LIVING BELOW YOUR INCOME

Who’s Shopping Online?
Leading Communities
The Salt Lake City and Utah Valley Management Society Chapters honored Larry H. Miller with the 2003 Distinguished Utahn Award 22 May. Miller was recognized for his outstanding contribution to the community and state. The program included remarks by President Gordon B. Hinckley and a musical performance by Thurl Bailey. (See story, p. 34.)
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Deans Hill, Albrecht, and Perry are reappointed for another term and Kevin D. Stocks is named director of the School of Accountancy and Information Systems. The school recognizes outstanding staff, faculty, students, and volunteers. Marriott School students participate in business and information systems competitions in Indiana and Colorado.

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Two MPA grads share expertise—one as a legislative director in the U.S. capital and the other as a consultant to a Bulgarian city government. A finance graduate combines his skills with his musical talents as a member of the band Jericho Road. Also read about former classmates and the latest Management Society news.

Visit Marriott Alumni Magazine online at marriottmag.byu.edu

Cover illustration by Simon Shaw / Inside cover photo courtesy of Donna Young
In fall 2001, BYU acquired a large, world-renowned painting titled “Christ Healing the Sick at Bethesda”—a touching visual example of the Savior’s love. The painting, by Carl Heinrich Bloch, was purchased for the BYU Museum of Art collection by a couple who desired that the campus have a visual testament of the Savior’s service and charity.

Like the couple who donated the painting, many others have taken initiative during the past two years to improve the campus and enhance learning opportunities.

Some of these individuals are members of the President’s Leadership Council, a group that supports university programs, assists with fund-raising, and gives counsel.

As part of their service to BYU, the council is encouraging alumni and student giving through a matching gift program. This year, all gifts from $25 to $5,000 contributed to the Annual Fund will be matched by these generous friends.

Donations are matched as follows:

- **5-TO-1 MATCH** for enrolled students (no minimum for student donations). For example, a student gift of $250 would generate $1,500.
- **2-TO-1 MATCH** for all first time donors to the Annual Fund and for alumni graduating with their bachelor’s degree in the past five years.
- **1-TO-1 MATCH** for all other alumni and friends contributing to the Annual Fund.

This matching program encourages donations and magnifies the impact of each contribution. Participation in the Annual Fund enriches the heart and soul, builds character, and benefits both donor and recipient. Annual Fund contributions to the Marriott School help in many ways such as funding student scholarships, research projects, service and learning programs, and faculty development.

Assistance from alumni and others throughout the years has helped the business school grow and gain national recognition. The Tanner Building, which houses the Marriott School, was the first BYU academic building funded entirely by donors.

Please help continue this tradition of giving at the school by taking advantage of the Annual Fund matching gift program.

**BY MAIL**

Complete the BYU Marriott School Annual Fund contribution form mailed with this issue and return it with your gift in the postage-paid envelope.

**ONLINE**

Go to marriottschool.byu.edu/giving. Click on Make a gift online. Select College Fund: Marriott School of Management.

Thank you for considering the Marriott School as a place to make a difference. We appreciate your faithful support of the school, its students, faculty, staff, and alumni.

Sincerely,

[Signature]

Assistant Dean
How can Latter-day Saint professionals make the best of social activities that conflict with the Word of Wisdom?

After living and working in London for the past three years and having recently moved to Dublin, where pub culture is the hub of social interaction, I have been extended many invitations to "grab a pint" after work.

On occasion I will go along for the good conversation and, more importantly, to interact on a less formal basis with my peers than I could ever do in the office.

I’ve come to learn that not attending happy hour will not necessarily earn someone the title of recluse; however, I think that someone’s presence at these informal social activities will most likely not be forgotten. Remember that most places, if not all, offer nonalcoholic drinks including soda, water, and juice.

David M. Allgaier
Dublin, Ireland
MAcc ’97

The best advice I was ever given on this subject was during my senior year at BYU at a Beta Alpha Psi event. We were told that if others were drinking, we should also drink. The question was not whether to drink, but what to drink.

I have found that to be good advice. People are sometimes nervous when they’re drinking and others are not. Those drinking alcohol may feel that non-drinkers are being judgmental.

A simple nonalcoholic drink can take that tension away. People know what you’re drinking. But it doesn’t seem to matter. There is a greater sense of acceptance.

I remember when Elder Richard L. Evans of the Quorum of the Twelve became president of Rotary International. I was impressed with the fact he had been able to mix with such a diverse group and gain broad acceptance. What a great opportunity to showcase his beliefs.

It’s important for us to gain the acceptance of others if we want to maximize our influence. It’s my experience that this can be done without compromising one’s values or having them called into question.

Gary E. Condie
Stevenson Ranch, California
BS ’69

As director of corporate purchasing for a large corporation, I’m constantly traveling or attending meetings, lunches, dinners, and conferences. It’s normal for me to be around people who are drinking or smoking.

Since I play the role of “the customer,” you may think I would have an easier time escaping these situations. The reality is that my only total escape would be to find another line of work.

Taking a defensive or holier-than-thou approach is not the answer either. I’ve always felt it’s important to look beyond peoples’ actions and really try to get to know them. However, in the course of getting acquainted, I try to limit my time with any person or groups I feel would put me in a less than positive environment.

Mike Jones
Brandon, Florida
BS ’93

“It’s important for us to gain the acceptance of others if we want to maximize our influence. . . . This can be done without compromising one’s values or having them called into question.”
What were the underlying causes of these recent accounting scandals? Among the many candidates, let me mention two: first, greed and second, bad accounting rules.

Greed has been with us for a long time. In Moses 5:31, we read that Cain learned from his mentor, Satan, that he might “murder and get gain.” After Cain slew his brother Abel, he gloried in what he had accomplished and said in Moses 5:33: “I am free; surely the flocks of my brother falleth into my hands.” With his ill-gotten wealth, Cain saw himself as being financially free from money worries. But this feeling of freedom was surely short lived. Greed is insatiable, and it probably was not long before Cain looked with envy on other flocks and fields. In fact, his greed ensured that he would never be financially free.

With the accounting scandals, we have seen greed in the corporate boardroom, greed among bankers who have knowingly financed some pretty unsavory plans, and greed among employees who have been more than willing to turn a blind eye to rampant corporate deceit because that deceit was helping boost the value of the company and their 401(k) retirement plans. We have seen greed among auditors who didn’t blow the whistle on financial reporting fraud for fear of losing the business of lucrative clients. And we have seen greed from attorneys who chalked up many billable hours advising their corporate clients how to carefully structure deceptive financial dealings. These same attorneys then chalked up more billable hours helping the companies clean up the mess they helped create.

For government regulators and a concerned business community eager to “fix” the corporate accounting scandals, greed is not a very promising target. Greed is with us for the long haul and cannot be legislated or regulated out of existence. So, if greed can’t be eliminated, the next alternative is to improve the accounting rules and the auditing practices. The most visible result of this effort is the Sarbanes-Oxley Act passed by Congress in 2002. Provisions of Sarbanes-Oxley include requirements that all large U.S. companies develop a code of executive ethics and that the head of each company personally vouch for the reliability of the company’s financial reports. In addition to Sarbanes-
Oxley, the detailed accounting rules governing U.S. companies have been actively reexamined in order to close loopholes that the accounting scandals revealed.

The hope in all of this is that the accounting problems will be solved and that the U.S. business community can live happily ever after. This is wishful thinking. Sarbanes-Oxley and the individual efforts of good businesspeople and accountants around the country have made things better. But let's not kid ourselves; there will be more accounting scandals. The underlying problem of greedy managers still exists, and these managers will find ways to circumvent and exploit any set of accounting rules.

So, is there no hope? Of course there is hope, if we remember that happily ever after doesn't happen through a single event, a single congressional act, or a one-time overhaul of the accounting rules. As the economic environment evolves, creative accountants cook up new ways to deceive, and a new generation of investors forgets the expensive lessons of the past. Accordingly, Congress, the regulators, and the accounting profession have to actively seek out and solve new problems as they arise.

We make a mistake by getting discouraged when a past answer proves unable to satisfy all future questions. Life is about learning from the past and relishing the opportunity to generate new answers to new questions as they arise. Ultimately, the reliability of our financial reports will be enhanced by our experiences with Enron, WorldCom, Arthur Andersen, and the rest—not so much by the one-time corrections made in direct response to the scandals, but more through continuing application of the lessons learned from the scandals.

Avoiding Discouragement: Following the Examples of Joseph Smith and Lehi

As a fourteen-year-old boy in 1820, Joseph Smith had what he thought was a fairly straightforward question to ask the Lord. He wanted to know which religion he should join. I believe Joseph wanted to join a church and live happily ever after. Instead, he was told that he “must join none of them” (Joseph Smith—History 1:19). Not only did Joseph not get a final resolution to the “which church is right” question, but now he had the added challenge of ridicule because he had a vision.

Three years later, Joseph again went to the Lord with a straightforward request, as follows: “After I had retired to my bed for the night, I betook myself to prayer and supplication to Almighty God for forgiveness of all my sins and follies, and also for a manifestation to me, that I might know of my state and standing before him” (Joseph Smith—History 1:29). Joseph simply wanted to know where he stood with the Lord, and he certainly wasn’t expecting a visit from Moroni to tell him of “a book deposited, written upon gold plates” (Joseph Smith—History 1:34).

The life of Joseph Smith seems to be a series of these unforeseeable developments, each of which Joseph had to accept on faith without fully understanding where it would lead—from New York to Ohio to Missouri to Illinois to martyrdom. And when Joseph cried out to the Lord to better understand his rocky path, he was told: “All these things shall give thee experience, and shall be for thy good. . . . Thy days are known, and thy years shall not be numbered less; therefore, fear not what man can do, for God shall be with you forever and ever” (Doctrine and Covenants 122:7–9).

What can we learn from Joseph’s experiences? Yes, he did live happily ever after, but he had to wrestle with scoffers, false brethren, wickedness, laziness, and disbelief until his death. How foolish and tragic it would have been if Joseph gave up in discouragement in 1825 because his heavenly manifestations had not removed all of his challenges.

The prophet Lehi also exemplified great faith in the face of many unexpected events in his life. He lived in a time of great wickedness in the city of Jerusalem. People mocked God, polluted churches, and persecuted prophets. Lehi prayed for his people—his family, his friends, and all of the people of Jerusalem (1 Nephi 1:5). I’m sure he hoped the Lord would direct him to “fix” this problem, once and for all. He was willing to do whatever the Lord directed. Well, what the Lord directed did not turn out to be a one-time “fix,” but instead resulted in a lifetime of preaching, teaching, and traveling.

Years later, in his new home in the promised land, across the sea thousands of miles from Jerusalem, Lehi must have looked back and smiled at the completely unexpected way in which that initial prayer was answered: he was called to preach to a murdously wicked people in Jerusalem, then instructed to flee into the wilderness with his family, then to travel across the most barren section of the Saudi Arabian peninsula being led by a mysterious compass, and then to trust the fate of his family to an ocean voyage on a boat built by a first-time shipbuilder named Nephi.

Yes, Lehi did live happily ever after. However, remember that this was not without relentless effort. Lehi and his party were faced with a lack of food, and this problem wasn’t solved once and for all when Nephi made his new bow and arrows. Lehi sorrowed because of the rebelliousness of Laman and Lemuel, and he had to watch them repent and then rebel again and again, but he continued preaching to his wayward sons right to the end.

Lehi knew that there is no end to the works of the Lord (Moses 1:38), and so there is no end to the work of His servants. Lehi pressed forward with faith in the answer to the prayer he offered in 1 Nephi 1:14: “Great and marvelous are thy works, O Lord God Almighty. . . . And, because thou are merciful, thou wilt not suffer those who come unto thee that they shall perish!” Lehi did come unto the Lord, and because he continued to come to the Lord throughout his life, in spite of unforeseen hardship and discouragement, he lived happily ever after.

Now, think of some of those happily ever after moments in our lives: temple marriage, the arrival of a child, the acceptance of a mission call, or the baptism of a child or a new convert.
Rearing a child is hard. Serving as a full-time missionary is hard. Being married and learning to set aside your selfishness for the good of the eternal partnership is hard.

We sometimes make these precious activities harder by unreasonably believing that we are failures unless every day of our lives is an error-free, fun-filled extravaganza leading us on a straight course, without any dips or turbulence, directly to the celestial kingdom. Sometimes there are dips. Sometimes there is a substantial amount of turbulence. Dips and turbulence are normal and are not signs of personal character weakness.

Being Aware of Others' Challenges: Looking Beyond Our Own Circumstances

Just as it is important for us to remember that happily ever after is an ongoing process for us, we should also remember that it is an ongoing process for everyone we meet. This is hard to remember because people don't go out of their way to show us the storms and struggles in their lives. Our optimism and faith about our ability to deal with our own challenges sometimes makes us overly philosophical about the challenges faced by others.

To illustrate this point, I will tell you a sailing story. My wife's brother, Ray, had a twenty-foot sailboat that he kept on Lake Ontario in upstate New York. He consented to my accompanying him on a cruise from Braddock's Bay, a little west of Rochester, to Sodus Bay, about thirty miles east of Rochester. We set out on a beautiful, sunny summer morning. The winds were light, and to my inexperienced eye it looked like a perfect day for sailing. However, because the winds had been steady out of the west for several days, the surface of the lake was undulating in long, lazy swells.

After a couple of hours of rhythmically going up and down, I was seasick and growing increasingly apathetic about the cruise. Ray saw the signs of distress and wisely put me to work manning the rudder. I had to be alert because the long swells had a tendency to push the back of the boat, stern, to the right, or starboard. This would put us crossways to the swells, slowing our progress and, in my novice opinion, threatening to tip us over.

I gallantly manned my post at the rudder until, to my mild surprise, the rudder came loose from its attachment points on the stern of the boat. I pulled the wooden rudder up into the boat and intelligently called to Ray: "Is this supposed to come loose like this?" He scrambled back to me, grabbed the rudder, and leaned out over the stern to try to reattach the thing. His haste stemmed from the fact that we were only about three hundred yards from shore, and those gentle, lazy swells were now driving the rudderless sailboat inexorably toward the rocks.

I remember those anxious moments very well. There wasn't anything I could do to help, so I had plenty of time to look around and think. Looming large in my thoughts was the fact that I didn't know how to swim. I looked around at the lake and the shore. I was struck by what a beautiful day it was. We were close enough to the shore that I could see people pulled off the road having picnics. They were probably looking out at us with envy, saying, "Look at those two guys out on that sailboat. What a beautiful day for a sail." Meanwhile, a short distance away, we were on the boat fighting for our lives.

Well, we lived. Ray fixed the rudder, and we made it to Sodus Bay. But we had been in real danger when that rudder came loose. And the fact that other people were happily picnicking just three hundred yards away, admiring our sailboat, didn't lessen our danger at all. If your life is currently in the picnic phase and all things are going well, don't assume that all is well in those pretty sailboats surrounding you. The sun may be shining, but the people in those boats could still be in extreme danger. And they may not feel comfortable coming out on deck and shouting for help. Sometimes our personal optimism causes us to overlook the struggles going on in the lives of people around us.

To conclude, allow me to review my three main points.

1) Happily ever after does not happen without continuing effort. For example, the financial reporting system in the United States has been improved because of the recent accounting scandals, but regulators, accountants, and the investing public must be forever watchful to counteract the development of new techniques for fraud and accounting deception.

2) We should not get discouraged when our careful plans and solutions don’t always lead to calm, clear sailing. Joseph Smith, Lehi, and even the Stice family have learned that happily ever after means pressing forward with faith, not discouragement, while experiencing life’s unforeseeable twists and turns.

3) Don't assume that the lives of those around you are cloudless and sunny just because the sun is shining where you are. Look up from your own peaceful picnic and be sensitive to the Spirit to tell you which of those nearby sailboats could really use some help.

May we all live happily ever after is my prayer.

About the Speaker

Earl Kay Stice is the Marriott School PricewaterhouseCoopers Professor of Accounting. He is the author of three accounting textbooks and has taught at the Hong Kong University of Science and Technology, Rice University, the University of Arizona, and Cornell University. He received his BS and MAcc from BYU and his MS and PhD from Cornell University.

This article is adapted from Stice's BYU Devotional address, 27 May 2003.
once knew a man who worked for a major oil company. He managed a large wholesale territory that sold fuel and oil products to airlines and other big accounts. Some years ago, the company decided to pull out of his territory. They offered him the opportunity to buy the wholesale business “for a song,” which he readily accepted. He worked diligently and set specific financial goals for his company. He committed these goals to writing on 3x5 cards and kept them in his shirt pocket so he could frequently review them. Everything he did with that business was aimed at fulfilling these goals.

My office was located near a main freeway, and from my window I could see the traffic. As the years passed, I saw his fuel trucks more and more frequently driving up and down the freeway. They bore his name in the colors of the oil company from which he purchased the business. Needless to say, his company was very successful. Eventually, he sold it for a substantial sum of money and retired. He attributed his success to committing his goals to writing and reviewing them on a daily basis.

After years of experience as a financial planner, I find myself frequently sharing these principles of writing, reviewing, and fulfilling financial goals, implemented through a process called personal cash forecasting. This financial planning tool can help you reach your financial goals by: 1) applying cash management principles, 2) developing a cash management plan, and 3) forecasting cash use beyond necessities.

PERSONAL CASH FORECASTING
Budgeting resources from financial goals is a concept corporations use all the time. Departments are given and expected to live within yearly budgets. Any extra need beyond the budget reduces or supplants spending in another area. Ultimately, the corporation has a fixed annual amount it can spend if it intends to make money. Planning for this budgetary need is usually the job of the corporate controller.

This concept of planning what to spend before it is spent can easily be applied by individuals. I call the process cash forecasting rather than budgeting because “budgeting” has a negative connotation to some, while cash forecasting is a more positive description of the process of allocating cash to needs.
The key to cash forecasting is knowing the mechanics of the process. Your personal cash management plan becomes a tracking system like that used by a corporate controller, only simpler. At the beginning of the year, you should write down your financial goals, and use them to determine the annual amounts to be spent in various needs and wants categories. The amounts should be divided into monthly and/or semi-monthly allocations, which you should make each time you are paid.

Cash forecasting is an effective tool, but it doesn't eliminate the fundamental principal of personal discipline. You must be willing to tell yourself no when your plan disallows an unplanned purchase. Sometimes opportunities arise and wants become needs. In this situation, you simply have to weigh the benefits and consequences of buying now and trimming some other need or buying on credit. If you are wise, buying on credit should only be used as a last resort and for an extreme need.

**INVESTING**

**ALTERNATIVES**
Typical investments are stocks, bonds, and mutual funds, which are investment organizations that professionally manage a diversified portfolio of securities, such as stocks or bonds. Generally these nonbank investments are not insured and are called marketable securities because they are liquid and can be sold quickly without making a price concession. Cash in an investment account typically refers to taxable or tax-exempt money-market mutual funds. Taxable money market mutual funds invest in money market investments such as treasury bills, commercial paper, and bank certificates of deposit. Tax-exempt money market funds invest in very short-term securities issued by municipalities. Money market mutual funds are liquid and considered low risk because the principal value generally does not fluctuate with the market.

**ALLOCATION**
The investments you purchase should be dependent on personal financial goals and objectives and your time frame until cash is needed. As you move from money market funds to bonds to stocks, you take on added risk of principal valuation fluctuation.

Funds needed to cover expenditures over the next three years should generally be put in low-risk investments, such as money market funds, short-term bonds, or mutual funds that invest in short-term bonds. Generally, funds that will satisfy needs during the next three to seven years should also be invested conservatively but can include money market mutual funds, intermediate-term maturity bonds, or mutual funds that invest in intermediate-term maturity bonds and even stocks and mutual funds that invest in stocks. For time horizons greater than seven years, an allocation to stocks and mutual funds that invest in stocks is appropriate.

Your asset allocation among the various asset classes or types of investments should reflect your willingness and ability to take risks and lose principal value. The performance of your investments should be frequently monitored. Investment allocation should be periodically rebalanced, and those with unusually inferior performance over time should be sold.

**PROFESSIONAL ADVICE**
Various professionals can provide advice on asset allocation and investment performance. Generally, professionals who provide investment advice for a fee are registered as investment advisors with a state or with the Securities Exchange Commission. These professionals may also hold certain certifications that evidence they have successfully completed training on investment matters. These certifications include Certified Financial Planner® (CFP®), Certified Investment Management Analyst (CIMA), and Chartered Financial Analyst (CFA).

**APPLYING CASH MANAGEMENT PRINCIPLES**
Most people's financial planning needs are simple involving prudent planning and wise use of take-home cash. Managing cash wisely allows you to live not within, but below your income, building savings and planning for the future.

Cash management principles are universal. The time-tested adage is to spend only what you have and keep an adequate reserve. This reserve is the accumulated amount that comes as a result of living below your income. Personal motivation, or the lack thereof, is the primary barrier to making these concepts work. “Get rich quick” schemes don’t work. Patience, hard work, and saving do.

Many people go into debt to satisfy their wants and consequently live above their income. Many never pay off debts, but live off an ever-increasing credit balance, not fully realizing that interest never rests. The ultimate result of this situation is personal bankruptcy, which is sadly at an all-time high in the United States.

Cash is a wonderful medium to be used and not abused. If we satisfy every want without consideration of need, we fall victim to overindulgence and spiraling debt. We must learn to deny ourselves many immediate wants and practice delayed gratification.

**Needs and Wants**
Living below your income takes discipline. Every time you are paid, ask yourself, “What are the absolutes, and what can I live without?” It helps to make a tangible list of your needs and wants. Such a list might include rent or mortgage payments, food, clothing, tithing, charitable donations, tele-
phone and utilities, property taxes, health and property insurance premiums, transportation, gifts, grooming, repairs, maintenance, and long-term savings for items like a car or house, furniture, computer, and college tuition for children. If you are in debt beyond your mortgage, one category should be for debt repayment. Anything beyond this list is a want.

Wants may include cable, lawn service, weekend trips, car upgrade, boat, dining out, etc. Many luxuries are nice to have, but are not necessary to sustain life. Needs sustain life; wants sustain lifestyle.

**Accounts and Allocation**

Once your needs list has been established, look at the balances in your checking, savings, and investment accounts—three accounts everyone should have.

Checking accounts allow you to see what you’ve spent and pace future spending. Savings accounts are a place to save for future needs. I recommend storing cash in this account that you anticipate using in the next sixty days. Any need beyond sixty days should be preserved in an investment account. Checking and savings accounts are in a bank or credit union. Investment accounts should be at a brokerage firm either managed by you or by a professional money manager, oftentimes a mutual fund manager (see Investing and Before-Tax Savings Vehicles sidebars).

To begin the forecasting process, you’ll probably need to do some reallocation to prepare your accounts. Before you deposit your next paycheck, transfer all, if any, remaining cash in your checking account to your savings and investment accounts. Transfer cash into savings that will be needed in the next sixty days. Transfer cash into your investment account that will be needed beyond sixty days.

Now look at the balances in the savings and investment accounts. List the needs you have in the next sixty days and allocate the balance in your savings account across those needs. Remember that you will be adding cash to each need category over the next two months every time you are paid. Next, do the same thing with the investment balance for those items needed beyond sixty days (see Monthly Cash Allocation chart).

**BEFORE-TAX SAVINGS VEHICLES**

**401(k) and 403(b) Plans**

Employer-based savings accounts like 401(k) or 403(b) plans allow you to make pre-tax contributions. These are legal wrappers to investment accounts of mutual funds, stocks, bonds, and cash allowing preferred tax treatment to encourage saving and investing for retirement. To take advantage of this tax-deferred option, establish an account with a financial institution selected by your employer and make regular deposits up to an annual legal limit—$12,000 for 401(k) and 403(b) plans in 2003, $14,000 if you’ll be 50 by the end of the year. These deposits are not subject to federal income tax at the time they are made. Employers often match employee contributions to a pre-determined percentage.

Generally, these accounts are established with one or more mutual fund companies. The funds belong to you but usually cannot be withdrawn until you leave your employer or reach age 59 1/2.

When funds are withdrawn, ordinary income tax is incurred on the amount withdrawn in addition to any penalty owed, which may apply if you’re under age 59 1/2.

**IRA and Roth IRA**

Traditional Individual Retirement Accounts (IRAs) operate similarly but without the possibility of employer matching contributions. However, the $3,000 ($3,500 if you’re 50 or older) annual contribution ceiling for traditional IRAs (in 2003 and 2004 under current law) is subject to a deduction limitation depending on the level of your income and whether you, or your spouse, participate in an employer-sponsored retirement plan.

Earnings are also tax-deferred. Withdrawals cannot generally occur before age 59 1/2 without incurring a 10 percent penalty and must begin no later than 1 April following the year you turn 70 1/2.

Roth IRAs are subject to the same contribution limits as traditional IRAs but the contributions are not tax-deductible; however, the earnings are tax-free if certain requirements are met. Also, there are no minimum withdrawal requirements for Roth IRAs at age 70 1/2, though withdrawals prior to age 59 1/2 generally incur a 10 percent penalty for any income they include.

To the extent you can take advantage of before-tax savings vehicles, you are deferring the tax impact of the earnings on the funds and, in some cases, the contributions, until retirement. In retirement, individuals may be in a lower tax bracket than when they are working, so the tax on these funds is not only deferred but lower.

*There are also other tax-advantaged savings vehicles available under the law (e.g., SEP IRAs and Keogh accounts). Consult a financial or tax advisor for more information.

**DEVELOPING A CASH MANAGEMENT PLAN**

Once you’ve established your list of needs and prepared your accounts, estimate what you pay for each need in one year. There are many software programs that can track your spending, such as Microsoft Money and Intuit’s Quicken. These programs can help you estimate future expenses based on historical spending. They are backward
forecaster is forward looking. By listing your needs ahead of time and tracking spending against those needs, you create a forecasting system. Alternatively, you can program an electronic spreadsheet to do the detail work for you. Either way, you are creating a cash management plan. From your take-home pay, record 1/24 (if you are paid semi-monthly) of each annual need per category. Add these allocations to the previous balances. If you don't have adequate funds for each need, reexamine your list and consider whether each is a true need.

If you have money left over, allocate it to a category titled “unallocated.” This category could become your emergency fund, savings for retirement (if you don’t have a retirement need category), or for some particular want that you can afford. It represents and measures the amount by which you are living below your income. Next, subtract from each category your spending needs in the next two weeks before you are paid again. Once that is done, strike a balance in each need category (see Monthly Cash Allocation chart):

- **Beginning balance**
- **Allocation for this pay period**
- **Spending for this pay period**
- **Ending balance**

Deposit all take-home pay in your checking account. Add up all the spending needed over the next two weeks leaving only the sum of those needs in your checking account. For current allocations required within the next sixty days beyond these immediate needs, write a check for their sum and deposit it in your savings account. For current allocations required beyond sixty days, write a check for their sum and deposit it in your investment account money market fund. Do this twenty-minute task each time you are paid.

Spend according to the needs you have determined. When your checking account reaches a zero balance, you are finished spending until your next paycheck. Meanwhile, the allocations for your future needs are in reserve in your savings and investment accounts. They remain “out of sight and out of mind.” If you have unforeseen emergencies in the meantime, you can draw on your unallocated balance. Resorting to a credit card or home equity line of credit should be done only in true emergencies. Never do so without a plan to pay off the balance you borrow (See Credit sidebar).

By tracking your needs from beginning balance to allocation and finally to spending, you’re prudently apportioning your take-home cash to meet necessary expenditures. You’re also curtailing spending on wants by eliminating excess cash “lying around” to be spent frivolously. Preserved cash is earmarked for needs in either savings or investment accounts.

**FORECASTING BEYOND NECESSITIES**

Beyond just meeting everyday living needs, each of us want to afford those items that enhance our lives. Maybe we want to retire at fifty-five, travel, take a sabbatical, make a major charitable contribution, or prepare financially to serve a mission. Whatever it is, each of us has unique desires. You should write these down and call them your financial goals.
As soon as you can afford it, establish categories in your cash management plan for needs that reflect your financial goals beyond your absolute necessities. These are not necessarily wants; they represent additional needs that reflect your goals. Though they may be small allocations, add to them each time you are paid. You’ll be surprised how quickly they accumulate. Maybe the interest you earn on your various accounts can be used to partially fund these financial goals. Whatever they are, make them part of your regular thinking by committing them to writing and start saving toward them.

**Rewarding Yourself**

In your goal setting, remember to reward yourself for your discipline and for achieving your goals. This will help motivate you to achieve financial success. A reward might be a dinner out, an overnight escape, or day of recreation funded from the unallocated portion of your savings or investment account. Whatever you choose, your reward should be immediate and attractive enough to keep you on track.

**IN SUMMARY**

Setting and achieving goals is key to your forecasting success. This process allows you to forecast your current and future cash needs according to your goals—spending against allocated needs and avoiding unnecessary debt. Mechanically tracking achievement of your financial goals helps you measure your progress. Following these simple principles requires personal discipline, but will result in a healthier financial lifestyle allowing you to live below your income.

**MONTHLY CASH ALLOCATION**

<table>
<thead>
<tr>
<th>Category</th>
<th>Beginning Balance</th>
<th>First Pay Period Allocation</th>
<th>Midmonth Balance</th>
<th>Second Pay Period Allocation</th>
<th>Month-End Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Take-Home Pay</td>
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<td>2,500</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Needs—Short Term</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Contributions</td>
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<td>400</td>
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<tr>
<td>Health/Grooming</td>
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<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
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<tr>
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<tr>
<td>Food/Restaurants</td>
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<td>125</td>
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<td>200</td>
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<tr>
<td>Utilities</td>
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<tr>
<td>Repairs/Maintenance</td>
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<td>50</td>
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<td>875</td>
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<td>Needs—Long Term</td>
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<td>Property Taxes</td>
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<td>New Car</td>
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<td>Gifts</td>
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<td>Vacation/Entertainment</td>
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<td>275</td>
<td>6,735</td>
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<td>Unallocated Savings</td>
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<td>165</td>
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<td>Total Short and Long Term</td>
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<td>2,500</td>
<td>1,150</td>
<td>8,000</td>
<td>2,500</td>
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**Savings Account**

<table>
<thead>
<tr>
<th>Category</th>
<th>Beginning Balance</th>
<th>First Pay Period Allocation</th>
<th>Midmonth Balance</th>
<th>Second Pay Period Allocation</th>
<th>Month-End Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>850</td>
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<td>(650)</td>
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<td>Total</td>
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<td>1,350</td>
<td>8,000</td>
<td>25</td>
<td>8,025</td>
</tr>
</tbody>
</table>

ABOUT THE AUTHOR

In 2002, Robert M. Haynie was recognized by Worth magazine as one of the top 250 financial advisors in America. A principal for Ernst & Young LLP in Seattle, Haynie is a Certified Financial Planner®, Certified Public Accountant/Personal Financial Specialist, and Certified Investment Management Analyst.

Haynie is president of the Puget Sound (Seattle) chapter of the BYU Management Society, past board member of the University of Washington Gift and Estate Planning Council, and a member of the Investment Management Consultants Association and the American Institute of Certified Public Accountants.

For more than six years, Haynie has shared his expertise as a presenter at BYU’s Education Week. He earned his MAcc from BYU in 1978. Financial planning concepts in this article are excerpted from Haynie’s upcoming book, to be published in 2004.
Years of the BYU Management Society

After a quarter of a century, we pause to look back at the development and growth of the now worldwide Management Society.

By J. Melody Murdock, Andrew Watson, and Emily Smurthwaite

1977
- Dean Merrill J. Bateman receives approval from the university to create the BYU Management Society. Its purpose is to strengthen relationships with alumni and friends of the College of Business and School of Management.

“This is a giving society; however, it is not a one-way relationship. The society is organized in such a way that it is mutually rewarding to BYU and you,” Bateman says.

1978
- Early membership is tied to contributions. Donations range from $10 for an undergraduate student to $10,000 or more for a charter life membership.

1979

1980
- Dean William G. Dyer continues to grow the society.

“We want our graduates and friends to feel they have a share in BYU and the School of Management. The Management Society is the vehicle for keeping all of these supporters involved and active in our future. . . . It is a vital part in linking the campus with the mainstream of management practice,” Dyer states.
1981
- Society is structured to include all dues-paying alumni and friends, not just donors. Members participate in luncheons, continuing education programs, and social gatherings.
- Under the new structure, the society is organized into local chapters and governed by the executive committee of the National Advisory Council (NAC).
- Purpose is no longer to raise funds but to provide career development opportunities and build loyalty for BYU.
- NAC sets goal to develop chapters in all U.S. metropolitan locations.

1981
BYU’s 9th president, Jeffrey R. Holland, encourages alumni and friends to join the Management Society.

“It is my hope that all BYU alumni will remain very close to the university that has provided an educational foundation for their professional careers. The Management Society provides just such an opportunity for graduates and friends of our School of Management, and I encourage every one of them to participate,” Holland urges.

1982
- BYU is the Management Society and the Management Society is organized.
- Purpose is no longer to raise funds but to provide career development opportunities and build loyalty for BYU.
- NAC sets goal to develop chapters in all U.S. metropolitan locations.

1982
Society hosts its first professional development seminar in New York City. Speakers include John Evans, U.S. securities and exchange commissioner; Robert D. Hales, of the First Quorum of the Seventy; William G. Dyer, Marriott School dean; and J. Richard Clarke, from the Presiding Bishopric.

1985
- Society publishes first newsletter for chapters to share experiences, progress, and challenges.

1985
- Chapter officers begin meeting on-campus annually in conjunction with the fall NAC conference. They address topics such as forming a society database, increasing outreach efforts, providing more speakers for chapter events, and helping place more graduates.
- Chapter presidents no longer have to be NAC members.
- Leaders set goal to establish six new chapters during the next year.

1987
Dallas chapter helps coordinate the city’s celebration of the bicentennial of the U.S. Constitution. More than 25,000 people attend the two-night event featuring performances from the Mormon Tabernacle Choir, the Vocal Majority, and the Constitution Symphony Orchestra. Dallas chapter member Mark W. Cannon, administrative assistant to the chief justice of the United States Supreme Court, is the evening’s special guest.
1990 Society emphasizes four purposes: 1) career development, 2) networking, 3) supporting the school and university, and 4) community service.

1991 Elder Dallin H. Oaks speaks to Washington, D.C., chapter members about churches’ right to voice opinions on public policy and candidates. Chapter events provide rich educational opportunities by inviting business, community, and church leaders to participate as guest speakers.

1992 Student Kasey Walker starts the annual Angel Tree holiday tradition, a campus chapter service project. Members write names of needy children on ornaments for the Tanner Building Christmas tree. In turn, students and faculty take ornaments and buy gifts for the children.

1995 Stephen R. Covey speaks to more than two thousand guests at the Central Florida chapter’s kick-off event.

1995 In one year, chapters host nineteen Dean’s Seminars, where Marriott School faculty and administrators visit and address individual chapters. Speakers focus on topics such as diversity, entrepreneurship, ethics, management style, and white-collar crime.

1997 Salt Lake and Utah Valley chapters honor President Gordon B. Hinckley with the fourth annual Distinguished Utahn Award.

2000 Hong Kong chapter hosts an event with 120 BYU alumni plus two groups of Executive MBA students. Several successful businesspeople participate in lectures and a panel discussion.

2001 Sydney, Australia, chapter and the Macquarie Graduate School of Management host a major international conference in Sydney called “The New Business Equation.”

2002 During the Marriott School’s Eighth Annual Management Conference, participants celebrate the twenty-fifth anniversary of the Management Society. The evening celebration features a family barbecue, prizes, and performances by the BYU Faculty Jazz Quartet and the Christian pop band Jericho Road.

2003 Twenty-Five years after its founding, the Management Society is a worldwide organization. Its goal is to extend the values and influence of the Marriott School and BYU through a premier organization for developing management and business leaders. Membership includes not only BYU and Marriott School alumni, but also many other business professionals with a shared desire for high ethical standards, professional advancement, career development, and community service.
Leading Communities

CHANGING PARADIGMS AND EARNING EMPLOYEE ALLEGIANCE

Speech by John C. Darrington • Painting by Charles Wysocki
Successful organizations are dynamic, not static, always looking for a better way of doing business. With a vision of what they want to become, they set goals that make the vision a reality. Their employees have a clear understanding of the mission and feel a driving commitment that sets the organization in motion.

There are two key components to leading a dynamic, visionary organization: First, the ability to transform a community's old paradigm into a new, widely held and well-defined community vision; and second, the capacity to create a unique environment in which employees feel an alignment with and a deep commitment to the ideals and mission of the organization.

**CHANGING PARADIGMS**

I’ve been asked many times why I went to Rawlins, Wyoming, to be their first city manager. In fact, my wife’s mother said to her upon viewing Rawlins for the first time, “Why did John bring you to this forsaken place?” Old timers from the area used to say, “Rawlins isn’t the end of the earth, but you can see it from here!”

What drew us to this windswept, dust-blown community of twelve-thousand people? It was a vision of what the community could become. A key group of people from the Gear Up for Growth Committee began shaping a new paradigm for Rawlins. This group was committed and dedicated to a new vision of the city. They had politically orchestrated a change in the form of government from strong mayor to council/manager by a slim margin of twenty-one votes.

They wanted the yellowish hue filtered out of their drinking water. They wanted to eliminate the annual infestation of freshwater shrimp that traveled through their seventy-five-year-old wood-stave transmission line. They wanted parks, playgrounds, and a community recreation center. But most of all, they wanted to change the image of Rawlins from a community that had squandered much of its municipal wealth to one respected by its sister cities for its wise use of taxpayer dollars, efficient services, and technology-savvy staff. They wanted to instill a new pride in every aspect of city government. In 1981, Rawlins, Wyoming, was clearly a fresh canvas to work on.
Where does a leader begin when confronted with a challenge like this? How do you bring a community together to create a shared vision with common goals? One of the first things I did was convene the city council to discuss their vision and major goals for the community. This meeting had the makings of becoming a very contentious affair. Remember, the form of government passed by only twenty-one votes, so there was no consensus about the community’s future direction.

Not only was Warlins geographically divided by the Union Pacific mainline, it was racially divided as well. Two council members represented the south side of the tracks. The south side had one-third of the population, but a majority of the community infrastructure needs, including leaky water mains, collapsing sewer lines, a city park that had returned to its native condition, dilapidated housing, and no fire station.

During the first goal-setting session, I asked the council members to set aside the fact that they were elected from different areas of the city and focus on the greater community needs. The meeting went amazingly well. The city council agreed on an overall vision for the community. And, the south side of Warlins garnered the majority of number-one priorities on the city council’s list of goals.

Significant changes occurred because of the goals and new vision. Within four years, six parks and playgrounds were either constructed or reconstructed, a new fire station was built on the south side, housing rehabilitation grants were secured, and the city accounting and utility billing system became fully automated.

However, the greatest achievement for the council was their newfound ability to articulate with one voice and enunciate one vision to state officials. Conveying one clearly defined vision got impressive results and helped the city secure grants from the state's substantial infrastructure account.

Each year when the freshwater shrimp infested the water system the city became the subject of unfavorable news articles across the country. The council used this negative media coverage to convince the state it needed assistance building a water filtration plant. It worked! A water treatment plant was constructed to eliminate the yellowish colored water and the shrimp, ture in words their dreams and ambitions for a renewed community, bearing in mind what it is that they want to bequeath to the next generation.

A wise city manager discovers early on the community’s vision for the future and, if it has not been developed fully, orchestrates the process to bring it about. It’s the manager’s job to help the city council understand a city is more than a series of connecting streets that share a common water and sewer system dotted by an occasional park or playground. Instead, it is a dynamic laboratory where paradigms are changed, where diverse individual dreams, ambitions, and economic interests are intertwined in a community fabric called “vision.”

**EARNING EMPLOYEE RESPECT**

An excellent leader will not only help break down paradigms and instill vision but also find a way to earn the respect and win the heart and soul of the people who work in public organizations. Public employees don’t have the same tools a private company has to motivate people. A public employee cannot earn an equity interest in a company nor receive shares or dividends, six figure bonuses, or trips to exotic places. The public’s business is conducted under a unique set of rules and ethical considerations.

The key to developing a unique environment in which employees have a deep-seated commitment to the ideals and mission found in some organizations is summarized in the words of Mark Willes, former chair and CEO of Times Mirror Company:

*People will work for money, but they will die for something they believe in deeply.*

*Mark Willes*

The state granted half the capital construction money. Within seven to eight years, the state of Wyoming also funded 60 percent of the replacement costs for the seventy-five-year-old, twenty-six-mile, wood-stave pipeline. That was progress!

The ability to form a unified voice and make significant progress in a community starts with leaders who analyze the past as they contemplate the future. They consider the history and traditions, unique physical characteristics, nature and driving force of the economy, and the core community values. They can...
detailed procedures on how things were to be done—the old operating paradigm.

In August 2001, after six months on the job, I wrote a memo to the city council describing what I thought needed to take place:

As the Board of Directors of the Municipal Corporation, I invite you to participate with the staff and me in what I have called an “odyssey of discovery.” It is a process by which we will discuss and agree upon the core governing principles or values that we would like to espouse as an organization.

At present our operating manuals and policies continue to thicken as more situations and conditions are confronted and a “rule” or “regulation” promulgated. We can’t do away with these operating manuals entirely, but certainly we can separate the minimally essential regulation from the rest. In a values-based environment, employees are empowered to make certain decisions within the framework of the agreed upon core governing values of the organization. We want to unleash the energy in this organization that is bound up in rules.

The process of identifying and agreeing upon the core values of the City of Richland has been challenging. There were those who advocated and, in fact, helped to continue the old government paradigm. They were deeply invested in the policy manuals and had a difficult time imagining an operating environment without a lot of structure and prescribed ways of accomplishing each task. They enjoyed the safety and security of the current system. Flexibility and innovation were regularly sacrificed on the altar of “one size fits all.”

There was a larger group sitting on the fence. Some viewed this emphasis on values as a “flavor of the month,” like the Total Quality Management movement or the Remarkable! Resilient! Resourceful! Ready! Richland motto. These approaches to bring about change were viewed by employees with cynicism, without substance, depth, or commitment.

Why should Richland employees believe that shared values would be any different? I suggested that a values-oriented system would give greater flexibility to the employee in figuring out the answers to a question or issue posed by internal or external customers. The employee would have a set of agreed-upon values along with supporting statements describing the general intent. Expected outcomes would be creativity, innovation, and empowerment of employees.

There would be less emphasis on “knowing all the rules” and more emphasis on “understanding our governing values” and acting responsibly based upon them. We would still have policy manuals, but hopefully they would diminish over time. There is a tremendous power and energy that is unleashed in a person who is authorized to act upon shared principles or values to get a job done!

Fortunately, we had a significant group of people who saw the wisdom of the new paradigm of shared values. They were identified early in the process and volunteered to be champions in helping the organization transition from a rules- to values-oriented culture. From the values identification process, in which every employee participated, the governing board and employees agreed to fly under the flag of Integrity, Teamwork, and Excellence. The values champions defined what each value meant and held training sessions on implementation.

These universally shared values make up the building blocks of our city organization. They have become the basic structure upon which employees are empowered to make decisions and resolve problems.

Moving to a new way of doing business will always be a challenge. Leaders must create an atmosphere where new paradigms can develop and mature. Every day people show up to work and go through the motions without being fully engaged in the mission of the enterprise. Most people respond positively to change when they perceive it will help them perform their work better. They want to work in an environment where their contribution is valued. They want to be associated with an organization that kindles their passion and is worthy of emulation.

Changing paradigms in any organization occurs most effectively when the workforce is thoroughly involved and committed to the ideals and mission of the enterprise. As employees are immersed in the process, they create a widely held vision, goals that support that vision, a clear sense of mission, and universally agreed upon principles or values that guide the day-to-day operations of the enterprise. The processes of visioning and involving can help leaders change paradigms and earn employee allegiance—in turn producing successful public organizations.

ENDNOTES

ABOUT THE SPEAKER
John C. Darrington is the city manager of Richland, Washington. He has worked as the city administrator of Gillette, Wyoming; Rawlins, Wyoming; and Soda Springs, Idaho. After earning a BS from BYU in 1970, Darrington earned his MPA from BYU in 1972.

Darrington was recently honored by the Marriott School and the George W. Romney Institute of Public Management with the 2003 N. Dale Wright Distinguished Alumnus Award (See news article, p. 27). This article is adapted from Darrington’s speech given at the award banquet 9 May 2003.

With more than 110 million American adults now online,1 marketers and online retailers have been holding their breath in anticipation of an online shopping explosion. However, new research shows they may need to go without air for a while longer. Online shopping has been growing steadily, particularly among certain segments of the population, yet it still accounts for less than 2 percent of total retail spending.2 So why have some been so willing to key in their credit card numbers while others remain hesitant to open their wallets to e-retailers?

We set out to answer this question and a few others in a recent study of 1,750 households with Internet connections. We examined the computer-oriented lifestyles of online shoppers and nonshoppers and discovered these are not homogeneous groups, but distinct market segments—each deriving unique benefits from the Internet. The results identified why each of these segments is or isn’t buying online and what e-retailers can do to attract more online shoppers.

**SHOPPERS VS. NONSHOPPERS**

Our study revealed substantial differences between respondents buying online and those not. We labeled survey respondents who personally made an online purchase during the Christmas holiday season “online shoppers” and those who didn’t, “nonshoppers.”

We found that online shoppers are younger, wealthier, more educated, and more familiar with computers and the Internet than nonshoppers. Shoppers comprise 42.2 percent of online households and spend more time on the computer and Internet than nonshoppers. While both shoppers and nonshoppers use their online access mostly for email, shoppers use the Internet for just about everything else—except for playing online games. Shoppers also find online shopping easier and more entertaining and are less fearful about losing money in online transactions.

In contrast, nonshoppers use their computers less, are online less, and are more wary when logged on. Their online activities are less adventurous and require lower computer literacy. These users tend to choose activities that don’t involve credit-card fears.

Our findings not only revealed differences between shoppers and nonshoppers but also the variations within these groups. Understanding how each segmented group uses and perceives the Internet is key to identifying market opportunities.

We identified four segments of online shoppers: 1) Shopping Lovers, 2) Adventurous Explorers, 3) Suspicious Learners, and 4) Business Users. Nonshopper segments include: 1) Fearful Browsers, 2) Shopping Avoiders, 3) Technology Muddlers, and 4) Fun Seekers.

**WHO’S SHOPPING ONLINE?**

**SHOPPING LOVERS** With an average age of 44, Shopping Lovers are among the youngest of the groups. Their average household and personal income is $60,200
and $39,500, respectively. These vigorous buyers spent on average $326 or 27.8 percent of their holiday gift budget online.

Shopping Lovers’ households spend more time than most segments online, about 16 hours per week. In addition to being big online buyers, this group consists of online window shoppers. More than other groups, they spend time looking for merchandise at retail and auction sites.

Shopping Lovers genuinely enjoy buying online and will buy with little online vendor intervention or training. Online shopping appears to be a novel, fun way for them to shop. They are competent computer users, familiar with online shopping methods, and will likely continue to be enthusiastic buyers.

These people are online shopping champions, spreading the Internet word wherever they have an opportunity. They represent an ideal target market for online vendors, particularly of clothing, books, and music.

**ADVENTUROUS EXPLORERS**

This is the smallest online shopping segment, yet it’s a very significant buying group. These shoppers outspend all other segments.

Adventurousome Explorers are versatile and prolific in their online use. They log an average of 22.8 hours per week online—more than any other segment. They use their computers more than other segments to check or send email; look at financial information; read online news or magazines; visit sites related to their hobbies; look for tickets or reservations; search for a job; find and view photographs, clipart, or images; download software; and chat online. Their Internet activity is highest in every category except conducting business-related work, visiting retail sites, and playing games.

The average household and personal income for this group is $61,500 and $45,000, respectively. Adventurousome Explorers spent on average $440 or 29.2 percent of their holiday gift budget online.

Although small, this group represents a big resource to online vendors because of its lively spending. Adventuresome Explorers see online shopping as a fun adventure. They appear to need no special attention from online vendors; indeed these users constitute the most influential online opinion leaders. Vendors would do well to cultivate and nurture this segment as online community builders and online shopping advocates.

**SUSPICIOUS LEARNERS**

This group ranks next to smallest of the eight segments and reports the lowest spending level of the four online shopper segments.

The average household and personal income for this group is lower than others, at $58,300 and $40,700, respectively. Suspicious Learners’ spent on average $226 or 14.8 percent of their holiday gift budget online.

This group spends less time on the web than most, about 13 hours per week. They usually go online to play games; look for tickets or reservations; chat online; job search; or find and view photographs, clipart, or images.

Suspicious Learners aren’t very familiar with computers and the Internet, which limits just about everything they want to do online. To become a significant online shopper group, this segment needs direction and hands-on guidance.

They have the potential to increase their online shopping habits. Their reluctance to buy online stems from a lack of training. In contrast to some other more fearful segments, Suspicious Learners are relatively trustful of Internet retailers and don’t fear buying online, or “giving a computer” their credit card number. But they do need training to work their way into more online buying.

**BUSINESS USERS**

This is the largest online shopper segment with the third highest online purchasing level.

With the highest salary of any category, Business Users have an average household and personal income of $64,400 and $55,400, respectively. Business Users spent on average $317 or 23.2 percent of their holiday gift budget online.

Compared to other groups, Business Users’ households spend an average amount of time online, about 14.7 hours per week. While logged on, Business Users are more likely than other segments to conduct business-related work. They are
less likely to chat online or play games. Business Users aren’t troubled by any of the issues that so many would-be shoppers struggle with—fear of online credit card theft, lack of trust of Internet retailers, or lack of knowledge about the Internet.

However, they aren’t the computer or Internet hobbyists that characterize Shopping Lovers and Adventurous Explorers. They use the Internet for business and take a serious interest in what it can do for them professionally.

Although they use the Internet frequently, online activities appear to have little novelty. These are computer-literate people; however, they are not likely to be champions of Internet shopping.

WHO’S NOT SHOPPING ONLINE?

FEARFUL BROWSERS Fearful Browsers are one of the youngest segments with an average age of 44. Average household income for Fearful Browsers is high at $63,700, but personal income is average at $42,000.

Fearful Browsers’ households spend an average amount of time on the web, about 14.8 hours per week. While this group isn’t keen on purchasing online, they like to window-shop online vendor sites. They most often visit auction sites, retail merchandise sites, ticket or reservation sites, and sites related to their hobbies.

Though they don’t actually purchase online, Fearful Browsers are relatively computer literate—much more than other nonshopper segments. This group consists of lookers, not buyers. Along with other nonshoppers, this segment is fearful of having their credit card number stolen and shipping charges, and they wish they could see products in person before buying.

Fearful Browsers are on the cusp of online buying. They’re capable computer and Internet users, spend a good deal of their time online window shopping, but have not been able to get past some Internet fears. As online vendors help these people overcome such worries, Fearful Browsers will become a significant buying group.

SHOPPING AVOIDERS Shopping Avoiders are the second largest segment of online households. At an average age of 56, this is the oldest group. Average household income of Shopping Avoiders is third highest of the eight segments, at $61,700, and personal income is second highest at $47,500.

Shopping Avoiders households spend only 12.5 hours online per week—the second lowest of the segments. When they are on the web, this group likes to look at financial information; check or send email; read online news or magazines; play games; and conduct business-related work. But they loathe online shopping.

Shopping Avoiders have an appealing income level for online vendors, but this appeal is offset by values inconsistent with online shopping. They don’t want to wait for products to arrive in the mail and want to see things in person before they buy. They don’t understand the Internet ordering process and don’t know how to evaluate the quality of Internet merchandise. Though these are severe obstacles, their high incomes may make them an attractive target. Nonetheless, this group will be difficult to convert to online shopping.

TECHNOLOGY MUDDLERS This group makes up the largest segment. Their average household and personal income is second lowest at $54,400 and $37,800, respectively.

Technology Muddlers use the computer the least of any segment, and are the least computer literate. They spend less time online than any other segment, only 10.9 hours per week. Their favorite uses for the Internet are job searching; chatting online; playing games; visiting message news groups; and conducting business-related work.

The Technology Muddlers segment is not an attractive target market for online selling. Members of this segment not only face a large computer-literacy obstacle but also show little enthusiasm to increase their computer and online comfort level. They spend less time than any other segment on the web, and their values are inconsistent with online shopping.

**NONSHOPPERS**

<table>
<thead>
<tr>
<th>NONSHOPPERS</th>
<th>SHOPPING AVOIDERS (15.6%)</th>
<th>TECHNOLOGY MUDDLERS (19.6%)</th>
<th>FUN SEEKERS (12.1%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age: 44</td>
<td>Age: 56</td>
<td>Age: 49.3</td>
<td>Age: 49.3</td>
</tr>
<tr>
<td>Household income: $63,700</td>
<td>Household income: $61,700</td>
<td>Household income: $54,400</td>
<td>Household income: $48,100</td>
</tr>
<tr>
<td>College graduates: 43%</td>
<td>College graduates: 70%</td>
<td>College graduates: 62%</td>
<td>College graduates: 25%</td>
</tr>
<tr>
<td>Household hours online per week: 14.8</td>
<td>Household hours online per week: 12.5</td>
<td>Household hours online per week: 10.9</td>
<td>Household hours online per week: 21.5</td>
</tr>
<tr>
<td>Marketing Appeal: High</td>
<td>Marketing Appeal: Moderate</td>
<td>Marketing Appeal: Low</td>
<td>Marketing Appeal: Low</td>
</tr>
<tr>
<td>Likes:</td>
<td>Likes:</td>
<td>Likes:</td>
<td>Likes:</td>
</tr>
<tr>
<td>• Browsing the web</td>
<td>• Browsing the web</td>
<td>• Seeing things in person before buying</td>
<td>• Seeing things in person before buying</td>
</tr>
<tr>
<td>• Searching for the lowest price</td>
<td>• Searching for the lowest price</td>
<td>• Keeping purchases private</td>
<td>• Keeping purchases private</td>
</tr>
<tr>
<td>• Previewing products online</td>
<td>• Shipping charges</td>
<td>• Online credit card risk</td>
<td>• Searching for lowest prices</td>
</tr>
<tr>
<td>Dislikes:</td>
<td>• Online credit card risk</td>
<td>• Returning merchandise bought online</td>
<td>• Dislikes</td>
</tr>
<tr>
<td>• Shopping charges</td>
<td>• Returning merchandise bought online</td>
<td>• Returning merchandise bought online</td>
<td>• Online credit card risk</td>
</tr>
<tr>
<td>• Online credit card risk</td>
<td>• Judging merchandise quality online</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Not seeing product before buying</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: Numbers represent an average of all responses within each segment.*
Fun Seekers Fun Seekers rank lowest of all segments in terms of wages. Their average household and personal income is $48,100 and $34,570, respectively.

Fun Seekers’ households spend a great deal of time online—21.5 hours per week, the second highest of the segments. Members of this group use the Internet for its entertainment value. They play games; chat online; find and view photographs, clipart, or images; search for or download software; and visit sites related to their hobbies. But they don’t like using it for shopping.

Of all eight segments, this is the poorest and least educated. This group’s values are inconsistent with online shopping. While some of these values could be changed with education, the spending power of the segment suggests that such efforts would provide only a marginal return on the investment.

WHY CONSUMERS AREN’T SHOPPING ONLINE?

Our results show that fear is the number one reason more consumers aren’t shopping online. More than 70 percent of nonshoppers and a third of shoppers agreed with the statement, “I worry about my credit card number.” Three-fourths of nonshoppers want to give a computer my credit card number. Of all eight segments, this is the poorest and least educated. This group’s values are inconsistent with online shopping as they help shoppers overcome these fears.

WHAT CAN E-RETAILERS DO?

E-retailers can attract more online shoppers by taking some simple steps to provide safety assurances to customers. Every page on a vendor’s site should provide convincing evidence of financial security—logos, testimonials, declarations, records of achievement, etc. Establishment of an independently provided financial-safety rating system, having a confidence-inspiring certification or declaration, should help minimize these fears.

Independently managed payment sites (e.g., VeriSign, Authorize.net, PayPal) can provide online shoppers with financial assurances and could be more widely used by e-retailers. These sites require credit card information to be entered only once and provide payment opportunities for thousands of sites. Implicit in such payment sites is the notion that their only business is financial security, and they are thus motivated and able to provide protection levels unavailable at a normal e-vendor site.

In clicking on a check-out button for a vendor using such a service, payment can be less obtrusive, will not require entry (or confirmation) of credit card information, and therefore will not explicitly raise fears for shoppers. Hardware solutions are just becoming available to help relieve consumers’ financial fears. Pocket-sized devices containing a customer identifier are available to minimize the fears of shopper check-out.

Whatever the security provided, vendors shouldn’t risk losing customers by asking for credit-card information before final checkout. This request intensifies consumer fears of credit card theft or misuse. Shopper’s credit-card information should be visibly insulated from the online vendor.

E-retailers willing to ensure financial security will be better able to lure in large numbers of Internet users leery of keying in their credit cards. Online vendors will also benefit by meeting the unique desires and habits of each segment.

The top target groups are Shopping Lovers and Adventurousome Explorers because they are buying online and will be the opinion leaders needed to convert and train others, particularly Suspicious Learners and Fearful Browsers. Business Users are less of a target market because their online activity is driven by professional rather than personal needs. Likewise Shopping Avoiders are impatient and difficult to win over. In the near term, Technology Muddlers aren’t a strong target because of their substantial computer training hurdles. And, while Fun Seekers may be a playful group, they have low incomes and values inconsistent with online shopping.

ENDNOTES


METHODOLOGY

Four thousand questionnaires were mailed to a national probability sample of U.S. heads-of-households having an Internet connection at home. Fifty percent were addressed to women, and 50 percent to men. The questionnaires arrived just after the Christmas holiday retail period. The response rate was 43.5% with 1,738 usable responses. Just over half the respondents were female. The average age was 49. For more methodology, please see the authors’ complete study.

ABOUT THE AUTHORS

Bill Swinyard is a Marriott School professor of business management and holder of the Fred G. Meyer Chair. He earned his BS from BYU, his MBA from University of Michigan, and his PhD from Stanford University.

Scott Smith is a Marriott School marketing professor. He is founder of Surveypro.com and Direct1.com. Smith earned his BS from BYU; his MBA from Michigan State University, and his PhD from Pennsylvania State University.

This article is adapted from the study “Why People (Don’t) Shop Online: A Lifestyle Study of the Internet Consumer,” published in Psychology & Marketing, July 2003, pp. 567–597.
Deans Reappointed

Academic Vice President Alan L. Wilkins announced the reappointment of Ned C. Hill as dean of the Marriott School for a second five-year term. Associate Deans W. Steve Albrecht and Lee T. Perry were also reappointed.

“We anticipate that Dean Hill will continue to provide outstanding leadership to the college and valuable service to the entire university,” Wilkins said.

Under the leadership of Deans Hill, Albrecht, and Perry, the school: attained its highest ever international rankings; was reaccredited by the American Assembly of Collegiate Schools of Business; revamped program curriculum; launched a successful diversity initiative; expanded teaching capacity by nearly 20 percent; added fifteen new faculty positions; began a research initiative that resulted in more than half the faculty receiving annual research awards; expanded placement services through the state-of-the-art Business Career Center; formed the eBusiness, Global Management, and Economic Self-Reliance Centers and the Institute of Financial Services; integrated new technologies and online data management systems; implemented a comprehensive strategic planning process, and raised $35 million for operations and the school’s endowment.

School of Accountancy and Information Systems Appoints New Director

Kevin D. Stocks was named director of the School of Accountancy and Information Systems. He brings twenty years of academic experience to this position. “We look forward to Kevin’s leadership in continuing to build the school’s top-rated accounting program and new information system’s program,” says Dean Ned C. Hill. Stocks has served as president of the teaching and curriculum section of the American Accounting Association, president of the Federation of Schools of Accountancy, and is serving as vice president—education for the American Accounting Association. Additionally, he has served as a member and chair of numerous committees of the American Institute of Certified Public Accountants.

Stocks is a leader in accounting education. He received recognition from the Marriott School as an outstanding teacher and for his administrative and professional service. He is also recognized as one of the creators of the innovative accounting curriculum at BYU. His teaching and research focus is in cost/managerial and health care accounting. He earned BS and MAcc degrees from BYU and his PhD from Oklahoma State University.

Romney Institute Honors City Manager

The Marriott School’s Romney Institute of Public Management honored John C. Darrington with its 2003 N. Dale Wright Distinguished Alumnus Award, one of the most prestigious honors given by the institute. The Romney Institute presented the award at a banquet 9 May 2003.

The award is given annually to an alumnus of the BYU Master of Public Administration program who demonstrates extraordinary service and leadership in the work environment, is actively involved in

MARRIOTT SCHOOL FORMS CENTER FOR ECONOMIC SELF-RELIANCE

BYU CENTER FOR ECONOMIC SELF-RELIANCE

Last spring, BYU officials announced the creation of the Center for Economic Self-Reliance to oversee and coordinate the university’s ongoing initiatives to help families throughout the world become economically self-reliant.

The new center will bring together the annual Microenterprise Conference, Journal of Microfinance, and research and fieldwork support. Formation of the center was initiated by a $3 million contribution from Bob and Lynette Gay, recent recipients of BYU’s 2003 President’s Award for their ongoing support of BYU.

“Bob and I are honored to participate in the establishment of the Center for Economic Self-Reliance and encourage others to join us in building this program,” says Lynette Gay.

“We are excited by the center’s potential to help families break out of the cycle of poverty.”

Dean Ned C. Hill intends the new academic center to become the recognized leader and clearinghouse for information and best practices in the microenterprise movement.

“I see it as a perfect way to combine our knowledge of management with the ideals and concerns our students and faculty have to help God’s children,” Hill says.

Warner Woodworth, professor of organizational leadership and strategy, says, “The new center is in some ways the culmination of ten to fifteen years of developing new courses in microenterprise, third-world studies, social entrepreneurship, nongovernmental organization management, and strategies for family self-reliance.”

Todd Manwaring was named managing director of the center, and Gibb Dyer, O. L. Stone Professor of Entrepreneurship, was named academic director.

“I believe the Center for Economic Self-Reliance can become one of the premiere centers in the world for sponsoring research that will have a significant impact on the lives of those who are struggling to become self-reliant,” Dyer says.
community volunteer activities, and maintains a high standard of excellence.

“John Darrington represents a man of great integrity, strong work ethic, and management efficiency in carrying out his responsibilities as a public servant and volunteer church leader,” says Robert Parsons, Romney Institute director. “John has always been one who demonstrates kindness and sensitivity to those he associates with. He is the benchmark of what a public servant should be.”

In addition to his achievements as a public administrator, Darrington is known as a dynamic and innovative leader in restructuring organizations and developing work teams.

He has published articles in Public Management and Idaho Cities and in 1993 wrote Goal Setting: Steps for Progress, a book published by the National League of Cities.

The award was named for former Romney Institute director and professor of thirty-three years N. Dale Wright.

**BYU Establishes Institute for Leading Organizational Change**

University officials announced the creation of the William G. Dyer Institute for Leading Organizational Change as the newest administrative institution in the Marriott School. The institute will provide means to further faculty research about organizational change and allocate resources to facilitate learning in research or field studies.

Kate Kirkham, executive director of the institute, says the combination of faculty and student resources will provide unique opportunities for research in business and management education. She adds, “The institute will continue the active involvement of MOB alumni and their association with the Marriott School; it will create many new friends and contributions from those who seek knowledge about leading organizational change.”

Formation of the institute was initiated by a donation from the William G. Dyer family. Dyer was the first chair of the Department of Organizational Behavior at BYU after its establishment in 1970 and was dean of the Marriott School from 1979 to 1984. He served on the BYU faculty for more than thirty-five years.

The institute will focus on increasing student-mentored learning experiences, promoting the development of change theory, and creating new curriculum and tools for leading organizational change. Dean Ned C. Hill says, “The Marriott School’s OBHR faculty has a long tradition of applied scholarship, research, and effective teaching.” He adds, “The institute provides an integrated approach for both faculty and student learning about organizational change.”

**Rollins Center Presents Awards**

Marriott School Assistant Professor Robert Jackson and e-business advisory board member Brad Oates were recognized 3 April 2003 for their outstanding contributions to the Rollins Center for eBusiness. Jackson, the Excellent Faculty Member Award recipient, has been an integral part of many center-related projects. “Professor Jackson enjoys working with students and giving his time to help such a great center. He's an invaluable resource to those he associates with—and he always has a smile,” said Kevin Ball, a 2003 information systems graduate.

Jackson earned an MBA from BYU in 1972 and a PhD in computer science in 1994.
from BYU. He has worked for General Dynamics, EDS, Packaged Automated Life/Liability Management, and Professional Data Management. In 1994 Jackson returned to BYU as an assistant professor of information systems. He became a Fulbright Scholar in 2000. Jackson has also been honored with the 1991 Cougar Groomer Award for Excellence in Teaching, 1992 Friend of Education Award, and 1997 Outstanding Innovation in the Classroom Award.

Oates, the Excellent Advisory Board Member Award recipient, has been heavily involved with the center’s web cast project. “Brad has always been focused on making a genuine contribution to BYU and the eBusiness Center. Through his time, money, and efforts, the center has made great progress in developing video solutions to enhance the educational process in the Marriott School,” said Ben Deceuster, a student volunteer who graduated in 2002 with his BS in marketing.

Oates earned his BS in political science and his JD from BYU. After graduation, he played in the NFL for eight years. From 1988 to 1997 Oates served as president and chief operating officer of Bluebonnet Savings Bank in Dallas, Texas. After that, Oates was appointed president of the LexisNexis Risk Solutions Group, and later became the global strategy advisor. In 2001, he started Stone Advisors, a strategic consulting company affiliated with Stone Holdings, Inc. Oates is also a well-known speaker and lecturer.

Two Fulbright Experiences Worlds Apart

Two-time Fulbright Scholar Gary F. McKinnon discovered that working closely with PhD students in Portugal was a refreshing experience compared to his challenging Fulbright assignment in Moldova four years earlier.

In 1999, McKinnon spent several months with a private tutor learning Romanian before traveling to the former Soviet-block country Moldova only to discover his students, and the community, mainly spoke Russian. This year, he and his wife, Linda, were relieved to find all of the students in Lisbon spoke fluent English.

“It’s apples and oranges,” McKinnon says. “Although both assignments were a great experience, I went to Moldova because nobody else would go there, due to the impoverished state of the country. At the university in Moldova, no one had ever taught marketing research before; I was the first to teach it.”

This year’s assignment had a very different focus. The Fulbright program selected McKinnon, a thirty-four-year veteran in the Marriott School, as one of thirty-seven Distinguished Chairs worldwide. Distinguished Chair awards are among the most prestigious appointments in the Fulbright Scholar Program.

“Most awards are tiered toward more senior, more established professors, who can assist with advising grad students and curriculum development,” says Daria Teutonico, assistant director for the Distinguished Chairs Program.

McKinnon’s assignment was to teach marketing theory at the University of Lisbon in its Superior Institute of Economics and Management. His four PhD students were university professors from schools in Portugal. The soon-to-retire marketing guru also taught seminars on case writing and case teaching to help the students apply American concepts to Portuguese practices.

“They’re writing Portuguese-focused business cases when they teach using the case method, they don’t have to rely solely on U.S. examples,” he says.

McKinnon maintains contact with his colleagues in Portugal through their work on a case examining the introduction of DeWalt Power Tools in Portugal. In addition to the professional experience gained by participating in the Fulbright program, McKinnon says his positions helped him educate others about BYU. McKinnon devoted an entire lesson to discussing the mission of BYU and the purpose and function of its honor code.

“It puts our name through the world as an excellent university,” McKinnon says. “In Lisbon, BYU is viewed favorably, and they now know more about us. We have to be an international university, and the Fulbright program is one way to do it.”

McKinnon concludes, “I think the reason we have so many faculty from BYU on Fulbright scholarships is because we do a good job. That gets us invited back.”

MARRIOTT SCHOOL IN U.S. NEWS TOP THIRTY

The Marriott School ranked twenty-ninth for the second straight year in the United States, reports U.S. News & World Report in the magazine’s 14 April, Best Graduate Schools issue.

The school has maintained or improved its standing in every major business school ranking published in the past two years, including those in the Financial Times, The Wall Street Journal, Forbes, and Business Week. The school attributes much of this success, says Dean Ned C. Hill, to the strength of its students and to an increasingly active alumni network. “We’re always gratified to be ranked among the nation’s top business schools,” Hill says. He adds that this past year has been one of the most challenging the school has seen in terms of the lagging economy and difficult placement environment. “Given these conditions, we’re particularly pleased that both our recruiter and peer assessments have improved, providing our graduates an increased advantage.”

Texas, placed first out of two hundred students on the information systems core examination and second on the Web development examination. Shaun Smith, a senior from Central, Arizona, placed third in the Java programming contest.

“Our students represented BYU very well, especially considering this is the first time BYU participated at the NCC,” says Lynn McKell, professor of information systems.

The conference, sponsored by the Association for Information Technology Professionals, spanned three days and included a career fair with leading industry organizations. More than 560 students representing eighty-four schools attended this year’s conference hosted at Purdue University.

“Attending the conference was a great experience,” Caldwell says. “The problems we solved were based on real-life scenarios. Solving them and competing against other students and universities showed us ways the program could be enriched and better prepare students for the workplace.”

Students Sponsor Scholarship

In a class focused on business and religion, students found a way to put what they were learning to practice.

The class, a business management suite combining Religion C 492 and Business Management 322, donated $5,000 to the university. Their donation will be matched through the annual student giving campaign and will total $30,000—enough to fund an endowed scholarship.

The scholarship is simply called Section 5, Winter 2003 Perpetual Education Scholarship.

During a class discussion centered on corporate and individual social responsibility, one student circulated a sheet of paper asking class members to indicate the amount of money they would be willing to donate toward a scholarship, said Bill Price, director of the Institute of Marketing at the Marriott School and adjunct religion professor.

After the class, Price handed the paper. “Just out of curiosity, I totaled the amounts and was startled to see that the class was within striking distance of an endowment,” he said.

Class member Karren Thomas agreed to lead a student committee that got the idea approved and made all the logistical arrangements. When all the details were figured out, the students confidentially put their money in sealed envelopes.

Ninety percent of the class made a contribution to the endowment. “We are told by the Marriott School development office that this may be the first time in the history of the university that a single class has funded an endowed scholarship,” Price says. “It was especially gratifying for me to see these future business executives putting up their money to match the intent of their hearts.”

Natalie Sheffield, a student in the class, said, “We had learned the principles of charity and stewardship in our class. We took the opportunity to practice what we had been taught. We recognized that as a team we could help with our fellow students’ needs.”

Property Solutions Wins Business Plan Competition

Property Solutions LLC took first place at the 2003 Marriott School Business Plan Competition. The company provides an integrated software solution for property management companies. My Carnivore, a company that sells carnivorous pet plants, took second place. Tying for third place were Dierevo, a company developing technology to create renewable energy solutions, and StrollerWorks, a company that offers a new reversible jogging stroller.

Four finalists, selected from forty entries, competed for a $25,000 grand prize—the
largest in the competition’s history. A total of $100,000 in cash and services was awarded to the semi-finalists. The final four teams made fifteen-minute presentations after which a panel of experienced entrepreneurs selected the winners.

Professor Helps Take the Risk Out of Enterprise Management

In the midst of accounting scandals and the aftermath of 9/11, a study by a BYU professor and other accounting experts provides organizational guidance through a revolutionary risk-management framework that helps companies prepare for corporate catastrophes.

The study, intended for all organizations regardless of size, provides a “how to” process for identifying, measuring, prioritizing, and responding to risks. Douglas Prawitt, associate professor of accountancy at the Marriott School, says the framework is a process for managing risks ranging from natural disasters to fraud. He says the process can also be applied in non-catastrophic events such as shifts in the market.

“Most companies have access to bits and pieces of various enterprise risk-management frameworks, but these frameworks are incomplete, and companies have been left to fend for themselves,” Prawitt says. “Our goal was to develop a comprehensive and coordinated enterprise risk-management conceptual framework, together with detailed application guidance that will serve as the generally accepted standard in the business world.”

Prawitt represents the American Accounting Association on the Committee of Sponsoring Organizations (COSO) of the Treadway Commission Advisory Council. The council oversaw the study, “The Enterprise Risk Management Conceptual Framework,” and PricewaterhouseCoopers was selected to lead the project, which required more than 10,000 hours of research and study.

While many organizations may be engaging in some aspects of enterprise risk management, COSO’s framework identifies all aspects that should be present and how they can be coordinated. Prawitt says by evaluating risks, organizations can avoid, mitigate, or prepare to face adverse outcomes. The study urges company leaders to identify anything that could impact an organization’s ability to reach its goals. Factors representing negative risks are addressed through the risk management guidelines, while positive risks can be implemented into organizational strategy.

AWARDS & RECOGNITIONS

Catherine Cooper has been named director of student services for the Romney Institute of Public Management. She previously was the institute’s department administrative assistant.

Gibb Dyer, the O. L. Stone Professor of Entrepreneurship, was named academic director of the Center for Economic Self-Reliance. Part of his responsibilities include promoting and overseeing research related to economic self-reliance and to encourage the dissemination of research of academics and practitioners.

The Marriott School announced the 2003 Staff and Administrator Excellence Awards last June. This year’s recipients include: Pamela Castillo, controller; Tad Brinkerhoff, Global Management Center executive director; Darlene Burgi, Military Science Department secretary; and Joan Young, undergraduate management program director.

“We extend our congratulations to these four remarkable people who represent so well what the Marriott School is all about,” says Dean Ned C. Hill.

The recipients received their awards at the Marriott School Staff and Administrator Luncheon on 21 May at the Riverside Country Club. Honorees were nominated by their peers and selected by a volunteer committee for consistently demonstrating exemplary service and excellence. Each winner received a plaque and $750.

“These people really take their jobs to the limit and do truly outstanding work,” says Amy Kohler, an award-selection committee member.
Diplomat Returns to BYU

With three academic degrees, thirty years of professional work, and extensive international experience, John A. Harris enrolled again in college courses last January.

But this time Harris returned to BYU not to seek another degree, but to study Portuguese in preparation for responsibilities he assumed in July 2003 as minister counselor for commercial affairs with the U.S. Department of Commerce in Brazil. While at BYU he also taught international business courses for the Marriott School.

Harris was the featured speaker at the April convocation; he told graduates that faith can change the course of events, and he challenged them to become spiritual managers.

"The Lord has brought you this far, and He will not drop you now. He knows your name. And most of all, He has faith in you," he said. "Remember to manage by faith. Have faith that the Lord will guide you and sustain you while you do what is right. Show faith in the people around you. Learn their skill and their potential, teach them their duties, then challenge them with excellence."

Harris is also an Area Authority Seventy for the Church of Jesus Christ of Latter-day Saints. Born in Chile, Harris moved with his family to Uruguay when he was three months old. At age sixteen, he joined the Church and four years later was called to serve in the Andes Mission.

After receiving his BS and MS in engineering from BYU, Harris was sent by the Church to establish seminaries and institutes in Peru, Bolivia, and Ecuador. He has also served as president of the Argentina Buenos Aires North Mission; in a stake presidency in Caracas, Venezuela; as second counselor in the Chile area presidency; and as an Area Authority Seventy in Mexico.

Harris returned to BYU to earn his MBA in 1980 and was subsequently hired by IBM. Following additional training at the International Finance School in La Hulpe, Belgium, he became IBM’s treasury manager in Venezuela. A few years later, he returned to the United States and worked for several computer and telecommunications companies before accepting a position in the U.S. Department of Commerce as consul for commercial affairs in Monterrey, Mexico.

Harris is married to Nydia Ferrari. They are the parents of five children.

MPA ALUMNA SERVES AS LEGISLATIVE DIRECTOR

When Corine Larsen Bradshaw participated in MPA class discussions on governmental work, she wasn’t just talking about information she knew second-hand—she was talking about her previous job.

Bradshaw completed her undergraduate degree in education with special interests in history, economics, and political science at Utah State University. Rather than teaching, she decided to go to Washington, D.C., to get some political experience. Through a serendipitous connection, she landed a job with Representative Jim Hansen from Utah and worked in his office for three years.

In 1989 she made her way back to Utah and entered the MPA program. Bradshaw worked for the Utah Office of Legislative Research as an intern after her first year and continued there part-time during her second year.

After graduation, Bradshaw worked for Senator Orrin Hatch and then for Senator Nancy Kassebaum of Kansas until she was recruited to work for Senator Robert Bennett. In the nine years at Senator Bennett’s office, she has worked her way up to her current position as legislative director. Bradshaw and her husband, Sheldon, live in Arlington, Virginia.

Bradshaw says she enjoys working in the nation’s capital. “On days when it gets challenging, I still recognize that I’m part of one of the world’s great problem solving bodies—it’s like a big group project,” she says. “Like any group project, I’ve seen both foolish and wise decisions made, and I’ve seen ordinary people be courageous and inspiring.”

Bradshaw’s time in Washington has been meaningful especially because of the events she witnessed. She says she vividly remembers driving across the 14th Street Bridge and seeing the smoke from the Pentagon the morning of 9/11. “Those events have underscored the importance of actively valuing what is important in life,” she says.

CLASS NOTES

1978

Vance Bishop is a senior administrative analyst for Intermountain Power Services Corp; he’s in charge of logistics management for the company. He previously worked at Intermountain Power Project as the assistant to the site project manager. He has also worked as a city administrator in Delta, Utah, and was city manager for Washington City, Utah.

Bishop has been involved with Little League Soccer and the Delta and Washington City Chambers of Commerce. He also serves on the Delta City Planning Commission. He earned his BA in Spanish in 1976 and his MPA in 1978, both from BYU. He and his wife, Annette, have four children and reside in Delta, Utah.

1986

Jeff Stowell is an operations analyst with specialization in public communications at the U.S. Department of Housing and Urban Development. He is also developing a statistical approach to investment analysis with investment recommendations that will be published at StatEdge.com.

Stowell enjoys mountain climbing and has summited peaks around the world, including Africa’s Kilimanjaro, Alaska’s Denali, and Chile’s Aconcagua. He earned his BS in finance from BYU. In 2001, he earned his MBA from the University of Phoenix. He and his wife, Ruth Ann, reside in Salt Lake City.
1988

Since DeAllen (Allen) L. Goodwin graduated from the Marriott School with a BS in international finance in 1988, he’s spent thirteen years working in the workers’ compensation insurance industry. He’s worked for two California-based insurance companies, starting with The Zenith Insurance Group in 1989. There he served as an underwriter, underwriting manager, regional assistant vice president, and corporate assistant vice president over ten regional underwriting offices located in Southern California.

In May 2000, Goodwin joined The Leavitt Group, a corporation of eighty insurance agencies located throughout eleven western states. As vice president for workers’ compensation programs, his primary responsibility was to assist with the formation of an agency-owned, captive reinsurance company located in Bermuda. Owned by more than sixty Leavitt Group member agencies, the program now insures hundreds of employers generating a total of $5 million in workers’ compensation premiums, providing a valuable market option for Leavitt-affiliated agencies.

In fall 2001, Goodwin was recruited by Workers Compensation Fund (WCF) in Salt Lake City to serve as the company’s vice president of underwriting. WCF insures approximately 65 percent of Utah employers, including the State of Utah, the University of Utah, and the University of Utah Hospital system.

Goodwin and his wife, Lisa, have three children and reside in Salt Lake City.

1989

Wayne Boyce is a budget analyst for the U.S. Navy. He earned his BS from BYU in 1982 and his MPA from the Marriott School in 1989.

Last June, Boyce’s eight-year-old son, Daniel, won a national Harry Potter essay contest and received a trip to London when the newest Harry Potter book was released. Daniel’s winning essay was about creating a potion to cure his sister’s autism. Boyce has four children and five stepchildren. He and his wife, Nancy, live in Camarillo, California.

1993

David John Hill works as a controller for the Church in West Africa. He has also worked for seven years as an auditor with the Church’s auditing department and spent two years at KPMG.

Hill earned his MAcc from BYU in 1993. He and his wife, Jeana, have three children and reside in Ghana, West Africa.

1994

Darin R. Underwood has worked for nine years as a performance audit supervisor at the Utah Workers Compensation Fund (WCF) in Salt Lake City. Underwood’s work in the United States has also been significant. Last winter, The Dayton Area Manager’s Association named Williams Public Manager of the Year. A 1973 MPA grad, Williams has also been the recipient of several management innovation awards from the International City/County Management Association. Citically, he’s been involved with the West Carrollton Rotary Club, Sycamore Hospital advisory board, Ohio Municipal League Legislative Policy Committee, and Ohio Commission on Dispute Resolution and Conflict Management.

When G. Tracy Williams goes on business trips, he sometimes ends up halfway around the world.

Williams, a city manager for West Carrollton, Ohio, has visited Vidin, Bulgaria, three times in the past two years. He travels there to work with Mayor Ivan Cenov as part of a program to help the city transition to a democratic government system. This arrangement is part of the Resource Cities Program, which is funded by the United States Agency for International Development.

“Bulgaria is striving toward greater autonomy at the local level and is especially challenged in rebuilding their economy to overcome high unemployment,” Williams says. “Economic development is vital to Bulgaria.”

Williams’ work in the United States has also been significant. Last winter, The Dayton Area Manager’s Association named Williams Public Manager of the Year. A 1973 MPA grad, Williams has also been the recipient of several management innovation awards from the International City/County Management Association. Citically, he’s been involved with the West Carrollton Rotary Club, Sycamore Hospital advisory board, Ohio Municipal League Legislative Policy Committee, and Ohio Commission on Dispute Resolution and Conflict Management.

“When it comes to city management, it is extraordinarily demanding and highly satisfying as you have a stewardship to help move communities toward a shared vision to improve the quality of life in a complex urban environment,” Williams says.

He is a graduate of the Senior Executive Institute at the University of Virginia. He has also served as president of several local government management associations including the Dayton Area Managers and the Ohio City/County Management Association. Williams’ local government service includes serving the City of Manitou Springs, Colorado, as city manager for two years before being appointed in 1977 by the West Carrollton City Council as city manager.

Williams’ education includes a BS in urban planning from Ball State University, an MPA from BYU, and postgraduate studies in public administration at the University of Colorado, Denver. He and his wife, Karen, who is an attorney in private practice, have two children.

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CITY MANAGER PARTNERS WITH BULGARIAN CITY
1998

After working for Ford Motor Company as a financial analyst for two years, Daniel Snow returned to school to pursue a PhD. He is attending the Haas School of Business at the University of California at Berkeley and is researching technological innovation and corporate strategy for his dissertation. He began his studies in 2000 and will graduate in June 2004.

Snow earned his MBA from the Marriott School in 1998 and his MS from UC Berkeley. He and his wife, Rebecca, live in Berkeley, California, and have two children.

Jonathan Spackman recently had a case study published by the AICPA in their "Ethics and Fraud in Business: Cases and Commentary" series entitled “Manager Persuades Employees to Unknowingly Allow Embezzlement.” He earned his MAcc in 1998; he and his wife, Debra, live in Antelope, California.

2002

Upon graduating, Chris Pressler took a position as a strategy analyst with Yellow Transportation, Inc. in their pricing and yield management department. He spent the last year developing pricing strategies for customers based on their transportation needs. Recently Pressler received a promotion to senior information systems analyst in the same department. He’ll be in charge of project management and business analysis for key pricing and yield management information technology projects.

Pressler earned his undergraduate BA in finance from Utah State University and his MBA from the Marriott School. He and his wife, Liz, have four children and reside in Olathe, Kansas.

2003

Alana Trinette Wride Lee worked at Church headquarters in the human resources learning and development division until August, when her first baby was born. While working for the Church, she developed a 360-degree feedback survey and helped improve training programs. Lee also spent two months working with the Marriott School’s executive education program last spring and was a BYU adjunct English instructor during 2002–2003.

Lee earned her BS in sociology from BYU in 2001 and her MOB from BYU in 2003. She and her husband, Heath, live in Provo.

**ALUM TAKES A MUSICAL ROAD**

When Bret Bryce graduated from the Marriott School in 2001, he had an array of choices: enroll in one of the law schools that was recruiting him or begin a career as an investment advisor. Or start a band.

In Bryce’s case, he chose door number three. And it’s a choice he’s never regretted, as a member of the popular Christian group Jericho Road. But his business education hasn’t gone to waste—Bryce also doubles as the band’s business manager.

As a student at BYU, Bryce met the other band members—Dave Kimball, Abe Mills, and Justin Smith—in the Young Ambassadors. Their idea to form their own singing group evolved, and they eventually met with Deseret Book executives and landed recording contracts.

Bryce, who graduated cum laude, had acceptance letters and scholarship offers from law schools, including BYU, when Deseret Book offered the contract. “It was hard to turn those offers down, but I knew this is what I was supposed to do. It just felt right,” he says.

Jericho Road songs have extended beyond the LDS community and received airplay on Christian stations throughout the nation—one of their songs was the most requested on a St. Louis station. “About half the songs on our CD were written by Christian songwriters,” Bryce says. “We hope we can be part of a bridge between the LDS Church and the general Christian community.”

The band was featured at the Management Society’s 25th anniversary celebration during BYU’s 2003 Management Conference in June. Bryce said it was exciting to be involved with the event and give back to the school.

“One of the great strengths of the Marriott School is that students get an excellent business education with a gospel foundation; that definitely applies to what we’re doing,” he explains. “We are in the music and entertainment business, and we have a gospel foundation—it’s the foundation of our songs and the focus of all we do.”

With two CDs out and a third on the way, the group’s following is growing. They have performed at venues including the Phoenix Civic Center, LaVell Edwards Stadium, and Rice Eccles Stadium.

“Music is so powerful,” Bryce says. “I hope people realize our music is gospel-centered; it sets us apart from other pop music. We hope we can make a difference in the world through our music.”

For more information, or to contact the band about scheduling a performance, visit www.jerichoroadmusic.com.

**MANAGEMENT SOCIETY**

Distinguished Utahn Award Presented

On 22 May 2003 the Salt Lake City and Utah Valley Management Society chapters honored Larry H. Miller with the Distinguished Utahn Award.

The award, which began in 1994, is given to an outstanding Utah resident who has impacted the community. “Larry Miller has been successful in business, he’s a great philanthropist, and he does good deeds behind the scenes that few people know about,” says Dan Dillingham, chair of the event. “He contributes in so many ways and shines in all those areas.”

More than 250 people attended the banquet, which was held in the Church Office Building in Salt Lake City. The program included remarks by President Gordon B. Hinckley, Miller’s friends and son, and a musical performance by Thurl Bailey.
Larry Miller owns thirty-five automobile dealerships in Utah, Colorado, Idaho, Oregon, New Mexico, and Arizona. He began his career in the auto industry in 1963.

In 1986 he became sole owner of the Utah Jazz. In 1991 he built the Delta Center, and in 1993 he bought a Salt Lake City television station. His current project is Jordan Commons, a multiplex theater and restaurant development in Sandy, Utah.

For the past several years, Miller has taught an entrepreneurial class at the Marriott School with Keith Hunt. Miller has received honorary doctorate degrees from the University of Utah, Weber State University, Utah Valley State College, and Salt Lake Community College. He and his wife, Gail, have five children and nineteen grandchildren.

Past recipients of the Distinguished Utahn Award include Rodney H. Brady, LaVell Edwards, Jerold and JoAnn Ottley, Jon and Karen Huntsman, Alan and Karen Ashton, Gordon B. Hinckley, Stephen R. Covey, Rex E. Lee, and Dick Bass. This year’s event raised close to $10,000 for scholarships.

**Rotary Club President Receives Distinguished Public Service Award**

The Bay Area Chapters of the BYU Management Society and the BYU Alumni Association honored Richard D. King with the 2003 Distinguished Public Service Award.

The honor recognizes individuals who have made significant contributions to society. King accepted the award at a banquet 25 April in Oakland, California.

“King is a tremendous example for the Management Society and the community to follow,” says Dennis M. Dalling, president of the Management Society’s East Bay Chapter.

King has traveled throughout the United States and to more than one hundred countries around the world addressing audiences and working on humanitarian projects. He recently completed a year as president of Rotary International. Under King’s leadership, Rotary attained its highest growth record in the organization’s ninety-eight-year history attracting seventy-five thousand new members and 1,158 new Rotary clubs.

During his term, members raised enough money to give polio inoculations to more than two billion children.

In addition to his work with Rotary International, King is executive director of the Wheelchair Foundation, an organization that has distributed more than 125,000 wheelchairs in ninety countries around the world.

“Mr. King is a leader of great capacity, energy, and compassion,” says Assistant Dean Joseph Ogden, who represented BYU at the banquet. “His impact on the fight against polio and paralysis will be felt for years to come.”

During his professional career, King has worked as a trial lawyer, a professional Las Vegas entertainer, and a soloist in Broadway musicals. He demonstrated his musical talents by singing for the 170 people attending the award banquet.

Past recipients of the Distinguished Public Service Award include ophthalmologist George Hilton, author and publisher Sheri Dew, author and businessman Steven...
Covey, CEO J. Willard Marriott, Jr., and Church leaders Gordon B. Hinckley, Thomas S. Monson, and David B. Haight.

**Chapter Highlight: Hong Kong**

Hong Kong is a city with great transportation and communication infrastructures. It is also known as a financial center and major world stock market. However, recent economic troubles have taken their toll.

Bill Shum, president of the Hong Kong chapter said people are facing great obstacles in Hong Kong and China. The unemployment rate has been at a record high of 7.8 percent, and many people lost their jobs or took pay cuts.

“The situation may not last long, I have learned that tough situations won’t last, but tough people do,” Shum said.

Despite obstacles, Hong Kong has an active chapter of the BYU Management Society. They have about 262 BYU alumni on record and have organized several activities. Recently, the Hong Kong chapter sponsored a seminar with the BYU EMBA Asia tour, which they arranged in order to build friendships and provide networking opportunities. Guest speakers from the LDS Church and BYU were also featured at recent meetings.

The chapter has put together a web site that provides business connections for fellow alumni on www.ldsbusiness.net. This web site was developed and is maintained by local chapter members.

Serving with Bill Shum in the Hong Kong chapter are Jason Chun Wai Lam and Shui Sang Eric Tam as the vice presidents; Wah Doris Pai is the secretary.

Tad Brinkerhoff, managing director of the Global Management Center, said, “With such strong leadership, there is no doubt that chapter members in Hong Kong will overcome the tough economic times.”

**Management Societies on the Green**

When the seasons change and the weather turns warmer many Management Society Chapters take to the green.

The Pennsylvania, Philadelphia, chapter recently held their second annual golf tournament at Kimberton Golf Club in Kimberton, Pennsylvania. Approximately fifty golfers participated and raised more than $4,000. Proceeds were used to fund the chapter’s scholarship program.

The keynote speaker was Andy Reid, NFL Head Coach for the Philadelphia Eagles. He spoke on teamwork and leadership. The corporate sponsors included: Lockheed Martin; XL Capital; Joseph Kerry, Attorney-at-Law; and The Philadelphia Marriott.

On 5 June 2003, the Denver chapter hosted their annual golf tournament. More than one hundred participants signed up, which was an improvement from last year’s forty, said Ronald Pierce, chapter president. The tournament was coordinated by Paul Lamb and held at the Arrowhead Golf Course in Littleton, Colorado—it included contests and lunch.

Other tournaments are hosted later in the season. The Salt Lake Chapter’s annual golf tournament is scheduled for 22 September at Eaglewood Golf Course in North Salt Lake.

“It’s a great event providing an opportunity for networking and socializing with members and friends of the society,” said Clarke Nelson, the chapter’s board member in charge of the event. “This year we again expect to have several coaches and staff from the BYU Athletic Department participate.”

The chapter’s annual golf tournament and Distinguished Utahn Event together compose the chapter’s scholarship fundraisers. In addition to providing more than $10,000 in scholarships the past two years to local recipients, the chapter has also established an endowment with the Marriott School in conjunction with the Utah Valley and St. George chapters.

If you are interested in participating in the Salt Lake golf tournament, send an email to clarke.nelson.wg03@wharton.upenn.edu. Others hosting tournaments include the Virginia, Blue Ridge, and Washington, D.C., Management Society chapters.

**NEW MANAGEMENT SOCIETY CHAPTERS BEING FORMED**

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The new BYU Center for Economic Self-Reliance unifies the university’s efforts to help families throughout the world become economically self-reliant. Formation of the center is the result of more than a decade of research and course development in the field of microenterprise. (See related story, p. 27.)