

MARRIOTT

A L U M N I M A G A Z I N E

Five Critical Decisions

Annuity

2007 Annual Report





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Cover illustration by Rich Lillash.

Educating the Sentiments

BY MICHAEL THOMPSON



One of the most important projects in my ongoing education is training my emotions and recognizing how vital they are in doing good work. We don't check our emotions at the door when we come to work. And we take the emotional aftertaste of work back into our homes. Our bodies and minds don't separate technical tasks from emotional tasks. We experience every task as a labor of head, heart, and hands.

The late Robert Solomon, a master teacher and professor of philosophy at the University of Texas, frequently reminded his students, "We are always in a mood. Moods are our way of being tuned to the world." Our colleagues in social psychology remind us that moods are viral; we tend to catch them from one another. During the years, I've watched many student teams work on

assignments. The emotional imprint of dominant teammates spreads. When leaders are upbeat and positive, that mood often propagates through the group, igniting ideas and helping people collaborate.

Good collaboration is never just about good information. It's also about sustained energy. Just as positive moods are viral, so are negative moods. Even subtle moods are communicable. Clinical psychologists have, since the nineteenth century, commented on how difficult it is for the clinician to maintain attention and animation during therapy sessions with severely depressed patients. On the other hand, all of us have experienced the infectious laughter of a TV sitcom in which the laugh track and the comic situation build to a crescendo, pulling us in their intended direction.

This emotional convergence is what some psychologists have termed "entrainment," a kind of empathetic dance in which people's physiological states (heart rate, skin temperature, eye movement) actually come closer together (Daniel Goleman, *Emotional Intelligence*, 1995, 114–117). This research on "emotional contagion" is of vital relevance to every leader.

I've learned that I pay too much attention to what philosophers call the "vehement emotions" and too little to the low-key emotions, both positive and negative. Along with many of my students and managers, I handle emotions in extremis (such as emergencies or a

highly charged argument) better than in more mundane situations. In daily interactions the emotions that challenge me are boredom induced by fatigue or a nagging sense of impatience—which I cannot always account for. The emotional traps that most of us walk into are usually rooted in these subtle sentiments that we think are less dangerous, and so we invest less in how we manage them.

On the positive side, I've learned that small efforts to warm up the emotional temperature of a meeting or a conversation can be very helpful in making the work more pleasant and productive. In academia we can make the mistake of ignoring emotion and attending too much to cognition. Good moods create a space in which better work can be done, and these positive moods can be triggered by modest effort. People can be put in a more positive frame of mind by being complimented, listening to music, or looking at a funny cartoon.

I'm learning that leaders, teammates, parents, and citizens can do a lot to provide that music. Getting every phone conversation, email, and family meal off to a good start with positive feelings—felt and expressed—is at the heart of leadership.

Sincerely,

A handwritten signature in black ink that reads "Michael Thompson".

Michael Thompson
Associate Dean

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Nina Whitehead, *Contributing Photographer and Editor*
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Contributing Writers, Editors, and Photographers:
Kenny Crookston, Arie Dekker, David Garcia,
James Littlejohn, Irasema Romero, Natasha Sabey,
Karen Seely, Marla Sowards, and Jaren Wilkey

All communication should be sent to:
MARRIOTT ALUMNI MAGAZINE
775 Tanner Building
Brigham Young University
Provo, Utah 84602-3187
Phone: 801-422-5083 Fax: 801-422-0501
Email: marriottmag@byu.edu

GLIMPSES

STUDENT DISCOVERS ROOTS AND CONNECTS NATIONS

While many Marriott School students take classes to learn research strategies, MPA student Jean Kapenda brings to graduate classes years of tried and tested real-world research from his extensive genealogy work.

Two massive volumes of African surnames in Ecuador compiled by Kapenda compose the world's largest genealogical database of African Americans tracing their roots to a specific region in Africa.

"If people can find their roots, they can come to know their potential," says Kapenda, who has traced more than thirty thousand people from the Pacific Coast of Ecuador back to the Congo.

Kapenda dug into electoral rolls, questioned Afro-Ecuadorians, and learned that slaves were brought to Ecuador's African

scientist Bruce Jackson compared DNA samples of Afro-Ecuadorians from Kapenda with DNA samples of the Portsmouth remains to match the genetic patterns with those in the Congo, bridging people across the world.

Before entering the MPA program, Kapenda spent twenty-one years in Ecuador translating for oil companies and international government officials in French, English, and Spanish.

He was baptized on 23 December 1984. He moved to Ecuador and continued his education at the Catholic University, earning a combined bachelor's degree in sociology and political science. He met his wife, Marianita Flores, in his ward, and they were married 28 December 1987. They traveled three days by bus to be sealed in the Lima Peru Temple on 6 January 1988. They have two daughters.

"If people can find their roots, they can come to know their potential."

—Jean Kapenda



communities in the 1700s by Jesuits to work on sugar plantations. Since the Jesuits were celibate and slaves were owned by a congregation rather than an individual, slaves were able to maintain their African names, which have survived for more than three hundred years.

Kapenda's discovery also helped determine the origin of thirteen skeletons found in Portsmouth, New Hampshire. Boston

He did simultaneous translation for the Parliamentary Confederation of the Americas, the Conference of the Ministers of Defense of the Americas, and the Ministries of Finance and Economy from Arab and Latin American countries, among other assignments.

"I miss the interaction I had with government officials," Kapenda says. "It helped me to better understand government."

Kapenda was born in 1960, the year the Congo declared its independence from Belgium. In 1965, Dictator Mobutu Sese Seko seized power over Kapenda's home region, creating a law requiring membership in the dictator's political party from birth.

Fifteen years later, as a twenty-year-old student leader, Kapenda opposed the dictator's regime and was kicked out of the University of Lubumbashi. Kapenda applied to other universities but was told he was blacklisted and turned down.

Kapenda went to Switzerland to attend a university, but he gained a different type of education when he accidentally took the wrong train and met some missionaries who invited him to church the next morning.

With his international experience and translation work, Kapenda has become a man of many languages. He speaks fluent French, English, Spanish, Swahili, and Lingala. After his genealogical discovery Kapenda used his language abilities to create a Spanish-Lingala dictionary for the Afro-Ecuadorians who wanted to learn the Lingala language their ancestors spoke. Using \$1,500 from UNESCO, Kapenda published 1,000 copies of his small-print dictionary, which was compacted to also include the genealogical information and history of the Afro-Ecuadorians.

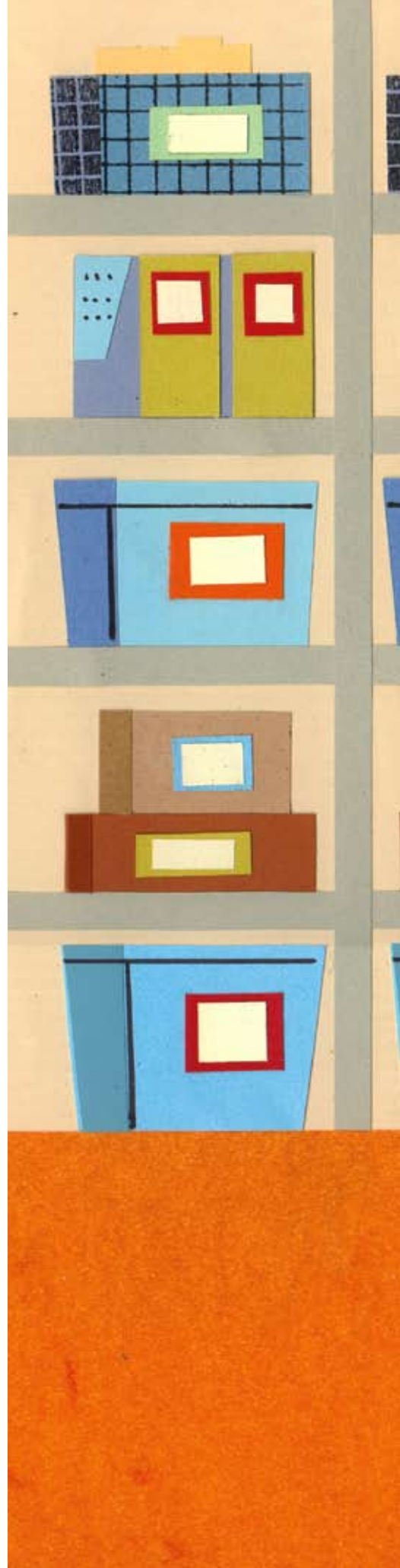
With a dream to run for president of the Congo, Kapenda decided to attend the Marriott School. He and his family moved to Provo shortly after his daughter, Christie, was accepted to BYU.

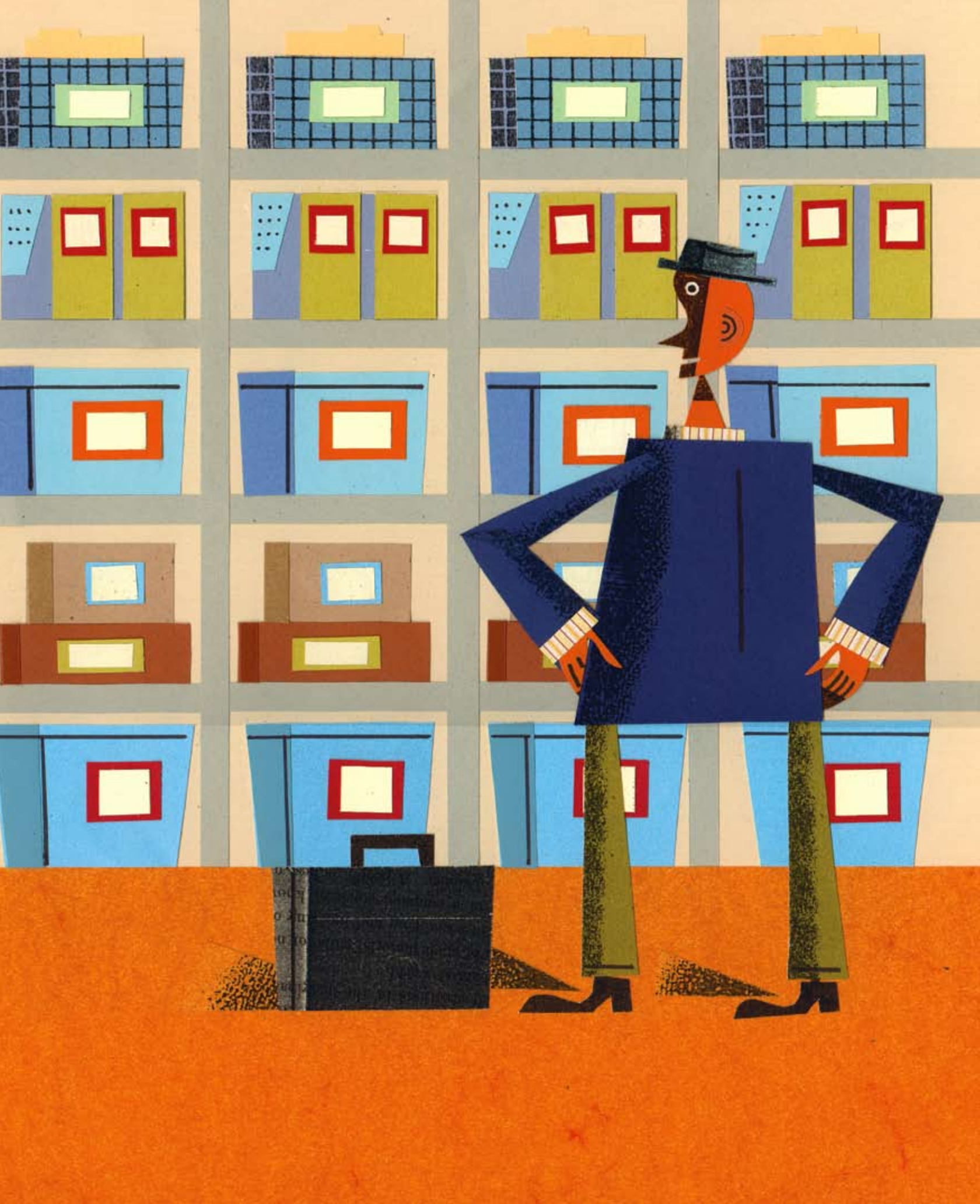
Although well-grounded in the areas of language, government, and culture, Kapenda doesn't believe hands-on learning in government positions always works best: "It's more important to have a theoretical preparation and some background in government so that you can apply that knowledge in a better way."



Critical Decisions

BY GARY CRITTENDEN | If you think about the decisions you make between the ages of eighteen and thirty, you'll realize they have a fundamental impact on where your life actually ends up. I thought it might be fun to talk about five critical decisions I've made—in some cases for the better, in some cases for the worse—and explain how I decided what I did and the effects of those decisions. | ILLUSTRATION BY RICH LILLASH





1. EDUCATION

One of the most important decisions I made was to get the best education that I could. I completed my undergraduate degree at BYU and wanted to continue and earn a graduate degree. While I was in school, the type of graduate degree I intended to pursue varied with the girl I was dating. I dated a girl whose dad was a doctor, so if you look at my transcript from BYU, you'll see I was taking pre-med courses. The next girl I dated, her dad was a lawyer, so I took a couple semesters of English and political science. Then, fortunately, I started dating my wife, Cathy, and her father was a businessman.

I was not completely directed in the choices I was making as an undergraduate, but I did know that I wanted to go to graduate school. The very last class I had at BYU was taught by Professor Lambert, and the essence of the course was to pull together everything you learned in business school.

After finishing a blue book exam for the course, I walked to the front of the classroom where Professor Lambert was sitting and turned in the exam. Professor Lambert asked me, "What are you doing after you get out of school?" I said, "I've really been thinking

about going to a graduate school in business." He said, "Well, I think that would be a terrific thing to do. Where are you thinking about going?" I said, "I'd like to go either to Harvard or to Stanford." He looked at me and said, "If I were you, I'd broaden the list."

But through some miracle that is not yet totally clear to me, I ended up going to Harvard Business School and had a series of great experiences there. Before I left to go to business school the only job that I'd had was at my father's paint store—delivering paint and waiting on customers. Harvard Business School held a reception before classes began so we could meet our classmates, and I met a person who had spent a few years working in global tax and another who'd worked for the FBI and another who'd been at General Motors. They asked what I'd done, and I told them I'd delivered paint for most of my career.

I was incredibly nervous my first day, because I learned that half of your grade is based on what you say in class, and I was not about to reveal just how stupid I was. I sat through that first semester and every once in a while would raise my hand and say something that was perfectly safe to

say. Then, when we had our first round of tests, it turned out that everybody in the class had done about the same. It occurred to me that everybody puts their pants on one leg at a time, and I didn't feel quite so intimidated.

A good friend of mine in the Harvard program was Darrell Rigby; he worked for Bain & Company as a consultant during the summer. I had no idea what a consultant did, so I asked him one night. He said, "I get in an airplane; I fly around the country; I sit down with people; I ask them questions; I write down their answers. I then put it all together and tell them what they told me." I thought I could do that. So largely on his coattails, I got a summer consulting job at Bain & Company and ended up spending the next twelve years there.

The point I want to make is that through those educational experiences, I formed many of the professional relationships that I have today. You'll realize it is a very small world of people that you come to know during the course of your professional pursuits early in your career. It's still not at all uncommon for me to get a phone call from someone who was part of my class.

The things that you're doing now actually matter. If people perceive you as being a decent human being, a good colleague, honest, thoughtful, and hardworking, those labels will follow you throughout your life. It turns out that the things about you that are not written on a résumé end up being much more important than what's on paper.

Get the best education you can even if you don't have much money. People said that it would be alright to take out student loans, because once we finished and started earning a salary, we wouldn't even notice that monthly payment. Well, I noticed it every month—\$84.63 for ten years. You do notice, but in spite of all that, getting the best education you can is worth it.

2. MARRIAGE

The second thing is to marry the right person; it makes absolutely all the difference. Let me tell you how I met Cathy. I participated in BYU's Washington Seminar; my job was to be an errand boy for the secretary of agriculture for a semester. Cathy, on the other hand,

... through those educational experiences, I formed many of the professional relationships that I have today. You'll realize it is a very small world of people that you come to know during the course of your professional pursuits early in your career.



had a real job. She worked for a senator in Washington, D.C. I was starstruck that she had this great job.

It turns out she was a phenomenal typist, and there was a guy who asked her to type one of his papers for him. After she had spent hours and hours typing this paper, he came to her and said, “There’s a little bit of bad news; I actually don’t have any money to pay you.” He continued, “But what else could I do for you? Is there somebody you’d like to go out with? I could try to set you up with somebody.” It turns out she picked me. He called me, and I’d already noticed Cathy—I thought she was very cute. We went out on our first date, and he was supposed to double with us, but he couldn’t find anybody to go with him. So there were three of us on our first date; but we did drop him off before the end of the evening and got our first chance to get to know each other.

Our relationship evolved, and I talked her into coming back to Provo at the end of the summer. And, as they say, the rest is history.

She is the heart of our family. I have little idea of what is actually going on at any point in time in our family, but the good news is I

have a direct line through Cathy, our air traffic controller who knows where everyone is at every moment of every day.

Cathy does a wonderful job of keeping the family—which is spread out all over the United States—intact. She has followed me around the world to Germany, the Northeast, and Chicago. She has also been my partner in much of my service in the church. I was recently released as a stake president, and it was typical for her to go with me just about everywhere I went. I’d have a meeting somewhere, and she would sit on one of those green, flowered couches that we’ve all come to know and love in our church buildings, and she would be her normal, sweet, loving self to anyone who came by. The love she shared made all the difference in the way people felt about our stake and has made all the difference in my life. I’ve been changed for the better by the wonderful associations I’ve had with her for the last thirty-three years.

Marry the right person. Pick somebody who’s righteous and treats you well. If you’re a young woman whose boyfriend doesn’t treat you like a princess or a queen, don’t

marry him. Find the right guy or gal, and put your hearts and minds together. I hope it can be as happy for you as it has been for us.

3. RISK

It’s my experience that you need to take risks to make progress. I was a partner at Bain & Company and enjoyed it, but then the opportunity came to take a job with a company called Filene’s Basement, a downtown Boston retailer. If I joined this leverage buyout, my salary would go down by 70 percent. We had all these little kids and a mortgage, but we thought there were a lot of good aspects to this opportunity. We fasted, prayed, and made a decision to do it. I can remember when I got that first paycheck. I looked at it and thought, “There’s got to be a digit missing here somewhere.”

Fortunately, during the next two and a half years, the company prospered, and we ended up doing an IPO and a secondary public offering and were able to sell all of our ownership in that business. It put us as a family on a completely different trajectory than we would have had if we hadn’t taken that risk.

Once I sold my ownership in Filene's Basement, I joined a company called Melville Corporation as their chief financial officer. It was a retailer that had lots of different businesses—CVS, Marshalls, Olsen's Leather. The company had not performed well for a long period of time; stock prices had basically been flat.

I came in, and after a couple of months I realized there was only one business the company really knew how to run. About that time, Cathy and I were invited to the company president's house for dinner. As we sat down he said, "So, how do you like your first few months?" I said, "It's been really great." He said, "What do you think of the business?" I said, "Well, as I've looked at it, we only know how to run one of these businesses. We're fouling everything else up." He said, "Yeah, things aren't going very well, are they?" Then he said, "Well, what do you think we should do?" I said, "I think we should break it up into its constituent parts." And he said, "Over my dead body."

We ended up having a very nice dinner that night, but business continued to not

do well. Down the road, when we were in a board meeting, another board member said, "My view is we only know how to run one business here." Eventually, we split up Melville Corporation, and in about twelve months, the stock price went from \$27 a share to \$68 a share.

As a result, I worked myself out of a job, because the holding company didn't exist anymore. But it was the right thing to do for the business. The risky thing was the right thing to do. My experience has been that as you take risks throughout your career, in the end everything actually works out.

4. EXERCISE

When I graduated from Harvard Business School and joined Bain & Company, I traveled a lot, and the company paid for my hotel bills and meals. I thought, "This is too good to be true. I can go down to the hotel restaurant and order anything I want." And so I did—steak, onion rings, milkshakes. Within about six months from the time that I started at Bain, I had become very prosperous and


couldn't get my jacket buttons latched.

About six or seven months into my career, I was working on a project with a partner at Bain. During my first performance review, he said a couple of things to me that if anybody today said in a performance review, I would strangle them with my bare hands. It was completely inappropriate, but he said it nonetheless. He said, "You know, you're fat." He continued, "You're not going to go anywhere if you stay fat." Then he said, "And you have to stop wearing yellow shirts and brown suits."

Though caught off guard, I decided to take his advice. The shirt and brown suit thing was easy to solve, but the other part was a little more difficult. I went home that night, and Cathy and I went into our little bathroom. There was a scale there I had not been on for a long time. I took my shoes off, as though that would make a difference, and learned I had gained roughly fifty pounds since graduating.

The next morning I laced on my running shoes, ran around the block, and just about died. I did that for six days, and I had shin splints so bad I could hardly move. I took the next week off to let the shin splints heal.





The risky thing was the right thing to do. My experience has been that as you take risks throughout your career, in the end everything actually works out.

During that week I heard that if you ran farther you would feel better than if you ran shorter. I went out the very next day, and instead of just running around the block, I ran for twenty minutes straight. I felt like I was going to die. Then the next day I ran twenty-two minutes, and then twenty-four minutes, and then twenty-six minutes, and so on. That's what started my romance with running.

Heavenly Father has given us wonderful bodies we need to take care of and to utilize in a way that we can fulfill His purposes here on earth. I have often thought that the physical aspects and spiritual aspects of each of our lives are intertwined. We can become out of shape spiritually, and with the daily application of spiritual efforts, spiritual exercise, our lives can change just as they can with physical exercise. In the same way we create that physical sense of well-being, a sense of spiritual well-being comes from the daily application of principles that we've all come to appreciate.

5. OBEDIENCE

The decision whether or not to be obedient is a decision we all continue to make. A few years back when I was serving as a bishop, I

got a phone call from a hospital at about 3 a.m. A mother had delivered conjoined twins, and her grandmother was agitated with trying to get a priesthood holder to administer to these twin girls.

I called a friend of mine, Darrell Rigby, who I'd met at Harvard. You can imagine how delighted he was to hear from me at three in the morning. But he agreed to go to the hospital with me and administer to the twins.

I picked him up, and as we drove we engaged in the natural kind of banter that men do—men don't ever really talk about anything serious. We got to the hospital and it dawned on both of us what we were about to do: use the priesthood that we've been blessed with to bless these two little girls. We stopped in a hallway closet in the hospital, knelt down, and asked for guidance. Then we met the mom of these little twins and gave the girls a blessing. The children were separated and ended up doing just fine.

The interesting thing is that after we finished and were driving home at about 4 a.m., neither of us said a word; there was absolute silence for that twenty-five-minute ride home. There was this wonderful feeling existing in the car that comes when you've done just a modest part of service in your life,

when Heavenly Father blesses you with that warm feeling. It's wonderful to experience that feeling as we are obedient in a small way and get paid back in a big way.

I was in a sacrament meeting recently where a new convert to the church was blessing the sacrament. As he knelt down to say the sacrament prayer for the first time, I thought, "Please, let this go well." He went through the prayer the first time and didn't make it. My heart went out to him, and I felt so sorry for him. He tried a second time and didn't get through it. The third time, however, to his credit, he got through every word absolutely perfectly.

The thought crossed my mind that there are a few gospel ordinances that have to be done perfectly—temple ordinances, baptism, and sacrament prayers. I realized that doing these ordinances perfectly isn't to make it difficult or embarrassing for people. Heavenly Father is trying to teach us that we can make a mistake and it will still be possible for us to do it over again—as many times as we need to until we get it right. And in the end, Heavenly Father has promised us everything that He has, if we're obedient to His commandments. It's never too late for anyone to start over and figuratively repeat that sacrament prayer until we get it just right.

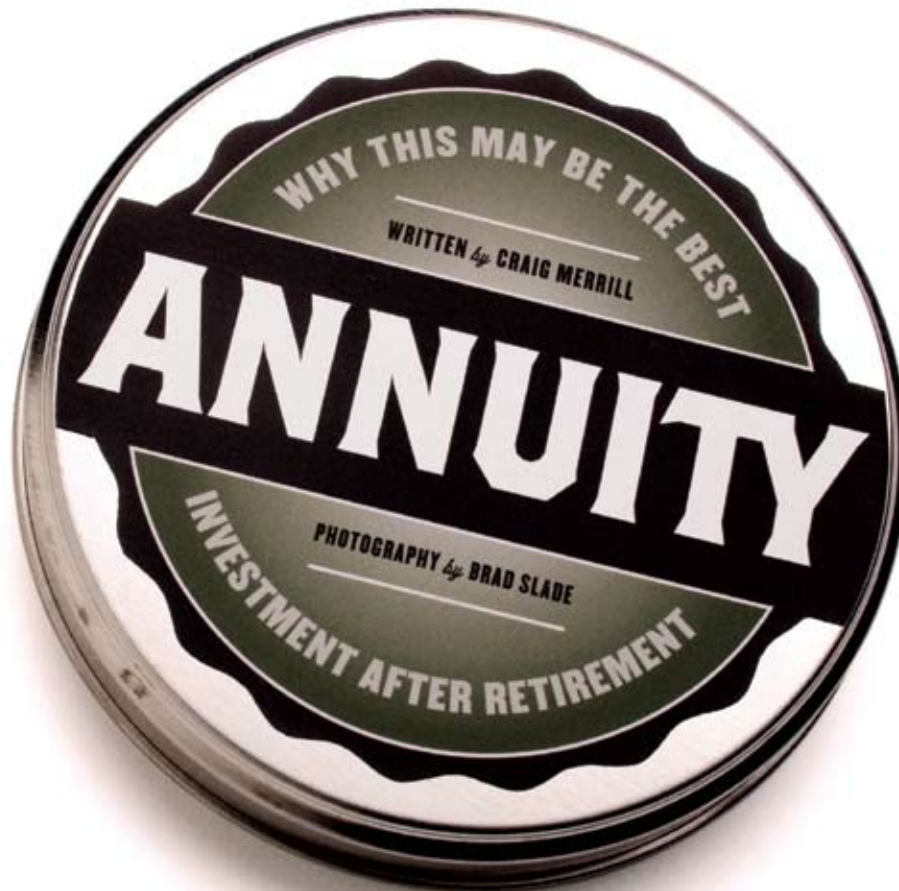
What a wonderful place this campus is. You feel a wonderful spirit here. I want you to know I have a testimony of this gospel. I've been blessed to know that Jesus is the Christ; He is the Son of the living God. Joseph Smith restored the gospel of Jesus Christ in the early 1800s, and we are all the beneficiaries. I leave you my testimony, my love, and my appreciation in the name of Jesus Christ, amen. **M**

ABOUT THE SPEAKER

Gary Crittenden has been CFO of Citigroup since March 2007. He was executive vice president, CFO, and head of global network services at American Express from 2000 to 2007. Previously, he was CFO of Monsanto and of Sears, Roebuck and Company. Crittenden began his career at Bain & Company after earning a BS from BYU and an MBA from Harvard Business School.

This article is adapted from the 2007 Marriott School Honored Alumni Lecture given by Crittenden 20 September 2007.





**THE RETIREMENT QUESTION OFTEN
SURROUNDS HOW MUCH MONEY YOU'RE MAKING,
SAVING, AND SPENDING. IT'S ALL ABOUT THE TIME
WHEN WORK ENDS AND, PRESUMABLY, FUN BEGINS.**

You've either been stashing cash away, buying stocks, or even building a family business with the possible goal of selling it and enjoying retirement. Yet once retiree life begins, the financial work doesn't suddenly end. The question now becomes: How will you make your savings last so you don't run out of money before you run out of life?

Take Steve and his wife, Anne, who are both in their mid-50s. After retiring, the couple wants to take a cruise or two, do some humanitarian work, and make sure they have enough to afford any medical or nursing home expenses when they reach their late 80s. The problem is their Social Security money won't cover it all, and there is a chance those benefits may decrease substantially by the time they need them.

If they have \$1 million saved, they could live quite comfortably for some time. But what happens if they both lived into their 90s?

When retirement arrives they may fare far better devoting a chunk of their savings to a life annuity. Life annuities can be thought of as a financial savings account where you deposit your money, and, in return, the bank guarantees you fixed monthly payments each month for the rest of your life, whether it's ten years or twenty-five.

In essence, an annuity is the opposite of life insurance, where the payments of those who remain living go to cover the benefits paid to the estates of those who die prematurely. In the case of life annuities, the risk of outliving one's income is pooled among all annuity purchasers, providing a kind of insurance against outliving one's assets.

But a word of caution is in order. The life annuities, also called immediate annuities, discussed here are different than deferred annuities. Deferred annuities, also called fixed, variable, or index annuities, have an accumulation period of five to ten years or more before any payments are made to the purchaser. Deferred annuities are a very

different animal than the immediate life annuities discussed here.

At a time when people are living longer and the longevity of government assistance like Social Security is being questioned, many economists agree annuities represent a strong choice to safeguard one's lifestyle for the rest of his or her years.

THE PERFECT STORM

The decreasing levels of Social Security and pensions, along with the aging baby boomers and increasing longevity of Americans, has created a perfect storm—and we need to protect ourselves from its barrage.

For many workers in the past, retirement signaled a time when you would stop working and collect your company's pension for the rest of your life. These pensions are known as defined benefit programs where the receiver knows how much he or she will be receiving each year. But their use is dropping fast. During the past fifteen years, there has been only one new pension program of any size initiated in the United States. The number of pension plans in the United States peaked at 175,000 in 1983 and has since declined to less than 25,000.

Many of those that remain are insolvent or otherwise underfunded, and the government's Pension Benefit Guarantee Corporation, which insures them, is reeling under a load it cannot sustain. During the past fifteen years, 401(k)-style-defined contribution plans increased from around 17,000 to more than 450,000. When all defined-contribution-type plans are included, there are more than 650,000 today.

This switch from defined benefit to defined contribution plans means more financial risk will be felt by each of us. Instead of receiving a guarantee, we must make sure we are saving enough to meet our future needs. Put another way, the financial risk of retirement has been transferred from those best able to bear it to those less knowledgeable and least able to bear it.

As pensions disappear and Social Security becomes less sure, annuitization becomes an increasingly important retirement strategy.

Last year the first of the baby boomers signed up for Social Security benefits. Another 80 million are coming. Baby boomers, along with subsequent generations, will be burdened not only with the responsibility of providing for their own future retirement and health needs but also with supporting the Social Security and Medicare costs of the elderly. The net effect of this is that there will soon be many more people draining funds from the Social Security system, with far fewer people contributing to it. In 2006 there were 7.2 persons between the ages of eighteen and sixty-five for each person over sixty-five. Within the next twenty-three years, this ratio is projected to drop to 3.7, according to the Census Bureau.

CALCULATIONS

If, at retirement, people plan their finances to cover their needs throughout the remainder of their expected lifetime, which is roughly until age eighty-six, half of them can be expected to fail. This is simply because half will live longer—and many much longer—than their life expectancy. A healthy couple at age sixty-five has a 50 percent chance of living beyond ninety-two and a 25 percent chance of living beyond ninety-seven. And, if they choose a life annuity, they will be able to spend at the same rate for as long as they live. A life annuity is the only investment vehicle that features this advantage.

Trying to replicate this advantage of a secure lifetime income, but without the risk-pooling of a life annuity, would cost you 25 to 40 percent more money because you would need to set aside enough funds to last throughout your entire possible lifetime instead of just enough to last throughout your expected lifetime.

How much you choose to annuitize will depend on how much you have saved, how much risk you want to spend, and how much you would like to give to others. A sound strategy is to choose an annuity that will give you enough to meet your basic needs for the rest of your life while investing the balance in stocks, fixed-income securities, and money markets. The annuity doesn't need to meet all your desires; it just needs to meet your basic standard of living. The rest of your money can provide flexibility, protection against surprise expenses, and gifts.

In calculating how much to annuitize, subtract the amount you will be receiving from Social Security and any pension benefits you may have accrued from what is needed each month. Then annuitize a sufficient amount of your assets to provide for the remainder of the monthly income you will need to reach that threshold level. You can purchase a "real annuity" to protect against inflation if you prefer.

To make sure Steve and Anne will always meet their basic needs, the couple may choose to annuitize half of its assets, which now total \$1 million, for the rest of their lives. Each month the couple will receive about \$1,650, which automatically adjusts upwards with inflation.

You will want to make provisions for any extraordinary expenses, such as uncovered health costs and institutional care. Some annuities will pay out a larger amount at a certain age. So if you need special long-term care when you're eighty years old, you can choose an annuity that allows an increase in payments then. While annuities with this feature cost more than regular annuities that provide level payments throughout life, they can be well worth the extra cost. You can also purchase supplemental or long-term care insurance to bridge the gap left by Medicare insurance.

When you look for an annuity, choose one of the most financially sound insurance providers. You will be able to sleep a lot better if you're not concerned about your provider going bankrupt.



ANNUITY MYTHS

Understanding what annuities can do for you may be easy. But to help out even more, let's dispel some of the myths that commonly surround them.

Myth 1: Annuities cost too much.

Creating an annuity mathematically, or on paper, is easy. You plug in your total investment and interest rate and out pops what you can get each period. This is considered the actuarially fair price. But like most businesses, firms that provide these services charge a fee.

During the past decade, markups above actuarially fair prices have come down from around 6 to 10 percent to less than half that from the top companies, approaching zero in some cases. This one-time fee is less than the 1 to 2 percent fee mutual funds charge yearly. Life annuities offer lifetime income security; mutual funds don't give any guarantee that you won't outlive your assets. Of course, if you are unhealthy and have low prospects to regain your health, an annuity purchase may not be the way to go.

Myth 2: Homemade strategies are cheaper.

It takes an insurer to assemble a large pool of thousands of people to fund the payments that go to people who live longer than expected. A large pool is also needed to provide predictability and efficient pricing to the provider of insurance, as well as to the consumer.

It is difficult to form a viable pool if you try this at home on your own. Steve and Anne could choose to invest all of their assets in mutual funds or stocks and bonds, but the chance that they can match the average returns and security of an annuity is small at best. By annuitizing part of their assets, they can ensure they will always have income to meet their needs.

Homemade systems carry a risk of running out of income long before one runs out of life. If everything goes according to assumptions and the plan is followed tightly, there may be only a 15 percent risk—roughly equivalent to the 16.7 percent odds of losing in a game of Russian roulette. But with annuities there's no risk.

Myth 3: Annuities are detrimental to inheritances.

If you choose to annuitize all of your assets, then your heirs may not receive as much money. Any excess money you received on a monthly basis could be given to them. But if you die soon, there will be very little to pass along. This can be remedied by using some of the extra monthly annuity income to purchase life insurance, which can generate a sizable sum to pass along at death. With annuitization the insurers absorb all of the longevity risk. Without annuitization the heirs absorb all of the risk rather than the insurers.

When you purchase an irrevocable life annuity at retirement, you lose control over those funds—and, thankfully, so do your kids. This provides added security because your financial safety will come before someone else's desire for your money.

Myth 4: I should wait to buy annuities in case interest rates go up.

Some people delay annuitizing in hopes that they can get higher annuity yields if interest rates increase. Briefly, here are the issues. It is true that if interest rates increase, annuity yields might also increase. But there are some mitigating factors to consider if you're thinking about delaying an annuity purchase. First, your accumulated assets need to be invested in something during the interim while awaiting the time to purchase a life annuity. If invested in traditional vehicles, such as fixed income and equities, the value erosion that typically accompanies rising interest rates may offset part or all of the gain that one hopes to garner by delaying the annuitization decision. Second, if life expectancy improves beyond the rate of improvement assumed in current pricing, the prices of the annuities themselves will climb.

INVESTMENT ANNUAL INCOME

\$100,000 invested by a 65-year-old male would yield:

IN ANNUITIES

Payments guaranteed at this level

Fixed payment	\$8,385.84 / year
(Nominal)	for as long as you live
Inflation adjusted	\$6,250.08 / year
(Real)	for as long as you live

IN CAPITAL MARKETS

Expected values subject to market risk

Equity	\$9,430.76 / year for 20 years
Bonds	\$7,642.15 / year for 20 years
T-Bills	\$6,798.17 / year for 20 years

The annuity income numbers are taken from current market quotes on annuities and the capital market income levels are based on consensus estimates of future rates of return.

CONCLUSION

By covering at least basic expenses with lifetime income annuities, Steve and Anne are able to focus on discretionary funds as a source for enjoyment. Locking in basic expenses also means that their discretionary funds can remain invested in equities for a longer period of time, bringing the benefits of historically higher returns that can stretch the useful life of those funds even further. Income annuities may also be a vehicle that enables retirees to delay taking Social Security benefits until they are fully vested, bringing substantially higher payments at that point.

The key in all of this is to begin by covering all of the basic living expenses with lifetime income annuities. Then, depending on your desire to assure higher consumption levels, you may want to annuitize a goodly portion of the remainder of your assets, while making provisions for extra emergency expenses and, possibly, a bequest. **M**

ABOUT THE AUTHOR

Craig Merrill is the Grant Taggart Fellow of Risk Management and the Marriott School's MBA director. Merrill is also a research fellow of the Wharton Financial Institutions Center at the University of Pennsylvania. He teaches courses on derivatives, financial risk management, and asset/liability management for financial institutions. His current research, with David F. Babbel of the Wharton School, focuses on annuities in retirement planning.



COMING TO LIFE

WITH THE EXTERIOR COMPLETE and the interior finish work picking up pace, the Tanner Building Addition is quickly coming to life.

The addition's roof is completed and its two elevators are being installed, while the workers are painting the first and second floors and hanging Sheetrock on the third and fourth floors. In some places the first coat of primer paint is in place. The atrium connecting the existing building to the new addition is close to completion as well.

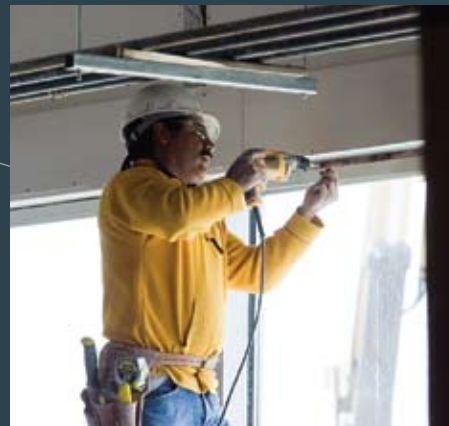
The construction is on schedule, with a projected completion date at the end of July 2008. Last winter brought above-average precipitation and cold weather, which affected construction, but the crews have been able to make up most of the lost time. About ninety construction workers are on-site each weekday, and some are working Saturday shifts to ensure it is completed in time for fall 2008 classes.

"We recently took more than fifty faculty and administrators through the building," says Richard Dalebout, associate professor of business law and building committee chair. "There was almost universal approval—a lot of 'oohs' and 'ahhs.' The consensus was this will be a tremendous addition to the Tanner Building."

Once the construction is completed, the university will take over the project, laying the carpet and installing the décor in August.

The parking structure adjacent to the addition will be finished in mid-May, but it's not scheduled to be opened for general use until Fall Semester 2008.

"It's an exciting project," says Kip Walter, Tanner Addition project manager for Jacobsen Construction, "We're just pushing to get it done so classes can be held in the fall." **M**







Restaurant Reality

WHAT TO KNOW IF
OWNING A RESTAURANT
IS ON YOUR
“TO-DO” LIST.

by
*J. Melody
Murdock*
...
illustrated by
Jon Cannell

At age ten, Kent Andersen set his sights on being a doctor. He never once doubted his future in medicine—that is, until he submitted his medical school application. To the shock of friends and family, Andersen decided being a doctor wasn’t what he wanted to spend his life doing after all.

With a degree in foreign policy from BYU, Andersen turned to law school. He took the LSAT and began his application, only to feel that law wasn’t the right fit either. Uncertain of his next step, he sought guidance from a career counselor. What followed was an unforgettable conversation—one he can laugh about now.

“My counselor looked me in the eye and called me stupid,” he recalls. “I was completely taken aback. There I was asking for help, and she was insulting me.” Andersen asked her what she meant.

Pointing to the magazine in his hands, she replied, “Kent, every time you come to my office, you have a cooking magazine under your arm. You obviously like to cook. Why don’t you see if you can make a career out of it?” “Oh, no. That would never fly,” he said half laughing. She urged, “I think you should investigate it and at least see if it’s something that would be viable for you.”

As he walked out of her office, something clicked. Cooking was the right fit. Soon

Andersen was attending the top culinary school in the nation. Fast forward fifteen years, and you'll now find him at the helm—owner and operator—of one of Utah's top fine dining restaurants.

Andersen had the rare courage to follow his passions. Even more remarkable, he followed those passions into a notoriously risky industry rumored to have a 90 percent failure rate during the first year. Yet those daunting numbers don't seem to scare entrepreneurs like Andersen away from the lure of starting, owning, or operating their own restaurant. An estimated ten thousand U.S. restaurants were opened or changed ownership during the last year.¹

But if you ask Andersen or any other restaurant owner who has survived the first few years, they'll more than likely tell you it's easier said than done. Those who excel in the business have discovered there is a recipe for restaurant success, and the most critical ingredient is understanding the realities of the business.

SEEING THE NUMBERS FOR WHAT THEY REALLY ARE

It seems to be widespread knowledge that restaurants are risky businesses. But do the numbers really measure up to the rumors? Industry experts don't put much stock in the alleged 90 percent failure rate for restaurant start-ups.

In fact, one professor at Ohio State University, H. G. Parsa, set out to debunk this myth. He found that the 90 percent figure is not only off base but also practically impossible, given industry growth rates. His research, consistent with similar studies, found that about one in four restaurants close or change ownership within their first year of business. His study concluded an overall failure rate of 61 percent over a three-year period.² According to the Small Business Administration, that's about the same level of risk you'd take on starting any new business.

It's also important to note that most studies count any restaurant turnover or closure as a failure when, in fact, the business may have been profitable and merely changed ownership or closed for reasons other than financial hardship.

Take for example, the experience of

Joan Young, Marriott School undergraduate program director. For fifteen years she and her husband owned and operated a profitable Italian restaurant located in a historic church. When the property owner decided not to renew the lease, the Youngs were forced to either move or shut down. "We looked at other places, but the one-of-a-kind atmosphere with original stained-glass windows and beautiful fountains just couldn't be replicated, so we chose to close," she explains.

Profitable restaurants, just like Young's, close every day for countless reasons other than lack of cash flow. So next time you hear someone quote the 90 percent failure rate: first, ask where the numbers came from; and second, remember that not all closures are failures.

CHOOSING WHICH OWNERSHIP IS RIGHT FOR YOU


If you've dreamed of someday owning a restaurant, have you thought about whether you'd like to start from scratch, buy a franchise, or purchase an existing establishment? Is buying a franchise less risky than an independent start-up? It seems to depend on whom you ask. Parsa's data suggests that franchise safety is overrated. His study had a distinction of only a few percentage points between the failure rates of independent and franchise start-ups.³

Industry veteran Matthew Stroud disagrees, saying there is a substantial difference in risk level between independent and franchised operations. "You have to have much deeper pockets to withstand the ups and downs of starting an independent restaurant," explains Stroud, vice president of investor relations for Darden Restaurants, the largest casual dining restaurant company in America. "Franchises are less risky because they generally come with proven methods in place, training, and handbooks. They have brand recognition, which means customers know what to expect. But most important, the cash flow is usually more certain," adds Stroud, who earned his MBA from the Marriott School in 1991.

While the risks of independent vs. start-up are debatable, there isn't much argument that acquiring an existing restaurant with a good history is the least risky route. Mark Abell, a loan officer for Vectra Bank

in Denver, says when it comes to getting a business loan, the banks definitely prefer acquisitions. "It's much easier to get a loan if you're acquiring a restaurant with a proven history," he explains. "The bank knows within reason how much cash flow the business has to service its debt."

Putting risk levels aside, the path to restaurant ownership is usually a matter of personal taste. The National Restaurant Association (NRA) reports that more than seven out of ten eating-and-drinking establishments are independent operations. Some, like Andersen, enjoy the spice and excitement of starting new and



*It seems
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businesses.
But do the
numbers
really measure
up to the
rumors?*



having complete control over the menu, atmosphere, marketing, etc. Others prefer the peace and security of entering into the proven system of a franchise or buying a restaurant already established and profitable.

FINDING YOUR FUNDING

The rumors about getting restaurant start-up loans are about as discouraging as those about failure rates, only loan rumors have more substance. Abell says restaurant start-ups in general—whether they are independent or franchised—are among the most difficult loans to obtain. “The banks heighten their lending standards because it’s a tough

then, they’ve run out of start-up capital.”

Because restaurant loans are more difficult to obtain, Abell says, most restaurant entrepreneurs seek other funding sources first, like friends, family, angel investors, or even their home equity. When Susan Hafner and her father started their own taco shop in 1987, they borrowed five thousand dollars from a relative to get it up and running. “With so little capital, it wasn’t easy,” explains Hafner, who earned her BS from the Marriott School in 1990. “We shopped around for used equipment and hired mostly family members. But we made it work and were able to support ourselves.”



industry,” explains Abell, who works specifically with small business loans.

Why are banks so leery of restaurant start-ups? Abell says it’s a number of factors such as: high expenses for leasehold improvements, which have no value in liquidation; lack of significant collateral; intense competition; low barriers to entry; severe fluctuations in cash flow; or faddish trends that don’t last. “Most restaurants hit roadblocks within eighteen months to three years,” he explains. “Usually, if they’re not profitable by

For those willing to go to bat for a loan, listen up. The critical factor most banks look at is not necessarily how much money you have in your savings but how much industry experience you have on your résumé. “Experience of the owner trumps all other factors,” Abell says. “If you don’t have experience, get it. Find a mentor, do your research, test your concept.”

Andersen, who earned his MBA from the Marriott School in 2001, attributes most of his restaurant success to having worked in

the industry for fifteen years before embarking on his own venture. “This isn’t a spectator sport,” he says. “It’s a business that has to be learned, practiced, and replicated over and over.” Young agrees: “Before even thinking about the restaurant business, I recommend shadowing someone to get a feel for the everyday life and crises of restaurants. Talk to as many people as possible and spend time behind the scenes.”

The bottom line: If your only restaurant experience is sitting down to a nice meal and paying a tip, you might consider finding an experienced partner, asking mom or dad for a loan, or getting a weekend job as a server.

OPTIMIZING THE LABOR POOL

Ask a group of restaurant owners what their biggest challenge is and you’ll most likely hear a unanimous, “Labor.” According to the NRA, nearly half of all adults have worked in the restaurant industry at some time during their lives, and 32 percent of adults got their first job experience in a restaurant. With numbers like those, it’s easy to see why the restaurant labor force is in constant flux.

Hafner experienced firsthand managing employees on the fast-food end, both in a franchise and in an independent restaurant. “We paid minimum wage, so we were constantly asking, ‘Who can we get for that price?’” she recalls. “Other industries could afford to pay more, so it was hard to compete with them for labor.” She says most of their employees were teenagers, which came with certain challenges. “When homecoming, prom, or a big football game rolled around, no one would work,” she says. “I ended up working those nights.”

She also explains that inexperience plus opportunity can equal dishonesty. “We had many employees yield to the temptation to take cash from the register or give free food to their friends,” she says. “Even years after we closed, we were still getting apology letters with checks from former employees who admitted to stealing.”

Joseph Call, a senior manager in strategic planning at KFC, agrees that managing young workers can be tough. “Getting a seventeen-year-old to show up on time isn’t easy,” he remarks. He says you’ve got to keep them interested by rewarding them with more than just money. “To keep good employees

It takes
being
creative and
attentive,
but mostly
it means
serving
your staff
the same
way you'd
like your
customers
to be served.

solid industry experience and then doing everything you can to keep him or her. “When your manager leaves, you usually lose much of your staff along with them,” Hafner says.

When Andersen opened his fine dining restaurant six years ago, he set a goal to keep his staff long-term. So far, he still has the same kitchen crew and has managed to maintain many of his front staff at least four years or more. His secret? “I offer all my staff flexibility, excellent compensation, and benefits,”

often expressed by those in the industry is time.

“I think many people get involved with owning and operating restaurants because they think it will be fun, but what they don’t realize, unless they’ve been in the business, is how much time it really takes to grow a restaurant,” Stroud says. Andersen says he’s seen it over and over, new restaurant owners disillusioned with the long hours. What does he mean by long hours? Take a look at a typical day for Andersen:



you need to offer perks like life skills training, ESL courses, and special recognitions,” adds Call, who earned his MBA from the Marriott School in 2002.

Young, who earned her MBA from the Marriott School in 1995, says that one of the keys to her restaurant success was treating her employees like part of the family. “We had regular social events for our employees with games and prizes,” she explains. “We also shared our financial successes with them by giving them bonuses when we did well, which helped them feel connected and appreciated.”

Hafner, Call, and Young also point out the importance of hiring a good manager with

he explains. “But most important, I listen to them, and I believe that means a lot.”

No two restaurants, no two employees, no two managers, and no two owners are the same, so it is critical to find a system that works for your team. It takes being creative and attentive, but mostly it means serving your staff the same way you’d like your customers to be served.

DEVOTING YOUR ALL

What do entrepreneurs underestimate most when they consider buying or starting a restaurant? Capital? Marketing? Repairs? Improvement costs? Economic factors? These are all likely answers, but the answer most

He arrives at 9 a.m. and begins answering and returning calls. He checks on grocery deliveries, oversees kitchen preparation and production, visits with vendors, and works on purchasing. At 11 a.m. he opens the restaurant for lunch. During lunch hours he personally greets and visits with his guests in addition to planning events and coordinating catering schedules. By 3 p.m. the restaurant is cleared and cleaned, and dinner preparations begin. From 5 p.m. to 9:30 p.m., Andersen is busy with dinner operations and again visits with guests. Around 11 p.m. or midnight, after dinner cleanup, Andersen finally heads home. That’s at least a seventy-hour work week.

It’s also important to note that a

Who's Who Among Alumni IN THE RESTAURANT INDUSTRY



SUSAN HAFNER—BS Finance, 1990—Independent consultant for restaurant owners, Farmington, Missouri

RESTAURANT EXPERIENCE: Owned a Taco Time franchise and Teela's Tacos restaurants. **HIGHLIGHTS:** "My favorite memories are the family bonding moments like when we dressed up our car like a taco as a float in a parade or hosted all-you-can-eat burrito contests. Then there were the times we pulled together and worked a month for free if necessary or got to add on to our restaurant if the business grew." **ADVICE:** "Plan for price increases. Don't be afraid to charge the right price. Never cut corners."



MATTHEW STROUD—MBA, 1991—Vice president of investor relations at Darden Restaurants Inc., Orlando, Florida

RESTAURANT EXPERIENCE: Waiter in high school and college (Brick Oven in Provo). MBA intern for General Mills' restaurants in Japan. Corporate financier for Red Lobster in Japan and the United States. **INDUSTRY TRENDS:** "Restaurant spending is less discretionary than it used to be. People have hectic lifestyles, more parents are working, and fewer people know how to cook at home. Dining out used to be a treat, but now it's a way of life." **ADVICE:** "Build a brand, create customer loyalty, and show consistency and predictability in food, cost, value, atmosphere, and service. But most important, remember it's a people business."



JOSEPH CALL—MBA, 2002—Senior manager in KFC Strategic Planning, Louisville, Kentucky

RESTAURANT EXPERIENCE: Worked in restaurants through high school and college, including managing a successful pizza shop, before joining KFC's finance department in 2002. **FAST FOOD TRENDS:** "Restaurants are becoming more of a destination for your lifestyle and not just a place to get food. That's why you'll continue to see more services being offered besides food, such as video rental and wireless internet." **HIGHLIGHTS:** "Being able to connect with people, to have a tangible good you're providing to someone, and making a difference in their day." **ADVICE:** "The industry as a whole is moving and changing, which means if you have a great idea and the ability to execute that idea better than anybody else, you can make it."



KENT ANDERSEN, C.E.C.—MBA, 2001—Owner and executive chef of Chef's Table, Orem, Utah

INDUSTRY EXPERIENCE: Certified executive chef for sixteen years. Degree from New England Culinary Institute. **RESTAURANT PHILOSOPHY:** "To give each person who dines in our restaurant a customized dining experience—anticipating and exceeding every preference, expectation, and need." **HIGHLIGHTS:** "Perceiving the needs of our customers and acting on them. For example, after one of my customers broke down crying because she was so stressed about preparing Thanksgiving dinner, we began offering Thanksgiving cooking courses. Now, hundreds have taken the course, and we have a lot of fun teaching it." **ADVICE:** "If you own a restaurant, remember you leave a part of who you are at work—on every plate."



WYMAN ROBERTS—MBA, 1984—President of Maggiano's Little Italy, Dallas, Texas

INDUSTRY EXPERIENCE: Washing dishes in restaurants at age twelve. Sixteen years at Darden Restaurants and four years at NBC's Universal Parks & Resorts. **INDUSTRY TRENDS:** "International segment for casual dining is going to take off, more healthy options on menus, and more focus on atmosphere and emotional connection to brands." **ADVICE:** "Ask your customers, 'Did we make you feel special today?' That is how you differentiate yourself from your competitors. Make it about the people."

restaurant's busiest times are during everyone else's leisure time—weekends, holidays, and celebrations. Then there are the unpredictable days when anything can happen.

"When you are the owner, the buck stops with you," Young says. One night the Youngs were on their way to the theatre when they got a phone call about a leak in the refrigerator. "It was in the middle of winter, and I remember standing outside in the cold with my thumb plugging the pipe until the plumber arrived," she recalls. "We never did make it to the play." But when asked if she'd do it all again, she says, "Absolutely." "We really miss those years and often think about opening another restaurant," she says. "We loved working with our children and made so many lasting friendships with our customers."

Young's sentiments exemplify a vital factor for restaurant success—loving what you do. The long hours, unpredictability, and seasonality don't seem like such sacrifice if you love your work. As the adage says, "Time flies when you're having fun."

FOLLOWING YOUR PASSIONS

Last fall Marriott School MBA students heard

from Wyman Roberts, president of Maggiano's Little Italy restaurant, a forty-one-unit chain. For more than an hour he captivated his audience. Why? Because he talks passionately about what he does. "What can you talk about in depth and with enthusiasm?" he asked the students. "Figure it out and follow your passions."

Roberts speaks from experience. He began in the restaurant industry washing dishes at age twelve. When he graduated with his MBA from BYU in 1984, he had several job offers, but only one in the restaurant industry. Despite it having a significantly lower salary, Roberts took the offer. "I knew I would bring passion to the job," he says. "I can honestly say I work in an industry I love—an industry all about people."

It's the same love for people that keeps Andersen working seventy-hour weeks and holidays. "I get to see people at their happiest moments," he says. "They come to my restaurant to celebrate life experiences. I help create memories of those special events." Andersen knows many of his customers so well that when they walk in the door, he has the kitchen start making their favorite appetizer before they are even seated. "It's so

satisfying to do something you like, to create something people enjoy," he adds.

Andersen can still be found with a cooking magazine under his arm and says he'll always be grateful to his career counselor who helped open his eyes. Andersen, like most successful restaurant owners, embraces the realities of the restaurant business—both the challenges and the rewards. He'll be the first to tell you it isn't easy to operate a restaurant that hits the mark and is a financial success, but if you ask him what he loves about his job, you may have to pull up a chair and order an appetizer—perhaps one of his bacon-wrapped sea scallops. **M**

ENDNOTES

- 1 National Restaurant Association 2007 and 2008 Industry Forecasts.
- 2 "The Restaurant-Failure Myth," by Kerry Miller. Retrieved December 2007 from BusinessWeek.com.
- 3 Ibid.

ABOUT THE AUTHOR

J. Melody Murdock is former editor of Marriott Alumni Magazine and is now a freelance writer and editor based in Salt Lake City. She earned her BA in 2000 and master's degree in mass communication in 2003 from BYU.

Did You Know?

- Restaurant industry sales equal nearly 4 percent of the U.S. gross domestic product.
- 23 percent of all meals in the U.S. are eaten outside the home.
- Americans spend 47.9 percent of their food budget in restaurants.
- The restaurant industry employs 12.8 million people, making it the nation's largest employer besides the government.
- The restaurant industry is expected to add 2 million jobs during the next decade.
- The average household expenditure for food eaten outside the home in 2005 was \$2,634, or \$1,054 per person.
- Women and minorities represent three out of five owners of restaurants, compared to less than half of all U.S. firms.

National Restaurant Association 2007 Industry Forecast.

Top Culinary Trends

<i>Bite-size desserts</i>	<i>Pan-seared items</i>
<i>Locally grown produce</i>	<i>Fresh herbs</i>
<i>Organic produce</i>	<i>Latin American cuisine</i>
<i>Flatbread</i>	<i>Exotic mushrooms</i>
<i>Bottled water</i>	<i>Salts</i>
<i>Specialty sandwiches</i>	<i>Grilled items</i>
<i>Asian appetizers</i>	<i>Pomegranates</i>
<i>Espresso/specialty coffees</i>	<i>Grass-fed items</i>
<i>Whole-grain bread</i>	<i>Free-range items</i>
<i>Mediterranean cuisine</i>	<i>Pan-Asian cuisine</i>

National Restaurant Association survey of 1,146 members of the American Culinary Federation, October 2006.

SCHOOL NEWS

BYU Finance Web Site to Assist in Planning

During every transition of life, personal finances play an influential role in deciding goals for the future. In an effort to provide families and individuals with the tools and resources necessary to obtain financial freedom, the Marriott School has introduced a personal finance web site designed to help users at every stage of financial knowledge.

"A solid understanding of basic financial principles plays an important role in the well-being of individuals and families," says **Ned C. Hill**, dean of the Marriott School. "This project is one of our many efforts to increase financial literacy and self-reliance among our students as well as families and friends outside the university."

The web site, located at personalfinance.byu.edu, is divided into three courses: the beginning course is designed for high school students and college freshmen, the intermediary course is intended for college students and married couples, and the final course teaches retirement planning and investing. Each of the courses is founded on the principle of setting goals and is designed to help participants obtain their goals.

"Once people determine their goals, we give them the tools to achieve them and keep their personal finances in order," says **Bryan Sudweeks**, the principal web site developer and Marriott School associate professor of business management. "We want to help people put foundations to their dreams."

Web site visitors can access individual lessons and manuals based on their own financial knowledge and course level. Shortened lessons and PowerPoint presentations are also available for family activities and for teachers who would like to incorporate the topics into their curriculum. As part of the advanced course of study, participants may download the complete college manual used



Air Force ROTC Staffer Honored



Marriott School's **Ginny Richman** was named Air Force ROTC Civilian of the Quarter in recognition of her contribution to the Brigham Young University AFROTC detachment.

"Ginny is an essential asset to our detachment, and we nominated her knowing she was a well-rounded candidate," says **Col. Gordon Jacobs**, professor of aerospace studies. The award is part of a quarterly recognition program for thirty-four university detachments in the northwest region under the administration

of Col. David L. Mintz, region commander of the AFROTC. As department secretary of the BYU AFROTC detachment, Richman's nomination focused on her accomplishments during the fourth quarter of 2007.

Richman coordinated a recruitment effort that led to a 5 percent increase in AFROTC enrollment during the quarter. She also helped administer the commissioning of four graduating cadets to the Air Force. Additionally, she designed a plan to increase the professional appearance of the AFROTC department and secured the approval for the office refurbishment.

"Not only does Ginny coordinate the efforts of the AFROTC office in a professional manner, but she has a great outlook on life," says **Lt. Col. Russell Hopkinson**, an executive officer for the BYU AFROTC. "Her positive attitude transmits to the cadets."

Richman, who has been part of the BYU AFROTC for more than seventeen years, has assisted 515 cadets through their commissioning to the Air Force. Her longtime contribution to the program was also recognized by the Marriott School with a Staff Excellence Award in 1999.

by MBA students in Sudweeks' personal financial planning class.

Each set of lessons requires participants to complete a financial plan assignment. At the end of the course, the assignments are compiled into a personal financial plan, a tool designed to lead to economic self-reliance and financial freedom.

STUDENT NEWS

Student Entrepreneurs Recognized with Awards

Managing a business while attending school has proven to be a rewarding experience for two students who tied for the title of 2007 Student Entrepreneur of the Year. **Ethan Heintzelman**, founder of Elite Express, and **Bo Porter**, founder of Fox Websites, each received a \$10,000 award for this honor.

"The examples provided in this competition create a can-do attitude for aspiring student entrepreneurs," says Derek Pando, president of

the BYU Collegiate Entrepreneurs' Organization, which coordinates the SEOY competition. "This year's finalists are willing to make sacrifices to get things done both in their business and in school. They are extremely hardworking."

Heintzelman, a MAcc student from Longwood, Florida, became a clear example of taking risks when he started a business in South America. His courier mail company, Elite Express, is headquartered in Guayaquil, Ecuador, with an office in Quito. Heintzelman oversees asset allocation and finances by visiting Ecuador several times a year.

"After serving a mission in Ecuador, I knew I wanted to begin a business there to provide opportunities for others," Heintzelman says. "I learned that you don't have to have a new idea, you just have to do it better, and that's what we wanted to do with Elite Express."

Porter, who petitioned to enter the competition as a BYU-Idaho student, is a senior majoring in business management from Orem. His

BusinessWeek Ranks BYU Undergraduate Business No. 7



BYU's undergraduate business programs ranked seventh overall and first among recruiters according to *BusinessWeek* magazine's comprehensive ranking of U.S. undergraduate business programs. The school was also ranked first in return on tuition for private colleges. The magazine's survey says students hail the Marriott School's emphasis on producing successful and ethical business leaders.

"This is a thrilling recognition to be in the top ten all three years," says **Joan Young**, director of BYU's undergraduate manage-

ment program. "I think it says something about our staying power and the mix we have of highly motivated students and a curriculum that really stretches them."

The University of Pennsylvania's Wharton School ranked No. 1, followed by No. 2 University of Virginia, No. 3 Notre Dame, No. 4 Cornell, No. 5 Emory, No. 6 University of Michigan, Ann Arbor; No. 7 BYU, No. 8 NYU, No. 9 MIT, and No. 10 University of Texas at Austin.

"I don't believe there is a brighter group of students anywhere," says Marriott School Dean **Ned Hill**. "The fact that our faculty is so interested in undergraduate students says a lot about our program. We also try to keep our classes small enough to facilitate that essential interaction between faculty and students."

Only 127 colleges met *BusinessWeek's* stringent criteria to be considered for the undergraduate business rankings. Schools must have an accredited undergraduate business degree program that meets criteria for program size, age, test scores, grade point averages for business majors, and number of full-time tenured faculty, among other things.

Colleges were ranked according to five weighted sets of data: a survey of more than 80,000 students; a survey of 618 corporate recruiters; median starting salaries for graduates; the number of graduates admitted to thirty-five top MBA programs; and an academic quality measure that consists of SAT/ACT test scores for business majors, full-time faculty-student ratios in the business program, average class size in core business classes, the percentage of business majors with internships, and the number of hours students spend preparing for class each week.

"I believe that we have some of the best faculty in the country," says **Heidi Green**, a senior majoring in finance from Centerville, Utah. "They not only motivate and inspire me to learn business concepts but also teach me to become better in my personal life."

The weakest point in BYU's performance was the percentage of students with internships. "Although we strongly encourage internships, we don't require them," Young says. "The number of students doing internships has been a point of discussion for several years. And I'm happy to report that we recently introduced new online resources to help students find internships, determine the quality of internships, and make good company contacts. This is an area we are strongly focusing on."

e-commerce company, Fox Websites, sells niche products through specialized web sites. Porter's venture began by selling airbeds on eBay—later expanding to specialized sites for retailing duffel bags and airbeds.

"When I started selling airbeds online, I knew the profit for selling one a day would add up to what I was earning in my current job," Porter says. "I decided to take the leap and branch out

with my own web site."

Porter, as well as other finalists, used resources provided by the BYU Center for Entrepreneurship to start and grow his business. He advises aspiring entrepreneurs to take educated risks by finding information about the business industry and the market.

"Figure out what is truly the worst thing that could happen. If you can accept that, go for it,"

Porter says. "The upside may be worth much more."

In addition to Heintzelman and Porter, this year's competition finalists included **Johnny Hebda**, a senior majoring in music dance theatre from Clarksville, Tennessee, and owner of Pointe Pest Control.

During the final round of the competition, students presented their businesses to a panel of investors and venture capitalists. Because Heintzelman and Porter tied for first place, third place was awarded to Hebda, who received \$5,000 to be used in his business.

Online Shipping Idea Wins Web Business Competition

With an idea designed to revolutionize online shipping, Marriott School student **Matthew Pickard** won the first annual BYU Web Business Idea Competition and a \$3,000 cash award.

WEBIC is a new competition sponsored by the Rollins Center for eBusiness—promoting the use of the internet in entrepreneurship. Pickard's business idea, eTake, is a web site used to bid on shipping rates offered by individuals—not companies.

"eTake will connect people who need goods moved to a location with people who are already going that direction," says Pickard, an MBA student from Green River, Wyoming. "My father and I came up with this idea last year while talking one evening. Ever since then, I have wanted to develop it and try it out."

Pickard's business idea was chosen from 175 submitted to WEBIC. After the entries were narrowed down to thirty, semifinalist students presented their ideas in a three-minute elevator pitch judged by successful entrepreneurs.

"We designed this competition as a link to the BYU Business Plan Competition, for which students can further their ideas into working business plans," says **Jeff Brown**, program manager for the eBusiness Center. "Many of this year's ideas have the potential to become successful e-businesses."

As part of the competition, four finalists were each given mentors to help them prepare for final presentations, which were judged by the keynote speakers of eBusiness Day. Judges included Morgan Lynch, co-founder of Logoworks; Nick Efstratis, managing director of Wasatch Venture Fund; and Ben Peterson, founder of MingleMatch, Inc.

The second-place winning idea was for Stream My Music, an online music server from

which users can access their music anywhere. The Stream My Music team won \$2,000 and was composed of **Evrhet Milam**, a junior majoring in information systems from La Crescenta, California; Dan Posner, a precommunications student from Avon, Connecticut; and **Nathaniel Graves**, a senior majoring in information systems from Highland, Utah.

Angela Chau, a senior majoring in information technology from Broomfield, Colorado, received third place and \$1,000 for her Virtual Team Builder idea. When developed, this web site will allow management within companies to build a virtual team of experienced professionals around the world.

"This year's finalists planned viable business ideas, and the competition is an incentive to make them a reality," Brown says. "We really hope these students take the leap to start their own e-business."

MBA Students Take Field Trip to Switzerland

Field trips have taken on new meaning for eight MBA students who traveled to Switzerland this fall as part of the MBA international human resource management class.

Throughout the weeklong trip, students met with global business executives from companies—including Nestlé, Cisco Systems, and Dow Chemical—to learn how each develops global leaders.



"By traveling to Switzerland, students obtained a greater sense of the need for prepared graduates in international business," says **Brooklyn Derr**, professor of organizational leadership and strategy. "We also wanted to provide students with global business experiences that will add to their marketability in an international business world."

During their visit to Dow Chemical, students met with two human resource executives to discuss the company's program for the internationalization of leaders, which is designed for about 625 expatriate employees.

"Students had the opportunity to meet with the Dow executives who select and develop future global leaders," Derr says. "They helped students understand the opportunities, struggles, and experiences of expatriate workers."

At the Cisco Systems Rolle office, company executives discussed with students the need for more globally sophisticated leaders, emphasizing

the use of technology in the business world. The meeting was conducted with executives in San Jose, California, via TelePresence, a video conferencing system designed by Cisco.

"Visiting Cisco provided an opportunity to see how technology is growing in a way that enables global business," says **Alex Johnson**, a second-year MBA student.

The trip not only exposed students to international business cultures but also helped to develop networking and recruiting opportunities.

Dick Smith, director of the MBA Career Management Services, accompanied the group to Switzerland in an effort to strengthen BYU's relationship with Nestlé, the world's biggest food and beverage company, with headquarters in Vevey, Switzerland.

"Nestlé, along with other global companies, is looking for graduates with international experience and adaptability to new cultures, which is a quality most of our MBA students possess," Smith says. "The Marriott School offers a variety of courses and programs exposing students to international business, which provides great marketability after graduation."

Jonathan Hart, who is earning a Global Management Certificate through the Global Management Center, says the trip complemented his international business classes, and the experience will enhance his post-graduation position with Microsoft.

"It is important to be aware of the global

CEO Chapter Wins Three National Awards

The Marriott School's chapter of the Collegiate Entrepreneurs' Organization received high honors at the organization's recent national conference, with three first-place chapter awards. The organization also honored a BYU student and an alumnus with individual awards.

"BYU has one of the dominant CEO chapters in the nation because our students are very entrepreneurially minded," says **Gary K. Rhoads**, professor of marketing and the club's faculty advisor. "Entrepreneurship is part of our culture of pioneering."

Out of 1,200 students from more than forty different universities, BYU received first place for "Best Business Plan," "Best Chapter Marketing," and "Best in Teaching Entrepreneurship." The chapter's marketing award was in recognition of the club's record-setting "Rock, Paper, Scissors" tournament in 2007. A Guinness World Record is pending for the event, which drew more than seven hundred participants.

In addition to the chapter awards, chapter member Travis Tidball, a junior from Chicago majoring in economics, won \$1,500 as the national third-place winner in the elevator pitch competition. And Marriott School alumnus **Josh James**, co-founder of Omniture, was named CEO's Young Entrepreneur of the Year.



business environment and how it will affect my company's operations in other parts of the world," Hart says. "Because of this trip, I feel more comfortable interacting on the global stage; it's added a lot more value to my MBA experience."

BYU MBA Team Places First in Ski and Ethics Competition



Racing down a professional ski course was just part of the University of Denver's 2008 Race and Case competition, where six Marriott School MBA students earned first place in the combined skiing and ethics case event.

"These students have been wonderful representatives of the Marriott School's commitment to ethical decision-making in business," says **Craig Merrill**, MBA program director. "We are very happy for their accomplishment, and we're glad they can also make it down a mountain."

This year's Marriott School team was composed of **Dan Iverson**, from Layton, Utah; **Kyle Poll**, from Layton, Utah; **Juan Quilantan**, from Veracruz, Mexico; **Michelle Quinn**, from New Canaan, Connecticut; **Heather Tucker**, from Clarkston, Washington; and **Cale Wester**, from Eagle, Idaho. Since the competition was established in 2004, Marriott School teams have taken first place twice.

The ski challenge was evaluated by the combined time of the two fastest women and two fastest men on each team. The BYU students took fourth place in the ski race, which counted for one-third of the total score. The remaining points were awarded for the case portion of the competition, where the BYU team placed first—beating teams from the University of California, Berkeley; the University of Notre Dame; and others.

For this year's case, the teams theoretically represented Solidarity Fund, a development capital fund that invested in Gildan Active Wear, a T-shirt manufacturing company located in Montreal. After more than five years of collaboration with Gildan, a television program revealed that workers in the company's Honduras plant were being exploited and fired for showing interest in forming

unions. When the company denied the accusations and refused to implement new standards, Solidarity Fund had to choose whether to stay in the company or sell its 11 percent ownership.

"The ethical dilemma was choosing the best option not only for the fund's financial future but also for its relationship with the community," Poll says.

Even with the team's chosen strategy to sell Solidarity's ownership of Gildan, the final presentation to the judges became a pivotal factor in winning the case. As part of the presentation, the team included short audio clips in which each of the stakeholders explained their experiences with Gildan. These included Rosa, a Honduran line worker; Jean, a union worker in Montreal; and Stanley, a Solidarity Fund shareholder.

"We wanted our judges to know the self-interests of each of our stakeholders and introduce the reality of their situation," Tucker says. "I think doing this not only allowed our knowledge on the subject to come through but also our passion to do what was best for everyone involved. Analyzing how each stakeholder will be affected is an important element of ethical decision-making."

Students Win Second Place at Supply Chain Competition



From left: Artie Gulden, Bradlee Watson, Harsh Dhawan Grover, Dave Minaker, Brian Fischer, and Alvaro Brisolla.

Six Marriott School students won second place and \$2,000 at the eleventh annual FedEx Freight International Graduate Logistics Case Competition in Fayetteville, Arkansas.

It was BYU's first time at the invitational event, sponsored by FedEx Freight in alliance with the Supply Chain Management Research Center at the University of Arkansas' Sam M. Walton College of Business.

"On a global stage, the supply chain world is a close-knit community," says **Stan Fawcett**, professor of global supply chain management and the team's faculty advisor. "Being able to get the invitation to compete and then to perform well opens the door to this tight field. The team's performance

in Arkansas improves the visibility of and recruiting opportunities for our students."

The 28 February–1 March event pitted twelve of the best supply chain programs in the world against each other, with each team playing the role of a consulting firm for a fictional startup company in the growing wind turbine industry. Contestants had twenty-four hours to review the case and prepare recommendations for a supply chain plan, which they presented before a panel of judges. The judges then challenged each team's findings in a question-and-answer session.

To be selected for the team, Fawcett interviewed potential team members with a variety of backgrounds who exhibited the right combination of talent, decisiveness, and humility. The final team consisted of first-year supply chain students **Bradlee Watson**, from Layton, Utah; **Brian Fischer**, from Pomona, California; and **Dave Minaker**, from Alberta, Canada; second-year supply chain students **Alvaro Brisolla**, from São Paulo, Brazil; and **Artie Gulden**, from Provo; and second-year finance student **Harsh Dhawan Grover**, from Durg, India.

To prepare, the team spent four weeks analyzing case studies and delivering presentations to a panel of BYU professors, which helped the students improve their analytical skills, teamwork, and confidence.

"My first practice presentation was terrible," Brisolla says. "But by the time I presented at the competition, I was not the same person. Not that my English improved that much, but our preparation gave me more confidence to speak English in front of people. Presentation skills are important in business, so I think the competition was fantastic for me."

The University of Maryland placed first and won \$3,000, and Pennsylvania State University finished third and won \$1,000.

U.S. News Ranks BYU's Law and Business Schools in Top 50

BYU's business and law schools are among the top fifty in the United States, reports *U.S. News & World Report* in its "America's Best Graduate Schools" issue. Other BYU graduate programs and specialties rank in the top 100 in their categories.

The Marriott School is ranked twenty-ninth, tying its highest ranking ever from *U.S. News*, while the J. Reuben Clark Law School is ranked forty-sixth.

"While the best measure of our success is our graduates' impact on society, we are grateful for the recognition of academic excellence and the

Marriott School Names 2008 Hawes Scholars



Back, from left: Juan Quilantan, Kevin Brandvold, Scott Creer, and Lincoln Walpole. Front, from left: Rachael Hawkins, Sarah Davis, Aaron McKay, and Jeremy Wright.

Marriott School has announced eight MBA candidates as its 2008 Hawes Scholars. The honor, which carries a cash award of \$10,000, is the highest distinction given to second-year MBA students at the school.

"These students have impressed both the MBA faculty and classmates with their tendency to make the most out of their opportunities," says **Craig Merrill**, MBA program director. "They make good things happen,

and that is how we want students to represent BYU."

The 2008 Marriott School Hawes Scholars are **Kevin Brandvold**, of San Francisco; **Scott Creer**, of Troy, Michigan; **Sarah Davis**, of Cedar Hills, Utah; **Rachael Hawkins**, of Spokane, Washington; **Aaron McKay**, of Pleasant View, Utah; **Juan Quilantan**, of Veracruz, Mexico; **Lincoln Walpole**, of Mapleton, Utah; and **Jeremy Wright**, of Provo.

Nominations for the Hawes Scholars are made by students and faculty and voted on by both groups. Final selection is made by the Hawes Scholar Committee. Selection is based on academic performance, leadership maturity, and a commitment to high ethical standards. Named for successful corporate executive **Rodney A. Hawes Jr.** and his wife, **Beverly**, the award was created in 1998 to recognize the accomplishments of graduating MBA students.

The Hawes Scholar Award is one of many initiatives made possible by the Hawes Endowment, a gift of more than \$2 million used to facilitate the growth and enhancement of the Marriott School's nationally ranked MBA program. Hawes, a Baker Scholar from the Harvard Business School, and his wife wanted to create a tradition at the Marriott School that recognizes and rewards excellence among students entering the business world. He served as chair and CEO of Life Re Corporation, a leading provider of life reinsurance in the United States. In addition to being widely recognized for his expertise in financial matters, Hawes has a reputation for integrity, hard work, and community service.

fine quality of our students," says **Ned C. Hill**, dean of the Marriott School.

The Marriott School was ranked forty-first in last year's rankings and the Law School was ranked forty-fourth. This year's rankings come from surveys of more than 1,200 programs and nearly 14,000 academics and other professionals conducted in fall 2007.

"The jump in this year's rankings is in part due to the superb efforts of our placement office," Hill says. "They helped find good positions within three months of graduation for nearly all of our MBA students seeking employment."

The Marriott School's graduate accounting program is also ranked eighth in the 2009 rankings, up from tenth last year; and the Romney Institute of Public Management ranked fifty-first in top public affairs programs.

U.S. News ranks graduate programs in the areas of public management, business, education, engineering, law, and medicine. These rankings are based on two types of data: expert opinion about program quality and statistical indicators that measure the quality of a school's faculty, research, and students. The magazine also ranks programs in the sciences, social sciences, humanities, and many other areas based solely on the ratings of academic experts.

Students Win Internship Competition



Back, from left: Brad Schramm, Derek Brown, Clayton Wyatt, and Trent Hope. Front, from left: Jordan Glazier, Bruce Hymas, Ben Sycamore, and Greg Schulz.

This summer eight undergraduate Marriott School students will intern with key industry companies after winning the school's second annual Intern Competition—an event sponsored by the Marriott Undergraduate Student Association.

"An internship is a great opportunity to learn the lingo of business and figure out if that is really what you like," says **Andy Emory**, one of last year's winners. "My internship last summer prepared me for a job after graduation and increased my marketability with employers."

This year's winning students accepted internships with companies in their fields of study: **Clayton Wyatt**, from San Diego,

and **Ben Sycamore**, from Thousand Oaks, California, both with Core Realty; **Greg Schulz**, from Alberta, Canada, and **Trent Hope**, from Temecula, California, with Millenniata; **Jordan Glazier**, from Orem and **Derek Brown**, from Beaverton, Oregon, with Sperry Van Ness Equities; **Brad Schramm**, from Los Alamos, New Mexico, with Ossola Wealth Management; and **Bruce Hymas**, from St. George, Utah, with CEObuilder.

Loosely based on the television show *The Apprentice*, the Intern Competition was initiated last year by the Marriott School undergraduate management advisory board to promote internships. In an effort to find the top candidates, the thirty-six student applicants were required to complete different tasks, some of which included researching companies and interviewing with members of the advisory board.

Eighteen finalists presented a one-minute pitch of themselves and their qualifications during the final selection event. After answering a probing question from the judges, finalists were rated on a ten-point scale, with the possibility of earning a total of thirty points. Additionally, the finalists were evaluated on individual interviews, past experiences, possible contribution to the companies, personal drive, and attitude.

ALUMNI NEWS

MANAGEMENT SOCIETY

Rancho Santa Margarita, California, Chapter Launches

What began as a small group of friends meeting together to promote moral and ethical leadership in business is now expanding like ripples in a pond with the addition of the Rancho Santa Margarita, California, Management Society Chapter.

William Chapman, chapter president, says, "The concept is: We start with people we know and expand throughout the neighborhood and nearby communities."

The chapter's first meeting was held at the Bell Tower Regional Community Center on 16 January. Although they expected about thirty people to attend, sixty-five showed up. Dan

McCormick, author of *Lessons from Great Lives*, spoke at the event.

Chapman says he believes the event was successful because the location was a central area of the community, so it was easier for people to attend; the event was a breakfast rather than a luncheon, so individuals were able to attend before they commuted to work; and the focus was on moral and ethical leadership, a subject different from the focus of most business events. "We want to focus on moral and ethical leadership with a passion," Chapman says.

The chapter has become involved in the larger community through its interaction with the city office. City Consultant Kathy Graham invited the chapter to hold a booth at the City Rancho Santa Margarita Business Resource Fair, an event

sponsored by the city and local chamber of commerce. Chapman was also asked to provide the keynote speaker for a large community breakfast held annually by the city office.

Peter Vidmar spoke at the second chapter event on 13 February, discussing morals and ethics in the Olympics. Vidmar is the most decorated men's gymnast in U.S. Olympic history and one of the top ten motivational speakers in America.

While the speakers and chapter events have been successful, Chapman recognizes two real challenges the chapter faces. The first is branching out into the community. The second is finding individuals who are willing to share their stories. Chapman says they want individuals willing to talk about times when they were "at a moral crossroads but did not take the unethical

Silicon Valley Outfits Students with Business Attire



BYU-Hawaii business professor **Helena Hannonen** knows that proper professional attire is just as important as a good résumé and strong experience for students attempting to land their first job out of college. She also knows that sometimes it's hard for cash-strapped students to purchase appropriate clothes.

With the help of the Silicon Valley Management Society WOMEN organization, Hannonen was able to obtain 850 pounds of professional clothing for BYU-Hawaii business students. A boutique with the donated clothes opened in the Aloha Center on 29 September. The donations outfitted around 150 students with at least two complete outfits and a pair of shoes.

"The students were so happy; the joy was indescribable," says Hannonen, also a member of the Management Society Steering Committee.

Marcie Hill and **Marilyn Harmer** of Silicon Valley WOMEN helped obtain business clothing by enlisting Bay Area Relief Societies to help gather the clothes. "There was such an outpouring of support from

women all over the Bay Area. It was amazing," Hill says.

After about six months of collecting, the clothes were sorted, and a shipment was sent to Hawaii in thirty-two boxes. The shipping was estimated to cost \$1,400. To pay for it Hill obtained a generous grant of \$600 from the Alexander and Baldwin Foundation based in Honolulu. To finance the rest of the shipping costs, a yard sale of the leftover clothing helped raise around \$200. BYU-Hawaii students and faculty also sent \$363

to help with costs. The rest of the money was raised through two workshops organized by Silicon Valley Chapter President **Chet Harmer**.

Management Society members and individuals from the community donated boxes, tape, and vehicles to move the crates to mail. A local LDS bookstore provided a storage area for the leftover clothes until the yard sale was held.

Organizations and individuals also worked together in Hawaii to make the event a success. The Students in Free Enterprise organization advertised two weeks before the event and helped set up and run the business boutique. The theatre department offered clothing racks and volunteers organized the clothing by size. Betty Bacon, who teaches sewing at BYU-Hawaii, altered clothing for students along with other volunteers.

As a thank-you, students in Hawaii sent pictures and a video of them modeling their different outfits. **Kathleen Tice**, of WOMEN, says, "I did not know how important it was for us to do the clothing drive until I saw pictures of the young women trying on the clothing."

path.” With these challenges in mind, Chapman and chapter members plan to continue holding monthly events with strong speakers who focus on the society’s mission.

Las Vegas Chapter Presents Awards for Outstanding Civic Service



Linda Smith and Stephen Covey

The goal to encourage good works and build bridges within the community was accomplished at the “Evening of Excellence: Honoring Service” event held by the Management Society at the Green Valley Ranch in Las Vegas on 16 October. Stephen R. Covey and Linda Smith were honored at the event for their civic contributions.

Covey is internationally recognized for his expertise on families, leadership, and business organization and is a best-selling author. His latest book, *The 8th Habit: From Effectiveness to Greatness*, focuses on achieving greatness by finding fulfillment and contribution in life.

Linda Smith is the director of development for Opportunity Village, an organization that houses and cares for individuals with mental and physical disabilities who are no longer provided for by the schooling system. Smith has organized an astounding number of fund-raising events during the past twenty-five years, raising more than \$67 million and making the establishment and continuance of Opportunity Village possible. She is considered the “Mother Teresa” of Las Vegas.

Around 130 individuals attended the morning training workshop with Covey, and 275 were present for the dinner and awards presentation.

Chapter President **Michael Call** says the goal of their events is “to build bridges by getting like-minded people with similar values about service together in the same room.”

CLASS NOTES

1972

Fredric R. Van Wert was recently named associate director for Science Management Operations at NASA’s Ames Research Center. As associate



director, Van Wert is responsible for the administrative and operational support of space, life, and earth science research and technology development.

Van Wert joined NASA as a financial resources specialist after serving as an administrative officer with the U.S. Air Force at McClellan AFB, in Sacramento, California. He has been with NASA more than thirty-five years and has worked on numerous projects including the world’s first supercomputer, the world’s largest wind tunnel complex, the world’s fastest planetary entry probe, and the world’s largest airborne telescope.

Van Wert graduated with an MPA from BYU in 1972 after earning a BS in 1970. He and his wife, Linda, have two children and reside in Sunnyvale, California.

1979



Joseph Lee Plicka is the vice president/senior credit administrator of Westamerica Bank, a position he has held since 1992. Westamerica is a community bank headquartered in San Rafael, California, and is rated one of California’s strongest and healthiest banks with more than \$4.8 billion in assets.

Shortly after graduation Plicka began his career as a commercial banking professional employed as vice president of Bank of America. He later served as vice president of Wells Fargo. Through the years Plicka has also been actively involved in a number of volunteer activities. He served as a Scoutmaster for the Boy Scouts, was a coach for Davis Little League and the Davis American Youth Soccer Organization, was director of the Davis California Soccer Referee Association, and was involved in the United Way Sacramento Area Program Review.

Plicka earned a BS in zoology in 1977 and an MBA in 1979 at BYU. He spends his free time camping, water-skiing, and snow skiing. He and his wife, Sally, have four children.

1982



Christopher Leach recently joined Affiliated Computer Services, a provider of business process outsourcing and information technology solutions, as senior vice president and chief information security officer. He previously held

a similar position with First Horizon National Corporation, a financial services company.

Leach has authored several articles for industry publications. *Accounting Today* has twice named him one of the one hundred most influential people in accounting. He earned a BS in accountancy from BYU in 1982.

He is actively involved in the Boy Scouts of America and has received the organization’s Silver Beaver Award for distinguished service. He and his wife, Lynette, have three children. The family recently moved to the Dallas area from Memphis, Tennessee.

1985



Gregory J. Murrey currently holds two major positions in his career field. He is the director of the Minnesota Neurorehabilitation Hospital, where he oversees a multidisciplinary staff in treating patients with traumatic brain injuries (TBI), helping them to transition back to normal life. He is also a professor of clinical neuropsychology at Fielding Graduate University.

Murrey has published three books as well as several articles regarding treatment for TBI. He also serves on the State of Minnesota’s Department of Human Services Advisory Board for TBI and is a commander in the U.S. Public Health Service Reserve Corps. He is board-certified in neuropsychology and forensic psychology and has been an international presenter on the subject of TBI. His most recent presentation was held in Lisbon, Portugal, at the World Congress on Brain Injury.

After earning a BA in communications at BYU in 1983, Murrey graduated from the university with a master of health administration degree in 1985. A decade later he earned a PhD in clinical psychology from Washington State University.

He and his wife, Martha, reside in Lake Shore, Minnesota, with their five children.

1986



In 2007 **Douglas Var Reynolds** was promoted to systems engineer for Chugach Industries Inc., a subsidiary of Chugach Alaska Corporation (CAC). *Alaska Business Monthly* ranked

CAC second among the top Alaskan-owned and operated businesses in 2005. In 2006, CAC reached more than \$890 million in consolidated revenues. As a consultant, Reynolds conducts

information assurance assessments and performs disaster recovery planning among other responsibilities in support of midtier Department of Defense business systems.

Reynolds graduated cum laude with a BA in English from BYU in 1976 and later earned an MBA with distinction from BYU in 1986. While at BYU, he was a captain in the U.S. Army Finance Corps. He pursued a career with the army in a variety of finance and accounting positions in Virginia, Indiana, and Germany, working as a finance and accounting officer and as a director of resource management. After more than twenty years of service, he retired as a lieutenant colonel.

A past chapter president of the American

Society of Military Comptrollers, Reynolds has held leadership positions in the Indiana CPA Society. He has also been a leader in Cub Scouts and Boy Scouts. He and his wife, Diana, have six children and reside in Indianapolis.

1990



Stanley D. VanderToolen, CPA, was recently named tax partner of the Salt Lake City office of PricewaterhouseCoopers. He has more than sixteen years of experience in public accounting, specializing in tax consulting and compliance services.

He has served on many nonprofit boards and committees, including Pioneer Theatre Company, Ballet West, Primary Children's Hospital-Planned Giving, the University of Utah, the University of Utah Young Alumni Board, and the Utah Arts Festival.

VanderToolen earned a BA in accountancy from the University of Utah in 1989 and subsequently earned a master of accountancy degree with an emphasis in taxation from the Marriott School at BYU.

He and his wife, Jill, have four children and live in Holladay, Utah. His hobbies include playing sports, fly-fishing, model building, gardening, and coaching his children in a variety of sports.

1991



Steve Gándola was recently made vice president of marketing for Inheritance Protection Group, which provides estate planning services to help seniors across different states protect

assets against the expenses of long-term care. Gándola is responsible for overseeing all of the marketing activities of the company: branding, direct marketing, internet strategies, outbound call center, and sales support.

Gándola earned BS and MBA degrees from the Marriott School in 1989 and 1991, respectively. After graduation he worked in New York for Eastman Kodak doing marketing research and brand management. He also worked for Bausch & Lomb and for CooperVision. Following twelve years of corporate marketing, he spent five years as an independent strategy consultant and executive coach.

Gándola has been a member of the Northern California Executive Committee for Muscular Dystrophy since 2003. During 2006 and 2007 he was program director for the Sierra Gateway District Twilight Camp, a Scout camp with about three hundred boys.

He and his wife, Pam, moved from Rochester, New York, and now reside in Sacramento, California, with their four children.



Vernon J. Richardson was recently named chair of the Accounting Department at the Walton College of Business at the University of Arkansas. He previously taught at the University of Illinois, the University of Kansas, and the China Europe International Business

Alumna Promotes Modest Fashion



Smart. Sassy. Modest. **Jennifer Jensen's** contribution to the world of fashion meets each of these standards. Her business, Vintage Hem, offers women's slips with a unique premise: they're meant to be seen.

As a newly single mother, Jensen was pondering a career that would allow her to support her family and still be available for her three daughters. While an undergraduate management student at the Marriott School, she learned that the most profitable businesses are built with innovation and originality. The concept hit home, because when she was younger her father had taken her to see the home of George de Mestral, the inventor of Velcro fastening. "Vintage Hem is my Velcro," she says.

"It's an original idea that fills a need in the market."

Her passion for creativity, experience in the scrapbooking industry, and Marriott School education allowed Jensen to capitalize on her unique fashion idea. Vintage Hem slips are made of traditional lingerie fabric and worn under skirts and dresses, but they also include fashionable, fun hems that extend below the outer garment to add length and variety. "Our product helps women participate in trends without compromising their inner beauty," says Jensen, who earned her degree in 2000. "It makes fashion more wearable."

The business launched in April 2007 with a commercial in between broadcast sessions of the general conference of The Church of Jesus Christ of Latter-day Saints. The enthusiastic response has included appearances on Utah morning shows and fashion layouts in *Eliza*, a modesty-driven, high-fashion magazine. The line recently began moving into the national wholesale market.

Running a business with three young girls at home might seem like a disadvantage, but Jensen says the arrangement has worked surprisingly well. Jensen and her business partner, Janine Hansen Ottley, regularly field phone calls while their children play in the background. Owning the business allows them to set that standard, Jensen says. "We're moms, and we have a business, and people know that's who we are."

Her children love wearing Vintage Hem products and telling people about their mother's business. They sometimes tag along to trunk shows and client meetings. "Being with them is important in making them feel included and preparing them to be successful, and I couldn't do that if I was in an office all day long," Jensen says. "I'm also doing something creative that I'm passionate about, which makes me happier and affects our whole family."

Jensen's passion is fueled by a firm belief in her product. "Women are by nature feminine, and there's something beautiful about that to be celebrated," she says. "Vintage Hem allows women to be both feminine and modest."

Alumnus Trains Iraqi National Police



Dana Tucker had everything lined up. He had almost completed his MBA at the Marriott School, he had a lucrative job offer, and after many moves he was finally ready to settle down. Then duty called. Major Tucker was told to prepare for deployment to Iraq.

"It wasn't a convenient time, but there's never a convenient time to have a war," Tucker says. He packed up; said goodbye to his wife, Christine, and their four children; and left for training. He completed his MBA coursework through BYU Independent Study while stationed at Fort Riley, Kansas.

After a brief stay in Kuwait, he left for the hot sands of Iraq to direct the Numaniyah National Police Academy, one hundred miles south-east of Baghdad. Almost two thousand Iraqi National Police train at the academy each month. Civilian contractors train the Iraqi forces in police tactics, human rights, diversity, communication, the use of force, evidence gathering, and crime scene management, among other things.

The area is certainly dangerous—some contractors have been killed—but Tucker isn't on the front lines, and he keeps a positive attitude. "Other than the fact that I'm in a war zone and away from my family, I enjoy the work I do," Tucker says. "Most of the challenges we face are usually things beyond my control, so I don't worry much about them."

Tucker says the hardest part of his assignment is being away from his family for such a long time. Frequent emails, a blog account of his activities, and family prayers shared through phone calls help keep them connected.

In addition to his MBA from the Marriott School in 2008, Tucker earned a PhD in 2002, an MS in 1999 in medical psychology from the Uniformed Services University of Health Science, and a BS in psychology from BYU in 1994.

With his combination of degrees, Tucker is a well-rounded academic individual with a strong business background. That diverse experience helps him accomplish his military assignments in Iraq. "The MBA program was a good experience, because you never know when you're going to need to apply something," he says. "I'm finding some way to apply every part of the MBA program here."

School in Shanghai, China.

He earned a PhD in accountancy from the University of Illinois at Urbana-Champaign in 1997. While at the Marriott School, he earned an MBA and a MAcc.

He and his wife, Connie, have eleven children and reside in Fayetteville, Arkansas.



Niel Boyd Simon was recently made a partner of Bridge Strategy Group LLC, a general management consulting firm. After earning a BS in business management from the Marriott School, he earned an MBA from the University of Chicago's Graduate School of Business. He then began his career as a consultant and loves having fresh challenges.

Simon and his wife, Kara Leigh, have five children and reside in Schaumburg, Illinois. He and his children recently found time to perform in a community production of *The Wizard of Oz*.

1998

As chief operating officer of SAP Japan, **Steven Birdsall** is responsible for many aspects of the



company's enterprise application software business.

Birdsall earned an MBA from the Marriott School after earning a BS in economics from the University of Utah in 1993, and he is an occasional guest lecturer at the Marriott School.

He enjoys learning Japanese, playing golf, attending local cultural events, and raising his family in Japan. He and his wife, Kimberly, have three children, and they have lived in Tokyo since 2006.



Recently appointed senior leadership trainer of Hilti, **Kent Cook** has transferred to Schaan, Liechtenstein, where he heads the Global Sales Leadership Training program.

From Liechtenstein, Cook oversees sales leadership training and development in 120 countries, instructing sales managers in hiring, motivating, and directing a company sales force of more than eighteen thousand.

Cook earned his BS in business management from the Marriott School. After graduation he

worked for Senator Orrin Hatch as the national campaign scheduler during the 2000 presidential campaign and later served on the Senate Judiciary Committee as an assistant to the chief counsel. He then chose to further his education, earning an MBA from Arizona State University and a master of international management from the Thunderbird School of Global Management in Glendale, Arizona, in 2003.

Cook enjoys opportunities to learn about other languages, peoples, and cultures. He lives in Switzerland, works in Liechtenstein, and attends church in Austria. He continues his political involvement on both local and national levels while abroad.

He and his wife, Emily, have three children. He and Emily are currently starting the web site FamilyConstitution.com, which will strengthen families by helping them identify their personal values and goals.

In August 2007, **Mark Hamberlin** was promoted to senior director of European markets human resources for Cisco. He has been with Cisco since January 2001 and has moved through a variety of roles in finance and HR.



Hamberlin worked his way up to senior director beginning as the senior HR manager for the global finance organization. Soon after, he transitioned to financial controller for Cisco's manufacturing operations. After three and a half years in finance, he was promoted to HR director for Cisco France, where he reorganized and rebuilt the HR function and team in France. He then moved to lead HR for the European-wide service provider business. Prior to Cisco, Hamberlin worked with Coach Leather and Hallmark in a variety of organization design and development consulting roles.

He graduated from the Marriott School with a master of organizational behavior degree in 1998 and earned a bachelor's degree in French from BYU in 1994.

Hamberlin is very active outside of work and has coached soccer, baseball, and basketball, taught early morning seminary, and participated in charity projects and organizations such as Habitat for Humanity and Christmas in October. He enjoys biking and visiting different parts of France and Europe. He and his wife, Margaret, reside in Paris, France, with their four children.



Suzanne Brayton Ouzts is director of human resources for SYSCO Food Services of Columbia, LLC. SYSCO of Columbia accommodates restaurants, hotels, hospitals, schools, and caterers throughout South Carolina and currently has 440 employees. The SYSCO corporation is the largest marketer and distributor of food service products in North America, serving more than 400,000 customers and operating in 170 locations in the United States and Canada.

As the human resource assistant and later the human resource manager at Kiawah Island Resort, Ouzts was in charge of recruiting, employee events, manager's dinners, company newsletters, and the H-2B visa program.

Ouzts earned a BA in business management with an emphasis in organizational behavior from the Marriott School in 1998.

She married Jon Ouzts in 2001, and they had their first child, Carter, in 2005. They are in the process of adopting another child and live in Columbia, South Carolina.

1999

Tyler E. Banks was recently appointed regional director for Sperry Van Ness, one of the nation's



fastest growing commercial real estate companies. His responsibilities include targeting the company's growth throughout Arizona and Southern California, as well as training advisors on marketing tools and services.

Banks earned a BS in business management from the Marriott School and an MBA from San Diego State University in 2001. He has also earned his California real estate broker's license. He and his wife, Jerriann, have two children and live in Huntington Beach, California.



After spending two years in Germany as an auditor of a large telecommunications company, **Michael Gibbs** recently transferred to the national office of PricewaterhouseCoopers.

As senior manager in the global accounting and consulting services group, he focuses his work on international financial accounting standards.

He earned a BS in accountancy and a master of accountancy degree from the Marriott School. He and his wife, Jennifer, now live in Chatham, New Jersey, and have three children.

2001



As an associate product manager, **Ernest Anthony Lopez** works with surgeons, engineers, manufacturers, and marketers to coordinate the development of Intuitive Surgical's unique line of medical instruments and accessories. The company produces the world's only robotic system used for entire surgeries.

He has founded an organization that provides English language tutoring for immigrants, been involved in local politics, and worked briefly in China.

In 2006 he earned an MBA from Harvard Business School. He previously earned a BS in business management from the Marriott School and an associate degree from Ricks College. He and his wife, Maren, have three children and live in San Jose, California.

2002

As the tax manager for the research and development tax services group at Deloitte & Touche, **Harmony Lethcoe Bateman** juggles a variety of responsibilities. She teaches staff and senior consultants, reviews the performance of engagement



team members, and works with teams to complete projects by deadlines and to recruit at college and university campuses. Bateman has been working with the R&D tax services for five years. Before working at Deloitte, Bateman worked for a small accounting firm in Orem and also worked as a summer coordinator for the Especially for Youth program.

Bateman is involved in the community through Deloitte's IMPACT Day, Junior Achievement, and United Way campaigns. This past summer she participated as a facilitator in Deloitte's national leadership conference geared toward college students interested in a career with Deloitte. Last December she took her first overseas trip to London. She also enjoys running 5Ks and marathons, canoeing the Brazos River, and playing tennis and racquetball with her husband, Brock.

Bateman graduated from the Marriott School with a master of accountancy degree in 2002.

2003



The world clocks on **Richard Errol Bagley's** desk aren't for show. As North Asia business manager for Honeywell International, he communicates with customers and colleagues on three continents on a daily basis. He manages maintenance, repair, and overhaul contracts with more than sixty commercial airline operators in China, Japan, Korea, Hong Kong, and Taiwan.

In addition to earning an MBA from the Marriott School, Bagley earned a BS in accountancy in 1998. He and his wife, Becky, have five children and reside in Mesa, Arizona.



Brandon B. Buhler, a senior auditor with Deloitte, recently joined the company's global offering services group. He is one of 120 professionals in the global group, which helps foreign private issuers prepare for initial public offerings in the United States. He previously worked on the Fannie Mae audit team as part of the largest audit engagement in company history. He has also been heavily involved with recruiting at the Marriott School for Deloitte.

Buhler earned a BS in accountancy and a master of accountancy degree from the Marriott School and is now a certified public accountant.

He and his wife, Amanda, just had their third child. The family now lives in Taipei, Taiwan.



When **Kenny Pratt** joined Crescendo Properties as a recent college graduate, he was committed to working his way into an equity position at the company. He advanced steadily and is now company president. Pratt joined the real estate acquisition and development firm after earning an MBA from the Marriott School. He previously earned a BS in recreation management from BYU in 2000.

Pratt is a committed Marriott School student mentor, and he enjoys coaching soccer. He and his wife, Cindy, have four daughters and an infant son. The family resides in Citrus Heights, California.

2004



Jonathan P. Fischer was recently promoted to manager in the newly formed real estate strategy and analysis group of Collective Brands Inc., the parent company of Payless ShoeSource. He works to help the company make decisions about where to open, relocate, close, and remodel stores for the chain's nearly five thousand locations. Fischer previously worked in the capital

planning area, where his efforts led to the formation of the new real estate strategy group.

Before earning an MBA from the Marriott School, Fischer earned a BA in communications from BYU in 2000. He and his wife, Miriam, live in Tecumseh, Kansas. They have one son.

2006



As CEO of FundingUniverse, which helps new companies raise capital, **Brock Blake** demonstrates a passion for entrepreneurship. Through FundingUniverse, he helps prepare entrepreneurs to receive funding and connects them with investors. He also volunteers with BYU's Business Plan Competition, the advisory board of the Weber State Entrepreneurs Association, and other programs that foster entrepreneurship.

Blake earned a BS in finance from the Marriott School. While a student, he won \$50,000 in business capital from the Junto Program for his entrepreneurial talents. He and his wife, Kimberlee, have two children and reside in Farmington, Utah.

Giving Online Student Profiles a Personality All Their Own



If you thought online profiles have reached their limit, Marriott School grad **Sid Krommenhoek** shows the rave is just beginning. His bright new web site gives high school students worldwide the chance to put a face—and in some cases, a video—with a name on their college admissions applications.

In October 2006, Krommenhoek, Brad Hagen, and Mick Hagen founded zinch.com, giving students the chance to show who they really are to college admission officers by using vibrant online profiles. With already 325,000 high school students involved and more than five hundred colleges affiliated with Zinch, the company has expanded to students and colleges in all fifty states and more than 160 countries.

Krommenhoek, a 2005 business management graduate, and his friend and former mission companion Brad Hagen, a BYU communications major, joined with Princeton sophomore Mick Hagen after Mick suggested the business when he faced challenges getting into Princeton.

The team spent about nine months contacting colleges throughout the country and working with high school students to find what would meet their needs.

Zinch offers high school students the chance to create detailed profiles

outlining academic achievements, extracurricular activities, and personal and family backgrounds. Students can also post media, such as videos of themselves playing an instrument or a sport. There is even a section where students can list books, movies, music, and quotes they like.

Krommenhoek explains, "Zinch allows students to share with colleges a more complete picture of themselves; our mantra is 'I am more than a test score.'"

College profiles also exist on Zinch so admissions officers can log on to search profiles of possible students.

Krommenhoek and Brad Hagen entered the business in the Marriott School Business Plan Competition when Krommenhoek was still attending college and won first place in the e-business category. The business also won the Utah Entrepreneur Challenge and a business competition at Princeton.

The two had started various businesses together during the years leading up to Zinch, the first just shortly after Krommenhoek married Rian Rane, a BYU linguistics graduate. The three of them moved to Detroit, Michigan, to get their first business off the ground. Krommenhoek remembers those early years saying, "We were all hungry for opportunity and adventure and had little to fall back on."

Now, however, those beginning years seem to be paying off with the success of their business and happy family lives. Krommenhoek and his wife now live in Provo with their two small children, taking pleasure in spending time together doing what their kids enjoy. Krommenhoek says, "Our greatest challenges and joys rest solely with our family."

2007 Annual Report

B Y U M A R R I O T T S C H O O L O F M A N A G E M E N T

SCHOOL REPORT

Our Fourfold Mission

EDUCATION:

Attract, develop, and place men and women of faith, character, and professional ability who will become outstanding leaders capable of dealing with change in a dynamic, global environment.

RESEARCH:

Advance knowledge by building on strong conceptual foundations to identify and solve critical management problems, focusing special attention on global, technological, and entrepreneurial drivers.

OUTREACH:

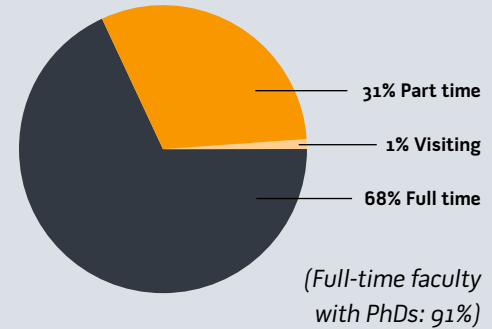
Extend the blessings of management education to members of the worldwide church.

FRIENDSHIP:

Develop friends for the university and church around the world through service in professional organizations and by collaborating in the development of management-education programs.

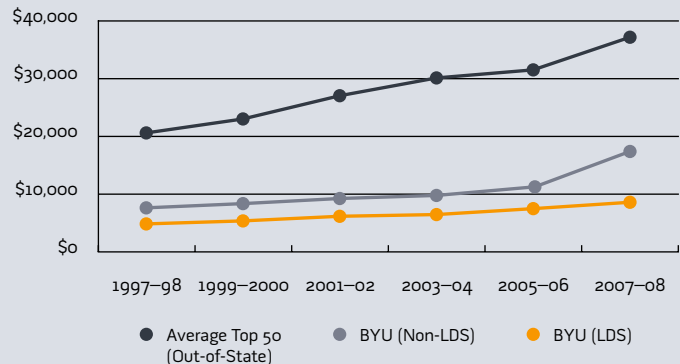
Faculty

Total faculty: 188



Graduate Tuition

BYU vs. Top 50 U.S. Business Schools (2 semesters)

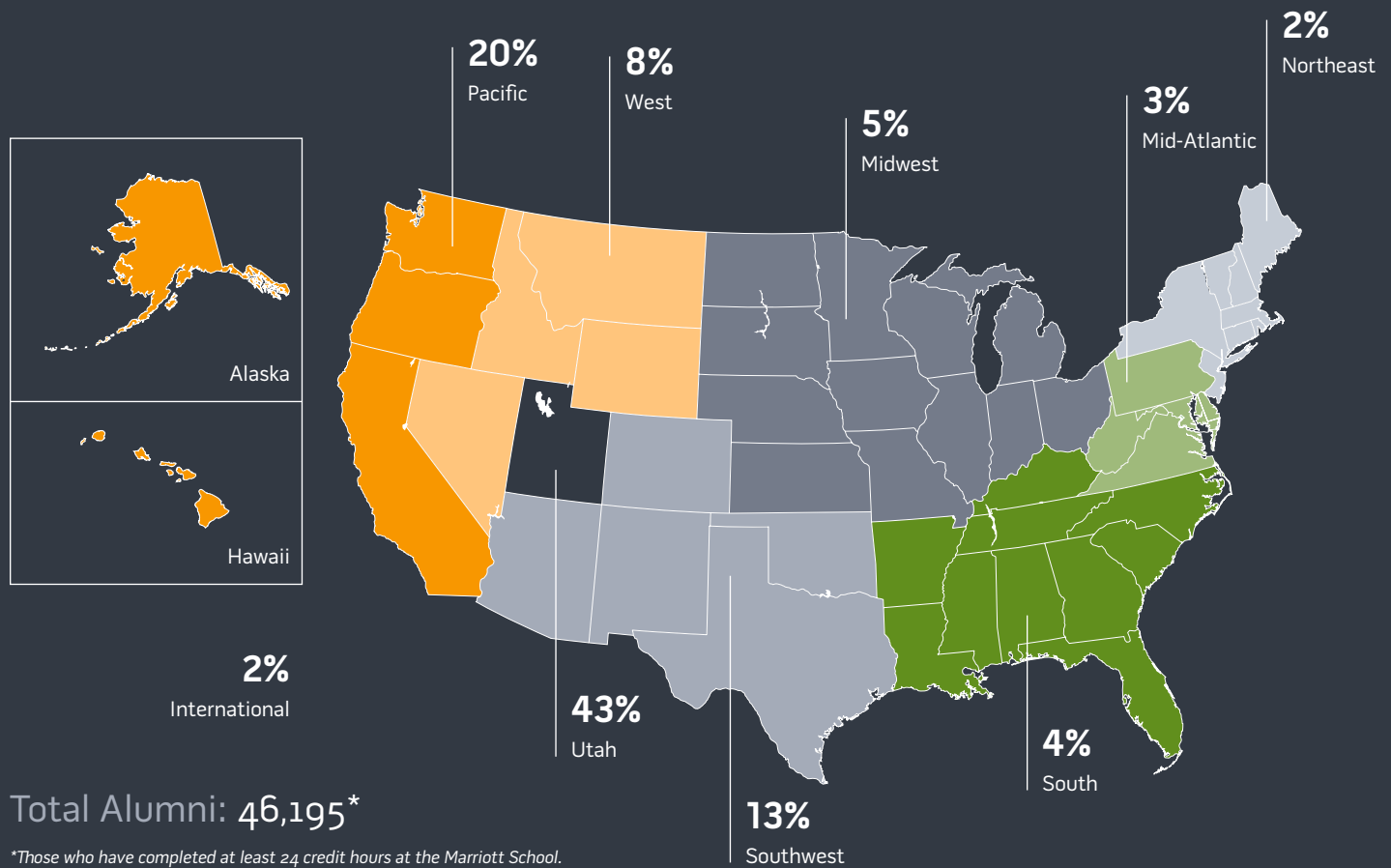


National Rankings

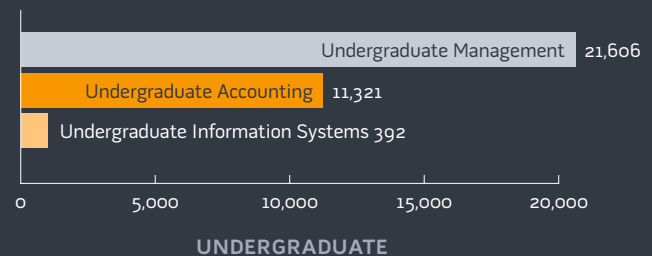
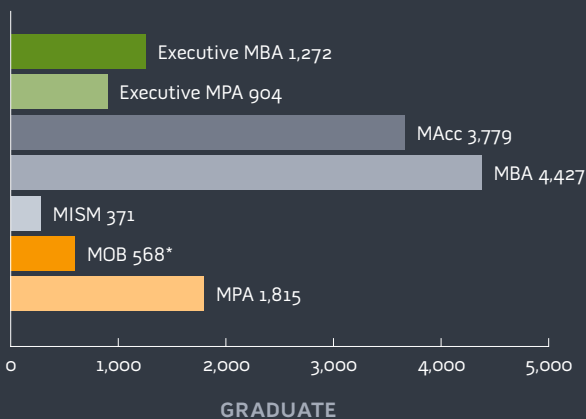
RANK	PROGRAM	SOURCE
GRADUATE		
1st	MBA (regional schools)	<i>The Wall Street Journal</i> , 2007
2nd	MBA (ethics emphasis)	<i>The Wall Street Journal</i> , 2007
29th	MBA	<i>U.S. News and World Report</i> , 2008
1st	MBA (time to pay back)	<i>BusinessWeek</i> , 2006
2nd	MBA (most family friendly)	<i>The Princeton Review</i> , 2008
2nd	MAcc	<i>Public Accounting Report</i> , 2007
UNDERGRADUATE		
7th	Undergraduate Programs	<i>BusinessWeek</i> , 2008
1st	Undergraduate Programs (recruiter ranking)	<i>BusinessWeek</i> , 2008
2nd	Accounting	<i>Public Accounting Report</i> , 2007
22nd	Entrepreneur Emphasis	<i>Entrepreneur</i> , 2007
38th	Business Management	<i>U.S. News and World Report</i> , 2007

ALUMNI REPORT

Where Marriott School Alumni Reside



Degrees Granted from 1922 to 2007



*The MOB degree is no longer offered. The MBA program now offers an OB/HR major.

FINANCIAL REPORT

Endowment Report (in thousands)

UNRESTRICTED ENDOWMENT	GOAL	CURRENT FUNDING	% OF GOAL
College general	50,000	26,354	53%
Academic departments	25,000	12,887	52%
CENTERS AND INSTITUTES			
Center for Entrepreneurship	10,000	8,409	84%
Rollins Center for eBusiness	10,000	7,826	78%
Whitmore Global Management Center	10,000	3,685	37%
Economic Self-Reliance Center	10,000	3,980	40%
Peery Institute of Financial Services	7,000	6,120	87%
FACULTY AND STUDENT SUPPORT			
Chairs, professorships, and fellowships	21,500	20,197	94%
Faculty research	5,000	1,373	27%
Scholarships and student loans	40,000	29,708	74%
Business Career Center	5,000	2,500*	50%
Total endowment	193,500	123,039	64%

*Deferred gifts

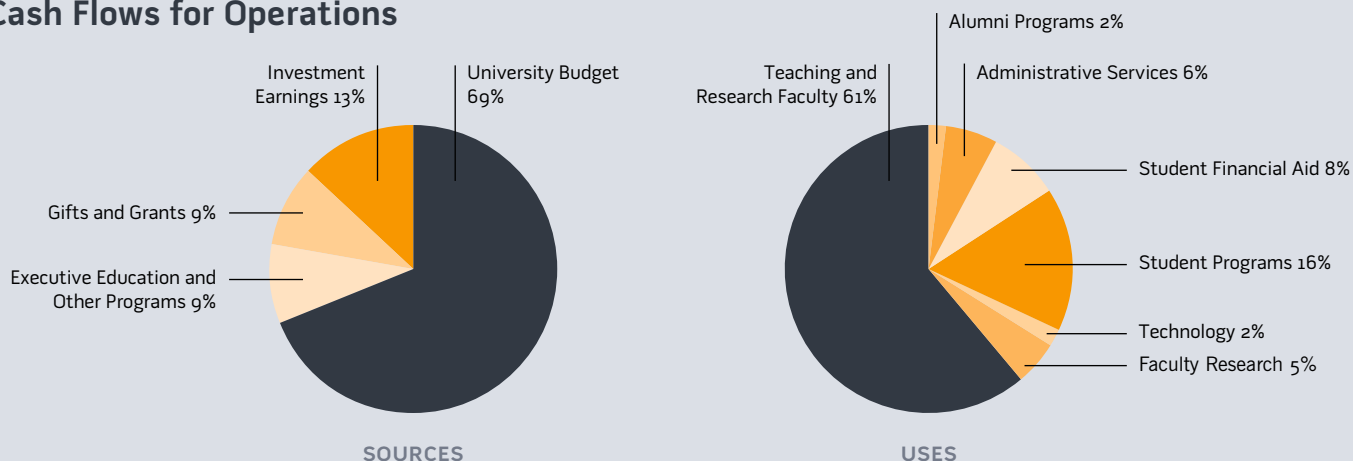
Tanner Building Addition (in thousands)

Construction cost and maintenance endowment	44,000	41,400**	94%
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**As of 2 May 2008

We gratefully acknowledge the generous support of the school's National Advisory Council, The Marriott Family Foundation, N. Eldon Tanner Trust, and many other donors who have contributed to the Tanner Building Addition and other programs at the Marriott School.

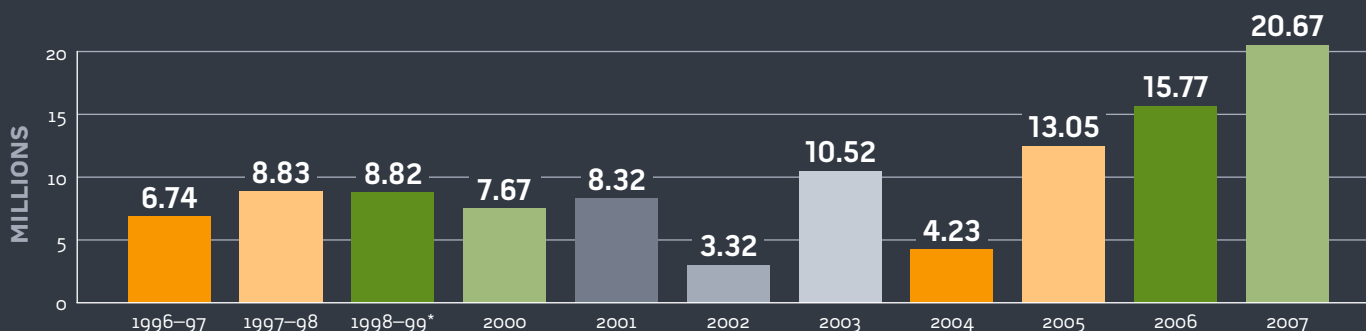
Cash Flows for Operations



Because the Tanner Building Addition was a fund-raising priority in 2007, most of the discretionary income was directed to the building fund and away from operations. Therefore, the sources pie chart may not be indicative of long-term trends.

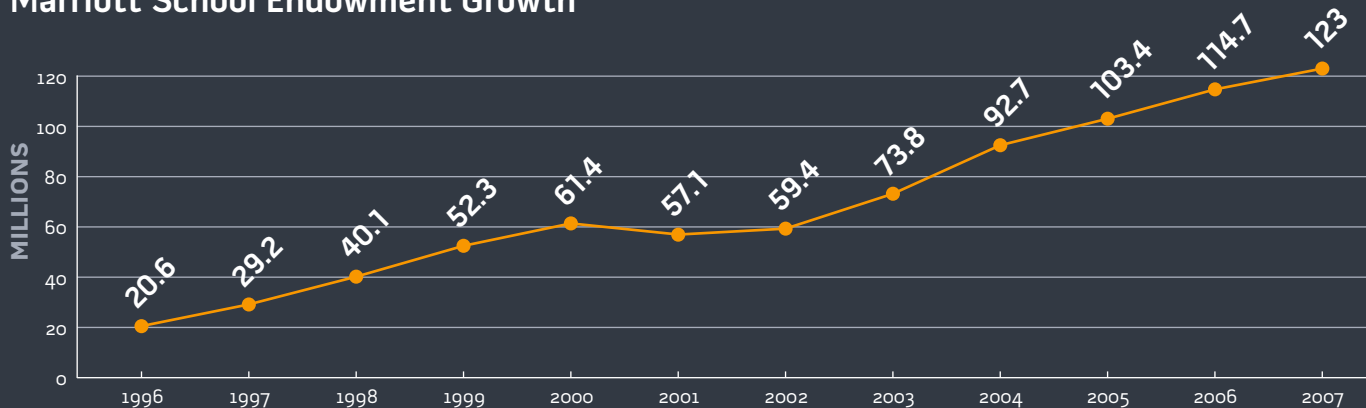
FUND-RAISING REPORT

Contributions from Alumni and Friends



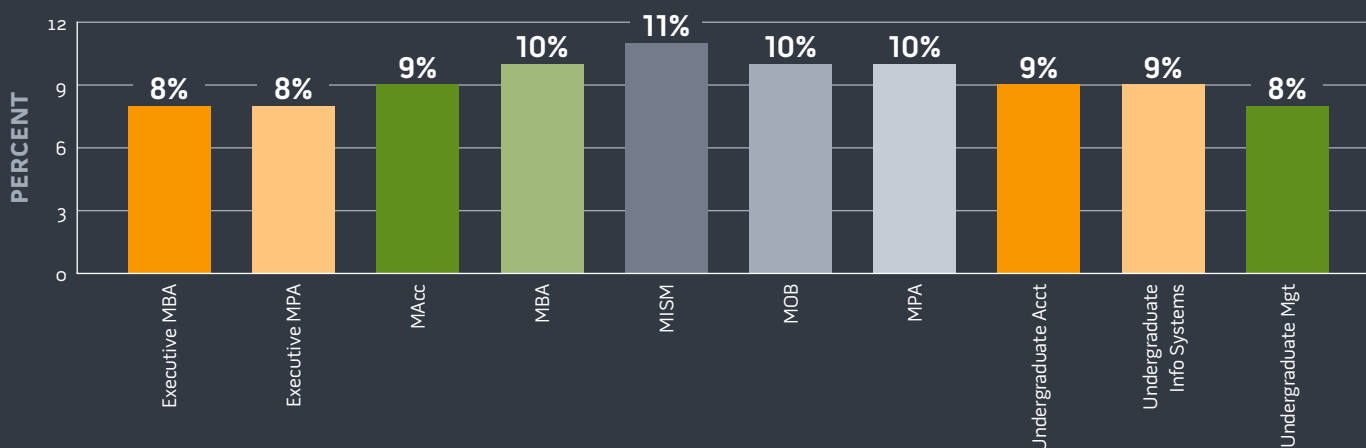
*University financial reporting changed to calendar year—causing 1999 to account for 15 months.

Marriott School Endowment Growth



Alumni Giving to the Marriott School

Total Alumni Giving: 9% Average Alumni Gift: \$1,966 Median Alumni Gift: \$50



STUDENT REPORT

Academic Year 2007–2008

STUDENT DEMOGRAPHICS	MBA*	MPA*	MISM	MACC	UNDERGRAD	TOTALS OR WEIGHTED AVG.
Number of applicants in 2007	423	118	58	264	1,451	2,314
Students entering in 2007	157	60	43	167	881	1,308
Female	15%	37%	5%	17%	18%	18%
International	19%	18%	9%	6%	9%	10%
Minority	9%	5%	5%	2%	6%	6%
Married	68%	53%	58%	39%	32%	39%
Returned missionaries	83%	78%	93%	80%	77%	79%
Bilingual	79%	70%	77%	65%	67%	68%
States represented	22	16	12	28	45	47
Countries represented	19	7	5	7	32	43
Undergraduate universities	51	18	3	4	na	62
Average age	29	27	25	24	23	24
Average GMAT score	661	na	637	na	na	656
Average entering GPA	3.53	3.56	3.77	3.65	3.65	3.64
Total number of students enrolled fall 2007	305	109	88	332	1,620	2,454

* Does not include 124 Executive MBA and 122 Executive MPA students currently enrolled.

MARRIOTT SCHOOL FINANCIAL AID**	MBA	MPA	MISM	MACC	UNDERGRAD	TOTALS OR WEIGHTED AVG.
Students receiving scholarships	238	101	47	167	240	793
Percent of students receiving scholarships	78%	93%	53%	50%	15%	32%
Average scholarship amount	\$5,770	\$5,335	\$1,426	\$1,492	\$1,875	\$3,377
Total scholarships	\$1,373,222	\$538,885	\$67,043	\$249,098	\$449,964	\$2,678,212
Students receiving loans	115	14	2	16	na	147
Percent of students receiving loans	38%	13%	2%	5%	na	18%
Average loan amount	\$5,872	\$6,612	\$6,750	\$2,063	na	\$5,540
Total loans	\$675,222	\$92,572	\$13,500	\$33,000	na	\$814,294

** Does not include university or federal aid.

CLASS OF 2007 PLACEMENT	MBA	MPA	MISM	MACC	UNDERGRAD
Average starting base salary	\$82,120	\$51,000	\$64,688	\$50,800	\$47,458
% Placed at graduation	95%	50%	96%	96%	83%
% Placed by 3 months after graduation	98%	91%	100%	99%	85%

FACULTY REPORT

Publications

The following scholarly publications were written or edited by Marriott School faculty in 2007. Entries followed by an asterisk indicate a collaborative work with authors outside the Marriott School. Space constraints do not allow for full citations; interested parties may call 801-422-5083 or email marriottmag@byu.edu.

Scholarly and other books

Albrecht, W. Steve, Earl K. Stice, James D. Stice, and Monte R. Swain. *Accounting: Concepts and Applications*, 10th edition.

Albrecht, W. Steve, Conan C. Albrecht, and Mark F. Zimbelman. *Fraud Examination*, 3rd edition.*

Baker, William H. *Writing and Speaking for Business*.

Cherrington, David J. *Human Resource Certification Preparation*.*

Dyer, W. Gibb and Jeffrey H. Dyer. *Team Building: Proven Strategies for Improving Team Performance*, 4th edition.

Dyer, W. Gibb, Jason Fairbourne, and Stephen Gibson. *MicroFranchising: Creating Wealth at the Bottom of the Pyramid*, 1st edition.

Fawcett, Stanley E. and Jeffrey Ogden. *Achieving World-Class Supply Chain Collaboration: Managing the Transformation*.*

Gardner, Robert L. *Prentice Hall's Federal Taxation: Individuals*, 2008, 22nd edition.*

Gardner, Robert L. *Prentice Hall's Federal Taxation*, 2008 Comprehensive, 19th edition.*

Glover, Steven M. and Douglas F. Prawitt. *Auditing and Assurance Services: A Systematic Approach*, 6th edition.*

Romney, Marshall B. *The MicroMash CPA Review*.

Romney, Marshall B. *Person to Person Fraud*.

Romney, Marshall B. *Financial Statement Fraud*.

Romney, Marshall B. *Assessing Fraud Risks: Understanding Common Fraud Schemes*.

Romney, Marshall B. *Fraud: Catching the Crooks Who Cook the Books*.

Romney, Marshall B. *Computer Fraud*.

Romney, Marshall B. *Fraud Auditing*.

Romney, Marshall B. *Fraud Prevention*.

Romney, Marshall B. *Implementing SAS No. 99: Finding Fraudulent Financial Reporting and Asset-Misappropriation Schemes*.

Romney, Marshall B. *Fraud Prevention, Detection, and Audit*.

Romney, Marshall B. *Fraud Detection*.

Smith, Scott M. *Proceedings of the 12th Conference on Cross Cultural Research in Business Studies*.*

Stice, James D., W. Steve Albrecht, Earl K. Stice, and Monte R. Swain. *Introductory Accounting*.

Timm, Paul R. *Customer Service*, 4th edition.

Whetten, David A. *Developing Management Skills*, 7th edition.*

Critically reviewed scholarly journal articles

Adolphson, Donald L. "Integrating Economic and Energy Analysis in Theory and Practice," *Proceeding of Fifth Biennial Conference on Energy Studies*.*

Albrecht, Conan C. "Fraud: The How and Why," *European Business Forum*.*

Albrecht, Conan C. "The Role of Power and Negotiation in Online Deception," *Journal of Digital Forensics, Security, and Law*.*

Albrecht, Conan C. and W. Steve Albrecht. "The Effect of Country and Organizational Factors on Public Equity Market Access," *International Research Journal of Finance and Economics*.*

Albrecht, Conan C., Douglas L. Dean, and James V. Hansen. "An Ontological Approach to Evaluating Standards in eCommerce Platforms," *IEEE Transactions on Systems, Man, and Cybernetics—Part C*.

Albrecht, Conan C., James V. Hansen, Douglas L. Dean, and Bonnie Brinton Anderson. "A Semantic Web Data Retrieval Implementation with an Adaptive Model for Supporting Agent Decision Structures," *Electronic Commerce Research*.*

Albrecht, W. Steve. "Don't Be A Victim," *SMB Finance*.*

Allen, Gove N. "Ontological Foundations for Active Information Systems," *International Journal of Intelligent Information Technologies*.*

Bingham, John B. "Fairness From the Top: Perceived Procedural Justice and Collaborative Problem Solving in New Product Development," *Organization Science*.*

Black, Erv. "Is There an Association Between Corporate Governance and the Diversification of a Firm? An Empirical Study with Brazilian Industries," *Corporate Ownership and Control*.*

Black, Erv and Theodore (Ted) E. Christensen. "The Relative Magnitude and Relative Emphasis Managers Place on Pro Forma and GAAP Earnings: What Matters Most to Investors?" *Accounting, Organizations, and Society*.*

Black, Erv and Theodore (Ted) E. Christensen. "Who Trades on Pro Forma Information? An Intraday Investigation of Investor Trading Responses Around Pro Forma Press Release Dates," *The Accounting Review*.*

Brau, James C. "Do Secondary Shares in the IPO Process have a Negative Effect on Aftermarket Performance?" *Journal of Banking and Finance*.*

Brau, James C., Greg Adams, and Andrew Holmes. "REIT Stock Repurchases: Completion Rates, Long-Run Returns, and the Straddle Hypothesis," *Journal of Real Estate Research*.

Brau, James C. and Stan Fawcett. "An Empirical Analysis of the Financial Impact of Supply Chain Management on Small Firms," *Journal of Entrepreneurial Finance and Business Ventures*.*

Brau, James C. and Stan Fawcett. "Information Sharing and Supply Chain Performance: The Role of Connectivity and Willingness," *Supply Chain Management: An International Journal*.*

Bryce, David J. and Jeffrey H. Dyer. "Strategies to Crack Well-Guarded Markets," *Harvard Business Review*.

Bryson, Phillip J. "Henry George: The Theory of Distribution in Progress and Poverty," *Review of Business Research*.

Bryson, Phillip J. "Provincial Development in China: Lessons from EU Regional Policy Experience," *Global Economic Review*.*

Bryson, Phillip J. "Transitioning from Communism to Debt: Fiscal Decentralization and Subnational Debt in the Czech Republic," *Connections: European Studies Annual Review*.

Charles, Shannon L. "An Empirical Investigation of Beta Non-Stationarity and the Re-Examination of Beta's Role in the Capital Asset Pricing Model," *Managerial Finance*.*

Christensen, Glenn L. "A Cultural Models Approach to Service Recovery Expectations," *Journal of Marketing*.*

Christensen, Theodore (Ted) E. "Discussion of 'Another Look at GAAP versus the Street: An Empirical Assessment of Measurement Error Bias,'" *Review of Accounting Studies*.

Christensen, Theodore (Ted) E. "Discussion of Letting the 'Tail Wag the Dog': The Debate over GAAP versus Street Earnings Revisited," *Contemporary Accounting Research*.

Christensen, Theodore (Ted) E. and Ervin L. Black. "Pro Forma Disclosure and Investor Sophistication: Validating Experimental Evidence Using Archival Data," *Accounting, Organizations and Society*.*

Cornia, Gary C. and Phil Bryson. "Slovakia's Surge: The New System's Impact of Fiscal Decentralization," *Post-Communist Economics*.

Dean, Douglas L. "A Method for Building a Referent Business Activity Model for Evaluating Information Systems: Results from a Case Study," *Communications of the AIS*.*

Fawcett, Stanley E. "Evaluating the Impact of Systemic Thinking and Behavioral Issues in SCM via the Supply Chain Puzzle Game," *International Journal of Integrated Supply Management*.*

Felin, Teppo. "Building Microfoundations for the Routines, Capabilities, and Performance Links," *Managerial and Decision Economics*.*

Felin, Teppo. "The Knowledge-Based View, Nested Heterogeneity and the Individual: Philosophical Considerations on the Locus of Knowledge," *Academy of Management Review*.

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sabaer@us.ibm.com

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Sam Bernards
479-204-6419 (W)
sam.bernards@wal-mart.com

California, East Bay

Jeff Unalp
925-256-6690 x28 (W)
JRUnalp@ukbizlaw.com

California, Inland Empire

Brent Mortensen
951-323-3832
bmorten@yahoo.com

California, Los Angeles

Douglas Turley
213-452-2176 (W)
dltt@capgroup.com

California, Orange County and Rancho Santa Margarita

William Chapman
714-550-7720 (W)
wchapman@byu.net

California, Sacramento

J. Michael Goulding
916-294-3264 (W)
jmg@seethebenefits.com

California, San Diego

Kurt Wickham
858-704-3278 (W)
kurt.wickham@gmail.com

California, Silicon Valley

David Bushman
408-364-8200
dmbushman2116@msn.com

California, Ventura County/Santa Barbara

Eric Stassforth
805-585-6174 (W)
estassforth@tw-ins.com

Colorado, Denver

Paul Lamb
303-948-0235
lamb2003@msn.com

Georgia, Atlanta

Kent Clay
404-220-1668 (W)
kclay@deloitte.com

Hawaii, BYU-Hawaii

Jennifer Gaylord
808-927-5307 (H)
jgaylord@byuh.edu

Idaho, Boise

David Ries
208-336-6099 x19 (W)
daveries7979@msn.com

Idaho, Greater Teton

Russell Barney
307-732-8801 (W)
russell.barney@bankofthewest.com

Illinois, Chicago

Paul S. Haglund
312-578-2345 (W)
paulhaglund@sbcglobal.net

Illinois, Chicago, NW Suburban

Kent Palmer
847-742-6400 (W)
kentpalmer@allstate.com

Massachusetts, Boston

Jeff Whatcott
617-219-2510
jeff@whatcott.com

Minnesota, Minneapolis

Kara Francis
612-303-7669 (W)
kara.francis@usbank.com

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Ray Birkinsha
913-676-5336 (W)
Raymond_Birkinsha@SwissRe.com

Nevada, Las Vegas

Michael Call
702-360-5796 (H)
mcallvmba@aol.com

New Hampshire

Lance Spencer
603-791-5286 (W)
lance.spencer@byu.net

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thomas@mgt.unm.edu

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Seth Wheeler
917-334-1774 (H)
sethwheeler@morganstanley.com

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lm@alliedmin.com

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ashisler@accessintsol.com

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kwitzel@watkinsdulac.com

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Daniel Oldroyd
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daniel_oldroyd@dell.com

Texas, Dallas/Fort Worth

Mark Romney
214-245-3062
MRomney@shannongracey.com

Texas, El Paso

Alan D. Gluth
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agluth@ryansandersllp.com

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Mort Large
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mlarge1@houston.rr.com

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Utah, Salt Lake City

Gil Bertelson
801-377-8133 (H)
gil@iprovo.net

Utah, St. George

Stan Plewe
435-652-7504 (W)
splewe@dixie.edu

Utah, Utah Valley

Timothy Herrera
801-225-2857 (W)
timh@mountainwesttitle.com

Washington, D.C.

Brain Barker
240-499-9677 (W)
btbarker@comcast.net

Washington, Seattle

Mike Whitmore
206-274-8259 (W)
mike.whitmore@comcast.net

Washington, Spokane

Matthew Borders
509-536-9573
matt.borders@benfinancial.com

Washington, Tacoma

Jeff McMullin
253-984-1520 (W)
jmcmullin@thriftrecycling.com

Wisconsin, Milwaukee

Andy Parker
414-343-7186 (W)
andy.parker@harley-davidson.com

INTERNATIONAL CHAPTERS

Argentina, Buenos Aires

Pablo Montes
114-101-3983 (H)
pablo.r.montes@fibertel.com.ar

Australia

Christopher Cooper
61-7-3395-8883 (W)
ccooper@freelife.com

Brazil, Sao Paulo

Sandro Silva
55-11-3549-9077 (W)
sandro.alexs@terra.com.br

Chile, Santiago

Juan Pablo Villar
56-2-350-2541 (W)
jpvillar@byu.net

Colombia

Jamie Ferreira
571-612-6053 (H)
FerreiraJ@idsmail.net

Costa Rica

Douglas Arevalo
506-214-2008 (H)
drvsluciones@racsa.co.cr

Finland

Jussi Kempainen
jussi.kempainen@gmail.com

France, Paris

Bruno Grenier
33-1-39-02-74-90 (H)
brunogrenier@hotmail.com

Germany, Frankfurt

Nicholas Guthier
49-6181-59-6774 (W)
nicholas.guthier@evonik.com

Hong Kong

Doris Pai
852-288-57055
wahpai@hotmail.com

Japan, Tokyo

Makoto Ishizaka
81-3-4413-5620 (W)
makoto1118@msn.com

Korea, Seoul

Kang Hun Lee
82-11-9953-5247
khlee7@prumail.co.kr

Mexico, Mexico City

Marco Antonio Flores
0052-735-356-4690 (H)
floresma@ldschurch.org

Mexico, Monterrey

Jaime Gutierrez
52-55-245-9162 (W)
jaime.gutierrez@copamex.com

Panama

Luis Cedenola
507-264-7970 (W)
cedenola@yahoo.com

Philippines, Manila

Benson Misalucha
0917-534-7285 (W)
benensonm@byu.net

Switzerland, Geneva

Franz Gaag
fgaag@econophone.ch

United Kingdom

Graham McKee
44-0-1536-200963 (W)
graham.mckee@mhconnectors.com

For regional contacts and other information, please visit marriottschool.byu.edu/mgtsoc.





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