The CommonWealth

VOL. 22, NO. 1 SPRING 2008 WWW.ISENBERG.UMASS.EDU

A Ninja Turtles Diary

Mirage Studio CEO Gary Richardson '76 (left) and owner Peter Laird '75

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After four decades as a living legend on the Isenberg School's accounting faculty, Professor Simpson is nearing retirement. His former students and fellow faculty members agree that there is no better way to honor Dick than to create an endowed professorship in his honor. The campaign for the Simpson Professorship will run until June 30, 2008.

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- The professorship will be the accounting department's first endowed faculty position and the Isenberg School's sixth.

- During his 41 years on the Isenberg School faculty, Professor Simpson has taught, mentored, and inspired over 6,150 students.* Your gift toward the professorship will honor Professor Simpson's commitment both to teaching and the accounting profession.

*Figure courtesy of Professor Simpson, who maintains all of his original grade books and periodically audits the professional progress of his former students.

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Dear Alumni and Friends,

Exciting things are happening at the Isenberg School! This issue of The *CommonWealth* celebrates a $500,000 grant from the Ernst & Young Foundation that will help the Isenberg School to strengthen its commitment to students from African-American, Latino, Native American, and CapeVerdean backgrounds. Four-fifths of the Ernst & Young gift will go directly to our scholarship support during the academic years 2008 through 2013. Congratulations to our undergraduate dean Carol Barr, our DiMES diversity program director Melvin Rodriguez, and our key alumnus at Ernst & Young (and Isenberg School Alumnus of the Year) Jaime Pereira '76 for their leadership in helping us secure this timely grant.

The Isenberg School and its students are making a difference in Springfield's inner city. For the past six years, Sport Management professor Todd Crosset and students in his undergraduate class, Sport and Community Relations have coordinated the Key Players Project, which annually honors ten Springfield men of color who make extraordinary contributions to the lives of children in their community. In Todd's course, which you can read about on page 3, students learn project management skills and immerse themselves in Springfield's vibrant urban culture. For our students, it's experiential learning at its best.

Our cover feature on page 6 testifies to the remarkable accomplishments that can follow when an Isenberg School graduate teams up with a UMass Amherst nonbusiness graduate—in this case a graduate of the campus' program in fine arts. Through their firm, The Mirage Group, Mutant Ninja Turtle co-creator Peter Laird '75 and Mirage CEO and Isenberg School accounting graduate Gary Richardson '76 have deftly married business and culture in their recent relaunch of Michelangelo, Raphael, Donatello, and Leonardo.

We need your help in creating our first endowed professorship in accounting. The new professorship will honor Dick Simpson, who at seventy-something has taught, mentored, and inspired more than 6,150 students. In the spirit of its honoree, the professorship will emphasize excellence in teaching. The facing page details how you can support this Isenberg School milestone.

Finally, in partnership with Harris, we are updating our alumni directory this spring for the first time in nine years. Our aim is to make current contact information available to our alumni community in a directory in both book and electronic form. Please join your 34,000 fellow Isenberg School alumni in this initiative. Our alumni network is a valuable asset. Let's make the most of it!

D. Anthony Butterfield

D. Anthony Butterfield
Dean
Isenberg School of Management

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Comments? Questions?
Email the editor at ariel@som.umass.edu

Isenberg School to Strengthen Student Diversity with $500,000 Ernst & Young Grant

The Isenberg School of Management has received a commitment of $500,000 from the Ernst & Young Foundation University Fund for a new initiative that will help the school to strengthen its commitment to students from African-American, Latino, Native American, and Cape Verdean backgrounds. Four-fifths of the grant funding the initiative—The Ernst & Young Partners in Education Program—will provide scholarship support for undergraduates during the academic years 2008 through 2013.

The additional funding will help support student programming and services, including tutorial assistance and mandatory one-credit seminars devoted to academic success and career transitioning. Each student will work with a peer mentor from the Isenberg School and a professional mentor from Ernst & Young. The students will also visit Ernst & Young's offices in Boston and New York.

"The Isenberg School is increasingly competitive," emphasizes the school's undergraduate dean, Carol Barr. "The Ernst & Young Partners in Education Program will open doors to the School for a larger pool of strong academic performers from underrepresented backgrounds. We are grateful to the Ernst & Young Foundation for its support of this important initiative."

"At Ernst & Young, we are deeply committed to the diversification of our own workforce and to the professional workforce as a whole," emphasizes Ernst & Young partner and Isenberg School accounting graduate Jaime Pereira '76. "The Ernst & Young Partners in Education Program will help the Isenberg School to graduate a significant number of new professionals from culturally diverse backgrounds who will embark on business careers with a variety of firms, including Ernst & Young."

The CommonWealth

EDITOR

Lou Wigdor

The *CommonWealth* is distributed twice each year to friends and alumni of the Isenberg School of Management. For a free subscription, write to The *CommonWealth*, Isenberg School of Management, University of Massachusetts, Amherst, MA 01003. www.som.umass.edu

Isenberg School Students Honor Springfield Community Heroes

"The Key Players Project was an opportunity to learn by doing—an opportunity to make a positive difference in Springfield's inner city communities," explained senior-year sport management student **Sarah Hurd**. "For me, interacting with members of those communities was the most rewarding aspect of the course. It was an unforgettable learning experience." "Key Players demonstrated the value of emotional involvement to us both as business students and as human beings," emphasized senior **Julie Guerra**. "Connecting on that level was important to our business education."

Now in its sixth year, the Key Players project is the centerpiece of the Isenberg School's course Sport and Community Relations. "The course emphasizes experiential learning, which is a critical element in our undergraduate curriculum," observes Isenberg School undergraduate dean **Carol Barr**. With direction from the course's professor, **Todd Crosset**, sixteen management students teamed up with community leaders to coordinate the annual project, which honors ten Springfield-area men of color—the Key Player Ambassadors. Nominated by the young people whom they serve and chosen by previous ambassadors and representatives from community organizations, the ambassadors are ultimately chosen for their profound influence on the children themselves. Artists and athletes, educators and ministers, businesspeople and community organizers—the ambassadors come from different walks of life, but all deploy their individual skills to enrich the lives of Springfield's children and the community itself.

Besides coordinating the election process, the students worked with the local media and conducted fund raising in support of the project. They oversaw two events that honored the ambassadors—a half-time ceremony at a Boston Celtics' game and a testimonial dinner-reception in Springfield attended by the ambassadors, their families, and other well-wishers. Finally, they immersed themselves in the community by each devoting thirty hours of service at family, recreation, and other community centers.

Cities, the students learned, have external images, just like products and companies. Springfield's image has suffered in recent years, but the Key Players Project allowed the students to penetrate the veneer to experience another, more positive side of the city. "We discovered that the community was full of caring people making a difference," remarked Isenberg School senior **Sean Krygier**. "It was incredibly welcoming—more so than the affluent town that I come from." "Hundreds of men in Springfield are working to improve the community," observed another student, **Sarah Potts**. "The ten ambassadors are part of much a larger positive story." Telling that story through Key Players, the students agreed, was a key goal of the project.

A multi-faceted course

"The course has multiple aims," observes Crosset. "One of them is to prepare students for an entry-level position after graduation in a sport organization's community relations department." The students get that preparation in the field through hands-on experiences both with community organizations and with a professional sports organization (the Boston Celtics). They also learn the ropes of fund-raising and interact with the local media. Back in the classroom, Crosset complements the practicum with lectures, readings and case studies that explore community relations and community building.

The Key Players Student Team

Key Players, Crosset explains, is emphatically not about college students descending on Springfield to "fix" inner city communities. It is a celebration of those communities and their cultures, their everyday heroes, and their hidden assets. Apart from the project's original concept, conceived seven years ago by Crossett, every advancement in the

2006 Key Players honorees at Celtics midcourt

program has come from community members themselves, he emphasizes. In addition, the project helps ambassadors and others to network, bringing them together for emotional and pragmatic support. Because many of the ambassadors work in different spheres, some of them meet one another for the first time through the project. Ambassadors from previous years stay connected to the project and the expanding social network by leading current Key Players initiatives. Like almost every other improvement in the evolving project, the former ambassadors' continuing involvement as project leaders was their own idea, Crosset underscores.

A Celebration in Springfield

Coordinated by Crosset's students, the celebration honoring the ambassadors on December 14th at Montenia's restaurant in downtown Springfield was above all an evening rich in stories—inspirational stories about how the ambassadors had used their own eclectic talents and skills to engage, motivate, and enrich the lives of young people.

The gathering learned that Key Player ambassador **Dennis Lawson**, a court officer by day, spends four hours each night coaching and mentoring young people at Springfield's YMCA. Dennis coaches basketball and organizes dodgeball and volleyball games for 50 to 150 grade schoolers each night. "When you walk into the gym, I become your parent," he told the audience. "If you have two parents, you now have three. If you have one parent, you have two. I teach the kids about caring, respect, and responsibility," he continued. "I ask them how they did in school that day. Every kid needs an ambassador. They need you; they need us."

2007 Key Players honorees

The audience discovered how chess could be a powerful motivational tool. “Helping young people to be successful is what it’s all about,” Key Player **Haven Williams** told the gathering. An accountant and adjunct accounting professor at American International College, Haven teaches chess and other board games of strategy at Springfield’s libraries, its Museum School, and elsewhere to engage young people and impart life lessons. “The games teach kids to focus, follow rules, and sharpen critical thinking skills,” observed the AIC graduate.” He holds a bachelor’s degree and an M.S. degree in accounting. “They also learn how to be better winners and losers.”

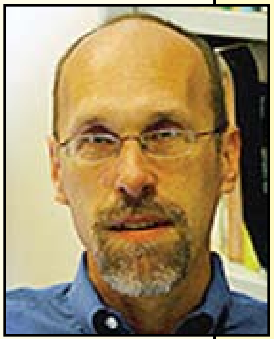
And the gathering learned how film maker **Lorenzo Gaines** uses his craft to involve youth in film making and in the socially conscious issues that cinema can explore. A graduate of Hampshire College and Columbia University (Masters in Fine Arts and Film), Lorenzo taught video production for two years at the High School of Commerce in Springfield, deploying his craft to impart life skills, work readiness, and film as a catalyst for social change. “I use film to help change others’ lives,” he emphasized. “Film helps us to tell our secrets and our stories. Films convey inspiration. My fellow ambassadors are making the dream work because well done is better than well said. They are walking the walk.”

Toward the evening’s end, Crosset announced that, with the community’s leadership, he would work to expand the university’s involvement in Springfield’s communities. To that end, he spoke of plans to bring ambassadors past and present together with members of the Amherst campus for collective brainstorming. “You give us direction. We can put our resources on it,” he emphasized. One initiative already on the table, he noted, is a $200,000 proposal submitted by Springfield’s Department of Parks and Recreation to the National Football League’s Grassroots Program and the Local Initiatives Support Corporation. (The latter is a private nonprofit organization that helps local communities revitalize neighborhoods.) Written in large part by Crosset’s student Sarah Potts, the proposal would provide matching funds through the New England Patriots that would transform a neighborhood football field.

Future plans and past accomplishments aside, Crosset was above all thankful: “What a gift you have given sixteen kids at UMass. They will be changed by it,” he told the gathering on that special evening. □

Professor Crosset to Leverage Faculty Fellowship for Youth Grant

Armed with a two-year $5,000 Faculty Fellowship for Youth grant from the Rhode Island and Massachusetts Campus Compacts, **Todd Crosset** is working to expand ties between the UMass Amherst campus and the Springfield community. By facilitating discussions between Key Player Ambassadors and UMass Amherst faculty, students and staff, the Isenberg School professor hopes to match community projects and efforts with appropriate resources on campus. “UMass Amherst has an opportunity to make a significant difference in Springfield, but it must follow the lead of those communities,” emphasizes Crosset. “To this end, the Key Players and other community leaders can provide the university with an informed compass for action.”



The Faculty Fellowship program between the Rhode Island and Massachusetts Campus Compacts is part of a joint Learn and Serve America Higher Education grant. The program focuses on youth development and the opportunities for access to high quality K-12 education, comprehensive after-school activities, and the pathways to postsecondary education.

Alumni Spotlight

A Ninja Turtles Diary

UMass Graduates Propel Terrapin Folk Heroes to New Stardom

By Lou Wigdor

"It's unfair to measure our current resurgence against our performance in the late '80s and early '90s—that was Turtlemania," remarks The Mirage Group's chief executive officer and Isenberg School accounting graduate **Gary Richardson '76**. Conceived in 1984 by UMass Amherst fine arts graduate **Peter Laird '75** and fellow graphic artist Kevin Eastman, the Teenage Mutant Ninja Turtles' (Mirage is their parent company) first coming was a once-in-a-lifetime phenomenon. "But our present growth, by almost any other standard, is dynamic," Richardson remarks.

At its peak in 1990 to 1993, Mirage and its affable Turtles were a $3+ billion retail global multimedia empire that encompassed a daily half-hour television series, three live-action movies, and 50 to 70 percent dominance in America's market for action figure toys. Six hundred worldwide licensees

Ninja Turtles co-creator Peter Laird '75

morphed Turtles' attributes into 2000+ products, including videogames, music recordings, lunch boxes, tooth brushes, air fresheners, cereal, and even canned pasta. And Mirage continued to excel in the creative medium from which, in 1984, the Turtles had first mutated—the comic book.

By 1994, Turtlemania, like all such fads, had started to cool off. After several additional years of weakening market signals, Richardson, Laird, and Eastman decided to reassess the Turtles' prospects. "So in 1998, we entered a state of relative dormancy. We pulled the manhole cover over the sewer and sent the Turtles back underground," Richardson recalls. "We continued our relationship with our master toy licensee, Playmates Toys, but we let all but two of our other product licenses expire."

Up from the Sewers. For Richardson, Laird, and Eastman, the subterranean hiatus was no deep-six holiday, but a time to regroup and think about what the future might hold for themselves and the Turtles. In 2000, Laird became Mirage's sole owner after purchasing Eastman's share in the enterprise. That afforded his working relationship with Richardson a new-found decisiveness. "After assuming sole control of Mirage and the Turtles, I asked Gary to see if it would be possible to re-launch the Turtles as less cartoony and harder edged characters, more along the lines of the way Kevin and I created them in the comic book," notes Laird.

Central to the new strategy was rebooting the Turtles' visibility through a new weekly TV show that would have an edgier look and feel but still retain the terrapins' traditional kids market. "That meant placing a new half-hour animated show on Saturday morning TV. It was challenging to sell the edgier concept to a licensing partner and a national TV network," explains Richardson. After some trial and error, Mirage found an enthusiastic partner in 4Kids Entertainment, a global provider of children's entertainment and merchandise licensing. "They called us up and were willing to do the deal that the other media congloms weren't," recalls the Isenberg School alumnus. With the new partnership in place, the Turtles immediately became an anchor show on the Fox Box, a four-hour Saturday morning block of children's programming that 4Kids Entertainment coordinates for Fox TV.

Working with its new partner, Mirage implemented a multimedia strategy that tied together the new TV series, renewed toy sales and product licensing, and launched new video games and DVDs. The initiative also included a revived comic book series, a stylish, interactive web site, and Turtles promotions with McDonald's, Burger King, KFC and Subway. In March of 2007 Mirage crowned its re-launch strategy with the release of TMNT, its first Turtles movie in fourteen years, the first ever to employ state-of-the-art computer graphic animation.

By all accounts, the Turtles' second coming has been a lid-smashing success. The new TV series has led the way with production of 143 half-hour segments between 2002 and 2007 and another 13 currently in development. The series, which also was syndicated by the Cartoon Network, airs in over 75 international territories, in 20 different languages. Mirage has sold 2 million DVDs of the series worldwide.

At Mirage, UMass alumni rule: Steve Murphy ’85, Peter Laird ’75, and Gary Richardson ’76.

Since 2003, Playmates Toys has sold over 35 million action figures worldwide in over 50 countries. At the same time, Mirage licensees, Konami and Ubisoft, have sold over 4 million Turtles video games. And licensing arrangements have mushroomed to include 80 U.S. and 200 international companies. Finally, during its opening week in March 2007, TMNT topped all other movies at the box office with $25.5 million in receipts. Produced in Southern California and Hong Kong by Imagi Animation Studios, the movie has received critical acclaim for its cutting-edge computer animation.

Keeping Expectations Realistic. It’s crucial to view Mirage’s recent success in perspective, insists Richardson. At the Turtles’ peak in the early 1990s, 90 percent of American boys between the ages of three and eleven owned at least one Turtles action figure. Returning to those dizzying heights is seductive but unrealistic, Richardson emphasizes. Better to target reasonable and long-term market share, coupled with control over the Turtles’ brand and preservation of Mirages creative autonomy. “We’ve had many opportunities—most recently with the movie—to trade off our integrity for a broader market presence,” notes Richardson. “But that would entail too great a cost,” he insists. “In the long-run we would sacrifice who we are.”

Central to that identity is an unstuffy, noncorporate culture that supports individual creative pursuits with business common sense. Mirage’s unvarnished headquarters in Northampton, Massachusetts houses toy- and graphics-cluttered offices for Laird and several other graphic artists, rooms with floor-to-ceiling samples of each licensed product (lorded over by UMass Amherst alumnus **Steve Murphy ’85**), and a one-room toy collection dubbed the Toy Hall of Fame. There’s also an office that houses the Xeric Foundation, which Laird established to support local charities and offer seed money to budding comic artists.

The Road to Turtledom Passes through UMass. For Gary Richardson, the journey leading to his current role was nearly as improbable as the Turtles’ own success. In 1970, he entered UMass Amherst as a liberal arts major, commuting from his hometown, Greenfield. Disenchanted after his freshman year, he took off a year to find himself, working for Western Massachusetts Electric Company during the summer, picking apples in the fall, exploring the lifestyle of a ski bum in the winter, and then finding work with Greenfield’s Department of Public Works. Still searching for answers, and contemplating a return to college, Richardson turned to an old friend who offered some timely advice: You’re not a liberal arts guy. You need greater focus.

“Returning to UMass as an accounting major in September 1972, things turned around for me,” Gary recalls. “[Professor] Dick Simpson was an important influence. He kept me motivated and was genuinely interested in my progress.” During his final semester as a senior, Richardson interviewed with Coppers & Lybrand in Springfield. But just the thought of working in one of the cubicles in the audit or tax departments turned him away from the Big 8. “I wanted a more varied public accounting experience and a chance to meet clients face-to-face and help them deal with real life small-business issues. I needed that personal contact.”

Richardson got that and more when he joined Charles Saunders & Associates, a small public accounting firm with six CPAs and a support staff of nine in Greenfield. “It offered a completely different atmosphere. I did tax work, audits, estate and retirement planning,” he recalls. “I interacted with all sorts of folks and helped some of them to grow their businesses. At Saunders & Associates, I felt that I was contributing to the community," emphasizes Richardson, who today lives in nearby Hatfield, Massachusetts with his wife, **Joanne Richardson '75**, a School of Education graduate. The couple has two sons and a daughter, all three in their twenties.

The Isenberg School graduate's first encounter with Laird and Eastman came in 1987, when the duo, who had just moved from Connecticut to Northampton with their four-year-old enterprise, approached Saunders & Associates with a reference from their insurance agent. "By 1987 Peter and Kevin had produced a dozen or so comics and licensing activity was just starting up. They needed all kinds of help with accounting, taxes and business planning," Richardson reminisces. "I thought their financial prospects seemed questionable at the time, and told the senior partner that we should probably get a retainer in this case. Let it slide, he recommended. Just another example of, you can't judge a comic by its cover."

"Gary came in as our accountant, but he was much more than that—he was an excellent all-around business person and sounding board," Laird explains. When Richardson arrived on the scene, Laird and Eastman were basing budgeting, printing, and distribution decisions on learn-as-you-go intuitions rather than business acumen and experience. As their business began to grow and diversify, they also became preoccupied with legal concerns and deal making. "The price of their success was that they had less and less time for their own creative work," Richardson recalls. "To have Pete and Kevin sit in a room with lawyers for eight hours— was fundamentally wrong."

A native of North Adams, Laird had also graduated from UMass Amherst, but with a B.A. in fine arts. "Back then, the fine arts program emphasized philosophy and art history over technical training," Laird recalls. "I wanted more hands-on, real world training, but over the years I've come to appreciate the breadth and understanding that can emerge from the sort of wide-ranging education that I received."

Business Education Services the Arts. By the time Laird and Eastman asked Richardson to join them full time in 1991 as Mirage's CFO, he had taken on a pervasive business role as the firm's consulting accountant. (He has been CEO since 1995.) In their working relationship, the partners and Richardson successfully bridged a cultural divide. "We both learned from each other," notes Laird. "I know that at times Gary found us a little appalling as business owners. But he was always honorable and decent enough not to mince words when he thought we were doing something wrong from a business point of view. In retrospect, I would have gotten a lot out of an introductory business course at UMass. That's something that the university should offer to all of its non-business students."

For Richardson, the enculturation process was also challenging. "I immediately learned that Peter and Kevin thought from the other side of the brain," he recalls. "But by keeping an open mind and open lines of communication, we eventually learned to appreciate what we each brought to the table. Business without creativity doesn't go very far."

How has Richardson's experience and training as an accountant contributed to his current role? " I'm always monitoring processes that improve the reliability and accuracy of our transactions with licensees and other business partners. We also have specific structures in place for negotiating licenses and other business deals. Peter and the other artists at Mirage want freedom and flexibility in practicing their art. My job is to structure transactions that will allow them to have the confidence and control that they need to do their best work.

"It's amazing to think that two UMass grads who grew up and lived most of their lives in Western Mass would end up working together in Northampton in a business involved in worldwide entertainment and product licensing, let alone connected to a crazy concept like Teenage Mutant Ninja Turtles," muses Laird. "From taxes to Turtles—Cowabunga!" □

Former New Bedford Clothing Manufacturer Thrives as Clothing Refinisher in the Global Economy

"We will do anything that it takes to meet the challenges of our business customers," insists **Jeff Glassman '90**. The Isenberg School alumnus is president of Darn It! Inc., a fast-growing New Bedford, Massachusetts provider of diverse services to the apparel industry. The business also doubles as a warehouser and pick/pack distribution node for apparel and general merchandise.

Jeff Glassman '90 and Norm Glassman '63

A November visit to the firm by *The CommonWealth* revealed an ordinary day of diverse projects and nonstop activity. On its cavernous floor (Darn It!'s combined factory and warehouse occupies 140,000 square feet), scores of workers operated sewing and embroidery machines; unpacked and reboxed shoes; sorted, pressed, and stored dresses and sport jackets; and spot cleaned and altered garments.

Half a dozen women sat at sewing tables replacing buttons with snaps on polo shirts sporting a Fortune 500 logo. A second group of Darn It! employees replaced mislabeled sweaters with new labels identifying their contents as 100% luxury cashmere. And a third cluster of workers used black magic markers to X out information on the labels of children's pajamas. "None of our machines and work tables are bolted down. We can move and reconfigure operations on a dime," notes Jeff.

Darn It! Inc.™

"On the warehouse side of our business we have many customers who prefer not to maintain their own warehouses. They send us their finished products to inventory, store and ship to their customers at their request," Jeff explains. In its even more sprawling warehouse space, Darn It! housed unlikely bedfellows. Boxes of olive oil shared floor space with 100 trailers-worth of recently arrived art supplies and 142 pallets of Dove soap. "It's a pick, pack and ship warehouse," remarks Jeff's father, **Norm Glassman '63**. Norm continues to participate actively in Darn It! as a business alter ego to his son.

"Our two greatest assets are our people and our space," Jeff continues. The firm has about 120 employees, many with seasoned tailoring skills and a strong work ethic. At the same time, Darn It! relies on temp services to help meet its increasing spikes in demand. "We never know what challenges—what orders—are going to surface each day. We need to be agile enough to respond decisively."

Darn It! and many other business tenants occupy space which formerly housed Berkshire Hathaway—a mill that once employed thousands of New Bedford textile workers. Legendary financier Warren Buffet purchased the textile company in 1965, acquired the name Berkshire Hathaway, and sold the site in 2000 to its present owner, who rents to Darn It!

The firm's apparel customers include a cross-section of that industry—big box and catalog retailers; clothing manufacturers and importers; and wholesalers, distributors, and liquidators. Darn It!'s general merchandise customers, which rely on the firm for storage and related services like product inspection, repacking, and returns processing, represent a similarly broad spectrum of retailers, wholesalers, distributors, and liquidators.

Expecting the Unexpected. Given their diverse customer base with its own unpredictable demands, the Glassmans arrive at work each day expecting the unexpected. For example, notes Jeff, a Darn It! customer opens a container shipped from China to find racks of clothes strewn about in transit. The customer reroutes the container to the Glassmans, who will inspect, sort, press, and inventory the clothes. A second manufacturer, which had affixed a store's label to thousands of shirts before the order was cancelled, called on Darn It! to substitute another store's labels to resell the goods.

When a customer receives a shipment of shirts with buttons of the wrong shape or color, it can funnel the lot to the Glassmans, who will make it right. Too many shirts or pants left over at a retail chain from the winter and spring seasons? Darn It! will shorten sleeves and transform pants into shorts. (In a recent shipment, the business transmuted 22,000 such pairs of pants.)

"We do lots of inspections for our customers," observes Norm. "Besides finding sewing flaws, we discover discolorations, mildew, and odors. Much is salvageable either through sewing, laundering, pressing, dry cleaning or exposure to fresh air."

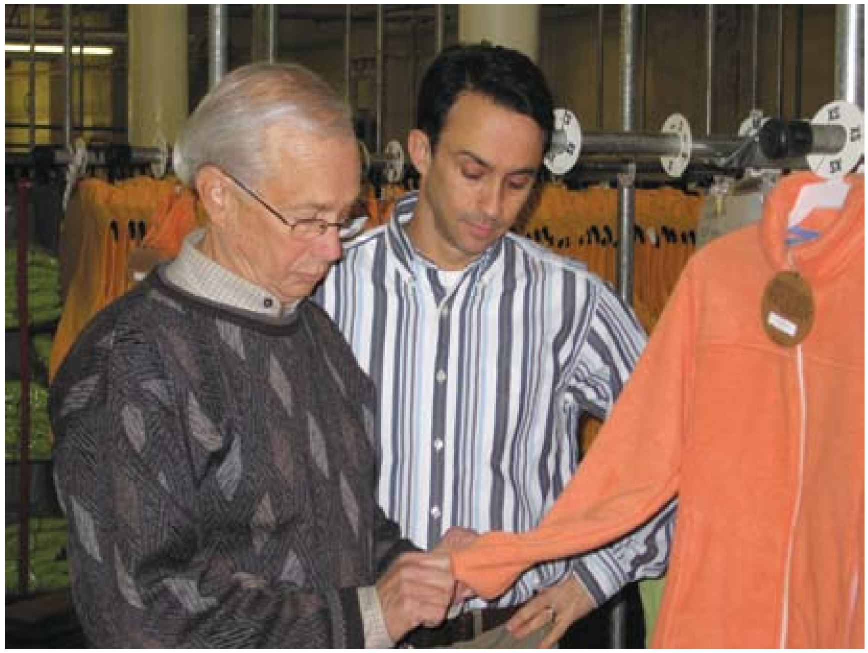
Business Roots and Adaptation. Darn It! was the direct descendant of the Glassman's once-teeming clothing contracting business, Ronnie Manufacturing (honoring Norm's wife and Jeff's mother, Ronya). Founded in 1967 by Norm and his father Meyer, Ronnie Manufacturing at its peak employed 350 people (including 145 stitchers). The business focused on contract manufacturing of women's sportswear, including blazers, pants, skirts, and jackets. During the 1980s, the firm's fortunes, like almost every other textile manufacturer in the Northeast, free-fell against an onslaught of low-cost competitors—first in the Southeast, and then in Mexico, the Caribbean, and overseas.

Searching for new niches in the industry, Norm tried making women's coats and fleece garments. That's when Jeff joined the firm. Not long after his arrival in the mid 1990s, Jeff and Norm started what he describes as "a little repair module," which became the forerunner of Darn It! "One of our first big repair jobs was for an American manufacturer importing garments from Mexico. Two trucks of pants were sent to our factory from Mexico," Norm recalls. "One truck got hijacked but the other made it through with 30,000 pairs of pants. The pants needed labels, hangers and plastic bags to be changed."

It was a sad day in 1994, when Norm gathered his remaining 100 employees to inform them of Ronnie Manufacturing's closing. About 75 employees stayed on as the repair business took off, thanks to a growing, largely uncontested market for its services in the Northeast. "As we've grown, we've begun to market ourselves nationally," Jeff continues, citing recent customers in West Virginia and Texas. "Fuel costs have dampened the pace of our national expansion, but the Web has worked in its favor. We had underestimated the power of the Web. Soon after we started placing ads in Google, a response from a California firm to launder and repackage more than 150,000 shirts instantly changed our outlook."

Darn It! knows relabeling.

Valuing the UMass Connection. Norm graduated in 1963 from the Isenberg School (then the School of Business Administration) with a degree in accounting. After a six-month stint with the U.S. Coast Guard, he stopped off in his home town, New Bedford, before heading for interviews with public accounting firms. "My father's small contracting sewing business was ailing and I felt that helping out was the right thing to do," he explains. Later, his brothers Mark and Stephen joined the firm and Nanette Manufacturing—the name of his father's company morphed into Ronnie Manufacturing. When Norm joined the firm it employed 25. Under Norm's leadership, the firm grew fourteen-fold.



Father-and-son inspection team

In the 1990s, history repeated itself when Jeff joined and helped transform his father's business. At the Isenberg School, Jeff preferred pragmatic courses like Jim Theroux's class in entrepreneurship and Dean Schroeder's case study class in business operations. (Today, he remains connected to the school as a member of its Business Advisory Council.) After graduating with a degree in finance, Jeff joined Filene's, where he became business coordinator of its newly formed creative advertising department in its Boston corporate headquarters. After that, he joined Milton's, a Braintree-based chain of men's clothing stores, as its operations manager.

In 1994, Jeff left Milton's to join his father in the family business. Later that year, when his dad announced the closing of the manufacturing plant, Jeff was tempted to leave the company and join Smith Barney in a managerial role. But he decided to stay and help reinvent the family business.

"There were several reasons why I chose New Bedford, including family ties and a preference for entrepreneurship over the corporate world," he confesses. And, of course, Jeff also sensed a great opportunity in growing the repair side of the business. Today, Jeff and his wife, Lori, live in Sharon with their two sons, Noah and Jack.

"UMass has been a valuable asset for the extended Glassman family," notes Norm, who is currently on the Advisory Board at the Charlton College of Business at UMass Dartmouth. Besides Norm and Jeff, graduates of the Amherst campus include Norm's brother, **Steve '67** (HTM), and Steve's three children, **Russell '96** (Animal Science), **Kim '98** (Nutrition) and **Michael '00** (Management). **Doug '04**, the son of Norm's other brother, Mark, is also an Isenberg School graduate. "UMass has been a great experience for every one of us," Norm emphasizes. "That's no doubt why new generations of the family have kept on enrolling and graduating."

Darn It!'s own success rivals the successful adaptation of businesses in the case studies that Jeff encountered as a student at the Isenberg School. "Before manufacturing moved offshore, business customers typically sent defective products back to the manufacturer," he emphasizes. "Back then, they were more directly accountable. Today, with more intermediaries along supply and distribution chains and with thousands of geographically dispersed sewing operations of variable quality, there are more opportunities for error. Overseas manufacturing may have been the writing on the wall for Ronnie Manufacturing, but it's opened a world opportunity for Darn It! ☐

A Successful Entrepreneurial Yarn: Former Isenberg School Alumnus and His Family Grow a Trend-setting Business in Northampton

Alumni Spotlight

"It's fair to say that WEBS is living up to its moniker of America's Yarn Store," notes Isenberg School graduate and emeritus professor **Art Elkins** '57. When Art retired from his full-time faculty position at the Isenberg School in 1987, he joined his wife, Barbara, as a co-owner of the business. During the next 25 years, the couple grew WEBS into a national leader in retail yarns and supplies for knitting and weaving. Today, WEBS is growing even faster under the leadership of Art and Barbara's son, Steve, and his wife, Kathy, who assumed ownership and day-to-day management of the business in 2002.

"In terms of sales and storage space, WEBS is probably the biggest yarn store in the world," notes Art. Between its warehouse and its 16,000 square-foot retail shopping area, the business offers hundreds of colors and scores of varieties of name-brand yarns, including its own label, Valley Yarns. At the same time, WEBS, which has 20 full-time and 22 part-time employees, has an extensive catalog of patterns, needles and crochet hooks, craft kits, spinning supplies, and looms. And it offers up to seventy classes each semester in knitting, weaving, and lower-profile crafts, like felting.

Kathy, Steve, Art '57, and Barbara Elkins

But it is mail order—especially through e-commerce—that drives the fast-growing business. During WEBS' peak season from September to November, eight full-time employees process 300 to 400 orders per day. Seventy percent of WEBS' business, in fact, is on the Internet. "Steve and Kathy have grown that side of the business dramatically," observes Art. "Since they took over, WEBS has enjoyed five straight years of 25 percent compounded growth. For Barbara and me, its fantastic to see the foundation that we built support even greater success."

From avocation to vocation.

The underlying warp and weft of that foundation dates from 1974 when Barbara Elkins and a friend—both avid weavers—conspired to support their habit by teaching weaving, selling yarn, and renting looms to fellow enthusiasts—"sort of the way music shops rent musical instruments to kids," remarks Barbara. For several years, Barbara and her partner ran the fledgling enterprise from the Elkins's basement. Barbara bought out her partner in 1977 and in the mid 1980s WEBS moved to the first of two sites in downtown Amherst. During the 1980s, Art, who had helped Barbara with the firm's books from the beginning, teamed up with Barbara at craft shows and on yarn buying trips—for knitting as well as weaving. Art's retirement from the Isenberg School in 1987 proved no retirement at all: he promptly joined Barbara as a full-time partner.

Under the Elkins partnership, WEBS quickly outgrew its space in Amherst. In 1992, the business moved to a 21,000-square-foot former New England Telephone garage in Northampton. The building, along with a later occupied 8,500-square-foot adjoining building, has housed WEBS ever since. It has just received its third major makeover since the Elkins arrived. In addition to its vastly improved facilities for retail, order processing, packing, shipping, and information technology, the business, by taking advantage of formerly unused overhead space, has almost doubled its useable warehouse space. "It's a far cry from our final days in Amherst, when we stored much of our yarn in a wind-swept fertilizer barn in South Deerfield ten miles north of Amherst," remarks Art.

While building up WEBS' variety of national name yarn brands, the Elkins used their frequent buying trips to develop their own high-quality house brand—Valley Yarns. They also visited mills all over the country to purchase odd lots and discontinued and surplus yarn, including mill ends—excess yarn that remains after a designer's contract with a garment manufacturer is completed. These allowed WEBS to offer weavers and machine knitters very high quality coned yarn at rock bottom prices. "And we never excessively marked up our own brand; instead we passed the savings on to our customers. There was plenty of margin left over for us," Art emphasizes.

American textiles: A tangled web. WEBS' growth dovetailed with the late-stage decline of America's yarn manufacturing industry. "In the mid 1980s, when we drove down to North Carolina on a buying trip we noticed that textile mills were fewer and farther between. By the early 1990s it was evident that American mills were dying off, so we began shifting our focus offshore. At first, we turned to companies in Brazil and Northern Ireland for our yarn. Today, we import most of our yarn from Peru, Brazil, Italy, France, and Belgium."

WEBS' success has dovetailed with the spectacular growth of knitting as a pastime and a subculture. "Even though we're probably the biggest weaving supplier in the country, knitting accounts for 80 percent of our sales," observes Art. "The typical weaver is a woman age 50 or older. The very different knitting demographic is women ages 25-59."

Even younger, notes trends researcher Mark Penn in his 2007 book, *Microtrends*. Some 20 million Americans, he writes, knit or crochet. The fastest growing segment of that group is females in their teens and twenties. Six million women ages 25-34 and nearly 6 million women ages 18 and under have taken up knitting and crocheting.

"We began doing mail order early on, first by compiling a list of our in-store customers," Barbara recalls. "But it was exhibiting around the country at craft and trade shows that really helped us to build our mailing list." Communication in the knitting and weaving subcultures, notes Art, can prove viral, a phenomenon greatly magnified by consumer-to-consumer sites on the Internet. Subcultural buzz about WEBS, he insists, has been instrumental in the growth of its reputation and market reach. During the 1980s and 1990s, WEBS nurtured customer relationships through an effective, but expensive, labor-intensive practice of taping yarn samples to price lists and mailing them first class to customers on their growing mailing list. "We avoided buying mailing lists, which we considered to be sterile. And we spent minimal money on paid advertising. By early 2000, we had built a high-quality list of 5,000 to 6,000 customers which generally yielded a phenomenal 35% hit rate in terms of orders."

In the late 1990s, Art and Barbara, chasing retirement, resolved to sell the business. "The challenge was that we

“Our industry is like hardware before Home Depot—there’s no category killer”

weren’t about to sell to a buyer who didn’t embrace our business values,” recalls Barbara. After several failed candidates, Steve and Kathy, who had rebuffed the older generation on two previous offers, relented and took over WEBS’ day-to-day operations in March of 2002.

“Our industry is like hardware before Home Depot—there’s no category killer,” explains Art. “I see our market share at between 2 and 4 percent; Steve figures it at just under 2 percent.” There are many small shops and small-time sellers on Internet sites like eBay, he continues. “The other extreme is Wal-Mart, which leads everyone else in yarn sales but focuses on mass market acrylics. WEBS’ serious competition comes from several large sellers; some, like us, do extremely well on the Internet.” But Art believes that WEBS’ competitive edge resides in its diverse product mix of branded yarns and its own competitively priced label. “Shoppers view us as a unique source for things that they can’t find elsewhere,” he continues. “Because the market is still wide open, WEBS has a window of opportunity for intense growth, especially in knitting. That’s why Steve and Kathy, who both have MBAs, corporate experience (Steve at Pepsi and Kathy at Stride Rite), and an entrepreneurial edge, are moving so aggressively to expand the business.”

One of Steve and Kathy’s first moves was to replace WEBS’ labor-intensive mailings with four or five mailings per year of full-color catalogs separately devoted to knitting and weaving. They have also introduced a mail order processing system that links invoices and bookkeeping with inventory and the web site. Knitting those operations together in a tightly coordinated system, says Steve, helps WEBS, through improved speed and accuracy, to reach and service its fast-growing customer base. And speed extends to dealing with suppliers and introducing new products. “We want to be seen first and shipped first,” affirms Kathy. “We make sure that our products keep turning. If a yarn isn’t performing, we mark it down. It’s business; it’s not personal with the yarn.”

WEBS on the web. The new partners use the Internet more strategically than their predecessors. That includes sending out periodic broadcast emails to inform WEBS customers about sales and classes. Kathy’s weekly radio show, *Ready, Set, Knit!* receives national distribution as a podcast that captures 3,000 downloads each week. When Kathy recommends a product on the air, it usually sells well the next week, says Art. And WEBS, Kathy notes, is increasingly responsive to the concerns of members of online communities like Ravelry and Knitters Review Forums, the latter which has 60,000 members.

Among WEBS’ current renovations, which are vastly improving the configuration and workspace of its departments, a revamped web site has been the single biggest ticket item. “Our new, much cleaner web site will have far superior organic search pull with Google and other search engines,” observes Steve. “In addition, it will allow for much quicker checkouts. And customers will be able to share wish lists and create “kits” by comingling yarns and patterns.”

Entrepreneur and professor.
Like Kathy and Steve, Art has an MBA degree. A year before earning his MBA in marketing from Columbia University in 1958, he received his B.B.A. in marketing as a member of the Isenberg School’s seventh graduating class. In 1959, on the invitation of Isenberg School Dean Himy Kirshen, Art returned to UMass Amherst to teach basic accounting. “That was a stretch for marketing major, but I was a fast learner,” Elkins recalls. Art’s next teaching assignment at the school was introductory management, which he appreciated for its emphasis on strategy and coordination of different business disciplines.

Realizing that a doctoral degree was necessary for more leverage in a career in business education, Art went on leave from UMass to enroll in Indiana University’s doctoral program in management. When he returned to UMass Amherst in 1963 as an assistant professor, he was one of five management professors on a business school faculty of 19. “Back then, it was a wonderfully collegial community that emphasized school affiliation over departments and specializations,” he recalls. “Everybody knew everybody else and went to the same parties.” Those were the final days of the school’s digs in compact Draper Hall, a former cafeteria, which the school shared with other departments including the university mail room. In 1964, the school got its own “modern” building and never looked back. “In the new, roomier building, we quickly expanded to thirty faculty members,” Elkins continues. “We became more fragmented by department but still retained much of our school-wide culture. To this day, many of our early faculty group who have stayed in Amherst after retirement—Tony Krzystofik, Jack Conlon, Dick Hartzler, Ward Theilmann, their wives, the spouses of George Schwartz and Nelson Pion, and Barbara and I continue to meet each month over dinner. That includes an annual pot luck dinner in our WEBS classroom.”

As a faculty member, Elkins taught strategy, business policy, and personnel management. He also developed one of the country's first curriculums in business and its environment. His textbook on the subject, *A Managerial Odyssey*, with Dennis Callaghan went into three editions. Elkins also held administrative posts at the school: as chair of the management department in the late 1970s and associate dean for internal activities in the early 1980s. Before retiring from the Isenberg School in 1987 at age 52 to join WEBS full time, Art taught courses in introductory management and entrepreneurship.

"A lesson that I've learned both as a professor and a business practitioner is that business success can create even greater challenges and pressures," Art observes. WEBS, for example, is near the limits of its hands-on entrepreneurial stage where its owners make every managerial decision. To accelerate its growth, Steve and Kathy will need to cede chunks of direct control to others."

"Pepsi, where Steve worked, develops talent from within," notes Kathy. "That's what we've been doing at WEBS. To date, all but one of our managers was a previous WEBS employee. Still, Steve and I find human resources the most challenging part of our jobs. It just wasn't in our backgrounds. We remain a family business and we want our employees to feel part of an extended family, but an employee handbook is by necessity on the horizon.

"There's lots to learn from business models like L.L. Bean, Yankee Candle, and IKEA Furniture in transitioning to the next level. Do we add additional crafts?[1] Do we open another retail site? How can we be first to spot and make the most of new trends on the Internet? Whatever we do, we are grateful to Art and Barbara for giving us an extraordinary foundation to build on." □

[1] In February, WEBS purchased the Northampton store, Beader's Paradise, which the Elkins consider complementary to WEBS.

ISENBERG SCHOOL CLASS NOTES

Your Classmates Want to Hear from You!

Share your accomplishments with the Isenberg School alumni network—34,000-strong—by e-mailing *The CommonWealth* at ariel@som.umass.edu or by sending your update to The CommonWealth, Isenberg School of Management, University of Massachusetts, Amherst.

Al Halpern '71 (Marketing) writes that "the Bulldogs (third floor John Adams dorm) from the late 1960s to the early 1970s had their third reunion in Las Vegas in July. Besides telling old UMass war stories, the highlight was going backstage at the Mirage to meet Jay Leno in his dressing room. The meeting was brought about by my sending Leno a note telling him about being at his prom (Andover High, 1968) and that several of the Bulldogs were from the Merrimack Valley—Haverhill and Lawrence." To view the photo of the Bulldogs with Leno visit umassmag.com/photos.

Michael J. Taylor '76 (Accounting) CPA, CVA, is a principal with Robert, Finnegan & Lynah, PC in Boston. Employed by the firm since 1976, Michael attended the Isenberg School's Accounting Alumni event last fall at the UMass Club in Boston.

Bruce A. Buckley '77 (HTM) is the District Manager with ARAMARK in Wakefield.. ARAMARK is a global leader in professional services, providing award-winning food, hospitality, facility management services and high-quality uniform and work apparel.

James D. Flynn '79 (Accounting) is President of Carson Companies in California, where he lives with his family. In business for nearly 100 years, the Carson Companies are a leading provider of buildings ideally suited for the logistics, distribution and supply chain management business in Southern California and Houston.

Kevin Pease '81 (Sport Management) of Falmouth is tennis director for the Falmouth Sports Center on Cape Cod and owns and operates the Kevin Pease School of Tennis, which has produced many sectional and national ranked players. He received the USPTA New England Coach of the Year and Over 45 Player of the Year award in 2007. His students won the men's Mass State Division One. He jokingly writes, "I have adjusted my goals for competition; I used to want to be top 10 in New England, now I'm lucky if I can be top three in my family." His wife, Jennifer, plays competitively, son Matt, 4, is a "little gripper," Scott, 25, and Eric, 23, teach tennis, and Sean, 18, is destined for Quinnipiac on a tennis scholarship while daughter Kara, 16, is a senior and ranked number one at Falmouth. "Cassi, our Golden Retriever, loves to chase tennis balls—what a surprise!"

David A. Rakouskas '83 (HTM) is corporate controller and secretary with Sonesta International Hotels Corp. in Boston.

Michael Jurnak '87 (Accounting) of Bedford, New Hampshire—a CPA with Berry, Dunn, McNeil & Parker—has recently been appointed principal in their Manchester, New Hampshire office. He's a member of the firm's manufacturing and high technology industry groups.

April Peppe '87 MBA is director of human resources for Canon USA in Lake Success, New York. Previously, she was a vice-president in the human resources division with the Bank of New York. She lives in Rockville Centre, Long Island, with her husband Michael Cassatto and their daughter, Brooke Lara.

Keith Dougherty '90 (Management) writes, "When you get to Seattle e-mail me and I'll take you to Papi's Pizza in Everett, owned by Ken Schoener, originally of Dedham. It's like eating at Fenway." Reach Keith at dough@gmail.com.

Mike Gwozdz '90 (Finance) was recently named Chief Underwriting Officer, Energy for Liberty Mutual Group's newly formed Specialty Lines business unit in Boston. Mike explains: "We provide business insurance for power and utility, oil and gas exploration and production, and other alternative energy companies countrywide. I'm in my 18th year with Liberty Mutual since graduating from UMass with a major in finance. After that, I received an MBA from the F.W. Olin School at Babson College. Liberty Mutual has been a great employer and has provided me with numerous opportunities for professional development. We've just become part of the Fortune 100, and there are fellow UMass grads throughout the company, which makes things fun after work. I'm excited also that my wife Lauren '90 (HTM) is now part of the Isenberg School. We have lived in Medway since 1998 with our daughter, who is 15, and our son, who is 13. Contact me at michael.gwozdz@libertymutual.com or umass90@verizon.net

Linda J. Supranowicz '93 (Accounting) is the Assistant Controller at Crane & Co., Inc. in Dalton. Linda lives in Pittsfield and is a member of ISOM's Accounting Advisory Board. Crane & Co., a family owned papermaker, is admired for its high-quality stationery and for its currency paper, which it has made for the U.S. Mint since 1879.

Denis Gendreau '95 (Marketing) has been promoted to director of media planning at Mintz & Hokee's media practice in Avon, Connecticut.

Brian Davis '97 (Sport Management) of Liverpool, NY is director of marketing for Time Warner Cable in their upstate New York division.

Kenneth Pierce '97 MBA is a software product manager with the Victor, New York-based firm InfoDirections. In his current position, Ken coordinates teams that develop and implement customized software products focusing on billing systems and inventory management for clients in the telecommunications industries. Ken's teams design, develop, coordinate, and implement InfoDirections' products. They also train clients in their use. Ken, who lives in Holyoke, joined InfoDirections in 2004, when the firm bought his former employer, Lexys Technologies, a Cambridge, Massachusetts start-up that specialized in software design for retail and inventory management systems for communications service providers. The former Isenberg Scholar credits his success as a software product manager in part to his opportunities as a recipient of the interdisciplinary Isenberg Award and to his degrees in civil engineering and business. "As a child, I always wanted to build things, so I went into engineering," he recalls. "Developing software applications is like building, and getting an MBA has helped me to manage that process."

Richard Humphrey '98 MBA is Strategic Programs Manager with the Architecture, Engineering, and Construction division at Autodesk Inc., based in San Rafael, California. Working in Manchester, New Hampshire, Rich sets strategic direction for product management and development teams that design and sell software to Autodesk's engineering customers. Rich's current role includes strategic assessment and deployment of business market intelligence, development of business plans, and coordination of M&A initiatives within his division. A member of the Isenberg School's Business Advisory Council, the former Isenberg Scholar credits much of his career success to his education, which in addition to his MBA degree, includes an M.S. degree in civil engineering from Carnegie Mellon University and a B.S. degree in civil engineering from Tufts University.

Scott MacNeil '98 (Hospitality and Tourism Management), a captain in the Air Force, writes, "Hello from Germany. I would like to announce the birth of my first child, Devyn Siena MacNeil, born on October 23 in Wittlich, Germany. Our whole family is doing fine!" Please visit umassmag.com/photos to see beautiful baby pictures of Devyn.

Chad McEvoy '98 M.S. (Sport Management) received the 2007 Illinois State University Research Initiative Award, which is given to faculty members who "have initiated a promising research agenda early in their academic careers." Chad is an Assistant Professor and Director of the Sport Management Program at Illinois State. He lives in Normal, Illinois with his wife Kerry and their two sons, Andy and Luke.

Colleen Duffy-Brace '00 (Sport Management) is Vice President, Sales at ANC Sports Enterprises, LLC in Purchase, NY. ANC Sports Enterprises is a full-service marketing company that provides signage solutions that generate maximum sponsorship and advertising revenue while enhancing the overall fan experience. Colleen returned to campus this fall for the first Sport Management Alumni Weekend. Coleen's husband, **David Brace '96**, is also a Sport Management graduate.

John Link '02 (Marketing) is the author of *The Link To Beating Cancer: The Real Life Story of a Teenage Cancer Survivor*. He writes, "My book is about my cancer survival as a teenager. I designed it as a book for young adults to read while battling this disease. Part of the proceeds from the sale of the book go back to raising money for cancer research."

Douglas White '03 (Management) of Plainsboro, New Jersey, recently graduated from New York University's Wagner School of Public Service with a master's degree in public administration in public and nonprofit management and policy.

In January, Doug started a new position with the New Jersey State Assembly, Majority Committee office as its senior policy analyst. Before that he spent 3 years as part of a management team for an industrial supply company in New Jersey. During his first year after graduation, he worked in Washington, DC in the California's Governor's Office and the NCAA Government Relations office.

Juliana Tritone '05 (Accounting) and Matthew Smigielski '05 (Engineering) were married in October 2006 in Jefferson. The reception was held at the Old Mill in Westminster with Katrina Skayne '03, Ryan Benedict-Gill, Mark DiBenedetto, Joseph Fife, Patrick Golden, Amanda (Dahlberg) Kourtz, Joseph Lively, Lilian Mungai, Pauline Mungai, John Noonan, Jamison Shipley, Monica Bannish '06, Sarah Deihl '06, and Diana (Barszcz) Karas '07 attending.

FDIC Chairman Sheila Bair Returns to the Isenberg School

On February 15, **Sheila Bair**, the Isenberg School professor who has served as chairman of the U.S. Federal Deposit Insurance Corporation since July 2006, returned to campus as featured speaker in the school's Finance Seminar. Bair is on leave from the school as its Professor of Financial Regulatory Policy. Since moving to Washington, Dr. Bair has become a central figure in policy discussions focusing on the nation's subprime mortgage crisis. Last year's 1.7 million foreclosures in the U.S. dwarfed the 600,000 or so that we've come to expect, Bair told her audience of 60 academics and finance industry practitioners. Much of the tragedy, she continued, stems from the housing market's abrupt decline combined with the groundswell of subprime mortgages issued from 2002 through 2006 and into 2007.

Those mortgages, Bair explained, offered seductive starter interest rates of 7 percent to 9 percent followed two or three years later by compulsory upward interest obligation resets of 2 percent to 3 percent. For many subprime borrowers, that meant a payment shock of 30 percent to 40 percent. "Don't worry about the reset. You can always refinance the mortgage, lenders would tell the homeowners," remarked Bair. Most homeowners could indeed refinance or sell as long as home prices continued to appreciate, but in 2006 the housing boom abruptly tanked, leaving subprime homeowners at risk.

That risk, noted Bair, has fallen disproportionately on lower-income homeowners and their neighborhoods. Forty-eight percent of African Americans and forty-two percent Hispanics who secured mortgages in 2006 went the subprime route compared with only 17 percent of their white counterparts. (In contrast, a greedy subset of borrowers had earlier worked the system to secure low starter rates and low down payments [or none at all], only to subsequently flip their appreciated properties for resale.)

Mortgage-makers/lenders—servicers contracted by nonbank mortgage companies—were key benablers of the subprime mortgage mess, observed Bair. Many of them overmarketed subprime mortgages and obscured their potentially onerous costs. Many also relaxed mortgage loan criteria. In 2006, with the housing market free fall on the horizon, a frenzy of lax lending practices included "liar loans," which obscured personal income or substituted variables like applicant is employed full time.

Challenges for Policy Makers. Policy makers and regulators, emphasized Bair, were also to blame. "Everyone had relied uncritically on historical data that mortgages were safe and would rise indefinitely," she observed. "It's amazing to me that nobody asked about the consequences of an overappreciated housing market. Everybody was asleep at the switch."

What's a policy maker to do? "In the short run there are no good options, but compassion for duped investors and their neighborhoods is preferable to defaults," Bair insisted. (Widespread foreclosures would maximize losses for mortgage servicers as well, she added.) A wholesale government bailout, she emphasized, would be counterproductive—it would ultimately erode market discipline. At the same time, renegotiating mortgage terms one at a time would be prohibitively costly. So Bair advocates a blanket prescription for current distressed subprime mortgage homeowners: convert their reset payments to fixed-rate loans at the starter rate for at least five years. That would protect neighboring properties and hasten the recovery of markets burdened by an excess supply of houses.

For Bair, the long-term is another matter: "We need to establish new, uniform rules for the subprime mortgage markets," she continued. Restoring confidence to the system is critical, she emphasized, because home ownership is essential to America's social and economic fabric.

Before securitization and nonbank mortgage lenders, the quality of mortgage loans was far more transparent: banks would hold mortgages on their balance sheets. They would get to know their borrowers and be ready to work with them if need be. "In recent years, we've relied on ratings agencies that base their rating assignments on modeling rather than underlying assets," observed Bair. Securitization, she insisted, is valuable because it disperses risk. We can fix securitization and the quality of lender portfolios through consistent, system-wide rules for screening potential homeowners and improving mortgage loan practices. Bair's proposed standards include:

- Underwriting mortgages at the fully fixed rate, which would incorporate the 2 to 4 percentage points that accompany the present practice of resets.
- Screening borrower eligibility though a stipulated debt-to-income ratio that includes taxes and insurance.
- Eliminating restrictions on prepayment penalties, which Bair characterizes as anticompetitive.

"We also need a system that licenses and upholds professional standards for nonbank mortgage originators," added Bair. Unlike other investment professionals like securities brokers, nonbank mortgage professionals receive no industry accreditation or professional training.

"I pride myself on being a moderate Republican," Bair told her audience. "I believe in capitalism and markets. But in free-for-all markets, capitalism doesn't always work."

Many in Washington on both sides of the aisle believe that housing markets will work better thanks in part to Bair's wisdom, integrity, and resolve. We and they should also applaud Bair for her influence on public service itself.

New Isenberg School Professor Touts Business-to-Business Branding

Try naming a consumer product or service that isn't susceptible to branding, challenges the Isenberg School's newest marketing professor, **Brian Brown**. The goods and services that we consume, the countries and cities that we visit, the institutions that we patronize—universities and their business schools included—all are fair game for the brander's craft.

"Before becoming an academic, branding was my career," emphasizes Brown, who worked as a brand manager with The Coca-Cola Company in Atlanta. When Brown left the corporate world for the Ph.D. program in marketing at Georgia State University, he assumed that his corporate experience would yield academic opportunities for branding research. To his surprise, it did and it didn't. "The 'Coke culture' had given me terrific experience and a passion for consumer branding," he remarks. "But academic avenues in consumer branding were extremely congested with scholarly studies. The good news was that a second arena of branding research—business-to-business branding—was wide open. There were serious gaps in the academic literature that invited new research.

"While both domains of branding share similarities, it's the differences that have intrigued me," Brown continues. "For one thing, in the business-to-business arena, accepting another firm's brand usually involves a group decision. Because the group typically includes individuals with different perspectives, the marketer must communicate multidimensional aspects of the brand that satisfy those different players. In deciding on a brand, the "buyer" also typically has much more at stake than does an individual consumer. That includes a bigger financial commitment, the "fit" with the buyer's other products or services, and the ultimate satisfaction of the buyer's own customers.

There's also a significant "intangibility" factor in the decision as well. "The buyer isn't just buying a product or service, but frequently a bundle of complementary goods and services that include training, support, maintenance, logistics, and customization," notes Brown. "In other words, the customer is buying an integrated solution. That's a message that the seller should incorporate into his brand message.

A journal article under review by Brown and three colleagues offers an empirically tested conceptual model that provides a framework for these and other business-to-business branding variables. The research identifies factors that influence a business buying unit's brand sensitivity, i.e., the unit's propensity to choose branded versus unbranded product solutions. According to the study, the three principal determinants of brand sensitivity are the importance of the purchase, its complexity, and the "intangibility" factor. But those determinants and brand sensitivity are mediated by the connecting variable, the business buyer's perception of the overall risk of the purchase.

"In other words, our model boils down to perceived risk," emphasizes Brown. "My research, in fact, indicates a fascinating curvilinear relationship between risk and brand sensitivity. When risk is low or high, established brands seem to matter. What that implies, I think, is that when there isn't much risk in the purchase, buyers just go with the well-known brand name—why put any more effort into the purchase decision? At the same time, when risk is high, the brand name reduces a lot of anxiety and the need for involved justification about its purchase. For example, when a business has a lot riding on the purchase of a computer system, it will minimize its risk by choosing a reliable brand like IBM," notes Brown.

"You can see business-to-business branding in action in the media—IBM included—which pitch products and services to business buyers. The trend on TV is clearly moving in that direction. It turns out that purchasing managers, like the rest of us, watch television too."

Ph.D. Spotlight

The Isenberg School has been preparing doctoral students for careers as business educators and practitioners for 39 years. Today, with graduates on the faculties of over 100 colleges and universities, it is the largest and oldest Ph.D. program in business at a public institution of higher education in New England. Profiled below, current Ph.D. students ***Deanna Kennedy*** *and* ***Jeff Mott*** *do justice to the now venerable tradition, which welcomed its first students in 1967 and awarded its first degree in 1970.*

Isenberg Award Scholar Studies Communication in Project Teams

"My dissertation research is not the typical technology-management-innovation hybrid of most Isenberg Award recipients, but it's certainly interdisciplinary," observes Isenberg Award scholar **Deanna Kennedy**. The Isenberg School Ph.D. candidate in management science is one of this academic year's seven Isenberg Award recipients. Established by **Eugene Isenberg '50** in 1996, the program awards $10,000 scholarships to graduate students across the UMass Amherst campus who integrate business, science, and technology in their graduate studies and research.

Kennedy's dissertation will evaluate strategies and propose optimal solutions for aspects of communication in project teams. "My research combines a variety of disciplines, including cognitive psychology, organizational behavior, management science, and engineering," she notes. It also employs what Kennedy calls a "genetic algorithm" to assess the "fitness" and adaptability of communication in the teams. By parsing task-related conversations of a team's members into corresponding "strings" in communication exchanges, Kennedy hopes to flesh out the patterns and content of those exchanges that lead to the most effective and efficient results. (The strings themselves are segmented into components that include how a team plans to pursue its task, the task's rules, allocation of the work, and other categories.)

How do longer and shorter conversations facilitate mutual understanding (e.g., mental model convergence) within a team? In what ways do different patterns of communication impede performance? What exchange patterns are important and unimportant under different team performance measures? Kennedy will pursue these and other questions through combinatorial mathematical procedures that correlate patterns of communication exchange with measures of the project team's communication success.

In its combinatorial approach, Kennedy's dissertation falls within the increasingly popular camp of problem solving that values mathematical modeling of behavior over the intuitive insights of experts. Her dissertation chair, operations management professor **Sara McComb**, offers an expansive view: "Deanna's study is one of many complementary approaches that is improving our understanding of communication in project teams," she emphasizes.

Kennedy's dissertation follows from her research with McComb. "One of our studies focused on a work schedule 'assignment problem' involving face-to-face and computer-mediated three-person teams," recalls Kennedy. "In the study, team members were each assigned different time schedule rules; for example, one team member might have been required to schedule workers four hours a day at minimum, while another might have been restricted to ten hours a day at maximum," she explains. A key research question asked how long it would take for workers with different time assignments to mesh with the work flow of their teammates (or to put it another way, to converge with their fellow teammates in a shared "mental model" of the assignment and the accompanying rules for the work's completion). "Among other things, we learned that workers who communicated via computer got into the flow of work more quickly than those who discussed their assignments in person," observes Kennedy.

Kennedy traces her professional interest in project teams to 2000-2003, when she was an associate buyer and systems support coordinator with the Titan Corporation, a San Diego-based defense contractor. "As a buyer, I worked with biologists and engineers in planning and purchasing lab supplies for projects. As a systems support coordinator, I coordinated enterprise resource planning on project teams," she recalls. To expand her career options, she enrolled in Golden State University's MBA program, where she focused on operations and supply chain management. (Kennedy had earned her bachelor's degree in 1999 at UCal Davis in biological sciences—including neurobiology, physiology, and behavior.) "At Golden State I became increasingly involved in academic research; at the same time, I discovered my passion for teaching as a K-12 substitute in the San Mateo school system," she explains.

"As I mentioned to Professor Bisgaard and (College of Engineering) Dean Malone when I interviewed for the Isenberg Award, my research is both interdisciplinary and has potential value for the interdisciplinary teams that bring innovative products and services to the marketplace," notes Kennedy. "Project team members from different backgrounds in business, science, and technology bring added communication challenges to their teams. With this in mind, I hope that my research will one day contribute to the success of teams that pursue innovation itself."

Isenberg School Doctoral Candidate Sheds Light on NCAA Coaching Lineages

The Dean Smiths, Bobby Knights, and Jud Heathcotes of college basketball are not only winning coaches, they are "patriarchs" of enduring coaching lineages. How those coaches enable the reproductive success of multiple generations of protégés is a central research question in the doctoral dissertation of **Jeff Mott**, a Ph.D. candidate in sport management at the Isenberg School of Management. Through painstaking analysis of more than 1,700 coaches over a fifty-year time frame, Mott has narrowed his field of inquiry to five prominent coaching lineages. Within these lineages he has spent dozens of hours interviewing thirty head coaches, generating over 800 pages of transcribed notes. “Head coaches within these five lineages displayed the greatest effectiveness in developing coaching protégés who subsequently became head coaches themselves,” emphasizes Mott, who plans to defend his dissertation in May.

“The five coaching trees,” he emphasizes, “are both broad and deep—that’s to say that each patriarch has not only developed several future head coaches, but that a significant number of these first generation protégés have also consistently reproduced subsequent generations of head coaches.” The upshot, says Mott, “is the perpetuation of larger, more influential lineages.” In analyzing more than 250 independent coaching trees, Mott has already made one eye-opening discovery: “To my surprise, there was considerable overlap in career relationships across the five lineages, which happened to be selected completely independent of each other.”

“In large part, my study is an investigation of leadership and mentoring relationships,” Mott continues. “In the thirty interviews, which target five patriarchs and two subsequent generations of coaches, I have asked each coach to answer four questions related to the developmental life cycle of a mentoring relationship, both from the perspective of mentor and mentee. For example, I asked former Michigan State coach Jud Heathcote and two generations of his mentees, Jim Brandenburg and Mike Montgomery, the following questions: How did your professional relationship begin? How have you developed/learned the qualities and skills required to be an effective leader and a basketball coach? How have you enabled/enhanced career mobility through personal advice and leverage from your professional/social networks? Once you became a head coach, what specific lessons from your mentor do you continue to value and implement in order to grow as head coach?”

Breaking down the categories further, Mott hopes to identify the “stickiest” leadership and mentoring attributes and behaviors across generations of leader development. In tracking the transmission of those attributes from coaching generation to generation, Mott has already seen some repetitive themes emerge. “Although I’m not ready to draw definitive conclusions from my interviews, anecdotal themes are emerging,” notes Mott. “Age differences aside, most coaches in my sample maintain close bonds with fellow coaches from the same mentor, regardless of whether they have ever worked together. Many coaches also combine intense self-confidence with extreme humility. Paradoxically, they willingly and openly accept credit for their own career success, but will typically avoid taking any personal credit for the success of their mentees.” In this, Jud Heathcote is not atypical, deferring any credit for his protégés’ success as head coaches to their own abilities and coaching philosophies. You’re not going to coach like me, you’re not going to coach like Dean Smith, you’re not going to coach like Bobby Knight. You have to be your own person, and you have to coach your own style and you have to develop your own philosophy, he notes. However, after a few more comments, he emphasizes: Each [coach] carries with them what the other ones did, but they are their own person too.

“From generation to generation, I have observed considerable situational leadership, where winning coaches have adapted their styles to the specific challenges at hand,” continues Mott. “Where do situational adaptation and a coach’s individual qualities leave off and the influence of a mentor hold sway? How is a coach’s approach to leadership similar and dissimilar to his mentor’s? I’m confident that my research—which as far as I know, is the first empirical study to comprehensively dissect NCAA Division I men’s basketball coaching lineages—will provide insights into leadership development, mentoring and career pathing in the coaching profession. More ambitiously, I am optimistic that some of those insights will prove useful to organizations beyond college basketball and college athletics.”

The Isenberg School’s first Ph.D. class and their spouses in 1967, photographed by their fellow Ph.D. candidate (and later Chair of the Isenberg School’s Business Advisory Council) Paul McDonald ’66. Displaying an accountant’s gift for detail, Paul has identified all but one of his classmates:

From left to right: unidentified, Tom Parkinson, Craig Overton, Al Dela Betta, Wayne Leininger, Lou DesFoses, Al Wrisley, Barry Shane, Mike Peters, Harvey Brightman.

In 1967, Professor Jack Conlon ’49 was director of all of the school’s graduate programs.

Back from Korea, Isenberg School Professor Discusses Expanding Role for School's Alternative Investments Center

"South Korea has the highest volume of options derivatives in the world," notes Isenberg School finance professor **Hossein Kazemi**. "Koreans buy derivatives almost like they're lottery tickets. The odds on derivatives, of course, are far better for the buyer." The popularity of derivatives in Korea, Kazemi continues, dovetails with the country's high savings rate, a phenomenon that it shares with China, Japan, and other East Asian countries. But alternative investments in Korea are tightly regulated by the Korean government, which has yet to give Korea's financial institutions the green light on hedge funds or structured collateralized debt options.

To help Korea's investment community prepare for an expanded palette of alternative investments, Kazemi and his colleagues at the Isenberg School's Center for International Securities and Derivatives Markets (CISDM) helped set up an annual three-day conference on the subject in 2002. A year later, Korea's leading financial newspaper, The Financial News, assumed sponsorship of the event, which takes place in late August. According to Kazemi, who is a CISDM board member and research associate, this year's conference attracted more than 400 attendees from the investment community, government, and academe. CISDM's influence at the conference remains influential with Kazemi and CISDM director **Tom Schneeweis** as key participants. (Professor Schneeweis, who appeared in a front page photo of the Financial News during the conference, has iconic status in Korea.) CISDM research associate **Richard Spurgin** and Isenberg School Ph.D. graduate and Associate Dean of Long Island University's business school **Sam Chung '99 Ph.D.** have also been active participants.

"Korea's financial markets are far more regulated and protectionist than our own," adds Kazemi. But the investment community and other interests in Korean society are pushing hard to open them up. CISDM's role in the conference is to help Korea develop local skill sets and infrastructure that will pave the way for the introduction of new financial products and markets. There's no end in sight to the accelerated movement of capital into Korea and other East Asian countries. Our goal is to help the Koreans make the most of that movement by helping them to improve the efficiency of their financial markets."

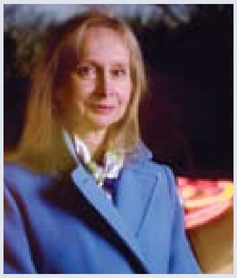
Throughout its ten-year history, CISDM has lived up to the "international" component of its moniker. "Each year, we've held an annual meeting in London with academics and members of the financial community," observes Kazemi. "Next fall, we will join forces with the EDHEC Risk and Asset Management Research Centre in Nice to coordinate an alternative investments conference in London. In addition to attracting our friends in London, the event should have a significant EEC [European Economic Community] presence."

CISDM also exerts global influence in its close ties with CAIA, the dominant force in accreditation standards for alternative investment professionals. Founded by CISDM and the Alternative Investments Management Association (AIMA), CISDM director Thomas Schneeweis is one of four CAIA board members, while other CISDM members, including Kazemi, participate in CAIA's curriculum committee. "Almost 50% of CAIA's 2,000 students are from overseas, including Asian financial centers like Singapore, Australia, and Hong Kong," emphasizes Kazemi.

On the research front, CISDM has improved the accessibility and international content of its extensive hedge fund and commodity trading data base through a year-old alliance with the global fund manager CASAM (Credit Agricole Structured Asset Management). The new CASM CISDM Database significantly expands CISDM's international data resources through its coverage of 5,000 hedge funds, funds of funds, commodity trading advisors, and commodity pool operators. At the same time, CISDM's industry-leading Journal of Alternative Investments—its audience is increasingly international—is the fastest-growing periodical among Institutional Investor's family of journals.

"Since the beginning, our commitment has been to move with the financial markets," notes Kazemi. "As those markets continue to disperse, CISDM itself will continue to adapt."

Anna Nagurney Awarded Fulbright Senior Specialist Grant to the University of Catania, Sicily



Professor **Anna Nagurney** of the Isenberg School of Management has been selected as a Fulbright Senior Specialist in Business Administration at the University of Catania in Italy. The theme of her project is: "Complex Networks and Vulnerability Analysis: From Innovations in Theory to Education and Practice." During her two weeks at the University of Catania in March 2008, Professor Nagurney will give both graduate and undergraduate lectures. She will conduct a workshop on the topic and will also evaluate curricular and educational materials, including datasets. At Catania, Professor Nagurney will address a variety of applications including congested urban (and other) transportation networks, electric power generation and distribution networks, supply chains, financial networks, and the Internet.

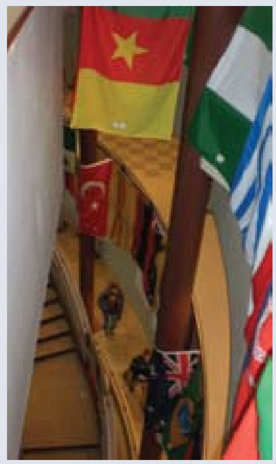
Professor Nagurney's well-known expertise on the subject has been highlighted in various publications, including articles and co-authored papers with her doctoral student, Patrick Qiang, in such journals as Europhysics Letters, the Journal of Global Optimization, and Optimization Letters.. Their joint research on the identification of the most important nodes and links in networks, subject to deteriorations or outright failures due to natural disasters, terrorist attacks, critical failures, etc., has been featured in such publications as WebWeek magazine, Science Daily, Network World, and Computerworld. The network efficiency measure developed by Nagurney and Qiang has been used, to-date, to determine the importance and rankings of nodes and links in transportation networks, electric power supply chains, financial networks, and the Internet. It has been shown to outperform earlier proposed measures in applications to the German highway system as well as the well-known Braess paradox network. Their research has important implications for national security as well as for the study of climate change effects on infrastructure network efficiency.

Professor Nagurney's host at the University of Catania will be Dr. Patrizia Daniele, who is a Center Associate of the Virtual Center for Supernetworks at UMass Amherst, and whose Founding Director is Professor Nagurney.

Isenberg School Celebrates International Education Week

"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**. For three years, the school has celebrated International Education Week in November with an eye-catching display of flags and student cultural exhibits in the school's atrium.[1] Coordinated by the School's George Spiro Business Communication Center and the undergraduate program, the week's events culminate with a scholarship award of $1,000 to further international study by an Isenberg School student. The award is based on a student essay and financial need.

When former undergraduate dean **Dennis Hanno** initiated the festivities three years ago, he purchased 73 flags, each representing the national origin—either as citizens or by birth—of students, faculty, and staff members at the Isenberg School. Today, the number of flags has blossomed to 85. "Our students know that their community is internationally diverse. But it's on International Education Week that they appreciate the extent of that diversity," underscores Barr. The events also acquaint Isenberg School students with some of their international education options, including the university's International Programs Office's semester-long overseas 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.



This year's $1,000 scholarship recipient was freshman **Valeriya Leikina**, whose essay was judged superior by International Week coordinator **Gail Cruise** and her fellow Isenberg School writing instructors. Valeriya describes her family's recent move from Moscow to Devens, Massachusetts as a "Horatio Algeresque" story. She plans to pursue a dual degree in management and neuroscience. Valeriya's award will defray costs toward her Isenberg School class trip in January to Germany and France. A second award went to hospitality major **Grisha Maziya** for correctly identifying all but one of the 85 flags on display (Grisha's nemesis—the flag of Peru).

Back from France and Germany two months later, Valeriya commented: "Overall, I thought the trip and the program ran very smoothly. I found the balance between scheduled events and free time very successful." At the same time, she found that her experiences in Paris corroborated the stereotype of subpar service by clerks and waitstaff in restaurants and shops. "I came to the conclusion that this is simply a difference of culture and environment induced by the disparity in our economic systems," she remarked. "Our profit maximization-business culture teaches us to do everything possible to make our customers happy to bring business to the company . . . Americans seem to be thrown off our guard at the foreign indifference to customer satisfaction, especially in daily interactions."

[1] The cultural exhibits-posters are communication assignments completed by students in the school's Transitions Program, a mandatory introduction to the School for its freshmen. English-as-a-Second Language students in the school's junior-year writing seminar also contribute posters.

Pictured left to right:
Business Communication faculty members Gail Cruise and Sharon Desmond Paradiso, scholarship recipient Valeriya Leikina '11, Associate Undergraduate Dean Carol Barr, and contest winner Grisha Maziya.

Isenberg School Students at Verseilles

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School News

Isenberg School's Part-Time MBA Program Ranked Regionally and Nationally by *BusinessWeek*

BusinessWeek

The Isenberg School's Part-Time Professional MBA program achieved rankings of **5th in the Northeast and 29th Nationally** in *BusinessWeek's 2007 Top Part-Time MBA Programs* rankings, released in November. The Part-Time Professional MBA program, which includes over 900 students at sites in Holyoke, Shrewsbury, and Pittsfield as well as accessed online by students in all fifty states and internationally also received all "A's" in the categories of *Teaching Quality*, *Caliber of Classmates*, and *Curriculum*. In the same survey, the Isenberg School program earned other distinctions: it placed 2nd with three other schools for the *highest program completion rate* by students, 4th in *student satisfaction*, and 8th in the *percentage of tenured faculty teaching in a part-time program*.

BusinessWeek based its rankings on three measures. A survey sent to 9,274 MBA students measured student satisfaction. An academic quality score evaluated six equally weighted measures: average GMAT score, average work experience, the percentage of all teachers in the part-time MBA program who are tenured faculty, average class size in core business classes, the number of business electives available to part-time MBA students, and the program's completion rate. A third indicator, which gauged post-MBA outcomes, is based on the percentage of survey respondents who say their program was "completely" responsible for them achieving their goals.

"These rankings reflect the strong regional and national quality of our Part-Time Professional MBA program," observes Eric Berkowitz, who is Associate Dean for Professional Programs at the Isenberg School. "It is especially gratifying for us, who regularly evaluate our students, to receive grades from them of "A" in teaching quality, curriculum, and caliber of classmates. I am proud to see the hard work of our faculty and staff as well as the quality of the students that we attract reflected in these rankings."

Ben Branch Excels in Distinguished Faculty Lecture

In October, Isenberg School professor of finance **Ben Branch**, in his role as one of four campus-wide *Distinguished Faculty Lecturers* for the current academic year, made a formal presentation, *If Markets Are Efficient, Why Aren't You Getting Rich?* to the UMass Amherst campus community. As part of his Distinguished Faculty honor, which recognizes exceptional academic achievement, Branch received the Chancellor's Medal, the highest honor bestowed on individuals for service to the university.

"Individual financial independence is achievable, even in efficient markets," Branch told his audience of more than one hundred academics and practitioners. "With long-term discipline, a savings plan is possible that can yield that independence." By efficient markets, Branch was referring to those that instantly "bake" all relevant information about a security's market pluses and minuses into its share price. "In my view, markets tend toward efficiency, because they sometimes move with lags or pockets of inefficiency that can be exploited by superior analysis, he observed. "Most investors, however, should assume that they don't have superior investment skills."

After demonstrating the power of disciplined long-term investment planning, including compounding, tax sheltering, and leveraging of assets like homeownership, Branch offered his audience a litany of investment dos and don'ts. Investors should avoid hot tips and, for that matter, vehicles that elude their understanding. They should be wary of all fees and expenses and the recommendations of technical analysts. In addition, they should avoid investing more than 10 percent of a portfolio in any single security.

On the positive side, Branch recommended investing in broad based index funds, no-load funds, and tax sheltered vehicles. Acknowledging the ailing housing market, he nevertheless applauded the long-term financial performance and leverage associated with home ownership. He also noted that consumers could lower their trading costs by using Internet and discount brokers. And he recommended that investors diversify internationally. All but four of 83 countries that have stock exchanges have yielded higher average returns than our own, he said. And international investment allows for diversification well beyond the capacity of the U.S. market.

Ben Branch

New Student-Managed Fund Seeks Alumni Support

The Isenberg School's student investment club invites alumni support for a new student-managed investment fund. Established with $25,000 in seed money from the UMass Foundation, the fund offers Isenberg School students hands-on experience in the fiduciary management of investment assets. In consultation with a faculty-alumni-foundation advisory committee, including the investment club's faculty advisor Ben Branch, students will determine asset allocation proportions and manage the fund for total return.

The fund is one of four parallel seed funds allocated by the UMass Foundation to four UMass campuses. The foundation has pledged an additional $25,000 in matching funds to be distributed at a rate of $1 for every $2 contributed. That $25,000 will be divided among the four campuses on a first-come-first-served basis, so please make your contribution to our student-managed fund through the Isenberg School's current Annual Fund.

Alumni can contribute to the student-managed fund, or to any other Isenberg School department or program by returning the envelope attached to this magazine or through phone or electronic options described on the back inside cover of this magazine.

Team digiRobotics

Students Learn to Commercialize Innovation in Annual Business Plan Competition

Rentabilities, which aspires to serve as a web clearing house for retail rental companies, has won first prize in the *Executive Summary Pitch* phase of the annual campus-wide student business plan competition, *The Technology Innovation Challenge*. Rentabilities and its members, undergraduates Alex and Andrew Cook, beat out eight other teams on December 6 to win the $5,000 first prize. The winners will reinvest their award in their evolving business and business plan.

During the December event at the Campus Center, each team made a two-minute "elevator pitch" presentation before fielding questions from the judges—most of them entrepreneurs, financiers, and intellectual property specialists. The judges also awarded honorable mention prizes of $1,250 each to four additional teams. And a $2,500 People's Choice Award based on a ballot vote by the audience at the event went to the team **Therapeutic Systems**, which has developed a pressurized vest and sleeping blanket that provide therapeutic stimulation for the mentally ill.

Now in its third year, the Technology Innovation Challenge is coordinated by the Isenberg School of Management, the College of Engineering, and the College of Mathematics and Natural Sciences. The competition culminates in May with the naming of the year's best student business plan, which earns a substantial prize (last year—$45,000) toward the business' subsequent development. This year's final competition will offer expanded prize money thanks to the generosity of the TIC's financial sponsors.[1]

Rentabilities, which is already a functioning web business with clients in Massachusetts and Florida, positions itself as the "Orbitz of Rent-A-Centers." The firm offers its clients—retailers in the rental industry—a strong web presence through an online store with a sophisticated point-of-sale/reservation system and a back-room inventory management system. There's a tremendous upside to the online rental business, the Cook brothers told their audience. Before the launch of Rentabilities, the rental industry had been largely absent from the web. A surprising number of rental companies, they noted, still keep track of their orders on paper.

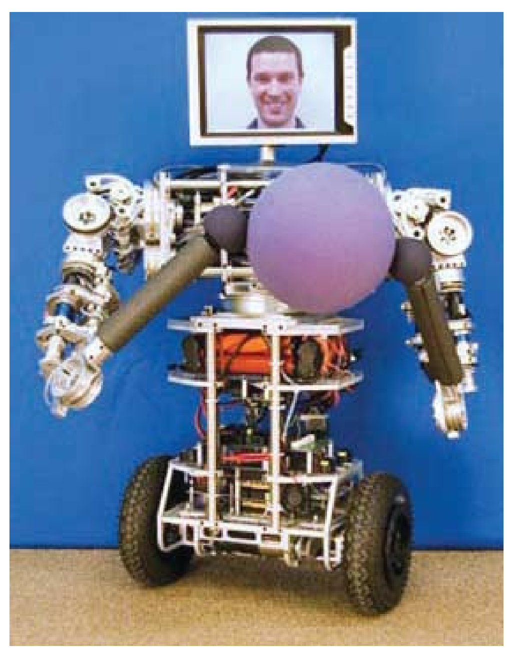
The well-conceived business plans of Rentabilties and Therapeutic Systems helped commercialize simpler technologies than those offered by most other teams in the competition. More typical was honorable mention winner **digiRobotics**, comprising two computer science students—Ph.D. candidate Bryan Thibodeau and undergraduate Patrick Deegan—and Isenberg School MBA student **Apoorva Bajaj**. "I met Bryan last September in Professor Bisgaard and Dean Malone's course, *Technology Management*, which shows students in business, the sciences, and technology how to bring intellectual property to the marketplace," recalls Bajaj. "Bryan already had a prototype robot that he and Patrick had developed in the Computer Science department's Laboratory for Perceptual Robotics." The two had started their own business, which had orders for the robot from MIT. But they realized that academic sales would pale compared with potential sales in a second market—the rapidly expanding home care market for senior citizens.

During the class, Bajaj, Thibodeau, and several other students determined that other nonacademic markets, including those associated with entertainment and security industries, were already saturated. Settling on the seniors home care market, the team members did earnings projections, intellectual property checks for possible patent infringement, and competitive analysis. They challenged their own financial assumptions and used spread sheets to create alternative competitive scenarios. Finally, they prepared their pitch along with supporting presentation materials.

"The judges responded to our pitch with formal written feedback," notes Bajaj. "They were convinced of our product's applicability and future in the science market. They recommended, though, that we provide more concrete evidence of how our technologies and strategies would address the seniors home care market. In retrospect, I think that we, like many other students in the competition, were a bit over-focused on our technology. We needed to better anticipate the financial and market concerns of our target audience—the judges. All in all, it was a valuable learning experience, especially for Bryan and Patrick as they move the business forward."

[1] Platinum sponsors are Wolf-Greenfield and Saint Gobain High-Performance Materials. Other sponsors are Artiman Ventures, Joseph Bohan, Forge Partners, LCC, Eric and Candy Janszen, Kodiak Venture Partners, Scott Perry, VISTAGY, Stephen Dunne, Karen Lauter Utgoff Consulting, Michael Turnstall '82, Revolabs, Tom Gray '87, Long River Ventures, Bart Stuck and Mary-Jane Cross '66.

digiRobotics prototype



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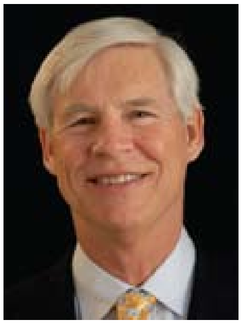
Nobel Economics Laureate Visits the Isenberg School



In November, Nobel economics laureate **Robert F. Engle** presented a lecture, "Anticipating Correlations," under the aegis of the Isenberg School's Fall Finance Seminar series.

In his presentation, Dr. Engle evaluated time series methods for forecasting correlations in high-dimensional problems. To that end, he compared the performance of different forecasting models by applying them to daily returns from 18 U.S. large cap stocks. Dr. Engle's results demonstrated the superiority of the Dynamic Conditional Correlation model, his own blend of two models.

Dr. Engle emphasized that his approach, as applied to the forecasting of financial risk, accommodates adaptation to new types of risks without allowing unexpected "Black Swan" events to cast undue influence on the approach's performance.

Dr. Engle shared the Nobel Prize in Economics with Clive Granger in 2003 for his methods of analyzing economic time series with a family of models known as ARCH (autoregressive conditional heteroskedasticity). His ARCH models have become indispensable tools not only for researchers, but also for analysts of financial markets, who use them in asset pricing and in evaluating portfolio risk.

Dr. Engle is the Michael Armellino Professor in Management of Financial Services at New York University's Stern School of Business. He has also been on the faculties of MIT and the University of California at San Diego.

INFORMS UMass Amherst chapter faculty advisor Professor Anna Nagurney, Zugang "Leo" Liu (2005-2006 chapter president), Christian Wernz (2006-2007 chapter president), and chapter member Dayo Shittu.

UMass Amherst INFORMS Chapter Receives Top Honor at National Conference

On Tuesday, November 6, 2007, the University of Massachusetts Amherst student chapter of INFORMS (Institute for Operations Research and the Management Sciences) received the INFORMS *Student Chapter Annual Award Summa Cum Laude* at the national INFORMS Conference in Seattle. This highest distinction given to a student chapter recognizes the outstanding achievements of the chapter in 2006. There are approximately 60 INFORMS student chapters, with the majority of them in the U.S.

A plaque representing the award was given at the chapters/fora officers' breakfast, which was attended by two past presidents of the student chapter, **Zugang "Leo" Liu** of the Isenberg School of Management and Christian Wernz of the College of Engineering. John F. Smith Memorial Professor Anna Nagurney, the chapter's faculty advisor, was also at the awards ceremony as well as several additional members of the student chapter. The chapter's 2007-2008 president is **Patrick Qiang**.

The chapter is widely recognized for its speaker series, which brings outstanding speakers to the Isenberg School of Management. The chapter is also admired for its variety of social and community activities and the esprit de corps of its members. Members of the chapter include students from the Isenberg School of Management, the College of Engineering, the Department of Computer Science, the Department of Resource Economics, and other departments at UMass Amherst.

This is not the first major recognition of the UMass Amherst student chapter. In 2006, Tina Wakolbinger, who received her Ph.D. from ISOM in 2007 and is now an assistant professor at the Fogelman School of Business and Economics at the University of Memphis, was awarded the Judith Liebman Award from INFORMS for her leadership as president of the chapter and for being the speaker series coordinator for 2004-2005 and 2005-2006. In addition, in 2005, Professor Anna Nagurney was awarded the Moving Spirit Award from INFORMS for her role as faculty advisor of the student chapter.

Chase Career Center Mini Recruitment Fair Is Big Draw for Regional Accounting Firms and Isenberg Students

Two weeks before the Isenberg School's annual Career Fair in the Mullins Center attracted a record-setting 93 companies and 1,128 students to campus, the school's Chase Career Center sponsored a second notable recruitment event. On September 19, the school held its first recruitment fair for 20 regional public accounting firms—i.e., firms outside the "Big Four."

"The Big Four"—KPMG, PricewaterhouseCoopers, Deloitte & Touche, and Ernst & Young—are the Isenberg School's top recruiters, but the regional firms and corporate accounting departments collectively hire nearly as many of our students in full-time and internship opportunities combined," observed the event's coordinator, **Kim Figueroa**, who is the Isenberg School's director of internships and co-ops. "Many of our students thrive on the scope, size, and excitement of careers with the Big Four. Others, however, prefer the smaller "family" feel at regional firms, where new employees at times get to interact with important clients and to pursue more than one skills area, like auditing and tax."

Firms beyond the Big 4 aren't necessarily small, Figueroa emphasized. Mini-fair participant Grant Thornton LLP, for instance, has 50 offices in the United States and performs virtually all of the public accounting services offered by the Big Four. It's the nation's top accountancy in the small- and medium-cap markets. A second recruiter at the event, UHY LLP, is the 6th largest public accounting firm in New England. The firm has 189 offices in 57 countries.

"The fair was our response to the regional accounting firms' growing demand for our students. They are highly valued for their skills and work ethic," noted Figueroa. "The firms know that first-hand: nearly every recruiting firm at the event was represented by an Isenberg School graduate."

One recruiter-alumna, **Johanna Lebron '05**, commended her employer, Boston-

Recruiting in the atrium

based Feeley & Driscoll, P.C., for the diversity of work assignments that it offers new employees. "In my 2+ years with the firm, I've been exposed to every aspect of auditing," she observed. "I've also done tax work and business consulting." At Feely & Driscoll, she added, Isenberg School graduates also have a valuable mentor in principal partner **Ed Callahan '79**, who is director of its large specialty service to the construction industry.

According to Isenberg School graduate **John Micalizzi '94**, Isenberg School graduates

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who join his firm, Vitale, Caturano & Company, experience the best of both worlds: Big 4 level training, development, and challenges combined with a culture that feels like an extended family. "Graduates who join our growing family of 320 employees gain a wealth of experience by servicing small and middle market companies, family-owned businesses, public companies, and emerging venture backed enterprises," observed Micalizzi, who is his firm's director of recruiting.

"The accounting fair represents a new, more agile strategy at the Chase Career Center," emphasized its executive director **Nic Wegman**. "We continue to sponsor school-wide events like the annual career fair. We are also taking a more segmented approach by developing other fairs with specific academic departments and industries that are willing to support these activities. Currently, we are looking at the potential of this approach for other departments."

"For events on this scale, the Isenberg School's atrium offers an ideal setting," Wegman continued. "It's the social center of the school and a wonderful physical space that is spacious but focused. It's also right next to the Chase Career Center and the school's main entrance. For recruitment events, that high visibility sends a positive message both to recruiters and students. When students see a successful career event, they take note and become more proactive about their own career aspirations."

The Isenberg School Remembers Harold Alfond

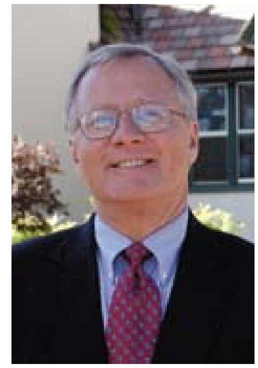
Leading philanthropist and founder of the Dexter Shoe Company **Harold Alfond** died on November 16 at a family home in Belgrade Lakes, Maine. In 1999, Mr. Alfond gave $1 million to the Isenberg School toward its $16 million, 47,000 square foot new building wing, which opened in 2002 and transformed the school's image and facilities. The School named the wing the Harold Alfond Management Center, in honor of Alfond's gift, which remains the largest to the school from a non-alumnus.

Harold Alfond founded Dexter Shoe in 1958, which thrived during the rest of the century in the face of increasing overseas competition. Dexter's successful strategy emphasized the mass production of affordable casual shoes and boots. Dexter also became a leader in factory outlet merchandizing, by selling imperfect shoes and discontinued lines in a nationwide chain of 80 Dexter stores. In 1993, Alfond sold Dexter to Berkshire Hathaway for more than $400,000 in Berkshire Stock. He continued to lead Dexter until 2001.

Harold Alfond was Maine's leading philanthropist in college athletics. His gifts include multimillion dollar support for the University of Maine's Alfond Arena (basketball and hockey) and the Harold Alfond Sports Center. He also contributed $3 million to Colby College for new construction at the Harold Alfond Athletic Center. Outside of athletics, Harold and his late wife, Bibby, were leading supporters of college scholarships for shoe industry workers in Maine and of the Harold Alfond Center for Health Sciences at the University of New England in Biddeford.

Harold was a close friend of Eugene M. Isenberg, who credits his own approach to philanthropy to Alfond's influence. "In their philosophy of giving Harold and Gene both emphasize challenge gifts and support for young people," notes Gregory W. Powell, chairman of the Harold Alfond Foundation. "Harold believed that by creating fund-raising partnerships with communities, challenge grants make giving and receiving more meaningful."

Ed Brozman Is Isenberg School's New Development Director



"I've met a good number of Isenberg School alumni over the past six months and they've been engaged and passionate about the future of their school," notes **Ed Brozman**, who has been the school's development director since September. "They understand the importance of supporting the school in order to achieve excellence. All agree that their own high-quality education at the school—thanks in large part to an outstanding faculty—was the foundation for their success. They want future generations of Isenberg School students to benefit from this faculty advantage to build an even stronger foundation."

Before joining the Isenberg School, Ed served from 2004 to 2007 as Vice President for Institutional Advancement at Saint Joseph's College in Standish, Maine. Before that, he was Executive Director of Development and Alumni Relations at Hartwick College in Oneonta, New York.

"From a development perspective, the success of Isenberg School alumni is incredible," Brozman emphasizes. "Our first priority is to dramatically increase our outreach to these many successful businessmen and businesswomen. By making that connection and creating continuity, we will unlock the school's tremendous potential and together, accomplish great things.

"In going forward, I will work closely with Dean Butterfield and his team on three common priorities: building a stronger external message, increasing annual giving participation, and preparing for a new capital campaign."

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