

# MARRIOTT

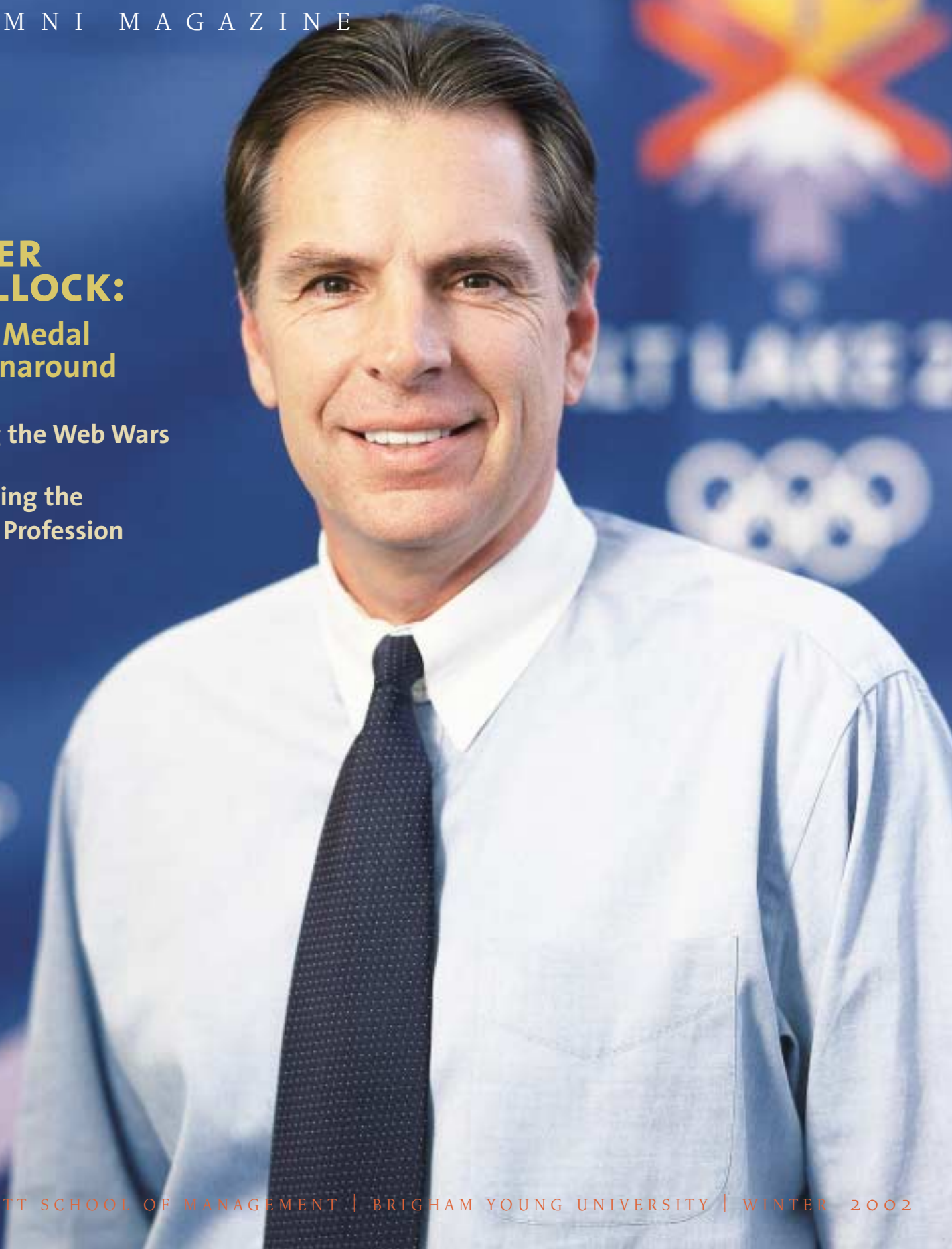
A L U M N I   M A G A Z I N E

## **FRASER BULLOCK:**

**A Gold Medal  
Turnaround**

**Winning the Web Wars**

**Retrofitting the  
CPA Profession**





MARRIOTT SCHOOL MBA DIRECTOR HENRY EYRING AND MBA STUDENTS CELEBRATE BEST “BANG FOR THE BUCK” HONORS. ACCORDING TO *FORBES* MAGAZINE, THE SCHOOL’S GRADUATES ARE ABLE TO RECOUP THEIR MBA INVESTMENT IN 2.5 YEARS—THE SHORTEST TIME FOR GRADUATES FROM ANY SMALL BUSINESS SCHOOL IN THE NATION.

THE MAGAZINE ALSO REPORTED THAT BYU’S CLASS OF 1996 SAW THEIR PRE-MBA SALARIES RISE MORE THAN 250 PERCENT FROM 1994 TO 2000, FIVE YEARS AFTER GRADUATION. LOW TUITION COSTS, GOOD JOBS, AND CAREER ADVANCEMENT ENABLED MARRIOTT SCHOOL GRADUATES TO EARN A FASTER PAYBACK THAN GRADUATES FROM OTHER TOP SMALL SCHOOLS.

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DEAN NED C. HILL

## Integrity: Hallmark of a BYU Graduate

here than at other universities. One BYU student comment in the Duke study is very insightful: “When someone understands the importance of integrity, no policies, rules, or guidelines will have any more effect than the person’s own conscience. My belief in God and the principles of the LDS Church are my main monitors for not cheating. Everything else is secondary.”

What is integrity? A person of high integrity is inwardly what he or she proclaims to be outwardly. It is not difficult to claim to stand for certain values when the pressure is off—but much more difficult to live those values when life’s pressures come. Similarly, it is relatively easy to proclaim to be a follower of

large stake center. I was curious to see that people attended from the diamond capitals of the world—Antwerp and Johannesburg. Their messages were read at the funeral. I paraphrase, we knew Lowell as an excellent man of business. More importantly, he was a man of integrity. He drove a hard bargain, but he could always be trusted to keep his word. Lowell’s success was built on integrity.

Jon Huntsman, Sr., is one of the most successful businessmen in America. He has founded a number of companies in the republics of the former Soviet Union. Two of his former employees were in my MBA class at BYU and told me of the box factory he founded in Russia to help this emerging economy with its exports. After the company started producing boxes, a tax administrator came and informed the company that tax rates were being increased—to a point that made the company completely unprofitable.

However, the official said, if certain amounts could be paid under the table directly to the tax official, he could “take care of them.” It is Jon Huntsman’s policy never to pay a bribe. The official was insistent. Jon Huntsman decided to sell the factory to local management for one dollar rather than pay a bribe. He lost his investment of millions of dollars but he would not compromise his integrity for money.

A few years ago, one of our top Marriott School MBA graduates accepted a lucrative job with a prestigious company. He and his wife moved to a large city and were enjoying the prospects of a rapid move up the success ladder. But he was asked to engage in business practices that compromised his integrity. He approached his superiors and told them he could not do what they were asking him to do. He was fired. He spent several months out of work. Fortunately, he finally did get another very good job—even better than the first.

A father was preparing his taxes late one night. He had assembled all the appropriate records and worked hard to determine what he owed the IRS. When all was computed, he found that he qualified for a small refund. But then he suddenly remembered a transaction. He had been paid for one fairly large job in cash. No records were made of the transaction. He

BYU students are known for their integrity. Last spring’s special MBA ranking issue of the *Wall Street Journal* that came out 30 April 2001 made several very favorable mentions of the Marriott School. Of all the positive comments, the most significant to me was “respondents [recruiters who hire our graduates] said the Provo, Utah, school’s students are appealing because of their integrity” (p. R8).

An academic study conducted by Duke University is evidence of BYU students’ integrity. It revealed that 92 percent of BYU students report they have never seen someone cheat, compared to 55 percent of students from other universities. Eighty-two percent of BYU students report “never” having received test questions and answers from someone compared to only 58 percent for the norm group.

BYU students report that the university provides a strong environment for developing integrity. And at the same time, our students report that competition for good grades is more intense

Christ. The person of integrity, however, will not only proclaim outwardly to follow the Savior but will, under the pressures of life, demonstrate attributes of the Savior on a consistent basis, day in and day out. To say our students have integrity is to pay them the highest compliment.

The Lord highly values integrity. He promised great blessings to Solomon: “Walk before me, as David thy father walked, in integrity of heart” (1 Kings 9:4). Unfortunately, David did not retain his integrity throughout his life.

There are many examples in modern times of people with integrity—and some who lack it. Let me illustrate from my own observations related to the business world.

Last year, I attended the funeral of Lowell Benson, executive vice president of the O.C. Tanner Company and their chief buyer of diamonds and gold. He was also a stake president in Salt Lake City and a great friend and graduate of BYU and the Marriott School. His funeral packed a





realized that the IRS couldn't have received a report of this income and likely would never know about it. Reporting it would cost him more than \$1,000 in state and federal taxes—a sizeable amount to his young and growing family. But then he thought, “I am a man of integrity. This is a small price to pay for resting well at night knowing I have been honest.” He had to take out a short-term loan from the bank, but he paid the extra taxes and slept well.

What can we learn about integrity from these stories? First, to be a person of integrity we must be willing to pay a price. It cost Jon Huntsman literally millions of dollars. It cost the MBA graduate his job. Neither had any hope of monetary reward for living with integrity.

Second, living with integrity may bring recognition from the world—but not always. Worldly recognition is not necessarily the object, nor should it be expected. The young father was not rewarded with public acclaim but rather with a clear conscience, peace of mind, and a good night's sleep.

Third, the decision to live with integrity is not always the easiest path to follow—especially if one measures decisions by worldly standards. The MBA graduate's decision to leave a prestigious firm over an issue some might consider “just business” would not have been considered wise by worldly career consultants. Living with integrity may prove difficult initially, but living without integrity is much more difficult in the long run.

How do we know if we are becoming a person of integrity? Here are some questions to ask ourselves. Is there integrity in my business dealings? If I received more than I should have in a business transaction would I return the excess? Would I ever represent my product to a potential customer as something it is not?

Am I honest in my taxes? Am I honest in my tithing and fast offerings? Am I honest in my relationship with my employer? Can I be counted to provide fair value to my organization? Can I be completely trusted with my employer's assets? Can I be trusted with another's reputation—in other words, can I be trusted to avoid gossiping about another?

Am I a true friend when that friend is not around? How do I behave when no one is watching, when no one can find out what I did? When I give my word, can it be relied upon implicitly? When I make a commitment, do I keep it? When I make sacred covenants, do I uphold them?

While it takes years to become a proven person of integrity, it is easy to lose integrity—and difficult to restore it. How do we know when we are losing our integrity? The still, small voice will tell us—the whisperings of the Holy Ghost. In my experience, if we listen and heed his warning, we will know clearly if we are getting on the wrong track and need to make a course correction.

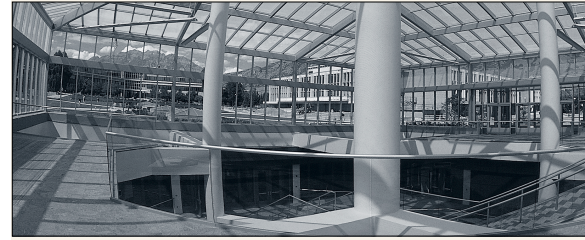
In contrast, if we ever become too busy or too insensitive to listen, then we may find ourselves as Laman and Lemuel. Nephi said of them: “and he hath spoken unto you in a still small voice, but ye were past feeling that ye could not feel his words” (1 Nephi 17:45).

While we have many examples of people of integrity all around us, we must look to the Savior to see the perfect example of integrity. Throughout His life, He never wavered from doing His Father's will. He stood ever ready to pay whatever price His integrity demanded—ultimately paying that enormous, incomprehensible price for us in Gethsemane and then on Calvary. He refused to “shrink” but drank from the bitter cup that was placed before Him.

It is worth whatever price we must pay to become people of integrity. The Lord needs to rely on us as people of integrity so that we may bless His children. Oh, how sweet it would be to have the Savior say of you and me: “blessed [are you] for I, the Lord, love [you] because of the integrity of [your] heart.” **M**

*[Adapted from a devotional address given at BYU–Idaho, 28 November 2000.]*

## Marriott Alumni Magazine



WINTER 2002

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Ned C. Hill, *Publisher*

Joseph D. Ogden, *Managing Editor*

J. Melody Murdock, *Editor*

Byron Bronk, *Copy Editor*

Liddy Walseth, *Art Director*

Jenny Stathis, *Assistant Editor*

Seth Christensen, *Assistant Editor*

Tyler Walseth, *Contributing Designer*

Wade Hansen, *Contributing Writer*

Nina Whitehead, *Contributing Photographer*

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All communication should be sent to

*Marriott Alumni Magazine*

775 Tanner Building

Brigham Young University

Provo, Utah 84602

Telephone: (801) 422-5083

Email: marriottmag@byu.edu

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WILTON



# RETROFITTING <sup>the</sup> CPA PROFESSION

Taking a Visionary Approach to Change

Ken Batson has been a CPA for thirty-two years—getting up, eating breakfast, and heading to work. A partner at Sharp, Thunstrom, & Batson, a small accounting firm in La Mesa, California, Batson was complacent as a CPA. He'd heard the warnings about massive changes coming to his profession, but gave little heed to the cautions. "I read the predictions in trade publications, but I didn't see them happening around me or feel the effects on my business," he says. "I doubted the change was real."

In June 2001, his outlook began to change.

Batson attributes his professional turnaround to a session he attended at the Marriott School's Seventh Annual Management Conference. Batson was rattled by Jeannie Patton's presentation on the CPA profession in flux. CEO of the Utah Association of CPAs, Patton told participants the CPA profession was changing so subtly and quickly that many in the industry hadn't even noticed. Underscoring her assertions with concrete examples, Patton illuminated the warning signs and left Batson with no doubt the changes were real.

"I realized I had to broaden my view," he says. "My firm had to expand and adapt its services so we didn't make the mistake of trying to change too late. We want to be ready."

To help CPAs like Batson heed warnings and retrofit their firms, we present excerpts from Patton's presentation that describe the accounting profession's strategic inflection point, the need to recognize change, the AICPA Vision Process, and the importance of becoming a leader of change.

## STRATEGIC INFLECTION POINT

If not already there, most CPAs and their firms will soon hit what Andy Grove, former chair and CEO of Intel, named the strategic inflection point. He describes it as "the point in the life of a business [or industry] when its fundamentals are about to change. The change can mean an opportunity to rise to new heights. But it may just as likely signal the beginning of the end."

Grove explains that strategic inflection points can be caused by more than just technological changes and competitors. He calls them "full-scale changes" in the way business is conducted and says simply adapting to new technology or fighting competition in the traditional ways is no longer sufficient. "You may have a hard time even putting your finger on what has changed," Grove says. "Yet, you know something has."

**BY JEANNIE PATTON INTRODUCTION AND CONCLUSION BY J. MELODY MURDOCK, EDITOR**



If you haven't already hit this point, you soon will. Look around. Has the company or entity you worry most about shifted? If you're in public practice, you've probably noticed that your competition is no longer just the CPA firms in your community—it's a whole lot more.

To find out if you are at a strategic inflection point, take the silver bullet test. If you had one bullet, who would you shoot? If you are not already targeting your key competitor, you're at a strategic inflection point.

You also know you're there when the company whose work you rely on to make your product more available has changed. If you're in public practice, those you rely on most might be doing things differently. People you've worked with for years might suddenly sound like they're from Mars, talking about things that don't make any sense to you.

The marketplace is full of examples that reflect the rapid changes taking place all around us—for example, the rise of super stores like Barnes & Noble, Office Depot, and Home Depot. These kinds of changes can dramatically affect public accountants. You must consider who your clients are and what's happening to them. Did you forewarn your bookstore or office supply client that these changes were happening? Did you even think about these changes yourself before your bookstore or office supply store client closed their doors?

Think back when PCs first gained popular appeal. IBM was the king of the universe. Now they're struggling to stay in business, and they're not alone. Companies like Burroughs, DEC, Unysis, and HP—the best of the best—had abundant resources but still managed to fall from the top. They failed to recognize fundamental changes as they occurred.

Similar changes are taking place in the accounting world. Companies like Cisco, KPMG, Ernst & Young, Cap Gemini, PWC, and HP are merging, buying, and selling—continually reinventing themselves. The accounting profession is in turmoil as accountants at all levels are struggling to find the right business model to provide value added services.

CPAs need to pick up the pace in

general, because others are ahead. There's a web site called MyCFO.com, developed by Jim Clark, that provides CFO-type services to small firms. These types of "on demand services" are popping up all over the web.

Changes are taking place not only in public practice but also in the finance industry. According to a KPMG study called "Finance of the Future," the finance department will no longer exist in 2010. Mobil has already outsourced its entire financial services to PWC. Another example of financial services being deregulated is HDvest. They sell investment services. At first, the profession's response was negative. Accounting professionals felt it was an unethical practice for CPAs to be involved in. Despite the criticism, HDvest hung in there and was recently bought out by Wells Fargo.

Think about what happens when you combine the potential of information resources collecting in bank's databases from online check payments and other investment services—and the financial resources of banks and financial institutions to market to their clients—who could also be your clients.

Change will continue to come from unanticipated places. It's not going to be an advertisement you see in a paper from a competitor that you recognize. It's going to happen when your clients sit down to talk about their accounts and investments—with their bank or financial institution—like Wells Fargo. Before you know it, your clients are going to be offered a whole array of integrated services from elsewhere—some of them for free. For example, a car dealer offered free tax preparation services last tax season so buyers could apply their refund to their down payment. That's a huge shift when people start giving away one of your main line products as a loss leader for other business.

Accountants need to start thinking about what's changed and what clients value. If you are mailing or handing your clients their tax return, and you're not talking to them about what that means or what their financial situation is, you are no different than a software package—you're not telling them where your value is, you are simply producing

a commodity—one they can probably get cheaper in a software package.

## ADMITTING AND ADAPTING TO CHANGE

CPAs need to reposition themselves and their companies. For example, it's unrealistic to think enough classes can be offered fast enough to keep CPAs e-business savvy. We have to elevate to a strategy far beyond continuing education. CPA State Societies are working on a strategy that brings the CPA into services offered on the web. With partners like Microsoft, Thomson Publications, and others, the idea is to position the CPA in the web e-enabled environment to provide reliable web-based services to businesses—positioning the CPA as the resource.

*Forbes* said, "If you're not bloodying your nose in today's warp-speed economy, we have a name for you—dead." There are lots of folks who have died in this battle. Students coming out of school now are expected to have between eight and ten different careers in their lifetime. Think about your professional lifetime. Has your career really shifted that much? If that's what new graduates are going through, why do you think you will avoid it? The shelf life of education is dropping off significantly. We can't teach people enough basic information to remain valuable when the marketplace is changing as fast as it is. CPAs will have to return to the foundation of the profession—professional judgment applied to new services—in order to remain viable and to thrive in this new economy.

There's still a sense within the profession that all of this new economy nonsense is going to settle down, that we're going to get back to where the real world is. It's not going to happen that way. Too many things have fundamentally changed within the environment. Yes, there's been a downturn in the economy and attention has to be paid to the core elements of accounting. But the value is also found in something beyond that. Think about what it means to account in today's environment. What needs to be accounted for? What needs to be measured? The things that you measure will continue to be the things that get focus. If we're measuring the wrong thing, we're blind sided by the



measurement or accounting process.

Testing against the end goal is a great way to envision future success. It is an inductive process that requires working from the future backward. Typically we build a solid foundation, and we chart forward. The problem with this traditional-linear method is that we may miss what's changed within our context or environment—things that can have a significant or even fatal impact. Creating a vision requires deciding where you want to be and then what it takes to get there working from the future backward to the present. We took this nonlinear approach to developing the Vision Process.

### THE VISION PROCESS

Recently, we guided nearly four thousand CPAs through an eight-hour Vision Process that included taking an intensive look at the context of the global business environment, who CPAs are, what the marketplace says they need to be, and what they want to be. These CPAs came from every state in the United States and from all segments of the profession. This was done to identify the challenges and opportunities the accounting profession will face in 2011 and beyond. After compiling the findings, we identified core services, competencies and values that will help the profession make sense of a changing and complex world.

One of the outcomes of this process was the creation of a comprehensive and integrated vision of the CPA profession's future, which states:

*CPAs are trusted professionals who enable people and organizations to shape their future. Combining insight with integrity, CPAs deliver value by communicating the total picture with clarity and objectivity, translating complex information into critical knowledge, anticipating and creating opportunities, and designing pathways that transform vision into reality.*

The new vision is designed to:

- build awareness of future opportunities and challenges for all segments of the profession,
- lead the profession as it navigates the changing demands of the marketplace,
- draw the profession together to create a vibrant and viable future,



## TESTING AGAINST THE END GOAL IS A GREAT WAY TO ENVISION FUTURE SUCCESS.

- leverage CPAs' core competencies and values, and
- guide current and future initiatives in support of the profession and the protection of public interest.

The vision statement identifies what CPAs are and where they want to be in 2011. It is a major shift in how we see the profession. For example, we haven't always described insight and integrity as ingredients that deliver value. This was a major discussion during the Future Forums with CPAs, because there's a marketplace perception that many of our products and services are commodities. And if we don't explain what our products

and services are and demonstrate where the value is, many traditional services such as tax preparation and financial statements really are commodities. We must learn to communicate the total picture with clarity and objectivity.

We can begin by communicating the total picture behind financial statements and other accounting and tax documents. There's an opportunity factor here. It may be in the paperwork but it's most likely in the dialogue that follows review of that document. We can translate complex information into critical knowledge. What is it that I need to measure? What's meaningful? How do I use that information

or knowledge to make the right kinds of decisions? By answering these questions, anticipating opportunities, and designing pathways, the CPA transforms vision into reality. As a result, the CPA becomes a partner with his or her clients and helps them navigate the complex financial environment they live in.

## BECOMING A LEADER OF CHANGE

When change comes, we can either make the decisions the change requires or defer to someone else to make the decisions using their own methods—leaving us in a reactive position. As CPAs, we are perfectly positioned to help people and organizations deal with change, but we're going to have to step up to the plate to make that happen. The following are six suggestions designed to help today's CPAs become leaders of change.

**1) Learn how to scan for changing conditions.** This takes time. If you fail to read publications outside of your professional scope, you increase your chances of being caught off guard by change. Reading is a way to break down your own prejudices about the world. That's the key challenge—

to break down your walls and get rid of your own blind spots.

**2) Determine how value is created.** Many enter the accounting profession with the view that, "value is created within a certain paradigm that we view from a finance function." Caught in this paradigm, we fail to think about how value is created beyond the things that we are directly measuring in financial terms. We need to be aware of not only the traditional components of value but of all components that create value.

**3) Become more customer and operations oriented.** When working with small firms, I love to ask how they deliver their products. I've found that many firms mail them. In many cases, these firms seldom have face-to-face meetings with their clients. If this is the case, there isn't much separating the firm's product from that produced by software packages. What differentiates you? What value do you offer your client? Do you understand what your market and business model is? Do you even have a business model? There are many questions that you're going to have to answer in order to understand how to change—questions that are answered often by creating a business model.

**4) Get involved with strategy formulation.** Whether you're in public practice or in industry, you must have a strategy to service your customers. If you're in industry, you might be confused about who your customer is. It could be your boss or the other entities of your organization. In some cases, the sales and marketing department might consider you a service provider. However, in many cases, you are viewed as an inconvenience.

You have control of information they need or provide them information they don't need or provide it in a form that makes it less useful. If you sat down and interviewed different segments of your business and asked them what their problems are you could provide answers that change how they see the accounting and finance departments—change their perception of your value.

**5) Use involvement and empowerment paradigms.** One of the challenges of the changing environment is that hierarchies and silos are disappearing. A public practice firm may still have a tax department, an accounting and audit department, and a consulting department. In this setting, value is lost as people and groups fail to communicate about what the client need opportunity is. The opportunity costs are enormous. Firms must flatten out their hierarchy, empower each arm of their organization to collaborate, and make a way for these groups to leverage the firm's opportunities.

**6) Make sure your strategy is aligned with all other business processes.** This point alone, if ignored, can sink the ship. Getting the business systems aligned with where the profession needs to go is a challenge we all face as we try to move forward.

Five months into their change plan, Sharp, Thunstrom, & Batson has been busy expanding and adapting its services. The small firm has added loan brokerage services, begun consulting in small-end software accounting, adapted its CFO-services, and started to aggressively market itself. "We look for every opportunity to get our name out there," Batson says. "And it's been worth it."

The company's steps to change are proof that taking a visionary approach pays off. "We've had a steady increase in clientele and profits over the last five months," he adds. "It's our best performance in more than three years." **M**

## ABOUT THE AUTHOR

*Jeannie Patton, CEO of the Utah Association of CPAs, was named by Accounting Today magazine in 1997 and 1998 as one of the top one hundred most influential people in accounting. From 1997 to 1999, she led the CPA profession's nationwide Vision Process initiative. She serves on the Change Management Executive Council and has served on various AICPA committees and subcommittees. She is past president of the national CPA Society Executives Association and was awarded the first-ever AICPA Distinguished Service Award in May 1999.*

### VISIONARY'S READING LIST

*Built to Last*

by Jim Collins and Jerry Porras

*The Visionary's Handbook*

by Watts Wacker and Jim Taylor

*Competing for the Future*

by Gary Hamel and C.K. Prahalad

*Only the Paranoid Survive*

by Andrew Grove

*Leading Change*

by John Kotter

### FOR MORE INFORMATION . . .

[www.cpvision.org](http://www.cpvision.org)

[www.cpa2biz.com](http://www.cpa2biz.com)

[www.govci.com](http://www.govci.com)

[www.uacpa.org](http://www.uacpa.org)

[www.fastcompany.org](http://www.fastcompany.org)

[www.cfonet.com](http://www.cfonet.com)

[www.businessfinance.com](http://www.businessfinance.com)

# ALUMNI EXCHANGE

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

## HOW CAN YOU STAY ON TOP OF THE LATEST BUSINESS AND TECHNICAL DEVELOPMENTS?

**AS A COMMUNITY COLLEGE BUSINESS** instructor, I must stay current on the latest business developments and technologies. I have incorporated three things into my continuing education regimen that I have found helpful.

1) Newspaper Business Section: Every morning with breakfast I digest the previous day's news. This section highlights the most important and relevant happenings and can be completed in ten minutes or less.

2) Industry Books: As a management student at the Marriott School, we selected and read a new book each semester. I continue this practice today. If I find myself under-educated or just interested in a certain business topic, I buy and read a book.

3) Continuing Education Classes and Seminars: Many colleges and organizations offer short-term classes and seminars where experts share their knowledge and experience with inquiring minds. Topics from market globalization to PowerPoint presentations are taught to any willing taker.

Staying current in today's fast-paced, high-tech business world is not an easy challenge; however, these three methods have helped me become better informed and more thoroughly prepared.

Gene Blackum III  
Marketing/Management Instructor  
Santiago Canyon College, California  
BS Business Marketing '92

**THERE ARE TWO ASPECTS** to this issue—the one intellectual and the other the actual purchase of physical assets. For the non-technician, staying on par intellectually will often be reasonably accomplished through reading the right technical trade journals associated with the respective line of business.

Staying current with “owning the latest technology” on the other hand, can be a losing proposition because of technology's rapid expansion. It's not a bad idea in technology planning to separate “infrastructure” from “applications.” Infrastructure involves the platform-type materials that must be in place for the individual applications to play. Base

infrastructure should be sufficiently up-to-date and flexible to allow the entity in question to run the software necessary to effectively compete. With this in place, the purchase decision for individual applications becomes a fairly straightforward question of return on investment.

Matt Weed  
Assistant Vice President, E-business  
Intermountain Health Care  
Salt Lake City, Utah  
MBA '84

**THE ABILITY TO KEEP CURRENT** with business and technology may mean the difference between growth and stagnation on your career path. There are many simple things to do to maintain a cutting edge.

Nourish an appetite for reading. Surround yourself with worthwhile newspapers, trade journals, and literature. Clip articles to keep in a travel folder to read on airplanes, while commuting, or at the doctor's office.

Consider time your most valuable resource and invest wisely. Surfing the Internet and watching television are two of the greatest time wasters in our century. Philo Farnsworth, the inventor of television, wouldn't let his own children watch it.

When making technological purchases for work or home, consider the use and ask yourself, “Will this make my life easier?” Take advantage of customer service, training, installation, and maintenance contracts provided by the seller. These options will save valuable time and make use of the product more effective.

Continue to learn. The late Camilla Kimball took one class a year throughout her life following her college graduation. Community colleges and local school districts offer technological training at reasonable prices. Education slows aging and keeps you both interested and interesting.

Andrea Woodfield  
PricewaterhouseCoopers  
Portland, Oregon  
MAcc '01

### PARTICIPATE:

Send us your response or question for a future issue.

Next issue: **Is there anything employees can do to insulate themselves from company layoffs?**

Due date: 1 March 2002

Length: 100-150 words

Each submission should include:

- Name
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- Graduation year and program
- Work position or title
- Company name

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# WINNING THE WEB WARS

gaining competitive advantage  
in the online marketplace

"It's Dot-Com Doomsday... Second-tier dot coms are now nothing more than nuclear waste....It could get worse." —*Fortune*<sup>1</sup>

Forecasts predicting the viability of brick and mortar retailers as well as their Internet-only competitors have dramatically shifted over the last year. Experts who used to say that "old economy" retailers would get blown away by so-called "new economy" e-tailers are changing their tune.

Conventional retailers have had to quickly come to grips with how to best react to new Internet-only competitors. Most have chosen either to attack cyberspace from within the mainstream or to spin off their online business. As conventional retailers have become "click and mortar" retailers, many Internet-only companies find the tables have turned. Hybrids have been winning online customers away from pure plays and now

appear to have the upper hand. Not surprisingly, as pure-play valuations have fallen, recent headlines question whether pure plays will survive.

Results from our study of pure plays, spin-offs, and integrated online businesses in eight key online retailing sectors—books, music, toys, clothing, office supplies, drugstores, furniture, and financial services—show that doomsday predictions for both brick and mortar companies and pure plays have been overblown.

We interviewed top executives from both conventional retailers (e.g., Charles Schwab, OfficeMax, Toys-R-Us) and Internet-only retailers (e.g., CDNOW, E-Trade, SmarterKids.com), and conducted a survey of one hundred retail companies. Our findings reveal how companies can gain competitive advantage in the online marketplace. The results also help predict online winners and suggest survival strategies for Internet-only and conventional retailers.

by Jeffrey H. Dyer & William Hesterly



## Predicting Online Winners

Conventional retailers compete better online by leveraging their complementary assets to deliver value to the customer. An asset becomes complementary by increasing in value when used in combination with a second asset. For example, if a company's web site is significantly more valuable because the company also has brick and mortar stores, then the stores are viewed as complementary assets. Spin-offs or imitations of pure plays can be a barrier to leveraging complementary assets in the online marketplace. The figure below provides a useful model in predicting online winners.

The two key dimensions that determine whether hybrids or Internet-only companies will have online advantages are: 1) product selection complexity and 2) specialized operational complexity. When product selection complexity is high, customers require information that is difficult to capture in concise, standard terms. Customers often place a high value on the ability to physically examine the product in stores. For example, customers buying furniture consider an array of factors such as color, comfort, and style. As a result, physical examination of the product is important—increasing the value of brick and mortar assets. Internet-only companies are virtually nonexistent in this retailing sector.

In other cases, customers value personal contact. In an investment decision, for example, a customer might need to discuss how various stocks or financial investments fit into his or her portfolio. Because the value of retail branch operations and human assets is high in financial services, brick and mortar banks are gaining more online accounts than pure online banks. The higher the product selection complexity and the need for complementary assets, the more we expect integrated click and mortar companies to have competitive advantages in the marketplace.

There are cases when customers may value complementary assets even when product-selection complexity is low. We found drugstore pure plays soma.com, drugstore.com, and planetrx.com did not have the complementary assets required to meet customers' convenience needs. Brick and mortar drugstore chains Rite Aid, CVS, and Walgreen owned or had preferred access to Pharmacy Benefit Managers (PBMs)—companies that handle complex insurance paperwork. Customers who need immediate access to medicine value the option of ordering online and picking up their order at the local drugstore. These advantages have prompted all major pharmacy pure plays to seek a merger or an alliance with a brick and mortar pharmacy.

When product-selection decisions

are complex and when the operational complexity of managing the physical value chain is high, the online winners will be brick and click companies that effectively leverage the value of complementary physical, human, and intangible assets. In contrast, when product-selection decisions are simple and the operational complexity of managing the physical value chain is low (as in books, music, and software), pure plays and spin-offs will emerge triumphant.

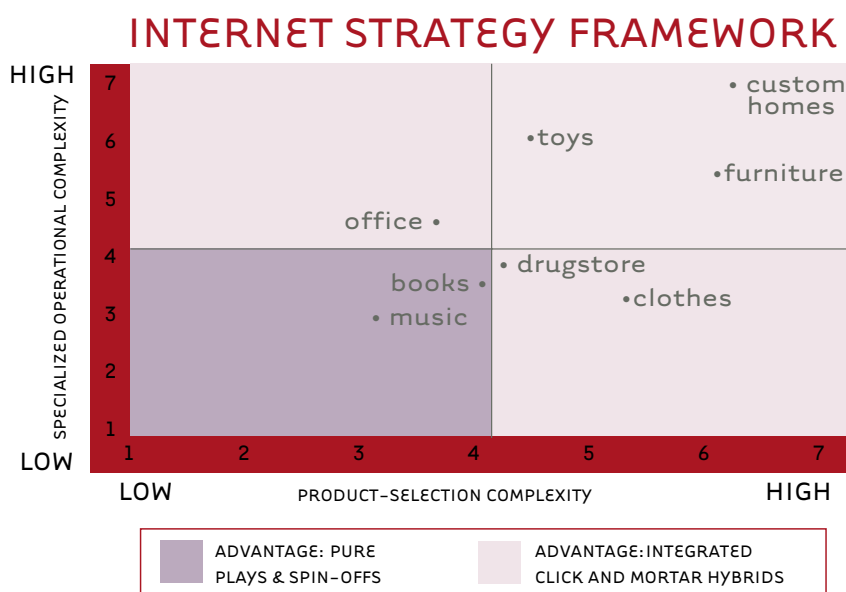
## Surviving as an Internet-Only Company

Even though pure plays may be successful in terms of marketshare in the lower left quadrant of the model, they may never make sustainably high profits. This is because these products tend to be commodity-like with few barriers to entry. The real challenge for Internet-only firms is to figure out how to compete in retailing sectors characterized by high product selection and operational complexity. Pure plays can only compete effectively in highly complex retailing sectors by: 1) free riding on competitors' assets; 2) destroying competitors' assets; or 3) accessing the value of competitors' assets.

### 1. Free Riding on Competitors' Assets

One way for pure plays to compete effectively in retailing sectors characterized by high product-selection and operational complexity is to determine whether it is possible to "free ride" on competitors' assets. This involves figuring out how to get customers to check out products off-line and purchase products online.

For example, 1800-Mattress (1800mattress.com), an Internet-only mattress retailer, has been successful at free riding on the store investments made by conventional mattress retailers such as Sears and JCPenney. 1800-Mattress knows most customers prefer to lie down on a mattress before buying it. Instead of building stores, it develops an inventory of products that match what customers can buy in conventional stores. Then, it advertises that it can always provide lower prices







than its brick and mortar competitors for the same product. All customers have to do is go to mattress.com (or call 1800-Mattress) to identify the brand name and SKU of the desired mattress. Customers receive a price consistently 10 to 20 percent lower than prices at the local mattress store.

A free-riding strategy works best when a product's inventory costs are high, when customers need to touch and feel the product before buying, and when the online retailer can offer an identical or virtually identical product. Automobiles, expensive consumer electronics, and mattresses are examples of products that fall in this category.

## 2. Destroying Competitors'

### Complementary Assets

Internet-only companies can also compete by destroying the value of their competitors' brick and mortar assets. The easiest assets to destroy are those used to provide information or products that can be digitized—such as software. When products can be distributed more feasibly online, the value of stores and

other brick and mortar assets such as warehouses and inventory systems dramatically declines.

As broadband connections become more common, this trend will accelerate. Online sales for software are predicted to reach nearly 50 percent of total software sales as early as 2003.<sup>2</sup> Though the time horizon is likely to be considerably longer, books and music are other areas where the value of complementary assets will decline as products become more widely available in digital form.

In addition to digitizing products, there are two other ways to destroy the value of conventional retailer's assets. The first is standardizing or commoditizing the product being sold. This involves simplifying the product-selection process by identifying areas of product-selection complexity and standardizing them. For example, purchasing a personal computer used to be a relatively complex decision before Dell and others simplified the decision-making process. Today, with four to five pieces of information, most customers can make a purchase decision—as a result, online sales are booming.

The last way to destroy competitors' assets is to develop new virtual technologies that deliver similar value to customers. For example, Lands End's "dress yourself" technology is an attempt to provide a virtual dressing room for customers. Customers provide information on their body type/size and select an article of clothing to "wear." This gives them the opportunity to "see" the product and get a sense for how it will look. In addition, Land's End will mail customers swatches of material so that they can feel the fabric and see color options. While dress-yourself technology is still quite primitive, the idea is to use less expensive virtual technologies to perform similar functions as brick and mortar assets.

## 3. Accessing Competitors'

### Complementary Assets

A final option for Internet-only companies is to access needed complementary assets through partnerships with conventional retailers that are capable of managing complex physical product flows. Just as traditional brick and mortar firms in many industries

have discovered, alliances are a fast and flexible way to gain access to complementary resources. Pure plays can provide the know-how in online transactions that some traditional retailers lack. At the same time, online retailers gain access to complementary resources they may need, such as brand names, purchasing power, physical outlets, and distribution networks that address both product selection and distribution concerns.

Amazon's recent alliance with Toys-R-Us may foreshadow more alliances between pure plays and traditional brick and mortar firms. Amazon gets the benefit of Toys-R-Us' brand leadership in toys and access to its enormous purchasing power. Toys-R-Us gains from Amazon's considerable online know-how and its access to online eyeballs.

### How Complementary Brick & Mortar Assets Add Value to Customers

#### ADVANTAGE OVER INTERNET-ONLY COMPETITORS

- Physical Observability of Product
- Delivery Speed (or Cost)
- Customer Convenience
- Customer Education
- Customer Awareness/Security

#### HOW ASSETS DELIVER VALUE

- Store front allows customer to examine product for fit, quality, etc.
- Stores, warehouses, and trucks allow for superior delivery response time at lower cost
- Store front provide options for pick-ups and easy returns
- Store personnel can provide tailored information to customer
- Store fronts inform customers regarding new products, sales, etc., signal commitment

Another way that pure plays may access complementary assets is to partner with firms specializing in areas such as fulfillment and logistics. Both UPS and Federal Express have formed units specializing in what they term eLogistics. Partners with strong logistics capabilities might dramatically reduce the costs of fulfillment for online units and make them more competitive with click and mortar companies. As with any alliance, success is largely determined by partner selection and structuring a relationship that is mutually beneficial to all parties in the alliance. An alliance with the wrong partner—one lacking the most critical complementary assets, or an alliance where the financial terms greatly favor the brick and mortar retailer—will only accelerate a pure play's demise.

### Surviving as a Brick and Mortar Company

Over the long run, hybrid click and brick retailers must develop strategies to prevent Internet-only companies from free riding on, destroying, or accessing their valuable complementary, physical, human, and intangible assets. The major short-run challenge for hybrid click and brick retailers is organizational rather than strategic. In the near term, conventional retailers should focus on exposing the weaknesses of pure plays that do not possess complementary assets.

Touting the advantages of choosing an online retailer with complementary physical, human, and intangible assets will resonate with customers in retailing sectors characterized by high product-selection complexity and high operational complexity. To effectively leverage those complementary assets in delivering value to online customers, conventional retailers must make sure they effectively coordinate the activities of their online and conventional business units.

Because there are large differences between running conventional versus online businesses, there are real risks if a firm doesn't create some separation between the new online business and the traditional business. Although integration is the key to leveraging complementary assets, retailers must also realize that

online businesses will need to be managed differently.

Conventional retailers must figure out how to create enough separation for the online business to flourish, while at the same time integrating the two business units to ensure there are not missed synergies. Harvard scholars Paul Lawrence and Jay Lorsch showed long ago that it is possible to achieve differentiation and integration simultaneously without using spin-offs.

Successful businesses in dynamic environments have long faced the dual challenge of separation and integration. Different functional units often possess different mindsets, clock speeds, and even subcultures. These differences help the various units adapt to the differing tasks they face. To be successful online, hybrid retailers must effectively balance the demands for separation and integration. They must create some separation or the online business will not develop the distinctive values, processes, or resources necessary to succeed within an online business model.<sup>3</sup> They must also put in place integrative mechanisms to facilitate coordination with brick and mortar companies.

The following evolutionary approach is designed to help click and mortar companies achieve the benefits of both separation and integration.

#### 1. Create a Separate Organizational Unit with a "Re-Integration" Plan

When traditional brick and mortar businesses move online, they need new skills and processes to adapt to fast-paced "Internet time." Because there isn't time to develop these skills within the existing organizational structure, it is important to create a new organizational space where appropriate new skills and processes can be developed. To facilitate the development of new skills and processes, companies may want to look outside their company for the leaders of their online unit. Outsiders are not locked into old ways and rhythms of doing business and are less likely to impose the brick and mortar processes and values on the online business. The

problem with “star” executives from traditional businesses running an online business is they often don’t know that they don’t have the knowledge required to successfully run an online business.

Of course, a major challenge facing outsiders is they lack company-specific knowledge and may not design the online unit with an eye towards future integration with the conventional business unit. Special attention must be given to helping outsiders understand complementary resources within the firm to ensure that the online unit is designed to fully leverage the company’s brick and mortar assets.

Building a separate organizational unit creates the separation necessary for new skills and processes to flourish but must be accompanied by key integrating mechanisms. One option for getting the necessary integration is to set up a senior level integration team with the explicit assignment to identify potential synergies between the two businesses and coordinate on strategy.

While the integration team may be advisory in nature during the early stages of developing an online business, over time it may be useful for this group to have the decision-making power necessary to ensure synergies are realized.

## 2. Begin with Different Metrics, but Increasingly Use Common Metrics

The right metrics help focus attention not only on key success factors but also on accountability. The best measures for traditional brick and mortar businesses may not be the best for online activities. Kevin Kelly’s statement that, “productivity . . . is exactly the wrong thing to care about in the new economy”<sup>4</sup> may overstate the case somewhat, but his general point is worth noting.

A focus on efficiency often leads managers to neglect exploring new opportunities. Particularly in mature businesses, firm measures tend to focus on efficiency more than opportunities. Online businesses need to be rewarded and measured more for growth than efficiency. The different metrics for the traditional and online business—and the logic for the different metrics—should be properly communicated throughout the organ-

ization. One of the virtues of spin-offs—greater accountability—stems from clearer performance measurement. Because there are fewer interdependencies with other units, profit and loss measures are less ambiguous. This measurement clarity makes managers of these separate units more directly accountable for the results they achieve.

Historically, the only way to clearly measure an activity was to separate it and reduce its interdependencies with other activities or units as much as possible. Without complete separation, overall performance measures existed only at high levels of aggregation. Advances in information technology and accounting innovations, such as activity-based accounting, now make it more feasible for firms to get clear measures of performance without isolating activities into separate units with separate profit and loss statements.

## Winning the Web Wars

Managers of today’s firms are often faced with “bet the company” decisions as they struggle to develop an effective online strategy. The traditional wisdom offered to conventional retailers has been to spin off the online business as a separate entity, allowing it the freedom to “cannibalize” the parent. We remind managers that there are considerable risks to spin-offs, because they make it more difficult to leverage complementary brick and mortar assets.

The online strategy or structure choice should be driven largely by customer needs—not by Wall Street. Spin-offs, while appropriate when product-selection and specialized operational complexity are low, may result in missed synergies, brand confusion, and an inability to offer an effective and well-coordinated path for existing customers to migrate to the new technology. An integrated click and mortar strategy may be more effective than a spin-off when product selection complexity is high and when retailers can leverage complementary brick and mortar assets to provide superior customer service. The overall strategy should be designed to have brick and click companies coordinate closely in delivering value to customers.

Pure plays have the opposite problem. Rather than leverage complementary assets, they must figure out a way to destroy, free-ride on, or access the complementary assets of click and mortar competitors. Internet-only competitors that do not develop an effective strategy for destroying the value of brick and mortar assets will find it tough going in retail sectors characterized by high product-selection and operational complexity.

Understanding who will be successful in the online arena and how the changing market affects Internet-only and conventional retailers will give companies the insight needed to gain competitive advantages in the online marketplace. **M**

## END NOTES

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## About the Authors

Jeffrey H. Dyer is the Donald Staheli Chair in International Strategy and an associate professor in the department of Organizational Leadership and Strategy at the Marriott School. His research focuses on strategic alliances, e-commerce strategy, and interorganizational learning, knowledge management, and trust. Dyer taught at the Wharton School of Business at the University of Pennsylvania for six years before coming to the Marriott School. He earned his PhD in management strategy and organization from the University of California—Los Angeles in 1993 and his MBA in 1984 and BS in psychology in 1982 from BYU.

William Hesterly is the Zeke Dumke Faculty Scholar and a professor of management in the David Eccles School of Business at the University of Utah. His recent research focuses on the effects of new technologies introduced in an industry on established firms and upstart attackers. He received his PhD in 1989 from the University of California at Los Angeles in organization and strategic studies and his MOB and BS in psychology in 1980 from BYU.





## FIND YOUR OIL; MAKE YOUR MARK

BY JAMES W. RITCHIE

It's an honor for me to be here today. Every time I get in an awesome situation like this I think of a story that took place several years ago when my family and I lived on the west coast. Our oldest boys, who were seven and eight at the time, decided to take a friend to church with them one Sunday. This young boy had never been to our Church before. It happened to be a fast and testimony meeting that Sunday—always a unique time to take a new friend to church. Our friend watched in awe as several people marched up to the stand to say nice things. After seeing a few young people do it, he decided, without any hesitation or warning, to jump up and head for the podium. When he finished what he had to say it was obvious he had not yet mastered how he should conclude his remarks. As he pondered for a moment, and as we held our breath, he finally smiled and looked over the audience and said, “Holy Moses, amen.”

I think about that in relationship to how I feel as I stand in the presence of such awesome people and outstanding graduates—people who are going to make a major difference in the world. I feel honored to have this opportunity and obligation. I am going to share two formulas today that I expect you to memorize, internalize, and add to the education you have gained during your stay at BYU. If you do this, you will find that these two formulas combined will have a dramatic impact on your future success. I can say that boldly because neither one is my formula.

The first formula comes from an autobiography written by J. Paul Getty, an oil tycoon. He wrote, “Get up early, work hard, and find oil.” I used to kind of laugh it off as an introduction until I began thinking about it. It began to dawn on me how true it is. If we could learn how to get up early, work hard, and then find some kind of oil—not necessarily the gooey type of oil—we would be successful. These people on the stand, academic achievers, have found their oil in academics, consulting, writing books, or teaching. They have found

tremendous power and opportunity in serving the academic world.

Others in the audience have different success stories about where they've found oil—oil of some sort that has allowed them to be successful and gain self-confidence. It doesn't matter whether it's academics, farming, or real estate. The formula works. Get up early, work hard, and find some kind of oil.

The second formula I'd like to suggest to you today was given to me during an interesting experience I had with Elder David B. Haight, who was my mission president in Scotland in the early 1960s. The last preparation day of my mission we were on a boat cruise with the members of the Church in Scotland. Elder Haight came up to the side of me on the rail of that ship as I was meditating about the last week of my mission and said, “Go home Jim. Get your education. Make your mark. And get prepared to be used.”

That statement had a dramatic impact on the way I've lived my life and on what kind of objectives and goals I have set. I went home and became obsessed with doing exactly what he had said in the order he said to do it. Get my education, make my mark, and get prepared to be used.

Let's combine the two formulas: “Get up early, work hard, find your oil, make your mark, get prepared to be of service, and have a wonderful, adventurous life.”

Now, let me tell you two quick stories. A few years ago when we lived in California, I was reading the *L.A. Times* when an article struck me. It published the results of a study of successful Jewish people, especially those living in the Los Angeles basin. The researchers tried to identify common denominators to their success. One of the common denominators that stood out to me was their participation in a twenty-eight-day Jewish camp in Simi Valley for young Jews called the Brandeis Bardein Institute. The reason that caught my eye is because I happened to be living in Simi Valley. Nearly every day I drove past this sign that said Brandeis Bardein Institute pointing up into the foothills of Simi Valley. It looked like an old farmhouse. I'd never paid any attention to it until I read that report.

The next day I drove up to the farmhouse, knocked on the door, went inside, and said, “I need to know who you are.” As a stake president involved in Church education, I was very interested in the Church's youth. I questioned, “Tell me what happens here that makes you so significantly powerful in the lives of your people.” They said, “Come and see.”

They invited my wife and I to come and spend a Jewish weekend with them, a day and a half where they introduce their program to Jewish parents. The wealthy parents then spend thousands to bring their sons or daughters to this twenty-eight-day camp. We accepted their invitation, and we turned out to be the first non-Jewish guests at the camp. They called us their Mormon spies. They were very gracious hosts. They shared fun and interesting experiences, trying to convert us in a sense, to what they did at their camp that had such a long-term impact on the lives of their youth.

On Sunday morning when we left the camp, we had our answer. We knew their secret. From one twenty-eight-day

experience, twenty-five years later these young people were giving this institute credit for their success in life. Their message was, "Thou art a Jew, and Jews are successful. You have to be successful. You are a Jew. There are no mediocre Jews." Man, was I impressed.

I began to ponder that if there was ever a group on the planet that ought to be able to infiltrate the minds of its young people with truth, with an impact on who they are, it ought to be Latter-day Saints. It ought to be us. It ought to be graduates of BYU. Today you become a member of a great group of people called BYU graduates. There are things expected of you. You cannot be mediocre. You must not be average. You cannot go into the communities of life and be mediocre or fail. You have to succeed. You are of the house of Israel.

I believe that with all my heart. It's a "Holy Moses, amen" experience as I look in your eyes and see the two to three hundred of you who are going to leave these hallowed halls today with the formula in your mind. Get up early, work hard, find your oil, make your mark, and get prepared for a great life of service and adventure. The world needs you to be successful. You have to make your mark. You have to get ready to be used.

Let me conclude with one story that happened a few years ago. Because five of our children were mutual age, I accompanied our ward youth group on a houseboat trip to Lake Shasta in Northern California. We left Simi Valley at midnight on Sunday. We were nearly to the lake when we approached a steep, very winding road. It didn't take long for the big, long, full-sized bus to lose control with the front of the bus heading over a cliff and the back of the bus against the mountain. For safety reasons, we proceeded to unload everyone from the bus.

The last person off the bus was a man named Ray Hutchinson, an engineer from Bonneville Corporation. He waited until last, and as he got to the bus driver at the head of the bus, he leaned over and said to him, "Would you like me to drive the bus?" We then watched from the safety of the rocks, as this bus driver stood up and abandoned his seat. Ray stepped into the driver's seat and began to maneuver this bus back and forth, an inch at a time, until he finally got it away from the cliff and back on the road. The rest of us then got back on the bus, and Ray drove us the rest of the way to the houseboat.

Later that evening, I asked Ray, "Why did you do that? Imagine the liability that you assumed taking over this \$100,000 bus." He said, "You know, I'd been watching this bus driver all night long, and he was a nervous man. When he got in a jam I knew he was in trouble." He continued, "I remembered back in my early days at BYU, the summer between my freshman and sophomore year I hauled hay driving a big diesel rig. Two other summers, I drove a cement truck." He said, "I remembered back those fifteen years and the experiences I had driving those diesel rigs," and he concluded, "I could see the driver was in a jam, and I offered to drive the bus."

What's that got to do with the formula and your graduation success? I believe that not only can I say to you, "Thou art a BYU graduate. Thou must be successful," but I also can say to

## "GET UP EARLY, WORK HARD, FIND YOUR OIL, MAKE YOUR MARK, AND GET PREPARED FOR A GREAT LIFE OF SERVICE AND ADVENTURE."

you, "because you are of the house of Israel and because you came from a divine heritage and a foreordained past, you are going to make a difference in the world." You came as a final generation of young people. You are honored and privileged to be some of the finest graduates this school has ever produced. You are going to make a difference in the world. Because you are the house of Israel you knew what was expected of you when you came here. You came to earth with all kinds of expectations. You were foreordained to do great things.

It's time for you to drive the bus! It's time for you to take charge. It's time for you to reach back in your heritage and back in your mind and to read your patriarchal blessing and stand up and say, "I am a Latter-day Saint. I am the house of Israel. I know who I am, and it's time for me to drive the bus. It's time for me to take charge. It's time for me to pay back."

My fellow graduates, you are an awesome sight. You are a "Holy Moses, amen" experience. You are the people who are going to make a difference in this world. May I leave you with the formula? Leave these doors today. Tomorrow morning, get up early. Work really hard. Find your oil. Find something in this life that you're best at, that you're really good at, that you can do better than anybody else. And with that oil make your mark. Let your communities know you're there. Let your families see what a BYU graduate does. Thou art a Latter-day Saint. Thou art a BYU graduate. Get ready for an adventurous life. May God bless you. In the name of Jesus Christ, amen. **M**

### ABOUT THE SPEAKER

*When James W. Ritchie "retired" the first time at the age of thirty-five, he owned and managed twenty-six different entrepreneurial ventures. Included among his businesses were Ritchie Enterprises, LP; First World Travel; a Chevrolet dealership; an International Harvester dealership; a Ski-Doo dealership; a Sears catalog store; a tire store; a KOA campground; a Meadow Gold dairy products distributorship; a feed processing plant, a farm store, several trailer parks, several restaurants and motels, and various land development projects.*

*After retiring, Ritchie spent time with his eight children and served as an institute director, stake president, mission president, and regional representative. Eleven years later, he joined Franklin Quest as senior vice president over sales and training.*

*Following a second retirement, he and his wife, Carolyn, accepted a two-year Church assignment in New Zealand and Australia. In September 2001, he began his calling as area director of the Church Educational System in Southeast Africa.*

*Ritchie has a BS in accountancy from BYU and has done graduate work in law and business at the University of Utah and UCLA.*

M O T I V

A T O R S

I N B U S

I N E S S

 *by L. Aldin Porter* 



I am honored to speak to you tonight. You are a very select group whose contributions in the years ahead will be monumental. I know many of those who will be your teachers and your mentors. You are not likely to understand tonight what a rare group they are. You will be marvelously blessed through their efforts.

As you can see, I am getting along in years, and old men love to give advice to young people. But be careful. I have learned that free advice often costs more than the kind you pay for. Tonight, I would like to visit and share some concepts I wish I had known or at least been reminded of at your age. I also want to raise a voice of warning to those of you who will make business your lifelong work.

I have been honored to be a General Authority these past fourteen years. But today would like to focus on the nearly thirty years I spent working in the business world. During my career, I learned that four things generally motivate people in business. If you will consider these four sources of motivation, you will have additional criteria to consider when planning a course of action for yourselves and, eventually, for those you supervise.

### MONEY

It is understandable that money is motivating. It is appropriate that you expend great effort in earning it. Money will permit you to raise a family and also to make substantial contributions to the Church and to other worthy causes. But this desire must be controlled. When we are motivated by money, we can let it explode into greed. At one point in my life, I realized that I was constantly going into the counting house to see how much money I had made that week or even that day. Beware!

Mormon understood the results of this problem.

*And the people began to be distinguished by ranks, according to their riches and their chances for learning; yea, some were ignorant because of their poverty, and others did receive great learning because of their riches.<sup>1</sup>*

Note also that Mormon precedes this statement with, “For there were many merchants in the land, and also many lawyers, and many officers.”<sup>2</sup>

It appears that merchants have some part in people being distinguished by ranks. If you are not motivated by greed, the day will come when additional money will lose part of its powerful motivating force in your life.

### COMPETITION

Often, money and competition march together. It is healthy to compete. It can be a positive motivator and a major factor in helping achieve goals. But it can also harden us and blind us to the needs of others.

The day will come when you will have earned the respect of your peers and won enough competitions that this factor will lose much of its appeal. Control the desire to be seen as the best. Striving to be seen rather than striving to be is dangerous. I have observed as much dishonesty caused by a desire to be seen as number one as I have seen caused by a desire for money. Either one can cause you to make decisions that will later bring you a great deal of regret.

If you prove successful in obtaining money and receiving the plaudits of men, beware of pride.

I draw your attention to counsel given by President Ezra Taft Benson. He said: “The proud make every man their adversary by pitting their intellects, opinions, works, wealth, talents, or any other worldly measuring device against others.”

C. S. Lewis said: “Pride gets no pleasure out of having something, only out of having more of it than the next man.”

### A DESIRE FOR EXCELLENCE

A desire for excellence is different than a desire to win awards for excellence. That properly falls under competition. This objective is not for anyone else, not for money, and not for fame. It is to rise to a benchmark set by you and only you—an internal standard that is one’s own acceptable level of performance. This motivator will keep you up at night when your peers, supervisor, and president of the company are happily asleep. This level of

maturity separates the majority of mankind from the few.

Rarely have I seen one who is highly motivated by excellence fall prey to the disease of pride.

### BELIEF IN A CAUSE

This becomes a strong motivating factor when you no longer are the primary focus. This moves people when they see a larger purpose than their own. This higher level of motivation is quite common to parents, missionaries, and priesthood and auxiliary leaders. In fact, it is very common in the Church and quite rare in the business world.

Abigail Adams, as reported in David McCullough’s outstanding biography on John Adams, said: “Posterity who are to reap the blessings will scarcely be able to conceive the hardships and sufferings of their ancestors.”<sup>3</sup> Note the sacrifice was being made by those who would not likely “reap the blessings.”

When you are willing to make considerable sacrifices for posterity or anyone besides yourself, you are on the brink of finding a cause.

On one occasion I was in the East having breakfast with a very prominent man in the financial planning world. I had played a small part in a presentation he was preparing—a retirement plan for several thousand employees of a major corporation. He told me of the hours into the night he had worked on the presentation. I looked at him for a long time and

**When you are willing to make considerable sacrifices for prosperity or anyone besides yourself, you are on the brink of finding a cause.**

said, "You have more money than you or your children can possibly spend. You are recognized in the entire industry as a man of superior talents. You have received all of the major awards. Why would you work so hard and so long on this project?"

His response indicated what I am trying to convey. He said: "I am plagued by the knowledge that if I don't do my work well, someone will suffer." His primary concern was not about the senior officers of the company. They would not suffer. He was greatly concerned about the rest of the people in that organization.

Those are the four powerful motivating factors of the business world. Other factors that fall into additional categories are also helpful to discuss.

### **MONEY AS A TOOL**

Money is the means by which you can accomplish important things. A hammer is a tool. If one learns to use it well, a house can be built. If one doesn't use it well there will be many broken and bruised and very painful thumbs.

Let me explain. Assume your income is fifty thousand dollars a year. Your outgo is fifty-two thousand. Eventually you will find yourself in slavery. Your creditors will own you. If your income is fifty thousand and your outgo is forty-eight thousand, you will almost certainly live in a world of freedom. You will control the tool of money. Money is a tool—use it wisely.

When I returned as a young man from my mission, I reported to Elder LeGrand Richards. He gave me counsel on very practical matters. One was to pay tithing. He said: "Save an equal amount." Invest it first in education for you and your spouse. Second, invest in a home. Third, invest wherever you think wise. But be more concerned about the return of your money than the return on your money.

President Gordon B. Hinckley in October 1998 Priesthood Session of General Conference said:

*So many of our people are living on the very edge of their incomes. In fact, some are living on borrowings.*

*We have witnessed in recent weeks wide and fearsome swings in the markets of the world. The economy is a fragile thing. A*

*stumble in the economy in Jakarta or Moscow can immediately affect the entire world. It can eventually reach down to each of us as individuals. There is a portent of stormy weather ahead to which we had better give heed.*

Might I say that those words are filled with warning from one who is a seer, one who can see afar off and through his prophetic insight raise a warning voice. Here is one counseling us who is immersed in a cause. President Hinckley continued:

*I am troubled by the huge consumer installment debt which hangs over the people of the nation, including our own people.*

*I recognize that it may be necessary to borrow to get a home, of course. But let us buy a home that we can afford and thus ease the payments which will constantly hang over our heads without mercy or respite for as long as thirty years.*

*I urge you, brethren, to look to the condition of your finances. I urge you to be modest in your expenditures; discipline yourselves in your purchases to avoid debt to the extent possible. Pay off debt as quickly as you can, and free yourselves from bondage.*

*This is a part of the temporal gospel in which we believe. May the Lord bless you, my beloved brethren, to set your houses in order.<sup>4</sup>*

### **WHAT YOU STAND FOR**

You should know by now what you stand for and where you draw the line. Permit me an example.

A young man graduated from the University of Idaho in business at the top of his class. He received a job with a major corporation in the East. He and his wife traveled to their new location with so much excitement and enthusiasm. He was to begin on a Monday morning.

When they and other trainees arrived, they were invited to a get-acquainted party Sunday evening at the president's home. There were cocktails, inappropriate language, and stories that were embarrassing to both husband and wife. They talked about it that night and decided they would live the command-

**I can assure  
you that many  
times when  
you are  
under stress  
you will receive  
helpful  
impressions.**

ments and be courteous and patient. The next morning the young man was invited into the personnel officer's suite and told by him that he would not be happy there. He said, "You just don't fit in." The young couple was crushed. They couldn't believe it.

They came to see me. I had been his stake president during his high school days. They felt the Lord had let them down. "If you feel that way why didn't you agree to drink and participate?" "Because that would be wrong." "Well, you had a choice. You could have denied what you believe to be true and kept the job or have stood by your convictions and lost the job. What should it have been?" They answered: "We did the right thing." "Of course you did."

Decide early in your life where you stand. It will save a lot of time and energy in the future. Keep your covenants. Be worthy of help from unseen sources. I can assure you that many times when you are under stress you will receive helpful impressions.

One statement the Lord made has helped me many times when I did not know how to escape a problem: "All flesh is in mine hands; be still and know that I am God."<sup>5</sup>

### **HUMILITY AND RECOGNITION OF OTHERS**

Kathryn Graham, the owner and publisher of the *Washington Post*, invited Ronald

and Nancy Reagan to her home near the end of President Reagan's administration. There were five to six hundred people in attendance.

There was an accident, and a glass and its contents fell to the carpet. Graham came on the scene, and recalls, "I was dumbstruck at seeing the President of the United States on his hands and knees in the middle of the crowd picking up the ice."

On the phone the next day Nancy Reagan told Graham of the time the President was in the hospital after the assassination attempt. The President was not to be out of his bed. But he got up and went to the bathroom. In the process he spilled a pitcher of water. When the attendants came in he was on his hands and knees wiping it up. When Nancy asked him why, he said that he was afraid the nurse would get into trouble.<sup>6</sup>

Remember others—most of you will achieve much in your life—be humble. And be aware of the contribution others will make to your success.

Understand that you aren't likely to accomplish much in this world alone—not in business—certainly not in family, not in church, and almost never in anything that will bring you happiness. Always remember others who helped you succeed.

### **YOUR SPOUSE—THE MOST IMPORTANT FACTOR OF ALL**

Decide with your spouse what it is you really want in life. What do you want to leave behind when your work here is finished? Think lifelong. What I am going to say may not be politically correct, but I believe it to be true nevertheless.

A good marriage has a division of labor. After deciding your lifetime objective, decide how the two of you will divide the work to achieve it.

For example, a superb executive secretary could be paid as much as \$35 an hour.

But the same person may be a superb writer—understandable, graphic, and clear. That person might be paid as much as \$100 an hour.

What should that person do with his or her talent? Wisdom would dictate that he or she should put the talent to the highest and best use.

Please forgive me for a personal example. Sister Porter graduated from the University of Houston with a degree in accounting about the time she turned twenty. She then learned to run the large banking machines then in use in major banks. This was at the time the computer was just being developed.

She then became an instructress for Burroughs Adding Machine Company. When Burroughs would sell a machine, she would go into a bank for several weeks and teach others how to use it. She was, for that era, highly paid.

**Decide with  
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behind  
when your  
work here is  
finished?  
Think life-  
long.**

She could earn considerably more money than I could even after I graduated from BYU. I was a sophomore at BYU when we were married. We decided we would not put off having a family. Shirley worked until it was time to quit when she was expecting our first child.

The return on having her at home was far greater in contributing toward our

objectives than if she had continued to work outside the home.

Our six children had a mother—a full-time mother. You cannot imagine the impact that has had on our happiness in life. Without a doubt she has done that which has brought the greatest return to us. In addition, her contribution to my capacity to earn an income is beyond calculation. Our family has brought us many times more joy and happiness than any worldly recognition or wealth could.

Let me close by saluting you for your decision to continue to prepare yourselves. You will leave here well educated and go out into the world. You must be men and women of integrity who will spread wide the principles of this institution and of the kingdom of God. That you may do so is my prayer in the name of Jesus Christ, amen. **M**

### **END NOTES**

1 3 Nephi 6:12

2 3 Nephi 6:11

3 David McCullough, *John Adams*, 169.

4 Gordon B. Hinckley, "To the Boys and to the Men," *Ensign*, Nov. 1998, 54.

5 Doctrine and Covenants 101:16

6 Kathryn Graham, *Personal History*, 612.

### **ABOUT THE SPEAKER**

*L. Aldin Porter is a senior President of the Seventy of The Church of Jesus Christ of Latter-day Saints. For more than thirty years, Elder Porter worked as an underwriter for Mutual of New York and Certified Life. He is past president of the Idaho Chapter of Certified Life Underwriters and has been president of the Utah Real Estate Planning Council. He has also served as a member of the Board of Directors of the Beneficial Life Insurance Company. He gave this speech at the Marriott School Graduate Student Orientation 31 August 2001.*







# FRASER BULLOCK

## A GOLD MEDAL TURNAROUND

You pull up to seven Gs in a bobsled—seven times earth’s gravitational pull. It’s tough sledding. Fraser Bullock knows that from his experience on the bobsled track at Utah’s Olympic Park. He had just signed on as CFO and COO of the Salt Lake Olympic Committee and wanted to understand what it was like to be an Olympic athlete. “I looked in the sled and there were chains, apparently to keep people from climbing out halfway down,” he laughs. Bullock quickly discovered why someone might want to climb out. “It was like a monster roller coaster ride times ten,” he continues. “And when you get to the bottom, you realize that the difference between gold and silver is one one-hundredth of a second. The expertise of these athletes is mind boggling.”

Bullock is no slouch himself. Besides the occasional bobsled ride and freestyle aerial—yes, he also wanted to better understand the highest-flying Olympians—he runs the operational side of the Salt Lake Olympic Committee (SLOC). According to his boss, SLOC President and CEO Mitt Romney, “he is one of the best CFO/COO’s in the country, if not the best.” And Romney needed the best because when he took over on 11 February 1999, SLOC was tottering at the top of a very challenging bobsled run of its own, one littered with tawdry headlines of tarnished Olympic rings, unhappy sponsors, and financial mis-

management. “I always joke that I was already living in Utah, and Mitt wanted to save the relocation expenses,” Bullock adds.

Actually, saving those expenses was a harbinger of things to come. In short order, Romney and Bullock discovered that what you don’t know can hurt you. It was no secret that the media’s new favorite target was SLOC, that the Justice Department was looking for skeletons in SLOC’s closet, and that radio talk show hosts were shouting SLOC’s name from the rooftops. Moreover, SLOC had no operations plan, they weren’t using appropriate financial systems, and they had no Paralympic organization—SLOC is the first organizing committee to do both games. Morale was nonexistent. “The organization was virtually paralyzed; it didn’t know which way to turn,” Bullock explains.

What wasn’t readily apparent at the time of the scandal was that there was a severe financial crisis. Adding up all the numbers, Bullock and Romney discovered that SLOC was headed for a projected \$400 million budget shortfall. And the previous twelve months gave little reason for confidence that they could fix the problem: SLOC had raised only \$13 million the year before the scandal hit the headlines. “It doesn’t take a math degree to figure out that with about three years to go, the Salt Lake Olympics were in trouble; and at that rate, we weren’t going to be able to raise the funds to close the budget deficit,” Bullock explains.

BY GREGORY TAGGART





*Top: Deer Valley Resort will host slalom, freestyle aerials, and freestyle moguls events.*

*Bottom: The Peaks Ice Arena will host ice hockey events. © 2001 SLOC photos by David Quinney.*

A math degree he didn't have. An MBA from BYU he did have. That plus time doing turnarounds at Bain Capital with Romney—also a BYU graduate and a member of the Marriott School National Advisory Council. His education and time at Bain combined with his experience doing rollups for his own company, Alpine Consolidated, prepared Bullock for the daunting task of putting SLOC's financial house in order.

Calling on that experience, Bullock and Romney turned to six fundamental keys to any business turnaround. First, they needed to set a clear tone, a tone that included high ethical standards coupled with relentless dedication to professionalism and teamwork. "SLOC is not a buddy-buddy club," Bullock declares. "It's a professional organization."

To show that things had changed and to restore the public's confidence in SLOC, they opened SLOC's books and meetings to the media. Everything was on

the table. "At our board meetings we'd have gaggles of reporters and cameras all over the place." With media looking over their shoulders, Bullock looked for ways to cut costs, and Romney assumed the role of salesman, running from sponsor to government to newspaper and back to sponsor, telling and retelling the Olympic story. It worked. After six months of open meetings and measurable performance, the public's skepticism turned to optimism. "People don't get the impression that, 'Gee, are they hiding anything?'" Bullock explains. "They understand we are completely open."

Second, they had to ride the bobsled. They had to learn the business. According to Bullock, that means rolling up your sleeves and diving into the detail until you understand where every dollar is. "You need to know the detail, inside and out, to be able to make judgments both now and later." Little surprise, the detail was of Olympic proportions. For

instance, where most businesses have six or seven major functions—sales, marketing, media relations, HR, operations, and finance—Bullock learned that it took forty-two different functions to get bobsleds, skiers, and skaters across the finish line. And the magnitude of those functions is, well, he likes to use the words "mind boggling."

For example, twelve thousand members of the media will be in town for a month. Seven hundred heads of state and twenty-five hundred athletes, representing eighty-one countries, will be there for the media to cover. To help them all, more than seventy thousand volunteers have signed up. Transportation alone will require thousands of buses and more than four thousand cars and trucks. SLOC has even imported light rail cars from Texas to increase the capacity of Salt Lake's new light rail system. "What's really amazing is that Fraser has a detailed, intimate familiarity with all facets of the Olympics," explains Salt Lake City Mayor Rocky Anderson. "He can discuss any issue and have a detailed knowledge, including transportation, security, and programming."

One of the more important functions Bullock had to understand was venues—they cost almost \$270 million to build. And one of the subfunctions of venues is building temporary facilities at the base of the downhill in Snow Basin, next to the ice rink in Kaysville, in the center of the cross-country complex at Soldier Hollow, and in and around the twelve other competition and noncompetition venues.

The result is a small, temporary city at each venue that will house broadcast compounds, operations compounds, security compounds, as well as cater to the two thousand spectators who show up each day to watch curling on the ice sheet in Ogden or the fifty-two thousand who attend the opening and closing ceremonies at Rice Eccles Stadium in Salt Lake. To build those minicities, Bullock and his people must keep track of seven hundred 12' x 56' trailers and an equal number of 50' x 60' and 50' x 120' tents. Of course, those tents and trailers will need power, heat, computers, fax machines, restrooms, and the list goes on



and on, even as the start date for the Olympics grows nearer. "The scale of this operation is massive," Bullock emphasizes.

To manage the operation, Bullock followed the third and fourth keys to a successful turnaround: Build a superb team and communicate a clear vision of that team's objectives, making sure to hold each person accountable on a weekly basis. Yet, even team building came with a set of problems peculiar to the Olympics.

"All of my staff, everyone, guess what?" Bullock asks. "We fire them in February or soon after. Try to get people to interrupt their careers to come work for you on those terms." But hiring was only half the problem. Some people already on staff when Bullock arrived didn't fit. He had to let them go to make room for the new talent he was bringing in. "One of the lessons I've learned is when you need to make a change, make a change. Treat people humanely. Work with them so they can get a new job, but where you need to make a change, do it— and quickly."

The last two keys, as Bullock saw them, were to have fun and kill lots of snakes. "It's something an old friend told me," he explains. "When you're in a room full of snakes, kill the closest one. And so we said, 'okay, what is the closest snake?'" Not only did the budget turn out to be the unlucky snake, it was the biggest to boot—an anaconda in a river of red ink.

Consider the following: Bullock and his team control a budget of approximately \$1.3 billion—\$300 million for technology alone. But that's only part of the picture. They also manage the \$400 million federal budget for transportation and what they call their "match" budget for accommodations. "We will arrange 20,000 hotel rooms during the games, none of them for spectators," he says. "And all the rooms will go through our accounting system, so when you add it all up, our budget is really close to \$2 billion dollars." True to his philosophy, he rolled up his sleeves and reviewed every dollar of that budget, looking for fat. "We went through every line item, every department, every dollar, and we instituted a simple discipline: 'Must haves' versus

'nice to haves.' And generally speaking, we eliminated all of the nice to haves."

The penny pinchers out there will be glad to hear that because of this discipline, SLOC's fifty-three member board has gone from fancy catered meals to Domino's Pizza and sack lunches. "And everybody has to chip in for the pizza," Bullock says. The next thing to go was SLOC's web site, a \$13 million budget item under the old SLOC. The new SLOC decided that though it would be "nice to have" a web site, they were not going to have one unless a sponsor donated it. And someone did. "Any business turnaround requires management to come in and understand the business and identify key leverage points in terms of cost reduction," he declares. "You look at the big cost categories and work on them one by one."

What Bullock calls "the look of the games" was another one of those categories that took a hit, going from \$22 million dollars down to just \$9 million— apparently, looks are only "nice to have." Things like banners and posters moved from the budget ledger to the projects-looking-for-a-donor ledger. In many cases, those projects have found donors. "I'm not sure there hasn't been a door that hasn't been knocked on by SLOC, locally and nationally," Bullock reports. "And we've been able to bring back some 'nice to haves.' For example, we'll have building-

sized banners of athlete images in downtown Salt Lake and at some of our venues. They will be absolutely spectacular."

Where SLOC didn't cut, and in some cases invested more, was in what they call "field of play": slalom runs, luge tracks, ice ovals, and ski jumps. After all, the games are for the athletes. Romney and Bullock want to make sure the athletes have the best field of play in the world. Case in point: They poured the concrete for the speed skating oval in Provo two times. "We inspected it. Our contractor inspected it. And we said, 'you know what? It's good, and it's good enough, but it's not good enough for us.'" It is now. In the recent World's Single Distance Championships for speed skating, they had five world records out of ten races. "The fastest ice in the world is in Utah," Bullock smiles.

Getting his arms around this politically charged and logistically mind-boggling business has been no easy task. "For the first thirty days, you just know you don't know anything," Bullock moans. "After about sixty days, you start to get some confidence that you know something about the Olympics and the various constituent groups. But what's interesting is it all comes down to basic business principles, the same ones I learned in BYU's MBA program." In the end, Bullock's team eliminated \$200 million

## INFORMATION TECHNOLOGY BY THE NUMBERS

23,000	FIBERMILES OF OPTICAL FIBER CABLE
20,000	TASKS IN THE SLOC IT PROJECT PLAN
14,000	DESKTOP PHONES
10,000	MOBILE PHONES
7,000	TWO-WAY RADIOS
4,500	PCS AND LAPTOP COMPUTERS
4,000	TELEVISIONS
2,900	GAMES-TIME TECHNOLOGY STAFF
1,850	FAX MACHINES AND COPIERS
1,150	PRINTERS
550	COMPUTER SERVERS
50	MAJOR APPLICATION SYSTEMS
20	MILLION PAGES OF PRINTED REPORTS
10	MILLION UNIQUE WEB SITE VISITORS
2	GAMES DATA CENTERS
1	SALT LAKE 2002 INFORMATION TECHNOLOGY TEAM

out of SLOC's core budget by cutting the excess and asking companies and individuals to pony up for the enhancements. "Fraser has worked incredibly hard and is passionate about his work," Mayor Anderson reports. "The results show that."

Of course, cutting costs is only half the game. Bullock would have to cut all costs unless Romney could raise the money to close the rest of the deficit and get the Games to break even. "On top of the \$400 million, we were also seeking more than \$183 million in support from the federal government," Bullock says. "And they were saying, 'do we want to support a tarnished Olympics?'" Romney was stepping out onto a very long and bumpy road.

To marshal support among existing sponsors and sign on new ones, Romney used a three-point sale: 1. We have restored integrity to the organizing committee; 2. The Games are really about the athletes anyway, and that's where the focus should be—not on the mistakes of a few people; and 3. The Olympic brand is unique and its ideals an important bond between nations and peoples. The message worked with local companies such as O.C. Tanner—the company that designed and produced the Olympic medals—and Questar Gas, as well as the federal government, which has become incredibly supportive, according to Bullock. "The easiest part of selling is going back to somebody who's already bought and had a great experience and asking them to sign up

again," Romney reports. "When I came on board, all that had been done."

Done, and the Olympics were still projecting a huge deficit. And so it was on to what Romney calls the missionary sale, knocking on doors, cold calling, trying to convince companies that they ought to become Olympic sponsors for the first time. To do that took as much ingenuity as it took effort. You see, in the Olympics, there is only one sponsor for each category. So, for example, Visa is the credit card sponsor. Kodak got the nod for film, and Delta won the race to be the airline that brings the Olympic torch from Greece to the United States. But after you've chosen York as the "official mint" and Hallmark as the "official card" of the Olympics, you've pretty much run out of categories. That didn't stop SLOC. They created some new ones, lots of them. "Everything, everything imaginable, we have invented," Bullock smiles. "We even have General Mills as the 'official cake mix' sponsor of the Olympics." Suddenly, the headlines had changed from "Coke Puts Olympics on Notice" to "Coke Spends \$40 Million to Promote Olympic Torch Relay."

Coke isn't the only one spending money on the Olympics. People around the world have been scooping up tickets, even bidding for them on auctions that SLOC conducts on Ebay. In fact, two front row seats to a figure skating event at the Delta Center went for \$11,000—each. The more important fact is that more than 60 percent of the tickets go for less than \$50,

though SLOC found the nerve to ask \$885 for a seat at the opening and closing ceremonies. "We said, 'we need to do this, so we're going to soak the rich,'" Bullock laughs. "We've got to raise the money, and we don't apologize for it because we stand on our own."

And they've stood tall. As of the end of October, SLOC had raised \$859 million dollars, \$395 million more than Atlanta, the previous high. Because SLOC gives 40 percent of what it raises to the United States Olympic Committee and because some of the donations were in kind and therefore not budget relieving, the net impact of the fund raising was to reduce the budget deficit by about \$200 million dollars. Add that to the \$200 million Bullock and his team were able to cut, and the snake was dead. "So at this point, we believe we're in a break-even situation, which is exactly where we want to be," reports Bullock, who recently relinquished one of his SLOC titles, CFO.

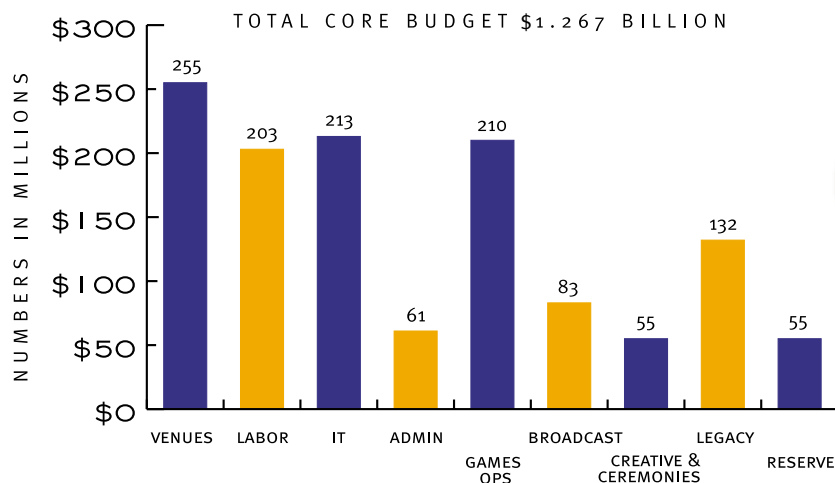
The bobsled Bullock and Romney have been riding for the last three years is about to cross the finish line. It's been a white-knuckle ride, from scandal and budget deficit to break even and public acclaim. To 11 September. "It changed our perspective and some of our priorities," Bullock says. "The world needs these Games more than ever." It's sentiments like these, and not chains, that have kept him in his seat, looking for ways to keep the Salt Lake Winter Olympics on course and out of trouble. "Salt Lake City owes a huge debt of gratitude to both Fraser and Mitt Romney," Mayor Anderson emphasizes.

When Romney came a calling, it was Bullock's father's admonition to serve that made him say yes. And it's the *Washington Post* test that has guided his decisions from then on. "Anything I do or say could be on the front of the *Washington Post* tomorrow," he reminds himself. "So I remember to be open, honest, and direct." And to stay on the bobsled to the finish line.

#### ABOUT THE AUTHOR

Gregory Taggart is a contributor to *Bloomberg Personal Finance* magazine when he's not teaching honors writing at BYU. He received his BS in business management from BYU in 1978 and his JD from University of Wyoming in 1980.

## SLOC BUDGET NOVEMBER 2001



# SCHOOL NEWS

## Undergraduate Accountancy Program Draws National Attention



The Marriott School's passion for excellence and progress has once again earned national recognition. *Public Accounting Report* and the *U.S. News & World Report* ranked BYU's undergraduate accounting program third and sixth, respectively, in the nation for the second year in a row.

"We are constantly improving our curriculum to better meet the demands of a rapidly changing business world," said **Boyd C. Randall**, chair of the School of Accountancy and Information Systems. "But our real success lies in the dedication of our faculty and the quality of our students."

## E-business Day Successfully Executed



As **Jared Hansen** sat in information systems 201 waiting for class to start, he underwent an internal struggle on ways to build his resume. Professor **Bryan Geddes** began the class by promoting the Rollins Center for eBusiness. Sufficiently intrigued by his professor's endorsement, Hansen attended an information meeting for the center. At that point, Hansen, a senior from Prescott, Arizona, majoring in business management with a marketing emphasis, became aware of the potential of the eBusiness Center and the value it could add to his resume.

Hansen has now been with the eBusiness Center for more than a year and is the center's student advisory lead for public relations and continuing education. He said, "We don't have unsuccessful events." E-business Day was no exception. Because the event was moved from the Marriott School

to the Varsity Theatre, "we ushered in a lot of people who wouldn't normally attend," he said.

E-business Day, held 21 September, hosted keynote speaker **John Richards**, associate director of the eBusiness Center, former vice president of InfoSpace, Inc., and founder of the first Internet Yellow Pages. Richards discussed lessons learned from the dot-com blowout. "The rise and fall of dot coms does not reduce the importance of the Internet as a medium of communication," he said. He emphasized that Internet technology can streamline business processes and facilitate customer, supplier, and employee interaction. "Dot coms were the dress rehearsal for real 'e-business,'" he said.

Following Richards, breakout-session speaker Richard Pettingill of

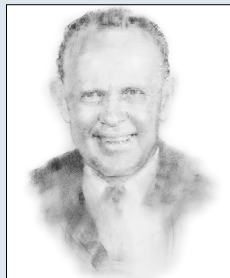
PricewaterhouseCoopers spoke on e-business' impact on information technology and the need for trust. "Privacy and confidentiality must be at the core of an e-business process for consumers to have trust," he said.

**Owen Cherrington**, director of the eBusiness Center, said he was pleased at the number of nonbusiness students in attendance at the event.

"Many of the students that were there are applying information technology in their fields. We were happy to see them there," he said. "It shows that our efforts to service the entire campus community are paying off."

The eBusiness Center is an excellent resource for students and companies seeking recruitment opportunities. Interested parties should contact the center at [ebusiness.byu.edu](mailto:ebusiness.byu.edu) or (801) 422-2815.

## Marriott School Establishes Institute of Financial Services



The creation of the H. Taylor Peery Institute of Financial Services was formally announced 26 September at the Joseph Smith Memorial Building in Salt Lake City. **Dean Ned C. Hill** announced the new institute at a private banquet honoring Peery. "The financial industry has been greatly impacted by technology, new financial instruments, deregulation, and globalization," Hill said. "The Peery Institute will help us create programs and curricula to prepare hundreds of students each year to enter the world H. Taylor Peery helped create."

The institute is made possible by a \$3 million endowment provided by Taylor's children—**Nancy Peery Marriott** and her husband, **Richard**, and **Richard Peery** and his wife, **Mimi**. "We're grateful for the generous contributions that honor H. Taylor Peery," said **Merrill J. Bateman**, president of BYU. "Students going through the Peery Institute will have a global reach and a tremendous impact for good."

One of the first Stanford MBA graduates, Peery recognized the importance of education and applying classroom learning to every aspect of life. He followed a simple motto, "Grasp life by learning all you can."

"We deeply appreciate this unique naming opportunity that fits so beautifully with our father's beliefs, talents, and example," said Nancy Peery Marriott. "Future generations will benefit from his humility and talents. The institute will build and bless many lives."

**Stephen Nadauld**, professor of business management, will serve as director of the institute. He has also been awarded the H. Taylor Peery Professorship of Financial Services.

The H. Taylor Peery Institute will focus on attracting high-quality faculty, developing new course material, fostering research, and providing students with employment opportunities, internships, and field studies. It will also serve as an intermediary between students and financial service professionals—forming active partnerships with financial leaders and bringing students one step closer to the industry.

Businesses interested in creating a partnership with the eBusiness Center should contact Owen Cherrington at (801) 422-3196.

### Korean Professor Conducts E-business Research at Marriott School



The Rollins Center for eBusiness is pleased to host professor Kijo Cho from Kyungnam University in Kyungnam, Korea. Cho is visiting the Marriott School for a year to conduct e-business research.

His research interests include accounting information systems, the influence of information systems on users and decision-making, ethical decision making and the effect of culture, e-commerce, and the evaluation of intellectual capital.

While at BYU, he will continue to teach an online e-commerce course to his students in Korea. Cho will be at the Marriott School through August 2002. Cho can be reached at [kjcho@byu.edu](mailto:kjcho@byu.edu).

## STUDENT NEWS

### Deloitte & Touche Names Marriott Accounting Students National Champions

A team of six Marriott School accountancy students was selected as the National Champion at the sixth annual Deloitte & Touche National Student Case Seminar in Scottsdale, Arizona, last April.

The six team members included **Shawn Anderson** from Jerome, Idaho; **Joelle Critchfield** from Sandy, Utah; **Tamralyn Davis** from Murray, Utah; **Daniel Hopkin** from Needham, Mass.; **Samuel Mulliner** from San Jose, Calif.; and **Ned Prusse** from Southlake, Texas—all graduate students in the Marriott School's MAcc program.

BYU was one of only six universities to qualify for the competition. This is the second year in a row the team from the Marriott School has placed within the top two at the accounting competition.

"The objective of this seminar is to help students learn more about the current state of practice and to see and experience

some of the challenges we encounter in serving our clients," said Mark Chain, Deloitte & Touche national director of recruiting.

Each team was given a unique case for which it had to identify the major accounting issues, develop a research plan, and propose a solution. Teams were judged on their identification of relevant accounting issues and the effectiveness of their solutions and presentations.

In addition to benefiting from the learning experience, each member of the winning team received a \$1,000 cash scholarship.

### Students Build Housing Web Site for 2002 Olympics



Back in 1994, **Ryan Dame's** family wanted to attend the Atlanta Olympic Games. But there

was one minor problem: they didn't have a place to stay. All of the hotels were booked, and after hours of searching for housing, his family found an LDS bishop in the Atlanta area who knew of someone looking to rent out their home.

That was enough to inspire Dame, then a student at Ricks College, to write and submit a marketing plan to Distributive Education Clubs of America (DECA). He proposed a housing idea that placed third at the national college competition in Florida. The plan linked homeowners with out-of-state patrons, giving residents a chance to earn a little extra cash and visitors a place to stay.

After earning recognition for his marketing plan, Dame transferred to BYU to study marketing communications and business. At BYU, he met two others with similar entrepreneurial interests and said, "This is my idea. Let's build it." Dame, a senior from Ontario, Oregon, brought on Erik Baty, an economics major from Salt Lake City, and Ryan Gee, a computer science major from Chicago, to help create the web site that would become a major hub for housing at the Salt Lake 2002 Olympic Games.

Housing2002.com serves as a classified page where individuals can list their property for \$35.99 a month or a one-time fee of \$195. When the site was first developed, Dame said there were only two to three sign-

### Cody Strong



**Cody Strong**, a second-year MPA student, never expected to return to Norway so soon after his mission. But, in the spring of 2000, Strong found himself in Lillehammer, site of the 1994 Winter Olympic Games. He was collecting research as part of a Marriott School field study being conducted for the Salt Lake Organizing Committee. Strong, along with four MBA students, **Ryan B. Cropper**, **O. Billy Gonzales**, **Kurt Hawes**, and **Bryce Harbertson**, were asked to determine how to best use Utah Olympic Park (UOP)

facilities following the 2002 Winter Olympic Games. To start their research, the team began contacting former host cities. Strong, a fluent Norwegian speaker, had volunteered to contact facilities managers in Lillehammer.

"My contacts in Norway were very surprised that I could write and speak Norwegian so well," he said. They were so surprised, in fact, that they invited Strong to Lillehammer to tour and examine their facilities firsthand, offering to cover his room and board and assist him in his research.

Strong soon found himself compiling research in Norway to help Utah's Olympic venues find ways to generate income after the games. "The skills we learned in the classroom enabled us to fit together the pieces of information gathered from Norway and other sites into solid recommendations for Utah Olympic Park," he said.

Park officials were so impressed with the students' research that they not only acted on the team's recommendation to purchase wheeled bobsleds for a summer ride program but also tried to hire several members of the team away from their graduate programs. Though Strong elected to finish his MPA degree, he accepted a part-time position assisting the park's business manager.



## Fifteen-Year-Old Graduates from Marriott School



**Benjamin O. Austin** said his Marriott School peers treated him normally after getting over the initial shock of his age. Fifteen-year old Austin became the youngest graduate in Marriott School history as he walked across the stage to receive his diploma in August.

Born 21 October 1985, Austin was home schooled by his parents in Elk Ridge, Utah. Once he had completed his high school requirements, Austin enrolled at BYU when he was thirteen years old for the 1999 spring term.

"I came to BYU because it is, academically, the top institution in the state, and I wanted to be in an LDS environment," Austin said. "I chose the Marriott School because I liked business and could discuss my interests in my classes and with my professors."

Austin stayed in school year-round for the next seven semesters—averaging seventeen credit hours per semester—and graduated with a bachelors of science in general business management and a minor in mathematics.

Now that he has his degree, Austin plans to pursue a few Internet-related entrepreneurial ventures. "I've already designed one web site, and I've got a few offers to do some more," he said. "I'd also like to get into e-commerce and sell software."

"Someone will eventually break the record [of being the youngest graduate]," Austin said. "I care more about what I will go on to do. If I can use this opportunity to start work early, that's what will really matter." Austin said in the future he plans to earn an MBA and serve a mission for The Church of Jesus Christ of Latter-day Saints.

ups a month. Now five or six are signing up daily, he said.

A member of the Marriott School's student entrepreneur group, Dame initially wanted to create an e-commerce web site. After founding Housing2002.com, Dame and partners started a residential real estate marketing company, which was sold in March to Access Technologies. Dame is now senior vice president of Access Technology Services based in Irvine, California.

Baty and Gee also work full-time for Access Technologies. Last year, Dame brought on Marissa Grover, a sophomore majoring in communications from South Jordan, Utah.

Grover, now actively involved in maintaining the housing web site, said, "All we do is advertise; the choices are up to the renters"—meaning individuals decide what to charge renters and how to list their property.

Homes can be advertised by applying online at Housing2002.com or by calling (801) 427-8990.

## FACULTY NEWS

### New Faculty Members Hired in 2001

**Bonnie Brinton Anderson**—Anderson earned her PhD from Carnegie Mellon University in information systems and decision sciences and her BS and MAcc in accountancy from the Marriott School. Her areas of expertise include systems analysis



and design, database management, and visual basic. Anderson's teaching experience includes adjunct professorships with Carnegie Mellon and



Duquesne Universities. **Vaughn Armstrong**—Armstrong earned his PhD in business administration with an emphasis in finance from Arizona State University, his JD from the J. Reuben Clark Law School at BYU, and his BS in mathematics from BYU. Before pursuing his PhD, Armstrong practiced civil, real estate, administrative, and tax law for thirteen years. His teaching experience includes an assistant professorship at Washington State University and research and teaching assistantships at Arizona State University.



**Greg Brashier**—Brashier earned his BS from BYU in electrical engineering. Brasier has had a long and varied career in the high-tech industry, beginning as an

engineer and moving through positions in marketing, sales, and business management. The focus of his career has been on marketing, and he has filled the roll of vice president of marketing in three companies—Mylex Corporation, Vinca Corporation, and Storage Dimensions. Brashier's areas of expertise include strategic positioning, project management, and business management.



**F. Greg Burton**—Burton, CPA, earned his PhD from the University of South Carolina and his MAcc and BA from Utah State University. He has published articles in the *Journal of Management Information Systems, Accounting, Organizations and Society*, and *Research in Accounting Regulation*. He is a member of the American Institute of Certified Public Accountants, the American Accounting Association, Decision Sciences Institute, and the California Society of Certified Public Accountants.



**C. Brooklyn Derr**—Derr earned his EdD from Harvard University in organizational behavior and his BA from the University of California—Berkeley

in political science. He has written two books: *Cross-Cultural Leadership Development*, published in 2001, and *Internationalizing Managers: A Personal Journey*, published in 1999.



**Rex L. Facer II**—Facer is completing his PhD in public administration from the University of Georgia after earning his BA and MPA from BYU. His research interests include public and private organizational differences and local government revenue and budget practices. He has published articles in several journals including *Public Administration Review*, *Journal of Public Affairs Education*, and *Public Administration Quarterly*.

**William G. Heninger**—Heninger earned his PhD from the University of Georgia in business administration and his MAcc from the Marriott School. His research interests include media differences in group decision-



making, stock price reactions to earnings restatements, and the effect of information technology on SEC disclosures. His work has been published in *MIS Quarterly* and *Accounting and Finance*.



**Curtis D. LeBaron**—LeBaron earned his PhD from the University of Texas-Austin in communications, his MA from the University of Utah in communications, and a BA from BYU in English. His research interests include language and social interaction within institutional and organizational settings. LeBaron has introduced the Marriott School to new uses of digital video technology. His work has been published in *Language and Gesture*, *Research on Language and Social Interaction*, and *Human Studies*.



**Shannon L. Leikam**—Leikam earned her PhD from Oklahoma State University in business administration, her MBA from Oregon State University, and her BS

from Western Oregon State College in business with an emphasis in accountancy. Her expertise is in managerial accounting, cost accounting, and financial accounting. Leikam's research interests include activity-based and functional-based costing; agency model and reporting flexibility; capital asset pricing models; accounting information sources; and tolerance for ambiguity.



**Dean Longmore**—Longmore earned his PhD from the University of Missouri-Columbia in finance, his MBA from the University of Utah, and his BA from BYU in

industrial management. He has presented and published extensively on topics including human-life valuation, investment appraisal, capital budgeting, common-stock valuation, international finance, financial institution performance, debt financing, and inventory management. Longmore has taught at Idaho State University, the University of Missouri-Columbia, and the University of Utah.



**Blake T. Lunsford**—Lunsford, CPT, earned his commission and a BA in computer information systems from Troy State University. Between earning his commission and

becoming an assistant professor of aerospace studies at BYU, Lunsford served as a project manager and hardware integration engineer at Hanscom AFB, Massachusetts, and as a commander at Kelly AFB, Texas.

**Roger D. Maher**—Colonel Maher is the new commander of the Air Force ROTC program at BYU. He is a graduate of Air Command and Staff College, Armed Forces Staff College in Norfolk Virginia, and Air War

### Professor Writes Guide to E-Communication



**Kristen B. DeTienne** says she's quicker to spot another person's email mistakes than her own. She is also aware of the plethora of search engines available to job hunters. Recognizing a need for a resource on efficient technology use, DeTienne, associate professor of organizational leadership and strategy, authored the *Guide to Electronic Communication*.

"The proliferation of technology has given people the ability to communicate—and confuse—like never before," DeTienne said.

"It's important that people become comfortable and competent in its use," DeTienne states that we're given these tools without the background training and protocol on how to use them appropriately. For example, "not everyone reads—or likes—email," she notes. "Beware of overdependence and overreliance on technology that filters out nonverbal aspects of communication," she writes in her book.

DeTienne also advises readers to write email subject lines descriptively and informatively. For instance, instead of "Re: The Bell Project," write "Urgent meeting May 2 re Bell Project." Other tips offered in the book include:

- Keep voice mail messages well organized, short, and clear, and avoid playing phone tag with voice mail by leaving a time when you can be reached.
- Keep font size large during computer-aided presentations, and avoid cluttering slides with too much information. Audiences should be able to read an entire visual in fifteen seconds.
- Remember voice and email messages can be forwarded to others. "Just because a password is required to access your email doesn't mean employers can't or won't read it," DeTienne said. "Employers can read incoming and outgoing mail, so never write anything in an email that you wouldn't want your boss to see."



College, Maxwell AFB in Alabama. Maher also earned an MA from the University of Southern California in systems management and a BA in economics and French from BYU.



**Andrew J. Mayer**—Mayer's training includes completion of primary leadership training, basic non-commissioned officer, advanced noncommissioned officer, special

forces qualification special operations training, Russian basic language, jump master, CAT II sniper, CAT I sniper, and military freefall courses. He is an assistant professor of military science.



**Noel M.B. Namaau**—Namaau, CPT, earned a BA from the University of Utah, a MAS in management from Embry-Riddle Aeronautical

University, and has completed basic training, advance individual training, airborne school, aviation officer basic course, air assault school, initial entry rotary wing, aircraft qualification combined logistics officers advance course, and combined Army services staff school. He is an assistant professor of military Science.



**Brett T. Swigert**—Swigert, CPT, earned his BA in communications from BYU, his commission in 1996 through the Air Force ROTC program at BYU, and entered the

Air Force 20 Dec 1996. He served as an intelligence officer, assistant flight commander, and chief of an executive protection team for the president of the United States. He is an assistant professor of aerospace studies.

**Gregory A. Weisler**—Major Weisler earned an MA in international relations from Baylor



University, a BBA in management from Prairie View A&M University, and expects to complete his PhD from Emory University in 2002. His academic expertise is in international relations theory, international conflict, and intelligence and national security. Weisler's military expertise is in military intelligence and small unit leadership.

#### **Dean Albrecht Given Top University Honor**



The highest faculty honor BYU extends has been awarded to professor of accountancy and associate dean of the Marriott School **W. Steve**

**Albrecht**. Albrecht has been named this year's Karl G. Maeser Distinguished Faculty Lecturer. Cited by *Accounting Today Magazine* as one of the top one hundred most influential accounting professionals in the nation, Albrecht was presented the BYU honor by **President Merrill J. Bateman** at the Annual University Conference 27 August.

"Steve's work capacity is without peer," said **Ned C. Hill**, dean of the Marriott School. "He is an amazing resource for the Marriott School."

#### **Faculty Member Awarded National Council Professorship**



**Terry Lee**, associate professor of business management, has been awarded the National Advisory Council Professorship. Lee was selected on the basis of long and distinguished service to the Marriott School. Among many other assignments, Lee served for several years as director of the undergraduate business management program and associate director of the department of business management. The award is funded by the National Advisory Council.

#### **George W. Romney Institute of Public Management Undergoes Administrative Changes**

**Gloria Wheeler**, associate professor of public management, has assumed the responsibility as associate director of the George W. Romney Institute of Public Management, responsible for on-campus student advisement and curriculum needs. **Dale Wright** continues as an associate director with responsibilities for the executive MPA program. **Neil Brady**, professor of public management replaced Wheeler as group leader of the institute.

"Gloria brings many years of experience in dealing with the students and curriculum and Dale has a great interest in the success of the EMPA program," said **Robert Parsons**, chair of the Romney Institute. "Neil's extensive research provides a role model as he mentors other faculty relative to their research productivity."

#### **Marriott School Teams Up with Korea's LG Electronics**

Nineteen businessmen from LG Electronics returned to Korea with a new arsenal of change-management skills after completing an intensive summer organizational-development program at the Marriott School.

"Our goal was to teach these managers how to introduce and accelerate new ideas as internal change agents, not as consultants brought in from the outside," said **Michael Thompson**, Organizational Leadership and Strategy Department chair.

The nineteen businessmen spent five weeks developing their change-management skills by attending seminars and lectures and participating in case studies.

**Christopher Meek**, associate professor of organizational behavior, and **Young Kee Kim**, LGE vice president of human resources and a Marriott School alumnus, first brought LGE employees in groups of two or three to the Marriott School to earn master's degrees in organizational behavior eight years ago.

"We were able to provide a unique, customized educational program because of the organizational change knowledge of the Marriott School's MOB faculty and the language capability of our former graduates," said **Kate Kirkham**, director of the MOB program.

# ALUMNI NEWS

## Marriott Alum Contestant on *Who Wants to Be a Millionaire?*



Intel business analyst **Jason Packham** said there might be a correlation between his winnings on ABC's *Who Wants to Be a Millionaire?* and his BYU education. One question asked on the show was, "In which of these languages is the first-person singular subject pronoun always capitalized?" Packham gave the correct answer: English.

"My undergraduate degree helped me with that one," he said. Packham, who studied English as an undergrad and attended the Marriott School for his MBA, appeared as a contestant on the show 22 August. A quick and accurate ordering of rock bands according to first album release placed Packham in the hot seat with the chance of winning \$1 million.

"I wouldn't say it's always been a huge dream of mine to go on the show—I was never much of a game show fan," Packham said. "But I always liked trivia stuff." He began contacting the show in 1999 and called several times. His persistence paid off early this year when he called a couple more times and finally got through. He answered three multiple-choice questions correctly and was asked to appear on the show.

"Realistically, I didn't think there was much chance [of winning a million], but you always wonder," Packham said. "I could've gone back to New York and won nothing, and it would've been a fun trip."

But Packham didn't walk away empty handed. Correctly answering a series of questions earned him \$16,000. Packham said he was stumped by the last question which, had he answered correctly, would have taken him to the next level of earnings. "I had no idea, and I wasn't about to take a wild guess—\$15,000 was at stake." Having already used his three lifelines, Packham passed on the question and walked away with \$16,000.

"Everyone agreed the last question was pretty tough, so that was comforting," he said. "Maybe I should've taken more international courses at the Marriott School," he said. "Then, maybe I'd have known which countries comprise the island of New Guinea."

What is Packham going to do with the money? "I already spent it," he said. "We bought a baby grand piano."

Packham earned his BA in English from BYU in 1994 and his MBA from the Marriott School in 1996. He and his wife, Amanda, reside in Harron, Utah, with their two children.

## Alumnus Funds Professorship and Scholarships

**Stephen Jenkins**, a 1996 Marriott School MBA graduate, and his wife, Kay-dawn, have contributed half a million dollars to fund a professorship and several scholarships at the Marriott School.

The Jenkins' donation will benefit both faculty and students by funding a \$300,000 professorship and four student scholarships totaling \$175,000. The Jenkins named two of the scholarships after their children, Brooklyn and Chandler. The couple also donated \$25,000 to the Marriott School Dean's Annual Fund, where other university donors matched the contribution two-to-one.

"The professorship is designed to assist professors who are dedicated to teaching students how to utilize the latest business technology," Jenkins said. "The odds are really against you when you start a business. We want to help students with an interest in entrepreneurship and technology learn what

it takes to be successful."

Jenkins launched and ran two businesses, WinFiles.com and Vservers.com, while he was a student and said he owes much of his success to the one-on-one guidance he received from several professors.

He has since sold the two businesses he started at BYU and, with the help of partners, has launched a new venture—CheatCodes.com—a video-game information resource.

"It's particularly gratifying to see a youthful entrepreneur have such great success and then turn around and help others do the same," said **Donald H. Livingstone**, director of the Center for Entrepreneurship. "Steve is a great example of what the center is all about."

Donations sent to the Marriott School Dean's Annual Fund before 31 December 2001, may qualify for matching or double matching funds. Information is available from **Ron Seamons** at [ronald\\_seamons@byu.edu](mailto:ronald_seamons@byu.edu) or at (801) 422-3801.

## Alumni Board Launches Burst Projects

The Marriott School Alumni Board held their semi-annual meeting 18-19 October. Board members divided into committees to plan their work for the next six months.

The newly formed Global Business Committee met with the Center for International Business Education and Research to develop strategies for the school's global business initiatives.

The Alumni Relations Committee is helping organize the upcoming Management Conference by gathering speaker and topic suggestions. The committee also discussed effective ways to network at the conference.

The Fundraising Committee is working with **Dean Ned C. Hill** to increase Marriott School alumni giving. The committee made plans to follow up on donations from Alumni Board members. The Undergraduate Programs Committee is working to increase participation in the student mentor program. Board members were encouraged to sign up



to be guest lecturers in classes or other Marriott School settings.

### New Alumni Board Members



**Mary Carlston** joins the board as an undergraduate committee member. Carlston is vice president of GMAC Commercial Mortgage based in

Irvine, California, where she assists in training and supervising. Carlston graduated with a BA from BYU in 1970. She resides in Mission Viejo, California, with her husband Gregory.



**Robert Hild** is a principal with Invest West Capital, LLC, a subsidiary of Invest West Financial Corporation, a private equity firm with more than \$650 million

under management. Hild serves on the alumni relations committee. He earned his BS in accountancy and his MBA from BYU in 1984 and 1986, respectively. He and his wife, Janet, reside in Mill Creek, Washington.



**Mitch C. Hill** serves on the global business committee. Hill is president and chief financial officer of WorkWell Systems, Inc., based in San Juan Capistrano, California.

Before joining WorkWell, Hill served as chief financial officer of buy.com, Inc. He earned his BS in accountancy from BYU in 1982 and his MBA from Harvard in 1987. He resides in Cota de Caza, California, with his wife, Julie.



**Mark Peterson** is chief financial officer of the Phoenix Coyotes NHL team. He has been heavily involved in the Coyote's push for a new arena and acquir-

ing private/public funding for professional sports.

Peterson serves on the fundraising committee. He earned his BS in zoology from BYU in 1979 and his MBA from BYU in 1981. He resides in Phoenix, Arizona, with his wife, Brooke.



**Douglas E. Witt** is director of merchant relations for THC, a division of Flying J and a joint venture with Conoco Corp.

He is assigned to develop and oversee relationships with other major oil industry companies. Witt has a wide base of experience in strategic and ground-level marketing, particularly within the Internet area. Witt serves on the undergraduate committee. He earned his BS in business management from BYU in 1983. He and his wife, Donna, reside in Midvale, Utah.

### CLASS NOTES

#### 1970



**Richard B. Turnbow**, CPA, is chief operating officer for the law firm of Mitchell, McNutt & Sams, based in Tupelo, Mississippi.

Turnbow is the author of numerous articles and materials on legal-industry finances including *Successful Law Firm Financial Management* and has served as an expert witness on financial management topics. Since 1978 Turnbow has served as the executive director of six different law firms.

He received his BS in accountancy from BYU in 1970. He and his wife, Judy, reside in Tupelo, Mississippi. They have seven children and eleven grandchildren.

#### 1981

**Wayne Tew** serves as president and CEO for Clark County Credit Union of Las Vegas. Tew has held various positions at several financial institutions, including vice president



and controller for City-County Credit Union in Minneapolis, controller for Minnesota Online, and auditor for Arthur Andersen in Minneapolis. Clark

County employees and medical professionals in Southern Nevada have a high-quality financial institution with one of the highest savings and dividend rates in the country.

Tew is heavily involved in the credit union industry, serving as chairman of the Client Group Board for SUMMIT Information Systems, a FiServ company that provides data processing software to credit unions worldwide. Tew also serves on the advisory board for American Share Insurance, the largest private deposit insurance company in the country, serving thousands of state-chartered credit unions.

Tew earned his MAcc from BYU in 1981. He and his wife, Patricia, reside in Las Vegas with three of their four children.

#### 1983

**Kyle Kelley** is a partner in Kelley & Goldberg, LLP—a fifteen-member CPA firm in the Orlando, Florida, region. Kelley is one of the founders of the 1993-established firm. He earned his MAcc from BYU in 1983. He and his wife, Garla, reside in Lake Mary, Florida.

#### 1984

**David K. Harris** is a finance manager for Hewlett-Packard's computer systems organization. He and his wife, Jolene, have five children, two of whom are students at BYU. He received his MAcc from BYU in 1984.

#### 1985

**Matt S. Owen** is the partner in charge of transaction advisory services for Northern California and the Pacific Northwest for Andersen. Before holding this position, he was on a three-year assignment in Korea. Owen earned his MAcc from BYU in 1985. He and his wife, Leslie, have three children and live in Danville, California.

## Grad Leads Wharton MBA Group on African Adventure



When **Rob Smoot** earned his MBA from the Wharton School at the University of Pennsylvania, he wanted to shout it from the mountaintops. Smoot celebrated the culmination of his education by leading forty fellow students to Africa's highest point—the peak of Mount Kilimanjaro—19,341 feet above the vast African plains.

Smoot, along with two other Wharton grads, planned a trip to East Africa for a two-week safari and the five-day ascent of Kilimanjaro's Marangu Route. Preparations for the May–June 2001 trip began months in advance. A series of information meetings addressing costs, safety, and logistics were enough to convince students to sign up. “It didn’t take too much effort, because so many were spending signing bonuses,” Smoot said. Accompanying the group were cooks, guides, and the mandatory two porters per person, totaling more than 120 people.

Although the climb involved risk, the group experienced little misfortune. “When you’re climbing at high altitude, there’s a lot of danger involved. Several turned back, suffering from altitude sickness, and two had to be carried down the mountain on stretchers,” Smoot said. “In the end, thirty-seven of us summated, which is probably more of a testament to our stubbornness and will power than to our physical condition or ability.”

Kilimanjaro was not Smoot’s first climbing expedition and likely will not be his last. In January he joined a team of ten MBA students and alumni on a Wharton Leadership Venture and summated both Pinchincha and Cayambe peaks near Quito, Ecuador. During the trip, the team learned and applied leadership principles through their climbing and teamwork experiences on the mountain. “This was a more technical climb, requiring glacier skills and equipment,” Smoot said. The group plans to reunite on the peaks of Peru in 2003, hoping to reach new heights above twenty thousand feet.

Smoot earned his BS in accountancy and information systems from the Marriott School with a minor in Latin American studies in 1996. He worked as a consultant for Arthur Andersen in San Francisco for three years before moving to Philadelphia in 1999 for his MBA in marketing and entrepreneurial management at Wharton. Smoot resides in San Diego, where he is working as an entrepreneur and independent consultant.

### 1986

**Mark L. Preslar** is a senior technology analyst for Founders Mutual Funds. He earned his BS in accountancy from BYU in 1986. He has four children and resides in Castle Rock, Colorado.

### 1987

**Michelle (Corbett) Hughes** was promoted to financial analyst at San Jose Water Company after spending nine years as the internal auditor and utility plant accountant. She and her husband, David, have a two-year old son and live in San Jose, California. She graduated with a BS in accountancy from BYU in 1987.

### 1992

**Greg and Michelle Bretzing**, who both earned BS degrees from the Marriott School in 1992, reside in Manassas, Virginia. Greg was recently promoted to supervisory special agent with the FBI in the money-laundering unit in Washington, D.C. Michelle is a full-time mom to their three girls. Greg graduat-

ed from the Marriott School with a degree in accountancy, and Michelle graduated with a degree in taxation.

**Bill Herlin** is manager of an international division of Tricon Global Restaurants, Inc.—the parent company of Pizza Hut, KFC, and Taco Bell. He manages ERP-system implementation projects in China and Taiwan. Herlin enjoys spending his free time with his five children. They recently moved into a new home in Frisco, Texas. He earned his BS in information systems-audit in 1992 from the Marriott School.

**Kent Stephens** has been hired as assistant superintendent for business services with the Salt Lake City School District. Stephens earned his BS in finance in 1988 and his MBA from the Marriott School in 1992.

### 1993

**Lane Franks** is senior business development manager at Cap Gemini, Ernst & Young’s high growth division. After graduating from the Marriott School in 1993 with a degree in management and an emphasis in finance,

Franks took a job with Andersen Consulting, now Accenture. Three years later, Franks left Andersen to found and manage a systems consulting company called Prestige Consulting. Together with his partner and brother, Mark, Franks attracted such clients as Geneva, Folio, The Church of Jesus Christ of Latter-day Saints, and Novell.

After two years of entrepreneurship, Franks successfully negotiated the sale of Prestige and accepted a job offer with Novell. “Working for a specialized company has many benefits,” Franks says. “But after a couple of years, I was a little too comfortable and unchallenged. I needed change.” This need for change drew Franks back into the consulting industry. Franks is married to the former Tara Tripple. They have two daughters and reside in Alpine, Utah.

### 1996

**Michael Dane Broberg** is a manager with Andersen Business Consulting in Portland. He resides in Tigard, Oregon. He earned his MAcc from the Marriott School in 1996.

## 1997

**Adam L. Schader**, CPA, has been promoted to manager in Andersen's Business Process Risk Consulting Group after less than four years with the company. Schader has an active twenty-two-month-old and enjoys spending time with him and his wife, Elaine. He earned his MAcc from the Marriott School in 1997.

**Todd Titensor** founded Candesa while finishing his MBA at the Marriott School. Candesa created the Shrek.com web site along with other multimedia projects. The company was ranked eleventh in Utah's list of top one hundred fastest growing companies. To qualify for the list, a company is required to sustain a 200 percent growth rate over a five-year stretch, from 1996 to 2000. Titensor earned his BA in Spanish from BYU in 1987 and his EMBA from the Marriott School in 1997. He resides in Orem, Utah, with his wife, Kathleen, and four children.

## 1998

**Robert Brody Buhler** is a senior consultant with Accenture. Buhler's responsibilities include managing a development team in implementing a Siebel system for a large client. Upon deployment it will be the largest Siebel implementation to date. Before joining Accenture, Buhler founded and managed Data Solutions, a systems design and development company that focused on small to mid-size clients. Buhler, his wife, Keary, and their one-year-old son, Spencer, reside in Reston, Virginia. He earned his MAcc from the Marriott School in 1998.

**Brett Paul Greathouse** is a senior consultant specializing in Clarify, Siebel, and Oracle CRM implementations for eLoyalty. His responsibilities include architecting CRM applications to map to organization-specific business. Greathouse has been with eLoyalty since it founding, having joined Technology Systems Company's (TSC) Customer Relationship Management group before it was spun off into eLoyalty in February 2000. Greathouse graduated from the Marriott School in 1998 in business management with an emphasis in information systems. He resides in Newport Beach, California.

**Bryant Powell** is assistant to the city manager of Apache Junction, Arizona. Apache Junction is located in the Phoenix metropolitan area, east of Mesa.

Before serving with the city of Apache Junction, Powell was senior budget and management analyst for the city of San Antonio. In this position, he supervised budget and management analysts and coordinated grant management efforts related to budget development. He and his wife, Jenny, have one child and reside in Apache Junction. Powell earned a BA from Southern Utah University in 1996 and an MPA from the Marriott School in 1998.

## 1999

**Chad Nielson** has looked forward to moving back to mountainous country ever since he moved to Houston, Texas, three years ago to work as an auditor for Ernst & Young. An avid skier, backpacker, and river runner,



Nielson was pleased this summer when KPMG offered him a position as senior auditor in Salt Lake City with the added bonus of occasionally working in Denver.

His new job responsibilities include overseeing specific audits and managing staff and assistant auditors.

Nielson earned his MAcc from the Marriott School in 1999. He and his wife, Tasha, reside in Salt Lake City with their two children Porter and Sophie.

## 2000

**Becky Tate Orser** and her husband, Rob, have returned to their roots—Denver, Colorado. Becky is working for @Lightspeed, a corporate Internet data center headquartered in Denver. She was hired as a business

## MPA Alum Made Editor of Government Journal



**Peter Christensen** launched his writing career as an undergrad working for *The Daily Universe*. He was promoted from sports reporter to editor and then to editor-in-chief—filling numerous other positions while on staff. "If I had my druthers, I might have ended up being a sports writer," Christensen said.

Instead, he chose to write about a topic he could "support a family on and that would serve as a greater impact on society," he said. That's where Christensen's MPA degree came in handy.

Christensen is editor of *Government Finance Review*—the leading journal in the field of public financial management. Christensen said his MPA education provided him with the knowledge of the public sector and government finance necessary to fill the position. "That's what attracted them to hire me—I understood the editorial as well as the technical aspects," he said. "That combo made me an attractive candidate."

"This is the fastest I've seen someone go from a 'who's he?' to a 'who's who' [in government finance]," said **Lennis Knighton**, professor of public management at the Romney Institute of Public Management. Christensen was Knighton's graduate assistant for a year while an MPA student. "I've never worked with anyone who wrote better," Knighton said of Christensen. "He will probably have as much influence as anyone in America on the development of literature in the field of government financial management."

*Government Finance Review*, headquartered in Chicago, has a circulation of fifteen thousand that caters to state and local government finance officers, academics, and private-sector consultants.

Before his editorial position, Christensen was an accountant for the City of Sierra Vista, Arizona. He earned his undergraduate degree in 1998 from BYU in public relations and his MPA from the Marriott School in 2000. He and his wife, Allyson, reside in Naperville, Illinois, with their two children.



analyst, but “I guess they found out I was creative,” she said, because she has since been moved to the marketing

department, where she creates ads and assists in managing the sales program.

Before relocating to Colorado, Becky and Rob helped found CityNet, a small Orem business that installed Internet networks into apartment complexes. The entrepreneurial effort won the state of Utah’s 2000 Entrepreneur Challenge. Rob works as a financial analyst for First Data and is a junior studying science at the University of Colorado. Becky earned a BS from the Marriott School in business management in 2000.

## 2001



**Brandon Jones** is a business analyst with Intel’s eBusiness Group. His responsibilities include identifying and recommending solutions for weaknesses in infor-

mation systems data quality, pinpointing the needs of Intel buyers and providing them with the data they need to make decisions.

Jones earned his BS in management and MISM from the Marriott School in 2001. He and his wife, Wendy, have a one-year-old daughter and reside in Phoenix, Arizona.

**Greg Jorgensen** is a tax consulting associate for PricewaterhouseCoopers in Washington, D.C. His responsibilities include consulting on technology and dot-com projects and reducing tax liability for major dot-com companies. Jorgensen earned his BS in accountancy from the Marriott School in 2001. He and his wife, Kristin, reside in Sterling, Virginia, with their son Andrew.

**Xinli Wang** works as a paralegal for Dickstein Shapiro & Oshinsky LLP. The Washington, D.C.-based law firm works with companies in developing strategies

that capitalize their intellectual property assets. Wang resides in the Washington, D.C., area. She earned her MPA from the Marriott School in 2001.

## MANAGEMENT SOCIETY NEWS

### Management Society Volunteer Alumni Leadership Conference

The Management Society Volunteer Alumni Leadership Conference was held 4-5 October at BYU and Aspen Grove. The theme of this year’s conference, “Higher, Faster, Stronger,” was exemplified by lecture topics ranging from personal spirituality in difficult times to networking/placement opportunities for management society chapters. Speakers also addressed chapter event planning strategies and finance management.

Seventy-five alumni leaders representing twenty-six chapters—four of which were international—participated in the conference. Keynote speaker Jeffrey Marsh, professor of ancient scripture at BYU, spoke on ways in which chapter leaders fit into the bigger picture at BYU.

**Rixa Oman**, assistant to the dean, said Marsh encouraged and motivated attendees by telling chapter success stories. “Those in attendance came away with skills, ideas, and motivation to better their respective chapters,” she said.

**Robert Parsons** completed his two-year term as chair of the national steering committee. Sharon Worlton was put in as the new chair with **John Toronto** as vice chair.

Worlton and Toronto come to the Management Society national committee with a strong background in and commitment to the society. Worlton served as the Chicago chapter president, and Toronto has been the chapter president in Salt Lake and a board member.

### North Carolina Chapter Seeks to Keep Alumni Connected

Thanks to the efforts of **Dave DeFranco**, the new Research Triangle Park chapter of the Management Society is off to a great start. Based in Raleigh, North Carolina, the chapter held its kick-off meeting 13 July 2001 at the Cary Ward building in Cary, North Carolina.

Alumni discussed “Managing Your Career in an Economic Downturn.” Their next meeting, 28 September, featured **Dean Ned C. Hill** who spoke on the future of e-commerce in the new millennium.

Helping newcomers create a professional network was a major factor in the establishment of the chapter. “There was a kernel of individuals here who were aware that a BYU management society concept existed,” said **Mark Bethers**, chapter president.

“We realized that many have been transplanted here from California and Utah and consequentially rooted away from their professional associates. This is a good way for them to make new connections.”

Other officers include: **Ritchie W. Taylor**, secretary; **Anthony D. Camara**, treasurer; **Bryant (Buddy) Ferguson**, program director; **Peter Peets**, public relations director; and **Annikka DeSommer**, membership director.

### Hong Kong Chapter Student/Alumni Event

The Hong Kong chapter of the Marriott School Management Society hosted an event 5 June where 120 BYU alumni and two groups of EMBA students were in attendance. The event, complete with speakers and dinner, took place at the Grand Ballroom of the Sheraton Hong Kong Hotel. Four successful businesspersons lectured on various industry topics, followed by a panel discussion.

“Response to the presentations made by the speakers was very positive,” said **Cora Wong**, president of the Hong Kong chapter. “Not only did the EMBA students benefit from the talks given by the speakers but the BYU alumni who are now building their own careers were pleased with the students’ interest in what was being shared.”

The presenters included **Stanley Fong**, operations manager of Inscrubber Technology Corporation, Canada; **P.J. Rogers**, vice president of West East Consulting; **Candy Lau**, assistant general manager of Nelson Jewelry Arts Co.; and **William Giauque**, professor of business management at the Marriott School.

The event was sponsored by **Jack Lau**, a successful Hong Kong business leader. Lau earned his BS at BYU–Hawaii in 1981 and his MBA from the Marriott School in 1983.



# MANAGEMENT SOCIETY CHAPTER PRESIDENTS AND AREA CONTACTS

ALABAMA, BIRMINGHAM  
Frank Sutton  
(205) 939-8311 (W)  
suttonf@sprynet.com

ARIZONA, MESA/PHOENIX  
Sterling A. Baer  
(602) 217-2298 (W)  
sabaer@us.ibm.com

CALIFORNIA, EAST BAY  
R. Jay Ripley  
(925) 827-4692 (W)  
rjripley@excite.com

CALIFORNIA, LOS ANGELES  
Dennis Fors  
(213) 345-8059 (W)  
dennis.fors@bankofamerica.com

CALIFORNIA, ORANGE COUNTY  
William Chapman  
(714) 550-7720 (W)  
wdchapman@home.com

CALIFORNIA, SACRAMENTO  
Whitney F. Washburn  
(916) 638-8400 (W)  
wwashburn@jps.net

CALIFORNIA, SAN DIEGO  
Mike Hood  
(760) 752-7848 (W)  
mike17891@aol.com

CALIFORNIA, SAN FRANCISCO  
Richard Hutchins  
(415) 356-8008 (W)  
rick.hutchins@novoco.com

CALIFORNIA, SOUTH BAY  
Jack Little  
(408) 351-4231 (W)  
jlittle@advizion.com

CALIFORNIA, VENTURA  
David Watts  
(888) 680-1239

CALIFORNIA, VISALIA  
S. Dee Baughman  
(559) 622-2401 (W)  
Shermb1@hotmail.com.

COLORADO, DENVER  
Robert Roden  
(303) 464-5226 (W)  
Robert.Roden@Myogen.com

FLORIDA, EMERALD COAST  
Dennis Conger  
(850) 837-5366 (W)

FLORIDA, ORLANDO  
Dave Portlock  
(407) 352-7006 (W)  
dbsfl@mpinet.net

GEORGIA, ATLANTA  
Greg Bluth  
(770) 330-8116 (W)  
greg.bluth@viant.com

HAWAII, HONOLULU  
John P. Monahan  
(808) 395-4079 (H)  
jmonohan7@aol.com

IDAHO, BOISE  
Roger Wright  
(208) 322-6340 (W)  
rogercwright@hotmail.com

IDAHO, IDAHO FALLS  
Paul Ahlstrom  
(208) 525-4047 (W)

ILLINOIS, CHICAGO  
Paul S. Haglund  
(312) 558-9000 (W)  
phaglund@greeley-hansen.com

INDIANA, INDIANAPOLIS  
Steve Morgan  
(317) 277-7577 (H)

KANSAS, KANSAS CITY  
Erik Blankmeyer  
(913) 851-4150 (W)  
erikblankmeyer@netzero.net

MARYLAND, BALTIMORE  
Jon Michael Anderton  
(410) 895-4603 (W)  
jon.m.anderton@db.com

MASSACHUSETTS, BOSTON  
Doug Precourt  
(617) 832-5901 (W)

MICHIGAN, DETROIT  
Rob Schoenhals  
(248) 576-2969 (W)  
resvipier@aol.com

MINNESOTA, MINNEAPOLIS  
Jere Clune  
(763) 391-0417 (W)  
jclune@metacommusic.com

MISSOURI, SPRINGFIELD  
David Warren  
(417) 831-4100 (W)  
warren1953@yahoo.com

NEBRASKA, OMAHA  
Keith Rhoades  
(402) 280-6120 (W)

NEVADA, LAS VEGAS  
Michael Ballard  
(702) 731-6001 (W)  
mballard@srdnet.com

NEVADA, RENO  
Mitch Larson  
(775) 856-7555 (W)  
mitch@powernet.net

NEW HAMPSHIRE, NEW ENGLAND  
CHAPTER  
Lance Spencer  
(603) 791-5286 (W)  
judylance@juno.com

NEW MEXICO, ALBUQUERQUE  
Keith Mortensen  
(505) 896-8996 X4 (W)  
lubricarKM@aol.com

NEW YORK, NEW YORK  
Scott Trotter  
(212) 580-1919 (W)  
trottersp@ldschurch.org

N. CAROLINA, RALEIGH  
(919) 522-0441 (W)  
Mark Bethers  
mbethers@yahoo.com

COLUMBUS, OHIO  
Larry Thomas  
(614) 781-0472  
ljthomas@excelonline.com

OREGON, EUGENE  
Chris Yorges  
(541) 465-9492  
steeplecj4@aol.com

OREGON, PORTLAND  
Rick Garlock  
(503) 296-5232  
rgarlock@bankofthewest.com

OREGON, SALEM  
Eric Koford  
(503) 370-7293 (H)

PENNSYLVANIA, PHILADELPHIA  
Joe Kerry  
(610) 361-0355 (H)  
jkerry@voicenet.com

TENNESSEE, CHATTANOOGA  
Mark Mendenhall  
(423) 755-4406 (W)  
Mark-Mendenhall@utc.edu

TENNESSEE, NASHVILLE  
(615) 754-5198 (W)  
Juli Bennett  
kjate@aol.com

TEXAS, DALLAS  
Jeffrey A. Secrest  
(972) 578-1877 (W)  
secrest@theaigroup.net

TEXAS, EL PASO  
Alan Gluth  
(915) 546-8209 (W)  
aglu@scotthulse.com

TEXAS, HOUSTON  
Elmo Robinson  
(281) 648-6400 (W)  
elr@icsi.net

UTAH, CAMPUS CHAPTER  
Brigham Young University  
(801) 422-5791

UTAH, SALT LAKE CITY  
David Guzy  
(801) 699-9183 (M)  
dguzy@hotmail.com

UTAH, ST. GEORGE  
Doug Pearce  
(435) 635-2212  
dpearce@redrock.net

UTAH, UTAH VALLEY  
Cameron K. Martin  
(801) 222-8179 (W)  
martinca@uvsc.edu

VIRGINIA, BLUE RIDGE  
Cheryl Morris  
(540) 776-6937 (W)  
swmcdm@aol.com

VIRGINIA, RICHMOND  
Jon Blaser  
jblaser@dtus.com

VIRGINIA, SOUTHERN  
VIRGINIA UNIVERSITY  
(Blue Ridge Subchapter)  
Jordan Council  
(540) 261-4388  
jcouncil@hotmail.com

WASHINGTON, D.C.  
Mark A. Dickson  
(202) 223-1685 (W)  
markdickson@compuserve.com

WASHINGTON, SEATTLE  
Robert Haynie  
(206) 654-7590

WYOMING, AFTON  
Noel N. Nelson  
(307) 883-4853

## INTERNATIONAL CHAPTERS

ARGENTINA, BUENOS AIRES  
Claudio Salerno  
54-3327-458-343 (W)  
csalerno@kodak.com

AUSTRALIAN-SYDNEY  
Jonathon Fisher  
61-2-9489 3746 (W)  
fiac@bigpond.com

BRAZIL, SAO PAULO  
Helton Vecchi  
(5511) 5563-8222 ext. 2177 (W)  
vecchi@uol.com.br

CANADA, CALGARY  
Robert E. Price  
(403) 213-5407 (W)

CHILE, SANTIAGO  
Jose R. Riveros  
56-2-735-1423 (W/Fax)  
jr45@chilesat.net

HONG KONG  
Cora Wong  
(852) 2525-7406  
corawong@netvigator.com

KOREA  
Lee L. Wright  
(822) 7914-3216 (W)

SINGAPORE  
AC Ho  
(65) 838 9201 (W)  
acho@singnet.com.sg

UNITED KINGDOM  
Rowland Elvidge  
01727-863995 (H)  
rowland@ena.co.uk

MARRIOTT SCHOOL  
BRIGHAM YOUNG UNIVERSITY  
730 TANNER BUILDING  
PROVO, UTAH 84602

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*Left to right, front: Ruby and Elder David B. Haight. Back: Mimi DeWitt Peery, Dick T. Peery, Karen Haight Huntsman, Nancy Peery Marriott, Julie Marriott Keenan, and Richard E. Marriott.*

The Marriott School gratefully acknowledges the family of H. Taylor Peery for their support of the Marriott School. The family's generous contribution made possible the establishment of the H. Taylor Peery Institute of Financial Services. The institute was formally announced at a banquet 26 September at the Joseph Smith Memorial Building in Salt Lake City. (See news article, p. 27.)

*photo by Mark A. Philbrick/BYU*