities grow tremendously.”

In February, Spadarotto, who accepted Dean Nicole Woolsey Biggart’s invitation to join the Dean’s Advisory Council, hosted a “GSM Wine Summit” at Diageo’s Sterling Vineyards in Calistoga. Spadarotto hopes the group can meet regularly to network and strategize about ways to bring more UC Davis MBAs into the industry. “It’s great to give something back to the School,” he said.

As vice president of wine operations for Diageo Chateau & Estate Wines, Steve Spadarotto ’96 oversees an international portfolio of fine wines, including Sterling Vineyards in Calistoga, where stainless steel fermentation tanks (above) can store 685,000 gallons of wine.
Stars shined brilliantly outside and inside the California State History Museum in Sacramento on a chilly Saturday evening last December as the Graduate School of Management community celebrated the outstanding achievements of alumni and students at its annual winter season reception.

The Celebration of Stars Gala brought together GSM alumni, students, faculty, staff and friends at an end-of-the-year salute to distinguished alumni and top students. The museum, which brings California’s rich history to life and tells the stories of the people, places, promise and politics behind it, served as an ideal setting to congratulate the next generation of leaders emerging from the School as well as graduates who have already made a mark.

The Alumni Association honored two of its members for professional and personal achievement, as well as outstanding service to the School and the community. The alumni awards program was established two years ago to acknowledge graduates who have made exceptional contributions and provided energetic leadership to the School, the business community and broader society.

For the first time, the Alumni Association also presented fellowship awards to two students, recognizing their leadership abilities and support of the School. (see page II)

**DISTINGUISHED ACHIEVEMENT AWARD**

David E. Sundstrom, a 1985 alumnus, received the Alumni Association’s “Distinguished Achievement Award” for 2004-2005. Sundstrom, who is Orange County’s elected auditor-controller, was recognized for his fiscal management of the county and his active leadership in several philanthropic, professional and civic organizations.

As auditor-controller of Orange County, California—the nation’s fifth most populous county—Sundstrom manages a 400-person staff, a $5.6 billion budget and a $4 billion investment pool. He’s been recognized for the technological innovations he has implemented and has earned a reputation as an independent-minded watchdog for his constituents.

Sundstrom holds several professional leadership positions, including vice president of the State Association of County Auditors, which honored him as “Auditor of the Year” in 2003. He is also developing best practices in his field as a member of the Strategic Plan Steering Committee of the National Intergovernmental Audit Forum, a group of federal, state and county audit officials that is eliminating ambiguities that make government entity audits duplicative and inefficient.

An active volunteer in his community, Sundstrom lends his time and financial expertise to fundraising efforts by the United Way of Orange County, Orange Rotary and Orange YMCA.

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"The Graduate School of Management has always prided itself on fostering the entrepreneurial spirit, primarily in the private sector," Sundstrom said. "Being recognized by my peers reaffirms my decision to devote my career to the public sector. I am deeply gratified by their recognition of my work in government and will treasure the award the same way I cherish my experience as a GSM student."

OUTSTANDING SERVICE AWARD

The Alumni Association’s “Outstanding Service Award” was presented to Joy Daluiidao-Hermsen, a 1992 alumna, for her combination of passion, drive and leadership in support of the School, including several years of volunteer work as a member of the Alumni Association Board of Directors.

Recognized by her peers for her outstanding service, Daluiidao-Hermsen said accepting the award at the Gala was both an honor and humbling. It also had personal meaning because her father was there to see her receive it.

“The Graduate School of Management community is made up of smart, caring leaders who value service and giving their time, energy and support to the School,” she said. “That is what makes our School so special.”

Daluiidao-Hermsen’s commitment to the School and the UC Davis campus runs deep. She served on the Alumni Association Board of Directors for six years from 1998-2004, including vice president of operations in 1998 and a term as president from 1999-2000.

She played a major role in developing the Alumni Association’s vision and long-term business plan. She has also been a speaker at Student-Alumni Day events, a guest speaker in an MBA marketing course at the School and guest lecturer at the Sacramento Entrepreneurship Academy.

Daluiidao-Hermsen, who also earned her undergraduate degree from UC Davis, was named last year to the board of directors of the Cal Aggie Alumni Association, the campuswide alumni association with 24,000 dues-paying members whose mission is to advance the interest and promote the welfare of the University and its alumni.

—Joy Daluiidao-Hermsen ‘92
Their selection not only recognizes academic achievement, but also expresses confidence in their abilities and promise to become outstanding business leaders in the future.

—Dean Nicole Woolsey Biggart introducing the School’s Beta Gamma Sigma honorees

Most recently, Dalauidao-Hermesen co-founded Nimble Practice, a consulting firm she and fellow graduate Tim Stallings ’98 have established. She had been an independent organizational development consultant and previously served as director of operations, director of franchise business services and director of training for Round Table Franchise Corporation’s company-owned stores.

HONOR. WISDOM. EARNESTNESS.

These three words embody the meaning of membership in Beta Gamma Sigma, an international honor society of students enrolled at programs accredited by AACSB International—The Association to Advance Collegiate Schools of Business.

At the Gala, 38 GSM students in the upper 20 percent of their class academically were individually honored with the Beta Gamma Sigma Award.

“This is the highest national recognition a student can receive in an accredited MBA program,” Dean Nicole Woosley Biggart explained while introducing the students to the applause of their colleagues, friends and family. “Their selection not only recognizes academic achievement, but also expresses confidence in their abilities and promise to become outstanding business leaders in the future.”

The Celebration of Stars Gala recognized the newest student members of Beta Gamma Sigma, Alumni Association alumni honorees and student fellowship award winners.
At the Celebration of Stars event in December, Daytime MBA student Pauny Rezai and Working Professional MBA student Tamara Olson were honored as the first recipients of the Graduate School of Management Alumni Association’s Student Fellowship Awards. The new annual program recognizes one student from each program who exemplifies the core values of the Alumni Association: passionate and energetic leadership, community building and a commitment of service to the School. The $800 awards are funded by donations to the alumni giving program, and candidates are nominated by students, staff and faculty.

PAUNY REZAI

Pauny Rezai has already learned an important life lesson—when you give of yourself, sometimes you receive more in return. While she found that to be true during her two-year stint in the Peace Corps on Cape Verde—a tiny island off the coast of West Africa—she has also discovered that it’s true at the Graduate School of Management.

The fellowship recognizes Rezai’s proven ability as a leader among her peers in the Daytime MBA program.

Last year she served as co-president of the School’s chapter of Net Impact—a network of emerging business leaders committed to using the power of business to create a better world.

As vice president for academic affairs in the Associated Students of Management last year, Rezai acted as a valuable liaison between staff, faculty and students. She also served as president of Women in Leadership, which supports and builds collaborative networks for women in the working world. And she finds time to serve as a steering committee member and consultant for the School’s Community Consulting Group, which provides free consulting services to nonprofit organizations.

When Rezai applied to the UC Davis MBA program, she set her sights on working for a non-profit. Last summer, she was an intern with the National Park Service at Sleeping Bear Dunes National Lakeshore in Michigan, where she drafted a business plan that cut operating expenses and increased revenues by more than $300,000. Her experiences convinced her that she can have a strong impact in the public sector as a consultant when she graduates this June.

TAMARA OLSON

Tamara Olson says she had never won anything and was happily surprised when the Alumni Association awarded her its student fellowship for a Working Professional MBA student.

Olson’s personal enthusiasm, energetic leadership and outstanding service made her a clear selection for the Fellowship.

Following her mother’s example, Olson said she has always been involved in giving back to the community. For the past six years, she has been a member of the Junior League of Sacramento—a charity that benefits at-risk youth. She also has worked for the American Lung Association and volunteered with the Susan G. Komen Breast Cancer Foundation Race for the Cure—a natural fit since she was captain of the track team while an undergraduate at UC Santa Barbara. She also serves on the Working Professional MBA Student Council.

While she completes her MBA, Olson works as assistant manager at the Sutter Club in Sacramento, where she oversees membership, marketing and operations. She said a big advantage of the Working Professional program is putting lessons learned to immediate use. “I leave each class with a toolkit and a skill set I can apply to my job everyday,” she said.

A course she took on negotiations paid off during her annual job review. Olson said she found the confidence to ask for more benefits and a raise—and got them.

Olson is thrilled that the award money will allow her to take a third class this quarter—the International Study Practicum, which culminates with a two-week trip to China. “The award will help fulfill one of my long-time dreams to study abroad,” she said.
With the fraud trials of former chief executives of WorldCom, HealthSouth and Tyco making headlines in mid-February, the Graduate School of Management convened a panel of its faculty experts to tackle what are arguably the most pressing issues facing the American business system today: a lack of accountability and the loss of trust.

To dissect the lapses in personal ethics, organizational integrity and regulatory oversight that have led to this recent era of scandal fatigue—and the responses to it, the School called upon four leading scholars in accounting, corporate governance, and individual and organizational behavior: Professor Michael Maher, Assistant Professor Robert Yetman, Professor Donald Palmer and Assistant Professor Beth Bechky.

They shared their insights, expertise and research that hit on the major external and internal forces influencing the way corporations do business, and how rank-and-file employees and management behave.

BLAME IT ON THE KNUCKLEHEADS

Bechky, who researches and teaches courses on social dynamics and managing people in modern companies, opened the discussion at the Business Partner Breakfast on February 16 with a brief case study of recent employment practices at Wal-Mart. The world’s largest retailer and America’s single largest employer is facing the biggest class-action gender discrimination lawsuit in history and has drawn attention for infractions involving overtime hours and locking in overnight workers.

Bechky told the audience of regional business leaders that what she found most surprising was Wal-Mart’s public response to the court case and labor grievances—that low-level store managers, not top decision makers, were ultimately responsible.

“When called on to account for the violations, across the board, Wal-Mart spokespersons and executives came forward with a party line that basically was: ‘When you are our size, you are bound to have some knuckleheads who do some dumb things’,” Bechky said. “It actually reminded me of what happened after Enron.”

Bechky said it’s much easier for corporations to fault their “bad apples” or “rogue managers” than to take a hard look at their management practices to see why people act the way they do. She said corporate cultures and the workplace environments created by top management send strong signals to employees that influence their behavior. What seems like unethical or improper conduct to outsiders can actually seem reasonable within the organization.

“At Wal-Mart, they trust their store managers to do the right thing and keep the bottom line up,” Bechky said. “But I would argue that the social structure of Wal-Mart not only allows executives to remain ignorant about the decisions of individual managers, but also leaves them free, in the end, to blame the knuckleheads when things go wrong.”

THE NORMAL FACE OF FRAUD

Picking up on Bechky’s theme, Professor Michael Maher said that when things go wrong on a company’s financial ledger, those cooking the books often aren’t aware—at least initially—of the consequences or seriousness of their actions.

Maher, an expert in white collar crime and corporate misconduct, has studied the roughly 700 cases of financial fraud that the Securities and Exchange Commission has opened over the past 40 years, the period in which the SEC has actively investigated. The SEC currently opens about 30 to 35 new financial fraud cases each year—a relatively small number given the more than 8,000 active companies registered with the commission.

But Maher said the SEC acknowledges that it can only follow up on one in 10 of the cases and it only reviews about 10 percent of annual reports. “Most of their cases come from hot tips,” he said.

Maher said the high-profile cases that have ignited frenzied media coverage and sparked public outcries for regulation are the exception not the rule.
What strikes me when you go through the cases of financial fraud is how many of them are committed by ordinary people doing ordinary things at ordinary companies, in what appear to be ordinary circumstances,” Maher said. “I characterize it as the normal face of fraud.”

Maher said financial fraud most often involves employees keeping the books open too long, capitalizing expenses that shouldn’t be, or failing to write off inventories. These frauds start off small, but escalate as people try to cover for it year after year, Maher said.

“If the SEC had all the resources that it could possibly use, it is still not going to stop financial fraud,” he said. “They simply cannot regulate ethics or morality.”

What does that mean for the free-enterprise system? Maher said we have to rely a lot on trust: “It’s in the self interest of corporate executives for their own supply of capital and the social contract they have with the rest of the world, and, if nothing else, the prevention of future regulation, to engender trust.”

PUBLIC OUTCRY: PAVLOVIAN RESPONSE

Today’s job market for accountants and auditors is red hot thanks to regulations that have been imposed on public companies and markets since the federal government passed the Sarbanes-Oxley Act of 2002, which tried to address the corporate scandals with a host of new controls.

“As a former auditor and tax accountant, we love this. It’s full employment,” said Assistant Professor Robert Yetman, an expert on corporate tax and financial accounting.

To help restore confidence in corporate America after the Enron debacle, Yetman said Congress responded to public pressure in a predictable way. “They did what they are very good at,” he said. “With true Pavlovian flair, they regulated.”

But Yetman believes the pendulum may have swung too far with the section of the Sarbanes-Oxley Act that requires chief executives to certify company financial statements. Under the provision, Yetman said CEOs now have a legal obligation to understand everything that is going on in their firm worldwide related to any accounting or financial issue no matter how small.

“We are forcing all CEOs at public companies in corporate America today to sign a form that they know is false, and we know is false. They don’t know everything about the accounting going on underneath. They don’t stand a prayer.”

—Assistant Professor Robert Yetman, referring to a section of the Sarbanes-Oxley Act that requires chief executives to sign off on financial statements

“We are forcing all CEOs at public companies in corporate America today to sign a form that they know is false and we know is false,” Yetman told the audience. “They don’t know everything about the accounting going on underneath. They don’t stand a prayer.”

“Do we want our CEOs in America today to be accountants?” Yetman posed. “This is the response the government has had on corporate failures. Is it good or not? That question I leave for you.”

SLIPPING INTO WRONGDOING

In the wake of the recent corporate governance reform that Yetman described, Professor Donald Palmer has spent the past two years reviewing case studies of white collar crime and the traditional solutions to curb bad behavior. He said tightened regulations and reemphasizing ethics training are the two remedies most often prescribed to cure organizational wrongdoing.

“Every time there is a major scandal, these things are trotted out again,” Palmer told the audience, referencing a February 8 opinion piece in the New York Times calling for stricter controls and faulting business schools for not training better managers.

He said regulatory reactions that impose better monitoring and stricter punishments and ethics classes that try to teach managers to be better people don’t square with the basic psychological and social influences that shape people’s behavior and whether they do bad things. More often than not, people fall into traps that they could have avoided.

“What we need to do as educators is to better understand how people slip into wrongdoing,” Palmer said. “Along with teaching ethics classes, we need to help people understand how they can get stuck into wrongdoing so that they can guard against it.”
In a common nightmare, the pilot comes to the back of the plane and asks you to take the controls. He hands you a short instruction manual, warns you not to trust your intuition when flying in clouds, and informs you that he is going to sleep.

This scenario has little appeal. Yet several governments are contemplating privatized social security programs in which their citizens will be required to make crucial financial decisions for which they are as badly prepared as they are for piloting a plane.

Have these governments been adequately warned about the risks that such schemes pose to their participants? An aspect of training in economics—the assumption of flawless rationality of agents—might play a role in the neglect of these risks.

IN A PERFECT WORLD
Students of introductory mechanics are taught about the behavior of physical bodies in a frictionless world. Students of introductory economics are taught about the behavior of markets populated by rational agents, endowed with a perfect ability to make use of uncertain information. The neglect of the complexities of friction and bounded rationality makes for elegant mathematics and for simple laws in both mechanics and economics.

But a difference appears when the theories are applied to the real world. Friction is unlikely to be neglected by the engineers who design roads, but the implications of bounded rationality for social engineering are often ignored. The adequacy of the rational-agent model as a description of the behavior involved in making choices has been actively debated for several decades.

Many believers in the rational model were not convinced: they argued that perfect rationality would prevail for decisions that involved weightier consequences and, furthermore, that efficient markets would protect investors from systematic pricing errors. They argued that the rational model could be retained as a description of economic behavior.

However, recent empirical research in behavioral economics has indicated that people make systematic errors with their actual investments, leading to substantial reductions in investment returns and economic welfare. Like friction in mechanics, departures from perfect rationality have consequences that are too large to be ignored.

AVERAGE WORKER, POOR FUND MANAGER
Throughout the industrialized world, countries are considering privatizing their social security programs, and corporations are moving from defined benefit pension plans to defined contribution

(continued)
AN IRRATIONAL CHOICE?

accounts. Workers are increasingly expected to make financial decisions that will determine their standard of living in old age.

We are not optimistic that privatization will provide for adequate retirement incomes. Research indicates that decision biases, a lack of understanding of financial markets and too much personal discretion are likely to turn average workers into bad managers of their retirement accounts—to an extent that should not be ignored in discussions of privatization policy.

People tend to overestimate their abilities and to have too much confidence in their hunches and guesses. In financial markets, one consequence of overconfidence is that individuals who manage their own accounts trade too often. When these investors make changes in their portfolios, the changes are costly: the stocks they buy, on average, substantially underperform those they sell.

The more ideas investors have, the smaller the returns they earn. Active investors underperform buy-and-hold investors; and men, who tend to be more overconfident in their financial abilities than women, churn their accounts more actively than women, thereby significantly reducing their portfolio returns.

Trading losses of individual investors are economically significant. In Taiwan, for example, aggregate trading losses of individual investors—including commissions and transaction taxes—are equivalent to 2.2 percent of the gross domestic product and reduce average annual returns by 3.8 percentage points.

BUYING ON PAST PERFORMANCE

When it is easier to trade, people trade more, but not better. Investors trade more actively, more speculatively, and less profitably after going online than they did before. Participants in 401(k) investments make more changes to their portfolios when they can do so online. There is rarely a good reason for people to trade actively in their retirement accounts.

Although fully rational investors can only benefit from greater ease of trading, actual investors are likely to be worse off.

In financial markets, the underestimation of statistical fluctuations leads investors to chase performance. They buy mutual funds and stocks that did well the previous year because they expect past performance to be repeated, contrary to much evidence that the year-to-year correlation of fund performance is close to zero. This preference actually exposes investors to risk because funds with the most extreme returns tend to be less well diversified.

Investors are drawn not only to funds with positive past performance but to those that are heavily marketed. The combination of investor insensitivity to fees, responsiveness to marketing and eagerness to chase trends encourages mutual fund companies to charge high fees, to spend heavily on marketing and to launch specialized, poorly diversified funds. Thus investors get lower average net returns and greater potential variation in retirement wealth.

Individual investors often hold under diversified portfolios. Many people simply do not understand basic portfolio theory and the risk-reducing advantages of diversification. Others are overconfident in their ability to choose winning investments and so see little need to diversify.
The implications for privatization policy are clear: giving individuals the option of investing in individual stocks rather than mutual funds is likely to produce inferior outcomes and wider variation in retirement wealth.

**DECISIONS, DECISIONS**

Often the first decision faced by a worker who is offered a personal retirement account is whether to participate. At most U.S. companies, employees must make a phone call or fill out a form to enroll in the 401(k) plan. Although the economic advantages of tax-deferred savings are substantial, many workers postpone enrolling for months or years. If enrollment in the 401(k) plan is automatic and employees have the option of opting out, rather than in, participation is much higher.

In addition to opening a personal retirement account and choosing a savings rate, a worker must choose an asset allocation. The importance of this decision is obvious, but few workers have the understanding of financial markets that is needed for an informed choice of allocation. When faced with the confusing decision problem, many will simply accept the default allocation provided by their plan.

When Sweden instituted private social security accounts, one third of participants chose the default allocation despite the government urging them not to do so. The proportion of default choices rose to 93 percent three years later, after the government stopped its campaign. Some workers possibly believe that the default allocation is the option recommended by their government or company; others are simply avoiding a difficult decision.

One might expect investors to learn from their mistakes, but financial markets are unreliable teachers. In volatile markets, investors often mistake luck for skill. Thus successful investors are likely to become overconfident and to take larger subsequent risks.

An old Wall Street adage admonishes investors to “not confuse brains with a bull market”. Yet bull markets, such as that of the late 1990s in the U.S., are invariably accompanied by frenzied, speculative trading. Saving for retirement, like flying an aircraft, is no skill to learn by trial and error.

When Enron collapsed, many of its employees had their entire 401(k) savings invested in Enron stock. These employees lost both their job and savings. They may have learned a valuable lesson about diversification but, for those nearing retirement age, this lesson came too late and at far too high a cost.

**AN ILLUSION OF CONTROL**

Privatized social security programs are often politically promoted as opportunities to give citizens personal control over their own retirement savings, but the control promised is illusory. People get control over which securities they buy and sell, but no control over what they—and we—should really care about: their portfolio returns and the security of their retirement. When people are psychologically disposed to make poor trading decisions, and insufficiently educated to do otherwise, control is as much an opportunity to do harm as to do good.

If people behaved as predicted by classical economics, investors would buy and hold well-diversified portfolios, would only trade when there were benefits to be expected from doing so, and would ignore uninformative advertising while paying close attention to transaction costs and fees. Workers would save enough for retirement and would be unaffected by the default options in their retirement plans.

However, in the world in which we live, individual investors trade too often, underdiversify, make poor security choices, and pay too much attention to past performance and advertising, and not enough to fees. Employees save too little, underdiversify, accept default savings rates and accept default asset allocations.

These departures from rational behavior have clear implications for the design of privatized social security plans. Such plans should discourage active trading. If savings rates are optional, default rates should be set adequately high. Plans should offer well-diversified, low-fee mutual funds as default choices. Workers who wish to make other choices may do so; but good options should be available to those who do not choose.

If we are going to make people fly their own planes, we should expect them to rely on the autopilot, and it must be designed accordingly.
William Gebhardt Joins Faculty via London

Bringing more than a decade of experience at brokerage firms and on the trading floor, coupled with a stand-out academic research background, Assistant Professor William Gebhardt will join the Graduate School of Management this spring. He’ll offer a wealth of expertise in financial markets as the newest member of the faculty.

“He has a great deal of real-life knowledge and trading experience,” said Assistant Professor Katrina Ellis, a longtime friend and colleague of Gebhardt since they earned their Ph.D.s in finance at Cornell University. “Students will benefit from his institutional knowledge and the faculty will benefit from his research interest,” she said.

Gebhardt will jump right into the classroom, teaching an MBA course this spring on his specialties—derivatives and securities. He comes to the School from Merrill Lynch Commodities in London, where he was the director of trading analytics and quantitative strategy. Gebhardt managed a team covering European power, natural gas and weather derivatives markets—a high-intensity, fast-paced environment.

“The market is the ultimate example of order arising out of chaos,” Gebhardt said. “There are days when you are immersed in the noise and mayhem, and you can’t believe it actually functions.”

After earning an undergraduate degree in engineering from the University of Colorado, Boulder, in 1989, Gebhardt hit the pavement searching for a chemical engineering position while he worked part time at a local stock brokerage. He quickly caught the bug for the market, and realized that engineering was not his cup of tea.

“The market really grabbed me and I was hooked,” said Gebhardt, who returned to University of Colorado, Boulder, to study financial markets and trading. He earned an M.S. in finance with a minor in economics in 1991, and went to work as a clerk and trader for Cabot Financial Group. From Cabot, he moved on to become a commodity trading advisor at Blaze Capital Management, and then went to Chase Manhattan Mortgage as a trader and research analyst.

Gebhardt returned to academia in 1996, earning his Ph.D. in finance from Cornell University’s Johnson Graduate School of Management five years later. His dissertation, titled “Essays on the Corporate Bond Market,” analyzed corporate bond returns and showed that the cross section of bond returns were best explained by information beyond a bond’s rating and time-to-maturity. His research resulted in two articles published in the *Journal of Financial Economics*.

After earning his Ph.D., Gebhardt returned to the private sector as a quantitative analyst at Houston-based Koch Energy Trading, one the nation’s Top 10 energy commodity traders, which was bought by Merrill Lynch last November. Koch was one of the first companies to trade weather derivatives, or contracts that pay out based on a specific weather outcomes. The company sent Gebhardt overseas to London four years ago to supervise the research and design of trading strategies in weather and energy markets.

Gebhardt enjoyed his private sector work, especially his time in London, but he is ready for the change of pace that academia offers and the collegial environment at the School.

An avid outdoor sports enthusiast, Gebhardt welcomes the move to California with his wife, Ashley, and their three sons Brad, Jack and Nick. When he’s not enjoying the California sunshine with his family, Gebhardt said he’ll be busy researching how the market operates and reconciling finance theory with empirical data and real-life experience.
FROM CHERNOBYL TO THE CHUNNEL:
LEE MCINTIRE BRINGS INTERNATIONAL EXPERTISE AS THE 2005 EXECUTIVE-IN-RESIDENCE

Managing several thousand employees performing complex tasks around the world on a 24-hour clock is no easy balancing act. But Lee McIntire hopes his experiences will provide valuable lessons for the strategic global management course he will teach this spring at the Graduate School of Management.

As a recently retired partner and member of the board of directors of the Bechtel Group, a multi-billion dollar engineering-construction enterprise headquartered in San Francisco, McIntire joins the School as the 2005 Executive-in-Residence.

With 30 years of experience in international and domestic projects, McIntire has a wealth of information to pass along to the next generation of business leaders. He discovered his love for teaching while leading senior management courses at Bechtel, where he most recently served as the president of Bechtel Civil. The London-based group designs and builds major rail, road and aviation projects worldwide.

One of the high-profile projects McIntire oversaw was the $8 billion high-speed Channel Tunnel Rail Link known as “The Chunnel” to run from North London under the Thames River and on. Other projects included the $12 billion modernization of the rail lines from London into western Scotland, and the construction of the Dubai International Airport.

“It was a challenge to focus the best international high-speed, tunneling and infrastructure talent and several thousand craftsmen to bring the high-speed rail line in on schedule while digging under the 1,000-year-old city of London,” McIntire said.

McIntire joined Bechtel in 1989 after 16 years in project management at the Arabian American Oil Company and Ashland Oil, where he focused on oil and gas and communications projects in the Middle East and Europe. He also headed Bechtel National, cleaning up nuclear waste at Chernobyl and reductions of chemical and nuclear weapons in the former Soviet Union.

Assignments at Bechtel took McIntire and his family across Europe and the Middle East—from England, Scotland and Germany to Turkey and Saudi Arabia. An avid golfer and historian buff, McIntire particularly enjoyed Scotland, where he says, “If you don’t play in the rain, you don’t play.”

Before retirement, McIntire’s team at Bechtel Civil also launched the design and construction of a $5 billion motorway across Romania. The project will radically modify the country’s trade routes, and it will assist in creating sustainable economies—of which McIntire is proud.

“Having been fortunate enough to have these impacting experiences, I knew I should look for other platforms to try to make a bit of a difference. That is how I have found myself at the Graduate School of Management,” he said.

When he retired, McIntire was living in London with his family, planning a move back to Northern California and looking at ways he might share his knowledge with others. Many people, including several top executives at Bechtel, described the Graduate School of Management as a young, hot MBA program on its way up, so McIntire scheduled a meeting with Dean Biggart. She first asked McIntire to serve on the Dean’s Advisory Council and later offered him the Executive-in-Residence challenge.

During his teaching stint, McIntire hopes to debunk some myths and shed some light on how CEOs spend their time and give guidance on how middle managers can prepare for a higher role.
OPENING THE DOOR TO NEW RELATIONSHIPS AND PARTNERSHIPS WITH THE BAY AREA BUSINESS COMMUNITY, UC DAVIS CHANCELLOR LARRY VANDERHOEF AND GRADUATE SCHOOL OF MANAGEMENT DEAN NICOLE WOOLSEY BIGGART BRIEFED EXECUTIVES AT A REGIONAL SUMMIT IN JANUARY, SHARING WITH THEM RECENT ACTIVITIES AND RESEARCH BREAKTHROUGHS THAT ARE HAVING A POWERFUL IMPACT NOT ONLY IN NORTHERN CALIFORNIA, BUT WORLDWIDE.

The private dinner in Danville also served to raise visibility within the region’s business community of the School’s new Bay Area MBA program. As part of its effort, UC Davis plans to become a member of the Bay Area Council, a public policy advocacy organization of 275 major employers throughout the nine-county region that promotes economic prosperity and quality of life.

The event gathered more than two dozen senior managers, entrepreneurs and alumni representing such firms as The Clorox Company, Pixar, GE Corporate Lending Group, GATX Capital, Blue Shield of California, Silicon Valley Bancshares, Promontory Financial Group, Levi Strauss & Company, Deloitte & Touche LLP and the Bay Area Council.

“I want to congratulate Dean Biggart and the Graduate School of Management on the beginning of this new venture, which is helping the campus to expand its presence and extend its expertise in this region.”

—UC DAVIS CHANCELLOR LARRY VANDERHOEF ON THE NEW BAY AREA MBA PROGRAM

“This new Bay Area MBA program in many ways parallels the development of numerous other initiatives at UC Davis,” Vanderhoef told the business leaders. “Our vision as an institution is to lead in meeting the educational needs of our next generation, to improve the quality of life, and to expand our global economy.

“I want to congratulate Dean Biggart and the Graduate School of Management on the beginning of this new venture, which is helping the campus to expand its presence and extend its expertise in this region,” Vanderhoef added.

Dean Biggart asked the executives to spread the word among their colleagues and business contacts about the flexible, every-other-weekend program. “We also believe it will help build the recognition and reputation of the UC Davis MBA degree for the benefit of GSM alumni—more than half of whom live and work in the Bay Area,” she said.

Before the dinner, Vanderhoef and Biggart toured the San Ramon Valley Conference Center, where classes for the Bay Area MBA program will begin this fall.

“I was impressed with the facilities, and the excellent location at the heart of the growing East Bay makes it easily accessible from the entire Bay Area region,” Vanderhoef said. “It’s a perfect setting for working professionals to earn a UC Davis MBA degree.”

Steve Newberry, president and COO of Lam Research Corporation, a Fremont-based supplier of equipment and services to the global microchip industry, said the Bay Area MBA program will be a welcome addition to help train top talent.

“I’m impressed with the entrepreneurial drive and energy the Graduate School of Management shows in opening this new MBA program in the Bay Area,” said Newberry, who attended the summit. “I’m looking forward to seeing the program grow and provide the needed managerial skills and intellectual capital that companies in the region need.”

Before hosting a summit of Bay Area executives on January 20, Chancellor Larry Vanderhoef and Dean Nicole Woolsey Biggart tour the San Ramon Valley Conference Center in San Ramon, where classes for the UC Davis Bay Area MBA program will start this fall.
UC Davis Business Plan Competition Accelerates Tech Transfer

The Big Bang! Business Plan Competition continues to expand its universe, attracting a wide spectrum of entrepreneurial entries this year that reflect the breadth and diversity of research, technological prowess and brainpower at UC Davis.

From solar panels built with nanocables and dry storage for stem cells to an Indian restaurant chain and a patented high-tech training collar for pets, the nearly 30 Big Bang! entries involving more than 150 students, alumni and faculty were narrowed on March 10 to a field of semifinalist teams that will submit full business plans in early April.

The finalists, selected by a panel of Silicon Valley and Sacramento-area venture capitalists and veteran business development experts, will vie for $15,000 in start-up cash to be presented at the Big Bang! Final Awards Ceremony on May 18.

The Little Bang! contests were sponsored by the Sacramento Angels, a group of private investors; the Sacramento Area Regional Technology Alliance, which fosters entrepreneurial growth and attracts investment capital to the greater Sacramento region; and Technology Ventures Corporation, a non-profit that helps commercialize technologies from publicly funded national laboratories and universities.

“Little Bang! has opened doors for UC Davis MBA students and researchers to team up on business development opportunities they otherwise would not have had.”
—Jacob Rivera, chair of the Big Bang! Organizing Committee

Students drawn from three UC Davis research centers worked with mentors to develop posters summarizing business plans for their proposed ventures—16 total, including nine that involve GSM students. The three Little Bang! winners each received $5,000 and were announced March 1 at a lunch sponsored by the Sacramento Area Regional Technology Alliance. The three winning teams along with the runners-up in each contest automatically earned a berth to the semi-finals of the Big Bang!

“We launched the Little Bang! with UC Davis CONNECT to expand the entrepreneurial culture among UC Davis students involved in cutting-edge scientific research, and to build a social network among university researchers, investors and management—the ‘three-legged stool’ for commercialization of funded research,” said second-year MBA student Jacob Rivera, chair of the Big Bang! Organizing Committee.

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MBA student organizers of the Big Bang! Business Plan Competition have spun off “Little Bang!” — a constellation of contests that have ignited other interdisciplinary collaborations to commercialize technology and ideas from world-class research centers at UC Davis.

UC Davis animal biologist Beth Kao (left) milks a mouse as part of her research project that has spawned oMEGAmilk, a Big Bang! team using genetic engineering to improve milk and dairy products by increasing omega-3 fats and decreasing saturated fats.

Amy Anderson, a researcher at the Center of Biophotonics, Science and Technology, has launched Aroplex Analytics, an early-stage medical device company testing a biochip that would improve the early detection of cardiovascular disease.

Candace Cook explains the concept of Bird BioSecurity, a rapid diagnostic test kit that gives public health officials a more powerful tool to monitor arboviruses, such as the West Nile Virus, in sentinel chicken flocks. Cook, a researcher at the Center of Biophotonics, Science and Technology, is collaborating with colleagues at Lawrence Livermore National Laboratory and the California State Department of Health Services.

Second-year MBA student Derek Larson (left) and researcher Matt Caldwell of the UC Davis Institute of Transportation Studies are members of an interdisciplinary team behind Boegeskov Energy, which is developing a sustainable energy source based on an innovative polymer fuel cell.
“It’s been an overwhelming success in terms of accelerating and testing the market potential for research being done in these centers,” Rivera added. “As well, it has opened doors for UC Davis MBA students and researchers to team up on business development opportunities they otherwise would not have had.”

COLLABORATIONS TOWARD COMMERCIALIZATION

First-year MBA student Yvette Bryant met Beth Kao, a graduate student in animal biology, at a mixer for those interested in the Little Bang! Soon after, oMEGAmilk was born. Bryant and Kao are collaborating with Kerri Morrimoto, a genetics researcher, and a faculty advisor on a business plan to market milk, cheese and ice cream that are rich in omega-3 fats and low in saturated fats. They’ve proven the concept with milk from lab mice and are currently testing a goat model, and then later the cow.

“We saw Little Bang!/Big Bang! as an opportunity to showcase how genetic engineering can help improve human health and well-being, not just a way for producers and corporations to get a bigger profit,” said Kao. “oMEGAmilk would be the first genetically engineered food developed for the benefit of the consumer and not just the producer.”

Bryant said the experience has helped her learn more about the new business process, particularly as applied to a highly technical product. “The Big Bang! Business Plan Competition was one of the programs that drew me to the GSM,” said Bryant, who is interested in joining a biotech or other high-tech start-up when she graduates.

The Graduate School of Management’s Business Development Certificate Program is also bearing fruit in the form of real-world business plans. This past fall, the program started with nine UC Davis researchers joining MBA students in courses on technology management, innovation and business modeling. One of those students, Jonathan Weinert, a Ph.D. candidate in the Institute of Transportation Studies, has assembled a lineup of graduate students with a broad range of expertise, including bio and mechanical engineering, transportation technology and policy, business and animal science. Together, they are creating Ridester, an on-demand ridesharing system that Weinert said will be attractive for commuters suffering from “congestion-itis.”

“The Big Bang! and Little Bang! competition has helped turn our team’s ridesharing concept from a fanciful idea into a business plan with true commercial potential,” he said. “The competition organizers provided our team a mentor with 30 years of start-up experience, which made a huge difference for us rookies.”

Meanwhile, MBA students Pej Azarm, Chris Arian, Chris Zobrist and Mark Meyering, have teamed up with Ph.D. students Jeff Norris and Kara Schmelzer, who they met in an MBA class on managing new innovation. They’ve started StemTech to test the market for a patented technology for the dry storage of stem cells that Norris has helped develop at the UC Davis Center for Biostabilization.

StemTech’s next step is using the technology to create a medical treatment in which stem cells are injected into cancer patients recovering from chemotherapy, greatly improving their recovery process.

“Through the Big Bang! and other initiatives, we can play a major role to develop entrepreneurial skills that will help commercialize some of these new discoveries and inventions.”

—Dean Nicole Woolsey Biggart

Dean Nicole Woolsey Biggart is thrilled that the student-run business plan competition continues to broaden its sphere of influence, open up new doors of opportunity and has matured into a formidable catalyst for advancing marketable science for the public good.

“UC Davis has become a world-class research university, and tremendously exciting discoveries are taking place all over campus,” she said. “Through the Big Bang! and other initiatives, we can play a major role to develop entrepreneurial skills that will help commercialize some of these new discoveries and inventions.”
Students Make a "Net Impact"
Annual Conference Focusses on Social Responsibility

Twenty-eight members of the Graduate School of Management’s Net Impact chapter—about a fifth of all full-time MBA program students—spent a weekend last November at an international summit at Columbia Business School in New York City to learn more about the importance of social responsibility and focusing on the "triple bottom line."

Nearly 1,400 MBA students, professionals and sponsors attended the 2004 Net Impact Conference, “Business Leaders Building a Better World,” held November 11-14. The sold-out conference drew attendees from 80 business schools, 167 companies and 11 countries. Hosted by a different business school each year, Net Impact’s annual conference is one of the largest and best-known gatherings of socially minded business leaders in the world. The UC Davis chapter of Net Impact was recognized for having the highest per-capita number of students in attendance for the third consecutive year.

Originally founded as Students for Responsible Business in 1993, Net Impact developed from an idea shared by a few Georgetown University MBA students into a mission-driven network of nearly 10,000 leaders and more than 90 graduate student and professional chapters using the power of business to create a better world.

Highlights of the 12th annual conference included an opening address by Orin Smith, CEO of Starbucks Coffee Company. Other keynote speakers included: Julius Walls, Jr., CEO of Greyston Bakery and vice president of enterprise and jobs development at Greyston Foundation; Gary Erickson, CEO of ClifBar; Jeffrey Hollender, CEO of Seventh Generation and author of "What Matters Most;" and Thomas M. Chappell, CEO and co-founder of Tom’s of Maine and president of The Saltwater Institute.

Many GSM students attended a panel on the "Social Impact Management: Business Strategies in Developing Countries," which featured representatives from The World Bank, Nirvana, Intel and Gap Inc. The discussion focused on private corporations’ influence in developing countries on issues such as labor rights, human rights and human capital accumulation. Intel representatives described “clubhouses” they donate that contain state-of-the-art technology designed to educate citizens about the importance and value of technology.

First-year MBA student Anjleena Dewan summed up the main lesson learned from the series of workshops, debates and roundtables: “You don’t have to give up your lifestyle to move toward socially responsible practices.”

Twenty-eight members of the GSM’s Net Impact chapter gather on the conference’s first day in New York. For the third consecutive year, the GSM contingent was recognized for having the highest per-capita number of students among chapters from 80 business schools.
The UC Davis Graduate School of Management’s Innovator publication earned a bronze medal award for Outstanding Communications to an External Audience in a Newsletter/Tabloid from the Council for Advancement and Support of Education (CASE) District VII in December in San Francisco. The district represents educational advancement professionals in five western states: Arizona, California, Nevada, Hawaii and Utah.

CASE is the world’s largest non-profit education organization with more than 23,500 education advancement professionals at all levels who work in alumni relations, communications and development. CASE’s international membership includes more than 3,000 colleges, universities and independent elementary and secondary schools in the U.S. and 44 other countries.

www.gsm.ucdavis.edu/Innovator

New ASM Officers Elected for 2005-2006

Elected by their peers, new Associated Students of Management officers began their one-year term in January. (Back row, left to right): Dennis Mulder, vice president of IT and communications; Melissa Haworth, second-year representative; Nishant Bhola, vice president of academic affairs; Jarrett Shawber, co-vice president of community relations; and Mindy Cherng, vice president of placement and career services. (Middle row, left to right): Dave Hatton, co-vice president of community relations; Dana Sexton, vice president of alumni relations; Becky Brover, vice president of marketing; and Aimee Waldman, vice president of orientation. (Front row, left to right): Jenna Makus, vice president of finance; Yvette Bryant, president; and Curtis Mann, vice president of student activities.
Eight major corporations, ranging from biotech, consumer products and health care to insurance, high-tech and financial services, have become charter members of the Graduate School of Management’s Executive Leadership Consortium, an educational partnership bringing together middle- and senior-level managers for a series of interactive workshops led by the world’s top business thinkers.

Setting itself apart from run-of-the-mill corporate training programs, the Executive Leadership Consortium will host leading academic researchers who study real-world business problems in Fortune 1000 companies in the U.S. and abroad. These world-class business thinkers come from the nation’s top research universities, including Harvard University, Stanford University and University of North Carolina, Chapel Hill, and offer insights from the cutting-edge of applied business research. The lessons taught by these researchers shape the future of business.

“This is a long-overdue opportunity for business in the Sacramento Valley to have access to the latest tools and business practices from the people pushing the frontiers of management thinking,” said Associate Professor Kimberly Elsbach, the School’s director of executive education.

The 2005 program includes four interactive, half-day workshops throughout the year. It kicked off on March 2 with Roderick M. Kramer, the William R. Kimball Professor of Organizational Behavior at the Stanford University Graduate School of Business and a visiting scholar at Stanford’s Hoover Institution. Kramer’s presentation, “The Harder They Fall: Dangers of High-Flying Leadership,” focused on how leaders use power effectively and ineffectively when trying to get their work done.

Managers from companies in the consortium benefit not only from the workshops and other special invitation events, but from each other as they create a powerful cross-industry network facilitated by the School.

This is the first opportunity for managers and executives from Sacramento Valley companies to network in a professional consortium such as this, where they can develop and expand their competencies, learn from each other and take advantage of the resources and expertise of the Graduate School of Management,” Elsbach said.

“It is also a testament to the growth and the maturity of the region itself,” she said. “It’s time the area takes itself seriously as a thriving business community in which being a member of a consortium of peers has value.”

Fall Exchange Students from Three Continents

The Graduate School of Management routinely hosts exchange students from business schools around the world. This fall quarter, students came from three continents: (from left to right) Varsha Raman, Indian Institute of Management, Calcutta, India; Felipe Otten, Pontificia Universidad Catolica de Chile, Santiago, Chile; Shu Ming, Manchester Business School of Business, Manchester, United Kingdom; Tristan Joll, University of Otago, New Zealand; Susana Monni, Helsinki School of Economics and Business Administration, Finland; and Daniel Steinberg, Heinrich Heine University, Duesseldorf, Germany.

Upcoming Executive Leadership Consortium workshops include:

- **MAY 11**
  “From Knowledge to Organizational Action: The Power of Evidence-Based Management”
  **Robert I. Sutton** is a professor of management science and engineering in Stanford University’s Engineering School, where he is co-director of the Center for Work, Technology and Organization, an active researcher in the Stanford Technology Ventures Program and an IDEO Fellow.

- **SEPTEMBER 15**
  “Managing Human Capital for Strategic Success”
  **Daniel Cable** is a Sarah Graham Kenan Distinguished Scholar and professor of management at the University of North Carolina, Chapel Hill.

- **NOVEMBER 3**
  “Organizing to Learn: How Leaders Inspire Innovation and Performance in a Dynamic Environment”
  **Amy C. Edmondson**, professor at the Harvard Business School, researches teamwork and learning in health care and other industries in which collaboration is essential to performance.

Executive Leadership Consortium Charter Members

- ABD Insurance
- DST Innovis
- Foster Farms
- Franklin Templeton Investor Services, Inc.
- Genentech, Inc.
- Hewlett-Packard Company
- UC Davis Health System
- Vision Service Plan

[www.gsm.ucdavis.edu/execed](http://www.gsm.ucdavis.edu/execed)
Dean Nicole Woolsey Biggart and the Graduate School of Management community extend a warm welcome to three new members of the Dean’s Advisory Council. They bring to the board extensive senior management experience and expertise in starting and operating new ventures, financial markets and portfolio management, and health care administration.

GORDON C. HUNT, JR., M.D., ’96
A 1996 alumnus of the Graduate School of Management and member of the first Working Professional MBA class, Dr. Gordon Hunt is senior vice president and chief medical officer of Sutter Health. One of the nation’s leading not-for-profit networks of community-based health care providers, Sutter Health serves more than 100 Northern California communities.

As Sutter Health’s chief medical officer, Dr. Hunt leads system-wide quality initiatives and efforts to integrate care through alliances with aligned and affiliated physicians groups across Northern California. He is actively involved in developing contracting, pharmacy, and information technology strategies relating to patient care and the integration of physicians as partners with Sutter Health. He also oversees the development of quality standards for Sutter Health, medical group accreditation and development of the Sutter Health formulary.

Dr. Hunt has extensive experience in medical group formation, developing hospital-physician partnerships, and the integration of hospitals, multi-specialty medical groups, and independent practitioner associations (IPAs). He previously served as president of Pulmonary, Infectious Disease and Critical Care Consultants, a 14-member specialty practice in the greater Sacramento area. In addition, he was chief of staff and a member of the board of directors of Sutter Medical Center in Sacramento in 1992 and 1993. He was a member and served on the boards of the Sutter Independent Physicians, a large IPA, and Sutter Medical Group, a multi-specialty group, both in the greater Sacramento area. Dr. Hunt is board certified in Internal Medicine and Pulmonary Medicine.

LINDA S. OUBRE
In her two decades of business experience, Linda Oubre has been involved in more than 30 new ventures. Currently, she serves as president and CEO of LSO Ventures, a consulting firm focused on new venture planning and investments.

Oubre served as the Executive-in-Residence Graduate School of Management during the spring of 2003, and she returned to the School last spring to teach a course in leadership in new ventures. She also delivered the keynote address at the School’s 2004 commencement ceremony.

She has been a visiting instructor in the entrepreneurship program at The Wharton School at the University of Pennsylvania, a guest instructor at Northwestern University’s Kellogg School of Management, and taught financial planning and business development at the University of Minsk in the Republic of Belarus.

Before LSO Ventures, Oubre co-founded and served as director, president and chief operating officer of BriteSmile, Inc. from 1998 to 2002. She was responsible for the planning, launch and management of the company’s one-hour teeth whitening spas and affiliated dental offices. During her four-year tenure, BriteSmile’s annual sales grew to more than $50 million.

Before the founding of BriteSmile, Oubre served as president of Tri Com Ventures where she specialized in new venture planning and start-ups. Her clients included BusinessWeek Online, Prodigy Online and the United Nations Business Development Project.

Earlier in her career, Oubre was general manager of new business development for the Los Angeles Times, director of operations for Walt Disney Publishing, and manager of planning for both the Times Mirror Company and Walt Disney’s Consumer Products and Retail Division. In these roles, she was responsible for the launch of several new business enterprises including TimesLink, Los Angeles Times...
DAVID H. RUSS ‘86

A 1986 alumnus of the Graduate School of Management, David H. Russ is treasurer and vice president for investments for the University of California. A veteran portfolio manager, Russ is responsible for managing the investments and cash of the University of California system. The Treasurer’s Office currently manages retirement and endowment funds totaling more than $62 billion.

Before returning full-circle to the University of California as treasurer in 2001, Russ previously served as the public markets managing director for the University of Texas Investment Management Company (UTIMCO), which manages the endowment and operating fund investments of the UT system, a portion of the Texas A&M University assets and the Permanent Health Fund for 14 medical research centers in Texas. From 1997 through 2001, Russ was responsible for global publicly traded investments, both equity and fixed income, alternative marketable assets, investment manager selection and asset allocation.

Before UTIMCO, Russ served as director of investment management and portfolio manager for Pacific Telesis Group (now SBC Communications), and as a senior portfolio manager for Stanford Management Company, which oversees all Stanford University investments.

Russ received his undergraduate degree in genetics from UC Berkeley in 1980 and a master’s in administration, with a concentration in finance and accounting, from UC Davis in 1986.

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Hester Roofing

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President
Roy T. Brophy Associates

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Don Wen
Partner
PricewaterhouseCoopers

Jonathan O. White
Managing Partner
SpencerStuart

Michael Ziegler
President & CEO
PRIDE Industries
Professor Emeritus Richard Dorf presented workshops on creating sustainable technologies at Arizona State University in January. The event was sponsored by the College of Science and Applied Technology. The curriculum for the workshop was based on Dorf’s textbook, “Technology, Humans, and Society: Towards a Sustainable World” (Academic Press: 2001). Workshop participants included graduate students and faculty members, as well as 40 students around the world who joined in the exercises and discussion via a video cast. The students’ research fields ranged from environmental management and sustainability to electronics and computer engineering technology, computer science and aeronautical management technology and emergency management.

Professor Paul Griffin teamed up with Professor David Lont of the University of Otago, New Zealand, to study the effects of the Sarbanes-Oxley Act on audit fees. Their research paper was recently selected for presentation at the University of Technology, Sydney Summer Research School that took place February 10-11. Griffin and Lont calculate that since the passage of the law in July 2002, companies’ actual payments to their auditors have increased substantially. These fee increases benefited mostly the Big 5 (now Big 4) accounting firms and were paid mainly by the largest SEC registrants. The researchers’ analysis indicates that since the Act was implemented the audit fee of the average large company (with revenues of more than $2.5 billion) increased by approximately $1.7 million on an annual basis, after controlling for other factors that would have increased audit fees. The audit fee of the average smaller company (with revenues of less than $1 billion) increased much less, by about $62,000 annually. These increases fall below those published by the news media based mostly on surveys of company executives.

While on sabbatical during the winter quarter, Professor Griffin was a visiting research scholar at Stanford University’s Graduate School of Business.

Professor Michael Maher and his co-author Professor John Lyon of the Melbourne Business School at University of Melbourne, Australia, had their article, “The Importance of Business Risk in Setting Audit Fees: Evidence from Cases of Client Misconduct”, published in the March 2005 issue of the Journal of Accounting Research. The authors extend the literature on litigation and audit fees by analyzing cases that involve business misconduct. Maher and Lyon collected data that included companies’ SEC filing records from 1974-1976, the period when the SEC instituted a voluntary disclosure program requesting companies to report questionable payments to government officials. This period preceded the Foreign Corrupt Practices Act that made paying government officials illegal. Of the companies that filed with the SEC from 1974-1976, some 200 reported making questionable payments and almost all of those did business in developing countries. Additionally, the researchers found that those companies also incurred higher audit fees than their counterparts that did not do business abroad and did not engage in bribery. Other questionable acts that caused higher auditing fees included paying low wages to local employees and engaging in environmental degradation. In most instances these practices were legal in the host country. Regardless of cultural expectations in the host country, Maher and Lyon conclude that auditors charge higher fees to companies that engage in misconduct as they are seen as more risky. Their research also shows that auditors do not base their fee increases solely on a higher risk of litigation.

Professor Maher recently gave a related talk titled “The Lack of Accountability and the Loss of Trust in Corporate America” at the University of Notre Dame’s Mendoza College of Business.

To recognize rising stars on campus, UC Davis Chancellor Larry Vanderhoef uses a portion of UC Davis Annual Fund contributions for the prestigious Chancellor’s Fellows awards, which honor the achievements of outstanding faculty members early in their careers. Associate Professor Prasad Naik, a marketing expert was among five campus scholars named as 2004-2005 Chancellor’s Fellows. The fellows receive $25,000 each to put...
In the investment arena, there is perhaps no game more exciting—and riskier—than short selling. With the right moves, it can yield incredible returns. But one fumble can be devastating. Despite the risk, more and more players are using the technique, sparked in part by famous success stories such as that of George Soros and the billions he netted by short selling the British pound. The art of shorting requires a keen eye for market trends and behavior. According to Assistant Professor Benjamin Segal and his colleagues Professor Joshua Livnat of the Leonard N. Stern School of Business at New York University, and Assistant Professor Dana Hollie of the C.T. Bauer College of Business at the University of Houston, there are systematic ways one may take advantage of market inefficiency by anticipating the best time to short sell. Their article, “Oops, Our Earnings Were Indeed Preliminary: Market Reactions to Companies that Subsequently File Different Earnings with the SEC” was published in the winter 2005 issue of The Journal of Portfolio Management. The study was also featured in an October 8 article on the Wall Street Journal’s Web site, WSJ.com. In the study, Segal and his co-authors reveal a surprising phenomenon. About 2.5 percent of the 250,000 filings in their sample were revised from the original preliminary earnings figure to a lower or higher number when officially filed with the Securities and Exchange Commission. The researchers provide evidence that when the SEC filings contain new information, investors incorporate it in pricing the firms’ shares up or down. Most importantly, the data showed the price of stocks of companies that revised their SEC filings upwards were subsequently relatively lower compared to the rest of the market. This market inefficiency may allow investors a lucrative opportunity to short sell stocks of companies that revise their SEC filing upwards from their preliminary earnings report.

* * *

Professor Donald Palmer is an expert on white-collar crime, corporate ethics and social responsibility. His research looks at why otherwise ethical people end up participating in wrongful behavior, more specifically how individuals join wrongful courses of action that are initiated by others. His conclusions are based on basic psychological and social psychological processes that shape human behavior. Palmer brings his research findings to the classroom, applying them to problems of working with and managing others in organizations. Palmer is often invited to present his work in venues across the nation. Last August, he gave the keynote address for the Critical Management studies group at the Academy of Management’s annual meeting in New Orleans, where he spoke to an audience of academicians, human resource professionals, trainers and consultants. From New Orleans, Palmer traveled to Canada to present his work at the University of Alberta’s School of Business. In October, Palmer visited New York University, where he gave a talk to business scholars. In February, Palmer joined three of his Graduate School of Management faculty colleagues as panelists to discuss “Ethics After Enron” at a breakfast meeting with Sacramento area executives. (see page 12)

Professor Palmer was recently appointed as faculty assistant to the dean. In this role, he oversees all personnel issues that impact Graduate School of Management faculty, including appointments and promotions.

* * *

Professor Donald Palmer

Assistant Professor Benjamin Segal
1989

Thomas Sheehy: I have accepted a position as regional vice president of government affairs for TIAA-CREF, a national financial services group of companies and the leading provider of retirement security in the academic, medical and cultural fields. I opened an office for the company here in Sacramento, and I am responsible for a six-state Western region. With more than 15 years of experience in both the Legislature and the executive branch of government, I will now focus on managing TIAA-CREF’s policy and regulatory matters in the Western region.

1991

Douglas Caviness: Chloe and I are excited about the recent arrival of our second child, Luca William Caviness. Best wishes for you and your families this year!

1992

Joy Dalauidao-Hermsen: I’ve launched Nimble Practice, a business development consultancy, with Tim Stallings ’98. We’re having a lot of fun guiding companies to increased value. Mark and I continue to dote over our twin girls, Annelise and Zoë, who will be four in June.

1993

Michael Yuen: I’ve recently started up a new Gaming Group department within QUALCOMM that is chartered with elevating wireless gaming to the next level. Watch out Sony and Nintendo! On the home front, our son, Jake, is several months old now and is a bundle of smiles.

1994

Bob & Cathy O’Sullivan: Bob and I welcomed Elizabeth Annalise into the world on August 26, 2004. She is a very happy, good natured baby, and we’re learning to adjust to sleep deprivation.

1995

Brian Hartmeier: Nancy and I celebrated the birth of our third child and promptly sold our sports car in favor of a minivan. Time flies as my 10-year anniversary at Hewlett-Packard is quickly approaching.

1996

Tamara Pow: I recently became a founding partner of a new law firm, Structure Law Group, LLP. Together with my partner, Mark Figueiredo, I opened an office near San Jose Airport where we practice business law. I specialize in advising businesses and real estate investors, including the formation and operation of corporations, partnerships and limited liability companies, and structuring transactions for optimal tax consequences.

1997

Vincent Catalano: I enjoyed volunteering at the GSM by helping to kick off the alumni awards program. I encourage other alumni to find ways to engage with the association. On the professional front, I was recently named principal at Benefit Insurance Services, a Sacramento-area employee benefits firm.

1999

Mark Schmidt: I’ve taken a finance manager position with SunPower, a start-up solar cell manufacturer funded by Cypress Semiconductor. Marissa, Mateo and I live in the San Jose foothills.

2000

Aaron Chin: We recently experienced the birth of our daughter on December 20, 2004. Kayla Marie Chin weighed in at 5 lbs., 3 oz. and 18.5 inches.

Michael Tsang: Though a little sleep deprived, Celeste and I welcomed our first child, Mason Tsang, on October 21. We are overjoyed to have him in our lives. I am now working as a senior project coordinator at Chiron Corporation.

(continued)
2002
Anna Becker: 2004 was a fantastic year for Jim and I. On November 5, we welcomed our first child, Kate Elizabeth. After my leave is over, I will be returning to my role at Microsoft working in the Mobile & Embedded Device business. We'd love to see some GSMers up in Tahoe any time.

Yvette Bettati: Last November, I accepted the position of vice president of risk management for Roll International Corporation. You may know some of our brands; Sunkist, Teleflora, Paramount Farms, The Franklin Mint and Fiji Water. I am living in Santa Monica and commuting back to Sacramento each weekend. Art is finishing nursing school and Amelia (20 months) is growing like a weed. We will all live in Los Angeles by January. In the meantime, I am learning about growing crops and bottling Fijian water.

Kathryn Gee: I’m happy to announce that Frank and I are getting married this September!

2003
Peter Haefner: While in Hawaii for Christmas, I got engaged to Liz Cruz, the girl I met in Dave Ferguson’s garage at the winter quarter welcome back party in 2002. We are planning an Oregon wedding, which is a treat. I also just switched roles at work to the Adidas Sport Heritage division, working on marketing and communications projects.

2004
Wendy Forester: I am currently working as a revenue controls analyst with an electric and gas utility company near Boston. Jimmy and I are enjoying the New England experience, but greatly miss our GSM friends and all the events!

Nathaniel Meyr: Lisa and I were married in Santa Barbara amongst family and friends. We are currently living in and exploring San Francisco. For more info on what we're up to, visit www.meyr.net.

Karin Winters: Brian and I are pleased to announce the birth of our son, Samuel Clark McCollough, on November 29, 2004. All of us are well and Sam is growing by the day.

Submit Alumni Class Notes Online @
www.gsm.ucdavis.edu/alumni/update.htm
The Graduate School of Management Alumni Association Board of Directors is looking for enthusiastic alumni volunteers to join them in strengthening the School’s network of graduates.

The GSMAA Board of Directors consists of eight elected alumni members who meet at least three times a year to discuss alumni needs, brainstorm new services and create opportunities for networking, such as informal socials, Snow Day and more.

This June, the terms of two board members will expire. We would like to fill these openings with enthusiastic alumni who can share their commitment to the GSM network and GSM brand.

If you are interested in applying for one of the upcoming board openings, please complete the brief questionnaire at:


Position Description: Member of the Alumni Association Board of Directors

Members of the GSMAA’s Board of Directors must show demonstrated involvement, support and commitment to the GSM. In accepting a three-year appointment, board members agree to uphold the GSMAA’s mission and meet the following responsibilities and expectations:

- **Board Meetings:** Attend and participate in scheduled Board meetings usually held in the Davis/Sacramento area three to six times per year. The meetings last about two hours.

- **Set Goals:** Collaborate with other board members to establish short- and long-term goals for the Alumni Association.

- **Coordinate Activities:** Lead or plan at least one activity or event sponsored by, or affiliated with, the GSMAA each year. Examples include: Snow Day; ongoing informal gatherings in the Sacramento and Bay Areas; and the Fall wine tour. Creativity is encouraged and board members can rely on the support of the alumni relations coordinator to advertise events and activities.

- **Represent the GSM:** Serve as a liaison between alumni, current and prospective students. Represent the GSM and GSMAA at School events and alumni activities and programs whenever possible.

- **Communicate with Alumni:** Facilitate communication between alumni and the GSM by relaying upcoming event information, obtaining feedback about their connection with the School, determining their level of interest and soliciting suggestions for improvements.

- **Advise the GSM:** Serve the dean and the School in an advisory capacity on behalf of alumni and provide input and suggestions for improvements.

- **Involve Alumni:** Identify, cultivate and involve alumni who are interested in becoming active members of the GSMAA.

- **Advisory New Board Members:** Advise successors to the Board, providing them with personal insight.

- **Contribute Financially:** Board members are encouraged to be current GSM donors.
GSM caps, shirts and sweatshirts are now available online through the UC Davis Bookstore Web site. Better yet, 10 percent of all sales will come back to the Associated Students of Management to fund student activities. More items will be added soon.

Order now @
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Click on “GSM Merchandise”
UC Davis Launches San Francisco Bay Area Working Professional MBA

- Offers same curriculum, same degree and same world-class UC Davis faculty as our internationally ranked Daytime MBA program.
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- Classes held at the state-of-the-art San Ramon Valley Conference Center, located just 35 miles east of San Francisco.

Applications are now being accepted for fall 2005.

Learn more about the UC Davis Bay Area MBA Program @
www.gsm.ucdavis.edu/bamba