

MARRIOTT

ALUMNI MAGAZINE



Entrepreneurs: Taking Healthy Risks

Crisis of
Confidence

Managing
Continuous
Change





2003 marks the 20th anniversary of the Tanner Building—the first academic structure on the BYU campus funded completely by donors. The building is named for successful businessman, Apostle, and three-time counselor in the First Presidency of The Church of Jesus Christ of Latter-day Saints, Nathan Eldon Tanner.

The 120,000-square-foot structure is home of the Marriott School and serves 3,000 graduate and undergraduate management students and about 200 faculty, staff, and administrators. The building has a seven-story atrium and is finished in Rockville White Granite from Cold Springs, Minnesota.

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Cover and inside cover photos by Bradley H. Slade.

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

Under the inspired leadership of President Brigham Young, the Mormon pioneers left the known and established world of the settled United States to venture into the largely unknown frontiers of the West. They faced unimaginable challenges. Where would they find water? How would they grow food in the harsh climate? Where would they get the supplies they needed? How would they take care of medical problems? How would they protect themselves against the elements?

Entrepreneurship: The Modern Pioneer Spirit

BY DEAN NED C. HILL

In spite of seemingly insurmountable challenges, they came forth by the thousands having faith in themselves, in their leaders, and in God. And they succeeded marvelously. Thriving cities, communities, and families all across the West are living tributes to their achievements.

Today's business entrepreneurs are in many ways the modern equivalents of those hearty pioneers. Indeed, one would be hard pressed to find a greater entrepreneur than Brigham Young. He led the founding of hundreds of business, agricultural, and educational ventures and established hundreds of settlements from southern Canada to the Mexican border.

Like Brigham Young and the early pioneers, modern entrepreneurs leave the comforts of established organizations and known business practices and venture into the unknown frontiers of new and untested ventures. They, too, are faced with often unimaginable risks. Will anyone buy this new product? Where will I obtain the funding to grow and to meet payroll? What are the legal minefields I'm venturing into? In spite of these sometimes daunting challenges, entrepreneurs go forth risking all to bring new ideas to fruition.

Our way of life today is a testament to the successes of yesterday's entrepreneurs: cell phones, personal computers, modern agricultural products, CAT scans, cancer treatments, etc.

Entrepreneurship is the pioneering spirit, and it's a natural theme for the Marriott School. Not only is the university itself named after the great entrepreneur Brigham Young, the school is named for entrepreneurs J. Willard and Alice S. Marriott. This illustrious couple started a little venture in Washington, D.C., selling



ice cold A&W Root Beer. Later, they added hot chili and tamales to their menu, grew the business into a restaurant chain, and then used the proceeds to found the world-renowned Marriott hotel companies.

In addition, the Marriott School is housed in the Tanner Building, named after President N. Eldon Tanner, a counselor to four Church presidents. Before he became a General Authority, President Tanner led the largest and most successful entrepreneurial venture in Canada (to that time at least)—the trans-Canadian pipeline project. There are few universities in the country that can boast such outstanding entrepreneurial namesakes as BYU's Marriott School.

To convey this pioneering spirit to our students, the Marriott School established the Entrepreneurship Center in 1989. The center has become one of our most vibrant programs. Under the energetic leadership of Donald H. Livingstone, assisted by able staff and volunteers from the entrepreneurship community, the center provides students with resources to help them understand the principles of entrepreneurship. It doesn't matter whether they are graduate, undergradu-

ate, or even nonbusiness students—all BYU students can participate in entrepreneurship programs.

The center teaches the principles of entrepreneurship through many different channels. Each semester the center sponsors a lecture series featuring entrepreneurs with fascinating stories. They share with students both their successes and failures. The center also offers courses in entrepreneurship. Each year the center sponsors a popular student competition for new ventures. It offers cash prizes and critical reviews by entrepreneurs and seasoned investors. One or two ideas regularly evolve into real ventures.

A few years ago, for example, an MBA student, Jonathan Coon, wrote a proposal to sell contact lenses over the phone and the Internet. The proposal was well received and some angel investors determined that the idea was worth an investment. Within a couple of years, 1-800-CONTACTS became a multi-million dollar company! Some entrepreneurs give students internship experience, while others serve as mentors for students, advising them on career paths and critiquing resumes.

The center is also a magnet for faculty providing material for writing business cases, funding research projects, and even helping to launch successful start-ups. Faculty are also involved with students in field studies. These are consulting projects completed by a team of students who work with a faculty expert to solve a well-defined business problem.

The school's Entrepreneurship Center has been so successful that it has generously helped establish similar programs at our two sister institutions, BYU—Hawaii and BYU—Idaho. In addition to funding support to jump-start entrepreneurship programs on both campuses, a business plan competition has been held at BYU—Hawaii for the past three years. Marriott School entrepreneurs visited the Laie, Hawaii campus for several days to judge the plans, instruct students in entrepreneurship, and award the plan winners.

Entrepreneurship is the pioneering spirit. It will always be an important part of the learning experience for Marriott School students. **M**

ALUMNI EXCHANGE

A forum for alumni to share ideas about challenges facing Marriott School graduates.

WHAT TACTICS DO YOU RECOMMEND TO MANAGE EXCESSIVE STRESS?

INDUSTRIOUS ALASKANS HAVE DEVELOPED unique stress management techniques. Many employers in the northern region give employees "subsistence leave" as a negotiated benefit. How do the thrifty natives use their subsistence leave? They prepare for the cold months ahead by drying and packaging hundreds of fish and enjoy family time together handpicking quarts of blueberries.

This annual ritual gives us four useful insights to skillfully manage stress.

1) Plan engaging ways to stockpile necessities. You may initiate a small financial venture, plant a garden, learn new skills, or listen to and read uplifting and motivating media. Target your plan to relieve specific stresses in your life.

2) Invite family and friends to take part in this process. Loved ones give moral support. Your outward invitation to them is therapeutic in practice.

3) Craft the experience as essential with high anticipation. Nature has prioritized food for the body. You can master "time" to discipline man's nature. Alaskans must canvass the tundra for berries and fish the streams for salmon in an exact season or the opportunities are lost.

4) Gain the perspective that comparable stress in others' lives is manageable. This perspective makes hope an essential step in managing excessive stress.

*Frank L. Barrus BS, '85
Nome, Alaska*

1) TAKE CARE OF YOURSELF. MAKE SURE all important aspects of your life are balanced. Physically, you need exercise and adequate nutrition and sleep. Emotionally, you need supportive, close relationships and things you are passionate about. Spiritually, you need to develop a closeness to God and nature and to enjoy the benefits of losing yourself in the service of others. Take time to meditate, ponder, and reflect. Intellectually, you need activities that excite and grow the mind.

2) Have an eternal perspective. Think about what life will be like in the hereafter. No doubt you will see the stressors of life in a new light. Focus on those things that are most important and that you can control. Reexamine your priorities and plan accordingly. Don't take yourself too seriously. It will all work out.

3) Consider change. Sometimes you may need to change your environment permanently by changing jobs, neighborhoods, or friends. You may also consider more temporary changes like going on vacation to see things in a different way. Sometimes you may need to change you. Prayerfully consider possible growth areas and options. Sometimes you need to weather the storm and exude the patience of Job before you will see the purpose and blessings of the stresses in your life.

*David Tietjen, MBA '88
Ogden, Utah*

AS YOU WATCH PEOPLE WHO THRIVE under horrendous pressure, you will quickly discover their source of strength. They don't thrive because they experience stress, squeeze a beanbag, and then fall back into control. Most don't feel stress in the first place.

Why? They know how to handle crucial conversations. When facing an apparent debacle, they don't whip themselves into a frenzy by assuming the worst of others. Instead, they assume the best and then seek data. When faced with people who are about to blow a gasket, they know how to calm troubled waters. Doing so, they avoid the viral qualities of strong emotions.

Finally, they know how to express their strong opinions in a way that's persuasive, not abrasive. By avoiding heated arguments, they keep emotions in check. In sum, learn how to master crucial conversations, and cut off stress at the source.

*Kerry Patterson BS, '70; MOB, '76
Orem, Utah*

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PARTICIPATE IN ALUMNI EXCHANGE:

Next issue: **What's the best way to initiate and sustain a mentoring relationship?**

Due: 15 February 2003

Length: 100-150 words

Each submission should include:

- Name and contact information
- Graduation year and program

Email responses to
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or send to above address.

Building a Family Legacy

THE MARRIOTT STORY

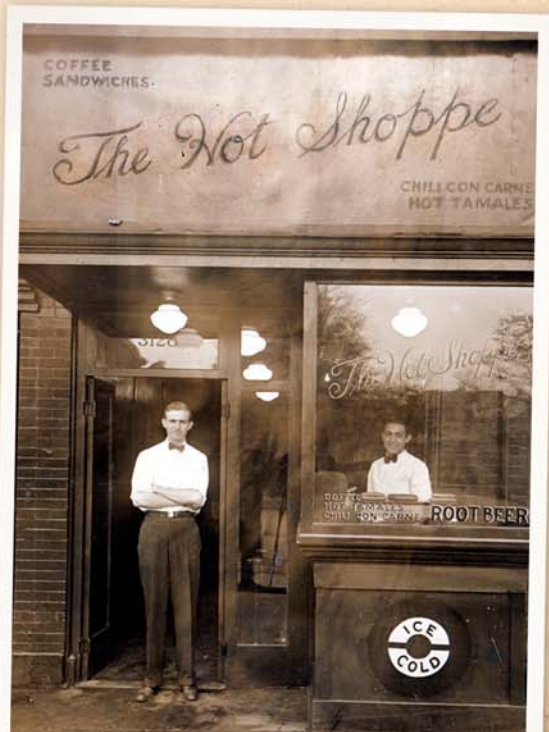
by Richard E. Marriott

MY FAMILY AND I ARE VERY PROUD TO HAVE OUR NAME ASSOCIATED WITH THIS GREAT SCHOOL—NOT ONLY BECAUSE IT'S A TERRIFIC EDUCATIONAL INSTITUTION, BUT BECAUSE WE ESPOUSE SIMILAR VALUES. MY PURPOSE TODAY IS TO GIVE YOU AN APPRECIATION OF WHAT MARRIOTT VALUES ARE AND WHAT THEY MEAN TO ME. THE BEST WAY TO DO THIS IS TO SHARE A LITTLE FAMILY AND CORPORATE HISTORY. THEY ARE BOTH ABOUT THE SAME.



*The family of Hyrum Willard Marriott.
Front row, left to right: Paul, Hyrum Willard,
Woodrow, Ellen Marie Marriott, Russell, Kay.
Back row: Eva, Helen, Doris, J. Willard.*

*J. Willard Marriott at the
original Hot Shoppe, 1927.*





Elizabeth Stewart.

The Marriott companies most people know and recognize today are: Marriott International, of which my brother, Bill, is the CEO and chairman; and Host Marriott, of which I am chairman. Both companies came from the original Marriott Corporation, which began as Hot Shoppes, Inc. My father, J. Willard Marriott, was the founder of it all. He was frequently asked, "What is the secret to your success?" He invariably responded that three elements were integral to his success: (1) being born right; (2) developing good habits; and (3) marrying right.

BEING BORN RIGHT

My father had two things going for him at birth: he was born in the United States, and he had good genes. He was blessed to live in one of the few countries where, if you work hard and make reasonably intelligent decisions, you can become successful. I serve on the board of the National Restaurant Association with about ninety-five people who are very successful and well known in the business world. Almost every one of them started working as a dishwasher, table busser, or server in a restaurant and then worked up to management and often ownership. This great country in which we live gives each of us this opportunity.

Secondly, my father had good genes, and a lot of those genes came from his grandmother, Elizabeth Stewart. Elizabeth was born in Liverpool, England. She and her brother, William, were converted to The Church of Jesus Christ of Latter-day Saints. Their family was very poor and gave little support to Elizabeth's and William's decision to join the Church and make the long, arduous trip to Zion, which was a fairly heavy expense in 1850. Elizabeth had one possession of value—a beautiful shawl she received from her mother—which she sold for enough money to book passage on a ship sailing from Liverpool to St. Louis, Missouri.



*J. Willard Marriott under the
Tower of Jewels at the 1915
San Francisco World's Fair.*

After arriving in St. Louis, William used his last few dollars to pay for his passage on a wagon train to Salt Lake City. Elizabeth had nothing left, so she worked for two years as a housekeeper to earn enough money to join a wagon train. Of course, in those days when you joined a wagon train, you didn't actually ride in a wagon—you walked alongside it. Unfortunately, she had only one pair of shoes. She wrote in her diary, "I would not want to walk down the streets of Salt Lake City in worn-out shoes," so she took those shoes, put them in her bag and walked barefoot so she would have good shoes when she got to Salt Lake City. She was a strong-willed woman!

After her trek across the plains, Elizabeth lived with her brother in Kaysville, Utah. Shortly after she arrived there, she was standing in the doorway of his home, looking out across a field, and saw a giant of a man on horseback coming toward her. She said he was not very handsome, but the Spirit whispered to her, "This is going to be your husband." I don't think she was especially happy to hear that. His name was John Marriott, and about three days later he approached her and said, "I've got the feeling you and I are to be married," and so they were wed shortly thereafter. One of the products of that marriage was Hyrum Willard Marriott, my grandfather.

DEVELOPING GOOD HABITS

My father, J. Willard, grew up on his father's farm, just west of Ogden, in the small town of Marriott, Utah, which was founded by his grandfather, John Marriott. As a young boy, he quickly learned how to work hard and take responsibility. He and his seven brothers and sisters had to take care of the crops and the livestock. As the eldest son, my dad had primary responsibility for the sheep and cattle. He spent so much of his time during his teen years tending them on the farm and herding them on the



*J. Willard and
Alice Sheets
Marriott, in
front of
Witchester
Apartments
shortly after
their marriage.*

ranges of Nevada and Utah that he never graduated from high school. He was called on a mission at age nineteen, and that provided him the welcome opportunity to leave the farm and spend two years on the East Coast, preaching the gospel from Washington, D.C., to Maine.

When my dad returned to Utah, he was able to talk his way into being accepted at Weber College without having a high school diploma. His second year of college is exemplary of the kind of worker he was. He was the salesman and writer for the newspaper, the manager and stock boy for the bookstore, an English teacher, and senior class president.

After graduating from Weber, my father transferred to the University of Utah and worked in a food-catering business with Franklin D. Richards, who was to be one of his lifelong friends. During summers at the University of Utah, he earned his living selling black wool long underwear produced by a Utah woolen mill. Dad would go to the Northwest logging camps and sell this underwear for \$20 a pair. That was a lot of money back then, so he developed a special selling strategy. He would find two mean-looking lumberjacks and challenge them saying: "Each of you take a leg of this pair of underwear. If you can pull this underwear apart, I'll give you a free pair. If you can't, you've got to buy it." The loggers would then have a tug-of-war but could never tear the underwear apart. Dad earned more than \$2,000 in commissions during a single summer and was the most productive salesman in the company.

MARRYING RIGHT

In addition to succeeding as a salesman, my father also succeeded in finding the right woman to marry. At the University of Utah, he met a young lady named Alice Sheets. She was eighteen years old and in her junior year. On one of their first dates, he took her to a little restaurant in the center of Salt Lake City. It was a small orange and black box building selling one item—A&W root beer. My father was extremely impressed—not because he liked root beer, but because they had a line of people a block long waiting to buy this product. He was so excited that he jumped on a train for Sacramento, California to talk to Roy Allen, the "A" in A&W. Roy sold him a license to sell A&W root beer in the

Washington, D.C., area. Dad chose this area because he'd been there on his mission and knew how hot and miserable it was in the summer. He proposed to Alice and told her he would be back to marry her when she graduated. He left for Washington to make all the root beer stand arrangements and returned to Utah in May 1927 for the wedding.

On the day they were to be married in the Salt Lake Temple, my father didn't show up when the ceremony was supposed to start. He was trying to get his commissions from the woolen mills. He arrived at the wedding two-and-a-half hours late, with no money. He asked my mother, "Do you still want to marry me?" She said, "yes," of course. His mother-in-law had the presence of mind to cancel the wedding reception and give Dad the \$200 they were going to spend for the reception. With that money, mom and dad jumped into his Model T Ford and started their two-week drive to Washington, D.C.

My mother was a tremendous partner to my father. She kept the books for their new nine-seat restaurant, which opened up the day Lindbergh flew across the Atlantic, 20 May 1927. Every night she would take the nickels, which were covered in root beer syrup, and wash them in the kitchen sink (the bank wouldn't accept sticky nickels). She'd then put the clean coins into a paper bag and walk down to the bank around midnight to make the deposit of the day's revenue. She understood what it took to run a restaurant, and she supported my dad throughout his career because she loved him and appreciated the work he was doing.

I learned a lot of important lessons from my parents, many of which are the same ones you'll be learning not only in the business world, but also at the Marriott School.

SUCCESS IS NEVER FINAL

Change is what puts life in your business and in your life. The customer needs change constantly, and your business and you have to change to meet those needs. When my folks opened their root beer stand, they had one product: ice-cold root beer. That worked great from May through September. October rolled around and it got cold and rainy in Washington, D.C. Nobody wanted ice-cold root beer. The customers my father still had said, "Hey, you better get something hot in here to eat or you're going to be out of business."

Fortunately, my folks lived next to the Mexican Embassy. My mother spoke a little Spanish and befriended the chef at the embassy. He gave her his secret recipe for chili and hot tamales. My father put up a new sign over the A&W root beer stand that read, "Hot Shoppe," and mother prepared their new Mexican recipes. They served root beer, hot tamales, and chili in what was now a "real" restaurant. It was a very explosive menu, but it worked, and provided the foundation for one of the largest restaurant chains in the eastern United States.

WATCH THE DETAILS

My parents taught me, my brother, and their employees to watch the details of the business. I have vivid memories of visiting the Hot Shoppes as a small boy. In their book, *In Search of Excellence*, Thomas Peters and Robert Waterman were right on target when they wrote about management by walking around. You cannot run a service business without walking around and seeing what's going on in the operation. You can't be in the office looking at the books all day and know what's really happening with your customers.

My father would go out and talk to the customers, talk to the employees, and inspect the units. He believed that you can't expect what you don't inspect. If you ask somebody to do something and never go back to check and see if it's done, it might get done the first time but it probably won't get done thereafter. You've got to get out there, check and make sure your associates follow through on their commitments, and let them know you will be checking. Then you must show appreciation to people for doing a good job. If they're not doing a good job, explain how to do the job properly and give them encouragement.

EXPECT PERFECTION

Expect perfection, and don't cut corners. If you cut corners somebody will find out, and it's usually one of your best customers. My father's inspections included tasting all the food, checking the temperatures of both the food and the equipment, looking for dirt under and behind every piece of equipment, and talking to the customers. He always said that you can't be happy with an 80 percent positive customer response—it's not good enough. He said you can't spill coffee on 10 percent of your customers and expect to be successful in the restaurant business.

You must expect 100 percent satisfaction. You may not achieve it the first time or the second time, but it should always be the goal you are striving for and the expectation you convey to your employees and your customers.

LEAD A BALANCED LIFE

Don't let your work hurt your family relations. Success is a lot more assured if your mind is free from family problems. If you're happy at home, there's a much greater chance of being happy at work. Be active in your church. Spiritual strength can be a great help. Don't underestimate the value of being moved by the Spirit. When difficult decisions come, we need help, and it's not always in the textbook, and it's not always with your associates. Oftentimes we have to ask our Heavenly Father for help, and He's willing to give it to us if we are living the commandments and are in tune with the Spirit.

BE ACTIVE IN THE COMMUNITY

Give back to the community. It makes you feel good. It makes your associates and employees feel good and have respect for you. It builds loyalty and morale. The customers love it. It's a win-win situation. One of the basic tenets of the gospel is to serve the Lord and your fellow beings. Public service is an essential element of the society in which we live. It is a moral responsibility

we must accept in order to live our lives successfully and be faithful to God's teaching. Address issues, injustices, and inequalities that are present in our communities and society. Help improve the present, and create a better tomorrow.

Your personal and business life should be spiritually strengthening, intellectually enlarging, character building, and service oriented. Plan your career so you will do what you love and love what you do. Do it in a way that will be pleasing not only to your earthly boss and to your family, but to our Lord and Master as well. We must all report to our Heavenly Father when our work is done upon the earth. That's when we'll find out the true measure of our success.

Brothers, sisters, and friends, I wish you success at this fabulous school. I'm honored to speak with you. There is no greater school and no greater group of young people on this continent than assembled right here in Provo.

May the Lord bless you with the kind of success that will lead to happiness during your stay upon the earth and eternal life in the presence of our Lord and Savior, Jesus Christ. **M**

This article includes excerpts from a speech given by Richard Marriott at the school's graduate student orientation 29 August 2002.

ABOUT THE SPEAKER

Richard E. Marriott is chairman of the board of directors for Host Marriott Corporation. Richard joined Marriott Corporation full-time in 1965 as manager of Hot Shoppes restaurants, having held part-time positions in the company since age fourteen.

Richard is chairman of the board of trustees for the J. Willard and Alice S. Marriott Foundation and the Marriott Foundation for People with Disabilities. He also serves on many boards, including the executive committee of the Marriott School's National Advisory Council and the board of directors of the Polynesian Cultural Center.

He is a graduate of the University of Utah and holds an MBA degree from Harvard Business School. He is married to Nancy Peery. They have four daughters and thirteen grandchildren.

*Richard Marriott, J. Willard Marriott,
and Bill Marriott.*





Illustration by Steven Noble

Crisis of Confidence

*An interview with fraud expert
W. Steve Albrecht*

Assistant Dean Joseph D. Ogden discusses the growing impact of fraud with international fraud expert and Associate Dean W. Steve Albrecht. Albrecht has published more than eighty articles in professional journals and numerous books on fraud, personal finance, and accounting. Throughout his career he has consulted for more than sixty-five organizations including British Petroleum, Bank of America, General Motors, IBM, the United Nations, and the FBI. In addition, he has served as an expert witness in twenty-six major fraud cases, the largest of which was \$2.8 billion. Finally, Albrecht has been recognized by *Accounting Today* as one of the top one hundred most influential people in accounting.

Several reports indicate that fraud—particularly corporate fraud—has increased dramatically over the past decade. Reports not only show an increase in the number but also in the size of corporate frauds. Has fraud really increased, or are we just better at detecting it than we used to be?

Fraud is increasing. There have been two monumental studies of financial statement frauds. One was done in the early 1990s on frauds detected between 1977 and 1987. There were about 300. The other study looked at the next ten years and found about 325 frauds. Since 1997, already more than 300 frauds have been detected. So, in the last five years there have been as many financial statement frauds as in the previous ten years.

Whether we are better at detecting it than we used to be has a lot to do with the

fact that frauds are easier to conceal in a strong economy. Many of the recently detected frauds were going on in the 1990s but were masked by the healthy economy.

LARGEST BANKRUPTCY FILINGS

| COMPANY | ASSETS (billions) | WHEN FILED |
|----------------------------|-------------------|------------|
| WorldCom* | \$101.9 | July 2002 |
| Enron* | \$63.4 | Dec. 2001 |
| Texaco | \$35.9 | April 1987 |
| Financial Corp. of America | \$33.9 | Sept. 1988 |
| Global Crossing* | \$25.5 | Jan. 2002 |
| Adelphia* | \$24.4 | June 2002 |

*Fraud related

Source: *USA Today* 2002

Another change that has taken place is the increase in the size of frauds. The largest bankruptcy in history, up until the last couple of years, was around \$25 billion. Now, Enron is at \$63 billion and WorldCom \$102 billion. Four of the largest bankruptcies in history have involved financial statement or management fraud.

To what do you attribute the dramatic increase in fraud, particularly over the past decade?

As I mentioned, a lot of these frauds have been going on before but weren't detected until the economic slowdown. Beyond that, it's corporate greed. Look at WorldCom's and Enron's executives. They were making millions a year in salary but stood to make hundreds of millions in stock options. The stock price doesn't go up unless earnings are consistently increasing. Wall Street and investment bankers project what a company's earnings should be, and if companies don't meet those projections, they're heavily punished.

For example, Enron reported twenty straight quarters of increasing earnings when, in fact, their real earnings were significantly less than that and in many cases losses. Because Wall Street penalizes firms that don't meet earnings expectations, there is enormous pressure to increase earnings, which often leads to manipulating or "cooking" the books to meet forecasts.

Is fraud more prevalent in the United States than in other developed countries?

Compared to other developed countries, fraud is more prevalent in the United States. There's a German organization, Transparency International, that rates corporate corruption in various countries. The corruption index is based on about thirty different surveys. The United States for the last few years has been ranked sixteen or seventeen out of about one hundred in the world. Canada ranks around seven or eight. The most honest countries tend to be in Scandinavia—Denmark, Sweden, and Norway. Less-developed countries tend to be closer to the bottom.

Do you believe the United States is experiencing a crisis of conscience?

There's a crisis of confidence for sure. Whether there's a crisis of conscience, I'm not sure. I can tell you that a lot of action has been taken recently. We have the new Sarbanes-Oxley Act, also called the Corporate Responsibility Act, that has many elements such as creating a new oversight board for the accounting profession and making executives sign off on the accuracy of their financial statements.

There are many steps being put in place to minimize future fraud activities. Having said that, we will always see corruption, because there are a million different ways to commit fraud and a lot of greedy people willing to do it.

Is the crisis of confidence justified?

Unfortunately, bad news gets all the press. Bad press is dominating the news and shadowing everything we do. By and large, we're still a great system with mostly honest companies. Sure we're in a bit of a recession right now, but most companies are going to survive and become stronger.

I think a lot of people have overreacted. We hear about WorldCom, Enron, Tyco, or Homestore frauds, and all of a

Some in the United States believe the American system of accounting—most notably the rules-based system administered by the Financial Accounting Standards Board—is to blame for the discrepancies and deceit perpetrated on investors. Critics of the American system believe that moving to a principle-based system like that used in Europe would reduce the penchant many have for regulatory loopholes.

How seriously is the U.S. accounting profession looking at moving to more principles-based International Accounting Standards (IAS)?

The United States has not been heavily influenced by the IAS. International standards are different and more principles-based. I doubt we'll be adopting them in the foreseeable future because most people believe U.S. standards are higher.

This principles/rules-based controversy doesn't have an easy solution. Some people argue that if we have more principles-based standards it's just easier to manipulate because there are no hard rules. The problem with rule-based standards is you can't have a rule for everything. In a rule-based system, the auditor can't say to the client, "You shouldn't do it because there's a rule against it." But if it's principles-based, the auditor can say, "You shouldn't do it because it's not in the spirit of the rule."

Overall, if auditors are willing to

stand up to their clients, I think principles-based standards would be better. It would be harder to rationalize if you had principles-based standards that everybody understood and complied with.

What would it take to move in that direction?

It would take a lot of people changing their belief structure. We've gone down this rule-based road a long time. Many people who've invested a lot would have to change. It's not in the FASB's best interest to have general principles-based standards. However, I think it's in the best interest of financial reports and the country as a whole. A lot of people don't agree with me on this point. They believe principles-based standards would give people a license to cheat more. I don't believe that.

sudden it seems like it's everywhere. But it's not. What we don't think about is how many companies are out there. It's like flying. People hear about a deadly airplane crash and are afraid to fly. They may not think about the fact that there are thousands of flights a day, and it's still the safest way to travel.

You've written about the fraud triangle—the role of perceived pressure, perceived opportunity, and rationalization in committing fraud. How do these factors play out when fraud is actually committed?

The fraud triangle can explain any fraud there is. If it's fraud against an organization, the pressure might be, "I've got debts I can't pay." The rationalization is, "There are poor controls in the organization, and I'm going to pay it back."

If it's financial statement fraud for example, the pressure might be, "We've got to meet Wall Street's earnings forecast." The opportunity would be the plan, "We'll bury these fictitious transactions in subsidiaries that the auditors might not get to." The rationalization is, "As soon as the economy improves, we'll merge with somebody and create a merger reserve where we can wipe this out." People rationalize that as soon as the economy improves they'll stop committing fraud.

Do you feel government regulations, particularly the new Sarbanes-Oxley Act, do much to reduce perceived pressures, opportunities, and rationalization?

The Sarbanes-Oxley Act is an effort to put some infrastructure in place to make companies act responsibly. The act created an oversight board, requires auditor rotations, and requires work papers to be retained longer. It places more burdens on corporate executives. For example, you can no longer leave a CPA firm and become a company executive right away. Certain executives in corporations have to sign off on financial statements. And, companies must have outside directors with financial experience on their boards of directors and audit committees.

I don't think we've done anything to reduce pressures. We still have Wall Street making earnings predictions and companies giving tremendous amounts of stock options. In terms of opportunity, hopefully by having more diligent auditors, opportunities won't be as great. As for rationalization, if top management has to sign off on the financial statements and take responsibility for their accuracy, they can't rationalize fraud as easily as before.

Have advances in technology helped eliminate or encourage fraud?

Yes and yes. Advances in technology have made fraud easier to commit and easier to detect. We can now use deductive logic and technology together to detect fraud. I've done it with my son, Professor Conan Albrecht, as the programmer.

First, we identify the kinds of frauds that could occur. Then, we identify the symptoms those frauds would generate and catalog them. Next, we use the company's accounting systems and technology to search for these symptoms. When we find things that look like fraud, we build models.

On the other hand, advances in technology have made fraud easier to commit

as well. For example, there's a lot of online auction, credit card, and identity fraud that was never possible before.

What is the Marriott School doing to prepare students to deal with fraud issues?

For starters, we have excellent professors who are marvelous examples. They're bringing the gospel and good values into the classroom. They are staying up-to-date and using corporate examples to teach lessons of integrity and to teach students how frauds happen. We also bring in business executives as lecturers

Aside from the Sarbanes-Oxley Act, what do you think needs to be done to restore confidence?

Unfortunately, the solutions are difficult. Some people are dishonest. Researchers who have studied honesty, integrity, and moral development say there are two things to do if you want somebody to be honest. Number one, you've got to model the behavior you want. In the corporate world we call that "tone of the top." In a family, we call it setting a good example. Number two, you've got to label behaviors as acceptable or unacceptable. In the corporate world we call that a code of conduct. In a family, we call it teaching and training.

It's very clear from research that when the model and label or the example and teaching are not consistent, you get a behavior you don't want. It's like me saying to my children, "Don't break the speed limit." Then they get in the car with me, and I drive eighty miles an hour with a radar detector. My model and my label or my teaching and my example are not consistent. The Savior was a great example, a perfect example. His labeling was parables, and His model was His example.

In today's society productive modeling and labeling is diminishing. With information so accessible, people are exposed to a great deal of poor behavior that is modeled very vividly. Young people are seeing more bad models, and some of these models are our leaders: executives, athletes, senators, and judges.

Not only are the youth being exposed to poor examples, but they aren't receiving the teaching to help them determine what behaviors are acceptable and unacceptable. I've heard that the average vocabulary of a kinder-

garten child today is about 1,000 words. When the baby-boomers started kindergarten the average was about 4,000 words. Children have decreasing vocabularies because they're not being talked to. The average family spends ten hours less time together per week today than in 1980. Homes are no longer places where parents teach and train children, they've become places where you pass each other in the hallway and say hi.

With little or no positive modeling, teaching, or training, children are growing up and entering the corporate world without a well-defined code of conduct. They don't know what's right and wrong. When the company CEO tells them to do this, or the chief financial officer tells them to do that, they rationalize and go along. They say, "I've got this good job. I've got to keep it."

The problem is there are a lot of people to blame. There have been honesty studies in the United States for many years. We know that the percentage of dishonest Americans is increasing. It's a very difficult trend to reverse.

Is it possible to reverse that trend?

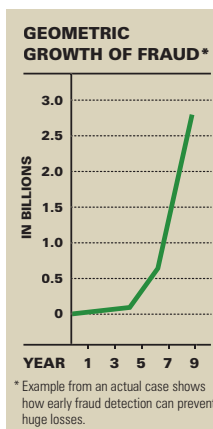
If we're going to reverse it, we have to start at home. Then, educational institutions have to pay attention. Business schools aren't teaching ethics as much as they could or should. Few are teaching anything about fraud. Most of the people who participate in frauds and most of the auditors wouldn't know fraud if it hit them right between the eyes because they haven't been taught. I believe teaching about fraud will help reverse the trend.

and role models.

In addition, we have a fraud class at BYU. Now, a number of other schools are adding fraud classes. We also have several other classes that present students with ethical dilemmas to help them define who they are.

Looking at situations like WorldCom and Enron, do you think it was really their intent to manipulate their earnings all along?

The common element of fraud is intent. Without intent, it's an error. Sometimes the intent starts fairly innocently and grows gradually. That first amount of fraud committed usually offsets the second period. The next period's fraud always has to be bigger. People who commit fraud usually don't realize that unless they can reverse it very quickly it's going to get really big.

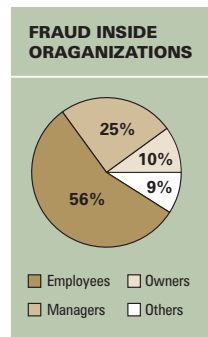


For example, one of the easiest ways to commit fraud is to overstate inventory. If you overstate inventory, then your gross margin and net income are higher. Inventory at the end of one period becomes the beginning inventory of the next period, which has the opposite effect. So now to commit a fraud you've got to compensate for that as well as double it the next period. In most cases, frauds start small and then grow geometrically. In WorldCom's and Enron's cases, they first used aggressive accounting methods then managed earnings and finally committed fraud.

Do you believe that fraud at this magnitude also begets other fraud? People think, "Well, nobody's

being honest, so why should I?"

This happens a lot. When top executives are dishonest other people in the organization see it and justify their own dishonesty. An insurance fraud a number of years ago



involved employees creating fictitious people and fictitious policies and then selling those policies to reinsurance companies. One of the employees in the company saw what was going on and said, "We're creating all these fictitious employees, I might as well get in on it." It didn't make sense to have them all live forever, so he had a few of them die and collected the death proceeds. I'm an expert witness in a fraud case right now where there are more than twenty individuals involved in perpetrating the fraud.

Not only have CEOs been taken to task for duping investors, but their accountants and auditors have also come under intense fire. Should corporate accountants and independent auditors be held to the same level of accountability as CEOs?

Despite what many people think, accountants and auditors are rarely involved in fraud. There are a number of lawsuits against auditors that I consider frivolous. An auditor will never be able to detect every fraud. They'd have to audit 100 percent of all transactions, be an interview expert, and be able to tell when somebody is lying. Just because somebody doesn't catch a fraud doesn't mean it is a failed audit.

Having said that, I believe there are cases when auditors aren't as diligent as they

should be. I've been engaged as an expert witness in cases to defend CPA firms and started preparing only to realize the auditors didn't do a good job. When that happens, I resign from the engagement.

Where is the accounting profession headed?

The accounting profession has been hit pretty hard and gotten a lot of bad press lately. We're down now to the final four firms, if you will. You may have recently read that one of the big four has a \$2 billion lawsuit against it by the government. For many years, CPAs were at the top in terms of integrity, objectivity, and respect. Now, many people argue that we're down there with used-car salespeople, lawyers, and members of congress. We lost a lot in a short time in terms of our reputation as accountants. It's going to take a long time to get that back. The irony is, however, that CPAs should now matter more than ever to corporate executives. They place great confidence in their auditors before signing off on financial statements.

How long do you think it will be before the markets regain consumer confidence?

The problem with the markets right now and consumer confidence is it's not just the frauds that are holding the market down. In fact, they might be a fairly small part of it. It's a combination of the unemployment rate, economic downturn, and the indices we monitor all the time. When people lose money, they tend to have less confidence in the system.

One of these days the economy is going to turn around, and as a result consumer confidence will rise. If you look at the market historically, we have never had a period longer than twenty-two months when the market's been down. When it has recovered, it's exceeded its previous high. We'll still have frauds, and the strong market will hide many of them. It's cyclical. **M**



THE HEALTHY RISKS OF REINVENTING

Experiences of Four Marriott School Entrepreneurs

By Grant R. Madsen
Photography by Bradley H. Slade

Entrepreneurship is, in many ways, the lifeblood of our economy. Each year, more than half a million businesses are started, and millions of jobs are created in the United States alone. Additionally, the entrepreneurial itch helps advance technology and diversifies the economy.

The innate drive to create new ventures and build new enterprises has led the United States out of many recessions. According to a recent *USA Today*¹ article, in the previous nine recessions since 1948, self-employment rose as laid-off workers started their own companies. This increase in businesses produced jobs and innovation, providing a vital shot in the arm to a floundering economy.

However, during the past two years, new business startups have been slow to aid in the recovery. The share of all self-

employed workers has actually fallen since March 2001².

Experts attribute this recent trend to rising health insurance premiums, lack of readily available financing, and a decrease in investor confidence. Despite such obstacles, many are still counting on entrepreneurs to nurse the economy back to health.

With a strong tradition of entrepreneurship, Marriott School graduates are reinventing traditional businesses and creating innovative ventures—nourishing a hungry economy.

These are four stories of Marriott School alumni garnering entrepreneurial

success. Common among them is a desire to help others succeed, reliance on the gospel of Jesus Christ, and application of skills acquired at the Marriott School.

Discover Nathan Gwilliam's path to start Adoption.com, one of the world's largest adoption media web sites; how Chris Lansing converted a local building supply company into the national Ted Lansing Corporation; what prompted Marva Sadler to restart Baron Woolen Mills and join new venture eLeaderTech; and why Stephen Jenkins believes his newest startup, CheatCodes.com, is honest work and a lot of fun.



➤ Nathan Gwilliam

Adoption.com

PIVOTAL MOMENT

Banging on the doors of the post office at 12:45 a.m., former BYU business student Nathan Gwilliam couldn't believe his luck. Tired and overworked, he had postponed finishing a business plan entry until earlier that evening. Procrastination had caught up with him.

After hearing about a U.S. West-sponsored competition with a \$10,000 prize, he resolved to give it a shot. His new company, Adoption.com, had experienced minor success generating revenue through advertising, adoption attorney listings, and parent profiles, but was still unable to meet its expenses.

The company had just downsized and moved from Provo (where it started in 1995 in a BYU computer lab and won the BYU ACE Business Plan Competition) to Arizona, where Gwilliam could save rent money living with his parents. The warm glow of CNN and MSNBC cameras that followed the young entrepreneur at the site's launch had faded, and the cold realities of running a business remained.

"It will take three times as long, cost you three times as much, and generate a third of the money you think it will."

"There's a standard rule they tell you in business school—the rule of threes," Gwilliam says. "It will take three times as long, cost you three times as much, and generate a third of the money you think it will. That was pretty true."

Earlier that evening, he had decided to grab something to eat before returning to the office to finish the business plan entry, which had to be postmarked that night for competition eligibility.

"Looking back, we were at a pivotal moment of the company," Gwilliam says. "We could very easily have folded. All the credit cards were maxed, and there wasn't enough revenue to meet our needs."

On the way to dinner, his automobile was rear ended—the first accident of his life. By the time he returned to work, got the business plan in a workable state for submission, and drove to the post office, he had missed the postmark.

Standing in front of the post office's locked doors, Gwilliam noticed several postal workers exiting the side door. Hoping for a miracle, he nearly pounced on them, passionately explaining his situation.

"I told them it had to be postmarked before midnight. They told me, 'It can't,'" he says. "I explained to them that this was to help kids get adopted, and it was for a really good cause." His sincerity swayed them.

"When they came back out—minus the package—they said, 'You are so lucky. The lady in charge of turning over the date stamp is having a baby shower, so she hasn't done it yet.'"

His entry properly postmarked, Gwilliam went on to win the competition. The prize money arrived in time for Adoption.com to pay critical obligations and garner more media coverage. More importantly, it attracted the attention of financiers.

A HELPING BUSINESS

Under Gwilliam's leadership, Adoption.com is now a profitable network of more than two-hundred web sites related to adoption, foster care, infertility, and crisis pregnancy. Aside from catering to people hoping to adopt, the Adoption.com network also serves women facing crisis pregnancies, adoptive families, adoptees, and birthparents.

Popular sites include AdoptionWeek.com, an online magazine sent via email weekly to 220,000 readers; AdoptableKids.com, a photo listing with nearly 2,000 children in foster homes and orphanages; ParentProfiles.com, a service allowing hopeful adoptive parents to build online profiles and pregnant mothers to access those profiles; and AdoptionRegistry.com, the largest mutual-consent reunion registry that helps adult adoptees and birthparents find each other.

Privately owned by Gwilliam and his father, the world's biggest adoption media company employs twenty people and creates revenues from advertising, directory listings of adoption attorneys and agencies, listings of parent profiles, and from sales of adoption books, music, videos, and other products. "A lot of people said you couldn't make money in the adoption world," he says. "But I knew it could be done."

GUIDING PRINCIPLES

Important to his accomplishments has been the foundation he gained in Marriott School classes.

"Rick Farr's marketing class was wonderful," he says. "It was so practical. I've used almost everything I learned there."

Key to his success is three principles upon which Gwilliam bases business decisions: (1) Do the right things for the right reasons, and worry about revenue second. (2) Pay outright for everything needed to run your business, but make all of your revenue streams recurring. (3) Give credit where it's due.

"We are very open in our business culture that we could not do this without the Lord," Gwilliam says. "He gets the credit, not us. We need to make all of our decisions in ways we can be worthy of that assistance."

➤ Marva Sadler

Baron Woolen Mills and eLeaderTech

EYE FOR OPPORTUNITY

Struggling with humidity-related health concerns, strategy consultant Marva Sadler left her job with consulting firm Marakon Associates and moved her family from the East Coast to the drier climate of Utah. Upon returning to the state of her childhood, she enrolled in a doctorate program at the University of Utah in the fall of 1991.

"In the middle of a growing business, 'I can't' is not an acceptable answer."

"I quickly realized I was too entrepreneurial to get my PhD," Sadler says. "I lasted one semester." Shortly thereafter, she heard about the bankruptcy and closing of Brigham City's Baron Woolen Mills—founded in 1870 by Church President Lorenzo Snow. Marva saw an opportunity.

"I thought it would be exciting to take all the principles I had taught other people as a strategy consultant and see if I could make them work," says Sadler, who earned an MBA from the Marriott School in 1981 and went to work for Bain & Company after graduation.

Sadler took the reins as CEO and her husband, Bob, took responsibility for sales and marketing. Together, they developed and executed a business plan to return the company to full operation in eighteen months and profitability in twenty-four. But the turnaround wasn't always smooth. In a small-company setting, Sadler had to adjust her approach to doing business.

"My consulting firm clients were Fortune 500 organizations with big problems involving huge amounts of money. I was accustomed to doing financial projections and spreadsheets where \$10 million was a rounding error," she says. "When I began running my own business, there was no such thing as a rounding error—I started struggling over things like, 'Am I paying seven cents or can I find five cents a minute for long distance?'"

During four years at the mill, she quadrupled production, improved the quality of blankets, and reintroduced past products. She says she learned to focus on

creative problem-solving skills, which involved finding simple, low-cost solutions. "As an entrepreneur, 'I can't' is not an acceptable answer," she says. "There is a constructive solution to almost every challenge."

One creative solution involved scrap yarn. Instead of figuring out how to just minimize the problem by reducing or recycling, Sadler's company reversed the situation and turned the scrap into a profitable opportunity. The mill invented a blanket

called the "Joseph" as in the "coat of many colors." According to Sadler, the blanket was tremendously popular with its unique color weaves and also very profitable because it used all of the leftover yarn. "We never had to discount a 'Joseph' blanket because of a weaving flaw," she says.

ATTITUDES AND BEHAVIORS

When she became pregnant with her fifth child, Sadler developed an allergic reaction to the wool and turned the company over to her husband in 1996. She moved on to work for business training companies AchieveGlobal and later FranklinCovey.

Sadler explains that even when she's worked for larger businesses, she's tended to behave in an entrepreneurial fashion. "Entrepreneurship is not just about running or owning a small business," she says. "It also has to do with attitudes and behaviors. There's a difference between the constant sense of urgency and creativity that entrepreneurs have versus the bureaucracy and process that managers of large businesses tend to fall into."

She credits part of her success in the business world to her time at BYU. "The Marriott School provided as good a classical MBA education as anybody," Sadler says. "In the business world I was able to put my strategy sense and certainly my finance and operations understanding, against anybody else's."

SENSE OF PRIORITY

Today, when she's not using her entrepreneurial skills as chief operating officer of Salt Lake City-based start-up eLeaderTech,

Sadler is mother to five children, ages twenty-one to seven. And though she says it hasn't always been easy, she follows a strict policy to make the two parts of her life work the way she wants them to.

"I tell my employer, 'I work really hard when I'm at work. And when I go home, I'm home,'" Sadler says. "When I'm home: I'm a Mom; I coach soccer; I make Halloween costumes; I do the things that Moms do—but when I'm at work, I'm at work."

She takes the gospel very seriously in relation to her business and home life. The values and principles she holds closest—a deep sense of integrity and honesty—have served as guideposts throughout her career.

"I've walked away from jobs where I thought people were a bad influence or where there were things that I didn't want to participate in. I can't do one thing eight hours a day and live the gospel the other sixteen."





➤ Chris Lansing

Ted Lansing Corporation

VISION OF GROWTH

“When we first started, we had six warehouses and \$10 million worth of business,” says Chris Lansing, president of the Virginia-based Ted Lansing Corporation. “Today, we’re at fifty warehouses and more than \$200 million dollars worth of business.”

The 1974 BYU accounting graduate, CEO of the nation’s foremost independent building products wholesaler, has no plans to slow down.

“To me, when you’re green you grow, and when you’re ripe you rot,” Lansing says. “As we attract and hire new people we have to sell them on our vision that the company can grow and that they will be able to grow along with it. If we don’t give them those opportunities, someone else will.”

When Lansing took over the company in 1980 upon the death of its founder and namesake, the Ted Lansing Corporation

was in a tight spot. Plagued by high interest rates, the economy had ground to a halt.

Shortly after assuming his father’s role as president, Lansing, then thirty-years old, got word that several of the company’s key leaders were defecting to go into business for themselves.

“It made for a very challenging time,” Lansing says. “I didn’t feel like I was par-

them with respect. Customers are our partners. Their success is our success.”

IMPORTANCE OF EXAMPLE

A former stake president, Lansing is also active in the community, where he tries to be a good example.

“Being a Mormon in the community—a Baptist Bible-belt area—you

**“When you’re green you grow,
and when you’re ripe you rot.”**

ticularly ready for it. But it forced us to work hard, and I think it brought out the best in us.”

Bringing in other young guns to fill vacancies, Lansing earnestly began building the business. Under his leadership the company has prospered, with warehouses from Washington, D.C., and Atlanta to Salt Lake City and Seattle.

Marriott School Dean Ned Hill has worked closely with Lansing, who serves on the school’s National Advisory Council, its Entrepreneur Founders Board and on BYU President Merrill J. Bateman’s Leadership Council.

“Chris is a wonderful entrepreneur. He’s very kind and personable to his people but very demanding of quality as he expands his business,” Hill says. “An entrepreneur is someone who takes risks and develops new ideas, and Chris certainly does that.”

A PEOPLE BUSINESS

Lansing credits his company’s expansion to the focus he places on personal relationships—those fostered with employees and customers alike. Additionally, the support he gets from his spouse in his business ventures is something he believes is vital to any entrepreneur’s success.

“I like the opportunity of watching people grow,” Lansing says. “We’re not a high-tech business, we don’t have a secret recipe, and we don’t make anything. We’re wholesalers. Ours is a service business, which means it’s a people business.”

Lansing considers himself lucky to be the leader of so many dedicated and special people. “We hire friendly and train technical,” he says. “We expect our employees to know their customers’ names and treat

become very visible because of your religion. The same holds true in the business world,” Lansing says. “It’s an opportunity to put the Church forward in a positive light.”

Lansing says many great missionary opportunities have resulted from the attention his company garners. He attributes the corporation’s continual expansion and success to the Lord, saying it is a tool to further missionary work.

“Our family believes that where much is given, much is required. We’ve been the beneficiaries of so many blessings that we feel we must give back.”

Attributes of a Successful Entrepreneur:

- Willing to take risks
- Desires to compete
- Handles stress well
- Makes work fun
- Creatively solves problems
- Recognizes opportunities
- Committed to the business
- Goal oriented
- Sense of realistic optimism

Dyer, W. Gibb. (1992). *The Entrepreneurial Experience*. San Francisco, CA: Jossey-Bass Publishers.

► Stephen Jenkins

WinFiles.com, VServers.com, and
CheatCodes.com

FUN ON THE JOB

Thirty-one-year-old Stephen Jenkins is a confident fellow—he has an engaging verbal swagger that perhaps stems from the sale of two of his companies—WinFiles.com and VServers.com—for a combined \$60 million in cash. And though money doesn't necessarily make the man, it certainly didn't hurt the assurance of a person who had the chutzpah to run for Provo mayor at age twenty-one.

After taking a year off in 2000 to recharge following the sale of his businesses, Jenkins became the “cheat” executive officer of CheatCodes.com, a company he envisioned in 1996 that provides video game enthusiasts with the secret codes, hints, and tips to imbue game characters with even more super powers and unlock hidden levels.

Jenkins' company name sometimes raises eyebrows. But a quick explanation

“I love helping others catch the excitement of what it's like to own a business.”

that video game programmers purposefully include such codes to add variety to games usually resolves concerns.

“There's nothing dishonest about it; it's not really cheating,” he says. Raised eyebrows aside, Jenkins loves his job.

“I'm sure every kid has thought at one time or another, ‘If I could just figure out a way to make money playing video games,’” Jenkins says. “I haven't figured out how to make money playing video games, but I've figured out how to make money and it's related to video games. I think that's about as close as I'm going to get.”

DOT-COM SUCCESS

In 1996, while still in graduate school, Jenkins “accidentally” founded Jenesys, a web media company that created

WinFiles.com, a site that let people test drive software via downloads and provided informational articles about the Windows operating system.

The articles became extremely popular—many web sites linked to them, and most of the high-tech print magazines recommended them. Jenkins became an unintentional expert on Windows 95 Internetworking almost overnight.

In the process of creating and maintaining WinFiles.com, Jenkins hired people to develop programs that dealt with advertising and marketing, content management, and databases. Realizing the software's marketability, he and a fellow BYU student co-founded VServers.com, a Web hosting and e-commerce tools provider.

While Jenkins was running the two companies, Microsoft launched Windows 95 in August 1995. WinFiles.com was caught up in the media hype, and members of the Windows marketing team offered Jenkins a job. He worked for them as an online marketer following graduation.

“I was working with people from

Princeton, Stanford, Harvard, and Wharton, and I was just as competent and well equipped to deal with business problems as they were,” Jenkins says. “That's a credit to the curriculum, methods, and faculty of the Marriott School. I was sent into a gunfight with plenty of ammunition.”

He loved working for Microsoft, but found it impossible to balance a family, job, and two businesses. After four months at the company, Jenkins left to focus on his own enterprises.

Juggling the management of two profitable businesses was still no small feat, so when the opportunity arose to sell WinFiles.com to competitor CNET for \$11.5 million in cash, Jenkins took it. A year later, he also sold VServers.com to Micron Electronics for nearly \$50 million in cash.

“We were competing with other dot-coms that didn't have real customers or revenues. Our companies were privately held, growing, and viable,” Jenkins says. “We were conservative, not like other dot-coms that were throwing caution to the wind.”



ENTREPRENEURIAL ZEAL

With the financial independence the sales of his two companies gave him, Jenkins started CheatCodes.com in 2001. The Seattle-based company serves up more than 300,000 web pages daily, attracting about 200,000 visitors a week during slow periods and almost double that during the summer and on holidays.

Currently, the site is free and makes a profit on advertising, but will eventually charge a minimal fee for some of its services, Jenkins says.

In his free time, Jenkins enjoys lecturing about entrepreneurship to BYU students in Rexburg, Laie, and Provo, and makes an annual visit to the Philippines to teach microenterprise to budding capitalists at a school founded by one of his former Marriott School professors. “I love helping others catch the excitement of what it's like to own a business,” he says.

Like other Marriott School graduates, Jenkins credits his family and the strength he derives from the gospel to helping him maintain perspective.

“It's helpful knowing and having some exterior direction in my life—understanding that I'm not just trying to make money for the sake of making money,” Jenkins says. “I'm very grateful for the influence the gospel has to help me and my family stay on the right path.” **M**

Endnotes

1. Jim Hopkins. (2002). “Entrepreneurial spirit suffering; Start-ups fail to help U.S. shed recession.” *USA Today*, 18 September, A1. 2. Ibid.

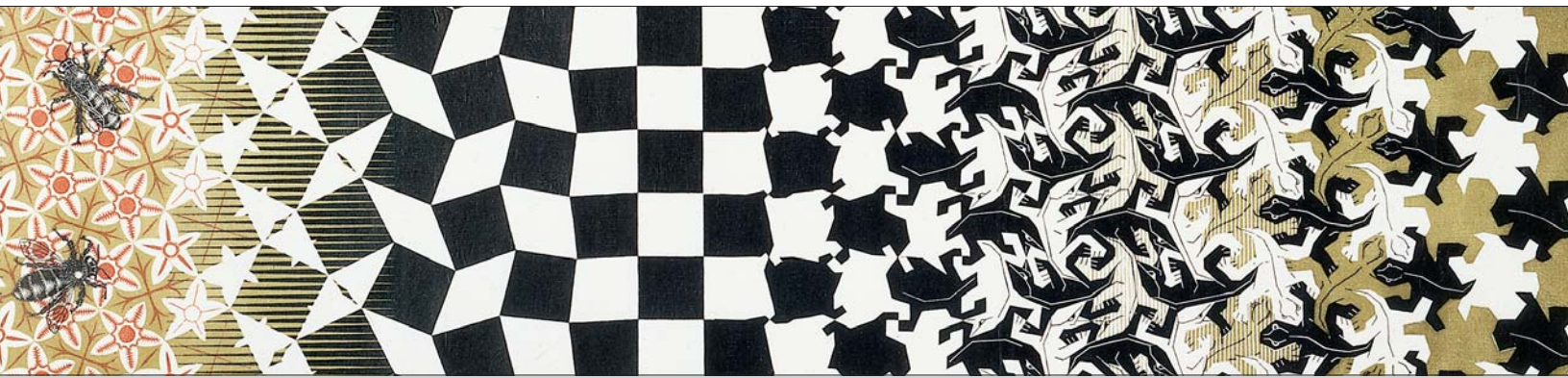
About the Author

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

MANAGING CONTINUOUS change

PREPARING FOR AN UNCERTAIN FUTURE

By Christopher B. Bingham | Artwork by M.C. Escher



“The only constant in our business is that everything is changing. We have to take advantage of change and not let it take advantage of us.”

—Michael Dell, Chairman
Dell Computer Corporation

Some of the most successful companies at managing change may be a part of your daily life. Chances are, if you own a cell phone, it's a Nokia. Did you know that the Finnish high-tech giant was once a paper manufacturer, rubber producer, and cable company, before becoming a wireless powerhouse? Likewise, if you rely on Post-It® notes, you are supporting another organization famous for ongoing change. Known as 3M, this company has managed to reinvent itself using a parade of technologies to create products ranging from sandpaper and reflective guardrails to Thinsulate™. Finally, when using the Internet, do you Yahoo!? This organization too has morphed through the years from what began as a content aggregator

to what is now a broad network of media, communication, and commerce services.

While the evolution of companies like Nokia, 3M, and Yahoo! may be dramatic, their firm-wide pressures for continuous change are far from unique. Why? Because many businesses today operate in high-velocity environments characterized by blurred industry boundaries, rapid shifts in technology, and fast-moving competition.

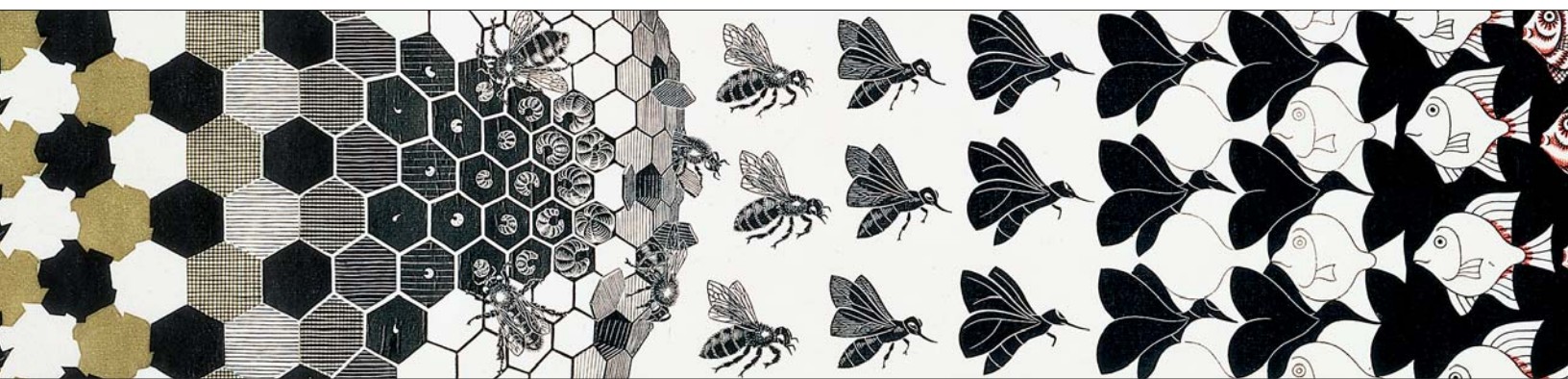
The future is uncertain, making strategies for change based on the past largely ineffective. So what is effective strategy in these dynamic settings? The secret lies in taking advantage of market confusion and capturing fleeting market opportunities. Modular structures, simple rules, and strategic probes are three tactics managers can use to make this strategy happen.

also improves ongoing change. Managers can draw from a larger selection base to create the right resource hybrid for the right opportunity.

Hewlett-Packard (HP), for example, has used modularity to continuously change and remain competitive through several decades. In the past, the company transferred an ink-jet business from one division to another to exploit the second division's innovation skills. It has temporarily linked its established scanner business with new businesses in Internet applications and wireless appliances. The company's wired and wireless appliances, infrastructure, and e-services can be connected to perform a task and then disconnected when the task is complete and they no longer need each other. Because of its modular system, HP is able to have its

combined with another division's networking technology, a new business opportunity could emerge. Because the first division possessed the competencies effective in capturing this emergent opportunity, management gave it the new charter to patch together the two technologies.

Other global organizations are finding that it makes sense to view geographic regions with a modular perspective. Instead of having an "Asian" strategy or "European" strategy, many globalizing firms are breaking down product and service strategies to the country level to meet the specific needs of local people. A partner of a leading venture capital firm insightfully noted: "Europe is not a homogenous market. Companies need to break it down into its forty-two individual markets with individual complexities,



MODULAR STRUCTURES

Modularity is the degree to which resources can be separated and recombined to allow greater flexibility and performance levels in end configurations. Managers create modularity in their organizations by breaking down businesses into smaller segments. Dell Computer is one organization that has moved in this direction. Its commercial relationships are split into corporate and small business. Government agencies chop their accounts into federal, state, and local units. Nonprofits are segmented into categories such as education and medical.

When organizations become more modular, the process of change speeds up as resources become easier to realign, move, and shift. Increased modularity

computing architectures configure with everything from technology resources, like processor cycles, storage, memory, and devices, to application-level business and consumer services, like messaging, travel, and financial services.

Besides product offerings, managers can also use modularity to successfully reconfigure intangible resources, such as charters. Defined as areas of corporate responsibility, charters can be used in modular forms to allow top management team members to "patch" elements from one division into others. The patching process among charters stimulates continuous change by opening new market opportunities. For example, in one global high-tech firm, managers recognized that if one division's imaging technology com-

tax rules, and regulations. European companies see the United States in the same way—one large market—and fail when trying to enter.” In general, breaking down customer segments for globalizing firms helps rivet managers’ attention on specific market opportunities that the company can exploit in meaningful ways.

Overall, deconstructing business into smaller modular units conveys several benefits for organizations driven to continuously change. First, when resources within businesses are modular, any one element can be removed without affecting the rest of the configuration. This allows managers to isolate and attend to acute areas of organizational pain without disrupting an entire value chain. Second, when resources are broken down into smaller, modular units, managers have a

larger number of options available for implementing strategies. Finally, although tightly integrated structures may be more efficient, modular structures become more effective in changing conditions. Modularity provides managers working in high-velocity environments the increased flexibility needed to successfully adapt to rapidly evolving customer needs and industry demands.

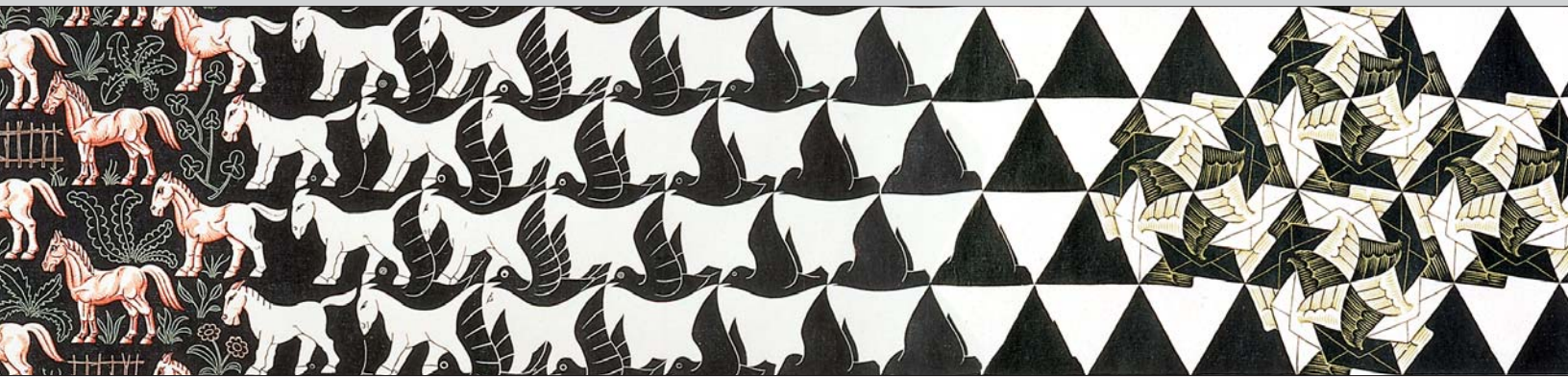
SIMPLE RULES

Applying simple rules is a second tactic used by managers to facilitate continuous change. Many organizational leaders continue to rely on complicated rules to guide change efforts. Generally, these rules evolve from deeply embedded tacit knowledge into elaborate steps for completing specific activities. While these

local behavior can generate larger, more complex patterns on the global level. Although it may seem counterintuitive, simple rules drive complicated behavior in high-velocity environments.

For example, consider the patterns that emerge from the interactions of computer-generated birds called “boids.” As boids fly together in a simulated air space with frequently approaching obstacles, individual behavior is guided by three simple rules: (1) maintain a minimum distance from other boids; (2) match the speed of nearby boids; and (3) move into the center of the mass of boids.

Interestingly, no matter where or when an individual boid begins flying, it ends up in a flock whose actions are just like that of a real flock—flying easily around moving objects. When boids



Simple rules
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detailed rules may help managers prepare for and adapt to the linear change occurring in more stable environments, they are ineffective in the unpredictable and nonlinear world of change found in high-velocity environments. Effective rules in high-velocity environments are simple.

Simple rules keep managers focused on critical issues without overgeneralizing from prior knowledge that may prove ineffective for novel changes. Simple rules provide boundary conditions as to when, where, and how to change. They also provide enough room for creative interpretation so that managers can continue to innovate and adapt over time.

With simple rules employees can act locally and autonomously, without central coordination. Yet, by following simple rules, the interaction of each person's

encounter an obstacle, the flock breaks up and rejoins after passing it. If a boid hits an obstacle, it recovers and works to quickly catch up to the rest of the flock. The ongoing adaptive behavior of the flock of boids results from the simple rules governing the individual behavior of each boid. Interestingly, this behavior happens without any formal flock leader or even any directive to form a flock.

Beyond use in simulations, simple rules have also found powerful application in several corporations engaged in continuous change. Consider Yahoo!'s use of simple, priority-setting rules to provide direction to its rapid growth. Yahoo! has three rules governing the formation of partnerships: (1) put the product first; (2) do a deal only if it enhances the customer experience; and (3) make no deal that

limits the company's ability to evolve. By providing direction to its employees regarding partnerships while at the same time not prescribing which strategic alliances should be formed, the company's partnering rules have allowed it to quickly adapt to the Internet industry's varied and frequent changes.

Intel also uses a number of simple rules to guide change. From its inception, the company has relied on a "maximize-margin-per-wafer-start" rule to help prioritize the allocation of corporate resources. When the competitive intensity in the microchip industry drove margins down, Intel began producing more microprocessors where margins were higher. While Intel's priority rule resulted in foreseen increases in short-term profitability, it also resulted in unforeseen

knowledge needed for successful decision making in the here and now. Third, simple rules create casual ambiguity in the minds of would-be competitors.

Although simple rules appear as transparent, easy-to-imitate action steps, copycats overlook the extensive underlying organizational culture, resources, and activities that make the use of simple rules possible and profitable.

STRATEGIC PROBES

Finally, the use of strategic probes is a third tactic managers use to effectively change over time. Probes help managers prepare for the future instead of simply reacting to it. Probes have two key features: (1) Probes are low-cost options that can be beneficial in new markets. (2) Probes can be quickly converted and incorporated into an orga-



systemic changes. By shifting production slowly away from microchips and into microprocessors, Intel was able to stay ahead of its competition and capture an emergent market opportunity.

As a whole, the use of simple rules conveys several performance advantages for managers who are continually adjusting to changing markets. First, simple rules allow room for adaptation. In other words, simple rules are designed to provide just enough coherence and boundary conditions that employees can focus amid the confusion and disorder that comes from a constant stream of new information¹. Second, simple rules focus on real-time information. Rather than rely on past knowledge that may be outdated and obsolete for current situations, managers use simple rules to quickly create the new

organization's portfolio of offerings. Examples of different probes include technological or scientific visionaries, product line experimentations, geographic markets, and strategic alliances.

At one technology-based organization, managers created a partnership with a leading accounting firm that helped predict changes to European tax laws. The laws affected the way the technology company sold its software in various European nations, and the ability to properly forecast changes gave the company a competitive advantage in its industry. One manager involved in the process stated, "The European taxes were changed at the beginning of last year, and there was a different approach in all sixteen European countries that we had to handle. So we asked our partner what the changes would mean

before the law had even passed. Our reaction time was very short."

In a leading wireless chip company, a similar use of probes emerged. To take advantage of emergent wireless opportunities in Japan, the organization hired a leading Japanese technologist who was familiar with Japanese regulations and had his finger on the pulse of changes within his country. When the technologist heard through his connections that Japanese radio authorities were thinking about opening a new radio band he began forcefully lobbying with local regulators, telling them why they should proceed. More importantly, he relayed the key information about the new Japanese radio band back to the chip designers in the United States before the new band even opened. Consequently, when the

band did open, the company had a chip ready. Effective use of probes—here in the form of a leading technologist—helped the company quickly capture the dominant share of the Japanese wireless chip market, while the other thirty U.S. startups working in its space had no idea the new band was even opening, let alone had a chip ready.

Other organizations use geographic regions themselves as probes. For example, one top provider of security products and software for Internet communications and commerce used Australia as a probe into the Asian market. As one member of the senior management team explained, “Australia isn’t a very large market, but it was so easy to do since it is so much like the United States. Australia is a good test

and explore new areas without the fear of crippling mistakes or financial overcommitment.

In short, probes improve organizational learning about potential futures. While the future will remain inherently unpredictable, probes make it easier for managers to prepare for and adapt to the changes that will assuredly arrive in high-velocity environments.

CONCLUSION

Many organizations engaged in continuous change see sustainable competitive advantage as a relic of the past. Rather than sustainability, the key term for competitive advantage in high-velocity environments is unpredictability. For companies like Nokia and 3M struggling

ENDNOTE

1 Brown, S. L., and K. M. Eisenhardt (1997). “The Art of Continuous Change: Linking Complexity Theory and Time-Paced Evolution in Relentlessly Shifting Organizations.” *Administrative Science Quarterly*, 42: 1-34.

ABOUT THE AUTHOR

Christopher B. Bingham is a PhD candidate in strategy and organization at Stanford University. Bingham completed a BS in accountancy in 1995, an MBA in 2000, and a master’s in international studies in 2000, all from BYU. He has worked for several small entrepreneurial companies as well as for large, established organizations including Price Waterhouse, McKinsey & Company, and Deloitte Consulting. He can be contacted at cbingham@stanford.edu.

The author would like to thank Kathy Eisenhardt for her creative thinking on many of the topics expressed in this article.



bed because it is near Asia—you can do more things in Asia from Australia. It’s low risk and easy to drive profitability.”

In high-velocity environments, probes are important because change occurs rapidly and unpredictably, and the future arrives quickly. This makes it hard for managers to accurately predict what the new competitive landscape will be and when it will arrive. Probes give managers in these dynamic settings more options and the advantage of being prepared for the future with effective solutions.

Probes also provide an escape route. If a prepared solution does not work, managers have a repertoire of other possible responses at their disposal to quickly adjust and stay competitive. In addition, because probes are low cost, management can use a variety of them to experiment

to constantly remain innovative, advantages may last a decade, a month, or only a day. So, while many leaders continue to seek sustained advantage, the reality is they are forced to do business as if such advantage doesn’t exist.

Change will always be used to help firms be different, but in today’s market, change itself has become different. While the types and scale of change have become more uncertain, the speed of change has dramatically increased. As a result, successful corporate strategy in high-velocity environments relies on modular structures, simple rules, and strategic probes to create a constantly changing series of small, temporary, competitive advantages. In other words, successful strategy is about managing continuous change. **M**

The key term for competitive advantage in high-velocity environments is unpredictability.

SCHOOL NEWS

BYU MBA Remains Best Buy in *Business Week*



In spite of a tough placement environment and dipping salaries for new graduates, BYU's MBA program held on to the best buy title in *Business Week's* 2002

ranking of top business programs. The school had the best return on investment with only 4.1 years to payback, including the two years at school. Pennsylvania State University came in second at 4.4 years and Purdue was third at 4.5 years.

The school's fast payback is primarily the result of low tuition and strong salary gains. BYU graduates on average increased their pre-MBA salaries by nearly 98 percent in 2002—down from the 120 percent increase graduates posted in 2000 but still the highest in the country. The overall average starting salary for MBA graduates across the nation dropped this year for the first time since *Business Week* began tracking data in 1988.

"Our students graduate with the knowledge, skills, and abilities to make a significant difference in their professions, communities, and churches," says **James Stice**, MBA program director. "And, they don't have to pay a lot of money to acquire or enhance those skills. We're fortunate to attract very bright students, which makes giving them a competitive edge that much easier."

Such was the case with recent BYU MBA graduate, **David Hunter**, who was featured in the magazine. "Two years ago, David Hunter, a former Towers Perrin Co. health-care consultant, checked out MBA programs, looking to make a move to the banking business. He considered applying to pricier schools like Wharton or Columbia, but Brigham Young's combination of a great finance faculty and enticingly low tuition led him to apply only there," wrote Brian Hendo in a recent issue of *Business Week*. "Smart move: Now Hunter has his dream job working with Bear, Stearns & Co.'s private client services in San Francisco and

says he'll be loan-free after a year or two. That's a huge relief for Hunter, whose wife, Kate, is expecting their first child in just a few weeks."

Aside from retaining the best buy title, BYU's MBA program advanced in the publication's overall rankings from the third to the second tier, edging back into the top fifty. *Business Week's* 2002 Best B-Schools report is found in the 21 October 2002 issue of the magazine.

Marriott School Offers Global Management Certificate



Marriott School administrators have approved requirements for new undergraduate and graduate certificates in global management. The certificate certifies a student's business language capability, experience in international busi-

ness, and understanding of international business practices.

"Earning the certificate will give students a tremendous marketing tool," says **Tad Brinkerhoff**, managing director of the school's Global Management Center. "Although the certificate doesn't appear on an official transcript, it can be used as a major selling point with employers for students launching international careers."

"Many students come to the Marriott School with a grassroots-level understanding of international business," says **Kristie Seawright**, associate professor of business management. "Earning the Global Management Certificate allows students to leverage their existing language skills and experience to bring them to a higher, more operational plane."

Credits for earning the certificate may also be used toward graduation. More information on the certificate can be found at: marriottschool.byu.edu/gmc.

CENTER FOR INTERNATIONAL BUSINESS EDUCATION AND RESEARCH BECOMES GLOBAL MANAGEMENT CENTER



Brigham Young University's President's Council approved renaming the Marriott School's Center for International Business Education and Research (CIBER) as the Global Management Center. The center's name was changed to represent its expanded role beyond the U.S. Department of Education's CIBER program and to elevate international business within the school.

In addition to the name change, new administration and a wider scope of global management offerings were included in the recent center reorganization. **C. Brooklyn Derr** was appointed director of the Global Management Center. Derr previously served as director of the University of Utah's CIBER. **Kristie Seawright** was named academic director and **Tad Brinkerhoff** managing director. The expanded leadership will continue to emphasize CIBER's mission to internationalize faculty, students, and curriculum at BYU as well as facilitate global outreach with other universities, colleges, and businesses in the region.

"The purpose of the new Global Management Center is to expand and further develop the traditional CIBER model, motivating exceptional growth in international business programs and opportunities," Brinkerhoff says.

From 1990–2002, BYU and the University of Utah have received funding from the U.S. Department of Education supporting the development of international curriculum. In October 2002, BYU began receiving funding as an independent CIBER school. Global Management Center leaders hope to raise additional funds to support the center's efforts to expand international business education.

"The DOE grant is very significant," says Brinkerhoff. "It puts us in a good position to become a full-fledged global management school."

MARRIOTT SCHOOL GRAD STUDENT PICKS HIS WAY TO WORLD CUP

For one Marriott School student, playing the banjo and a passion for soccer seemed worlds apart—until he was invited to play with his bluegrass band at the World Cup this summer in Seoul, Korea.

Jared Peterson, a graduate student in information systems management, traveled to the World Cup with his four-man band, Long Gone. The band played tunes for a Georgia-based clogging group, the Southern Belles, at pre-match stadium celebrations.

Hundreds of thousands of exuberant spectators took in pre-match entertainment provided by performers from the countries matched up on the field. Long Gone and the Southern Belles represented the United States as part of the 2002 CIOFF International Folklore Festival in Korea. The groups performed outside the stadium before the U.S.–Korea and U.S.–Portugal games.

“I’ve always been an avid soccer fan, so this opportunity was something I really wanted,” Peterson said. “The experience was indescribable.”

Long Gone band members are Joseph Andersen, an international studies major, who plays bass; Jonathan Gray, a microbiology major, who plays guitar; and Andrew Williams, a technology education major, who plays the fiddle and mandolin. **Jared Rowe**, who earned a BS in information systems from the Marriott School in 2001, traveled with the group to Korea and filled in on guitar for Gray, who was unable to make the trip.

“We’ve played at the Olympics, fundraisers, private parties, and BYU events,” says Peterson. “But one of the most rewarding opportunities to-date was playing The Star-Spangled Banner—bluegrass style—before U.S. matches at the World Cup.”

From left to right: Jared Rowe, Jared Peterson, Andrew Williams, Joseph Anderson



Undergraduate Business Career Center Among Top Three

The Association to Advance Collegiate Schools of Business (AACSB) has recognized the Business Career Center at the Marriott School as one of the most effective undergraduate placement centers in the United States. The AACSB produced the report as part of its International Effective Practices Series that studies student satisfaction at high-performing schools.

BYU, University of Wisconsin–Madison, and Indiana University were the three top-performing undergraduate schools. AACSB rated 184 campuses on three criteria: student satisfaction, resources and services, and placement statistics. The report found that high admission standards and student satisfaction with the business program were the most significant factors in determining career center success. At the Marriott School, entering undergraduate management majors scored an average of twenty-eight on the ACT and had an average GPA of nearly 3.7.

The report emphasized BYU’s “unity of effort” and strong alumni relationships as characteristics contributing to the Business Career Center’s success.

Organizational Behavior Degree Integrates Into MBA Program

The Master of Organizational Behavior degree has been integrated into an OBHR track of the MBA degree. The change was effective Fall Semester 2002.

Chaliese Wouden, a student in the MBA/OBHR track, said she believes the biggest advantage the integration provides is that it grounds organizational behavior within the context of business and large organizations.

“When I was looking at programs, I wanted to understand the business side of things, as well as the organizational. I wanted to be able to speak both languages,” she said. “I chose BYU because of this combination.”

Students should declare their interest in the MOB/OBHR track when applying for the MBA program. More information can be found at marriottschool.byu.edu/mob.

Lieutenant Governor Speaks to Students

Olene Walker, the first female lieutenant governor of Utah, addressed MPA students on 12 September 2002 as a guest lecturer. She



spoke candidly about interview skills and the importance of making a good first impression; Walker also took questions from students and offered advice.

Walker received her bachelor’s degree from BYU and earned her master’s and doctoral degrees from Stanford University and the University of Utah respectively. She spent eight years in Utah’s House of Representatives, and during her service as lieutenant governor she has focused on health care and literacy. She has served as chair of both the National Conference of Lieutenant Governors and the National Association of Secretaries of State.

Rollins Discusses the State of E-Business

Kevin Rollins, president and chief operating officer of Dell Computer Corporation, addressed Marriott School students at E-Business Day in September.

2003 SCHOOL CONFERENCES

MOB Annual Conference

27–28 March, \$225

Open to students and professionals involved with organizational change and human resources.

6th Annual Microenterprise Conference

13–15 March, no cost

Open to anyone interested in microenterprise or economic development.

8th Annual Management Conference

26–28 June, \$300

Open to alumni, Management Society members, and the public.

Volunteer Leadership Conference

Late September (tentative), no cost

Open to Management Society chapter leaders and Steering Committee members.

For more information on conferences, please visit:

marriottschool.byu.edu/conferences.cfm

Conference fees subject to change.



Rollins admitted growth in fundamental economies is down and affecting the technology industry. "As far as business goes, we are definitely in a recession." He added, "We seem to have already seen the worst of it."

Rollins compared the myths and realities of e-business. He explained how the Internet helps transform physical inventory into useful information, physical assets into intellectual assets, the closed model theory into a wide collaborative effort, and vertical integration into virtual integration.

FACULTY NEWS

Professor Counsels on Criticism



Giving and accepting criticism was the topic **Michael P. Thompson**, chair of the Department of Organizational Leadership and Strategy in the Marriott School, addressed at a BYU devotional assembly 9 July 2002.

Thompson said correction should be given with love and charity. He warned that a corrupt person will not take chastisement well; pride can insulate people from what they most need to learn.

"I feel a need to say that this theme of giving and bearing reproof has been at the very heart of my own labors to become a disciple of the master lover and reprover of the human family," he said.

Thompson said reproof should be given out of inspiration, not ego or impatience, and is received in meekness and submissiveness; he also mentioned that corrections should be given less often than praise.

Thompson emphasized the importance of paying attention to all communication. "Conversations, even casual ones, are not to be taken too casually," he said.

Thompson earned his bachelor's degree in classical Greek from BYU and his master's and doctoral degrees from Rensselaer Polytechnic Institute in technical communication and communication and rhetoric, respectively. Full text of Thompson's devotional is available online at speeches.byu.edu.

Students Get Real World Experience Through Investment Class



Bryan Sudweeks, an associate professor of business management, doesn't want to simply lecture his students about how to prepare for their future careers, he wants them to roll up their sleeves and dive into the work. "I've always been drawn to projects with application," he said. "If you listen, you learn. If you do, you understand."

Sudweeks takes that attitude and applies it to his investments 410 class. For the last three semesters, the class has been introduced to a portfolio management company in need of research. The class meets with the company's CEO, chief financial officer, and chief technology officer, and the students spend the rest of the semester analyzing and researching. At the end of the course, company leaders return to hear the students' reports.

"It's a win-win situation," Sudweeks says. "The company gets free research—all the spreadsheets, documents, and efforts. The students get a real-life project that they have to present and defend to company manage-

ment and the opportunity to put the experience on their resume. Everybody benefits."

Craig Bench, a former student, said the class was extremely applicable to real-world situations and is grateful for the time and effort Sudweeks put into the course. "The coursework enables all students to think critically about investing, something each of us has to do at one point or another," he said.

Sudweeks says he would like to expand the project, but he needs more asset management companies or small investment boutiques willing to participate. For information on working with the investments 410 class, email bryan_sudweeks@byu.edu.

AWARDS AND RECOGNITIONS

BYU Professors Win Top Strategy Paper Honors



The Strategic Management Society awarded four BYU professors the best paper prize in September at the organization's 22nd annual conference in Paris, France.

The prize was awarded

MARRIOTT SCHOOL RISES IN WALL STREET JOURNAL RANKINGS



The Marriott School moved from 41st to 38th in *The Wall Street Journal's* 2002 ranking of top business schools worldwide. The school also rose from fifth to third place in the newspaper's "hidden gems" category, a listing of "schools that produce excellent graduates but aren't typically considered top-tier business schools."

In addition to the overall rankings, Marriott School graduates were ranked ninth for communication and interpersonal skills, the attribute most often mentioned by recruiters as very important.

"We are doing some things here that other schools aren't," says **Curtis LeBaron**, assistant professor of organizational leadership and strategy. "In addition to writing and presentation skills, we emphasize training in interpersonal communication and interpersonal influence."

Michael Thompson, chair of organizational leadership and strategy, agrees. "Our students arrive with high-level communication skills, particularly in relating to people interpersonally. Our communication training builds on these strengths. It's building on an advantage that the students already have," he said.

The Wall Street Journal worked with market research firm Harris Interactive to survey 2,221 MBA recruiters. Recruiters were asked to rate schools on twelve student, twelve school, and two overall attributes. Recruiters evaluated attributes such as ability to work well within a team; analytical and problem solving skills; leadership potential; and strategic thinking.

Although more than 430 accredited business schools were considered, the final sample of business schools eligible and available for rating included only 187 U.S. schools and 73 non-U.S. schools.

to Marriott School strategy professors **Mark H. Hansen** and **Lee T. Perry** and BYU statistics professors C. Shane Reese and Gilbert W. Fellingham for their paper, "A Bayesian Application of the Resource-Based View: Narrowing the Gap Between Theory and Practice."

"We had a lot of confidence that the theory and methods we developed were revolutionary," says Perry. "But, we were surprised to win."

Other finalists for best paper came from top strategy schools. SMS narrowed best paper selection from more than six hundred abstracts to ten papers presented at the conference.

"One of our early challenges was to identify a statistical model consistent with our theory," Hansen says. "That's where the statisticians became invaluable. We also received tremendous technical support from the Marriott School staff."

The BYU researchers developed an advanced statistical model—which strengthens the popular resource-based view of the firm—that can be used to predict the consequences of

an organization's decisions on its financial performance. For example, the model allows strategists to predict the financial impact of such decisions as organizational restructuring, layoffs, hiring, and acquisitions.

"The revolutionary part of the research is that our method allows us to do analysis at the firm level rather than aggregating data across many companies," says Perry.

Rank Advancements, Awards, and Appointments

Professor status was given to **Steven Thorley**, in business management. Associate professor status was granted to **Andrew L. Holmes**, in business management, and **William Gerard Sanders**, in organizational leadership and strategy.

Bill Swinyard, a professor of business management, received the Karl G. Maeser Excellence in Teaching Award from BYU last August.

Todd M. Manwaring has been named director of the new program for economic self-reliance. He previously worked in the

computer industry and has been involved in startup efforts of a number of economically focused development organizations.

Michael Swenson has accepted an appointment as Business Management Department chair. Swenson replaced **Mike Pinegar**, who had been the department chair for the past six years. Pinegar will be returning to full-time teaching.

Swenson received his BS from BYU and his MBA from the University of Utah. He earned his PhD in marketing from the University of Oregon in 1989.

Kate Kirkham has replaced **David Cherrington** as OBHR Group Leader. She will serve as group leader while also serving as both OBHR track leader in the MBA program and as MOB program director—serving the second year MOB students.

Kirkham received her BA from the University of Utah and her MA from George Washington University. She earned her PhD in organizational behavior from the Union Institute.

BYU PROFESSOR ADDRESSES INTERNET TAXATION ISSUES AS STATE BUDGETS DROP



As the subject of taxation on Internet commerce becomes increasingly controversial, one BYU tax expert is being called on to search for solutions to the issue cited as one of the major causes for state budget losses across the United States.

"The result of lower sales tax collection is up to 15 percent losses in tax revenues in some states," says **Gary C. Cornia**, a professor of public management and former commissioner of the Utah State Tax Commission. "It is a matter of great concern."

According to a recent study commissioned by the Institute for State Studies, a nonprofit group based in Salt Lake City, state revenues faced a loss of over \$10 billion in uncollected sales taxes on online transactions in 2001. The study indicated that number could balloon to more than \$45 billion by 2006.

The Reilly Center for Media and Public Affairs at Louisiana State University recently invited experts from around the nation to address a number of public policy issues facing Louisiana and other states. Cornia, current president of the National Tax Association, received a fellowship from the Reilly Center to discuss state and local tax policy in the national electronic commerce environment.

Cornia presented lectures dealing with taxation issues to Louisiana state legislators and to LSU students and faculty. Jim Richardson, director of the Public Administration Institute at LSU, said Cornia made them "more aware of the problems and options with respect to resolving the ability of state and local governments to tax electronic commerce."

"All 45 states with sales tax have 'use tax' laws in place, which allow for the collection of tax on purchases where sales tax is not collected, such as with Internet purchases," says Cornia. "The problem is with the enforcement of these laws. I believe states will continue to experience increasingly large revenue losses until this issue is resolved."

Rollins Center Gains New International Committee Faculty Lead



The Rollins Center for eBusiness has a new international committee faculty lead. **Kaye Hansen**, an assistant professor of organizational leadership and strategy, brings her extensive international expertise to students and the center.

Hansen served a mission in Germany, traveled internationally with her consulting, and has served as associate director of the BYU Jerusalem Center. She has also served as associate director of the Marriott School MBA program. Hansen received her bachelor's, master's, and doctoral degrees from BYU in theatre and German.

Monte Swain, associate professor of management accounting, was the former international committee faculty lead. Under Swain's leadership, the international committee worked closely with MSTAR.net and the e-business grams project. Swain is associate department chair for the School of Accountancy and Information Systems.

The international committee will continue to help faculty members publish articles in international magazines.

NEW FACULTY BIOS

BUSINESS MANAGEMENT



Chad Allred—Allred earned his PhD from Purdue University after earning an MBA and a BS in electrical engineering from BYU.

Allred's research interests include high-tech business-to-business alliances and high-tech manufacturer/channel relationships. He is an assistant professor of business management.



Glenn L. Christensen—Christensen earned his PhD in business administration from Pennsylvania State University and his MBA with emphasis in marketing management and BA in public relations from BYU. Christensen's teaching interests include marketing strategy, consumer behavior, marketing management, promotion management, services marketing, and e-commerce. He is an assistant professor of business management.



Eric DeRosia—DeRosia is completing his PhD in marketing from the University of Michigan after earning his BS from BYU. His research interests include the relationship of brand personality

beliefs to product categories, contextual influences on consumers' formation of beliefs and attitudes, and methodological issues relating to Internet-based experimentation. He is an assistant professor of business management.



Olivier Maisondieu-LaForge—Maisondieu-LaForge is completing his PhD in finance from the University of Cincinnati after earning his MBA from BYU and his BS from the University of Nevada at Las Vegas. His teaching interests include corporate finance, international finance, and investments. He is a visiting professor of business management.

ORGANIZATIONAL LEADERSHIP AND STRATEGY

David J. Bryce—Bryce earned his PhD in strategic management from the University of Pennsylvania and his MBA, MAcc, and BS in information systems from BYU. Bryce has worked with APM Management Consultants, Ernst & Young, and Computer Sciences



Corporation consulting in all sectors of the health care industry. His research interests include corporate strategy, diversification, and the scope of the enterprise; strategic management/business policy; and corporate entrepreneurship. He is an assistant professor of strategy.



Timothy M. Gardner—Gardner earned his PhD from Cornell University, his master's degree in labor and human resources from Ohio State University, and his BS from Bowling Green State University. His research interests include interfirm competitive dynamics in the recruiting and retention of human resources and interfirm cooperation strategies for the management of human resources. He is an assistant professor of organizational leadership and strategy.

ACCOUNTING



Peter M. Johnson—Johnson, a CPA, is completing his PhD in accounting from Arizona State University after earning his MAcc and BA from Southern Utah University. His teaching experience includes four years at BYU—Hawaii, where he was awarded both School of Business Professor of the Year and BYU—Hawaii Teacher of the Year. Johnson is a member of the American Accounting Association, the American Institute of Certified Public Accountants, and the Hawaii Society of Certified Public Accountants. He is an assistant professor of accounting.

INFORMATION SYSTEMS



Paul B. Lowry—Lowry earned his PhD from the University of Arizona and his MBA and BS in information systems from BYU. His areas of expertise include systems analysis and design; virtual teams; conceptual modeling and software engineering; and behavioral issues in decision support systems. He is an assistant professor of information systems.

Craig Lindstrom—Lindstrom earned his MS in information systems from Utah State University and his BS in business management



from BYU. He was one of the first instructors certified by Microsoft to teach Windows NT 3.1 in 1993. Lindstrom's areas of expertise include systems design, database management, networking, and software development. He is an assistant professor of information systems.



John E. Richards—Richards earned his BA at BYU in chemistry and has had a long career as an entrepreneur that includes founding more than five companies. He has experience in investing and consulting, and he is a frequent speaker at conferences and conventions. Richards is a professional track faculty and will also serve as associate director of the Center for Entrepreneurship.

MILITARY SCIENCE



Master Sergeant Daniel B. Bullock—Bullock's training includes courses in primary leadership development, basic noncommissioned officer and advanced noncommissioned officer, and first sergeant. He has also completed ranger, airborne, air assault, pathfinder, jumpmaster, and drill sergeant schools. He is an assistant professor of military science.



Sergeant First Class Sean M. Polwort—Polwort's training includes primary leadership, basic noncommissioned officer, and advanced noncommissioned officer courses, as well as ranger, jumpmaster, pathfinder, drill sergeant, and airborne schools. He is an assistant professor of military science.



Captain Richard Warr—Captain Warr earned his BS in mathematics from Southern Utah University and his commission through Officer Training School. After earning his commission, he served as a database team leader at Offutt Air Force Base, Nebraska and as a deputy commander and executive officer at Holloman Air Force Base, New Mexico. He is an assistant professor of aerospace studies.

ALUMNI NEWS

SLOC Chief Named Honored Alum



On 17 October 2002, **Fraser Bullock** was named the Marriott School's Honored Alum. Bullock worked as chief operating officer and chief financial officer of the Olympic and Paralympic Winter Games in Salt Lake City. He assumed the role of SLOC CEO following Mitt Romney's resignation last spring. He also is managing director and founder of Alpine Consolidated, a company specializing in business consolidation transactions. He led the formation of ResortQuest International and Travel Services International, and he has worked for Bain and Company, Bain Capital, U.S. Order, World Airways, and Visa International.

Featured honored alumni spoke to students of their respective colleges during

Homecoming Week. Amid growing concerns about corporate corruption, Bullock spoke about having a good reputation. "When you think of your legacy, it's not about the money. It's about how you treat people; it's about your integrity shining above everything else," he said.

He suggested seven principles that were key to the success of the Olympics that are also applicable to anyone in a business environment: demonstrate high ethical standards, be fiscally responsible, build a great team, be loyal to the organization and other team members, have fun and a good sense of humor, focus on excellence, and deliver on what is promised.

Bullock advised, "You need to think about what it is that you bring to an organization; you need to think about your breadth of experience; you need to think about your education; you need to think

about your own individual strategic plan."

Bullock earned his BS in 1978 and MBA in 1980 from BYU. He and his wife, Jennifer, reside in Alpine, Utah, and are the parents of five children.

Alumni Unite in Forming Unitus



What began as a group of philanthropists desiring to make a difference has grown into a leading microenterprise lender, Unitus. This high-impact microenterprise accelerator dramatically expands the lending capacity of carefully selected microfinance institutions (MFIs) in developing countries.

Unitus' mission is to catalyze the growth of small and mid-sized MFIs, allowing millions of poor people to improve their standard of living by gaining access to microfinance products and services.

Marriott School graduates **Tim Stay** and **Louis Pope** are two of the founders who are successfully helping the poor start businesses. Unitus selects and partners with MFIs that have demonstrated a clear capacity to design, implement, and grow a successful microfinance program. Unitus provides funding and consulting services to these MFIs, with the aim of dramatically accelerating the number of microcredit loans that can be made to the entrepreneurial poor in developing countries.

"We know microcredit works; it's just not reaching its potential," said Geoff Davis, president of Unitus. Marriott School professor of organizational behavior **Warner Woodworth** is a consultant to NGOs such as Unitus. "In the future I see Unitus as moving from small-scale experiments in a few countries to a successful long-term, large-scale methodology for addressing poverty, especially in the Third World," he says. Interest in microenterprise firms like Unitus continues to grow at BYU. The Marriott School and Romney Institute of Public Management will cosponsor the Sixth Annual Conference on Microenterprise Development 13–15 March 2003. More con-

GRADUATE HONORED BY WORTH MAGAZINE



Handling clients whose net worth averages \$50 million each day is part of **Robert Haynie's** job as a principal and Pacific Northwest area leader of Ernst & Young's advisory practice. Excelling at his job earned him a spot as one of *Worth's* 250 top financial advisors in the magazine's July/August 2002 issue.

Haynie not only made the top 250 list, but was also one of six advisors ranked among the "brightest and most trustworthy financial advisers," according to *Worth's* editor-in-chief Randy Jones. Haynie is also an advisory board member of Ernst & Young Investment Advisers. He is a certified financial planner, certified investment management analyst, CPA, and personal financial specialist. "I owe this honor to my great clients and to being part of the Ernst & Young team," Haynie said.

Competition for recognition among the nation's top financial advisors can be fierce. Background checks, letters of recommendation, sample financial plans, professional designations, client-retention rates, and average portfolio returns are some of the criteria the magazine staff uses to generate the list.

Worth's senior writer Melissa Phipps said the list contains the "people you can count on during good times and bad." She continued, "What distinguishes the winners is their broad range of knowledge—from investment advice to tax and estate planning—that allows them to be financial quarterbacks for their clients."

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

For the last six years, Haynie has lectured at BYU Education Week, addressing mass-market issues. He earned his MAcc from BYU in 1978. He and his wife, Ruth, have four daughters, and they reside in Shoreline, Washington.

ference information can be found at microenterprise.byu.edu or by emailing microenterprise@byu.edu.

Alumni Board Reorganized

At its semiannual meetings on 8-9 October, the Marriott School Alumni Board was restructured. Board resources were realigned to better serve the school and its volunteers by tying alumni support more closely to the work being done by faculty and students.

Restructuring dissolved the current alumni board, created three new program-specific boards, and added members to three existing advisory boards. Each Alumni Board member joined an advisory group based on his or her personal area of expertise.

The advisory groups include: the Undergraduate Business Management Program Advisory Board, Marketing Program Advisory Board, Corporate Finance Program Advisory Board, Global Management Center Advisory Board, and the Institute of Financial Service Advisory Board.

Robert Gardner, alumni relations manager, said, "This organizational change has been in the works for more than a year now. It has been wonderful to see alumni board leaders and Marriott School deans continually improve the quality and effectiveness of the school's alumni involvement."

CLASS NOTES

1969



The San Fernando Valley Business Journal recently named **Gary E. Condie** of Condie & Wood, CPAs, P.C., as one of the top twenty-five CPAs in the greater San Fernando Valley region.

Condie is a former president of the Los Angeles Chapter of the California Society of CPAs and is a past member of the organization's state board of directors. He serves as vice president of the Santa Clarita Valley Boys and Girls Club, chair of the Henry Mayo Newhall Memorial Hospital Foundation board, member of the William S. Hart School District advisory board, and as vice president of the Santa Clarita Valley Facilities Foundation. He is former executive vice president of Aquafine Corporation as well as president and CEO of A.M.E. Label Corporation. He earned his BS in accounting from BYU in 1969.

ALUMNUS RECEIVES HIGHEST MARKS ON OREGON CPA EXAM



Sometimes serious cramming sessions *do* pay off. Upon graduating with his MAcc, **R. Marcus Young** took a consulting job in Portland, Oregon. When CPA exam season came, he wasn't even sure he was going to take it until his brother-in-law convinced him to.

Young took some time off from work and began a rigorous study session three weeks before the test. His wife, Stephanie, and daughter, Victoria, went to Utah to stay with family so he could study from dawn until dusk without interruption. "The weird thing is that you never really know how well you've done. When I finished I had no idea if I had passed all the sections or not," he said. "I was just putting down material to fill up the page and hoping for the best."

His wishful thinking became a reality three months later when he received his score—ninety and above on all three sections. Among all the jumping and celebrating, a thought crossed his mind: "I wonder if I was in the top ten or anything."

A couple of weeks later he received a simple letter telling him he got the top score in Oregon; he also received a minor case of laryngitis. "I was alone when I read it," he recalled. "I actually yelled so loud that I lost my voice for a couple of days."

Young credits his BYU experience as practical preparation for the exam. "The professors in the accountancy program didn't just stick to math or technical problems; they taught us how to approach a problem by using logic and common sense," he said.

Young graduated in 2001 and works as a consultant at Experio, which is the consulting services unit of Hitachi. "I am happy with my choice to go into business consulting, even though none of my friends in school chose this route," he says. "I understand more and more what makes an enterprise tick."

1970



Karl Tueller has served as deputy director to the Idaho Department of Commerce since 1985. He is responsible for coordinating the department's five divisions: administration, economic development, international business development, rural and community development, and tourism development.

Tueller serves on the board of directors for the Idaho Council of State Community Development Agencies and served as president from 1998 to 1999. He also serves on the board of directors for the Idaho Rural Partnership, which he chaired in 1999. He represented Idaho on the U.S. Science and Technology Council of the States from 1993 to 1997.

Tueller earned his BS in business administration from BYU in 1968 and his MPA in 1970. He and his wife, Mary Ann, have four children and reside in Boise, Idaho.

1975

As Manteca, California, city manager, **Bob Adams** acts as liaison between the city council and city employees. Adams started his career as an administrative assistant in the city of Visalia, California, where he worked for two and a half years. He later became manager of Dinuba, California.

Adams serves on the board of directors for

the Boys and Girls Club as well as Give Every Child a Chance and Doctors Hospital of Manteca. Adams was a key part in establishing the Manteca Lathrop Community Council, a local board that assists with United Way Funds. He is also a member of the Manteca Rotary Club. Adams earned his BA in criminology from Berkeley in 1972 and his MPA from BYU in 1975. He resides in Manteca with his wife, Trixie. They have three sons.

1976

Larry C. Worrell, a CPA, has been named senior vice president and chief financial officer of Big-D Construction, one of the largest design/build contractors in the Intermountain West. Worrell was most recently a partner in the Salt Lake City office of Grant Thornton Accountants & Management Consultants. Worrell earned his BS in accountancy from BYU in 1976 and an MBA from Golden Gate University in San Francisco in 1985. He and his wife, Kathy, reside in Centerville, Utah.

1981



Duane Francis was selected as president of Mid-Columbia Medical Center in The Dalles, Oregon, last August. Mid-Columbia Medical Center offers a continuum of services,

ENTREPRENEURS TACKLE ONLINE TRADING



Nate Jensen and Jeremy Hanks

For **Jeremy Hanks**, being an entrepreneur comes naturally. Even though he's the founder of a successful dot-com company, that doesn't keep him from thinking about other possible business ventures. "Right now I have ten different ideas of companies I'd like to start that I think would do well," he says.

Hanks, who earned his BS in business management in December 2002, started Geartrade, an online swap for outdoor gear, in 2000. As the web site was growing, he realized his company's strength was the online trading technology, so the company's focus shifted and eventually merged with another company, creating e3vertical.

"I grew up on a farm, and I was always trying to find an easier, more innovative, and better way. That encouraged me to want to work for myself," Hanks says. "I would get frustrated with people who didn't do things the way I thought was better; I always thought there was a more efficient way."

Though Hanks learned about work ethic on a farm, it was his time at the Marriott School that led him to the resources he needed to start the company. "For people in business it's important to network. Using school resources—peers, faculty, centers, and institutions—students can learn how to do some great things," Hanks says.

Hanks' time at BYU led him to people who are now his business partners: Ryan Nichols and Dave Gray. **Nate Jensen**, e3vertical's vice president of development, was a hometown friend from Burley, Idaho. Jensen, a business management graduate, says he enjoys being in control of a company. "Instead of working for another company that other people were causing to fail, I wanted to be in a position where if it failed it was my fault."

Jensen sees e3vertical's survival among the dot-com bust as a testament of what the company is doing. "We weathered that storm and we're continuing to make progress," he says. "We're not dot-com millionaires, but we're surviving. Many people can't say that."

including education and prevention programs, outpatient and in-home services, and state-of-the-art inpatient programs.

Since earning his accountancy degree in 1981, Francis has worked exclusively in health-care, serving in a variety of financial and leadership roles. He has worked at the Utah Valley Regional Medical Center in Provo and for the Mercy Medical Center in Roseburg, Oregon. Francis and his wife, Tami, have three children and reside in The Dalles, Oregon.

1982



Brent Wayne Romney may live in Dallas, Texas, but he has kept himself connected to BYU in multiple ways. He was recently named president of the National BYU Alumni Board.

He also has served as president of the Dallas/Ft. Worth chapter of the BYU Management Society and as chair of the Dallas/Ft. Worth chapter of the BYU Alumni Association.

Romney earned his BS and MAcc in accountancy from BYU in 1982, with an emphasis in audit. He is corporate director of internal audit at UICI, a company that offers insurance through its subsidiaries and provides selected financial services to niche consumer and institutional

markets. He and his wife, Ella, have six children.

1983

Markell Fluckiger was recently appointed treasurer and tax counsel of Timex Corporation, headquartered in Middlebury, Connecticut, where he has been working as head of the tax department since 1994. Previous to joining Timex, Fluckiger worked as tax counsel for General Electric in Albany, New York, and as an associate at the law firm of Gibson, Dunn & Crutcher in Newport Beach, California.

Fluckiger earned a BS in accountancy and a MAcc from BYU in 1983, and a JD from the University of California, Berkeley in 1987. He and his wife, Ellen, have six children; they reside in Southbury, Connecticut.

1985



D. Michael Ballard, chief marketing officer of Systems Research & Development in Las Vegas, has been named to the board of directors for Black Mountain Community Bank.

Before joining SRD, Ballard was the founder and CEO of one of Nevada's fastest growing

companies, Ballard Communications. In 1999, Ballard was honored as Las Vegas Principal of the Year by the largest communications organization in the state. In 1995 and 2001, Ballard was named one of the "Top 40 Under 40" business and community leaders by the *Las Vegas Business Press* and *In Business Las Vegas*.

Ballard serves as a strategic advisor to North American Deed Company, a national real estate technology company. He is a former president of the BYU Management Society chapter in Las Vegas and serves on the Marriott School Alumni Board, the Utah Shakespearean Festival Board, and the Literacy and Education Awareness Project. He earned his BS in business marketing in 1985 from BYU. Ballard and his wife, Robin, have four children; they reside in Henderson, Nevada.



A Lindon-based company, Altiris, was named the "fastest growing and most promising new company in Utah" by the Utah Valley Entrepreneurial Forum last summer. It has

become a leader with the help of its president and CEO, **Greg Butterfield**.

Butterfield graduated from BYU in 1985 with a BS in finance and has experience in sales and marketing, especially in the computer software industry.

1986

Bruce A. Brown joined Wasatch Environmental, Inc., as senior project manager. He works in the environmental sciences and engineering group performing underground storage tank removals and installations.

Brown earned his BS in chemistry from the University of Nebraska in 1971 and his MBA from BYU in 1986. He and his wife, Laura, reside in Salt Lake City.

1993

U.S. Air Force Captain **Michael B. Howard** earned a master's degree in regional security studies from the Naval Postgraduate School in Monterey, California. His course of study covered the history, politics, economics, and military strategy of the Middle East, Europe, contemporary Russia, and Central Asia.

The degree required Howard to demonstrate fluent Turkish language proficiency. His studies are in preparation for his next assignment at Izmir, Turkey, where he will command Detachment 523 of the Air Force Office of Special Investigations. The AFOSI's primary responsibilities are to conduct criminal investigations and counterintelligence activities. Howard earned his BS degree in international finance from the Marriott School in 1993.

1994

Abraham David Benavides accepted a position as an assistant professor at the University of North Texas. Benavides earned his BA from George Washington University in 1987, his MPA from the Marriott School in 1994, and his PhD from Cleveland State University in 2002. He and his wife, Sandra, reside in Denton, Texas, with their four daughters.

1995



Jay Anthony Riggs founded Riggs Capital Management, LLC (RCM) in Salt Lake City, a registered investment advisory firm. Before opening RCM, Riggs served as chief information officer and chair of the investment committee at CLS Investments, Inc. in Omaha, Nebraska. Before that he worked for Fidelity Investments as a brokerages securities trader.

Riggs graduated from the Marriott School in 1995 with a BS in business management and an emphasis in finance. He earned an MBA with an emphasis in finance in 1998 from the University of Utah. He and his wife, Marlene, have four children, and they reside in Sandy, Utah.

2000



Stephanie Smart works for Won-Door Corp., a manufacturer of folding fire doors and folding partitions in Salt Lake City. She produces computer-generated instructions used to fabricate custom doors and maintains the company's web site.

Smart used her skills to maintain the Oregon Eugene Mission web site while her parents presided there. She also volunteers at the Hale Centre Theatre in West Valley City, Utah. Smart earned her BS in business management with an emphasis in information systems in 2000.

2001

Recent MBA graduates **Scott Higbee** and **Brandon Nielson** served on a private equity conference panel at the United Nations in New York City. The conference was part of a private equity series hosted by IIR Conference. The panel presentation was titled "Private Equity Fund Raising 2002: Find Capital, Implement an Effective Marketing Strategy, and Profit From Strategic Fund Raising Techniques."

Higbee and Nielson are both associates at Partners Group, located in midtown Manhattan. Higbee lives in Manhattan with his wife and two sons, and Nielson lives in Westfield, New Jersey, with his wife and two sons.

2002



At the end of last summer, **Lisa Boland** moved to Fresno, California, to start work as a marketing research coordinator at MBIA Muniservices Company (MMC). MMC is a subsidiary of MBIA that consults exclusively with local governments on identifying and extracting missing revenue from the jurisdiction's existing tax structures. Boland is responsible for marketing research relating to new products, services, and markets.

Boland earned her BS degree in human development from BYU in 2000 and received her MPA in 2002.



After graduating with her MPA in 2002, **Christie Hollingshead** spent the summer as a computer software trainer at health care company Regence BlueCross BlueShield of Utah. Subsequently, she switched jobs within the organization and now works as a professional- and provider-relations consultant.

"Ultimately, I chose this position because I liked the company and the opportunity to work with professionals in a challenging industry," she said.

Hollingshead, who earned her BA from BYU in humanities, said she was drawn to the MPA program because she wanted to strengthen her management skills and knowledge. "The program provided those practical skills while preparing me for opportunities in both the public and the private sectors," she said.

MANAGEMENT SOCIETY NEWS

Elder Robbins Addresses Alumni



On 20 September 2002, Elder Lynn G. Robbins addressed members of the Orange County Management Society and

the J. Reuben Clark Law Society. Elder Robbins is a member of the First Quorum of the Seventy, is the Church's North America West Area President, and chair of the Newport Beach Temple Committee. Elder Robbins is former senior vice president and cofounder of Franklin Quest.

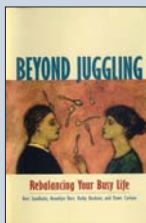
Elder Robbins spoke about service. **Bill Chapman**, president of the Orange County Management Society chapter, said Elder Robbins advised alumni to "view problems as opportunities to strengthen relationships by helping people overcome their problems."

The Orange County Management Society and Law Society alternate sponsoring luncheons and events. Chapman said their goal for next year is to have monthly meetings with the two societies.

Leadership Conference

On 5-7 September 2002, Management Society leaders participated in a conference for training volunteer leaders of BYU alumni

PROFESSOR AND ALUMNI COLLABORATE ON BOOK



Juggling should be left to professional jugglers, who can sustain objects in air for periods of time. Those who aren't professional jugglers should work on balancing their lives, instead of juggling them. That's the philosophy behind *Beyond Juggling: Rebalancing Your Busy Life*, written by **Kurt Sandholtz**, **Brooklyn Derr**, **Kathy Buckner**, and Dawn Carlson.

"When we started out we had a goal: to make a difference and do some good," said Derr, Marriott School professor of organizational behavior.

Through 150 interviews with professionals, theories began evolving from their observations. Buckner says the juggling metaphor came up frequently during the interviews. "People juggle when they have more things in the air than they have hands; they just ignore one for awhile, catch it before it hits the ground, and throw it back up in the air. It's very difficult to keep it up for long," she says.

Sandholtz said juggling didn't work well for the people they interviewed. "There was no joy in work or in personal lives because so much was going on," he said.

Instead of juggling, the authors suggest people try different strategies to balance their lives: alternating, outsourcing, bundling, techflexing, and simplifying. The book offers assessments and explanations of these different balancing strategies. "Almost anybody can have more balance," Buckner said. "It will take discipline, but the payoff is worthwhile."

groups at BYU's Aspen Grove.

In addition to the Marriott School's Management Society, representatives from the Clark Law Society, Cougar Club, and the BYU Alumni Association attended. Participants listened to an address from President **Merrill J. Bateman**, received leadership training, worked on chapter development, and coordinated activities with other alumni groups.

"There's a tremendous synergy when leaders get together, because they share success stories and give each other advice," says **Rixa Oman**, Management Society executive director. "They get a sense of being part of a worldwide organization. We all come away excited to be part of it."

Dean Perry Visits France Chapter

The Paris chapter was fortunate to receive a visit from Marriott School Associate Dean **Lee Perry**, who traveled to France in September to attend the 22nd annual Strategic Management Society Conference. Chapter members, headed by President **Gerald Causse**, were excited to hear from Dean Perry and to receive the latest Marriott School updates.

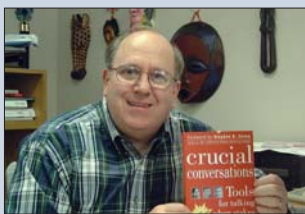
Dean Perry taught members about righteous leadership; he recommended that people lead with humility and purity to overcome their struggles with pride. "It's pretty clear that the powers of heaven and the rights of the priesthood are integrally connected," he said. "They're very tightly connected, but they're both based upon the principles of righteousness."

Members Kick Off Boston Chapter

On 15 November, The New England Professional Society, an affiliate of the Management Society, hosted a dinner to celebrate the new beginning of the Boston Management Society chapter. **Clayton M. Christensen**, professor at the Harvard Business School, and **Joseph Ogden**, assistant dean of the Marriott School, spoke to attendees.

Ron Mika, president of the chapter, said, "A great deal of effort has been expended by numerous individuals to restart the Boston chapter. We are excited about following in the proud tradition of nearby chapters and will focus our programs to serve fellow LDS professionals in the Boston area."

ALUMNI'S BOOK LANDS ON BEST-SELLER LIST



Typically, a publisher screaming at an author over the phone would be considered an unpleasant experience, but in **Kerry Patterson's** case, it was just the opposite.

The publisher was excited because Patterson's book, *Crucial Conversations*, coauthored with Joseph Grenny, **Ron McMillan**, and Al Switzler, had made its debut on the *New York Times*' best-seller list. The book, whose authors are all alumni of BYU, came out in June. Within weeks, it was the fifth best-selling business paperback book, according to the *New York Times*.

Patterson says the book is a result of consulting with organizations for twenty years. "We stumbled upon it—the idea of crucial conversations—accidentally," he says. "We were teaching dialogue skills before we came up with the language of crucial conversations. It became important because we realized it was probably the single most important predictor of success in organizations."

Knowing how to tactfully say something is a talent, Patterson says, a skill that could resolve a great deal of conflicts. "Every time we bomb somebody it is because we can't figure out how to work it through. We spend money developing people who can design bombs, but we should be spending money developing people who can talk," Patterson says.

ALUMNA COMPETES FOR MISS AMERICA TITLE



Take one accounting alumna, add about fifty more women, one trip to Atlantic City, New Jersey, and what do you get? The Miss America Pageant.

This year's Utah representative was **Natalie Camille Johnson**, who earned her BS in accountancy in 2002. She has the numbers to prove it too. Johnson has competed in seventeen pageants, earned more than \$20,000 in pageant scholarships, spent thirteen years in formal piano education, and in the last three years devoted more than six thousand hours to volunteering.

Johnson, who is from Bountiful, Utah, was Miss Northern Utah until last summer when she was crowned Miss Utah, one week after she graduated from the Marriott School. "Being crowned Miss Utah 2002 was the culmination of years of hard work, practice, dedication, and a little bit of luck," she says.

Johnson, who competed in her first pageant when she was seventeen, has competed in the Miss Utah pageant for the last three years. At first she was competing to overcome shyness and to earn money for college, but a few years ago it became more personal for her. "After my older brother Eric died in May 1999, my reason for competing became service. Eric died of a cancerous germ-cell tumor and malignant melanoma—the deadliest form of skin cancer," she said. "Pageants gave me a forum where I could teach people about skin cancer prevention, detection, and treatment."

Johnson competed in the Miss America Pageant on 21 September 2002; her talent was playing the piano, and her platform was skin cancer prevention education. Now her days are filled with speaking engagements and appearances. With the money she earned from pageant scholarships, Johnson plans on getting a master's degree in health administration. "Since losing my brother, I have been interested in being in the medical field as a hospital administrator to use my accounting skills in a medical environment," she says.

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The Marriott School's Center for International Business Education and Research (CIBER) was renamed the Global Management Center in August 2002. The center's name was changed to represent its expanded role beyond the Department of Education's CIBER program and to elevate international business within the school.

One of the center's initiatives is a new Global Management Certificate. Available to undergraduate and graduate students, the certificate certifies a student's business language capability, experience in international business, and understanding of international business practices. (See news articles p.23.)