

University of Massachusetts Amherst

# Isenberg

School of Management



Annual Report 2008



Building  
The Isenberg  
Advantage

Jack '57 and Suzy Welch  
with The Isenberg School's  
Jack Welch Scholars

*The Ernst & Young Partners in Education Program*—will provide scholarship support for minorities during the academic years 2008 through 2013. The remainder will support student programming and services, including tutorial assistance and mandatory seminars devoted to academic success and career transitioning.

Last year, the Isenberg School's full-time residential MBA program rolled out hybrid MBA/M.S. options in four engineering disciplines. And the School's Part-Time MBA program continued its rapid growth in size and national stature. Enrollment grew to 910 (728 online students) from 811 the year before. It also achieved rankings of 5th in the Northeast and 29th nationally in *BusinessWeek's 2007 Top Part-Time MBA Rankings*, released in November 2007. In a second national survey, conducted by *Modern Healthcare* magazine, the School's Online Part-Time MBA program ranked 12th in the nation among business graduate school programs that offer a focus for physician-executives. And the School's revitalized M.S. program in accounting, offered during the summer and online, enrolled 123 public accounting professionals.

**Faculty lead the way.** The Isenberg School's three principal research centers—its Center for International Securities and Derivative Markets (alternative investments), Virtual Center for Supernetworks (network analysis), and Center for Spectator Sport Marketing—continued to excel in both academic and industry research. *John F. Smith Memorial Professor in Operations Management* **Anna Nagurney** was a Fulbright Senior Specialist at the University of Catania in Sicily. *Michael and Cheryl Philip Professor of Finance* **Thomas Schneeweis** and Professor **Hossein Kazemi** were keynote speakers at a national three-day conference in Seoul on alternative investments. Finance Professor **Ben Branch** was honored with the Chancellor's Medal as one of four campus-wide *Distinguished Faculty Lecturers*. Accounting professor **Ray Pfeiffer** was chosen from a national field as the Financial Accounting Standards Board's academic researcher in residence for 2008-2009. *Dean's Professor of Regulatory Finance* **Sheila Bair**, on leave from the School as director of the FDIC—returned to lecture on the subprime mortgage mess. Management professor **Mzamo Mangaliso** completed a two-year stint as director of South Africa's National Research Foundation—that nation's analog to our National Science Foundation. And in April the U.S. Small Business Administration honored the statewide Massachusetts Small Business Development Center (MSBDC) network, headquartered in the Isenberg School, for the exceptional performance of its Massachusetts Export Center.



**The Importance of Alumni Support.** The Simpson professorship and the Ernst & Young Foundation gift exemplified a resurgence in the Isenberg School's development efforts. New development director Ed Brozman and his team raised \$3.29 million, doubling last year's performance. "That performance in fundraising has been critical," emphasizes Dean Butterfield. "It will give the Isenberg School momentum for a capital campaign that will allow us to add a new classroom building and attract new faculty members through endowed professorships and other competitive incentives. All things considered, the Isenberg School's academic accomplishments and its renewed alumni support point to a future of accelerating growth and achievement. The Isenberg Advantage has never been stronger!"



Dean Butterfield and Undergraduate Dean Barr accept a \$500,000 gift from the Ernst & Young Foundation.



## Marriott Center Adds Value to the Isenberg School

"Our best practices in service and hospitality have value for every student in the Isenberg School," observes **Rod Warnick**, chair of the School's Department of Hospitality and Tourism Management (HTM). For three semesters Warnick and his department have held aegis over the \$6.3 million *Marriott Center for Hospitality Management*—state-of-the-art facilities in the Campus Center that have energized the department. Throughout both semesters, student teams in the department's course, *Menu and Food Production Management*, serve lunch and dinner to the public in the Marriott Center's 200-seat dining room. Each student cycles through different managerial, service, and food preparation jobs. Other classes in the center's world-class food preparation classroom/lab take separate courses in food production management and in catering/banquet management.

Thanks to the Marriott Center, the Isenberg School and the UMass Amherst campus now enjoy elegant mid-size facilities for social gatherings, workshops, and meetings. The Isenberg School hosted its Business Advisory Council there in April and an MBA graduation celebration in May. Also in April, the HTM program complemented its annual recruiting fair with a late-afternoon



social event in the Marriott Center for recruiters and alumni. A month later, the department raised scholarship funds in the center with the appetizing dinner program, *World Street Food with Local Flavors*. And in June the campus hosted the 14th annual *Tastes of the World Chef Culinary Conference* in the center. Clearly, the Marriott Center has strengthened the HTM program with superior teaching facilities. But it has also brought considerable added value to the Isenberg School and the UMass Amherst campus.



Student teamwork at the Marriott Center.

## Conference on Humanitarian Logistics Offers Immediate Real-World Applications

When *John F. Smith Professor of Operations Management* **Anna Nagurney** organized the conference "Humanitarian Logistics: Networks for Africa," she gained a far more powerful experience than she had bargained for. Funded by the Rockefeller Foundation, the conference brought together academics and human services practitioners from 12 nations, who examined logistics and supply chain research, African field experiences, and logistics partnerships between the academic community and African nations and relief agencies.

From day one of the conference (it took place on May 5-9 at the Rockefeller Foundation's Bellagio Center at Lake Como in Italy), its emotional atmosphere remained supercharged, in large part due to the powerful cyclone that had unleashed its force on Myanmar two days before. "One invited speaker from World Vision International had to leave immediately to help with the humanitarian mission; he continued to feed us reports from the field," recalled Nagurney. "A second conferee from the UN stayed on but made sure that the right communication equipment was being sent to the disaster area."

One aim of the conference, noted Nagurney, who is also a Fulbright Fellow, was to give practitioners a better understanding of the logistics models that business academicians build to move goods and services more efficiently within and across markets and economies. At the same time, the conference deepened academicians' understanding of the challenges (i.e., inefficiencies) that accompany humanitarian logistics, especially in underdeveloped African nations. "I have never participated in a more emotionally charged event," concluded Nagurney. "We left the conference energized to apply the lessons that we had learned."



Professor Nagurney (far left) with participants at her international conference on humanitarian logistics.

## MBA Student Practicums Wow Area Businesses

*During their final semester in the Isenberg School's full-time MBA program, students complete practicum-consulting projects on behalf of the region's businesses. In 2008, teams of three and four students completed seven separate projects, including the two initiatives described below—a controversial land-use study for the town of Belchertown and a strategic marketing study for the medical multimedia education company Patient.Edu.*

### **MBA Student Study Says No Go to Belchertown Resort Plan**

When Belchertown's Economic Development and Industrial Corporation asked four Isenberg School MBA students to assess the viability of a proposed development project on town land, the team's recommendation contradicted the proposal of a town-appointed consultant. The consultant's study, completed in 2005, urged the town to attract a developer to create a

"wellness"-oriented resort and spa on the grounds of the former Belchertown State School, an institution for the mentally challenged that closed in 1992.

The original proposal by a property development consultant in Maryland was overly optimistic, the team insisted.



"After completing their research, the students concluded that the proposal was unworkable and questioned

many of its assumptions," observed **Bruce Skaggs**, the Isenberg School faculty adviser to the practicum. While the original study assumed that the \$150-per-night hotel and spa would attract an occupancy rate of 70 percent, the students found that comparable resorts in the region averaged 55 percent occupancy. They also criticized the original study for failing to incorporate net present value calculations into its projections and for omitting data sources behind its assumptions. Added Skaggs: "The students found that the study relied

predominantly on best-case scenarios. When they ran the numbers they concluded that the resort would have to charge \$370 per night to be viable—not a good deal for a potential developer, consumers, and the town."

### **MBA Team Recommendation: Recast Your Market's Definition**

"The Isenberg School MBA student team\* corroborated our firm's basic marketing and distribution strategy. They also refined it and brought open-mindedness and creativity to the analysis," observed **Carl Fortin '64** and **Paul McDonald '66** of Patient.Edu in East Longmeadow. (Both are also long-time members of the Isenberg School's Business Advisory Council.) Patient.Edu crafts interactive educational videos that help hospitals and other healthcare providers explain medical conditions and treatments to patients before, during, and after medical procedures. The firm's growing clientele

\* Apoorva Bajaj '08, Heming Lu '08, Margaret Miller '08, and Scott Taylor '08. The team's faculty advisor was Isenberg School finance lecturer and alumnus **Joseph Stokes '75 MBA**.

## Alumni in the Classroom

*Visits to the classroom by alumni business practitioners are a valuable ingredient in an Isenberg School education. We are grateful to the following alumni for sharing their insights with our students.*

In Thomas O'Brien's course, Business History:

**Richard Goldstein '63**, former CEO of International Flavors & Fragrances

**Vassilis Karavas '03 Ph.D.**, Head Portfolio Designer, CASAM Hedge

**Sheila Bair**, Director, U.S. FDIC

**Stavros Siokos '98 Ph.D.** (Engineering), Vice President, Pireaus Bank

**Mark Day '92**, Manager, Domestic Inbound Logistics—Staples, in Iqbal Agha's course, Supply Chain Management

**Cecilia Shea '83**, CIO, SABIC Innovative Plastics, in Dror Smerling's course, Business Information Systems

**Mark Hanny '78**, VP, Web Integrator Initiative-IBM, in Kaimei Zheng's course, Internet Business Design



**Kathy Lahey '82**, Vice President, Goldman Sachs, in Larry Zacharias' course, Strategic Leadership and Social Entrepreneurship

**Robert Eaton '95 MBA**, Business Manager, Data Physics Corporation, in Brian Brown's B2B Marketing course

**Kathleen Arkell '92**, General Manager of Plymouth Plantation, in Jenafer Andren's course, Menu and Food Production Management

In Steve McKelvy's courses, Sport Sales Strategy and Seminar for Professional Development:

**Tom Cerasoli '05 M.S. MBA**, **Kevin Ginther '05 M.S. MBA**, **Shane Scott '08**, **Colleen Duffy-Brace '00**, **Jaime Seguin '00 M.S.**, **Louise McCleary '91 M.S.**, **Scott Sassenbury '06 M.S.**, **Sara Daniel '98**, and **Andrea Savage '91 M.S.**

**Peter Dion '77**, former CFO of MassInnovation, in Larry Zacharias' course, Strategic Leadership and Social Entrepreneurship

In Marc Weinberger's course, Managerial Perspectives on Marketing Strategy:

**Heidi (Lieblein) Bailey '87**, Senior Brand Manager, Community Lego

**Kim (Mosser) Bellil '90**, Senior Product Manager, Bose Corporation

**Larry Aronson '78**, Founder & CEO, Cartwheel LLC

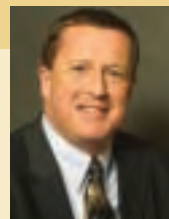
**Brad Christenson '86**, VP Global Sales, International Data Corporation

**Mark Lamothe '81**, CEO, High Liner Foods (USA)

**Pam (Selby) Salkovitz '80** President, Stride Right Children's Group

**Scott Creelman**, President and CEO, Spalding Sports Worldwide

**Mark Hanny '78**, VP, Web Integrator Initiative-IBM



**Joe McEacharn '95**, President, The Eastern League (baseball), in Lisa Masteralexis' graduate course, Labor Relations in Professional Sport



## International Education Week Celebration Underscores Isenberg School's Commitment to Overseas Student Travel



"Our students live and work in an increasingly global economy. International awareness and experience are critical to their education and success after graduation," insists Isenberg School undergraduate dean **Carol Barr**. To that end, the School encourages direct international exposure through the University's International Programs Office's

semester-long study opportunities in 27 countries and the Isenberg School's own two-week class trips to Australia, Brazil, China, Denmark, Germany, France, Ghana, Ireland, and Italy.

In November, the School highlighted those opportunities and the global economy itself through its annual celebration of International Education Week. During the weeklong festival, flags of 85 nations hung from the Alford Center atrium's balconies and stairwells. Displays and food devoted to specific countries added to the ambiance. And students vied in an essay competition for a \$1,000 scholarship to further their international studies. The winner was freshman **Valeriya Leikina**, whose essay was judged superior by International Week Coordinator **Gail Cruise** and her fellow Isenberg School writing instructors. Thanks to the award, Valeriya was able to join 20 other Isenberg School students two months later on a two-week class trip to France and Germany.

unemployed and underemployed young adults (many of them in their 20s). "I met many of them through surfing," she recalls. "Many were well-educated and out of work; some got by teaching surfing lessons part time. How could they subsist that way, I wondered? And why did many of them seem unconcerned about their employment prospects?"

To gain a conceptual handle on underemployment among young Spanish adults, Gettens, who also majored in English and attended Commonwealth College, explored the subject in her senior honors thesis. Focusing on Spaniards between the ages of 20 and 29, she examined more than two decades of economic analysis and Spanish government policies. Spain, she learned, has a two-tier labor force: a mainstream group of protected workers and a second group of disproportionately young temporary contract workers. Among the first group, government policies, including high severance pay, contribute to job security. Spain has avoided societal and severance costs among the first group (especially during economic downturns) by shifting more flexible hiring and firing practices to its temporary contract workers. When you combine younger workers' dissatisfaction over less-than-secure contract employment with a culture of family support and generous state welfare, it's hardly surprising, notes Gettens, to observe that many of them are less than enthusiastic about the job market and their future careers.

## Recent Isenberg School Graduate Places First in Statewide CPA Exams; Scores among Top Ten Nationally

Two years ago, when senior accounting major **Steve Alden '06** approached the stage to receive an award at the Isenberg School's Annual Awards Banquet, a remark rang out from the back of the banquet room. "He's the best student I've ever had!" pealed a voice audible to the entire room. It turned out to be the affirmation of legendary accounting professor Richard Simpson. By his own count, Professor Simpson has taught 6,150 accounting students during his 41 years on the Isenberg School faculty. So

Steve Alden, who is an audit associate with KPMG's Boston office, is truly exceptional. Just how exceptional is evident in Steve's cumulative CPA score: he placed first in a field of 615 successful Massachusetts exam takers in 2007 and was one of 10 CPA candidates in the nation honored with the Elijah Watt Sells Award. The honor is reserved for candidates who, on their first attempt, achieve the highest cumulative scores nationally for all four sections of the Uniform CPA Examination. Steve was one of more than 76,000 candidates who took the examination in 2007.

## UMass Amherst INFORMS Chapter Receives Top Honor at National Conference


In November, the UMass Amherst student chapter of INFORMS (Institute for Operations Research and the Management Sciences) was honored with the *Student Chapter Annual Award Summa Cum Laude* at the national INFORMS Conference in Seattle. The award is the top honor reserved for an INFORMS student chapter; there are approximately 60 of them, with the majority in the United States.

The UMass Amherst chapter received an award plaque at the chapters/forums officers' breakfast, which was attended by two past presidents of the student chapter, Zungang "Leo" Liu of the Isenberg School of Management and Christian Wernz of the College of Engineering. The chapter's faculty adviser, John F. Smith Memorial Professor Anna Nagurney, and other members of the student chapter also attended. The chapter's 2007-2008 president was Patrick Qiang. The chapter is widely recognized for its speaker series, which brings outstanding scholars to the Isenberg School. The chapter is also admired for its variety of social and community activities and the esprit de corps of its members, which include students from the Isenberg School, the College of Engineering, the Department of Computer Science, and the Department of Resource Economics.



**INFORMS student leaders**

## Isenberg School Senior Explores Underemployment among Younger Spanish Workers



In the summer of 2007, after spending her spring semester at the University of Brighton in Great Britain, Isenberg School operations

**Leah Gettens '08**

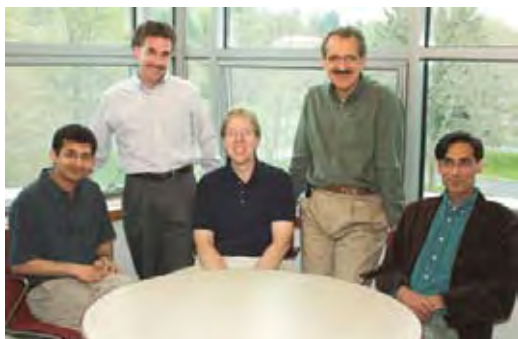
management major **Leah Gettens '08** was an au pair in northern Spain's Cantabria province. In Spain, she noticed a high incidence of



**Steve Alden '06**

# The Isenberg Advantage: World Class Faculty; Cutting Edge Research

## Expanding Influence for Isenberg School's Alternative Investments Center



Members of the CISDM brain trust.

CISDM, the Isenberg School's research and education center that focuses on alternative investments, has raised its international profile through participation in conferences in South Korea and London. In September 2007, CISDM director **Tom Schneeweis** and codirector **Hossein Kazemi** were featured speakers in Seoul at a three-day conference on alternative investments. The conference was sponsored by Korea's largest financial newspaper and attended by a *Who's Who* of Korea's investment community. Earlier in the month CISDM held its own annual conference in Amherst that attracted 60 leaders from industry and academe.

During the year, CISDM's faculty and research associates contributed 11 studies to refereed journals and books, including influential CISDM articles on hedge fund incubation and options collar-investment strategies. The center's own refereed publication, *The Journal of Alternative Investments*, celebrated its 10th year as the leading journal in alternative investments research. And CISDM raised \$300,000 from private donors, including a new scholarship fund from the Zais Group. The fund will provide full support for an undergraduate and a Ph.D. student.

## Isenberg School Professor Receives Prestigious FASB Appointment

In July 2008, **Ray Pfeiffer**, a full professor in the Isenberg School's accounting department, began a year-long position as Research Fellow with the Financial Accounting Standards Board (FASB) in Norwalk, Connecticut. During the appointment, which is awarded to one senior financial accounting faculty member nationally each year, Pfeiffer plans to participate in a variety of FASB research projects. He expects to join a research project team with a focus on a topic of interest to him and to assist other research teams on an "as-needed" basis.



Ray Pfeiffer

In addition, Pfeiffer will review and evaluate existing research from academic, industry, and regulatory sources for consumption by the FASB. He will also facilitate research-related communication within the FASB and between the FASB and accounting researchers beyond the board.

Pfeiffer's longstanding interest in accounting regulations and public policy goes back at least as far as his Ph.D. dissertation, which investigated whether FASB disclosure requirements for mortgage banks gave investigators fair and sufficient information about investing in those banks. "On the front end, policy research in accounting isn't about producing a correct outcome. It's about examining evidence that helps determine which stakeholders gain and which stakeholders lose from specific policy rules and regulations," observes Pfeiffer, whose work has appeared in *The Accounting Review*, *The Journal of Accounting Research*, *Journal of Business Finance & Accounting*, and other top accounting journals.

## Professor Nagurney Excels as Fulbright Senior Specialist

In March, John F. Smith Memorial Professor **Anna Nagurney** was a *Fulbright Senior Specialist in Business Administration* at the University of Catania, Italy. Nagurney lectured and conducted workshops exploring the theme, *Complex Networks and Vulnerability Analysis: From Innovations in Theory to Education and Practice*.

During her residency, Nagurney and her host, Professor Patrizia Daniele of the University of Catania's Department of Mathematics and Computer Sciences, conducted a workshop, *Complex Networks: Equilibrium and Vulnerability Analysis with Applications*, which attracted speakers and participants from the University of Catania and other Italian universities. The workshop explored the importance and analysis of networks, ranging from congested urban transportation systems to supply chains and the Internet. Nagurney began the workshop with a lecture, *Vulnerability Analysis on Complex Networks from Transportation Networks to the Internet and Electric Power Supply Chains*.

"The three-day workshop exceeded our expectations—we had excellent presentations and lively discussions from faculty participants from half a dozen universities, and presentations by undergraduates and doctoral students as well," Nagurney emphasized. "The audience was grateful to us for bringing different disciplines together to learn from one another. Representation by female educators was also outstanding."

Professor Nagurney's appointment at the University of Catania was her second Fulbright award in six years. She has also held a Distinguished Fulbright Chair in Economics at the University of Innsbruck in Austria. Professor Nagurney is director of the Isenberg School's Virtual Center for Supernetworks, which devises mathematical models that improve the interaction of transportation, communication, electricity, supply chain, financial, and other complex networks.