MARRIOTT

ALUMNI MAGAZINE

What Is Your Time Worth?

Happy Customers

Principles of Investing

MARRIOTT SCHOOL PAYS RESPECT TO ASSOCIATE PROFESSOR

BYU's American flag flew at half-staff on Friday, 18 August 2006, in honor of Clark L. DeWaal, a Marriott School associate teaching professor who passed away 10 August 2006 after suffering a fatal heart attack in Taiwan.

"He was a dear friend and colleague," says Michael J. Swenson, Business Management Department chair. "His influence extends far beyond the halls of the Tanner Building. We will miss his smile, his excellent teaching, professionalism, and his friendship."

DeWaal was born 5 July 1952 in Salt Lake City. He married Lorraine Turner in 1975. They have three children, Candace, Tyler, and Josh. DeWaal was a dedicated family man. He loved to travel, and he often took his family with him. He also gave many years of service to Boy Scouts of America.

DeWaal earned his BA in history from the University of Utah in 1977. He spent one year at National Taiwan University and proceeded to earn his MBA in finance from the University of Michigan in 1979. He spent twenty-five years working in Asia, which included serving as vice president of Continental Illinois Bank; as China treasurer for Motorola, Inc.; and as chief country officer in Hong Kong for Deutsche Bank.

In 2004, DeWaal joined the Marriott School faculty teaching international business and business management classes. Students enjoyed listening to his many stories about conducting business overseas. Some called his classes the best they had ever taken at BYU.

"He loved his students," Lorraine says. "His dream was to teach, and he made every moment a teaching moment. He was constantly educating himself—he was well-read and well-versed, and I think he wanted to share that with everyone he could. Business was a means to an end; he used his experience to teach his students."

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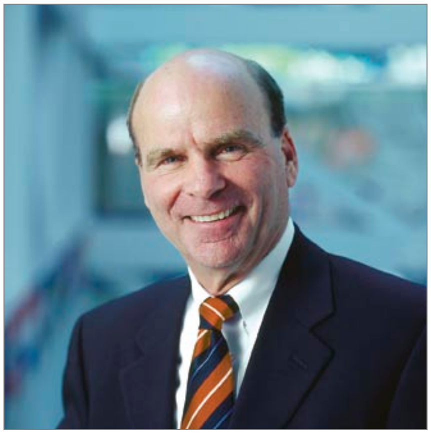
Cover photos by Bradley Slade.

Creative Genius

BY MICHAEL THOMPSON



Innovation is one of the hottest topics in the business world today. Every organization in every sector and industry seems to be searching for people who can help do things better or do things that haven't been done before. Business schools are being pushed to help foster this appetite for innovation. As one recruiter said to me recently, "We're looking for people who are not just smart but people who can bring a new angle to a problem or opportunity." Much of the talent war being fought in the corporate world involves competition for the creative.

The wellsprings of creative energy seem to flow most freely in situations that invite us to share ideas. It's always fun and interesting to watch children playing. Many children are great at improvising and testing a hunch; however, as the years pass, their confident spontaneity is channeled into more predictable and manageable behavior.

I have an artist friend who says he can estimate the age at which a person gave up on learning to draw. "At some point in the elementary grades," he says, "most people retreat from experimenting, from playing with shapes and shadows." But, this ability to explore a thought or manipulate materials with the hands and mind is core to the process of invention.

Business leaders and business educators sometimes contribute to this ongoing retreat because we focus, understandably, on the practical, down-to-earth work we call "business." But innovation is rooted in playfulness and experimentation. Shirley Brice Heath, a cultural anthropologist at Stanford, has studied adolescents' involvement in the arts—drama, dance, visual art, and media. Heath has found that those who have been connected to arts-based activities exhibit significantly greater ability to organize projects, evaluate their own work, and come up with solutions to ambiguous problems. Obviously, engagement in sports fosters teamwork, but Heath says, "The arts demand more personal determination and self evaluation."

Those abilities sound a lot like the skills recruiters are seeking in today's business school graduates. No wonder so many of the new champions of innovation in business are people with "hybrid" backgrounds: English literature and business, mathematics and art, or engineering and graphic design. It's not easy to predict what skills and interests we pursue will turn out to be practical or relevant. So dabble a bit, explore a little, and don't worry too much too soon about how the development of creative thinking will pay off. Sooner or later, everything we take into our imaginative diet contributes to the development of the whole.

Sincerely,

Michael P. Thompson
Associate Dean

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GLIMPSES

VENTURE CAPITAL CLASS WINS WITH STUDENTS AND INVESTORS

Standing in front of eight corporate leaders worth billions of dollars and presenting them with a new business venture is the epitome of applied classroom learning.

Photo by Michael Stanfill

"The training and experience Cougar Capital offers students gives them a leg-up on the job search, making them more competitive."

—Joe Atkin

"Your voice falters a little bit at first," says Trent Read. "It's nerves; you know it's the real deal."

Read was part of Cougar Capital, a venture capital and private equity course for MBA students that combines in-class venture capital and private equity training with real-life application opportunities, like raising capital and co-investing in live deals with industry partners.

Creating the course was a three-year process. Instructor and associate director of the Center for Entrepreneurship Gary Williams wanted to design a class that would bridge the gap between classroom theory and business application. Seven students, who composed the first Cougar Capital team, were selected for MBA 665, the new venture capital/private equity strategy course in 2005. Now, ten students who took over Cougar Capital this fall look to build on the fund's initial success.

"This class was an incredible opportunity," says Scott White, a Cougar Capital student from Cumberland, Rhode Island. "It was an experience most MBA students don't have. I jumped at the chance to be a real venture capitalist."

Last year's course work began with a one-day road show to the Bay Area, where students met with investors, including the venture capital division of Bank of America, to finalize funding and look at future co-investing opportunities.

After the trip, the Cougar Capital team began working with its industry partners on live deals. Before a partner venture capital firm invested in a small business or start-up, the firm had to determine the potential value and growth of the investment. The extensive research, a lengthy process known as due diligence, began with the students. It included analyzing the company's claims, business plan, organizational management, competition, and intellectual property rights to determine its financial viability.

"Instead of just researching the company for our own sake, and our investment's sake, we try to add value to the process and dig out gems for our industry partners," says Brent Alvord, student managing director from Boise, Idaho.

After considering five potential investments, the students endorsed one and presented the findings to their industry partner. Six months after Cougar Capital invested in Riverbed Technologies, the company filed to go public.

Riverbed Technologies specializes in the production of Steelhead appliances, which address latency and bandwidth problems that computer network applications often experience. When the company went public in early September, it quickly surpassed preliminary expectations, closing its first day of trading at $15.30, a 57 percent increase over the initial public offering.

The training and experience Cougar Capital offers students gives them a leg-up on the job search, making them more competitive, says Joe Atkin, a Cougar Capital member from St. George, Utah.

More importantly, Williams wants his students to come away from their experience with confidence.

"It is the critical-thinking process that allows you to win competitively in the real world," he says. "But how do you get a student to be confident that they've done all they can? This class meets that criterion."


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RECOVERING FROM SERVICE GONE BAD

WRITTEN BY GRANT MADSEN ART BY PASCAL BLANCHET

Two weeks before Kristen DeTienne moved into her new home, she called the phone company to pre-install a new line. The company didn't come through, and she went for weeks without a phone.

"The organization later faced a class-action lawsuit, and I got a rebate check as part of the settlement," says DeTienne, a professor of organizational leadership and strategy. "Customer service problems can be very expensive for companies, and a lot of times they don't think about the long-term costs and the loss of loyalty these problems create."

As an expert in the field of customer recovery—the way companies try to make customers happy once there's been a service failure—DeTienne studies what companies can do to hold on to their best clients.

"The thing that's fascinating to me as a business researcher is that most companies don't do anything about this," DeTienne says. "Managers know they are relying on frontline employees to provide their product or service and yet they don't usually train the employee on what to do when there's a failure."

Companies with successful service-recovery systems increase future business, can command a premium price on products and services, get better word-of-mouth advertising, and reduce overall costs, DeTienne says.

"Bad service is something everyone can relate to—we've all had an experience with an obnoxious employee or had to call to correct an error on a bill," explains DeTienne, citing as an example the time a waitress accidentally spilled a tray of drinks down her back at an

TOP CUSTOMER TURNOFFS

COMMUNICATION
- Lack of courtesy, friendliness, or attention by rude or grumpy sales people
- Unhelpful employees who lack knowledge
- Unkempt employees with annoying mannerisms

VALUE
- Overpriced product or service, poor guarantees, or a failure to back up products
- Low-quality product that's not as good as expected
- Slow service

SYSTEMS CONCERNS
- Environment that's dirty, messy, or cluttered
- Low selection or poor availability of a product
- Inconvenient location, poor layout, lack of parking, or difficult building access

Source: *Kristen DeTienne and Paul Timm, "How Well Do Businesses Predict Customer Turnoffs? A Discrepancy Analysis,"* Journal of Marketing Management, *Fall/Winter 1995.*

important business lunch. "What we often can't relate to is the great way a company recovers from a service failure and wins our future business."

Too often, recovery efforts are inadequately handled, much like DeTienne's was in this case: the restaurant gave her a coupon for a free appetizer on her next visit.

Research conducted by DeTienne and fellow Marriott School professor Kristie Seawright suggests that companies need to establish systems to ensure they are providing two key types of value to unhappy customers.

Customers who have had a bad experience tend to look at how they are treated by a company from both a psychological perspective—how responsive, courteous, and respectful customers feel the company is—and a tangible perspective, or what the company does to appease customers.

"We had a student who paid for flowers to be delivered on Mother's Day," DeTienne reports. By accident, the flowers weren't delivered. The florist profusely apologized for the oversight—that was the psychological. Then, he recovered by delivering a different bouquet of flowers to the mother's house every day for a week—that was the tangible."

DeTienne encourages customers to help companies be more responsive after a service failure. She recommends the following four actions:

1. *Bring problems to a company's attention.* "There are a lot of companies that want to keep you as a future customer, and if they don't know you are dissatisfied, they won't do anything about it," DeTienne says. "I'm using a rental car right now because my car is in the shop. The rental car's windshield wiper fluid is out, the wiper on the driver's side doesn't hit the windshield, and the tires are bald. This is dangerous in wet or snowy weather. I will explain to the company that this is a liability for them and suggest what they need to do to fix it."

2. *Tell a company about any additional inconveniences.* "Often companies are not aware of additional inconveniences caused by their service failures," DeTienne says. "They know the new TV you bought from them broke, but they don't know you had all of your friends over to watch the game when the picture went out."

3. *Clearly state what the company can do to make things right.* "Oftentimes they'll do what's necessary to keep your business, but they need to fully understand your expectations," DeTienne says.

4. *Be civil and respectful when discussing service failures.* "One of the reasons I'm interested in service recovery is because years ago I was working for the customer service line of a newspaper. When people missed their newspapers, I was the person they called," DeTienne says. "I understood the situation the same whether they cursed at me or used a friendly tone of voice. I think it's important to be very clear about what the problem was, the inconvenience it caused you, and what you expect them to do to recover—be kind in your behavior, as well."

Because no system is perfect, managers should have an established plan to handle problems that creep through. What measures should companies take to improve service-recovery efforts?

First, says DeTienne, managers should review their current system to figure out where service problems will inevitably arise and devise ways to prevent them, if possible. These problems may be specific to a company's operations or may include one or more of the nine common turnoffs that DeTienne says are the main causes of customer dissatisfaction.

Second, companies should figure out a way to categorize their most valuable customers.

"One-third of a company's customers account for two-thirds of their profit," says DeTienne. "If a company doesn't know who those customers are, they are in big trouble when it comes time to recover them. They might be focusing their efforts on an infrequent customer who doesn't really add much to the bottom line."

Simple ways a company can start collecting customer data include tracking credit card numbers, monitoring checking account numbers, instituting frequent customer plans, and training employees to record customer expectations during contact.

Third, companies should perform the appropriate recovery effort that matches customer requirements. According to DeTienne, the most profitable patrons tend to be loyal, repeat customers who are often less sensitive to changes in price and tend to be willing to pay a premium for a product or service. Within this group, some customers require a high level of recovery and others don't. A successful recovery program will match these profitable customers with the recovery effort that will satisfy or delight them, causing them to return.

"It doesn't mean that you shouldn't try to recover all of your customers. You have to make sure that everyone is getting a fair fix," DeTienne says. "But you need to be especially sure that the highly profitable customers aren't getting away."

All customer recovery plans should ensure that customers perceive a high-quality service recovery effort that focuses on psychological and tangible dimensions, DeTienne says.

"I was in the grocery story the other day; there were very long lines. They gave me a 100 Grand candy bar with a little saying attached to it that read: 'We're sorry you had to wait a long time, but we think you're grand,'" DeTienne explains. "It was simple, but it told me they noticed there were long lines, they didn't expect me to wait that long, and if I have to, they are going to apologize. If companies can figure out what their failures are going to be and how they can make customers feel good about them, they are going to keep those customers in the long run." M

ABOUT THE AUTHOR

Grant Madsen is a media relations manager for BYU's University Communications. He earned a BA in communications from BYU in 1998.

CUSTOMER CLASSIFICATION: ANGELS, ROYALTY, PAUPERS, AND PRIMA DONNAS

Face it, recovering an irate or disappointed customer can be costly. To minimize the amount of time, effort, and money spent on recovery efforts, companies should consider placing customers into categories based on profitability and expectations. Frontline employees can then be trained to tailor service recovery efforts to meet or exceed the expectations of customers as necessary. Here's an example of one possible classification system:

	Low Expectations	*High Expectations*
High Profitability	**ANGEL**	**ROYALTY**
Low Profitability	**PAUPER**	**PRIMA DONNA**

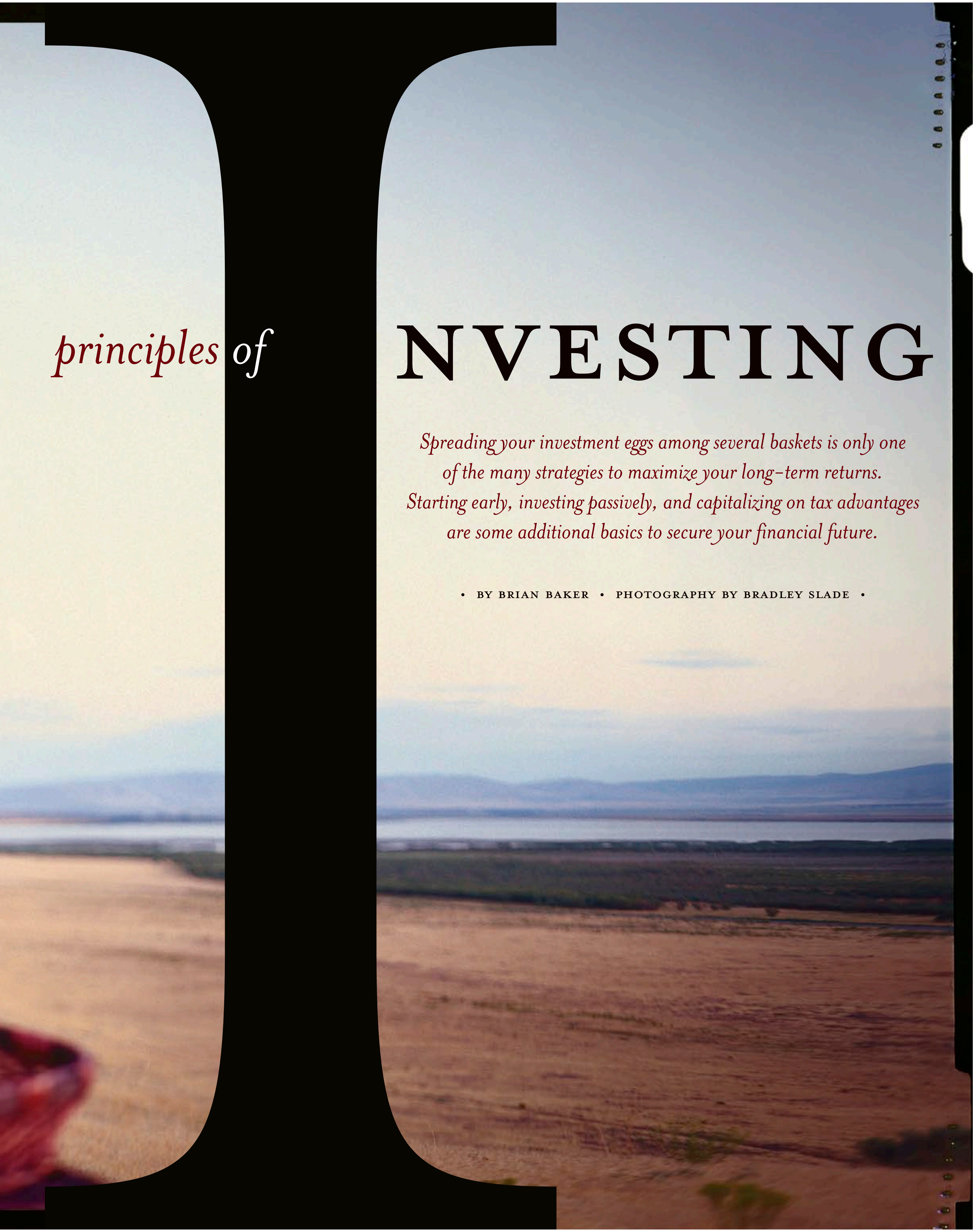
ANGELS are profitable customers who require limited and reasonable recovery efforts to retain their loyalty. These efforts should go beyond merely satisfying these ideal customers and focus on delighting them.

ROYALTY has high expectations but contributes significantly to the bottom line. Therefore, recovery efforts should be taken where delight can be reached through reasonable cost. While efforts to delight royalty would be excessive, this group should at least be satisfied.

PAUPERS have low expectations and low recovery costs, but they contribute little to a firm's profitability. Because of this, they should simply be satisfied. When they can be delighted at little additional cost, companies may want to slightly increase the recovery level.

PRIMA DONNAS can be hard to satisfy due to their excessive demands and are rarely worth the cost of recovering. Still, companies would be wise to at least meet a prima donna's pre-failure service expectations.

Source: *Kristie Seawright, Kristen DeTienne, and Aaron Brough, "Cost-Effective Service Recovery: Knowing Which Customers to Keep,"* International Journal of Applied Marketing, *2005.*



principles of INVESTING

Spreading your investment eggs among several baskets is only one of the many strategies to maximize your long-term returns. Starting early, investing passively, and capitalizing on tax advantages are some additional basics to secure your financial future.

• BY BRIAN BAKER • PHOTOGRAPHY BY BRADLEY SLADE •

For the past few years, the evening news has been peppered with stories of longtime industry giants who will not be able to honor the pension programs their employees have spent decades accumulating. Many other companies are either reducing the benefits they extend to employees or converting to 401(k)-type "defined contribution" plans, which cost significantly less and carry no future liability. This is scary, given that the average head of household ages fifty-five to sixty-four has a retirement account savings of just $60,000.[1] Couple these developments with the looming shortfall in Social Security funding, and people have every reason to fret about the future.

Today only 24 percent of workers in the U.S. private sector have defined benefit plans, which obligate a company to provide a predefined level of benefits. In addition, no new defined benefit plans are being started.

The public sector is also facing its own pension crisis. While 90 percent of its employees are still covered by defined benefit plans, *BusinessWeek* recently reported, "The 125 largest public-pension plans are short $278 billion, a gap created by underfunding, poor stock market returns, and costly hikes in benefits."

Increasingly, individuals will need to lean on their own foresight and planning. The solution for tomorrow's retirees and others building a nest egg lies in understanding some common principles of investing that apply at every stage of life. Some simple guidelines that can greatly increase your chances for financial stability include:

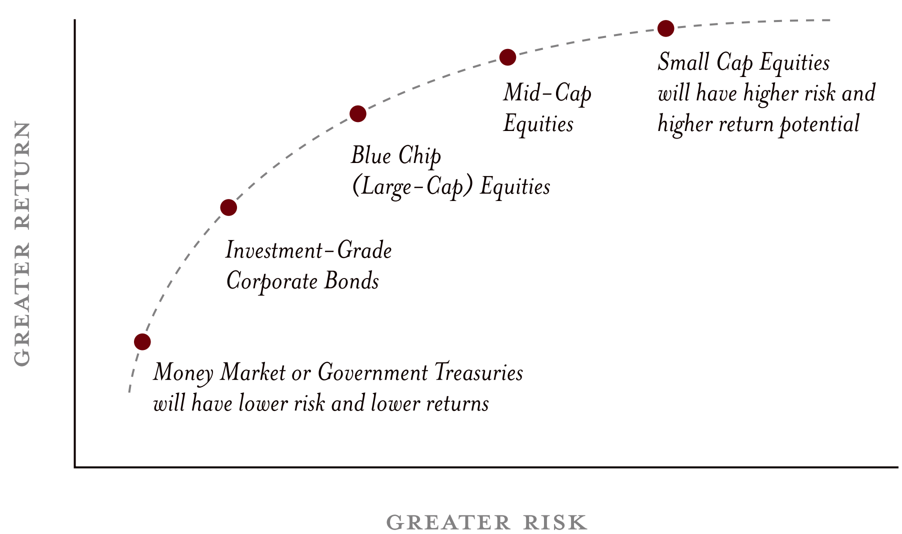
1. Maintaining a diversified portfolio
2. Starting early and staying the course
3. Investing passively
4. Enrolling in tax-advantaged savings vehicles

MAINTAINING A DIVERSIFIED PORTFOLIO

The first principle, portfolio diversification, explains why you shouldn't put all your eggs in one basket. The asset classes and amount you invest in each are vastly more important decisions in determining your long-term investment returns than either market timing or specific stock and bond selection. In fact, asset allocation choices are responsible for more than 90 percent of performance for long-term investors.[2] The goal of asset allocation is to maximize return and minimize risk. When investing, you should diversify both across asset classes and within each asset class.

Diversify across Asset Classes: Asset allocation is the ultimate protection if things go wrong in one investment class or sector, as is likely from time to time. Asset classes include broad categories, such as stocks and bonds, and narrower categories, such as domestic vs. foreign and growth vs. value stocks. As Chart 1 illustrates with five common classes, investments are characterized by their level of risk and return.

Chart 1:
VARIED INVESTMENT RISKS



The goal of asset allocation is to maximize return at what the investor feels is an appropriate or manageable amount of risk. Harry Markowitz introduced the concept of an efficient portfolio, one which has the smallest attainable portfolio risk for a given level of expected return (or the largest expected return for a given level of risk). Just as there are investments that may offer a 100 percent return with little or no security, there are investments that can guarantee the safety of your principal but with little or no return. Markowitz pointed out that risk is reduced by diversifying. For example, when stocks are doing poorly, bonds could be doing well.

As investors diversify across classes, they should choose a mix that corresponds with the amount of risk they are willing to bear and the number of years before those funds will be needed. Money needed in two years for a down payment on a house should be invested more conservatively than money needed in thirty-five years. A conservative asset allocation would include a lot of money in the money market and bond asset classes.

In contrast, if you have a long time until retirement, your asset allocation should be more aggressive. Stocks become less risky as your time horizon increases. For instance, in any one year the standard deviation (or variability) of a diversified stock portfolio's returns dating back to 1871 is about 19 percent. But if the holding period is increased to five years the standard deviation decreases to 8 percent. During a twenty-year period, that number decreases to 3.5 percent. There has never been a twenty-year period in U.S. capital market history where a diversified portfolio of stocks lost money.

The reality of investing is that the stock market will go up and down. Investors who begin early and stay in the market have a much better chance of riding out the bad times and capitalizing on the periods when the market is rising. Diversification across asset classes is extremely important. If your investment horizon is short, allocate a lot to conservative or low-risk asset classes. However, when planning for a distant retirement, consider placing more weight on stocks.

Diversify within Asset Classes: Diversifying a portfolio within asset classes is likewise crucial. A portfolio that includes one U.S. stock, one international stock, and one municipal bond cannot be considered appropriately diversified despite allocating money among different asset classes.

There are two distinct types of risk in stock investing:

1. Systematic risk (nondiversifiable)

2. Unsystematic risk (diversifiable)

First, systematic risk is the risk associated with investing in the stock market. From week-to-week or year-to-year, the market as a whole (the "system") can move up or down—there are no guarantees. All investors bear systematic risk—those who own a diverse collection of mutual funds as well as those who merely own one stock. For example, if the economy goes into a recession the entire market will be adversely affected.

Second, unsystematic risk comes from specific events that impact individual companies but not the whole market. The good news is that diversified investors don't need to worry about firm-specific risk. As the number of unique stocks in a portfolio increases, the amount of unsystematic risk (diversifiable risk) decreases. For instance, if a portfolio consisted of shares of just one company, and that company went bankrupt, the holder would lose his or her entire investment.

If a person invested in only one randomly chosen stock, the standard deviation (a measure of risk) is nearly 50 percent, meaning one shouldn't be surprised if the stock went up or down by 50 percent in a year. The thought of losing 50 percent (or more) of an investment is scary. However, as Chart 2 illustrates, for a portfolio of ten randomly chosen stocks, this risk is cut nearly in half. The measure of risk drops below 20 percent in a portfolio with thirty stocks.

STARTING EARLY AND STAYING THE COURSE

When it comes to long-term investing, time is your best friend. Time enables the "miracle of compounding" to work its magic. Compounding means that interest on your money earns interest and is added to your principal. In that way, future returns are calculated on a larger and larger base.

For example, let's say you invest $2,000 a year starting at age twenty-five in a tax-deferred account that earns a 10 percent average annual return. At age sixty-five, you'll have accumulated a total of $885,000. But, if you had waited to begin saving until age thirty-five, your nest egg would total only about $329,000. That $20,000 you didn't save ends up costing you $556,000!

A little money and a lot of time equal a fortune. Two caveats are in order—the benefits of time can be destroyed by bad market timing and borrowing. The safest course is to decide early in life to be a committed long-term investor. Do not tap into retirement accounts before retirement for any reason other than the most dire of emergencies. Withdrawing from such accounts before retirement not only caries a hefty 10 percent tax penalty but also does irreparable damage to what Albert Einstein called the "eighth wonder of the world—the miracle of compound interest." You will never again have the chance to replicate the years of diligent allocation to a formal retirement program once the funds are removed.

INVESTING PASSIVELY

One key to success in long-term investing is to reduce the amount of money your portfolio loses each year as a result of transaction costs and other fees. Passive investing seeks to mirror a market index and does not attempt to beat the market. By investing passively as opposed to actively, expenses are minimized and long-term returns are maximized.

There are fees that must be paid each time a trade is made, including transaction fees and the bid/ask spread. In addition, taxes are higher when investment gains are realized in the short term through active management. Active-managed funds pay taxes earlier, when an investment is sold, and thus miss out on the benefits of compounding. And actively managed funds typically pay the higher ordinary income tax rate as opposed to the lower capital gains tax rate.

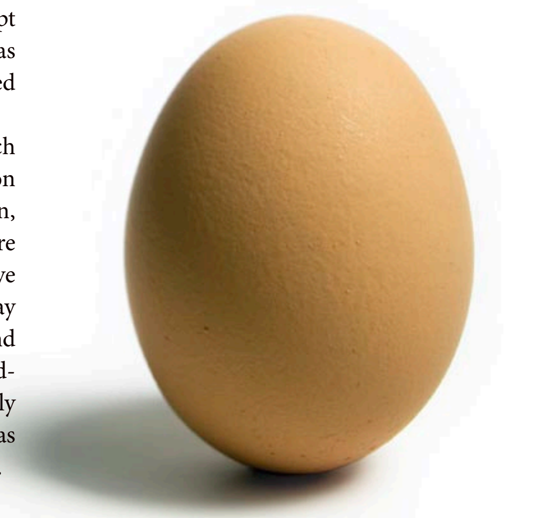
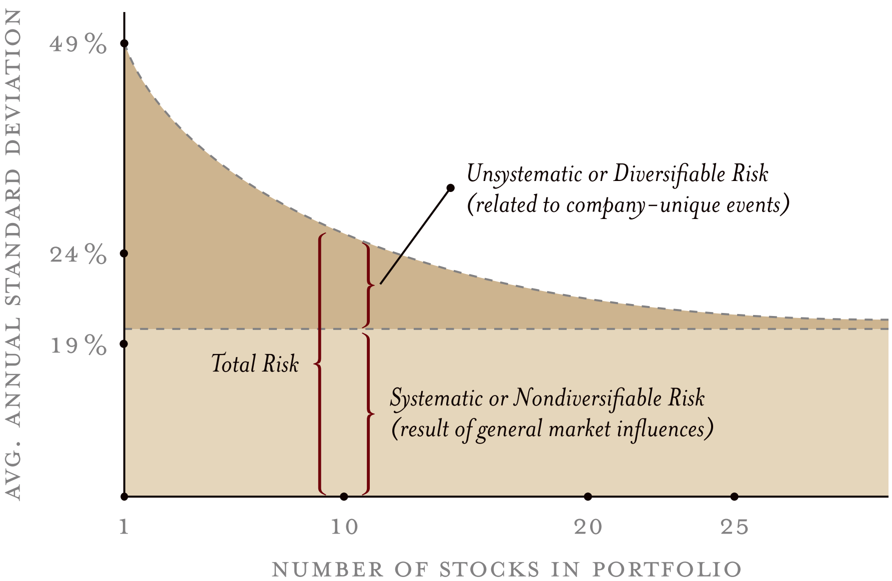


Chart 2:

VARIABILITY OF RETURNS COMPARED WITH PORTFOLIO SIZE



Passive mutual fund investors also avoid the high fees professional fund managers command. Experienced fund managers typically charge between one and two percent of the value of assets under management as their annual fee. Fortunately, it is easy to avoid the time, transaction costs, tax disadvantages, and management fees associated with actively managed funds. Two cost-efficient ways to passively invest in the stock market are index mutual funds and exchange traded funds (ETFs).

Index funds and ETFs seek to provide investors a return that passively mimics that of a specific market index (such as the NASDAQ or S&P 500) while charging minimal fees. This compares with the professional fund manager's promise that an actively managed fund can earn you enough additional return (or "alpha") to more than cover their additional fees. With ETFs and index funds, transaction fees and taxes are minimized because portfolio turnover is low, since most indices change their composition infrequently. Academic research indicates that the average actively managed mutual fund, after expenses, fails to match the performance of a comparable index fund.[3]

The main difference between the index funds and ETFs is that an index fund is an actual mutual fund—individuals pool their money and a professional buys and holds a basket of companies in proportion to their respective market capitalizations. In contrast, an exchange-traded fund is traded on the market and can be purchased as simply as any share of stock. Both allow a novice investor, with little by way of capital, to inexpensively invest in a diverse portfolio. There are index funds and ETFs that track broad market indices in addition to specific industry sectors, regions, and asset classes.

Another argument in favor of passive investing for most investors is, mathematically speaking, your performance will be better over the long term. While it is true that many fund managers outperform the market each year, the percentage that can outperform consistently over at least ten years is miniscule. A recent study of the performance of 171 large-cap equity mutual funds during the past twenty years published by the *Journal of Financial Planners*[4] came to the following conclusions:

1. The longer the investment time frame, the more difficult it was for active managers to outperform the index fund.

2. The percentage of funds that outperformed the index fund during a twenty-year period was 10.59 percent.

3. The distinction between returns based on growth, value, and blend styles faded as the investment time frame lengthened.

This same study found that mid-cap mutual fund performance was even more abysmal—only one out of eighteen funds outperformed the index during a fifteen-year period. In addition, these results don't account for what index fund pioneer John C. Bogle, the founder of Vanguard, termed "survivor bias," meaning a twenty-year study can only be done on funds that have been around for twenty years. Funds that went out of business—most likely due to underperformance—can't be factored into the results. Thus the performance of the "average" mutual fund compared to the index fund during the twenty-year study period was likely even worse than the grim study results.

The study also confirmed one well-known investing caution—that past performance is no indication of future results. That isn't to say that there aren't some mutual funds that will outperform over the long term. The study simply demonstrates that it is hard to predict which funds will be the stars of the future and, mathematically speaking, the best place for the average investor to invest their money during the past twenty years was in a low-cost index fund.

Stock Picking as a Disadvantaged Player: So far this discussion of investing strategy has ignored would-be day-traders who make their own trades on individual stocks. With the background already established that, over time, most professional fund managers can't keep up with average market returns, let's examine the likelihood that a nonprofessional fund manager can do as well or better than an index.

A casual stock picker is a disadvantaged player, a player who underperforms on average, because their expertise is in something else, and they're investing against fund managers who do nothing but study the market.

A disadvantaged player increases the chance of reaching a positive outcome by decreasing the number of trials (that is, by increasing the sampling error or risk). But this is also a key reason why casual stock pickers lose over the long haul. Such an investor may be able to make one quick profitable stock trade, but each additional trade makes it more likely that they will lose overall. Even the average professional mutual fund manager could be considered a disadvantaged player in the long term, because each manager had only a 10 percent chance of outperforming the index during the past twenty years.

Of course there are individuals with the insight, training, and skill to be successful. But this group is much smaller than most casual stock traders would like to believe. If you don't think you could earn a living—long term—solely based on your stock trades, it may be time to find a less financially risky hobby (like skydiving or bungee jumping) and park your money in an index fund. If you can consistently make money over the long term, maybe you should quit your present employment and trade stocks full-time. The talent to replicate success in stock investing is rare.

ENROLLING IN TAX-ADVANTAGED SAVINGS VEHICLES

Now that we've focused on starting early and investing a large percentage of your retirement money in passively managed stock index funds, there is still one last important lesson regarding where to keep those investments. Housing retirement money in investment vehicles that include matching and/or tax advantages is a no-brainer.

One great benefit of a 401(k) is the "out of sight, out of mind" principle. Money is deducted from your paycheck before you ever see it, eliminating the need for setting aside funds. A 401(k) shouldn't be considered a usable asset until you enter retirement.

The feeling that an employer will take care of his or her employees in their golden years is rapidly being replaced by one of personal responsibility. By depositing money in a defined contribution vehicle like a 401(k), your employer is forcing you to decide how and how much to invest for retirement. This is both a challenge and an opportunity. Under the "defined benefit" system, actuaries make a series of complex estimates and projections to approximate how much money a company must budget yearly to make good on promised retirement benefits.

Snatch the Match: If your employer offers to match your contribution to a retirement program (401(k), 403, SEP, Keogh, or SIMPLE), be sure to take advantage of it. This is about as close as you can come to a "free lunch" in investing. Surprisingly, almost 25 percent of employees don't contribute enough to their 401(k)s to qualify for their full company match. In essence, those employees are turning down free money. But remember that your employer's contribution is merely a poor substitute for the defined benefit plan they might have offered a generation ago. The 401(k) match actually costs them less than what they would have spent under most previous defined benefit plans.

...

If you don't think you could earn a living—long term—solely based on your stock trades, it may be time to find a less financially risky hobby (LIKE SKYDIVING OR BUNGEE JUMPING).

...

Avoid and Delay Taxes: The federal government wants you to save for retirement and encourages this by giving some tax breaks. Using tax-advantaged investment vehicles like IRAs and 401(k)s to build savings is crucial to retirement planning. Your pre-tax contributions to these accounts can grow unfettered until drawn upon and taxed as ordinary income. With a few exceptions, money withdrawn from retirement accounts before age 59½ will face an additional 10 percent penalty.

Currently, employees can contribute up to $15,000 annually to a 401(k) and $4,000 to an IRA ($5,000 for those fifty and older). There are two types of IRAs: traditional and Roth. A traditional IRA is funded by pre-tax dollars, and taxes are paid in the future as you make withdrawals. Contributions to Roth IRAs are made after taxes, but future withdrawals are then tax-free (if certain guidelines are followed). One way to think about which IRA is right for you is to consider your current tax bracket and the bracket you expect to be in as you enter retirement. If one expects to be paying less in taxes in retirement, a traditional IRA is more appealing. Conversely, if your tax rate increases or stays the same, a Roth IRA would be recommended.[5]

CONCLUSION

When I entered the Marriott School fresh from three years trading equities at Goldman Sachs, I listened politely and silently disagreed while some of my professors preached the benefits of passive investing. Having learned several hard lessons on my own, I now subscribe to the wisdom they espoused. The benefits include knowing that during the long term, odds are that I will do better as a passive investor than those who think they can game the system and come out ahead.

By maintaining an appropriately diversified portfolio, starting early, investing passively, and taking advantage of tax-advantaged investment vehicles, you can set the stage for financial self-sufficiency. M

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ABOUT THE AUTHOR

Brian F. Baker earned his MBA from the Marriott School in 2004, where he was also named a Hawes Scholar. Baker works for Zions Bank Public Finance, where he helps local government entities finance capital projects. He previously worked for Goldman, Sachs & Co in U.S. equities. The most important current investments for Baker and his wife, Erlyn, are their four children.

bug off:

how to stay healthy at work

by jennifer mathis   illustration by john ueland

It added a slice of humor to Cherie Jones' day when a co-worker spilled an entire Big Gulp on her keyboard. "I was totally laughing," she recalls. Her co-worker wasn't. Jones, a 2001 MAcc graduate and business tax auditor for Loudon County, Virginia, says her colleague panicked as she searched for napkins to salvage the keyboard. Big Gulp or deli sandwich, Jones' co-worker isn't the only one whose workstation doubles as an eatery.

An accountant for Pricewaterhouse-Coopers' Washington, D.C., office, Benjamin Jones dines at his desk for lunch, dinner, and sometimes breakfast. "During busy season you work a lot of hours," says Jones, a 2005 MAcc graduate. The occasional sticky keyboard and crumb-covered desk is understandably common for working professionals like these. It came as little surprise then that accounting was recently dubbed the second germiest job.

germophobics need not apply

The ranking comes from a study conducted by Dr. Charles Gerba, a microbiology professor at the University of Arizona.[1] "Desks are really bacteria cafeterias," he says. "They're breakfast buffets, lunch tables, and snack bars as we spend more and more hours at the office."

Just "germier" than accounting, the study suggests, are teachers' workspaces; bankers come in third for most bacteria buildup. "Accountants and bankers probably came out high because they spend their entire work day at their desks," Gerba says. "College students may want to reconsider their majors based on these results," he jokes.

Gerba based his six-week study on bacteria samples collected from telephones, computer mice, keyboards, desktops, and writing pens from typical offices in Washington, D.C., and Tucson, Arizona.[2] A total of 616 surfaces were surveyed and analyzed at the University of Arizona.

enough to make you squirm

It's no wonder office environments are contaminated with germs. More than 57 percent of workers eat at their desks on a daily basis—spilling and dropping crumbs in the keyboard—and rarely cleaning up.[3] Gerba's study revealed that more than 75 percent of workers "only occasionally" clean their desks before eating and 20 percent never do.

Cherie Jones admits she cleans her desk about once every six months, despite dining there daily. Her office management requests that cleaning crews not touch desks due to the confidential nature of audit reports. There are no other dining options, she says, so everyone chooses to eat at their desks.

When Benjamin Jones visits his clients' offices, he and several other accountants typically sit around a conference table that serves dual purposes. And even though they wipe off the table after meals, "it's not like we have a bottle of disinfectant," he says.

Gerba's study calculates that the germiest desks are covered with as many as 12,600 bacteria per square inch and some pens are crawling with as many as 2,400 germs per square inch.[4]

The staggering numbers explain why desktops are home to the highest levels of


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human parainfluenza 1 virus.[5] The virus causes respiratory infections like bronchiolitis and pneumonia and can survive on surfaces for three days. The virus was also detected on telephones, door handles, and light switches.

Phones were the germiest device tested in Gerba's study, followed by desks, keyboards, and computer mice. Phones are germiest in almost any home or office, he says. "The saliva from your mouth probably aids the survival of organisms on the phone," he explains.

Despite the infestation of germs on telephones, there's no need for phone phobia. The most effective way to eradicate the germs is to wipe the phone with a disinfectant wipe. The need to disinfect is not as imminent if there is only one phone user.[6] However, when returning to work after being ill, it may be advantageous to disinfect the phone, mouse, keyboard, and desk to avoid reinfection.[7]

One office accessory especially high in germs is the ever-popular candy bowl. While its contents may be enticing, the bowl's germs are not. The containers often hold high counts of bacteria, sometimes fecal bacteria.[8] Not everybody washes their hands like they should, Gerba says, and the number of hands that dig into the bowl create an enormous germ count.

Gerba's research doesn't stop at conference rooms and offices. His studies have expanded into restrooms—and he's examined the microbiology of hundreds of them.[9] He found the exit doorknob usually has the least amount of bacteria of any place in the bathroom because at least half the people who touch it have just washed their hands. The fixture with the most bacteria? The tap on the bathroom sink.

should you stay home?

Not sure if you're sick enough to take the day off? Sharon Horesh, MD, instructor of clinical medicine at the Emory University School of Medicine in Atlanta, offers advice on when it's best to stay home:

sniffling—Sniffling is probably allergies—no harm in going into the office. The sniffles combined with achiness, fatigue, and fever may indicate the onset of the flu, which could warrant staying home and resting.

chills—It's likely there's a fever if clothing is saturated. A warm forehead could indicate a low-grade fever or nothing at all. When there's a fever, it's likely the flu or common cold and just as likely that one is contagious. Horesh advises staying home until feeling well again. A fever plus white patches on the tonsils (say "ah") may be strep throat, which is highly contagious. A doctor should be seen.

coughing—A tickle in the throat is probably a result of allergies or a common cold, and you should plan to go to work. If the cough is deep, causes shortness of breath, and brings up green mucus, it could be bronchitis or pneumonia. A sick day and a doctor's visit are recommended.

earache—It may be an ear infection if the ear is in pain and hearing is dimmed. Ear infections are not contagious, but they usually don't go away alone.

pinkeye—Bright red eyes and matted eyelashes could mean pinkeye, a highly contagious infection. This can be treated with an antibiotic prescribed by a physician.

sinus pain—Pain around the eyes, top of the forehead, the cheekbones, and the top of the teeth could be a sinus infection or a common cold. A doctor can determine whether to prescribe an antibiotic. One day of rest should suffice as sinus infections typically aren't contagious.

stomach problems—A stomach virus can keep someone in bed for several days. Staying hydrated, especially with water, during this time is critical.

Source: cbsnews.com/stories/2004/10/06/health/webmd/printable647810.shtml

staying healthy

Relax—germs don't have to linger permanently. While it's impossible to avoid exposure to germs, there are ways to reduce the chances of becoming ill from pesky microorganisms.

The upside is that disease-causing germs are spread only if supplies are shared: telephones, fax machines, copy machines, microwaves, and other common appliances. Those who don't share a desktop needn't worry. However, it may behoove those who eat at their desks to disinfect their work area weekly, whether shared or not, since these surfaces are notorious for high levels of bacteria.[10]

However, not all germs are necessarily harmful, says Dr. Brad Robinson, an infectious disease specialist at Mercy Medical Center in Roseburg, Oregon. People are filled with lots of microorganisms and live in peaceful coexistence with them, he says. There are some normal flora, or "neutral," germs within the intestinal system that provide useful functions—some internal bacteria aid in food digestion while others supply certain vitamins. "Sometimes harmful germs can't really gain a foothold if the normal flora germs are already there," he said. Those germs can "outcompete" and hold off the harmful ones.

Still, Robinson confirms there aren't any "good" germs hanging out on a desk. And because cold and flu strains change from year to year, it's difficult to build immunity to them. The best defense, he explains, is through common-sense practices like hand hygiene and desk cleanliness. He also emphasizes the huge medical success of vaccinations—a flu shot, for example. Vaccinations are a great defense against developing illness, he asserts.

Despite the germ accumulation, Robinson is confident it's possible, without becoming overly paranoid, to enjoy a healthy work environment. Here are some suggestions:

Live healthily. It's no secret that receiving plenty of rest, staying physically active, managing stress, drinking enough fluids, and eating nutritiously help establish a healthy lifestyle. Maintaining these habits year-round can fortify against sickness when flu season approaches.[11]

germiest jobs

1. Teacher
2. Accountant
3. Banker
4. Radio DJ
5. Doctor
6. Television producer
7. Consultant
8. Publicist
9. Lawyer

Source: foxnews.com/story/0,2933,185119,00.html

Invest in cleaning supplies. Most people keep their homes neat and tidy; why shouldn't the office be the same? Disease-causing organisms are transmitted by touching surfaces. Keeping them clean and disinfected is the best resistance against developing an illness. It's critical to disinfect common office surfaces and not a bad idea to clean personal desktops, keyboards, and computers. Robinson suggests that disinfecting surfaces with anti-bacterial wipes is an effective intervention.

Get up and move around. Far too much time is spent inside—research reveals that Americans spend 95 percent of their time isolated from nature.[12] "Our indoor lives . . . deny us fresh air, moisture, oxygen, and sunlight, and offer us germs and pollution instead; no wonder they make us ill," says David Nicholson-Lord, author of *Green Cities: And Why We Need Them.* Pencil in time to be outdoors—whether it's lunch on the patio, attending a soccer game, or just stepping out for fresh air. "If people can see trees or greenery, they fall ill less and recuperate better; they are more cheerful and relaxed, more able to concentrate, and less aggressive," says Nicholson-Lord. The more greenery on apartment blocks, the less crime, he says. Likewise, roads lined with trees reduce drive stress and road rage. If possible, leave work without bolting immediately onto public transportation or into a crowd.[13]

Don't be afraid of flu shots. Even the healthiest people are susceptible to the flu. CEOs should be first to receive their annual flu shot, suggests Roslyn Stone, chief operating officer of Corporate Wellness Inc., and chairman of the workplace flu prevention group at the Centers for Disease Control and Prevention.[14] "The way to change behaviors in any employee health matter is leadership by example . . . flu shots offer one of the highest returns on investment of any workplace wellness program," she says.

Stop spreading the germs. Germs are often spread when people touch something contaminated and then touch their eyes, nose, or mouth. "Many of these germs are spread by hand contact," Robinson says. People should be vigilant in covering their mouths and nose when sneezing or coughing. If a tissue isn't available, the next best thing is to sneeze into the elbow. If sick, maintain distance from others and, if possible, stay home.[15]

Wash hands vigorously. The best way to kill germs is to practice good hand hygiene and wash hands with soap and warm water. Suggested hand-washing time is fifteen to twenty seconds—about the amount of time it takes to sing "Happy Birthday" twice. Scrubbing with soap will help extract and remove germs.[16] Alcohol-based disposable hand wipes or gel sanitizers are effective alternatives if soap and water aren't available. Robinson advocates using them, particularly when sick. Studies show that washing hands and using sanitizing hand wipes and disinfecting wipes can reduce absenteeism and illness by 30 to 50 percent.[17]

know when to stay home

When illness does occur, clues often denote whether one should stay in bed or go to work. However, not everyone heeds the signs. One estimate suggests that nearly 75 percent go to work with the common cold or other ailments.[18] Presenteeism—going to work sick—causes a loss of productivity that accounts for up to 60 percent of employer health costs, a number that's higher than if employees would have taken a day off.

"There's this mindset now in most businesses of working lean and mean, this feeling that if I am not at work, someone else will do my job and maybe do it better than me. And there's not wanting to dump on co-workers," Stone says.[19] She again encourages company heads to lead by example. "The message needs to come from the top: stay home if you're sick, and when I'm sick I'll stay home too."

If there's a small pool of sick days remaining, a possible remedy may be to explore the alternative of working from home until doctored back to health.

There's no guarantee that living healthily or regular office cleaning will reduce the chance of developing an illness. But Gerba holds that it's possible to help the odds by disinfecting those objects with the highest concentration of germs.[20] A weekly dusting and disinfecting ritual may cause co-workers to initially raise an eyebrow, but if it keeps the germs at bay, colleagues may quickly adopt the strategy for a clean and less-germy work environment. M

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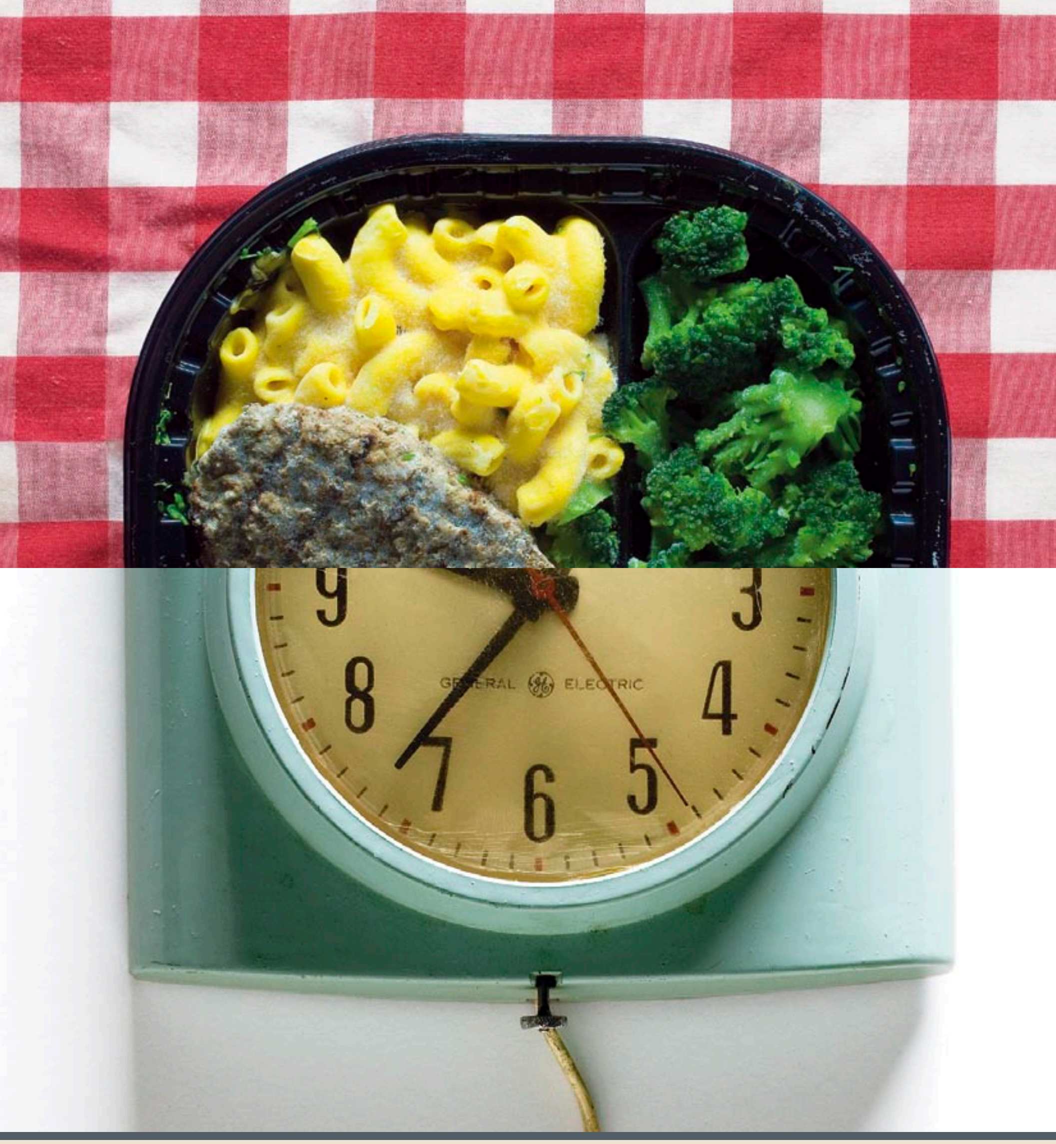


WHAT IS YOUR

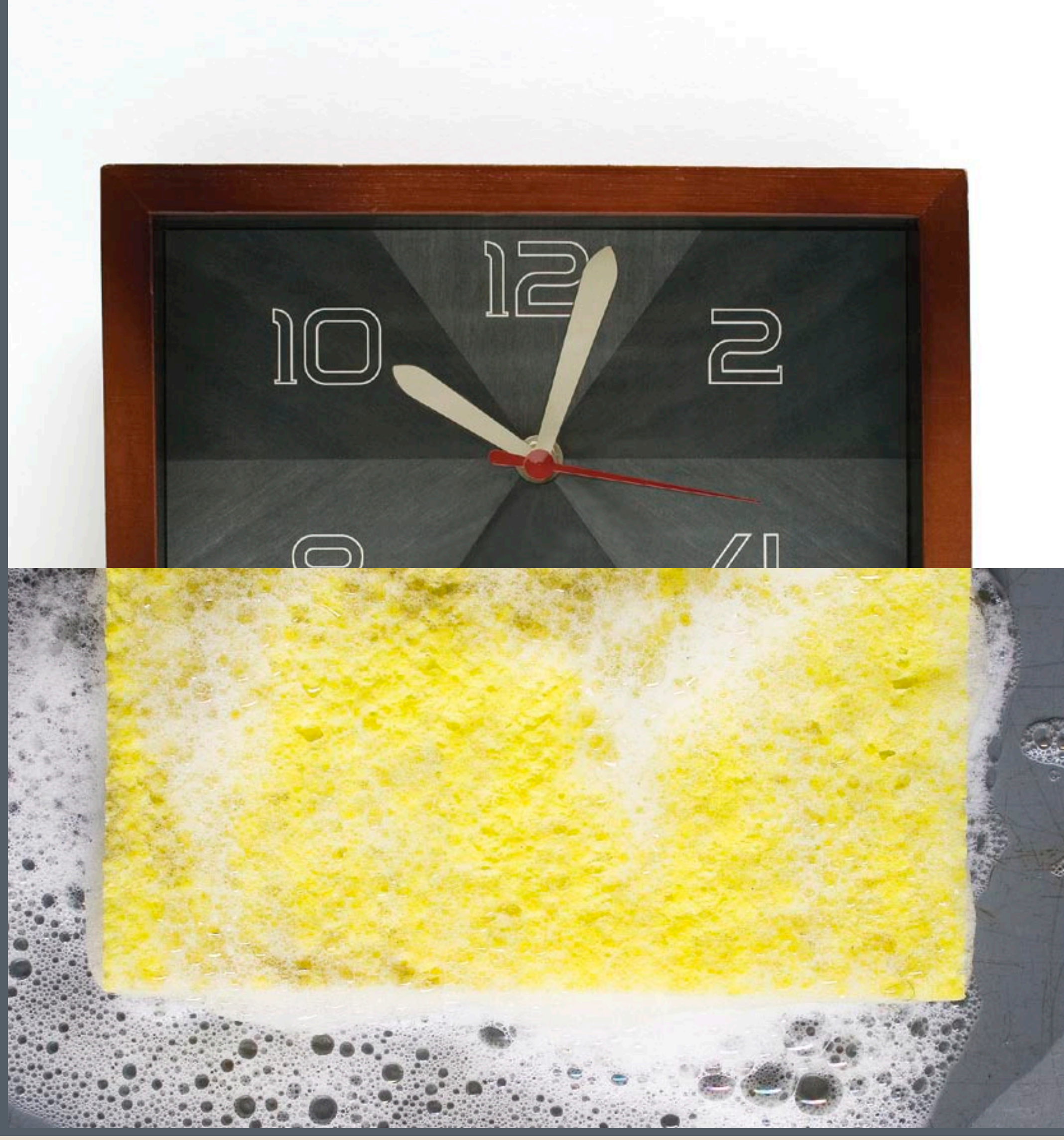
ARE THOSE PRE-MADE DINNERS REALLY WORTH THE EXTRA DOUGH?

By Bremen Leak / Photography by Bradley Slade

David Truscott is a do-it-yourself kind of guy. The Washington state native builds his own furniture, does his own home remodeling, and handcrafts violins that fetch upward of $3,000 apiece. What's more, the violin maker and auditor recently developed an international supply chain that is expected to boost instrument production to nearly $250,000 this year. Not bad for a twenty-four-year-old.

But Truscott can't or doesn't want to do everything. He often pays professionals or online service providers to perform routine tasks, such as laundry and grocery shopping, for which he simply doesn't have time. When he's not in the workshop, he's out with friends. "I'd rather go to the beach than to the Laundromat," he says of his Saturdays.

His plight is not unusual. For today's ambitious and time-



T I M E W O R T H ?

strapped Americans, spending big bucks on goods and services to free up a few precious hours or minutes is almost customary. Professional dog-walking services, housecleaning crews, automatic carwashes, and even microwavable dinners all save time. And these days, time is a priceless commodity. Or is it?

If the old adage that time is money holds true, then knowing exactly how much one's time is worth could drastically change the way one prioritizes his or her daily activities. To that end, economists and specialists are gaining insights as to how to monetize a minute—and that's helping ordinary folks achieve new levels of productivity.

Economics professor Ian Walker of the University of Warwick in England wanted to see just how accurately he could calculate the value of a person's time. He developed a time-value formula that approximates real hourly wages, adjusted for taxes and living costs. It looks like this:

The value of your time = [wage (100-tax rate)]/cost of living

A single wage-earner living in Salt Lake City making $75,000 a year will have a gross hourly wage of $36, assuming he works forty-hour weeks and gets two weeks of paid vacation. His combined marginal tax rate (the total of federal, state, and local taxes) would equal roughly 35 percent, based on a consensus of several area tax publishers. And his local cost of living index according to economic research group ACCRA is 98 or .98 times the national average (100). Plug those numbers into the formula, and his real hourly wage comes out to about $23.88 per hour, or [36(100-35)]/98 = 23.88.

Now, if lawn care services in the area run about $40 per lawn per week, and this fictional wage-earner's real hourly wage comes to only $23.88, it might be worth his time to mow his own lawn, assuming it doesn't take him all day. If he finished the job in an hour, he would save almost $16 dollars over the professional rate. On the other hand, he might be willing to pay that premium in order to do something more meaningful to him for an hour—like catch up on bills or, better yet, catch some z's.

Work-life balance expert Kurt Sandholtz (who did this interview by cell phone while strolling through a supermarket) says that real hourly wages aren't the only way to value one's time. The globetrotting consultant has studied the effects of outsourcing at companies like Conoco-Phillips and Fidelity Investments and has also taught at the Marriott School. "Most outsourcers have more income than discretionary time," he says. "Their motto is, 'I want it all, but I don't want to do it all myself.'"

Personal value systems, he says, can guide a person's decisions as much as monetary measures can. A simple stir-fry dinner, he points out, comes in one of two ways: ready-made or made from scratch. Though the ready-made meal might cost more, someone who earns $30 an hour might not mind coughing up an extra $5 (about ten minutes' worth of wages) to save ten minutes of preparation time in the kitchen. That person might value convenience more than culinary prowess.

It's the same reason that Truscott, who lives in New York City and does not have laundry facilities in his apartment building, says he would rather pay a premium for doorstep pickup and delivery than miss a Friday night date to wash clothes. He pays about $8 a week—anywhere from 70 cents to 90 cents per pound of laundry—depending on which Laundromat he uses.

When one defines his values, it's a simple process to weed out the jobs that would be best done by others, Sandholtz says, but the returns should be worth the investment. "If you're not clear on what your values are, then it's easy to hire out services and waste time doing things that don't give you satisfaction or a sense of well-

WHEN IT MAKES SENSE TO OUTSOURCE

If you make:	*Then you should:*
$10,000	Buy pre-chopped garlic
$44,000	Hire someone to mow your lawn
$196,000	Hire someone to pay your bills
$570,000	Hire someone to organize your messy desk
$13.9 million	Hire an accountant to do your taxes

Source: Jane Spencer. "Family Finance: How Much Is Your Time Worth? New Research Explores Actual Cost of Performing Household Tasks; The Economics of Garlic." *The Wall Street Journal* (26 February 2003).

ON THE CLOCK WITH A NEW YORK DOG WALKER

It had been a classic New York City downpour—the kind that floods subway tunnels, stalls trains, and grinds traffic to a halt. But when I arrived five minutes late to my rendezvous point on Manhattan's Upper West Side, professional dog walker Jim Cappelletti looked peeved. He had a job to do—and his clients weren't paying him to stand around and watch the stormclouds. "This is George," he said curtly, introducing a harlequin Great Dane with a white coat and black patches. "He needs sixty minutes in the park, and we've already wasted five."

A tag-along journalist delayed by traffic, I arranged the meeting to learn what New Yorkers are willing to pay for pet care in a city with more than half a million dogs. Clad in a slick blue raincoat, with a head of jet-black hair with hoary tufts above his ears, Jim is the middle-aged owner of a dog-walking service called Central Bark West. He bought it from his own dog walker after leaving a career in dance theater not quite five years ago. Why the switch? "When I sat down and looked at the numbers," he recalls, "I thought, 'I would be stupid not to do this.'"

Trailing George through Central Park's cobblestone pathways and lush, dripping canopies, Jim explained: Because so many New Yorkers work long hours (but still love their canines), they'll pay a premium for professional pet care. Every weekday, Jim picks up and walks about twenty dogs—usually one at a time—for up to an hour each before returning them to their owners' apartments. With the help of one or two associates, he can usually complete his rounds by 5 p.m. On top of that he offers cat and puppy sitting, as well as overnight stays on weekends. "I'm not a vet. I'm not a dog whisperer or a trainer," Jim says. "I just give people's pets my undivided attention."

And that's exactly why Jim keeps such a busy schedule. His clients pay up to $29 per dog per day for his walking services, and up to $65 per overnight stay. All told, Jim makes close to $100,000 a year, but he says he could make a lot more if he walked in packs, hired additional walkers, or charged for peak hours between 11 a.m. and 2 p.m. Not all of his clients are affluent, he says, but even those who are tend to call out errors if they think their bills are off. "They're very tight with their budgets," he says.

And in New York, that's not all that uncommon. Even Jim and his wife—an attorney—do their own laundry. But with little time to waste, they outsource housekeeping duties at a cost of $60 a week. And after fourteen years of riding public transportation, Jim recently bought a black Piaggio scooter to help him cram more appointments into his day. That, too, has boosted business.

With the soggy park behind us, we crossed Central Park West and dropped off George at a five-story, brownstone apartment building with a small elm out in front. As the rain let up, I asked Jim a final question—why he no longer had a dog of his own. Mounting his scooter, he smiled. "Because if I did," he said, "I'd have to hire someone to walk him for me." Just then he shot a glance at his wet wristwatch and pulled out from the curb. His next appointment was five minutes away—and Jim doesn't like to be late.

being," he says. "You can hire your yard work out and watch TV all day, but what have you gained?"

Marsha Tadje, a nursing instructor in Salt Lake City, has never hired a housecleaner or lawn care service for her home in Sandy, Utah. She spent decades whipping up nutritious, home-cooked meals for her husband and three girls before breaking from her routine in the kitchen about five years ago. "I'd rather not cook at all," she says, now that only one daughter still lives at home, "so we just eat out a lot."

While meals together have always provided a special time for the family, the social rite has merely shifted locale, Tadje says. Those values of unity and togetherness haven't changed. By dining out about four evenings a week (as healthily as possible), the family can enjoy one another's company without trekking to the grocery store as often or hassling with dishes. That leaves more time for other things: "We're playing golf," she says. "Our girls have all had lessons."

Beyond time-value formulas and personal value systems, a final indicator can help people maximize productivity and satisfaction—opportunity cost. Opportunity cost is the value of foregone opportunities. By weighing the benefit of an action against its opportunity cost, an individual can judge which of two seemingly equal alternatives holds more value. For example, the opportunity cost of a day at the beach might be a baseball game or a visit to grandmother's.

But sometimes the opportunity costs are initially unrecognizable. Some studies have shown that dual-income families earn more than a single-income family of a generation ago, but that they actually have less disposable income. Why? Today's families pay far more for goods and services that simply didn't exist twenty years ago. Additional expenses for childcare and transportation can sap families of resources that might otherwise end up in the bank.

There will always be tradeoffs. With every opportunity there is a cost, and those costs should be factored into the equation, Sandholtz says. "There's an intrinsic value in doing things yourself. I want my kids to know what it's like to mow the lawn or clean the bathroom," he says. In short, time is valued differently for everyone. Ideally, what remains universal is the satisfaction and equilibrium we receive in our lives from performing certain meaningful tasks ourselves. M

About the Author

Bremen Leak is a business reporter in New York City, where he often rides his mountain bike to avoid paying subway fares. He earned his BA in communications from BYU in 2005.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The Challenges & Opportunities of Public Service

by David M. Walker

Illustrations *by* Jon Krause

At all levels of government, we need more men and women who are willing to speak the truth, face the facts, take a long-term perspective, and prepare our country and its citizens. Many of these challenges are unprecedented in size, scope, complexity, and potential impact. There are both opportunities to capitalize on and serious risks to be managed. It's a mistake to assume that these challenges are primarily a federal problem. After all, bad news flows downstream, and eventually state and local governments begin to feel the federal government's fiscal pain.

But so far, there have been few calls for any dramatic change in direction or significant shared sacrifice. If our ship of state continues on its current course, we're all going to have to fasten our seat belts, because we're headed for one bumpy ride and possibly a crash.

What we need are leaders who have the courage to put the needs of the next generation ahead of the next election cycle—leaders who will fulfill their stewardship to our nation and its citizens. We should be able to look our children and grandchildren in the eye and say we did everything we could to pass on a country that's both better off and better positioned for the future. This has been a long-standing tradition in this country, one that we should try to continue.

I'm going to talk about some of these challenges to give you a better sense of where we're headed and why it's so urgent that we transform government. As a case study, I'll briefly describe my efforts to modernize my agency, the U.S. Government Accountability Office (GAO), to better position it to serve Congress and the American people. Finally, I'll examine the key role ethics and integrity play in public administration and the importance of public service.

21st Century Challenges

We have entered a world that's changed dramatically in the last several decades. The generally prosperous and more predictable way of life that came after the Second World War is fast drawing to a close. The signs are everywhere, especially in our economy. The financial problems at GM and the airline industry along with pension freezes at Verizon, Motorola, and IBM are the most recent reminders of how quickly things are changing.

Today, each of us, along with our elected representatives, needs to take greater responsibility for our own and our country's future. Make no mistake—this will require difficult decisions and involve some degree of sacrifice. But it's essential that we act and act soon. What's at stake is nothing less than our future economic growth, standard of living, and even national security.

What are these changes and challenges? Possibly the most sweeping agent of change is demographics. Changing demographics will decisively shape the American and global landscape of 2020 and beyond. Our population is aging. At the same time, U.S. workforce growth is slowing. This means that just when growing numbers of baby boomers like me start to retire and draw benefits, there will be a lower ratio of workers paying taxes and contributing to pension plans. Importantly, retirees are living longer and retiring earlier. This is going to put huge strains on our pension and health care systems.

Beyond demographics, the United States confronts a range of other challenges. Globalization is affecting everything from our international competitiveness and trade to our approach to public health. For example, globalization is a key reason health experts are so concerned about the rapid spread of viruses like the avian flu.

> "*Every American* WOULD HAVE TO HAND OVER MORE THAN 90 PERCENT OF THEIR NET WORTH TO COVER THE GOVERNMENT'S CURRENT UNFUNDED PROMISES FOR FUTURE SPENDING."

With the end of the Cold War, we face new security threats, including transnational terrorist networks and rogue nations armed with weapons of mass destruction. Other challenges come from technology. In the past one hundred years, particularly the last twenty-five years, spectacular advances in technology have transformed everything from how we do business to how we communicate to how we treat and cure diseases. But we also struggle with privacy, security, and other concerns.

In many respects, our quality of life has never been better. We're living longer, we're better educated, and we're more likely to own our homes. But as many of you already know, we also face a growing gap between the haves and have-nots, and we're facing a range of quality-of-life concerns. These include underachieving public schools, gridlocked city streets, energy and environmental challenges, increasingly expensive and inadequate health care coverage, and the stresses of caring for aging parents and growing children at the same time.

OUR WORSENING FINANCES

Perhaps the most urgent challenge is our nation's worsening financial condition and growing long-term fiscal imbalance. Largely due to demographic trends, rising health care costs, and lower federal revenues as a percentage of the economy, America faces decades of red ink. The facts on this aren't in question. Given our worsening financial outlook, the government's recent spending sprees and deep tax cuts are nothing less than a body blow to federal fiscal responsibility.

As a CPA and the federal official who signs the annual audit report on the federal government's consolidated financial statements, I'm here to tell you that our nation's financial condition is worse than advertised. Anyone who says we can grow our way out of the problem doesn't know history well and probably wouldn't pass basic math. To grow our way out, we'd have to have sustained economic growth beyond anything we've ever seen in our nation's history. It's not going to happen, and the sooner we recognize that, the sooner we are likely to act.

Historically, Americans have shrugged off warnings about deficit and debt problems. Low interest rates and modest inflation have given many a false sense of security. It doesn't help that many politicians say, "Don't worry—be happy." This air of unreality has been reinforced by the government's financial statements and budget projections, which provide an incomplete and even misleading picture of where we are and where we're headed.

Despite strong economic growth, in fiscal year 2005 the federal unified budget deficit was about $319 billion. The unified deficit dropped from $412 billion in 2004, but it's still imprudently high given that federal spending is set to rise dramatically when baby boomers begin to retire later this decade. In addition, while the cash-based deficit went down about $90 billion in fiscal year 2005, the accrual-based deficit went up more than $140 billion to $760 billion that year.

Our federal deficit numbers are big and bad, but the government's long-term liabilities and unfunded commitments are the real problem. By commitments, I mean things like unfunded promises for future Social Security and Medicare benefits. Our total accumulated fiscal burden is more than $46 trillion, up from about $20 trillion at the end of fiscal 2000. The new Medicare prescription drug benefit, which may be one of the most poorly designed, inefficiently implemented, and fiscally irresponsible government benefits of all time, represents more than $8 trillion of this accumulated burden. These numbers don't even take into account the bills that are coming from rebuilding New Orleans and the Gulf Coast or the future costs associated with Iraq, Afghanistan, and the war on terrorism.

To put things into perspective, $46 trillion translates into a burden of $156,000 for every American alive today, or about $375,000 per full-time worker. Even with the recent run-up in housing prices, the combined net worth of every American, including billionaires like Bill Gates and Warren Buffett, is only about $50 trillion. That means every American would have to hand over more than 90 percent of their net worth to cover the government's current unfunded promises for future spending.

Clearly, a crunch is coming, and eventually every federal program and service will take a hit. Our growing fiscal imbalance will also begin to take a toll on main street. If we continue as we have, higher interest rates and inflation are inevitable. It is only a matter of when and how high. As government is forced to borrow more and more money to finance its debt, less and less will be available for companies to invest, innovate, improve, and stay competitive. Eventually, long-term economic growth will suffer, and along with it American jobs, prestige, and purchasing power.

The time to start doing something is now. For many of the challenges I mentioned, a few thoughtful reforms phased in over time will make a huge difference. By acting sooner rather than later, we can minimize the need for drastic measures down the road and give everyone more time to adjust to any changes. Importantly, we can also fulfill our responsibility to future generations of Americans.

TRANSFORMING GOVERNMENT

To keep pace with the challenges that are coming, our government must also change. For too long, the political process has been afflicted with myopia and tunnel vision. Nonetheless, the challenges I've mentioned aren't partisan issues. Frankly, in the future, we're all facing a menu of tough choices.

To help restore fiscal discipline, we need to set realistic spending caps and impose pay-as-you-go rules on both spending and tax. Members of Congress should also have more explicit information on the long-term costs of spending and tax bills—before they vote on them. The new Medicare prescription drug benefit has also become the poster child for having more accurate and more complete information before legislation is acted on.

More broadly, I'd urge the leaders and managers of every federal agency and program to give careful thought to their mission and operations given 21st century changes and challenges. The problem is that much of government today remains on autopilot and is based on social, economic, national security, and other conditions that existed when Dwight Eisenhower and John Kennedy were in the White House.

At the same time, government continues to expand, with new federal programs and initiatives added every year. Washington rarely seems to question the wisdom of existing federal activities. Ronald Reagan once said, "The nearest thing to eternal life we'll ever see on this earth is a government program."

We need to ask a series of basic questions about what government does and how it does business. For example, what is the proper role of the federal government in the 21st century? How should it be organized? Should contractors or federal employees or some combination of the two provide basic services? How much will it cost? How should it be financed?

Nothing less than a top-to-bottom review of federal activities is needed to determine whether agencies are meeting their objectives. This will also help free up resources for other needs. Congress and the president need to decide which policies and programs remain priorities, which should be overhauled, and which have simply outlived their usefulness.

In particular, entitlement reform is essential. We need to restructure Social Security, Medicare, and Medicaid and make these programs solvent and sustainable for future generations. We also need to reengineer the base of federal spending and tax policies.

To help in this effort, GAO published a groundbreaking report last year that asks a series of probing, sometimes provocative, questions about both mandatory and discretionary spending and tax policy. The report is called "21st Century Challenges: Reexamining the Base of the Federal Government," found at www.gao.gov. This is a must-read for anyone who's interested in public policy and our nation's future. My hope is that policy-makers and the public will begin to think more strategically about where we are, where we're headed, and, more importantly, how we can get back on a more prudent path.

I'm also hopeful that GAO's work will encourage the development of a set of key national indicators. These are quantitative and outcome-based measures that policymakers can use to better assess our nation's position and progress over time. It is also relative to other nations on benchmark issues like public safety, health care, housing, and the environment. For years now, foreign governments and even some U.S. states and localities have been using indicators to successfully prioritize and target public resources. It's time for the U.S. government to do so.

Transforming government isn't something that will happen overnight. Elected, appointed, and career officials will need to work together for a sustained period of time—perhaps a generation or longer. Public officials will need to reach across institutional and political lines. The federal government will need to partner with businesses, professional organizations, and nonprofit groups. It's going to take patience, persistence, perseverance, and even pain before we prevail in transforming government. But prevail we must.

> "*Ronald Reagan once said,* 'THE NEAREST THING TO ETERNAL LIFE WE'LL EVER SEE ON THIS EARTH IS A GOVERNMENT PROGRAM.'"

ETHICS & INTEGRITY IN GOVERNMENT

The simple but powerful truth is that effective government requires a first-rate workforce. Leaders can't do it alone. Their success depends on hiring a team with up-to-date knowledge, skills, and ability. But character also counts. It's essential that all team members have a well developed sense of right and wrong. You want people in public service with energy, enthusiasm, and empathy for others. You want people who are more concerned about the public good than personal gain. You also want people who understand that the law represents the floor of acceptable behavior and who set their sights higher.

When I came to GAO in 1998, one of the first things I did was introduce a set of three core values that define the nature of our work, convey the character of our people, and describe the quality of our products. Our three core values are accountability, integrity, and reliability. They're intended to supplement the requirements of the law and various professional standards. If you come to Washington, you'll see them over the entrance to GAO's headquarters. These core values are also in our hearts and minds.

We have recent examples in the private sector that show what happens when individuals and institutions lack or stray from a set of core values. At Enron, Worldcom, and other companies, the unethical behavior of top executives, auditors, and other professionals led to bankruptcies and restatements. They have harmed countless shareholders, employees, and retirees. People lost their investments, jobs, and pensions. Public confidence took a big hit, and it's going to take years to rebuild trust.

When it comes to improving government performance, strengthening accountability, and enhancing public trust, I take seriously my responsibility as comptroller general to speak out. It's not always an easy job, and some people don't like truth and transparency. As Harry Truman once said when asked about his nickname "Give 'em Hell Harry," "I never did give anybody hell. I just told the truth and they thought it was hell."

PUBLIC SERVICE: AN OPPORTUNITY TO MAKE A DIFFERENCE

To tackle current and emerging problems, government needs first-rate talent, men and women who are able to think strategically and creatively. I know many of you here are recent or future graduates of the highly regarded Marriott School. I hope you'll seriously consider public service as a way to make a difference—for your country, community, church, and family. Public service is also a chance to make a difference in yourself and others.

Opting for public service is an honorable choice. It offers a chance to make lives better and futures brighter. Public service is a calling where individuals and organizations help build a better future for this great nation and for our world.

One person can make a difference. My favorite president, Theodore Roosevelt, is proof of that. TR, as he's often called, was someone with character, conscience, and conviction. As our twenty-sixth and youngest president, he was an optimist who firmly believed in the potential of government to improve the lives of all its citizens. As a trust-buster, TR took on some of the nation's most powerful and ethically challenged corporate interests. And he won. As an environmentalist, TR left us a legacy of great national parks like Yosemite and Natural Bridges National Monument. As an internationalist, he promoted the building of the Panama Canal and led peace talks to end the Russo-Japanese war. TR is also the only American to have won both the Congressional Medal of Honor and the Nobel Peace Prize.

The truth is that today meaningful change is more likely to come from the combined efforts of many individuals. All of us have to be part of the solution. It's no accident that the Constitution begins with the words, "We the people."

My hope is that when you leave here today, you'll spread the word among your friends and family about the challenges we're facing. We all need to insist on the facts, speak the truth, lead by example, and help create a more positive future by fulfilling our responsibilities to our country, children, and grandchildren. We can, we must, and if people like you and I join together, I am convinced we will succeed. As TR said, "Fighting for the right [cause] is the noblest sport the world affords." Let's join the fight and make a difference! M

ABOUT THE SPEAKER

David M. Walker is comptroller general of the United States. This article is adapted from his address given 2 March 2006 when Walker was named Administrator of the Year by the Romney Institute of Public Management.

SCHOOL NEWS

Marriott School Appoints New GMC Director

Lee H. Radebaugh has been appointed director of the Whitmore Global Management Center, succeeding **Brooke Derr.**

"I'm excited to be back at the Global Management Center," says Radebaugh, who was the center's director from 1990 to 2000. "Brooke has done an excellent job with the new programs."

Radebaugh intends to add to and build upon an already successful center. "I want to continue the excellent programs that already exist and leverage the international expertise and language experience of our students," he says.

Radebaugh's own experience in business and academia has earned him respect from a wide network of colleagues and contacts worldwide, says Dean **Ned C. Hill.**

Before serving as a mission president for The Church of Jesus Christ of Latter-day Saints in the Brazil Porto Alegre South Mission (2000–2003), Radebaugh served as Marriott School associate dean for seven years. Since returning, he has served as MBA program associate director and held the KPMG Professorship in the School of Accountancy.

Radebaugh and his wife, Tanya, have six children and are awaiting the arrivals of their sixth and seventh grandchildren.

U.S. News Ranks Both BYU's Law and Business Schools at Thirty-Four

BYU's business and law schools are among the top fifty in the United States, reports *U.S.News & World Report* in its "America's Best Graduate Schools" issue. Other BYU graduate programs and specialties rank in the top one hundred in their categories.

The Marriott School and the J. Reuben Clark Law School are both ranked thirty-fourth.

"We are gratified to be listed among the country's finest MBA programs," says **Ned C. Hill,** dean of the Marriott School. "We recognize, however, the limited ability of the rankings to measure a school's quality and success. Our most important measure is the character of our graduates—something demonstrated over a lifetime."

The Marriott School's graduate accounting program broke into the top ten at number nine. "Our accounting faculty has done a terrific job building an innovative and practical curriculum," Hill explained. "As a result, our accounting students are in high demand."

Referring to the Marriott School's ratings by corporate recruiters, Hill said, "They love the strong work ethic, analytical ability, and communications skills of BYU MBA graduates. We wish we could take more credit for developing these attributes, much of which they learned from good parents and missionary service."

U.S. News ranks graduate programs in the areas of business, education, engineering, law, and medicine. These rankings are based on two types of data: expert opinion about program quality and statistical indicators that measure the quality of a school's faculty, research, and students. Indicator and opinion data come from surveys of more than 1,200 programs and nearly 9,600 academics and other professionals conducted in fall 2005.

Accounting and Information Systems PhD Prep Programs a Success

Brigham Young University doesn't offer a PhD in accounting or information systems, but not because professors are afraid their students will replace them at the front of the class—in fact, they're hoping some may do just that.

Marriott School accounting and informa-

Dell CEO Tells Graduates to Dream Big, Maintain Balance

It is not every day students hear from someone whose life surpassed his dreams. Dell CEO **Kevin Rollins** spoke to Marriott School graduates encouraging them to dream big and live even bigger at April's convocation ceremony.

Rollins, the keynote speaker, told students that in addition to dreaming big they should work hard, give back, and maintain balance. "It's surprising how much you can get done if you don't worry about who gets the credit," Rollins suggested, sharing examples from his own experience at Dell.

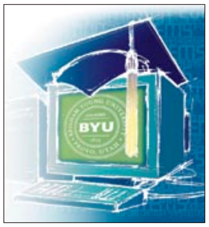
"One of our senior team members, who could obviously be very jealous about the notoriety and recognition Michael Dell gets, calls our management team 'the no-name management team' because no one really knows the names of the great senior managers who make our company work," Rollins explained. "They realize being part of a great team is more important than trying to build their own names and brands."

Rollins encouraged the nearly nine hundred business school graduates to become great leaders and to strive to create an aristocracy of merit and virtue through hard work and compassion toward others. He said doing so involves giving back to schools, communities, and other worthy causes. Rollins also teaches by example—giving generously of his time and financial resources to found BYU's e-business center.

"Kevin has been a wonderful friend to the Marriott School for many years," says Dean **Ned C. Hill.** "Not only is he a graduate of our MBA program, but he's also a member of our national advisory council. We are grateful for his wonderful support and leadership in that area. Kevin is a great example of how to live one's life."

Rollins said looking back at his career he would have never imagined being where he is today. He urged students to push themselves to be better and do more than they currently think is possible and said they will experience, as he did, results beyond their greatest dreams.

"You do not realize all that you can be at this point in your life," Rollins said. "There is a grand plan for each of us. Each of us was created to succeed and have the potential for greatness built into our spiritual DNA."



tion systems professors developed a unique, hands-on doctoral preparation program to coach select students on what to expect from rigorous PhD schools. The programs have placed more than fifty graduates into top twenty-five programs in the past five years—creating goodwill for the university and helping a handful of students each year swap backpacks for briefcases as they learn to become research-intensive university professors.

"PhD programs love our students because they know what they are getting themselves into," says Professor **Doug Prawitt,** who developed the School of Accountancy PhD prep track ten years ago. "The average national dropout rate from PhD programs is about one-third; ours is much lower because students enter with solid quantitative skills and know what to expect, having already experienced teaching and even co-authoring on research projects."

Prawitt shared the accounting model with colleagues in the Information Systems Department, who, like their accounting counterparts, have enjoyed 100 percent placement. Since its inception in 2003, the prep track has placed eleven information systems PhD prep graduates into top twenty-five PhD programs—schools with a reputation for being extremely competitive.

"A top accounting or information systems program will receive hundreds of applications to fill just one or two openings—but our students have an advantage," says Professor **Paul Lowry,** director of the Information Systems Department PhD prep track. "The best universities are fighting each other for our graduates and are wondering what it is about BYU that makes our students so well prepared."

The advantage Lowry specifies is an unusual theory-based, empirical research training that transforms highly gifted business students into budding scientific researchers who create new knowledge to help businesses run more efficiently.

Last year, all accounting and information systems PhD entrants from BYU received tuition waivers and stipends averaging more than $18,000. Most of these graduates also received tens of thousands of dollars in fellowships and additional summer research money.

Prawitt believes that it's best for interested students to find out sooner rather than later if being a professor is right for them. "We try to give students all the information they need to self-select the program that best fits," he says. "If they drop out of the prep program we still see it as a success. It's much less costly for them and for prospective PhD programs to find out early if it's not the right choice."

STUDENT NEWS

Local Income Tax Assistance Program Benefits from BYU Student Volunteers

More than $2.5 million in tax refunds are expected to be returned to Utah County residents who filed their income tax returns with the help of the Volunteer Income Tax Assistance Program and a host of BYU students.

The program is designed to help individuals who cannot afford professional help to file their taxes. The volunteers are trained to help participants take advantage of special tax credits, such as the Earned Income Tax Credit.

Utah County VITA labs were located at Community Action Services, St. Francis Catholic Church, and BYU. Of the 139 Utah County VITA volunteers, 90 percent were BYU students.

The results of the VITA program in Utah County were presented to the volunteers at a recognition dinner and at the council of governments earlier this month. The volunteers donated 1,990 hours and helped prepare 2,860 returns.

In addition, Utah County residents filed a total of $870,608 in earned income tax credit

Accounting Students Place Second at Deloitte National Case Competition

A team of Marriott School accounting students earned second place at the eleventh Annual National Student Case Study Seminar sponsored by the Deloitte Foundation. Morehouse College in Atlanta took first place. Other national finalist teams represented Pennsylvania State University, University of Notre Dame, University of Illinois, and University of Wisconsin–Madison.

Erv Black, associate professor of accounting, coached the BYU team composed of **Robert Church,** from Fresno, California; **Jeff Jardine,** from Phoenix; **Tim Nackos,** from Idaho Falls, Idaho; **Stephanie Rosen,** from Provo; **Andrew Wan,** from Issaquah, Washington; and **Jenny Wit,** from Midlothian, Virginia. The BYU team was chosen from regional competitions last fall to participate in the 7–8 April national competition. Each member of the BYU team received a $500 scholarship.

"The top two teams, BYU and Morehouse College, were clearly head-and-shoulders above the rest of the schools who competed," says Black, who accompanied the team to the competition in Scottsdale, Arizona. "It's a pleasure to coach students who represent BYU in such a positive manner."

Each team was given a case based on facts from a real situation in Deloitte's national audit office. Teams had two to three weeks to review the facts of the case and formulate an opinion on the appropriate accounting treatment. At the competition, group members presented a formal solution and then answered questions from Deloitte partners who acted as an auditing committee. At the conclusion of the presentations, a group of active and retired partners selected the winners—those who best identified the relevant accounting issues and effectively presented their case.

"Our team had a tough and timely topic dealing with the complications of lease accounting," Black says. "They presented the correct solutions and answered some tough questions really well."

The case addressed when companies should begin recognizing rent expenses on leased land and property, a situation Deloitte is currently facing.

"Our case was challenging, since it involves a hot topic in the financial world that has yet to be resolved," Church says. "It was a fun experience, and we feel good about the opportunity and how we did."

and a total of $374,548 in child tax credit through the VITA program.

Shannon Wilkins-Holm is one Utah County resident who filed her income tax return through the program. As a single mother who is working on a physical education degree, her salary last year was around $7,500. With the help of a VITA volunteer, she claimed an earned income tax credit and received a refund of about $2,400.

According to Mary Alice Cannon, chair of the Utah County VITA Coalition and director of the United Way of Utah County Volunteer Center, the program is a big part of United Way's efforts to help build financially self-sufficient families.

"The VITA program is helping families keep the money they work so hard to earn and bringing that money back to Utah County to make the local economy stronger," she said. "As we change the lives of individuals and families in Utah County, we're strengthening our community as a whole."

U.S. Dept. of Education Awards BYU $1.4 Million for International Business Training

The U.S. Department of Education awarded BYU a four-year grant worth $1.4 million to continue its work as a Center for International Business Education and Research. The grant allows BYU to work with other CIBER schools across the nation to improve international business and language courses.

Brooke Derr, former director of the Marriott School's Global Management Center, spent last summer drafting the proposal with help from center staffers and Associate Professor **Kristie Seawright.** According to Derr, some of the key factors in winning the grant include an extensive offering of business language courses, BYU's geographic location, and several proposed programs.

BYU currently offers eleven upperlevel business language courses that place the school at the head of the nation in this category. In an effort to stay on the cutting edge, BYU is working with Michigan State and the University of Texas to develop courses in Turkish and Arabic.

"We want to not only be good in languages, but because we have so many people who have lived abroad, we also want to be really good in culture," Derr says. "We are developing an instrument to measure cultural competency, to demonstrate that students not only speak a language but will actually be able to effectively conduct business in different regions of the world."

The grant also allows BYU to create other programs, which could be implemented at schools across the nation. One such program would make BYU the national resource for international business ethics.

Seawright, who drafted portions of the proposal, explains BYU's role in creating the course outlines and materials for the program. "We have international expertise that many other schools don't have and support from Marriott School administrators to become a center for ethics and the training of ethical business managers," Seawright says. "There are ethical issues that come up in international business that don't come up in domestic business. We can help schools identify and teach these issues."

There are thirty-one CIBER schools nationwide that work together to help train other colleges and universities about international business issues. This year more than one hundred schools applied for CIBER status.

Info Systems Students Sweep National Competition

All four competing BYU information systems teams earned top awards for their computer programming and problem-solving skills at the Association of Information Technology Professionals National Collegiate Conference.

The 30 March to 1 April competition, held in Dallas, was the largest in AITP history with more than five hundred students participating in thirteen categories. BYU students placed in each category entered—earning first place in three categories, third in three, and honorable mention in one.

"We've always done well at the competition, but this year was better than ever," says **Conan Albrecht,** assistant professor of information systems and one of the team's advisors.

According to Albrecht, the wins are impressive because the BYU students were competing against others who had hands-on training with the programs. BYU students are taught theories and principles, which they used in the competition to learn the applications and make them work—generally in three hours or less.

Nathan Skousen, a junior in the program, agreed the BYU preparation helped him and his partner, **Matt Anderton,** to place first in the systems analysis and design competition.

"The competition helps us solidify what we are learning in school and to see its application outside the classroom," Skousen says.

Information systems students invited to attend the competition included **Jason Case,** from Norman, Indiana; **Jimmy Zimmerman,** from Sandy, Utah; **Kent Broadbent,** from Champaign, Illinois; Anderton, from Wenatchee, Washington; Skousen, from Rio Rancho, New Mexico; **Nick Barrett,** from Rochester, Minnesota; **Robert Turner,** from Lehi, Utah; and **Stephen Todd,** from Fruit Heights, Utah.

BYU typically sends three teams to the competition, but this year a new graduate category was added, allowing BYU to send a fourth team. For the graduate competition, teams were presented with their case, given fifteen minutes to look it over and ask questions, and then sent to their hotel rooms to start programming. Instructions were passed out at 9 p.m., and the final project was due the next day at 5 p.m.

"We brought food with us, and I stayed in my hotel room for twenty hours just programming," says Turner, who placed first with his partner, Barrett, in the graduate competition.

After submitting their projects, the students returned to their rooms to sleep while the judges reviewed each entry. Turner says the combined forty hours of programming paid off in a fully functional program. "I loved it. I was surprised there weren't as many people excited about programming for twenty hours as I was," Turner says. "It was a lot of fun."

Turner and Barrett won first place in the graduate competition; Skousen and Anderton

BYU Team Wins Utah Entrepreneurial Challenge

In fifth grade, **Bret Rasmussen's** notebooks were filled with sketches of shoes; more than a decade later he's still designing shoes, and this fall he'll travel to China in search of a suitable factory to produce his innovative designs.

The dream started to become more of a reality this year after placing first at the Utah Entrepreneurial Challenge and winning $40,000. Rasmussen couldn't be happier to see the designs come to life.

"I am enamored with footwear," says the recent BYU graduate. "I've always been passionate about it, and I've followed the industry. There's nothing quite along the lines of what we're doing, so we thought we could capture a unique niche."

After thinking about it for a while, Rasmussen recruited his brother Chad and a few friends who were also passionate about shoes to consider the possibilities. Working together, the team came up with a name, Core Footwear, and a business plan that they entered in several competitions.

After competing in BYU's Business Plan Competition, the Core Footwear group realized there was a lot they could improve. They started attending more trade shows, conducting more market research, and visiting with industry experts.

"One thing that helped us tremendously was that we had a mentor who had a lot of personal entrepreneurial experience, and his mentoring really helped guide us," says **T Hughes,** an MBA student and member of the Core Footwear team. "At the UEC we were more prepared. We knew where we wanted to go and how we wanted to present."

Their preparations paid off at the competition entered by more than 240 teams; however, the Core Footwear group isn't done yet. Working with a former BYU student now attending Oxford University, they will enter another competition there in an effort to keep things moving.

"It's my dream," Rasmussen says, referring to his childhood sketches. "But it's not just mine; I think that's why our team works. We're all passionate about this."

The Utah Entrepreneurial Challenge, hosted by the Eccles School of Business at the University of Utah, is open to any student attending college in Utah. The top twenty-five teams are chosen as semifinalists and paired with mentors. Each of these teams submits a full-length business plan. First place and two runners up are chosen at the competition. This year all three winning teams were from BYU.

received first place in the systems analysis and design category; Broadbent and Case were awarded first place in the Java category.

FACULTY NEWS

Professor Appointed Fulbright Scholar to Moldova

Scott M. Smith, James Passey Professor of Marketing and director of the BYU Institute of Marketing, has been selected as a 2006–2007 Fulbright Scholar to Moldova. The Fulbright Scholar program is sponsoring Smith to develop a marketing and entrepreneurship curriculum in the small, former Soviet-block country.

"I'm ready to go and help out in whatever ways I can—academic or humanitarian," Smith says. He jokes that he is brushing up on his rusty Russian and learning survival Romanian. He and his wife, Karen, are sure it will be an adventure. "It's going to be a busy time for us, but we're excited to get there and get started."

Smith is one of more than forty thousand U.S. educators who have been given a grant by the United States Congress to teach abroad since the inception of the Fulbright program in 1946. Smith learned Russian at BYU and has traveled and taught extensively throughout Russia through an exchange program he forged with Moscow State University.

This experience differs however, as Fulbright assignments and arrangements in Moldova are made through the U.S. Embassy, not BYU or the hosting university.

Working with faculty, students, and business people in Moldova, Smith hopes he and those he works with can benefit the people there. "There's a lot we can learn from each other," he says. "Like most of life's experiences, we will make from this opportunity what we put into it."

The Power of Social Networking

Poll any business and it's almost guaranteed that administrative assistant won't be one of the top-ten, most popular office positions.

But according to **Bonnie Anderson,** assistant professor of information systems, the social networking potential administrative assistants have at their fingertips makes them some of the most powerful players in any company.

While social networking theories are widely applicable, Anderson has focused her studies on social networking and technology, specifically, software adoption within companies.

"You figure out who the power players are in a company, the people who are best connected, and then you work with them so they adopt new technology," she says. It makes training the well-connected people in a business—the people everyone goes to for help—an important step in facilitating a business-wide adoption of new technology or software.

In analyzing and researching social networks, there are many ways to determine power and influence. Anderson identifies four potential positions of power in the business world.

First, people who "go between" have power. Administrative assistants, though low on the payroll totem pole, are often the best connected and most powerful in that sense because of the high level of social exchange they have. In essence, they are gatekeepers of all executive interactions and act as a bridge between the executives and other employees.

Second, employees who maintain an active, central role in businesses are in a position called centrality. Centrality is the level of nearness, direct or indirect, to all other individuals. Friendly custodial workers may have a high level of centrality because of the personal contact they maintain.

Third, Anderson measures the number of people who seek out one specific person as that person's in-degree; the higher the in-degree, or the more people coming to that person for help, the higher the position of power. In Anderson's research, a company's IT department had the highest in-degree ranking.

Fourth, Anderson identifies a person's out-degree, or when a person goes to another for help. Open networks in companies, or networks in which employees from different departments interact, promote new ideas and opportunities while also reducing the number of redundant ties. When a person links two otherwise unconnected departments or people, they fill a structural hole in the network. In fact, seeking connections to multiple departments is a strategic step in social networking.

Technology is triggering a quick and sweeping growth of business-related social networking. "Understanding the network is an important strategy in the workplace," Anderson says. "If you can figure out who has the power and have them as a mentor or friend, that will help you a lot more than someone who may have the title, but has little influence."

Investing? Beware of Stockbroker's 'Hot Tip'

When even the most honest stockbrokers call with a hot tip, you should be skeptical of the accompanying earnings forecasts.

According to new research by a professor of accounting, analysts unconsciously distort their forecast of a company's earnings to be consistent with previous recommendations to "buy" or "sell" that company's stock.

What does that mean for investors, who routinely look to a company's earnings as a measure of its performance?

"It is important for investors to be aware that broker analysts' earnings forecasts are biased in the direction of the stock recommendation," says BYU's **Steve Glover.** "Most analysts aren't producing these biased forecasts on purpose; there is simply an inherent bias in the system. Keeping that in mind can help people better evaluate potential investments."

In an earlier study published in *The Journal of Accounting Research,* Glover first observed a pattern of forecast errors that was consistent with an unintentional bias in actual stock market data. However, that study could not rule out intentional biases.

Glover's new follow-up study, published in the latest issue of the journal *Behavioral Research in Accounting,* was conducted in an environment free from incentives to intentionally bias earnings forecasts. More than 150 MBA students were provided with identical company background, previous earnings information, and no information about current or past stock price. Participants were motivated to develop an accurate short-term earnings forecast.

Even though participants did not consider the previous stock recommendation relevant, the results showed that the previous recommendation did influence their forecasts.

"The bias is not intentional, but we did see optimism in earnings forecasts when the previous recommendation is a 'buy' and pessimism when the previous recommendation is a 'sell,'" Glover says.

Douglas Prawitt, a BYU accounting professor unaffiliated with Glover's study, said the study shows that recent new market regulation targeting stock analysts will not entirely fix the problem of biased earnings forecasts.

"Although the regulation may successfully reduce intentional biases, no amount of regulation can eliminate unintentional cognitive bias," Prawitt says. "Those types of biases are just hardwired into how we think and process information."

Some academics and regulators have accused broker-analysts of issuing intentionally optimistic earnings forecasts to curry favor with management in a game of "winks and nods," Glover says. According to his two studies, which are both co-authored by Michael J. Eames, of Santa Clara University, and Jane Jollineau Kennedy, of the University of Washington, those accusations are misplaced.

"That's nonsense," Glover says. "When a company misses the consensus analyst earnings expectation, the market typically punishes the company with a drop in stock price. Issuing intentionally optimistic forecasts would certainly not curry favor with management, and therefore, this explanation cannot explain the pattern of forecast errors observed in market data. This study shows that at least some of the bias isn't deliberate."

According to Prawitt, one of the reasons Glover's studies stand out is because they involve two completely different but complementary research methodologies: "The archival market study provides strong evidence that a bias exists in the marketplace, and the behavioral study indicates that the bias is caused, at least in part, by an unintentional bias."

Four BYU Bikers Test International Training Wheels

After some serious training and special planning, one Marriott School professor and three of his BYU associates traversed the French Alps in their own Tour de France that ended 4 July.

The seven-day excursion included five days of intense biking, taking on some of the most famous bike treks in the world, like Croix de Fer, Col du Glandon, and Mount Ventoux—some of the routes included in the Tour de France. During one ride the gutsy group biked eighty-five miles, climbing 11,500 feet—the pièce de résistance.

The band of BYU bikers included **Dave Stewart,** the Rachel Martin professor of accountancy, Jim Kearl, professor of economics, Dan Nielson, professor of political science, and Eric Hansen, an Office of Information Technology administrator.

The group started planning their international expedition a year in advance—plotting bike routes, finding bike rentals, scheduling flights, and booking hotels. Not to mention training all winter because "it would make no sense to go over there and not be able to do the rides," Stewart says.

Aside from a few flat tires, the trip was crème de la crème. They met fellow bikers from all over Europe making the same climbs while taking in the montage of picturesque French countryside.

"Everybody really enjoyed themselves," Stewart says. "We're all still talking about the trip and we'd do it again. We'd like to expand and get a few more friends next time."

ALUMNI NEWS

MANAGEMENT SOCIETY

Silicon Valley Chapter Focuses on Businesswomen

After delivering a speech focusing on women as Management Society members and leaders, **Helena Hannonen,** member of the organization's National Steering Committee, realized something was missing.

"We needed something for women to help them become more professionally involved," Hannonen says.

That need is fulfilled in the Silicon Valley Chapter through W.O.M.E.N., Women's Organization for Mentoring, Empowerment, and Networking, designed so women can help one another. It provides professional opportunities to develop mentoring relationships, hone leadership abilities, and sharpen networking skills.

"The Silicon Valley chapter is leading the way in developing programs that build on one of the society's beliefs to grow people by nurturing individuals in their professional progress," says **Rixa Oman,** the Management Society's executive director.

Initial response to the new Management Society division has been overwhelmingly positive. More than fifty women, some driving two or more hours, came to the inaugural W.O.M.E.N. meeting 25 March in Silicon Valley, California.

Keynote speaker Liz Wiseman, president of Mindshare Learning Systems in California, addressed the ways women can empower themselves in business. Women naturally have capabilities that can profoundly impact business organizations, she said.

Hannonen wants to emphasize those capabilities as well as open new channels of discussion and thought in future meetings. The second meeting, held 10 June, featured Jackie Trujillo, chair of Harman Management Corporation, who shared suggestions for women whose roles include wife, mother, and businesswoman.

"We want to have something practical at every meeting," Hannonen says. "Our focus is on the professional."

W.O.M.E.N. plans on having four meetings each year and is also in the process of organizing smaller groups that will meet more often with a more focused purpose. Hannonen anticipates groups for attorneys, entrepreneurs, and engineers among others. Then, virtual teams made up of members from the focused groups, will enable women with different business backgrounds to work together and combine their skills to pursue business ventures. "It's about women trying to help other women," Hannonen says.

"We hope W.O.M.E.N. will help BYU's Management Society and women professionals in building ethical leadership," she says. "They will share what they learn in their homes, in their schools, with their families, and in their businesses."

President Faust Named Distinguished Utahn

The Salt Lake City and Utah Valley Chapters of the Management Society recognized President James E. Faust, second counselor in the First Presidency of The Church of Jesus Christ of Latter-day Saints, as this year's Distinguished Utahn.

Since the award was instated in 1994, an advisory committee of Management Society members has acknowledged business, educational, governmental, and ecclesiastical leaders who have a positive impact on Utah, says Salt Lake City Chapter President **Stephen J. Tolman.**

This year, the chapters recognized President Faust for his ethical business practices as an attorney and his outstanding commitment to service.

"He always had a reputation of being very honest and very fair with people; what a wonderful example," says **Marc Arnoldsen,** Utah Valley Chapter president. "He continues to render service with a wonderful attitude. His teachings are so rich, and he has shared them with the whole world."

The chapters commissioned Valoy Eaton to paint President Faust's grandfather's home in Oak City, Utah, as a gift from the chapters.

"We cater the award to the recipient," Tolman says. "It needs to be something distinguished, like the person receiving it."

The annual awards ceremony includes dinner and entertainment. Proceeds benefit the chapters' endowment scholarships at the Marriott School. Additionally, the chapters present fifteen to twenty Utah and Davis County high school seniors with scholarships to the college or university of their choosing.

Past recipients include BYU President Rex E. Lee, Utah Governor Olene S. Walker, and President Gordon B. Hinckley.

Washington, D.C., Chapter Honors Dell CEO and CNN Anchor

The Washington, D.C., Management Society Chapter awarded **Kevin Rollins,** president and CEO of Dell Computers, the Distinguished Business Leader Award at its Annual Gala Event in April. Larry King, CNN news anchor, and his wife, singer/actress Shawn Southwick King, received the Distinguished Public Service Award for their work to subsidize heart surgery through the Larry King Cardiac Foundation.

More than eight hundred people attended the gala and participated in a silent auction to raise scholarship money for local students attending BYU.

"While the gala has the reputation power to attract dignitaries, government officials, and business leaders, networking is sometimes a challenge due to the number of attendees in the large reception hall and ballroom," says chapter president **Rob Woodhead.** "In the future, the chapter will provide industry-specific networking rooms as part of its new Career Development Initiative."

For years, people looking for jobs in the Washington, D.C., area have come to the chapter for placement help. The chapter had plenty of business contacts, but no way to know when and where job openings became available. "It's been frustrating, because we saw a need we couldn't satisfy," says **Mark Dickson,** newly named chapter chair.

Teaming up with LDS Employment Services, the chapter has found a way to connect Employment Services to area businesses and simultaneously fill the needs of its members.

"The focus is long-term career development," Dickson says. "It's networking and introducing people to help them develop relationships, not just finding a job."

Networking is the name of the game in business, Woodhead says. He dedicated his remarks at the gala to announcing and promoting this new focus, and the program is gathering momentum.

The chapter has begun five industry groups—accounting, finance, information systems, communications and marketing, and law—to better facilitate networking. Each group can meet according to the needs of its members. Under the Management Society, these industry groups will be able to bring employers together with candidates.

"There's no reason why the Management Society can't facilitate a meeting between business executives and its members," Woodhead says. "The strength of the Management Society is often what enables us to extend invitations to companies or individuals to participate, much more than a person could do on their own."

Through its specialized meetings and focus on individuals, the chapter's Career Development Initiative hopes to open new doors for its members.

"By building relationships we want to help our members achieve another level in their career and expand their ability to contribute to the good of the community," Woodhead says.

Finding Success in Business and Home

Tina Ashby's transition from a successful career in the business world to home life was a difficult but rewarding one.

"It was quite an adjustment to become a full-time, stay-at-home mom, but I embraced it quickly," she says. "It was difficult not receiving pay or accolades from work, but seeing the greater impact I had on my children made the sacrifices totally worth it."

After earning her MBA from BYU, Ashby began her business career working for a Big Eight accounting firm in the San Francisco Bay area. Soon after, she took a position with Catholic Healthcare West, her favorite client, as assistant director of finance. She was promoted to director of finance within a year. When her husband was accepted to the UCLA general surgery program, Ashby worked part time as special projects manager for UCLA's Business Enterprises Division.

"I was able to accomplish things in five years that, without my MBA, would have taken four times longer," she says.

Since retiring after the birth of her third child, Ashby has maintained her business skills working from home for Catholic Healthcare West, writing for the LDS Church, and volunteering in the community. She has dedicated her energies to the public school system as a classroom volunteer, PTA board member, and PTA president.

Ashby continues to use her MBA experience in her home and community in Farmington, Utah.

"My daughter had to do a survey for school and figure out what was the best way to survey people and how to analyze the data," she says. "That was a snap for me, and we had a lot of fun doing it together."

While transitioning from office to home was a challenge, Ashby has seen the positive effects of earning an MBA in all aspects of her life.

"In areas outside my career, my business school training has helped me be more effective in volunteer leadership and teaching positions," she says. "I have drawn on the skills of my MBA education to run civic programs and even in managing my home."

CLASS NOTES

1970

As a computer programmer, **Rich Price** enjoyed his career. But when a creative opportunity came knocking, Price's career took a turn. After developing Type II diabetes more than a decade ago, Price learned to manage the disease through healthy eating and lost eighty pounds in the process. He wrote a book detailing his success called *How I Lost 80 Pounds with Smart Carb Eating*.

Price earned a BA in economics from BYU. Afterward, he attended Control Data Institute in Oakland, California, to learn computer programming. He worked as a mainframe COBOL programmer for thirty years. He resides in Albany, Oregon, with his wife, Arlene.

1973

Kent LaRay Gale moved all over the United States and founded two businesses after earning his BS in business management from BYU. Gale continues as president and founder of his second company, KLAS Enterprises, LLC, a company that provides reports on healthcare information technology vendors to the healthcare industry.

Gale's other business experience includes working with 3M Healthcare as a regional manager, Sunquest Information Systems as a vice president, and with Intermountain Health Care as vice president of field operations for the ASI Division.

He and his wife, Eileen, have six children. They reside in Draper, Utah.

1977

The thirteenth annual National Association of Certified Valuation Analysts convention in San Francisco featured guest speaker **John Hendrix.** The association is a global organization for certified public accountants that promotes professionalism and integrity in business. The organization also funds research, offers training and certification, and maintains several databases to provide networking opportunities.

Hendrix, a CPA, earned his MAcc from BYU. Currently, he is a managing partner of Tatum, LLC. He and his wife, Susan, reside in Provo.

1979

D. Alan Decker joined the Winterthur North America/General Casualty/Unigard Insurance companies as a project management consultant.

After earning his administrative office management degree from BYU, Decker worked as an information systems instructor for the Hawaii Area Office of The Church of Jesus Christ of Latter-day Saints, the Polynesian Cultural Center, and BYU–Hawaii. Decker also conducted consulting work for Fortune 500 and 1,000 companies as part of his work with First Hawaiian Bank.

He later oversaw the University of Wisconsin–Madison's Student Administration system replacement, which led to statewide University of Wisconsin positions in financial and human capital management systems.

Decker earned his MISM from the University of Southern California.

He and his wife, Debbie, reside in Marshall, Wisconsin. They have four children.

1980

William F. "Bud" Barrow II was named CEO at Our Lady of Lourdes Regional Medical Center 1 March 2006.

Barrow's professional experience includes serving as CEO of Opelousas General Health System; executive vice president and CEO of Medical Media/Lifewise, Inc.; vice president of corporate development at Schumpert Medical Center; vice president of corporate development and director of physician services at Franciscan Health System; manager of health care consulting for Deloitte, Haskins and Sells; and president and CEO of DeSoto Regional Health System.

Barrow earned his MPA from BYU. He enjoys golf and is an avid reader. He and his wife, LaRetta, have five children. They reside in Sunset, Louisiana.

1981

After completing his own education, **Robert E. Bateman** has returned to the classroom, but this time as assistant professor and coordinator of public administration programs at the American University of Sharjah in the United Arab Emirates.

Bateman earned his BS in general business from BYU and then earned his MBA from American University two years later. He finished his education with a PhD from the University of Utah.

Professionally, Bateman has served as president of Dynamisis, general manager of QuestOne GmbH in Zurich, vice president-international of ProModel Corp., and as a foreign service officer with the U.S. Department of State. Civically, he has served as mayor, city council member, and planning commissioner.

Bateman and his wife, Candace, have six children. They reside in Dubai, United Arab Emirates.

Ronald O. Purcell has taken the MPA he earned from BYU far and wide. He and his family have lived in the Eastern United States and Spain as part of his nine years of work as a hospital administrator for the United States Air Force.

For the last sixteen years, Purcell has worked for the American Hospital Association. He now serves as regional executive, managing member recruitment and retention in the Intermountain West.

He and his wife, Lori, reside in Eagle, Idaho. They have four children.

1982

Ronald R. Hecht has joined Eide Bailly LLP, a Midwest and Rocky Mountain regional accounting firm, as tax partner with its Billings, Montana, practice. He has more than twenty-three years of public accounting experience providing services to companies in the construction, franchising, oil, gas, and mining industries.

Hecht previously served as a tax partner with the Billings, Montana, KPMG LLP practice and was the KPMG national chairman's award winner for community volunteerism. He currently serves on the American Cancer Society Great West Division Board and the district committee of the Boy Scouts of America.

Hecht earned his MAcc from BYU in 1982.

Dream Leads to Establishment of University in Indonesia

In 1978, **John W. Limbong** had nearly finished his master's degree in economics. Between studying and his family he kept himself busy. He went to bed early to keep up with his demanding schedule. One night, he had a vivid dream in which Brigham Young asked him to establish a university in Limbong's native Jakarta, Indonesia.

The next morning as he contemplated the dream, Limbong wondered if establishing such a university was possible. There were funding obstacles to overcome, government regulations to meet, and "everything else" to face, he says. But as he pondered the idea, he had the thought, "Everything is possible."

Limbong began to organize himself. After graduating from BYU in 1978, Limbong completed a PhD at the University of Utah in 1982 and returned to Jakarta that same year. There he worked with the Indonesian Bank but could not forget the dream, and he eventually quit his job to pursue establishing a university.

Because of government regulations, Limbong had to create a nonprofit foundation before he could begin laying the groundwork for a university. Enlisting his wife, Rosemia, Limbong created the Golden Nusantara Foundation. Paving the way for the university included establishing a kindergarten, an elementary school, two secondary schools, and a college.

The University of International Golden Indonesia was established in 1983 and now hosts 2,500 students, fifty-two faculty members, and offers seven areas of study ranging from marketing and accounting to communications and health.

"I'm trying to fulfill the dream and make this university a BYU-standard university," says Limbong, who serves as president of the university.

Limbong resides in Jakarta, Indonesia, with his wife. They have five children.

He resides in Billings with his wife, Taubi. Three of his four children currently attend BYU.

1986

Florida Governor Jeb Bush recently appointed **Christopher T. McRae** to the Florida Commission on Ethics. McRae will serve in this office until 30 June 2007.

Until his appointment, McRae worked as managing partner and owner of McRae & Metcalf, P.A. He was responsible for all phases of firm operations, including client representation. He previously served as an associate with Cummings, Lawrence & Vezina, and as contracts administrator with Anderson Columbia Co., Inc.

McRae earned his BS in marketing from BYU in 1986 and went on to earn a JD from Stetson College of Law in St. Petersburg, Florida, in 1990.

McRae and his wife, Susan, have three children. They currently reside in Tallahassee, Florida.

1990

Donna Brocco has plenty to keep her busy. She works as an accountant for Scenicview Center LLC, an educational facility for adult males with learning disabilities, overseeing all accounting duties and cash management; she has six children, ages three to sixteen; and she volunteers for the Recreation Soccer Board for Orem Youth Soccer.

Even as she worked to earn both her BS in accountancy and MAcc from BYU, she worked part time as an accountant for Wasatch Mental Health. After completing her degrees, she became Financial Services Department manager for the company.

She and her husband, James, reside in Orem, Utah.

1993

After working three years in Houston and nine years in Salt Lake City for Ernst & Young, **Todd A. McKinnon** has been appointed senior manager at Tanner LC, a certified public accounting firm. The firm focuses on providing timely, detail-oriented, and personal research and consultation services. His responsibilities include managing audit engagements for public and private companies. McKinnon earned his MAcc from BYU.

He enjoys spending time with his wife, Kim, and four children. McKinnon also enjoys boating, jet skiing, and watching BYU sports. He and his family reside in West Jordan, Utah.

1994

After serving two years as a board advisor and consultant to Fast Track, **Edward S. Seguine Jr.** has been appointed CEO of the company.

Before his involvement with Fast Track, Seguine worked several years at Eli Lilly, where he established eLilly and Lilly Ventures. He started his career as the CFO of a successful defense technology company after earning a BS in finance from the Marriott School. He then earned an MBA from Indiana University.

In addition to his professional accomplishments, Seguine remains active in his community. He coaches youth soccer and basketball and participates in various nonprofit and charity organizations.

He and his wife, Jennifer, reside in Pennsylvania.

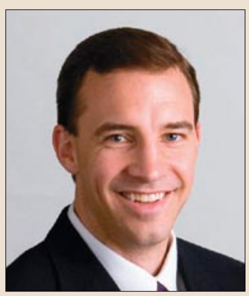
1995

Steven V. Sorenson has worked in various capacities of the accounting field since earning his BS in accountancy from BYU in 1980 and his MPA from the Marriott School in 1995. He has filled positions in public accounting, internal auditing, and currently fills the assistant treasurer position with procurement card administration programs at BYU. He is a CPA and CFE.

Sorenson also spent nearly a decade serving on the Utah Community Credit Union Supervisory Committee and the Utah Association of Certified Public Accountants. During the NCAA softball season, Sorenson can be found behind the plate, serving as an umpire.

He and his wife, Donna, have two children. They reside in Highland, Utah.

Marriott School Alumnus Featured in *Journal of Accountancy*



It's not every day you reach into your mailbox and see your face staring back at you from a magazine cover. Marriott School alumnus **Brian Mower** says this is one of many surprises hard-working BYU graduates may see from the professional world.

The *Journal of Accountancy* recently highlighted Mower's quick rise to chief accounting officer of a public company. Mower became the top accountant in only seven years—an accomplishment that usually requires ten to fifteen years of professional experience. Being featured in the publication was motivating as well as humbling to Mower, who attributes his quick growth to a positive attitude, high ethical standards, and accepting increased responsibility.

"I start each project with the expectation of success," says Mower, chief accounting officer of IOMED, Inc., a medical products company whose products are used to treat more than two million patients a year. "I continue to be thirsty for success in all my projects and try to implement the skills and standards I was taught by my parents and teachers."

Mower feels that strong home instruction coupled with a challenging BYU education propels graduates to business excellence. He recalls difficult, late-night coursework with strenuous exams and study projects with a tinge of nostalgia. According to him, the number of challenges and amount of hard work required never changes; it just shifts from preparation to practice after graduation.

"I've found that positive opportunities can come from each challenge that presents itself," Mower reflects. "As I look back on my professional barriers or setbacks I see how each one helped me grow and achieve."

He explains that refusing to compromise one's ethical standards will always be the correct and most beneficial choice, no matter how attractive the alternative may appear. "For the most part, those who have succeeded and risen to the top of these competitive business fields have done so through their integrity and keeping appropriate priorities," Mower says. "That is what the business world has learned to expect from BYU graduates, and I intend to do my part in maintaining that reputation."

1997

The California Society of Municipal Finance Officers has appointed **Greg Baird** as co-chair for the annual conference celebrating its fiftieth anniversary. He also serves as co-chair of the Career Development Committee and as second-time Central Valley Chapter chair.

Baird earned a BA from the Marriott School in 1994 and then worked for Continental Airlines and Novell before returning to earn his MPA. After leaving school, he transitioned to the public sector, first working for American Management Systems and Government Consulting Services, then as deputy director of finance for the city of Modesto, California.

Baird, his wife, and their five children reside in Modesto with their three Russian wolfhounds.

2000

Jared D. Christensen began work as controller for the College of Humanities at BYU in July. As part of his responsibilities, he oversees all finances for the college and eight departments. Previously, Christensen worked for nearly four years as controller for the David M. Kennedy Center for International Studies at BYU. He began his career as a sales tax auditor for the Utah State Tax Commission after graduating with his BS in accountancy in 2000 from BYU. He later went on to earn his MBA in 2003 from Utah State University.

Christensen has been a member of the BYU Management Society for four years and has been serving on the society's Utah County Chapter Board for the past year. He and his wife, Kristee, reside in Provo.

Mario Silva was recently named regional acquisitions manager for the Family History Department of The Church of Jesus Christ of Latter-day Saints for Brazil, Argentina, Paraguay, and Uruguay.

As acquisitions manager, Silva will coordinate family history record extraction. This includes transferring information currently stored on microforms to digital images. The new digital information will allow anyone with Internet access to search the church's genealogical records and research family history from home. Additionally, he will work with community leaders to achieve authorized access to civil and religious documents.

Silva earned a law degree from Rio de Janeiro State University before earning his MBA from the Marriott School. After graduating he worked for Novell, redesigning Latin-American web sites, then as a marketing manager for Cisco Systems. He resides in Sao Paulo, Brazil, with his wife and two children.

2005

After earning a MAcc degree from the Marriott School, **Clarke Schaumann** traded his English accounting textbooks for Chinese calligraphy brushes.

As part of the BYU Chinese Flagship Program, Schaumann spent the better part of the last two years studying investment banking, graduate accounting research methods, and Chinese culture at Nanjing University, one of the top five universities in China. He also completed an internship for KPMG in their Shanghai office, where he worked on multinational audit engagements.

While in China, he also interned at Nanjing Bankerstone Financial Advisers, a small financial consulting firm, working with Chinese clients to raise money in foreign capital markets.

Schaumann now works for the KPMG Orange County, California, office. He resides with his wife, Marney, in Westminster, California.

Alumnus Wins Legal Equivalent of Pulitzer Prize

Most people would consider three weeks marked by finals, law school graduation, and the birth of a first child as full ones.

Throw winning the legal community's equivalent to a Pulitzer Prize into the mix, and your average PDA might start begging for mercy.

That was **J. Scott Dutcher's** calendar this April and May when—in the middle of finals, graduation, and the birth of his daughter Kate—he found out he was one of fifteen national winners of the Burton Award for Legal Achievement.

"I am just so proud of him," says his wife, Kyla. "I've seen how much work he puts into his writing. It's heartwarming for me because someone else recognizes his achievements."

Dutcher's literary endeavor began as an assignment for a punishment class at the Sandra Day O'Connor Law School of Arizona State University. With a background in business—he earned a BS in business management from BYU in 2002—Dutcher argued for harsher punishments for corrupt corporate leaders.

"I remember listening to business leaders who came to the Marriott School to speak about the tremendous pressure to compromise values for quick gains," he says. "Later, when I read about Bernie Ebbers, Dennis Kozlowski, and other corrupt corporate leaders, I knew I was going to write about them."

Dutcher wrote his scholarly paper, titled "From the Boardroom to the Cellblock: The Justifications for Harsher Punishment of White-Collar and Corporate Crime" almost a year earlier and didn't know it was being considered for the award. Every law school in the country is allowed only one entry, which is selected and submitted under the direction of the dean.

"The Burton Foundation delays telling the winners, but notifies their respective deans immediately," Dutcher says. "The dean was all smiles when she gave me the good news. She was so happy for me."

What began as an assignment for Dutcher ended 12 June in a black-tie event at the Library of Congress, where he received the award.

The trip included a visit with Justice Sandra Day O'Connor, namesake of Arizona State's law school, and a photo-op.

"He's already planning to frame the photo and hang it in his office," Kyla says.

Laughing, Dutcher adds, "I'll probably make copies and staple them to the back of every résumé."

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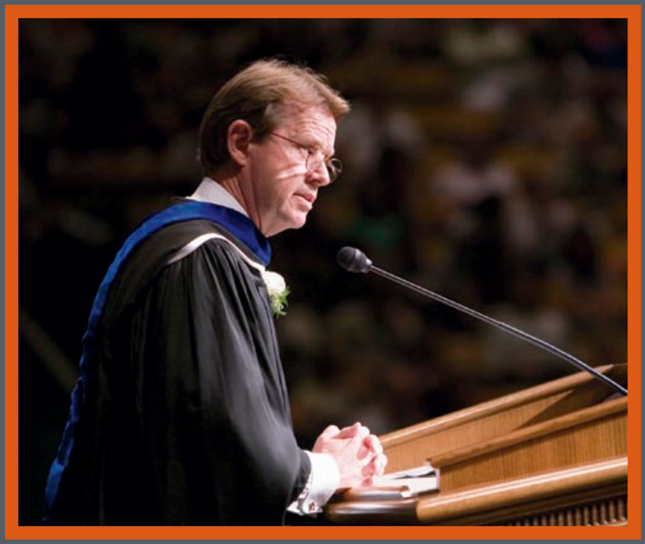
Photo by Jed Wells



MBA graduate and Dell CEO Kevin Rollins addressed nearly nine hundred graduates at last April's Marriott School convocation. See story, page 27.