MARRIOTT

ALUMNI MAGAZINE

Commemorating 30 Years

Saving for Retirement

Cyberveillance: A Case Study

MARRIOTT SCHOOL OF MANAGEMENT | BRIGHAM YOUNG UNIVERSITY | WINTER 2006

MAGAZINE HONORED IN SAN FRANCISCO

The Council for Advancement and Support of Education (CASE) recognized *Marriott Alumni Magazine* with a District VII Award for Excellence. The publication received a silver award in the best alumni magazine category. *Trojan Family Magazine* from the University of Southern California earned first place, and *BYU Magazine* earned third place.

"The entire recognition committee of CASE District VII and the judges were truly impressed with the caliber of entries into this year's program. The competition was fierce," says William Boldt, chair of CASE District VII Recognition Committee and vice chancellor for university advancement at the University of California, Riverside. "We are very proud of all of our winners—they certainly deserve the recognition."

Last year, CASE recognized *Marriott Alumni Magazine* with a gold award for illustration. The 2005 awards were presented at a banquet held 4 December in San Francisco. The magazine, which has a circulation of 42,000, competed with those from many colleges and universities in California, Arizona, Nevada, Hawaii, and Utah.

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NEWS

Visit *Marriott Alumni Magazine* online at **marriottmag.byu.edu**

Inside back photo by Bradley Slade.

Opening Doors

BY JAMES ENGEBRETSEN

Let me take a minute and share with you a story that illustrates how heavily the school relies on the recruiting efforts of BYU alumni and friends.

The Japanese operations of Deutsche Bank, a leading investment bank and asset management firm, historically hired overseas graduates primarily from Ivy League universities. That is until BYU alumnus Mitch Mason helped open the door for BYU graduates.

The door creaked open during summer 2004 when Mason hired a BYU intern. Deutsche Bank's experience was so positive they hired five BYU interns the following summer. Several full-time offers came as a result of those successful internships. This year they are looking to hire six to eight BYU interns. Mason says, "The caliber of the students has been so high that we now view BYU as a prime location for our Japanese recruiting efforts."

Experiences like that of Deutsche Bank happen frequently. Once organizations see the value and quality of Marriott School students, they come back again and again. Our challenge is unlocking doors.

The school's career management team and alumni have done an outstanding job of attracting companies with strong values to recruit our graduates. As our students leave BYU and enter the workforce, they are impacting lives in their companies, church congregations, and communities.

Each year BYU sends an email survey to recruiters to gauge the performance of the university's graduates. Thirteen hundred responded to this year's survey. And, while employers continue to be highly satisfied, their top suggestion for making our graduates better employees was to provide more internships and work experiences.

Internships, therefore, help in two significant ways. First, they provide excellent skill-enhancing opportunities. Second, they often lead to full-time job offers.

We are greatly indebted to people like Mitch Mason, who help open new doors of opportunity for our students. Consider making it a goal to welcome a BYU intern or graduate into your firm sometime in the next year. If you know of opportunities in your organization, please call the Career Management Center today at 801-422-5800 or send an email message to career_services@byu.edu.

Sincerely,

James R. Engebretsen

James Engebretsen
Assistant Dean, Corporate Relations

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GLIMPSES

BRAZILIAN BUSINESSMEN FIND SUCCESS

It is one thing to say that ethics are essential in the business world, but it is another to put that concept into practice. In an environment where ethics are under constant attack, there are still some who strive to uphold high moral standards.

Among those ethical leaders, two Brazilian businessmen stand out: Danilo Talanskas and Manoel Amorim. Talanskas works as managing director of Otis, one of the world's largest manufacturers of elevators, escalators, and moving walkways. Amorim is chief executive officer of Telefonica, a leading South American telecommunications provider. Both men overcame obstacles to get an education and were quickly promoted to executive positions due to their strong business principles.

In each case, these men found great influence and guidance within their own families. "My parents' overriding concern was that I get an education," says Talanskas, a 1986 MBA graduate. "Despite little formal education and few financial resources, they made so many sacrifices to provide me with educational opportunities."

Amorim's family played a large role in his career path as well, being the son, grandson, and great-grandson of military men. Amorim, who earned his undergraduate degree at the Military Institute of Engineering in Rio de Janeiro, says his career benefited greatly from the strict discipline he learned at home.

"I know I have lost several contracts because of my position, but I have closed so many more as a trusted businessman."

—Danilo Talanskas

Throughout his career, Talanskas worked for many reputable companies with strong ethics such as GE, BASF, and Black & Decker. He says being employed by those corporations made it easier to practice high standards, although compromising opportunities still arose.

"I know I have lost several contracts because of my position, but I have closed so many more as a trusted businessman," Talanskas states. "The balance is much more favorable with ethics. I have received many promotions because I would not compromise my standards."

Both Talanskas and Amorim benefited from the Marriott School's Cardon International Scholarship program, which was designed for international students seeking higher education within the United States. Since its inception in 1986, students from Africa, Asia, Europe, Latin America, and the Pacific Islands have benefited from the program. CIS participants receive a graduate management education and preparation for leadership roles when they return to their native countries.

After Talanskas completed an undergraduate business administration program at Sao Paulo's McKenzie School he obtained CIS finances, allowing him to earn his MBA from BYU. An article describing the Harvard MBA program piqued Amorim's interest in business school, and he began applying for a number of scholarships. In addition to the CIS funds, he was awarded a scholarship by the National Council of Technological and Scientific Development. Amorim earned his MBA from Harvard in 1990.

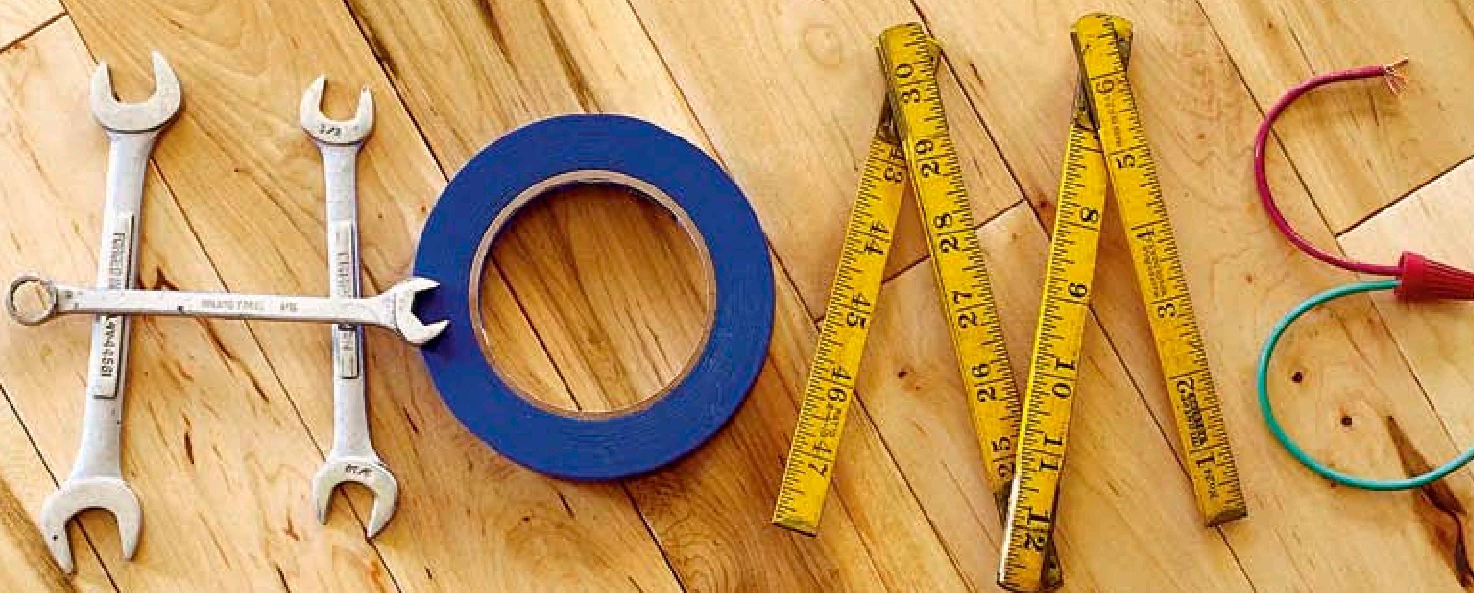
All the hard work and lessons learned helped these men become some of today's top executives in Brazil. As managing director of Otis, Talanskas oversees the operations of a Fortune 500 company with a 28 percent share of the world's elevator market.

Since joining Telefonica as general director in 2000, Amorim helped it become the third largest corporation in Brazil. Telefonica Sao Paulo has a customer base of more than twelve million clients, with leading shares in the data, residential, and business voice markets.

Talanskas and Amorim supported families while attending school and both agree it was difficult balancing time between school and family. But neither one let financial obstacles deter them from their goals, nor did having high moral standards dissuade them from enjoying success in the business world.

Danilo Talanskas

Manoel Amorim



ECONOMICS:

MAKING REMODELING PAY OFF

BY DONALD S. SMURTHWAITE
PHOTOGRAPHY BY BRADLEY SLADE

It wasn't love at first sight when Mike Ward saw the fixer-upper on an overgrown lot in La Canada, a suburb of Los Angeles. But behind the weeds, worn siding, and faded paint, he saw something that intrigued him: potential.

Ward, an executive producer for Activision, had been commuting to Southern California from Las Vegas. Reuniting his family—in just the right place and in a safe neighborhood—was a top priority. And, something about the run-down, fifty-year-old, ranch-style house on a quiet street told him maybe he'd found just the place to call home.

Ward and his wife, Carolyn, had already scouted out La Canada and thought it would be an ideal place to relocate. The previous owners of the home had passed away, and a daughter was trying to sell the house without listing it with a realtor. Ward was in Las Vegas when the small-town La Canada grapevine kicked in ("We joke that it's a little Mayberry here," Ward says). The seller heard that someone might be interested in the house and phoned Ward's sister-in-law, who lives nearby. She called the Wards, and the rest is history.

"That's when I hopped a plane," Ward says. Carolyn was out-of-town, and Mike found himself facing a big decision without the benefit of his wife's opinion.

"Being familiar with the area gave me enough perspective to recognize a good buy when I saw it," he explains.

But the decision had to be made quickly. "La Canada is rife with developers. By the time I finally met the owner, she told me she'd already been contacted by a few builders."

Ward chatted with the owner and explained that he wasn't a mercenary but merely looking for a place to raise his family. She seemed to like that. He says, "I basically agreed to buy it on a handshake."

Then, there was the inevitable phone call to Carolyn where he mentioned, "Oh, by the way, honey, I bought a house for us today."

With the house secured and the marriage still intact, the painstaking business of remodeling the not-so-pretty house began.

The original home was a one-story structure about 1,800 square feet in size, with three bedrooms and two baths. Over the course of the remodel, designed and completed by Carolyn's brother, Craig Bentz, the little house was transformed into a two-story, 3,600 square foot home, with five bedrooms, four bathrooms, and an office. A new entry was constructed between the living and dining rooms. The patio was pushed out in the back, two setbacks on the front of the house were evened out, and a breakfast nook was added.

"The end product looks nothing like the beginning on the outside, but if you

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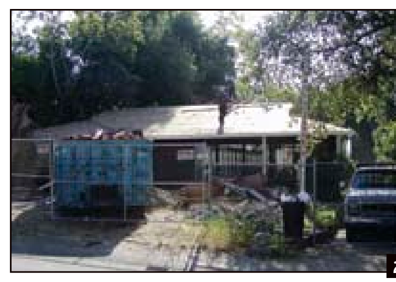

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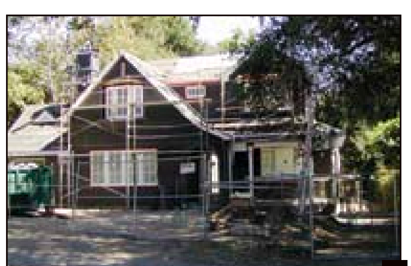

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could look at it top down, the footprint of the slab is about ninety percent of what it was," Ward says.

A landscaper was hired to clear overgrowth, and eleven months after the project started, a moving truck pulled up in front of the structure and the Wards had their home. The transition from rundown to rejuvenated was complete.

The cost of the project "was more than I thought," Ward says. "When you remodel, you figure out your budget and how much time it will take, then double both. And I'm only half-joking."

Still, the project turned out to be a sound investment. "We're definitely ahead, if we had to sell it," Ward says.

Not that he's planning on leaving soon.

"Remodeling was worth it. It was worth it for our family," Ward says. "I don't want to move."

SOME LIVE MORE HAPPILY EVER AFTER THAN OTHERS

Not all remodeling stories have such a happy ending.

Kari Moss, a 1981 management graduate, is a real estate agent with Brough Realty, based in Fruit Heights, Utah. He recalls visiting a home for sale with a young married couple who were looking for a larger house.

"The owner had done the remodeling himself. He did a horrible job," Moss says. Among the problems: a new Jacuzzi tub in the master bath that leaked ("And it leaked a lot," Moss says), electrical problems ("Not all the outlets worked after he was done") and a new roof that—yes, you guessed it—leaked, as well.

"You could tell the remodeling was done by an amateur," Moss sighs.

In the end, the seller-turned-remodeler's profit margin dipped considerably when all the self-inflicted damage was repaired as a condition of the sale.

TO REMODEL OR NOT TO REMODEL, THAT'S ONE QUESTION

Staring at your knotty-pine paneled family room walls, you may suddenly find yourself calling out, "Dear, do you think we should consider remodeling?"

"A home becomes prime for remodeling at about thirty years of age," says Paul Winans, owner of Winans Construction in Oakland, California, and president of the National Association of the Remodeling Industry. "At this point, the main systems are ready for overhaul and rooms such as kitchens and baths look dated."

Marianne Thelin is a real estate agent for The Meadows Group, which services the sizzling home market in Portland, Oregon. Thirty years may be the prime time for a remodel, but that figure is shrinking, she says. "Now, we see homeowners on the upper end of the scale remodeling every five years."

Moss, who also managed an R.C. Willey furniture store, says, "Some people buy new furniture every year. They paint, maybe get a new sofa, maybe carpeting, and soon they're into a remodeling job."

Remodeling your house to fit the new furniture? Moss says it happens. He even knows of people who buy new homes to match their new furniture.

So more people are picking up the hammer and saw, or paying someone else to, but what about remodeling? Is it a good investment or not? Can you ever expect to recover most of the hard-earned dollars that you sink into a new kitchen, an extra bedroom, or getting rid of the avocado-colored appliances?

The answer to those questions, according to experts in the business is, "It depends."

It depends on many factors, not the least of which include local market conditions, location of the home and neighborhood norms, where you want to put your remodeling money, and what your plans

are for the house. They also warn of the dangers of buying a home with the intent to quickly sell it for a fast, vast profit.

WHAT'S HAPPENIN' IN THE 'HOOD

Local market conditions play a huge role in how much of your remodeling dollars you'll recapture, and are a big consideration in whether you should remodel at all.

In places where building is booming, remodeling for investment purposes may not pay off, says Kenneth Wamsley, of Wamsley Appraisal Service in Pleasant Grove, Utah.

"With interest rates still low, most people prefer looking for a new home," says Wamsley, a 1984 MPA graduate. You may sink a lot of bucks into your home hoping to improve its chances of selling, and then watch helplessly as a steady parade of potential buyers head straight to new subdivisions down the road.

Says Moss, the Fruit Heights, Utah, realtor, "New homes are like the new car smell. A new house is the most expensive perfume in the world."

Older homes in established neighborhoods that are at least holding their values are better candidates for remodeling. Jeff Fillmore, a 1985 finance graduate, is the owner of The Fillmore Group, a commercial and residential appraising and investment company based in San Jose, California.

"The Bay Area housing stock is aging, and the market is strong," he says. "That's a good combination for remodeling."

Sky-high property prices also make remodeling more attractive. Thelin, the Portland-based realtor, says, "The price of housing is going up so fast here. Homeowners may not want to pay a lot of money for a smaller home on a tiny lot. They may decide, 'Ok, we'll redo what we've got.'"

SOME THINGS NEVER CHANGE: IT'S STILL LOCATION, LOCATION, LOCATION

Your home's location should also be factored into the remodeling decision. Sinking dollars into a sinking neighborhood is rarely a good investment.

"Location is still the most important factor in investing in a house," Thelin says.

But, there's another twist to location. You don't want remodeling to make your home stand out from the neighborhood, explains Bill Schultz, owner of Schultz Appraisal in Boise, Idaho, another booming real estate market.

"Beware of over-improving. If you have laminate counters and vinyl floors, and that's what all the other houses in your neighborhood have, then you don't want to put in granite counters. It's overkill.

"The reverse can be true, too. If you're in a fancy neighborhood, you don't want laminate counter tops and vinyl flooring," he says. "Conform."

Thelin adds, "You don't want to be the nicest house in the neighborhood. You want to be something below that. Nor do you want to be the least expensive home in the neighborhood."

THE DOUGH IS IN THE KITCHEN

When it comes to remodeling, everyone seems to agree on one thing: The best investment is the kitchen. Call it the universal truth of remodeling.

"Without question, the kitchen gets the best return. That's where a lot of living happens," says Schultz, the Boise appraiser. "When you gather, it's in the kitchen. At Thanksgiving, you're all in the kitchen. At Christmas, you may put up a tree in the living room, but the kitchen is where everyone gets together. Our society revolves around eating."

"People spend so much time there," says Wamsley, of Pleasant Grove. "It's the heart of the home, where everyone wants to be. Dollar for dollar, that's the best place."

After the kitchen, what comes next?

Says Schultz, "The second best investment is the master suite, for many of the same reasons as the kitchen. You spend a lot of time there." More closet space and adding a master bath almost always pay off.

Bathrooms are also a safe place for spending remodeling dollars. Basements can pay off too, although Wamsley warns it's tempting to go overboard. "Basements are good, but I tell people to go with the same quality as the rest of their house. Basements need to complement the main floor."

Adding or expanding a garage draws mixed reviews. Men seem to like the idea ("We tend to keep a lot of junk and we need a place for it," Moss says). Women aren't as impressed ("Only men care about garages," Thelin affirms).

DON'T TRY THIS AT HOME

Agreement is also close to unanimous about what to avoid when remodeling your home.

"Sometimes, when people remodel, they try to make the house something it's not," Thelin says. "You can't, for example, mix traditional with contemporary."

What makes an appraiser's stomach churn?

"Deferred maintenance," says Schultz, the Boise appraiser. Bad roofs—if your shingles are curling or wavy—and pet odors are at the top of the list. Outdated floor coverings, carpets with footpaths, and bad paint come next.

Swimming pools also give poor returns ("In some areas, you may only receive a ten percent or less return on the cost of the pool," says Fillmore), as do dens and sun rooms ("If they're done right they can be ok, but they're a risk," Wamsley says.)

An extra bedroom doesn't do much for the value of your house either. Says Schultz, "Adding a bedroom to a four-bedroom house isn't going to attract any new buyers."

Fillmore cautions about additions of "below average utility." An example is adding a bedroom that you get to by walking through another bedroom or the family room, a definite no-no.

And watch out for trendiness. Today's trend can be tomorrow's embarrassment. Like it or not, neutral colors are still best.

June Fletcher is a *Wall Street Journal* reporter and columnist who specializes in writing about real estate and home matters. "When it comes to materials, don't overdo it. Adding the wenge wood cabinets you just saw in a shelter magazine may make you feel chic, but by the time it comes to sell a few years down the road, fashion will have moved on," she says.

SWITCHING THE FLIPS

Three basic groups of people are the backbone of the remodeling industry. First are those who plan to stay and just want to update or make repairs. Next are those who buy a home with an eye toward resale, a growing group, since the average family now stays seven years in a house. Finally, there are the flippers, a small group that has received big attention of late. This group buys homes with the intention of making a few repairs or updating the appearance and quickly selling the property for a nifty profit.

Easy money? It may sound that way, but profits are often not as fast or fat as hoped. "A lot of friends ask me to watch for a fixer-upper they can buy and turn around quickly," Moss says. "But, too many people are doing that. The market is saturated. They make it look easy on TV, but it's not."

Wamsley agrees that if it's too good to be true, then it probably is.

"There's nothing wrong with buying and selling property. But if you're doing it purely for greedy purposes, you need to be careful. There are some hidden issues," he says. Among them are concealed costs and inducements; unethical contracts or hidden incentives to appraisers and sellers; and pressure from lenders to make prices come out "right."

"You can be duped," he warns.

Fillmore, the Bay Area appraiser, says the margin in flipping often isn't large. "Flipping is generally accomplished with the use of a mortgage. Leverage can create a significant profit, but with a slight decline, leverage can also create significant loss," he says.

A slight downturn in the real estate market, higher-than-expected remodeling costs, a house that is for sale longer than expected, or paying a realtor's fee can drain the profit and more from the transaction.

Adds Moss, "People want to make $25,000 or $35,000 on a flip, but they'll be lucky to earn five."

DOLLARS AND SENSE

Remodeling, of course, involves more than just dollars and profits. Sometimes, it has more to do with sense.

Fillmore tells of a time when his wife, Sherri, wanted to make some changes in the flooring near the entry of a former home, changes he didn't think were necessary.

"I didn't think we needed to replace the tile entry with limestone. But it was embarrassing to Sherri," he says. "To me, it was all dollars and cents, but Sherri saw that old outdated floor as a reflection of who she was."

Once he understood that, the limestone was quickly installed.

"It was money wisely spent," Fillmore says. "It helped her to feel completely comfortable in our home and the reflection it presented to others."

So look at the bottom line for two families: For their remodeling dollars, the Ward family transformed a neglected house into a home that they don't ever want to leave, and Jeff Fillmore learned a valuable lesson about spousal relationships.

Some things you just can't put a price on. M

ABOUT THE AUTHOR

Donald S. Smurthwaite has worked in public communications and as a freelance writer for nearly thirty years. He resides in Billings, Montana, and is the author of six LDS novels. When something needs repairing around the house, he knows exactly what to do: He asks his wife to fix it. Smurthwaite earned his BS in communications from BYU in 1977.

CAN YOU EVER GET OUT WHAT YOU PUT IN?

When homeowners consider remodeling with an eye toward resale, one question always needs to be asked—and answered.

Will we ever recover our investment or are we flushing dollars down the drain?

Paul Winans, owner of Winans Construction and current president of the National Association of the Remodeling Industry, thinks remodeling is generally worth the expense.

"It really depends on the homeowner," he says. "Homeowners should take a look at their lifestyles as they relate to their homes: how much time they spend there and whether they'd like to sell soon."

If you're thinking of remodeling as a way to inflate the value of your house, think again, says June Fletcher, the *Wall Street Journal* reporter who recently authored *House Poor: Pumped Up Prices, Rising Rates, and Mortgages on Steroids*, published by HarperCollins.

"Remodeling projects rarely bring you 100 percent return on your investment, but they can be worth it if they bring your house up to neighborhood standards," she says.

About one million homeowners a year take on a remodeling project. According to the *Wall Street Journal*, remodeling has blossomed into a $230 billion a year industry.

There are some helps when considering a remodel. One of the best is the annual Cost vs. Value Report, issued by Hanley-Wood, publishers of *Remodeling* and *REALTOR* magazines.

In the latest Cost vs. Value Report, the top-value remodeling projects were a minor remodel of the kitchen (average job cost $15,273 with the average resale value of $14,195 for a 92.9 percent return); siding replacement (average cost $6,946, average resale value $6,445 for a 92.8 percent return); and a mid-range bathroom remodel (average cost $9,861, average resale value $8,887 for a 90.1 percent resale value).

On the lower end of remodeling values are sunrooms (a 70.8 percent return upon resale); a basement remodel (76.1 percent resale value); and a major remodel of an upscale bedroom (77.6 percent return).

It's important to acknowledge that there are many variables, including costs for materials, labor, quality of the finished product, local real estate conditions, and the value of the home itself. But if you're looking for general trends in remodeling, the Cost vs. Value Report is a good place to start. Copies may be purchased by sending an email to dwarfel@reprintbuyer.com.

Fletcher also says it's a good idea to literally do your homework.

"Call references to see how homeowners liked working with the remodeler, whether the job was completed on time and to their satisfaction, and whether they'd hire the same company again," she advises.

"It's a home," says Marianne Thelin, a real estate agent in Portland, Oregon. "Some financial advisors will say you shouldn't count it as an investment. But it can be a bank account for you. You've got to be smart about it."

CYBERVEILLANCE:

A CASE STUDY IN WORKPLACE PRODUCTIVITY vs. PRIVACY

J. MELODY MURDOCK // ILLUSTRATION BY JON KRAUSE

Anxious to bid on the camera you've been eyeing on eBay? You might want to think twice before doing it at work. Chances are every digital move you make is being recorded—yes, even your instant messages. "Is that fair or even legal?" you ask. For now, surveillance is lawful in the workplace, but whether it's an ethical intrusion of employee privacy is still much debated.

BACKGROUND:

Technological advancements have long threatened the right to privacy. When photography and the printing press became a privacy concern, Supreme Court Justice Louis Brandeis and attorney Samuel Warren noted 116 years ago: "It has been found necessary from time to time to define anew the exact nature and extent of such [privacy] protection."[1] The already uneasy relationship between privacy and technology has become even more intense in the last decade. With the advent of the Internet, communication has never been more convenient—and tracking it has never been easier. Companies are quickly snatching up the newest cyberveillance software. Experts are not only wondering if they'll see a backlash from employees who want privacy and trust but also if business has once again reached a time when it's necessary to redefine the nature and extent of privacy protection.[2]

CURRENT SITUATION:

Employers are concerned about the increasing number of office hours being squandered online. And with statistics like these, why shouldn't they be? Forty-four percent of American workers consider web surfing their top workplace distraction, according to a recent study by Salary.com and America Online. The study revealed that employees spend an average of two work hours a day surfing the web, costing U.S. companies an estimated $759 billion a year in wasted salaries.[3]

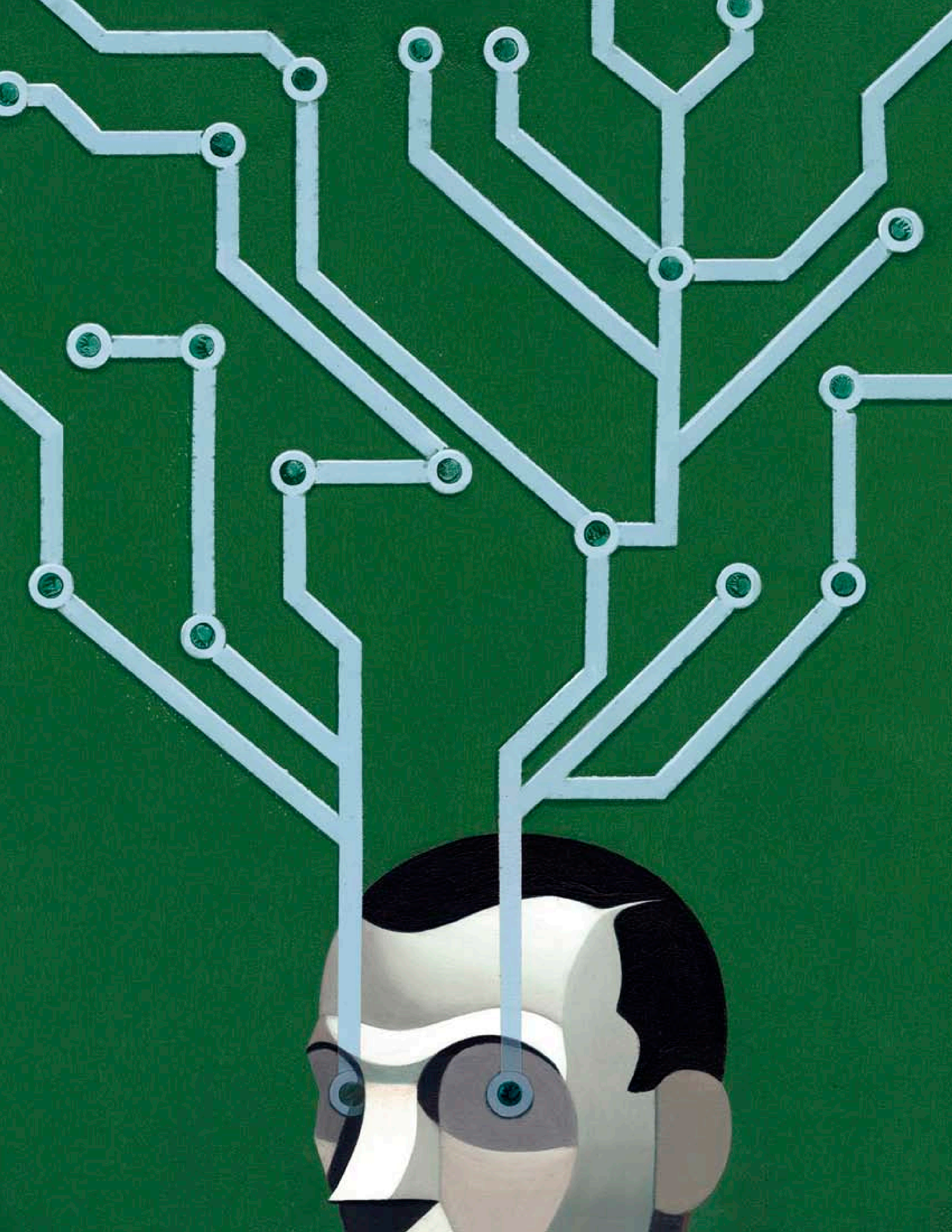
With numbers like that, it isn't surprising that 76 percent of employers are now monitoring employees' web site connections, according to a report by the American Management Association (AMA) and the ePolicy Institute.[4] Computer monitoring takes various forms including tracking content, keystrokes, keywords, and time spent at the keyboard. Most companies are tracking all of the these, and more than half are actually reviewing the data and storing it.

In addition to spyware software, many employers have developed or revamped their e-technology policies as a result of a growing concern about litigation and the role of electronic evidence in lawsuits. The AMA report shows a majority of companies have email and Internet usage policies, nearly half have instant messenger policies, and one-third have blogging policies. But despite the increase in policies and the fact that most companies tell employees they are being monitored, at least twenty-five percent of employers have fired someone for misusing the Internet or email.

GLOBAL BANKING LTD. CASE:

This is a hypothetical case study developed by Marriott School Professor Jeffrey A. Thompson and colleagues.[5]

Global Banking Ltd. is a one-hundred-year-old American company with offices worldwide. Specializing in retail banking and financial services, Global is a well-managed, relatively fast-paced bank with a culture that inspires employee loyalty and trust. In the most recent fiscal year, the company reported assets in excess of $50 billion. Global credits their success to their utilization of the best people and technology in the world.



Bank executives are considering installing software on their global intranet that will monitor every employee's computer activity, both online and offline. In essence, they would be monitoring every message sent, every web site visited, every file formatted, and every key stroked, even if the employee never stored the data. The bank wants to know if installing the software will prove to be a productivity booster or a morale buster.

OPTION 1: GAUGE EMPLOYEE RESPONSE, THEN PROCEED ACCORDINGLY

Before making a decision about installing surveillance software, Global could conduct a survey to gauge how their employees would respond to being monitored. Because Global has offices in regions around the world, this approach could be especially useful to get an idea how individual cultures would react to cyberveillance. However, Global should only choose this option if they are willing to proceed in either direction according to the responses they receive. The following memo is an example of how CEO B. J. Murphy could approach this issue:

To: Geographic division managers
From: B. J. Murphy
Re: Monitoring software

Recently, I saw a survey by the American Management Association that reported increasing corporate use of sanctions against violators of their rules on computer use. Twenty-six percent of the companies surveyed said they have dismissed employees for misuse or personal use of telecommunications equipment. Almost three-quarters of U.S. companies now have monitoring software.

While I am not an alarmist, nor do I believe that we have a serious problem at this time, I have spoken with representatives of several firms that make monitoring software a practice. They assure me that it is quite easy to maintain. However, before I proceed, I wanted to get your reactions to installing this software. For example,

- *How do you think employees in your culture will feel about being monitored?*
- *Should we tell employees we are doing this and, if so, what policy statement ideas do you have for presenting this to all employees?*
- *What about our company culture? Does this kind of surveillance damage our strong reputation for loyalty and trust?*
- *Would you recommend proceeding? And if so, how should we implement?*

I would appreciate hearing your reactions to these issues at our next meeting. Please come prepared to discuss these issues and, in particular, "local" issues as they relate to your culture. I am quite confident, given each of your special talents, that you can develop recommendations that will benefit our shareholders and our employees. I look forward to your recommendations.[6]

OPTION 2: PROCEED WITH MONITORING

Global may decide opening up the discussion is too risky. They know if they receive negative feedback to monitoring and still move forward, the outcome could be worse than if they had never asked for input at all. In this scenario, Global would make the executive decision that it is in the best interest of the company to implement surveillance software. Global hopes that monitoring would prevent employees from sharing company secrets, harassing other workers, committing fraud, and wasting time.

If Global's U.S. employees are following suit with the rest of America, they're spending at least a quarter of their work day on non-work-related activities such as web surfing, emailing, blogging, or instant messaging. Even worse, some employees could be visiting pornographic sites or sending inappropriate emails—risking sexual harassment lawsuits. It wasn't long ago that Xerox fired forty employees for visiting pornographic web sites; *The New York Times* fired twenty-three employees for spending most of their work day at gambling and porn sites.[7] Although less offensive, e-commerce sites also lure plenty of nine-to-five traffic their way. With faster connections at work than at home, employees often end up multitasking, or "multislacking," at work—planning vacations, ordering clothes and gifts, playing video games, checking out sports, and day trading. Charles Schwab & Co. report that as many as 70 percent of their clientele manage their online trading from their office desks.[8]

In addition to increasing productivity, cyberveillance would also serve as a legal protection for Global. "Cooking the books" wouldn't be as easy with e-records. With the recent wave of fraud, government regulation has actually mandated some companies to e-monitor. The SEC requires more than eight thousand securities dealers to keep electronic records of instant messages for at least three years. Hospitals and insurance companies are also required to preserve all e-communications related to a patient's health.[9] With monitoring measures in place, Global may not only be able to weed out unethical employees but also prove their own or an employee's innocence.

Pointing out the benefits of monitoring to Global employees would increase the odds of getting a positive response. Experts agree that companies should always disclose their surveillance. Often employees who are tired of their co-workers slacking while they work hard are relieved to see such measures put in place, even if it means giving up some privacy.

TOP TIME-WASTING ACTIVITIES

1	SURFING INTERNET (PERSONAL USE)	44.7%
2	SOCIALIZING WITH CO-WORKERS	23.4%
3	CONDUCTING PERSONAL BUSINESS	6.8%
4	SPACING OUT	3.9%
5	RUNNING ERRANDS OFF-PREMISES	3.1%
6	MAKING PERSONAL PHONE CALLS	2.3%
7	APPLYING FOR OTHER JOBS	1.3%
8	PLANNING PERSONAL EVENTS	1.0%
9	ARRIVING LATE / LEAVING EARLY	1.0%
10	OTHER	12.5%

(SOURCE: WWW.SALARY.COM)

OPTION 3: CHOOSE NOT TO MONITOR

Although there are numerous benefits to installing surveillance software, Global may decide they don't outweigh the costs. The cornerstones of their company are loyalty and trust—what does it say about their level of trust if they monitor their employees' every move? Global credits their success to hiring the best people in the world—a message that may lose credibility if they implement e-monitoring.

Experts say that e-monitoring often dehumanizes the workplace; reduces employee control and job satisfaction; and increases stress, fatigue, tension, irritability, and headaches. Some scholars even doubt that computer monitoring is cost effective.[10] Opponents of cyberveillance agree that employees do spend some work time on personal computer activities, but they also point out that the lines between home and work are blurred. Employees are working longer hours and allowing work to come home with them, so it's only fair that a little bit of personal life seep into work. And although it seems clear that employees should not be paid for their non-essential computer activities, it doesn't necessarily give employers the right to intercept, collect, and review information from innocent use—especially if it occurs during non-paid portions of the workday.[11]

While respecting their employees' rights to privacy in the workplace, Global may also be protecting them from the abuses of monitoring. In the wrong manager's hands, cyberveillance could be dangerous. Employees want to know who is monitoring the monitor. Spyware is so advanced that not only can every keystroke be recorded, but with the click of a button a manager can see any employee's screen in live time. If an employee makes a quick online purchase, his or her credit card number just became company information. Those doing the monitoring could use content to embarrass employees, get even with them, steal their ideas, or covertly evaluate their performance.[12]

Some academics say this new technology is the realization of a prediction by Brandeis and Warren: "Recent inventions and business methods call attention to the next step which must be taken for the protection of the person . . . the right 'to be let alone.' Numerous mechanical devices threaten to make good the prediction that 'what is whispered in the closet shall be proclaimed from the housetops.'"[13]

TOP TIME-WASTING EXCUSES

1	DON'T HAVE ENOUGH WORK TO DO	33.2%
2	UNDERPAID FOR AMOUNT OF WORK	23.4%
3	CO-WORKERS DISTRACT ME	14.7%
4	NOT ENOUGH AFTER-WORK TIME	12.0%
5	OTHER	16.7%

(SOURCE: WWW.SALARY.COM)

Employee advocates hope that laws to help protect employees will eventually catch up to spyware technology. By choosing this option, Global decides to go against the trend, because e-monitoring is not a cultural fit. For now, they'll revise their Internet policies and put off using the software until they see a serious problem or concern.

EPILOGUE

No matter which option Global chooses, they'll find it's nearly impossible to strike a perfect balance between legitimate business interests in workplace efficiency and equally legitimate interests in workplace privacy. But there are some measures they can take that will benefit both the bank and its employees.

Regardless of whether they use e-monitoring software, they can develop and communicate clear guidelines and policies explaining in detail what is and isn't acceptable. The bank should be reasonable and respectful of its employees' needs and time, recognizing that an overworked employee has earned a few minutes of downtime during work hours.

If employers do feel e-monitoring is necessary, they could look for software that is less invasive to employee privacy, such as those that block inappropriate web sites and look for suspicious keywords only in emails and instant messages. When implementing new policies or software, the company should always notify employees in advance.

Finally, although it's easier said than done, the bank should strive to hire employees they can trust. If Global employees live up to their reputation of being the best in the business, cyberveillance won't be a productivity booster or morale buster—it will simply be unnecessary.

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ABOUT THE AUTHOR

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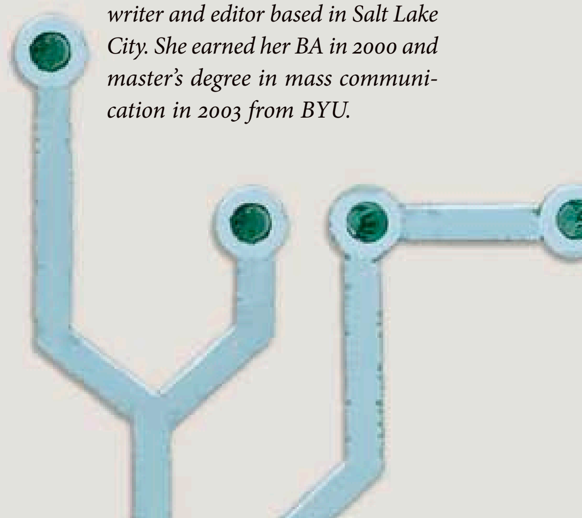

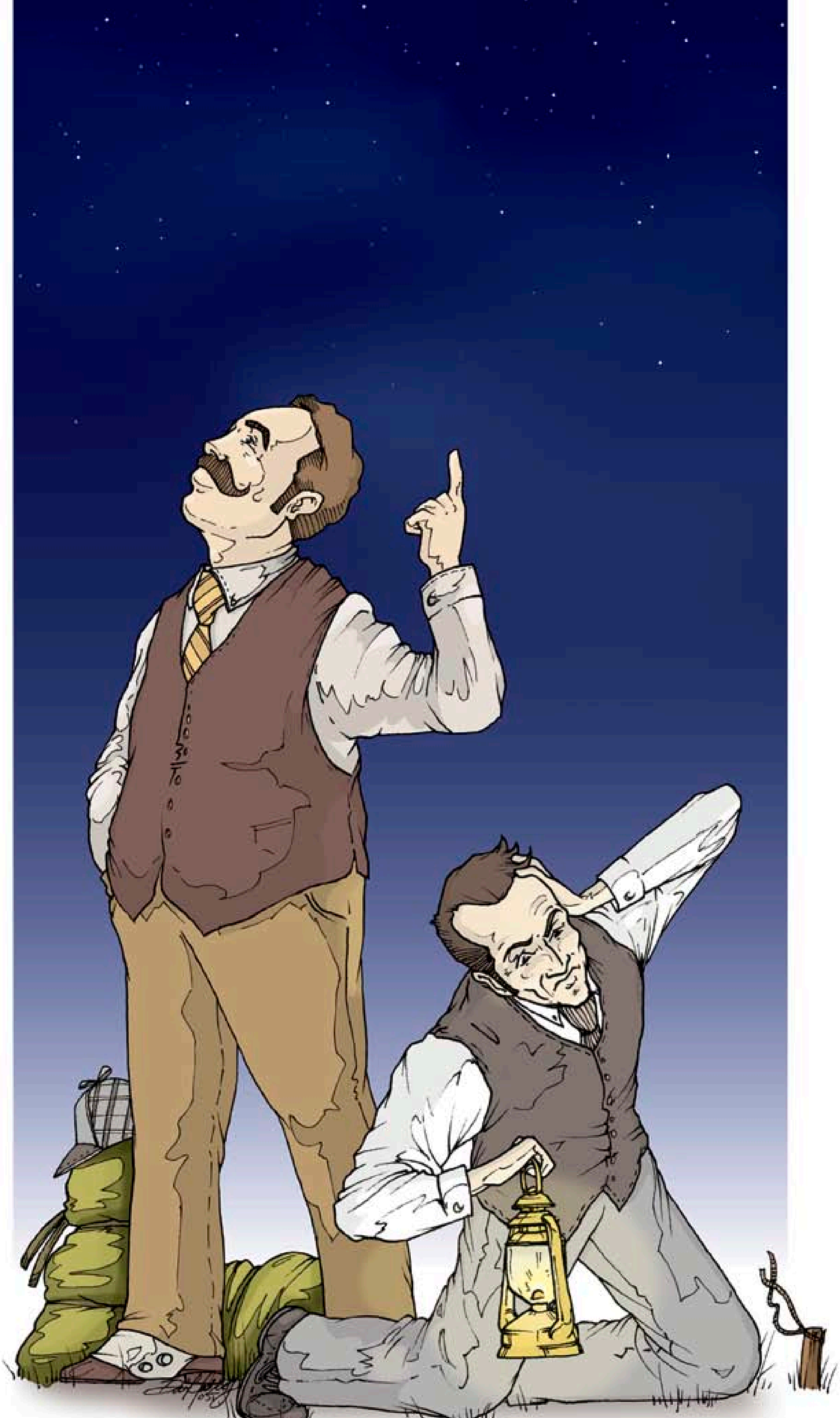

Keep Your Eyes on the STARS, *Your Feet on the* GROUND, *and Don't Forget the* TENT

by Kay Atkinson King / illustration by David Habben

I am truly honored and delighted to be here with you on this joyous occasion. This ceremony is called commencement because you are about to commence, or begin, the next stage in your lives. Up to this point most of what you have done is prepare.

As you set out into the world, make choices, and take a specific path, will you wisely use the knowledge and training you have acquired at BYU and throughout your life thus far? Will you keep your focus on the important things in life?

I want to share a story with you.

Literary sleuth Sherlock Holmes and his trusty sidekick, Dr. Watson, were on a camping trip. They pitched their tent, unrolled their sleeping bags, fixed dinner, and then, after a good meal and a chat around the campfire, went to bed. In the middle of the night, Holmes awoke and nudged his faithful friend.

"Watson, look up and tell me what you see."

Watson replied, "I see millions and millions of stars," rubbing the sleep out of his eyes.

"What does that tell you?" Holmes questioned.

Watson pondered for a minute.

"Astronomically, it tells me that there are millions of galaxies and potentially billions of planets.

"Astrologically, I observe that Saturn is in Leo.

"Horologically, I deduce that the time is approximately a quarter past three.

"Theologically, I can see that God is all powerful and that we are small and insignificant.

"Meteorologically, I suspect that we will have a beautiful day tomorrow.

"What does it tell you, Holmes?"

Holmes was silent for a minute, then spoke.

"Watson, you fool! Someone has stolen our tent!"

President Theodore Roosevelt once counseled, "Keep your eyes on the stars and your feet on the ground."[1] To that I would add, and don't forget to watch the tent! These are three essential elements in your future that I would like to focus on as you begin this new phase of your life: the stars, the ground, and the tent.

The stars are your goals and aspirations—the possibilities open to you.

The ground is your beliefs, values, and character—your foundation and who you really are.

The tent is your family and friends—those you protect and support, and those who support you.

All three are important as you go forward to make the critical decisions that all of us face in our lives.

Keep Your Eyes on the Stars

As you face the choices ahead of you, remember to keep your goals and aspirations clear. The stars are a most appropriate symbol for our ambitions, our objectives, and our aims. Before we had the global positioning system (GPS) or a compass to guide our way, our ancestors navigated by the stars—particularly by the North Star, the Polar Star, because it is constant and immovable in the night sky.

American poet Robert Frost had a wonderful way of expressing this in his poem "Choose Something Like a Star."[2] He wrote:

So when at times the mob is sway'd
To carry praise or blame too far,
We may choose something like a star
To stay our minds on and be staid.

Remember when you choose your direction, keep your mind on your eternal goals—your stars—as your guiding principles to hold you steady.

Keep Your Feet on the Ground

As you start your careers, remember the composition of the soil you stand on—who you are and what you believe. Keep yourself firmly grounded in the values and ideals Latter-day Saints accept. Do not sell out your integrity for ambition or advancement. We have seen far too many negative examples in the last decade—businesspeople and politicians who have lied or fudged the facts to hide failings of personal morals or financial losses. Your honesty and integrity are the most valuable assets you bring to any career. Do not throw them away. Keep true to the values you have learned as a Church member and BYU student. We all remember the story of the foolish man who built his house on the sand of loose morals and improper planning. Be the wise person who carefully plans a solid, righteous foundation.

Remember, even the smallest, seemingly insignificant choices, can determine who you are and what you will become, so keep your feet firmly planted on the ground.

Don't Forget to Watch the Tent

One reason I like the Sherlock Holmes story is the image of the tent—what better symbol of the family? In his work on the Book of Mormon, BYU Professor Hugh Nibley devotes considerable time to Nephi's comment: "My father dwelt in a tent."[3] Nibley writes, "The tent is the family hearth, the common bond and something of the incarnation of the family."[4]

AS YOU FACE THE CHOICES AHEAD OF YOU, REMEMBER TO KEEP YOUR GOALS AND ASPIRATIONS CLEAR.

As Latter-day Saints, we are committed to the family. Do not permit your career to take precedence over your family. There will be times when you will have to be away for business travel or to complete an urgent project that requires extra effort. But at the same time, make sure you devote to your family the effort, energy, and time necessary to be a success in the home.

And remember, time is an important part of that success. Do not be taken in by the myth that so-called "quality time" with the family can compensate for too little time with the family.

Clayton Christensen, a member of the Church who studies failing businesses, notes an analogy between troubled companies and troubled families.[5]

The question, he says, is what produces the greatest reward: "Do I work this weekend or spend it with the family?" Working extra hours for additional reward may bring in extra money for the mortgage or for the children's college fund. Can't that be seen as helping the family? Taking the children camping or to the park has a tangible cost in lost income. The benefits are more distant and diffuse.

Investment in our careers has an immediate and visible impact—I got the contract; I made the sale; I got the promotion. But time invested in a relationship with your spouse or an evening baking cookies or playing games with your five-year old does not have a publicly visible, tangible reward.

Because of this, Christensen says, "We subconsciously underinvest in our families."[6] Remember that investments in your family—in your relationship with your spouse and leadership for your children—have eternal rewards and eternal consequences.

As President David O. McKay said, "No other success can compensate for failure in the home."[7]

If you keep your eyes on the stars, feet on the ground, and watch the tent, does this mean that life will be easy, that choices will all be clear and simple, that conflict and difficulty will not arise? Unfortunately, no. While you are watching the stars, you may stumble or trip. While keeping your feet on the ground, you may step in mud or something worse. And a strong wind might threaten to blow the tent away. You will face difficult decisions and challenges. But such tests are the purpose of our lives.

My Experiences

I want to share with you some of my personal experiences with watching the stars, the ground, and the tent.

When my husband and I met in Boston and were married, we were both completing PhDs—his in international relations and mine in linguistics. When he finished, his best job offer was in Germany. Mine was an offer to do research at Stanford. We had choices to make. Because of my beliefs, values, and spiritual guidance, the choice was easy for me. I wanted to have a family, and it made the most sense for me to hold off on my career.

While raising our children, I tried to keep a hand in my academic field on a part-time basis. I taught at BYU one summer and part time at the University of Maryland, but quit to give birth to our third son.

Keeping up in the field of linguistics

proved difficult with three very active boys and four major moves. It was not easy to compete against colleagues in my field who worked full time for many years while I was a full-time mother. In choosing to put my linguistics career on hold, I had chosen to give it up.

I worked very hard to earn that degree, and I was quite successful in my field before marrying and moving to Germany. Was I sorry for the choice I made? Not at all. My husband, my children, and now my grandchildren were, and are, the most important things in my life.

Eventually I did get an opportunity to have a second career—working for the United States House of Representatives. When the job was offered, my first reaction was that I didn't have the right college degree.

In considering whether I could shift careers and work for Congress, I realized that many of the skills I had honed in college and after were transferable—like writing, conducting research, and making critical analysis. Although I did not have a degree in government, I had served in student government in college. I had always kept up with current events, and many experiences from Church callings were also helpful. Since my new job dealt heavily with international relations, my linguistics background, time in Europe, and extensive travel gave me a greater understanding of cultures, ideas, and issues.

Much of what we know comes not just from our formal education but also from our life's experiences and knowledge we obtain beyond the classroom. William Butler Yeats is reputed to have said, "Education is not the filling of a pail, but the lighting of a fire."[8] Learning must be an active and passionate pursuit of knowledge, not just the passive accumulation of information.

Even though you have earned your degree, your life's education is not complete. I hope the education you received at BYU has ignited the love of learning and the passion for knowledge that will continue burning throughout your life.

As you begin this new phase of your life, you will have to be flexible and patient in balancing career and family. My life's experience is a verification of one of my favorite scriptures, the counsel we are given in Ecclesiastes 3:1: "To every thing there is a season, and a time to every purpose under the heaven." Finding the season and purpose may require spacing goals with tasks in life.

Does this mean that everyone should do exactly what I did? Of course not; we are all different, and our circumstances will not be the same. Unfortunately, some choices will have to be made by necessity, not by desire.

REMEMBER THAT INVESTMENTS IN YOUR FAMILY HAVE ETERNAL REWARDS AND ETERNAL CONSEQUENCES.

Each couple must work out decisions affecting their family together and with the help of the Lord. One size does not fit all.

You may be thinking, "Kay King is an unusual case." I suspect that many of you who think you know exactly what you will be doing in your future, may be in for a surprise. You never know how things are going to work out.

The days of graduating from college, working for the same company, and getting a gold watch after twenty-five years are long past. A recent Department of Labor survey reported that workers—both men and women—had an average of ten different jobs by the time they were forty years old.[9]

Your future may involve change and challenges, but with the values and education you have acquired, you are well prepared to find great satisfaction and happiness.

If you keep your eyes on the stars, your feet on the ground, watch the tent, and seek spiritual guidance, you will be in a position to make the best decisions and take advantage of opportunities that will give you the greatest benefit from your education. You can then use that education to serve others and to achieve the goals that you and your Father in Heaven want you to achieve.

At BYU you have benefited from the character and reputation of the faculty and graduates before you. Now the reputation of BYU and the expectations of its graduates are in your hands; it depends on what you do from this point forward.

The world awaits you. As you go forward, remember the stars, the ground, and the tent.

Endnotes:

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About the Speaker

Kay Atkinson King, PhD, is senior Democratic policy advisor on the House International Relations Committee and previously was chief of staff to Congressman Richard Swett (New Hampshire). She has taught at numerous universities, including American University, University of Maryland, BYU, UCLA, and the University of Utah. King has also been on the research staff at MIT and Harvard. Currently she chairs the Washington, D.C., Chapter of the BYU Management Society and is on the Marriott School's National Advisory Council. She and her husband, Robert R. King, have three sons.

This article is adapted from King's Marriott School Convocation address 12 August 2005.

COMMEMORATING 30 YEARS

Byron Bronk posed retrotech for this spring 1987 cover.

CHECKING EVERY WORD

Catching misplaced commas, modifiers, and apostrophes takes a scrupulous eye. For three decades, Byron Bronk has read every word printed in this award-winning alumni magazine. Not a small task when you con-

sider he's outlasted eight editors, four deans, and four BYU basketball coaches.

"I've been proud to be involved with a publication devoted to business ethics and sound management principles," says Bronk, who joined BYU in 1976. "The moral focus of the Marriott School has been a large part of what has made my professional career so satisfying and fulfilling."

Bronk was singled out for the position when the business school's alumni magazine—then called *Exchange*—started about the same time he did. BYU Publications and Graphics Director Norman Darais knew Bronk had earned a business minor in addition to a journalism graduate degree at the University of Utah. Bronk earned his undergraduate degree at BYU and served as editor of *Y News*, the university's internal newsletter, for seventeen years. He also spent a few years as special sections editor for the *Deseret News* and *The Salt Lake Tribune* before returning to BYU.

But life isn't all about red pens and style guides for Bronk, who tinkers not only with words but also machines. He's the owner of a 1913 Model T Ford and a 1908 Oldsmobile—cars so rare that driving them is a risk rarely taken. Bronk is also a bluegrass performer—a hobby that helped him through college.

"I'm hoping to be reading Marriott School publications from the perspective of a retiree one of these days," Bronk admits. "My Model T is running great, but the transmission of the 1908 Oldsmobile is stuck in second gear, so there's that to deal with. We'll see what happens when I get there."

SAVING FOR RETIREMENT

Stashing cash may be ok for a rainy day, but it's not a particularly wise idea for retirement. To ensure a good night's sleep, you'll want to do some sound planning for the future.

BY ROBERT M. HAYNIE | PHOTOGRAPHY BY BRADLEY SLADE

5

This is the fifth and final installment of a five-part personal financial planning series sponsored by the H. Taylor Peery Institute of Financial Services.

On 14 August 1935, the Social Security bill was signed by President Franklin D. Roosevelt. This law was meant to provide a financial security system for every American but was never meant to cover every need. Life expectancy was also much lower in 1935 than it is today, so people did not have as many retirement years to plan for. It is, therefore, incumbent on all adults to prepare for the years when they must rely on their savings to augment what Social Security provides.

Successful savings is one key to a retirement free from financial concerns. Savings and retirement planning are closely linked. While you can save for any financial objective, retirement planning should be your largest financial objective. It is a larger objective than saving for a house, car, or mission because it lasts longer and is critical to your well being in the years when you no longer generate an income.

The key to retirement planning is to carefully assess your current lifestyle so you can accurately project your retirement needs and establish a retirement savings goal. Once you have done this, take advantage of retirement accounts that qualify for special tax treatment to maximize your returns on a tax-deferred or tax-free basis.

CALCULATIONS

There are four steps to calculating your retirement needs:

1. Determine your current lifestyle expenses,
2. Project expenses in the first and subsequent years of retirement using a conservative inflation rate,
3. Project and document how much after-tax retirement income you expect between Social Security, pension, and other resources, and
4. Calculate each year's deficit and the net present value of the stream of annual deficits during your retirement years.

Step 1: Monitor Spending During Your Working Years

Spending can be easily monitored: Microsoft Money, Intuit's Quicken, or other budgeting and money management software programs allow you to precisely record expenditures. Alternatively, you can simply write down what you spend. Figure 1 provides a format to summarize your annual expenditures. You can either complete a worksheet manually or use a spreadsheet program.

Consider your retirement aspirations. Maybe you want to serve a mission, travel the world, or regularly visit children and grandchildren. As best you can, envision that retirement lifestyle and monetize those desires. You know roughly what you would have to pay today for these activities. You also know what obligations you have now that will not be required in retirement. Once this is done, apply an annual conservative percentage inflation factor of 3.5 percent or 4 percent for every year until you retire. This calculated amount is now your goal for the year you retire. See Figure 2.

Step 2: Project Retirement Expenses

For years subsequent to retirement, continue to apply the inflation factor using a spreadsheet approach until you cover the years you expect to live. Once you have determined the amount needed for each year of your remaining life following your working years, you can calculate the present value of that stream of payments to determine the lump sum needed at the time you retire. See Figure 3, Goal 1. An Excel spreadsheet will accomplish this task nicely using its future value ("FV") and present value ("PV") self-explanatory functions. You can also calculate the annual savings amount needed during your remaining working years using the payment ("PMT") function.

Step 3: Project Retirement Income

Retirement income sources will reduce the lump sum you need at retirement. You may have a "defined benefit" pension from your employment. This means the amount you receive during your retirement years is defined during your working years. Some employers provide an annual projection of what you can expect from pension payments when you retire. This would come typically in an annual summary, which outlines your total benefit package. Providing this benefit summary is not mandated by law, but many employers do so as a courtesy to their employees.

There is also Social Security. The Social Security Administration will provide

FIGURE 1: LIFESTYLE EXPENDITURE SUMMARY

INCOME					
Date	**After-Tax Deposit (1)**	**Mortgage**	**Ppty. taxes**	**Contributions**	**Food**
Oct-05	5,000	1,200	250	850	125 85 75
Nov-05	5,000	1,200	250	850	95 90 85
Dec-05	5,000	1,200	250	850	135 50 90
Totals	15,000	3,600	750	2,550	830
Avg./Month	5,000	1,200	250	850	277

you with a free projection of your Social Security benefits if you were to retire. This projection can be obtained by either calling 800-772-1213 or by requesting the statement online at www.socialsecurity.gov. In 1999, the Social Security Administration started sending annual statements to workers twenty-five or older about three months prior to their birthday.

Most likely, the combination of defined benefit pension and Social Security benefits will not be adequate. You are responsible to provide the rest. Providing a lump sum is not as daunting if you start a savings plan early in your career. It is much more challenging if you start later in your working life.

Step 4: Calculate Your Retirement Deficit (using numbers from Figures 1, 2, and 3)

Suppose you are forty years old and spending $48,000 per year after taxes on lifestyle expenses. This $48,000 includes $14,400 per year for mortgage payments on your home, and $33,600 per year on non-mortgage expenses, or $2,800 per month.

Let's also assume that you plan to retire at sixty-five, and statistically you should live to age eighty-five. Using a 3.5 percent inflation factor and 1 percent for contributions, this $2,800 per month now will be $5,698 per month the year you retire. Let's say your projected after-tax Social Security benefit is $2,000 per month. Combine this with your after-tax pension benefit of $3,500 per month and you would have $5,500 per month. To maintain your current lifestyle, with your mortgage paid off and preserving $200,000 in today's dollars as a cushion/inheritance, you need to provide $198 per month from other sources to fill this gap—your first retirement year deficit.

This amount can be generated from sources that today are either in taxable accounts (accounts on which the earnings—interest and dividends—are currently taxable), or from accounts that are "defined contribution" savings vehicles. Income tax laws allow tax-deferred buildup on these accounts during your working years. With defined contribution accounts you pay no income tax on any account earnings until you withdraw the funds, and any after-tax contributions to the accounts are exempt from further taxation either while invested in the accounts or when withdrawn.

Figure 3 elaborates on this example and projects subsequent retirement year deficits. Assuming your mortgage will be paid off five years following retirement, you will need approximately $582,000 in savings to generate annual earnings at an after-tax investment rate of 6 percent to fund the annual inflated $17,000 approximate deficit in the first year of retirement, see Goal 2. Starting from a zero balance at age forty, your savings would need to be about $11,000 per year until you retire at sixty-five. Without considering pension and Social Security, you would need approximately $1.3 million. (Note that lifestyle adjustments may be appropriate in older years because spending needs generally decrease with age.)

TAX-DEFERRED SAVINGS OR DEFINED CONTRIBUTION ACCOUNTS

Investment accounts are in two broad categories: 1) taxable accounts, meaning that the

EXPENSE CATEGORIES

Wellness	Grooming	Gifts	Clothing	Gas	Insurance	Utilities	Vacation	Savings (2)	Misc. (3)	Total
300	35		100	200	250	200	20	1,000	550	5,080
80	35					55	60			315
						30				105
										-
300	35	80	125	180		250	185	50		3,600
50	40					60				240
45						30				160
										-
300	35	250	175	200		275	100	750	650	5,170
45	65					50				210
						30				120
										-
1,120	245	330	400	580	250	980	365	1,800	1,200	15,000
373	82	110	133	193	83	327	122	600	400	5,000

Notes: (1) Assumes tax withholding from salary will cover all income tax requirements (2) Savings for retirement purposes and other general savings needs, not used for lifestyle projections (3) Savings for major purchases, such as new cars, not used for lifestyle projections earnings—interest and dividends—are currently taxable, and 2) tax-deferred accounts.

Tax-deferred accounts are those that, under the tax law, are not charged income tax on earnings before any withdrawals are made. However, once funds are withdrawn, those funds are subject to income tax.[1] The government's intent with this type of account is to allow a buildup in the balance through regular contributions during the working life of the owner, without having to pay income tax on the earnings and possibly on a portion of the contributed amounts.

The amount you place in a tax-deferred account is a defined amount. Thus, these are labeled "defined contribution" accounts. Retirement benefits from these accounts are not defined up-front, but depend on the success of the investments. When retirement occurs, a lower level of income would put the account owner in a lower tax bracket, and any withdrawals from the account at that time would be taxed at a lower rate. The objectives are to fund retirement income and minimize the income tax burden, in return for government-encouraged buildup of individual savings. This allows the entire principal amount in the account to earn during a person's working years, rather than to be reduced through income tax payments. More money will be earning a return and therefore more earnings will accrue for retirement.

Taxable withdrawals from tax-deferred savings accounts during the retirement years can affect portfolio depreciation. If you need to withdraw a given amount to support your lifestyle and that amount is taxable, you will need to withdraw a larger amount than you need in order to pay taxes on the withdrawal. Continually withdrawing taxable amounts will reduce the size of your portfolio faster over time than by making tax-exempt withdrawals.

Individual Retirement Accounts (IRAs)

Under current 2006 law, regular (traditional) Individual Retirement Accounts allow investors to save up to $4,000 per year or $5,000 if they have turned at least fifty by the end of the contribution year. A portion and possibly all of the contribution may be deductible from your taxable income.

Deductibility is based on income—the higher the income, the lower the deduction—and whether you or your spouse participate in an employer-sponsored retirement plan. Both spouses can make IRA contributions, but a separate account for each must be established. IRAs are owned individually. There is no co-mingling of funds allowed by the tax law between IRA accounts of a married couple. Withdrawals prior to age 59½ exact a penalty tax, calculated under current law to be 10 percent of the taxable amount withdrawn in a particular year, unless an exception applies.

One exception to this withdrawal rule exists if you are withdrawing a substantially equivalent amount each year (at least annually) over your life expectancy or the joint life expectancy of you and a beneficiary. If this exception is followed, there is no penalty for early withdrawal of IRA funds.[2] Once withdrawals begin—and they must begin on or before 1 April of the year following the year the taxpayer reaches age 70½—the amount withdrawn each year must be calculated according to a formula prescribed in the law.

Traditional IRA withdrawals are subject to income tax. All earnings are taxable as are deductible contributions. The following example illustrates:

Suppose your IRA account balance was $450,000, built over the years from three sources:

1. Deductible contributions of $100,000,
2. After-tax (taxable) nondeductible contributions (the tax was paid before you made the contribution) of $250,000, and
3. Tax-deferred earnings of $100,000.

Income tax has never been paid on the first ($100,000) and third ($100,000) sources. As you withdraw money from the IRA after you turn 59½, the law requires that you pay ordinary income tax on 1 and 3 (tax on $200,000).

Nondeductible contributions to your second IRA source ($250,000) allow part of any IRA distribution from that account to be excludable from income tax according to a taxable/non-taxable formula.[3]

IRA accounts can be invested generally in cash and marketable securities such as stocks, bonds, and mutual funds, but not in collectibles with the exception of some minted precious metal coins.[4] Annuities from insurance companies are also eligible IRA investments but life insurance is not. Banks and brokerage firms are the main purveyors of IRAs and often define the investment options available as certain mutual funds, or provide the investor self-directed IRA investment options. Only some IRA custodians allow real estate (excluding a real estate investment trust—REIT—or through some other readily marketable vehicle) partnerships and operating businesses as IRA investments.

THE KEY TO RETIREMENT SAVINGS IS DISCIPLINE AND REGULARITY. REGULARLY PUT ASIDE A CERTAIN AMOUNT OF YOUR INCOME IN A RETIREMENT FUND.

FIGURE 2: LIFESTYLE EXPENSES IN FIRST YEAR OF RETIREMENT

Expense Category	Monthly Cost in Today's Dollars	Annual Cost in Today's Dollars	Annual Inflation Rate	Years until Retirement	Cost in First Year of Retirement: Monthly W/out Mortgage	Annual W/out Mortgage	Annual With Mortgage
Mortgage	$ 1,200	$ 14,400	0.00%	25	$ -	$ -	$ 14,400
Ppty. taxes	250	3,000	3.50%	25	591	7,090	7,090
Contributions	850	10,200	1.00%	25	1,090	13,081	13,081
Food	277	3,320	3.50%	25	654	7,846	7,846
Wellness	373	4,480	3.50%	25	882	10,587	10,587
Grooming	82	980	3.50%	25	193	2,316	2,316
Gifts	110	1,320	3.50%	25	260	3,119	3,119
Clothing	133	1,600	3.50%	25	315	3,781	3,781
Gas	193	2,320	3.50%	25	457	5,483	5,483
Insurance	83	1,000	3.50%	25	197	2,363	2,363
Utilities	327	3,920	3.50%	25	772	9,264	9,264
Vacation	122	1,460	3.50%	25	288	3,450	3,450
Total Lifestyle Expenses	**$4,000**	**$48,000**			**$5,698**	**$ 68,381**	**$ 82,781**
After-Tax Retirement Income							
Pension					$ 3,500	$42,000	$42,000
Social Security					$ 2,000	$24,000	$24,000
Total Income					**$5,500**	**$66,000**	**$66,000**
Lifestyle Expenses Exceeding Income in First Year of Retirement					**$ 198**	**$ 2,381**	**$ 16,781**

Roth Individual Retirement Accounts (Roth IRAs)

Roth IRAs differ from regular IRAs in three important respects:

- Roth IRA contributions are never tax deductible.
- There is no minimum withdrawal requirement each year after attaining age 70½ as there is with regular IRAs.
- Earnings are tax free, so no income tax is due upon withdrawal of the funds as long as the owner is at least 59½ and the account is at least five years old.

All other IRA provisions are generally the same with Roth IRAs as with regular IRAs. It is possible to convert a traditional IRA to a Roth IRA but the tax on any untaxed portion of the traditional IRA balance must be paid in the process. There are also specific income requirements of the IRA owner to consider.[5]

401(k) Plans

These plans are employer-sponsored and are eligible for employer contributions that match the employee contributions to an extent defined by the sponsor. Under 2006 law, $15,000 per year can be contributed by the employee to these plans ($20,000 if the employee has turned fifty by the end of the contribution year). Some employers match employee contributions to a certain extent.

The same minimum withdrawal rules that apply to IRAs also apply to 401(k) plans. Deposited funds can be withdrawn, depending on the terms of the plan, after age 59½ or termination of employment. Distributions from a 401(k) plan, other than "required minimum distributions" for orderly withdrawal, can be rolled over into a new 401(k) account or IRA. Co-mingling 401(k) balances is discouraged as it does not allow the preservation of benefits associated with "pure" IRAs.

Beginning in 2006, participants in 401(k) plans will be able to designate certain plan contributions as Roth contributions. Roth contributions are after-tax contributions that will grow tax deferred and never be subject to further income tax beyond what has already been paid. Unlike Roth IRAs, there are minimum withdrawal requirements after age 70½, but these can be avoided by rolling the Roth 401(k) into a Roth IRA.

403(b) Plans

403(b), or Tax Sheltered Annuity, plans are similar to 401(k) plans except sponsors are employers who are tax-exempt organizations. Examples of tax-exempt organizations are school districts, colleges/universities, religious organizations, and charities. If you work for any of these, you may have a 403(b) plan instead of a 401(k) plan. There are some differences between these two types of plans, but they function similarly.

Small Business Owner Plans

For small business owners, there are other retirement plan possibilities that qualify for special tax treatment under the Internal Revenue Code. Some of these plans are SIMPLE, KEOGH, SEP, and 412(i). If you are a small business owner or otherwise self-employed, it is useful to explore the different options available.

The key to retirement savings is discipline and regularity. Assuming your earnings keep pace with inflation, setting aside a fixed percentage of your earnings for savings is a much better plan than saving a fixed amount each year; as your salary increases exceed inflation, you have the opportunity to save larger amounts.

MONITORING YOUR RETIREMENT PLAN

It is important to regularly measure the amount saved by comparing the saved amount to a projected need. The purpose is to determine if your retirement funding is on target. If you are underfunded, you must make up the difference before retirement, postpone the date of your retirement, or accept a lower level of income upon retirement.

Monitoring consists of comparing your retirement savings balance with a calculated progress balance. For example, if you had projected that you needed to save $500,000 by the time you retire and you have been able to save $10,000 per year

FIGURE 3: RETIREMENT PROJECTIONS

Expense Category	Annual Inflation Rate	Cost in First Year of Retirement	Other Retirement Years						W/Future Value of Inheritance
			2	3	4	5	10	20	
Mortgage	0.00%	$ 14,400	$ 14,400	$ 14,400	$ 14,400	$ 14,400	$ -	$ -	
Ppty. taxes	3.50%	7,090	7,338	7,595	7,861	8,136	9,663	13,630	
Contributions	1.00%	13,081	13,212	13,344	13,477	13,612	14,306	15,803	
Food	3.50%	7,846	8,121	8,405	8,699	9,003	10,693	15,084	
Wellness	3.50%	10,587	10,958	11,341	11,738	12,149	14,429	20,354	
Grooming	3.50%	2,316	2,397	2,481	2,568	2,658	3,156	4,452	
Gifts	3.50%	3,119	3,229	3,342	3,459	3,580	4,252	5,997	
Clothing	3.50%	3,781	3,914	4,051	4,192	4,339	5,153	7,269	
Gas	3.50%	5,483	5,675	5,873	6,079	6,292	7,472	10,541	
Insurance	3.50%	2,363	2,446	2,532	2,620	2,712	3,221	4,543	
Utilities	3.50%	9,264	9,588	9,924	10,271	10,631	12,626	17,810	
Vacation	3.50%	3,450	3,571	3,696	3,825	3,959	4,702	6,633	
Total Lifestyle Expenses (1)		**$ 82,781**	**$84,847**	**$ 86,982**	**$89,189**	**$ 91,470**	**$89,674**	**$ 122,117**	**$ 940,472**
After-Tax Income Category (excluding investment income)									
Pension (assuming no inflation-protected payments)		$42,000	$42,000	$42,000	$ 42,000	$42,000	$ 42,000	$ 42,000	
Social Security (assuming no inflation-protected payments)		$24,000	$24,000	$24,000	$ 24,000	$24,000	$ 24,000	$ 24,000	
Total Income		**$66,000**	**$66,000**	**$66,000**	**$ 66,000**	**$66,000**	**$66,000**	**$66,000**	
Expenses Exceeding Income in Retirement Years (2)		**$16,781**	**$18,847**	**$20,982**	**$ 23,189**	**$ 25,470**	**$ 23,674**	**$ 56,117**	**$ 940,472**

Goal (1) Net Present Value without Income Categories $1,339,002 considering an after-tax investment rate of 6% and including an inheritance/cushion left in today's dollars of $200,000, which is $940,472 in future dollars 45 years later (25 working years plus 20 retirement years)

Goal (2) Net Present Value considering Income Categories $581,987 and including an inheritance/cushion left in today's dollars of $200,000 (Net present value of all future years' lifestyle expenses exceeding income)

Annual Savings (over 25 years) Needed to Meet Goal (2) $10,608

Note: Years 6-9 and 11-19 have been suppressed from the analysis to save space, though they are considered in the present value calculations.

for ten years, a comparison of the current savings balance with the balance needed to meet your goal is very helpful.

Seeing this comparison will help you decide whether or not you need to increase the rate of your savings. Saving $10,000 at the end of each year for ten years has produced $100,000 of contributions. In addition, your savings has accrued $25,779 in earnings over ten years (using a 5 percent compounded earnings rate, after tax). Your total account balance today is $125,779 after you have paid the income tax on the earnings. If you have twenty more years until your retirement, keeping the same savings pace of $10,000 per year while earning the same 5 percent after-tax return will make your goal. In fact, you will exceed your goal, accumulating more than $664,000.

On the other hand, if you have only ten years until retirement, chances are that you will not make your goal without increasing the amount you save each year or increasing the earnings rate. Assuming this account is taxable and you are able to net a 6 percent return per year after taxes instead of 5 percent, your account balance in ten years would only be $357,059. By increasing your savings each year to $15,000 from $10,000 and using a 6 percent return after taxes, your account balance would still only be $422,963. To meet your $500,000 goal in ten years, you would need to save $20,845 per year, earning 6 percent after income taxes have been paid each year. This kind of fine tuning is helpful if you monitor your account balance and compare it to your goal at retirement.

AT THE END OF THE DAY, IT IS NOT AVERAGE RETURNS THAT ARE SUCCESSFUL IN HELPING YOU REACH YOUR RETIREMENT GOALS, BUT CONSISTENT RETURNS.

INVESTMENT RETURNS

Average investment returns have been used for the calculations throughout this article. However, the key to saving for a comfortable retirement is not only calculating the amount needed and monitoring your progress, but achieving consistent investment returns.

Investment returns are not distributed evenly over years. In fact, the sequence of returns achieved can have a dramatic impact on your money lasting through your retirement years. Higher returns received in the early years of retirement withdrawals, when there are higher overall invested balances, will achieve better portfolio performance over time than if lower returns are received in the early years. At the end of the day, it is not average returns that are successful in helping you reach your retirement goals, but consistent returns.

A method that has been proven to produce more consistent returns over time involves selection of a portfolio that adequately diversifies your risk, using various asset classes with measured correlations to each other.

CONCLUSION

Building a financial plan is important for your economic well-being in retirement, but saving just for savings' sake is like driving without a map or shooting without a target. By carefully planning and providing for your needs, then monitoring your progress as life changes occur, your savings will become meaningful and useful as you reach retirement and other financial goals. M

NOTES:

1. Except with Roth IRAs—see Roth IRA discussion.
2. See Ernst & Young Tax Guide 2006, p. 279–280.
3. See Ernst & Young Tax Guide 2006, p. 276.
4. See Internal Revenue Code, Section 408(m)(3).
5. See Ernst & Young Tax Guide 2006, p. 273.

This brief summary of planning ideas is for discussion purposes only. It does not contain legal, tax, investment, or insurance advice and cannot be relied upon for implementation and/or protection from penalties. Always consult with your independent attorney, tax advisor, investment manager, and insurance agent for final recommendations before changing or implementing any financial, tax, or estate planning strategy.

ABOUT THE AUTHOR

In 2002, Robert M. Haynie was recognized by Worth *magazine as one of the top 250 financial advisors in America, and in 2005 he was named one of America's best financial planners by Consumers' Research Council of America. Employed by Merrill Lynch in Seattle, Haynie is a Certified Financial Planner®, Certified Public Accountant/Personal Financial Specialist, and Certified Investment Management Analyst (CIMA®).*

Haynie is past president of the Puget Sound Chapter of the BYU Management Society, past board member of the University of Washington Gift and Estate Planning Council, and member of the Investment Management Consultants Association and the Personal Financial Planning Division of the American Institute of Certified Public Accountants.

For seven years, Haynie shared his expertise as a presenter at BYU's Education Week. He earned his MAcc from BYU in 1978. The contents of this article represent solely the views of the author and do not necessarily reflect the opinions of Merrill Lynch.

SCHOOL NEWS

BYU Accounting Programs Rise to Second in 2005 Rankings

Public Accounting Report, a top accounting trade publication, ranks Brigham Young University's undergraduate and graduate accounting programs second in their 2005 annual survey. Both programs moved up one spot from last year's rankings—marking the tenth consecutive year that the school's undergraduate and graduate programs have been among the top three in the nation.

"We are delighted with this recognition of the program," says **Kevin D. Stocks**, director of the School of Accountancy. "We believe we have a quality program with great students and a great faculty. It's gratifying to have this acknowledgement from our peers."

The rankings are based solely on a survey of accounting professors and department heads to determine the most admired undergraduate, graduate, and doctoral accounting programs in the country.

"Some of the contributors to our strong showing are undoubtedly the success of our pre-PhD program and the strength of our faculty," says **Ned C. Hill**, Marriott School dean. "We commend our wonderful students—both those going on for PhDs and those entering the workforce—for their strong values and professional skills."

This year's top-ranked undergraduate programs are University of Texas, BYU, University of Notre Dame, University of Southern California, and University of Illinois. The top master-level programs are: University of Texas, BYU, University of Illinois, University of Notre Dame, and University of Southern California. Twenty-five programs were ranked at the undergraduate, graduate, and doctoral levels.

2005 ACCOUNTING RANKINGS

UNDERGRAD	GRADUATE
1 Texas	1 Texas
2 BYU	2 BYU
3 Notre Dame	3 Illinois
4 USC	4 Notre Dame
5 Illinois	5 USC

Deans' Christmas Card Receives Top Honors

Since 1998, the Marriott School deans have taken a somewhat tongue-in-cheek approach to their annual Christmas cards. Over the years, the unique and often whimsical cards have generated significant attention. They were even featured in *BizEd* magazine, the official publication of the accrediting body AACSB International.

Last year the 2004 Christmas card, pictured above, won a gold award from the Council for Advancement and Support of Education (CASE). The first-place award in the Outstanding Communication, Special Print Material category was presented at the CASE District VII conference in San Francisco on 4 December. **Jon Woidka** designed the card, which competed with print materials from other colleges and universities in California, Arizona, Nevada, Hawaii, and Utah.

The card shows Dean **Ned C. Hill** placing a gold star on the top of a Christmas tree. When opened, Associate Dean **W. Steve Albrecht** and former Associate Dean **Lee T. Perry** are shown supporting Hill, very literally, in his efforts.

eBusiness Day Exhibits Technological Innovations

The fall eBusiness Day, themed "eGlobal: Connect Locally, Act Globally," demonstrated how the world is being connected through technology. The event was held 11 November.

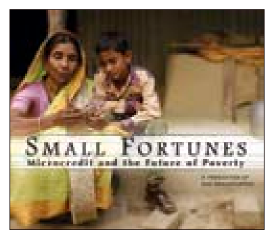
Two keynote speakers, Paul Allen and Josh James, elaborated on how people and organizations around the world are connecting via technology and the Internet. "You can learn anything and meet anyone using the power of technology," Allen says.

Allen is an entrepreneur who seeks to improve the world through business enterprises. He is founder of Infobases and MyFamily.com, on the Inc. 500 list of the "Fastest-Growing Private Companies" in the United States.

James, CEO and co-founder of Omniture, also spoke at eBusiness Day. Omniture is a privately held, $40 million business specializing in on-demand online marketing services. Omniture provides software that analyzes web site traffic to improve the effectiveness of companies' web sites. James has extensive experience as an entrepreneur, co-founding and managing three other high-tech companies before Omniture.

The semiannual eBusiness Day events give students and faculty a chance to become more involved with the electronic and technological business environment through seminars, workshops, and competitions.

Microcredit Documentary Airs Nationwide on Public Television



How much does it cost to start a small chicken farm in Kenya? How about beginning a handbag business in the Philippines or opening a small clothing shop in New York? *Small Fortunes: Microcredit and the Future of Poverty* is an hour-long documentary that discusses how microlending institutions are helping people escape poverty. The film premiered nationwide on PBS 27 October and continues to be rebroadcast. To find out if the documentary will be rebroadcast in your area, go to www.small-fortunes.com, select local air times, and enter your zip code.

"Many people don't understand how microcredit works," says **Todd Manwaring**, director of the BYU Center for Economic Self-Reliance. "The documentary explains how microcredit is impacting people's lives, who it's helping, and how."

Directed by award-winning filmmakers Sterling Van Wagenen and Matt Whitaker, the documentary is a production of BYU Broadcasting in conjunction with the Center for Economic Self-Reliance and Angel Partners.

Microcredit is the granting of small business loans, often less than $100, to people who start their own microenterprises. Many of these loans are given in underdeveloped countries where a little money can go a long way. Whether it's starting a buffalo milk business, selling tortillas, or weaving cloth, most borrowers are able to pay back their loans while keeping enough profits to reinvest in their businesses, homes, and children.

Today, there are an estimated one hundred million women and men using the microlending services of more than three thousand microfinance institutions. The documentary looks at how several of these institutions function.

STUDENT NEWS

J Dawgs Founder Wins 2005 Student Entrepreneur Competition

A hot dog stand doesn't quite sound like a business about to take over the world. But with the kind of attention J Dawgs is getting, especially after winning the 2005 BYU Entrepreneur of the Year competition, the little hot dog stand just south of campus has its sights set on becoming one of the big dogs.

Unlike most entrepreneurs that require tens of thousands of dollars to get their ideas off the ground, J Dawgs owner Jayson Edwards started his business with only $900 he received after selling his favorite guitar. Edwards broke even in two weeks, and in the last three months, J Dawgs grossed more than $41,000. Edwards is now looking at opening a second location.

Though the menu at J Dawgs isn't very extensive—consisting only of hot dogs and drinks—hungry customers continue to get in line. But what impressed the judges even more than J Dawgs popularity were Edwards' market strategy, humorous personality, and selfless attitude.

The fourteenth annual Student Entrepreneur of the Year competition offered winners more than $40,000 in cash and in-kind services from supporters of the Center for Entrepreneurship. Second place was awarded to Dan Hill with Back Road Events and third place went to Kara Forrest with Provo Fro-Yo.

Making an Impact, One Cow at a Time

What started as a group project on poverty in the Business Management Suite course evolved into a newfound feeling of responsibility and commitment for those involved with the assignment.

While discussing ethics and poverty awareness during the 2005 summer term class, one group mentioned an organization called Heifer International. Heifer is dedicated to alleviating hunger and poverty by donating livestock to impoverished families and teaching people across the world about agriculture.

"We felt like we should do something as opposed to just developing a theory," says group member **Tom Bevan**. "Heifer isn't just a handout. It puts things into practice and changes lives."

Bevan, who earned his BS in finance in 2005, said the class was very receptive to the ideals of Heifer. During their presentation, the group raised more than $150 in donations from the class. The money was used to purchase a goat for $120 and the rest of the donations went to buy shares of other animals.

Since 1944, Heifer International has worked to "bring help, healing, and hope to millions of impoverished families worldwide." Seven million families received help from the nonprofit organization since its inception. Each purchase from Heifer represents a contribution to the entire mission of the organization.

MBA in *Wall Street Journal* Top Ten for Second Consecutive Year

The Top Business Schools

THE JOURNAL REPORT

BACK ON TOP

The Wall Street Journal has for the second consecutive year placed the Marriott School's MBA program in the top ten among smaller (regional) programs worldwide. The school ranked sixth in 2005 and was fifth in 2004. BYU moved up among schools listed for excellence in accountancy to fourth and retained its second place standing, behind Yale, as the best place to hire graduates with high ethical standards.

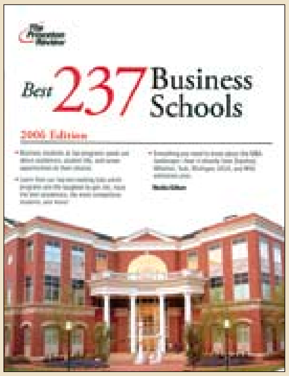
"We know these rankings can sometimes be fickle masters, but we're pleased that our students are so well regarded by recruiters who know them well," says **Dean Ned C. Hill**. "Our students come with a unique background shaped by faithful parents and fostered by character-building experiences and leadership opportunities such as missions. Combine that with excellent faculty, a strong MBA program, and the nurturing environment of BYU, and it's no wonder organizations love our graduates."

This is the fifth year *The Wall Street Journal* has evaluated MBA programs around the world. More than three thousand recruiters who hire full-time business school graduates participated in the 2005 survey. Recruiters evaluated schools on three components. Equal weight was given to perceptions of the school and its students, the likelihood of recruiting and hiring at the school in the future, and mass appeal—the total number of participating recruiters who recruit at the school.

The top ten regional schools for 2005 are: Purdue University, Michigan State University, Ohio State University, Thunderbird, IPADE, BYU, Wake Forest University, University of Denver, Tecnologico de Monterrey, and University of Miami. The top ten national schools for 2005 are: Dartmouth College; University of Michigan; Carnegie Mellon University; Northwestern University; Yale; University of Pennsylvania; University of California, Berkeley; Columbia University; University of North Carolina, Chapel Hill; and University of Southern California.

The list of schools eligible for the rankings came from the Association to Advance Collegiate Schools of Business and discussions with MBA recruiting experts. Only 265 schools met the *Journal's* rating requirements. Of those, seventy-six schools were ranked.

Marriott School Named "Most Family-Friendly" by The Princeton Review



The 2006 edition of The Princeton Review's *Best 237 Business Schools* named BYU's Marriott School the nation's "Most Family-Friendly" business school.

"This should come as no surprise," says **Jim Stice**, MBA director. "Since our goals and objectives of the MBA program are aligned with those of the Church, it is our responsibility and commitment to be family-friendly."

The "Most Family-Friendly" ranking is based on a student assessment of how happy married students are, how helpful the school is to students with children, and how much the school does for the spouses of students.

"Being recognized in this area is another indication that our MBA Spouses Association is second to none," Stice continues. "They ensure that the spouses of our MBA students are aware of and involved in the education process. With the high demands of a nationally ranked MBA program, the Spouses Association provides a great support network through challenging times."

The rankings are based on Princeton Review's surveys of sixteen thousand business school students. The surveys are made up of seventy-nine multiple-choice questions and seven free-response questions. Surveys were conducted primarily online during the 2004–05 and 2003–04 academic years.

"They have a slightly different stance on taking care of people," says group member **Derek Keller**. "But it's shown to have had a huge impact on the lives of the needy."

Before distributing any animals, Heifer representatives live and work in the area for months and sometimes years to train the locals and prepare a detailed assessment of the situation. By doing so, the measures taken have the "best chance of sustained and systemic success" within the community.

For example, a dairy cow can increase a farmer's income from $40 to as much as $400 per year in Tanzania. A single dairy goat can produce one ton of milk each year. And with the help of a water buffalo, a farmer can plant rice and potatoes four times faster than by hand, haul heavy loads to the market, and get up to six liters of milk a day.

"The research process was pretty eye-opening," Bevan says. "Amongst so many insincere organizations out there, Heifer is definitely an organization I feel comfortable donating to."

Rubber Hits the Road for BYU Accounting Students

Roughly 250 Marriott School accounting students participated in the campus' first Pit Crew Challenge, sponsored by PricewaterhouseCoopers. The team-building event, held last September, took place in parking lots on BYU's campus.

The challenge divided the students into seven-member pit crews. After brief instructions about their responsibilities, it was time for a pit stop.

"This is not about the race car," says Bob Parker, facilitator of The Pit Crew Challenge. "This is about working together as a team."

Parker has spent seventeen years training top company executives, and began using the pit crew analogy four years ago to illustrate the importance of teamwork and depending on others.

Marriott School Associate Professor **Scott Hobson**, who attended Parker's challenge last June in New Jersey, says working in teams to change tires is more difficult than it seems. It took some teams about ten times longer than professional pit crews.

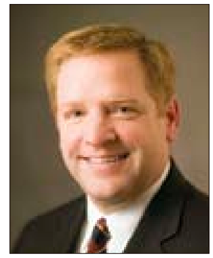
"It is total chaos during your first attempt," Hobson explains. "There's a noisy car, and everyone is yelling at each other."

Because disarray can occur in study groups at the Marriott School, Hobson says the challenge is an exercise that teaches group leadership dynamics. He hopes the students apply what they learned as a pit crew to work effectively and accomplish objectives as teams at BYU.

FACULTY NEWS

Accounting Professor to Help Set National Auditing Standards

The American Institute of Certified Public Accountants appointed Marriott School Professor **Douglas Prawitt** to its Auditing Standards Board. The board consists of



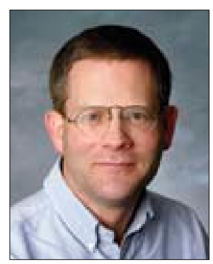
nineteen members who set auditing standards for private companies, nonprofit organizations, as well as state and local governments.

Under the Committee of Sponsoring Organizations, of which the AICPA is a member, Prawitt chaired the Small Business Guidance Task Force subgroups dealing with risk assessment, control activities, and information-technology issues.

Prawitt joined the Marriott School faculty in 1993. In 2002, he received the Merrill J. Bateman Student Choice Teaching Award and in 2001 was recognized with the University Young Scholar Fellowship Award. He has also published more than twenty articles and given some thirty presentations across the country.

Prawitt graduated summa cum laude from Brigham Young University with his MAcc. He later earned a PhD in business from the University of Arizona in Tucson.

Corporate Philanthropy Adds to Shareholder Wealth, Says Marriott School Study



Google's announcement in October that it has earmarked $265 million of the money raised in its public stock offering for charity resurrects a longstanding debate over whether or not companies should be involved in philanthropic efforts.

And although detractors contend that money spent on charity should go back into shareholders' pockets, a new study in the *Academy of Management Review* by a Marriott School professor argues that a track record of corporate giving protects a company much like an insurance policy, adding to overall value and shielding shareholders' investments in the event of misfortune.

"Bad things happen to every company, even the best companies," says **Paul Godfrey**, an associate professor of strategy. "And just like a business with fire insurance is more valuable than one without it, businesses that have earned a reputation for being generous through acts of philanthropy are given the benefit of the doubt when negative events occur."

When accidents happen, lawsuits are filed, or harmful news coverage creeps out, shareholders, customers, and industry regulators often question if managers are looking out for anyone but themselves, Godfrey says. If a company has demonstrated its character through philanthropic giving and community outreach efforts, such criticism may be tempered.

"The stock price will rebound more quickly, management won't be viewed as harshly, fines will be less, boycotts may be shorter," Godfrey says. "And to a shareholder, that's valuable."

Intangible relationship-based assets, which can be worth millions to a company and its shareholders, are often the very assets that receive the most benefit from philanthropic efforts in the event of misfortune, he says.

"Part of the reason that people have had such a hard time seeing the justification for corporate giving is that they don't see any extra revenue being generated from the expense," Godfrey says. "What I argue in my paper is that they should look at it more like reputation insurance."

NEW FACULTY SPOTLIGHTS

As associate teaching professor, **Cassy Budd** teaches audit in the Accounting Junior Core and teaches two other courses in the graduate program. Budd earned her BS in accountancy from BYU in 1990 and MAcc from Utah State University in 2002.

Before coming to the Marriott School, Budd worked for PricewaterhouseCoopers from 1990 to 2001. She served as audit manager, director of human resources, and director of recruiting. She also taught at Utah State University from 2002 to 2005.

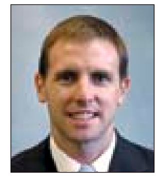
Claudina Vargas is visiting assistant professor of operations management at the Marriott School. She attended the Universidad Complutense de Madrid, Spain, where she studied economics. Following, she earned an MA in economics from California State University at Long Beach, an MS in industrial engineering from the University of Iowa, and PhD in industrial engineering and systems engineering from the University of Iowa in 2002.

Vargas was previously an assistant professor of operations management at Niagara University College of Business Administration.

Jerald Nelson is a visiting associate professor in the Business Management Department and serves as mentor-in-residence for the Center for Entrepreneurship. Before coming to BYU, Nelson spent most of his career in the business world. In 1972, he worked for both TWA and US Industries in the areas of market research, budgeting, and financial analysis. As a consultant for DRI, he worked with such Fortune 500 companies as General Foods, GTE, Pitney Bowes, and Xerox.

Nelson was also a commissioned lieutenant in the U.S. Army. He earned a PhD in economics from North Carolina State University in 1974 and a BA from the University of Utah in 1967.

For two years **John B. Bingham** taught organizational behavior and international management at Texas A&M as a doctoral student. Before entering the academic world, he

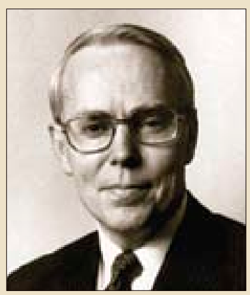


worked for several years as a new business development manager for an Internet/communications firm and also started two small entrepreneurial ventures in Salt Lake City.

Bingham earned his undergraduate degree in Spanish and master's degree in parks recreation and tourism from the University of Utah. He completed his studies in August 2005 with a PhD in management from Texas A&M University. Bingham is an assistant professor of organizational leadership and strategy.

Lawrence C. Walters comes back to BYU as professor of public policy analysis and management in the Romney Institute of Public Management. Walters returns after serving as MPA director at George

Adjunct Faculty Member Dies



BYU lost a great educator on 25 September 2005 as **Weston Eyring Edwards** passed away at the age of seventy-one due to complications with pneumonia and a short battle with cancer.

Even after graduating from BYU at the age of nineteen and going on to graduate at the top of his class from the Harvard Business School, many remember him more for his family devotion than his scholarly achievements.

"Weston was an extremely hardworking man with a very demanding career," said Jeroldeen Edwards, his wife of fifty-one years. "But he made a decision as a young man to devote himself to his family's well-being. Everything he did was family oriented."

All of Edwards' family members, except two grandchildren currently serving missions, attended the funeral services held on 28 September. Also in attendance were Elder Robert D. Hales, a close family friend, and Elder Henry B. Eyring, a cousin. All who gave remarks at the services recalled many fond memories such as Edwards' religious zeal, family fidelity, and adventurous attitude.

After graduating from BYU, Edwards moved to Dayton, Ohio, where he achieved the rank of captain in the U.S. Air Force in just two years. Edwards and his wife spent the next five years in Boston, where he graduated from Harvard Business School. In the years that followed, Edwards worked in locations across the United States, becoming a nationally renowned consultant in real estate and mortgages.

"He was a great man and a great friend of BYU," said **Grant McQueen**, professor of finance. "He gave so much to the university in professorships and scholarships. But equally important was the time he volunteered teaching. As an industry professional, he had so much knowledge and experience to share."

After serving a mission with his wife in Johannesburg, South Africa, Edwards came back to BYU, where he worked for the past three years as an adjunct professor teaching a homeownership class. He had seen how easy it is to make mistakes after going through the home-buying process with all twelve of his children, Jeroldeen said. That is why he continually received thank-you letters from students who had taken his course.

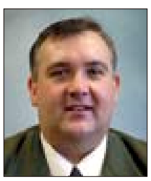
"He was a gentleman, always professional and considerate," said **Michael Swenson**, Business Department Chair. "He always had a deep concern for students."

Mason University in Fairfax, Virginia, from 2001 to 2005. Walters also served as director of the MPA and Executive MPA programs at Brigham Young University from 1995 to 1999.

He earned his BA in public policy analysis from BYU in 1981 and a PhD in public policy analysis from the University of Pennsylvania in 1986.

In addition to being a professor of international business, **Lee A. Daniels** is CEO and managing partner of Daniels Capital, LLC. Daniels Capital is an investment company that makes private equity investments. Daniels is also the chairman of Telecom 5, a Utah-based telecommunications company.

Daniels earned a BS in finance from BYU in 1981 and a master's in international business from Sophia University in 1990. He also completed the executive development program at the Kellogg School of Management at Northwestern University.



Nick Ball is assistant professor in the Information Systems Department. His industry experience includes three years with the management of information systems at Anderson Lumber.

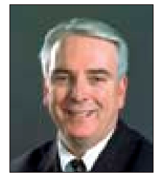
Ball earned his MBA from Idaho State University and later headed to the Twin Cities to attend the University of Minnesota. There he became a research and teaching assistant until he earned his PhD in 2005.

Ron S. Lindorf started his teaching career at BYU in the Communications Department from 1995 to 1996. By the time he took his next teaching position at BYU—Hawaii, he was founder and chair of Western Wats, Inc., the nation's largest data collection and survey research processing house. He was also founder and chairman of Humanovoice, Inc., which provides advanced CRM outsource services and call center analytics to Fortune 500 clients.

Winter Semester 2005 Lindorf returned to BYU, where he taught an entrepreneurial course. He is now a teaching professor for the Entrepreneurship Center. Lindorf earned his BA and MA in communications from BYU in 1982 and 1991, respectively.

Teppo Felin is assistant professor of organizational leadership and strategy. After serving in the Finnish Army, Felin came to BYU, where he earned his BA in history and his MBA. Following graduation he went on to work for venture capital companies in Amman, Jordan, and Munich, Germany.

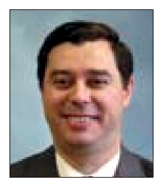
Felin later earned his PhD in strategic management and organizational theory from the University of Utah. Before teaching at BYU, Felin was visiting assistant professor at Emory University's Goizueta Business School in Atlanta from 2004 to 2005.



Tom Foster is associate professor of supply chain management. He has published in journals such as *Decision Sciences*, *Quality Management Journal*, and *International Journal of Production Research*. He was awarded the Instructional Innovation Award from the Decision Sciences Institute.

Foster serves on the editorial boards of the *Journal of Operations Management*, *Quality Management Journal*, and others. He is guest editor for a special issue of the *Journal of Operations Management* on supply chain quality and has twice served as an examiner for the Baldrige National Quality Award.

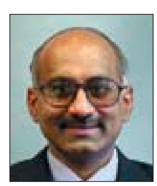
Foster earned his BS in operations and systems analysis from BYU in 1984 and an MBA and PhD from the University of Missouri—Columbia.



Wagner Damiani, PhD, is a visiting professor at the Marriott School. He teaches business intelligence and is faculty director for the spring 2006 South America Business Study Abroad.

Damiani continues to teach via videoconferencing as a professor at Escola de Administração de Empresas de São Paulo da Fundação Getulio Vargas in Brazil, a top-ranked business school in South America. He was also a visiting scholar at the University of Texas at Austin in 1995.

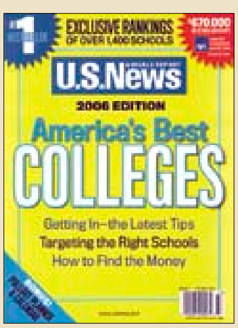
Damiani has consulted with some of the world's leading companies, such as American Express, Daimler-Chrysler, Ericson, Petrobras, Phillips, Renault, and Unilever.



For the past two years, **Ravi Ravichandran** has been teaching finance courses at the Indian School of Business in Hyderabad, India. He now teaches two courses at BYU as a visiting professor of finance.

Ravichandran earned his MBA from Virginia Tech University in 1982 and went on to earn a PhD in finance from the University of Iowa in 1986.

BYU 71st and Undergrad Business is 35th in *U.S.News & World Report*



Brigham Young University is ranked seventy-first in *U.S.News & World Report's* annual survey, "America's Best Colleges," with the Marriott School's undergraduate program ranked among the top fifty in "Best Business Programs," coming in at thirty-fifth.

The 29 August issue of *U.S.News & World Report* ranks about 1,400 four-year accredited colleges and universities by mission and region. BYU falls into the category of "national universities," which includes schools that offer a full range of undergraduate majors—plus master's and doctoral degrees.

In specialty categories, the Marriott School's accounting program was ranked eighth, and its international business program was ranked twenty-first.

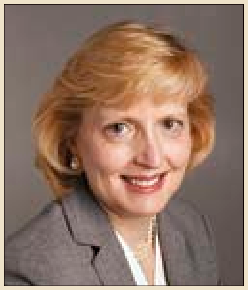
This year the university is also listed as twenty-second in the "Great Schools, Great Prices" category. Additionally, it is listed as thirteenth in the category of "Least Debt," which compares the average debt carried by departing graduates.

In overall rankings, Harvard and Princeton tied for first, followed by Yale and the University of Pennsylvania.

In addition to *U.S.News & World Report's* rankings, *Forbes* magazine released its rankings of "Best Business Schools," early in September. The Marriott School's MBA program ranked seventeenth in the category of "Top U.S. Business Schools."

ALUMNI NEWS

Alumna to Become the Highest-Ranking Female Dean in the United States



Alison Davis-Blake, senior associate dean for academic affairs at The University of Texas at Austin's McCombs School of Business, has been named dean of the Carlson School of Management at the University of Minnesota. When she begins her term at the Carlson School in July 2006, Davis-Blake will be the school's first female dean, as well as the highest-ranking female dean at any business school in the United States.

Davis-Blake says that her fifteen years at McCombs were full of valuable experiences. "During my time here, I have benefited enormously from my associations with the outstanding faculty, staff, and students at the McCombs School," she says. "I am a better scholar, educator, and administrator because of the counsel and example of the people I have met here."

Davis-Blake says her main focus is to carry out initiatives already underway, including a large undergraduate expansion. Enrollment at the Carlson School is currently 1,600 students with an 8 percent acceptance rate. Within the next three to four years, the school intends to accommodate more than 2,500 students. A second building to house the larger body of business students is expected to be completed in 2007.

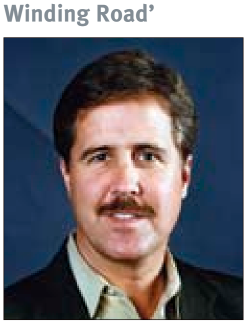
Davis-Blake also faces the task of recruiting a larger group of faculty. "We'll be expanding in the number of students and at the same time we may be losing many faculty members to retirement. We have a lot to do, and I'm very excited to play a role," she says.

After conducting an intensive search, Thomas Sullivan, Minnesota's senior vice president for academic affairs and provost, says Davis-Blake was the obvious choice. "We felt that Dean Davis-Blake brought the right kind of experience, leadership, and organizational skills we were looking for," Sullivan explains. "She came through early as the leading candidate and was selected unanimously. It was very clear from our references what a real star she is. We are absolutely delighted to have her with us, and we have full confidence she will be a very dynamic and successful dean."

As a native of the Twin Cities and already flying back and forth between universities, Davis-Blake expects the transition to dean will be a smooth one. And to further ensure an easy move, she signed a consulting agreement under which she will temporarily work with the interim co-deans on major initiatives.

Since graduating from BYU with an MOB in 1982 and earning a PhD in 1986, Davis-Blake has built a reputation as a solid educator. "The most important part is maintaining a strong moral center," she says. "All of your actions must be consistent with that."

Alumnus Explores 'A Long and Winding Road'



Richard B. Hutchins received the Marriott School's 2005 Honored Alumni Award.

Hutchins is a partner in the San Francisco office of Novogradac & Company LLP. He specializes in the taxation of closely held businesses and in low-income housing syndication. Before joining Novogradac, Hutchins worked as a senior tax manager with Ernst & Young LLP. He earned his MAcc with honors from BYU in 1984.

As he addressed faculty and students after receiving the award, Hutchins stressed the need for preparedness. "There have been so many twists and turns in my career that I would not have imagined," Hutchins said. "But I'm grateful for the influence of the Marriott School. It's blessed my life in many ways."

In an effort to return the favor to the university, Hutchins served as chair of the Marriott Alumni Board and on the Undergraduate Program Advisory Board. He currently serves on the School of Accountancy Advisory Board and mentors Marriott School students.

Relating his own college experience, Hutchins told of his struggle to complete his English minor. He recognized the importance of good writing skills and was determined to refine his own expertise. Before long, he had cultivated a proficiency in writing.

"Don't be afraid of your weaknesses," Hutchins advised. "All of us have them, but hard work can minimize those deficiencies."

In closing, Hutchins said, "When doing these things, what appears to be a long and winding road may actually become a straight and narrow path."

MANAGEMENT SOCIETY NEWS

Management Society Leaders Develop Vision Statement

During the annual Leadership Conference, held 29–30 September, BYU Management Society chapter officers set out to refine their focus. The Steering Committee, along with BYU staff, worked for several months to plan a conference that would teach even stronger and more effective strategies for society leaders.

"We knew we had a great heritage and a wonderful destiny, but we felt we had reached a plateau as an organization," said **Rixa Oman**, Management Society executive director.

During two sessions held prior to conference, the Management Society Steering Committee began a new strategic planning process with the help of Lee Donaldson, director of learning and development for the Church. At the conclusion of the conference, a new vision statement, "Growing moral and ethical leadership around the world," was created.

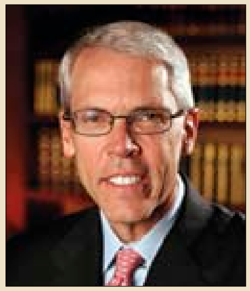
"Leadership is the greatest need for the Church to grow, especially in developing countries," Oman says.

The new vision defines a more focused purpose for the BYU Management Society as a leadership organization with deep moral and ethical values. While recognizing the society's, university's, and Church's worldwide influence, the committee would like to further discuss how to best utilize their resources to reach their target audiences.

The new vision statement also helped society leaders focus on the importance of naming and branding. The desire is to leverage the strength and power of the BYU brand. To do so, leaders decided individual chapters should be referred to as: The BYU Management Society—(location) Chapter.

As they look to the future, the society plans to continue elaborating on and refining their steps as they begin to move forward with a new vision.

CFO Explains Keys to Success



Good luck and great associates are what **Gary L. Crittenden**, executive vice president and chief financial officer of American Express Company, attributes much of his success to.

"I've been so fortunate to work with such great people throughout my career," Crittenden says. "I enjoy what I do because I enjoy who I work with."

Since taking the position in June 2000, Crittenden has served as a key advisor on strategic and financial matters worldwide, and he represents American Express to investors, lenders, and rating agencies. He also leads the Global Network Services business, which manages American Express' relationships with card-issuing business partners. The company has ninety-one partners in 106 countries around the world.

"I truly enjoy the financial part of business," Crittenden explains. "It's where it all comes together for the organization to go forward. This unique perspective of pulling it together is a lot of fun."

Additionally, Crittenden is a member of the American Express Global Leadership Team, the company's senior-most management group, and he serves on the board of directors of Staples and The TJX Companies.

Crittenden began his career in consulting at Bain & Company, where he worked on a range of strategic projects in the United States and Germany. Before joining American Express, Crittenden was chief financial officer of Monsanto and Sears, Roebuck & Company.

Running is one of the few hobbies he maintains after balancing his time between family, career, and Church, where he serves as president of the Yorktown, New York, Stake.

Crittenden earned his BS in management from Brigham Young University in 1976 and an MBA from Harvard University in 1979. He and his wife, Catherine, reside in New Canaan, Connecticut.

Established, Invigorated, and Newly Formed Chapters

Seated, Kay A. King. Standing, from left: Richard E. Marriott, Ken Jennings, and Robert W. Woodhead.

The Washington, D.C., Management Society Chapter will present **Kevin Rollins**, president and COO of Dell Computers, with this year's Distinguished Business Leader Award 8 April. The award is presented to accomplished LDS business leaders who exemplify the qualities espoused by the Marriott School.

Society leaders conducted a combined board of advisors and executive committee meeting in early 2005 to discuss and recommend potential recipients. The final decision was made by **Kay King**, chair of the board of advisors, and **Robert Woodhead**, chapter president. Though recipients do not have to be from Washington, D.C., more than half have served in the area during their careers.

"An important purpose of the gala is to raise scholarship funds to assist local students attending the Marriott School," Woodhead says. "Last year, the gala's silent auction raised $17,000 for the Marriott School Scholarship Endowment Fund."

The award—a bust of George Washington—is presented at the annual gala dinner, where the recipient is invited to speak. This year's event, scheduled for 8 April, will also feature guest speakers Larry King and his wife, Shawn. The theme will focus on the school's new vision of demonstrating moral and ethical leadership around the world.

In 2005, the Distinguished Business Leader Award was presented to **Richard Marriott**, chairman of Host Marriott, while *Jeopardy!* champion Ken Jennings received the Distinguished Service Award. Past recipients include: **Nolan Archibald**, chairman and CEO of Black & Decker, Jon M. Huntsman, Sr., chairman and CEO of Huntsman Chemical Corporation, and **Mitt Romney**, governor of Massachusetts.

The Atlanta Management Society has seen a good response after a period of reinvigoration. The first luncheon/speaker event was held in July, followed by one in September and another in November.

President **Kent Potter** says they are aiming for one meeting every two months. Additionally, they hope to have a date night or family-oriented activity once or twice a year. The first date-night event was held in January, when Tom Griffith, a recently confirmed judge of the D.C. Circuit Court, spoke. Griffith served as chief counsel to BYU, as well as chief counsel to the U.S. Senate during the impeachment trial of President Bill Clinton.

The newly formed Spokane chapter has already had one meeting with more to come. On 7 December Troy Romero addressed chapter members and on 11 January Dean **Ned C. Hill** spoke about ethics in business. Other speakers are planned as well as a golf tournament that will soon be announced.

The Spokane chapter now has a president, president elect, treasurer, membership director, and others helping to develop the web site and other communication efforts. The biggest challenge at this point, according to **Greg Howard**, chapter president, is getting the word out, getting organized, and finding a suitable location for meetings on a small budget.

"We still have a lot of work to do, but the future looks bright with the good people we have on board," Howard says.

A Landmark Year for the NYLDSPA

The New York LDS Professionals Association, a Management Society affiliate, held its fourth annual Benefit Banquet for Scholarships 14

October at the Marriott Marquis Hotel in Times Square. Program speakers focused on ethics and integrity.

Chapter President **Kimberley Stewart** called 2005 a landmark year for NYLDSPA and announced an increase in scholarship winners, from six in the previous year to twenty-four, totaling $30,000 in financial assistance. At the conclusion of her remarks, Stewart introduced the new NYLDSPA president, **Seth Wheeler**.

The program included impromptu remarks of gratitude from several 2005 scholarship winners, including an eleven-year-old college student, Dakota Killpack, who attends Middlesex County College in New Jersey. Last year's recipients were also featured in a video presentation. "I've started to find out a lot about who I am and who I want to be," said one winner. "Someone thought I was good enough to invest money in me."

Winners of NYLDSPA scholarships are students at universities including BYU, Boston College, Harvard University, University of Maryland, Purchase College, NYC College of Technology, and Queensborough Community College.

Olene S. Walker, former governor of Utah, offered keynote remarks. Walker, now a public affairs missionary serving with her husband in New York City, urged members to care about people, get involved, and think seriously about public service. She called NYLDSPA scholarship winners remarkable young people for continuing their education. "I hope many of you are dreaming the impossible dream of what you can do," Walker said.

Nevada Senator Harry Reid was presented with the Visionary Leadership Award for his outstanding service and example. The evening concluded with a silent auction to benefit Red Cross relief efforts for hurricane victims.

CLASS NOTES

1982

Wyman Roberts was recently named president of Maggiano's Little Italy restaurants. With sixteen years of experience in the food industry, Roberts held several positions including executive vice president of marketing for Red Lobster.

Roberts previously served as executive vice president and chief marketing officer for NBC's Universal Parks and Resorts. He replaces Mark Tormey, who helped launch Maggiano's in 1991 and who served as the concept's president since inception.

While attending BYU, Roberts earned his AAS in elementary education in 1981, a BS in finance in 1982, and an MBA in 1984.

1986

As CEO and chairman of FY International, **Jaime (Jim) Ernesto Fernandez** consults for public and private corporations throughout North and South America. He acts as an advisor for a number of local and international corporations in the process of corporate restructuring and reengineering.

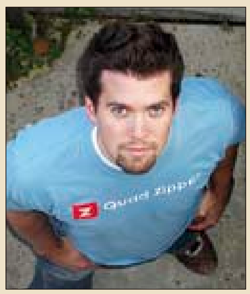
Throughout his career, Fernandez has worked with individuals and corporations in Latin America and Spain to formally organize investments in the United States and Canada.

Fernandez is also managing partner of Fernandez, Young & Associates, in Vancouver, British Columbia, where he and his wife, Carmen, live. He earned his MBA from BYU in 1986.

1989

In 2004 **Tim Stay** co-founded Tornado Alley, an online niche publisher. That same year, he was named to the v100 list of Utah Entrepreneurs, a list determined by top members

Grad's Entrepreneurial Skills Take Spotlight



It was just one of those days.

Nothing seemed to be going right for **Joshua Pace** and business partner Justin Marty, who were scrambling to get their video submission together for *Made in the U.S.A.*, an invention reality show.

"We worked all day and had to get it to the airport for the last mail pick up by 8 p.m.," recalls Pace, who heard about the opportunity the day of the deadline. "I had ten minutes to get to the airport, when this freak snowstorm started, and I thought I was going to get in a car accident. I pulled in just as they were closing up and ran out have them hold the shipment for our submission."

Pace and Marty were lobbying to have their invention, the Quad Zipper, be a contender on the U.S.A. Network's reality show, which aired last fall. Their product zips and unzips parallel rows of zippers to alter clothes, turning a sleeping bag into a walking suit or a jacket into a blanket, for example.

The high blood pressure Pace experienced while putting their application together paid off only three days later when he and Marty received a Friday night phone call with the invitation to bring their zipper to Los Angeles.

Out of the thousands of applications, Pace and Marty were chosen as one of the top six teams and lasted three rounds on the TV show. The duo spent two and one-half weeks filming the show in Los Angeles, being followed by a camera crew as they went through rounds of challenges and judging.

Pace says filming the show was a great, although sometimes nerve-wracking, experience. "I learned the dark secrets of reality TV. We signed a waiver that allowed them to film us or record our voices whenever they wanted to—it actually made me a little paranoid," he explains. "We were also coached to say certain things—they tried to antagonize us, and we didn't give it to them for the longest time. When we started to, those comments aired, and it made us look bad."

Upon graduating in 2000 with his BS in finance, Pace moved to California and worked for startup companies. He then moved to Salt Lake and created a video production business. He met Marty in 2002 and got involved in working on the Quad Zipper. Pace has also dabbled in screenwriting and is in the midst of developing and launching an online business.

Pace now plans to focus on his Internet business among his other entrepreneurial ventures. "I come from a family of lawyers and accountants, and it has taken my family a while to warm up to my entrepreneurship. But I'd just rather shoot for the stars and fail than wonder if I ever could have shot for the stars."

of the Utah business community. The entrepreneurs are ranked from a list of those likely to lead a successful venture in the next five to seven years, who have ties to the Utah region, and who are likely to become CEO/chief technology officer of a new venture.

Stay's entrepreneurship began in 1992 when he founded Marketing Ally, an inbound and outbound call center. It grew rapidly into a company boasting more than 1,200 employees in three call centers. After becoming one of the top fifty call centers in the nation, Stay decided to sell Marketing Alley in 2003.

In 2000, Stay also created a small business incubator called Bizcradle. This helped start businesses SenForce, HumanLink, and MeuGrupo-Brazil.

Stay earned his BS in civil engineering from BYU in 1986 and went on to earn his MBA from the Marriott School in 1989. In 2002, Stay earned a master's degree in international studies from BYU's Kennedy Center. He and his family reside in Orem, Utah.

Kip Twitchell, a managing consultant for IBM's Financial Services, was the 2005 recipient of the Patrick J. Quigley IV Memorial Award for his unique combination of strong technical skills, superior finance knowledge, and client-relationship skills.

The Patrick J. Quigley IV Memorial Award was created in 2002 to honor the memory of an IBM partner who was killed during the attacks of September 11. Each year, IBM recognizes a member of their practice who exemplifies qualities of dedication, persistence, loyalty, and integrity.

Twitchell, who has been with IBM for fifteen years, is currently working on a global finance transformation project for one of IBM's marquee banking clients.

Twitchell makes it a priority to contribute to his community. He co-founded and serves as CFO for the Staff of Life StoreHouse, a charitable organization that collects food and donations for needy families during the holiday season.

Twitchell earned his MAcc from BYU in 1989.

1990

After working for Deloitte and Touche in Orange County, California, **Joseph Todd Nemrow** moved back to Utah to work for

The Church of Jesus Christ of Latter-day Saints. He is a finance manager in the welfare department and is responsible for budgeting, financial analysis, and internal control for bishops' storehouses and canneries.

Nemrow earned his MAcc from the Marriott School in 1990. He and his wife, Paige, have four children and reside in Bountiful, Utah.

1994

Kate Ferrell Asbury's love of learning, sharing, and mountain climbing has taken her all over the world. As a mortgage loan officer with Idaho Banking Company, she works closely with realtors to generate business.

Prior to becoming a loan officer, she worked for several start-up marketing companies in the Seattle area.

But banking and marketing aren't Asbury's only passions. Luckily her career has taken her to places like Colorado and Utah where she was able to expand her mountain climbing skills in addition to climbing the corporate ladder. Though her time in Colorado was brief, she summitted ten of Colorado's tallest peaks before relocating to Salt Lake City.

Asbury earned her BS in finance from BYU in 1994. She and her husband, John, currently reside in Eagle, Idaho. They are expecting their first child.

1996

In 2003, **Andres Ayala** began working for Avance–Dallas, where he now serves as program manager. The company provides educational opportunities for low-income Hispanic families including: parenting education, adult basic education, early childhood education, and home-based instruction.

Ayala is also involved with the American Family Association, a nonprofit organization whose main purpose is to promote legislation that enhances the strength and vitality of the traditional family and marriage.

Ayala graduated from BYU in 1992 with a BS in chemical engineering. He returned to BYU and earned his MBA in 1996. His career began taking off shortly thereafter when he started working as a quality and process engineer for Motorola in Austin, Texas.

Ayala and his wife, Rosa, live in Fort Worth, Texas, with their two children.

1997

Johannus (Hans) Noot is a regional coordinator for Flemish Belgium, the Netherlands, and Ireland for the Church Educational System. He supervises more than 170 seminary and institute teachers and three missionary couples. He also coordinates the administrative work such as budgeting, reporting, and ordering the distribution of curriculum within his region.

Additionally, Noot is the computer trainer and troubleshooter for CES in the British Isles. His work regularly takes him into nearly every European country, traveling about fifty thousand miles each year.

Just months after earning his MOB from BYU in 1997, he and his family moved back to Rotterdam, Netherlands.

2002

Stephen N. Ashton was recently featured in *Round the Table* magazine in an article highlighting financial professionals under thirty. While working for Ashton Financial Group, LLC, he became a member of the Million Dollar Round Table's "Court of the Table," the top 1 percent of financial professionals worldwide.

Ashton earned his BS in business management from the Marriott School in 2002 and became a certified senior advisor that same year. Ashton is working toward becoming a certified financial planner.

He and his wife, Korbi, reside in Moses Lake, Washington, and are expecting their first child in February.

2003

Trent Hamilton began his career with Honeywell International's aerospace business. He recently joined Amgen, the world's largest biotech company, as an area human resource manager in Thousand Oaks, California. He oversees management coaching, performance and development, and employee relations.

Hamilton and his family are in the process of relocating to Camarillo, California. He earned his BS in human development in 1997 and his MBA in 2003, both from BYU.

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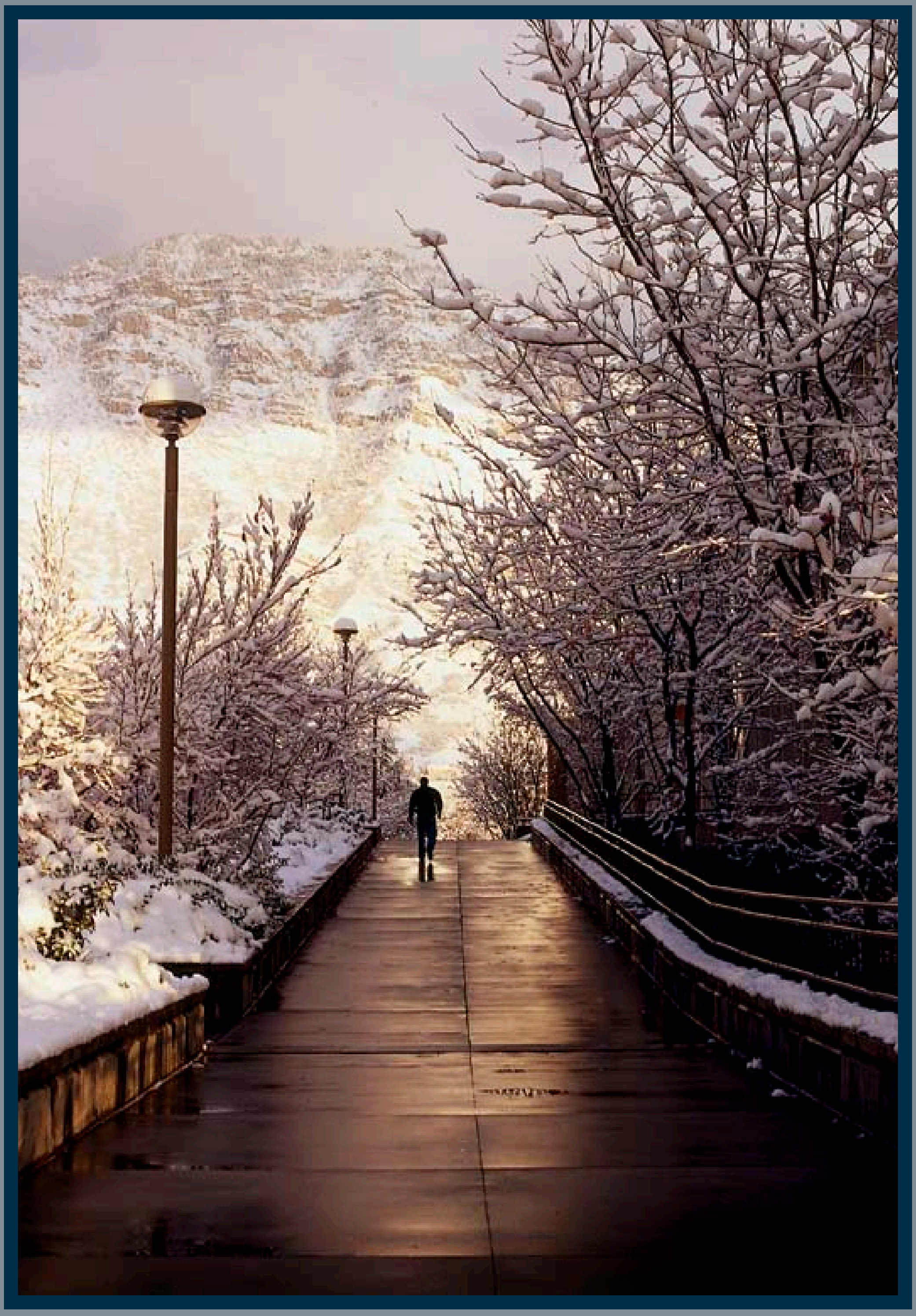

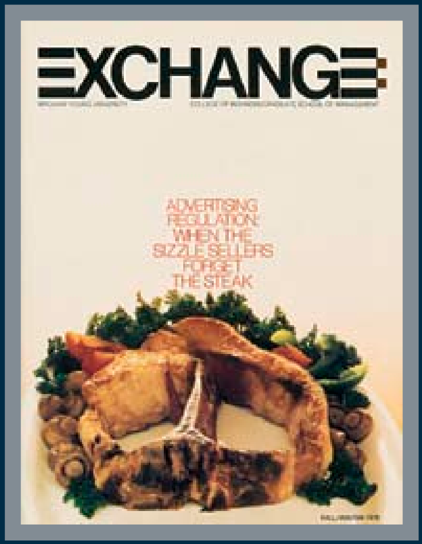

This is the first issue of the alumni magazine published in 1976. Merrill J. Bateman, former dean, wrote in the inaugural issue, “The publication of *Exchange* is intended to be more than a display of academic writing, more than an update of BYU events. We hope that it will help build a network of professionals who share our concern for strong management skills and leadership.”