

FOR ALUMNI AND FRIENDS OF  
KELLEY SCHOOL OF BUSINESS  
AT INDIANA UNIVERSITY

# KELLEY

## INTERNATIONAL BY DESIGN KELLEY IN THE WORLD

GLOBETROTTER HIDEO ITO  
Kelley alumnus drives Toshiba

*Special pull-out section*  
THE ENRON IMPACT:  
Lessons for today

S U M M E R 2 0 0 2

# INDIANA UNIVERSITY



November 22, 2002  
Kelley School of Business Graduate  
and Executive Education Center  
Dedication Ceremony

For details about the events for all graduate alumni and to register online, go to  
[www.kelley.iu.edu/dedication.cfm](http://www.kelley.iu.edu/dedication.cfm).  
Or contact Kelley Alumni Programs at 812.855.6340, e-mail [busalum@indiana.edu](mailto:busalum@indiana.edu)

# KELLEY

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BACK COVER PHOTO  
*Overseas study in Florence is one of a multitude  
of options for IU students who want an  
international component in their course work.*

*Photo courtesy of IU Office of Admissions.*

## FEATURES |

### The Enron Impact: Lessons for Today

*A special pull-out section*

The Enron collapse raises major public concerns about the process in which corporate earnings are reported, as well as the future and integrity of the accounting industry. This insert features a roundtable of Kelley accounting faculty who confront the issues and allay some of the fears.

### International by Design

16

The Kelley School's international curriculum and scholars, its study-abroad opportunities, and its service to international business practitioners build on a lasting legacy spanning five decades as the School engages with global programs and partners.

### Hideo Ito: Directing Global Strategies for Toshiba

22

A top international executive and Kelley alumnus discusses his 33-year career history with the Toshiba Corporation, a world leader in the production of semiconductors and consumer electronics.

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### FRONT COVER PHOTO

Colorful flags representing European Union nations symbolize the symbiotic relationship between the Kelley School and countries beyond its shores. (See feature story, p. 16.)



## ETCETERA |

For the latest Indiana business and technology news, log on to [www.insideindianabusiness.com](http://www.insideindianabusiness.com). And if you live in Indiana, watch your local listings for "Inside Indiana Business with Gerry Dick," a weekly television program sponsored by the Kelley School of Business and produced in cooperation with WTHR, WFYI, and Grow Indiana Media Ventures, Inc.



## FROM THE EDITOR

MARGARET GARRISON  
EDITOR-IN-CHIEF

*We welcome your comments.*

*Write us at Kelley School of Business*

*1309 E. 10th St., Bloomington, IN 47405-1701*

*or e-mail us at: [magarris@indiana.edu](mailto:magarris@indiana.edu).*

## As the world turns

With world news focused these days on turbulence around the globe, it's easy to expand our sensitivities to focus on international events. As though by osmosis, we soak up heightened awareness of cultures, customs, and languages different from our own. As business leaders and educators, we become more closely aware of trends and policies that embrace world markets.

This reminds us that, in targeted areas oceans-away from Bloomington and Indianapolis, the Kelley School name is widely respected. For more than 50 years, across six continents, the School has created opportunities for faculty and students to work and study and for scholars and executives to develop partnerships. The process has created an international vision that complements Kelley's entire educational environment.

This issue of *Kelley* embraces various aspects of our School's rich international legacy. Our Kelley School timeline tells the story. Over the years we've internationalized the curriculum. We've attracted top faculty with international reputations. We've enabled faculty to teach abroad and return to our Indiana classrooms sharpened in expertise. We've lent our best scholars to build dynamic business programs in institutions stymied by war or cultural boundaries. We've sent students to study overseas, and we've watched them emerge into responsible alumni, poised to compete admirably in a global environment.

In short, our School has grown hugely through this process. Our Kelley community has expanded to embrace the world.

The main feature, "International by Design," was written to give you a synopsis of the most significant aspects of internationalism at Kelley. As our research evolved, we were surprised at the remarkable range of Kelley's story. To give it proper credence, we have created a question-answer forum that tackles subjects stretching from our international history to our various offerings for students. We have attempted to cover topics appealing to your multiple interests as alumni, business leaders, recruiters, legislators, parents, students, and potential students.

This *Kelley* also addresses the future of the professional accounting industry, especially in light of the Enron collapse and its aftermath. Since accounting has consistently stood as one of the Kelley School's largest majors and highest-ranked programs, it was only natural to turn to our accounting faculty for their own professional "accounting" of the controversy. The results: the text of the enclosed pull-out section, which is an abridged transcription of a faculty roundtable dialogue delivered this spring to an attentive student audience. Whether you have followed the Enron debacle from the beginning or are a mere observer of the fallout, we invite you to follow the discussion. (Copies of the insert are being shared with the Kelley School's longtime recruiters and partners in the accounting profession.)

# Clutter Cutters

FOR TODAY'S BUSY WORKFORCE, KELLEY FACULTY AGAIN RECOMMEND FAVORITE BOOKS AND WEB SITES. HERE'S YOUR ACCESS TO NEW IDEAS, VIEWS, AND INSIGHTS.

## The Tipping Point

by Malcolm Gladwell

This book offers an interesting viewpoint on the factors involved in creating product success but also crime and disorder. While the general theory used by Gladwell rests on the importance of surpassing a threshold, the perspectives and examples provide clever new insight into how new ideas and products may become successful. The book is a fun and enlightening read.

—Rebecca Slotegraaf, assistant professor of marketing

## www.entreworld.org

This centralizes the most important entrepreneurial resources from the best Web sites. If you are interested in any aspect of entrepreneurship (e.g., starting or growing your own business, teaching a course in entrepreneurship, or identifying entrepreneurship-related resources), this is the site that best does it all. It is updated daily and serves as a clearinghouse of current articles and interesting audio clips. The quick facts are fun and provide a good resource for speeches. The site is sponsored by the Ewing Marion Kauffman Foundation's Center for Entrepreneurial Leadership.

—Patricia P. McDougall, William L. Haeberle Professor of Entrepreneurship; chair, management department

## Clockspeed: Winning Industry Control in the Age of Temporary Advantage

by Charles H. Fine

This is a good book about how business supply chains are formed and then change over time. Its premise is that industries and thus supply chains evolve over time, and that by studying some of the faster-evolving industries, some insights can be gained about how the slower-evolving ones will change as well. Some interesting historical insights into the computer, copier, auto, and even bicycle industries can be found, but there is also a decade's worth of research at MIT behind this easy-to-read book.

—Doug Blocher, associate professor of operations and decision technologies

## www.worldbank.org

The World Bank Web site provides a stunning array of information on global economic development. Want to know how it was possible to raise \$3 billion over the Internet in the world's first electronic bond offering? Looking for a purchasing power parity (PPP) conversion factor for Albania? How about the latest projections on the costs for rebuilding Afghanistan? Research reports and historical data are available for topics such as agriculture, finance, the environment, governance, international economics, poverty, health, transition economies, and urban development.

—Darius Miller, assistant professor of finance

## Les Miserables

by Victor Hugo

My favorite book by far, it's the most powerful and compelling depiction of human nature ever written (other than the Bible). This incredible story encompasses love and hate, good and evil, man's redemption from himself, man's self-destruction, social struggle and social justice, spirituality, and healthy doses of all the human vices! If one has the time, stamina, and patience for Hugo's occasional literary wanderings, the unabridged version is a great reading project (more than 1,000 pages). If one prefers to cut to the chase and get the highlights, the abridged version (about 300 pages) is superb.

—Jim Wahlen, Ford Motor Company Teaching Fellow, associate professor of accounting

## www.micro.magnet.fsu.edu/micro/gallery.html

## www.johnbetts-fineminerals.com

Before my life as a finance professor, I got a master's degree in geology and worked with minerals, crystals, and microscopes a lot. I still collect specimens today. I suggest a couple of sites that have some of the best photography on the Web. The first one allows you to view gorgeous microscopic photos of all kinds of things. Scan down the page and click on the categories for cholesterol, beer, cocktails, pharmaceuticals, and amino acids...nice stuff. The second site has some of the best photography of mineral samples on the Web. The galleries are found at the bottom of the page. If you have any rock hound in you, you'll enjoy the page. Kids will really like the page, too.

—Dan Greiner, clinical assistant professor of finance, I-CORE coordinator

## The Golden Compass

## The Subtle Knife

## The Amber Spyglass

by Philip Pullman

Many adults have enjoyed the Harry Potter books. My recommendation for those who like fantasy (but a more adult version) is this trilogy of books. The principal characters are children, but these are not children's books—Lyra and Will search for Dust, which has the power to dissolve universes, and a magical knife. The books spent several weeks on *The New York Times* best-seller list.

—Ron Stephenson, First Indiana Bank Faculty Fellow, professor of marketing





## DEVELOPMENT UPDATE

RICK DUPREE  
EXECUTIVE DIRECTOR  
DEVELOPMENT

# A dream becomes reality

As you read this issue, many Kelley programs are moving into the long-awaited Graduate & Executive Education Center!

This \$34 million project was funded in part with a \$12 million appropriation from the Indiana legislature, but the remaining \$22 million was secured through private contributions from Kelley alumni, friends, and corporate partners. Although we'll spend most of this summer moving programs and personnel into the facility, loading state-of-the-art technology, and "righting" any infrastructural wrongs before the students return this fall, many of us view the Nov. 22, 2002, dedication as the real opening day.

One of several stunning visual features in the building is the major donor recognition system being designed by RLR Associates of Indianapolis. Just inside the main entrance off Tenth Street and Fee Lane, the Wall of Honor will proudly recognize the many Kelley alumni who have chosen to make major gift commitments to the project. Additionally, several of these commitments have warranted special recognition in the form of named classrooms, interview/breakout rooms, centers, offices, conference areas, or program suites. Such naming opportunities not only allow the Kelley School the honor of recognizing major patrons of the project but also provide visitors to the facility an ongoing roster which lists many of the School's most outstanding graduates—those who feel strongly enough about the future of Kelley programs to lend their resources and names to this campaign.

To date, more than 80 alumni and corporate partners are to be individually recognized in the facility—with many more listed as participants in corporate alumni and/or class campaigns.

I'm pleased to report that the Kelley School has achieved and exceeded the private fundraising goal for the Graduate & Executive Education Center, thanks to many generous contributors. The facility will be remarkable and richly deserved by our graduate programs. If you, too, share our pride in what this new facility will enable our faculty and students to accomplish but for some reason have been waiting to make your commitment, I encourage you to contact the Office of Development at (812) 855-9000 or visit <http://kelley.iu.edu/development> for more information about gifts to the Graduate & Executive Education Center and recognition in the new facility.

November's dedication of the Graduate & Executive Education Center will be a proud day and important chapter in the Kelley School's history. Kelley graduate students, the real tenants of the new facility, will personally host our guests for the dedication events and serve as tour guides for donors of the facility. I hope that you, too, will choose to play a role!

## Kelley Student Government formed as voice for Bloomington undergraduates

After a lapse of 60 years, the Kelley School once again has an undergraduate student government body that represents a unified student voice.

Kelley Student Government (KSG), known as the Chamber of Commerce in 1941 and interrupted by war, was organized in April 2001 to facilitate effective relationships between students, faculty, and staff and to support student organizations. It also influences Kelley School policy, encourages diversity, and provides opportunity to gain leadership skills.

"The most critical function of Kelley Student Government is to serve as a platform of student opinion. A representative government's single voice is given more weight by faculty, alumni, and fellow students," says senior Bill Eckmann, KSG president.

KSG raised funds for the "Families of Freedom" scholarship organized after

the events of September 11. It also holds periodic "town hall" meetings to discuss ideas to improve the undergraduate business curriculum.

"We then take these ideas and bring them up at faculty-led undergraduate policy committee meetings, where the Kelley Student Government has representatives," says Eckmann. As the culmination of its successful year, KSG hosted a picnic this spring for students, faculty, and staff.

The group's committees deal with curriculum, alumni affairs, diversity, and business school operations. "They have already been influential in changing the way we do things," says Marc Dollinger, chair of the Bloomington undergraduate program. "The group is really one of the best examples of student initiative and participation."



## Kelley, Krannert team up for Old Oaken Bucket job fair

Traditional IU-Purdue rivalries were held at bay March 8 with the inaugural Old Oaken Bucket MBA Job Fair in Indianapolis.

Twenty-three employers of all sizes had a chance to meet 143 MBA students from the Kelley School and 110 from Purdue's Krannert Graduate School of Management. The two nationally ranked MBA programs and acclaimed niche graduate programs offer the widest talent pool in Indiana. Pictured with the bucket are James Wimbush (left), chair of the MBA program in Bloomington, and Dick McCracken, director of Graduate Career Services.

## Little 500 dedicated to 9/11 scholarships

IU students that competed in this April's running of the Little 500 rode for much more than being part of the nation's leading collegiate cycling event depicted in the movie "Breaking Away." The riders in the half-century-old campus tradition helped create three new \$1,000 scholarships to memorialize victims of the Sept. 11 terrorist attacks and to honor the courage and commitment of all Americans.

Among those directly affected by the events of that day are Kelley senior Joshua Goldflam, one of three IU students known to have lost their fathers in the World Trade Center attacks, and Christine Huhn, MBA'99, who lost her husband, David Graifman. The exact number of IU family members who lost loved ones remains undetermined.



Discussing how Kelley Student Government (KSG) can make a difference to students, the School, and the community are seniors Manoj Patel (left), a KSG delegate representing Student Business Ambassadors; Bill Eckmann (center), KSG president; and Marc Dollinger, chairman of the Kelley undergraduate program in Bloomington. (Photo by Steve Weir, IU Photographic Services)

## Kelley alumnus takes Western-world healthcare into the Third World

Indiana entrepreneur Mark Fritz, BS'71, will never take the healthcare system in the United States for granted.

Fritz is an owner of Consult Healthcare Specialists, an Indianapolis consulting firm that provides comprehensive management services for physician practices and healthcare ventures. He spent two weeks last summer in Baku, Azerbaijan, putting his healthcare knowledge and expertise to work for the owner of Medclub, a local health care emergency clinic.

"Being in Baku quickly caused me to appreciate democracy and the free-enterprise systems we have in the U.S. Azerbaijan's lack of infrastructure, along with government corruption, made it virtually impossible to implement decisions and conduct daily business the way we do," says Fritz.

Fritz found the healthcare system in Baku to be very poor, with pharmaceuticals and other equipment in scant supply. He maintains the medical system there is similar to a Soviet healthcare system whereby doctors are very spe-

cialized only in certain areas, rather than having a broad general understanding of medicine.

Fritz says Medclub had grown from a small emergency service to a medical clinic with four sites, seven ambulances, and four overnight beds.

"Everything in Baku's society is based on bribery, and the medical profession there is no exception. Requirements for entry to medical school in Azerbaijan depend largely upon bribery. Once in medical school, students turn in their tests with an envelope of money for the instructor. As a patient, you never know if your doctor is qualified or if he or she bought their degree. I felt very lucky to work with the physicians at Medclub. They were honest people who cared about their patients and were qualified in their respective fields," Fritz says.

Fritz introduced doctors to the benefits of developing an organizational structure with managers and team, and he emphasized the importance of personnel policies, management meetings, committees, and staff support. He also introduced the



Mark Fritz (left) and Dr. Eldar Menedov, medical director of the Medclub clinic, stand atop an old cemetery in Baku, Azerbaijan. The city is below left and the Caspian Sea is on the right. (Courtesy photo)

impact of sexual harassment in the workplace and issues related to an appropriate dress code for clinic employees.

Fritz was recruited by the Citizens Democracy Corps (CDC), formed in 1990 by the American private sectors to enlist volunteers in support of the transition to free market economics in Russia, Ukraine, and Central Europe.

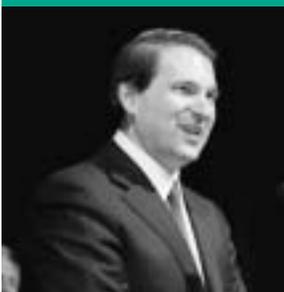
## Five Kelley alumni honored for achievement

Five Kelley School alumni were honored March 6 at the 56th Annual IU Business Conference in Indianapolis.

Inducted into the Academy of Alumni Fellows were **David M. Baum**, BS'86, managing director and co-head of mergers and acquisitions, Americas,

Goldman, Sachs and Co., New York; **Ronald W. Dollens**, MBA'72, president and CEO, Guidant Corp., Indianapolis; and **John W. Eck**, BS'82, president, broadcast and network operations, NBC, New York. The 2002 Distinguished Entrepreneur Awards

went to **Scott A. Jones**, BS'84, chairman and CEO, Escient Technologies LLC, Indianapolis; and **Jane J. Martin**, BS'72, managing director of capital investments, Village Ventures, Inc., Bloomington. (Photos by Tyagan Miller)



David M. Baum



Ronald W. Dollens



John W. Eck



Scott A. Jones



Jane J. Martin

## MBA students turn entrepreneurial and reap rewards in helping classmates find jobs in tough market

The recent recession has made employment especially hard this year for MBA graduates. Kelley School job placement officials say the job market for these graduate business students is only half of what it was just two years ago.

With this in mind, four second-year MBA students who already accepted positions turned entrepreneurial in helping classmates secure employment. For this endeavor, Kristina Alkire, Sanford "Sandy" Fink, Paul Moran, and John Ren were honored with the first Kelley Graduate Career Services Leadership Awards.

Alkire, who accepted a position with Sears in Chicago, helped create the MBA Professional Development Program, an orientation package for all first-year students. During holiday breaks, she spearheaded "Kelley Kick-Off," an event that hosted 15 recruiters who conducted mock interviews with 200 students.

As president of Kelley's Marketing Network, Fink (left in photo), who will work for Nabisco/Kraft after graduation, traveled at his own expense to cultivate new recruiters for nearly 300 fellow students. As a result, companies such as Becton Dickinson, Nabisco, and Reckitt Benckiser are now established at Kelley. He also assisted first-year MBAs with mock interviews and conducted workshops on the self-directed search process.

Moran (second from right), used personal time to build a job network by bringing executive speakers to Kelley. He launched and funded the MBA Energy Club, which will become a full-fledged MBA academy. Moran, who accepted employment with

American Electric Power, also helped with job-recruiting treks such as the Kelley Lone Star Reception in Dallas, paying his own expenses to volunteer.

Ren (second from left), aware that many companies are more restrictive on their hiring of international students because of work authorization laws, organized a recruiting event in Shanghai to reach out to employers in his homeland, the People's Republic of China, and assisted 19 fellow students in getting interviews there. Ren, who will work for Ecolab in St. Paul, Minn., also arranged hotels and translators for the event, which hosted more than 60 companies. (See related stories on Alkire on page 12 and the China job fair on page 13.)  
*(Photo by Steve Weir, IU Photographic Services)*



## First Kelley Green Awards presented on Earth Day

Kelley School students are thinking green these days, and it has less to do with money than people might think. The School has created a new way to recognize businesses with environmentally friendly programs.

On Earth Day (April 22), three companies were presented with the School's first Kelley Green Awards, which are unique in that winners are chosen on the basis of nominations of IU students. Recognized were Cummins, Inc., of Columbus, Ind.; Bristol-Meyers Squibb, which has operations in Evansville and Mount Vernon, Ind.; and Buehler Foods of Jasper, Ind. The School's Environmental Policy Committee selected the recipients from a pool of nominations.

Students whose nominations were selected are Amanda Verner, a senior for Hendersonville, N.C.; Scott Doran, a freshman from Troy, Ohio; and Lisa Hulsman from Jasper, Ind. Another group of 10 students offered original "green ideas" for businesses to consider as future projects that are friendly to the environment. All student participants received a cash award and a certificate for their efforts.

## Rolls-Royce receives Kelley Indianapolis ACCESS Award

Rolls-Royce Corp. has received Kelley Indianapolis' second annual ACCESS Award, presented to a company that gives business students unique access to the Central Indiana corporate community and a chance to tackle challenges outside the classroom.

Rolls-Royce sponsored an MBA course on international strategy, provided speakers, and allowed students to analyze different facets of the company. Students were rewarded with a realistic context in which to apply their knowledge of global strategy. Executives also spoke to undergraduates and sponsored Kelley's International Business Focus Day. Company representatives visited campus with an overview of their recruitment and hiring process.

## KELLEY DIRECT SPANS THE GLOBE

The last issue of *Kelley* magazine featured Kelley Direct's Online MBA degree program and its ability to attract both individual consumers and corporations.

This issue turns to the students themselves and the experiences encountered by one in particular—a naval officer assigned to a cruiser in the Pacific.

Lt. Bryan J. Roach, a graduate of the U.S. Naval Academy and a May graduate of the Kelley Online program, pursued his MBA degree while a weapons officer aboard the USS Lake Erie, a Ticonderoga-class guided missile cruiser. He was in charge of

all the weapons systems on board and served as the ship's legal, physical fitness, and education services officer.

Here, in a letter to Kelley Direct Marketing Director Meghan Boston, is his testimonial about the two-year program.

*If you know individuals or corporations interested in the Kelley Direct Online MBA program, ask them to contact the program office at (317) 278-1566, or e-mail [cmba@iupui.edu](mailto:cmba@iupui.edu).*

Aloha, Meghan,

Two years ago, I knew I wanted to eventually get my MBA, but I wasn't sure how I was going to manage it. My roommate from the Academy mentioned something over the phone about online programs, so I just surfed the Web looking for an online program that was from a ranked university. I narrowed it down to Duke and IU. Duke was way too expensive. IU was the easy choice. I called Kathy Ruley (at Kelley Indianapolis) and talked to her about the program. Immediately I knew I wanted to complete it.

The first summer session was great. Harv Hegarty is, in my opinion, one of the most dynamic teachers in the program. The interaction he developed among the students was exactly what was needed to develop a bond between all of us so that over the course of the next two years we had an idea about who our classmates were as people. The staff did a great job that first summer session, breaking us in with the technology that was going to allow us to do this program online.

The first year was definitely challenging but not overly time-consuming. Every professor was outstanding. They were very understanding about my situation in the military. Doing this program almost entirely from the ship was frustrating at times. I basically connected with an SHF satellite "hook-up." Depending on where I was in the world, the signal could be transmitted and received quite easily, or not at all. This required a lot of foresight on my part, as well as patience and tolerance on the part of my profs. We all came through, and everything worked out great.

All of my classes were set up in such a way as to allow the best possibility of success if I simply put in the effort and performed at my top level. Many times deadlines were stretched for me and due dates were pushed to the right in order to accommodate my situation. That is what makes this program so special: the professors. Anybody can pretty much set up an online correspondence course and have rigid deadlines and required readings and standard tests. However, Rich Magjuka (chair of Kelley Direct distance education), put together a group of professors who really care. They bring the human factor into online learning.

During this past year I have experienced the same, if not more, support from everyone at IU. Even after September 11, when I was unexpectedly deployed for several months and found Internet access and e-mail routinely secured, I worked through the difficulties, as did the professors.

Overall, I am extremely happy with the program and would highly recommend it to military personnel who have a hectic deployment schedule and wish to earn an MBA on active duty.

Bryan



**Richard Lambert**  
Editor, *Financial Times*

**John Yokoyama (right)**  
Owner, Pike Place Fish Market



**Ronald W. Dollens**  
President and CEO,  
Guidant Corporation

**56TH ANNUAL IU BUSINESS CONFERENCE**

**WINNING IN  
TURBULENT TIMES**  
MARCH 6, 2002



Conference participants mingle with the likes of CEOs and Seattle's Pike Place fishmongers at this year's successful event in Indianapolis. See related "fish" story on page 32.

*(Photos by Tyagan Miller)*

## Mitte scholarships to lure brightest and best to Kelley



IU President Myles Brand, Scott Mitte, and Dean Dan Dalton share a jovial moment.

Scott Mitte of Austin, Texas, is in the business of giving away money. The recipients: future business-school students.

He is so dedicated to the task, in fact, that he has made more than 50 on-site visits to AACSB-accredited business schools in slightly over two years, seeking the "right choices" to receive funding from the Roy F. and Joann Cole Mitte Foundation named in honor of his parents.

And Indiana scored high on his list. In recent months, the Mitte Foundation has made a scholarship gift commitment to the Kelley School of \$8.2 million, to be given away over the next 20 years.

The generous gift will provide 60 undergraduate scholarships of \$5,000 each for the Bloomington campus, matched by the Kelley School to total 120 scholarships at the end of four years.

Graduate students are included in the largesse: 15 \$5,000 graduate fellowships, which will be doubled by IU to \$10,000 each.

"Indiana was the right choice for the Mitte Foundation," says the younger Mitte. "Indiana has some of the finest students in the country. We have set challenging standards for the schools that receive our scholarships, and the Kelley School was the right fit."

The Mitte Foundation, established four years ago and easily the nation's largest business scholarship program today, has programs currently in place at Southwest Texas State University, Texas A&M, Ohio State, and Pennsylvania State. The Kelley scholarships will launch in the fall of 2004.

In recognition of Mitte Foundation generosity, Kelley's undergraduate honors program will become the Roy F. and Joann Cole Mitte Honors Program. IU will host the annual Mitte Foundation Case Competition for all Mitte-funded business school scholarship recipients

and house the national Mitte Scholars database. Scott Mitte estimates there will be a "dominant force" of 760 Mitte Scholars nationwide by 2005.

Roy Mitte, according to his son, knew as early as age 27 that he wanted to "give back" some day to his alma mater, Southwest Texas State. The entrepreneur turned to the insurance business after a stint at teaching. Wife Joann, also a teacher, backed him as he ventured into new terrain. Today, Roy Mitte heads Financial Industries Corporation (FIC), a publicly traded company, and recently developed River Place Pointe in Austin.

"My father always felt you must be well-rounded to succeed, so he looks to give money to the very best students," Scott Mitte says. "Best" in Mitte vernacular includes having a bent to volunteerism and community service.

"The Mitte generosity will attract high-achieving, bright scholars to the Kelley School in much the same way the Kelley Scholarship program has enhanced us," says Dean Dan Dalton. "We are deeply indebted to the Mitte family for their their desire to encourage the spirit of excellence."

## Kelley MBA captures top international student leadership award

The top MBA student leadership award from the world's leading business schools went this year to a second-year Kelley student who created a professional development program for all Kelley first-year MBAs. (See related story, p. 9.)

Kris Alkire received the 2002 Student Leadership Award, presented to the individual "best exemplifying the Graduate Business Foundation ideals of leadership and innovation within the graduate business community." She won over students from such business schools as Duke, Michigan, and the Stockholm School of Economics, among others.

"I came for Kelley's open environment and responsive faculty," says Alkire, "and everything here exceeded my expectations." She will work as a corporate strategy analyst with Sears in Chicago.



Kris (with trophy) is pictured with first- and second-year Kelley colleagues upon capturing the award in Atlanta. Gathered around her, from the left, are Jay Carter, '01, 2001 MBAA president; George Weathers, '02, vice president of finance; Terrill Cosgray, director of the Bloomington MBA program; Kate Roberts, '02, vice president of professional development; Ashvin Lad, '02, 2002 president; and Liz Turner, '02, vice president of internal relations.

## In a soft market, leave it to MBA students to innovate

This year's job market has been especially soft for international students who comprise 40 percent of Kelley's MBA Class of 2002. Kelley MBA students John Ren and MuChen Gu, both citizens of the People's Republic of China, came up with an idea to support fellow Chinese MBAs who aspire to work in China after graduation: a Shanghai employer reception.

With the assistance of the Graduate Career Services staff, Ren and Gu helped organize the spring break event. Prior to this, the Kelley MBA program

was largely unknown to key China employers, they said.

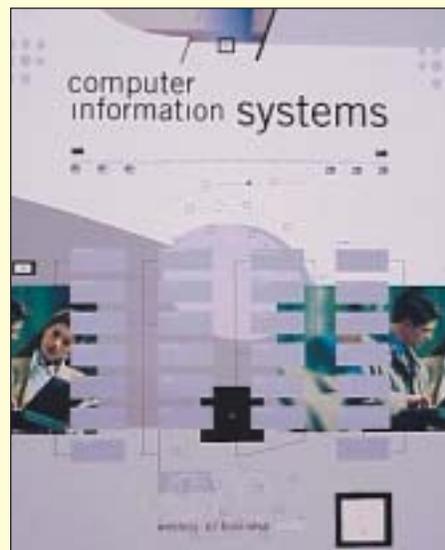
The 34 Chinese business executives heard presentations by Kelley staff, including MBA Program Director Terrill Cosgray (left in photo) and GCS Director Dick McCracken (right), and networked with Kelley students, who paid their own travel expenses to Shanghai and were afforded immediate job interviews. The Kelley School was the first U.S. school to hold such an employer event.



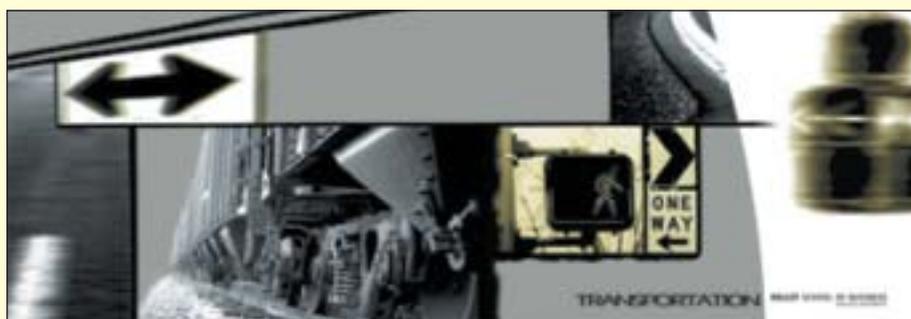
## Business and art meld by design at Kelley Indianapolis



"Operations" by Michael Little



"Computer Information Systems" by Michael Little



"Transportation" by David Bray

A collaborative effort between the Kelley School and the IU Herron School of Art has created 11 original works of art by young graphic artists that depict various business disciplines. The posters, unveiled at a "Business by Design" reception Dec. 14, adorn the walls throughout the business school in Indianapolis.

The project evolved from a conversation between Associate Dean Roger Schmenner and Herron Dean Valerie Eickmeier. Their challenge: how to apply the talents of Herron's visual communication in digital arts to the abstract task of depicting business fields such as accounting, computer information systems, finance, business economics, business law, international business, human resource management, marketing, distributions and transportation, and operations.

The students worked with Mary Chappell, director of external affairs in Indianapolis, to understand the scope of the project and develop visual imagery. The resulting posters, three of which are depicted at left, show how these disciplines interrelate within the overall business environment.

## Kelley family preserves Hoosier history with farm museum

History is important to E. W. "Ed" Kelley, BS'39, marketing executive for whom the Kelley School of Business is named.

The 85-year-old businessman and Hoosier farmer, to whom IU's 60 Kelley Scholars owe their generous full-ride scholarships, has preserved much of Indiana's agricultural history through a museum that sits on the grounds of his Tipton County farmhouse.

The Kelley Agricultural Historical Museum showcases many items that belong to the Kelley family, who settled in the area over a century ago. Others have been donated by area residents.

They are assembled within the four buildings on the grounds: a one-room school house, which has been meticulously reconstructed from its original 1887 materials; a log cabin; and two barns, called simply the east barn and west barn. The pioneer artifacts range from antique school desks to tractors, hay racks, and buckets.

These photos speak eloquently of the family pride that has preserved a bygone era. The museum, currently operated by members of the Kelley family, is open to visitors at its location at U.S. 31 and 550 North near Sharpsville, Indiana.

*(Photos by Tim Bath)*





## Wentworth gift to name dean's conference room

Dean Emeritus Jack Wentworth, BS'50, MBA'54, DBA'59, and his wife, Rosemary, have continued their dedication to the Kelley School by pledging \$300,000 to the new Graduate and Executive Education Center. In their honor, the room adjacent to the dean's office in the new building will be named the Rosemary and Jack Wentworth Conference Room.

The Wentworths have been associated with the School since Jack first arrived on campus as a student. Over the course of the next 40-plus years, he would become a professor of marketing and hold appointments such as director of the Division of Research and director of the MBA program. He was named dean in 1982 and retired in 1993 as Arthur M. Weimer Professor Emeritus.

## John Deere creates faculty fellowship

Deere & Company, the world's leading manufacturer of agricultural equipment, has established the John Deere Accounting Faculty Fellowship at the Kelley School. Deere has pledged \$90,000 to the IU Foundation to support the fellowship over the next six years. "We enjoy a great partnership with the Kelley School and through this recent investment, Deere wants to demonstrate its support of the faculty, administration, and students," said Jim Darby, director of human resources for Deere's finance division.

## Andersen presents gift of auditorium



The Andersen Foundation, along with alumni and friends of Andersen, presented a check for \$500,000 last fall to the Kelley School which will support a 150-seat auditorium as part of the School's \$22 million capital campaign to construct the new Graduate and Executive Education Center, auditoria complex, and renovation of the existing business school building. "Our goal is to help Indiana University provide the best possible educational experience to future business profes-

sionals," said Kevin H. McGauley (left), BS'81, a partner in Andersen's Assurance practice in Indianapolis who helped lead the campaign of nearly 300 IU graduates working for the firm. Also pictured are Bryan Wiggins, BS'86, MBA'96, partner; Tim Doyle, BS'83, manager; Richard Culp, director of administration; and Derrick Burks, BS'78, managing partner. (Photo by Steve Weir, IU Photographic Services)

## Kelley receives Rational Software Corp. grant

A Rational Software Corp. Software Engineering for Education Development (SEED) grant valued at nearly \$3 million will be used to incorporate the Rational Enterprise Suite® of products into Kelley undergraduate and graduate information systems application development courses.

"The software will go a long way to support courses in both our undergraduate program in computer information systems and the new Master of Science in Information Systems," said Ramesh Venkataraman, Ford Motor Company Teaching Fellow and assistant professor of information systems, who was the grant investigator. Students in S420 Object-Oriented Design & Development and S531 Advanced Web Applications Development specifically will use the products.



# INTERNATIONAL BY

# DESIGN

Edited by  
Louise A. Siffin  
Director, Global Programs Office  
Kelley School of Business



Globalization entered our lexicon over a decade ago. But what are its implications for the business world—for education, research, the business woman or man grappling with the challenges and opportunities of today's global economy?

The horrific events of the last year remind us all of the importance of understanding, indeed helping shape, the world in which we live. The Kelley School is actively involved around the globe—and has been over the last five decades. After World War II, Indiana University welcomed a group of young Europeans who, completing their doctoral educations in business here, then became leaders in their own countries. As a result of their special experiences with business faculty and classmates in Bloomington, they created the International Business Forum to maintain those connections. The Forum has grown over the years, expanding its membership to include younger friends and alumni, and continues to meet periodically with Kelley School faculty and invited guests.

The School's international curriculum and scholars, its study-abroad opportunities, and service to international business practitioners all build on this legacy as we continue our engagement with global programs and partners.

International activity is not cheap, but the School has attracted significant public and private grant support over the years to support its international mission. In the 1960s, for example, a grant to IU helped Kelley develop the first business school in then-East Pakistan (Bangladesh today). Grants also supported the creation of China's first MBA program and the establishment of Thailand's premier institution of higher education, NIDA. Long before the fall of the Iron Curtain, Kelley faculty developed a partnership with colleagues at the University of Ljubljana in then-Yugoslavia which, with grant support, led to the creation of an MBA program there in the 1990s. Later a \$1.5 million project helped Kelley develop executive education and career placement services at the Budapest University of Economic Sciences in Hungary.

Today, the Kelley School is helping Croatia's four universities establish an English-language MBA program. And these are only a sampling of Kelley's major international projects over the decades.

Leveraging the School's own resources, these projects provide opportunities for Kelley faculty to develop specialized international expertise and for Kelley students to study and work abroad in countries where the Kelley name has a presence. As a result, the Kelley academic mission is enriched through new research and international curriculum development.

The breadth of Kelley's international involvement and range of activities typically raise questions. Whether you are a current or potential student, a parent or an alumnus, a business practitioner or a corporate recruiter, we hope the following Q&A section will answer many of them. If you don't find an answer, let us know. Better yet, if you have an idea we should consider, let us know. Call us at (812) 855-5944.

**Q:** I am interested in finding potential business partners in developing countries that are stable places to do business. How do I find out more about the economic and political stability of developing countries in Latin America, Asia, and Africa?

**A:** Assistance to the business community is an important part of the Kelley School mission—not only in training the best managers to serve you but also in providing research and other assistance as you grapple with the challenges of globalization. Kelley will put the talents of our international faculty, along with top undergraduate and graduate students, to work to solve your problem. For nearly 15 years, Kelley has served the business community through its Global Business Information Network, which will now focus almost exclusively on custom-consulting projects for businesses.

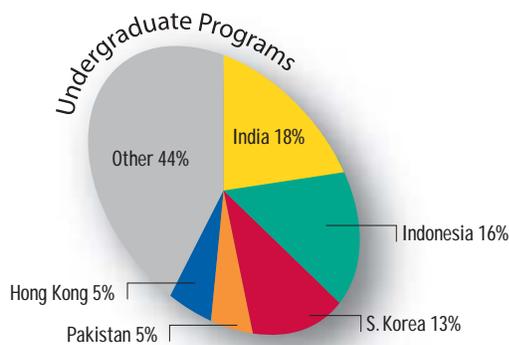
#### PRECOLLEGIATE COMMUNITY

**Q:** As the parent of a middle-school student, I'm concerned that my daughter and her classmates get the earliest possible introduction to international education. Does the Kelley School provide any assistance to the precollegiate community?

**A:** Absolutely. Kelley is involved in helping prepare our future students, as well as our current ones, for the challenges of globalization. If you live in Indiana, your daughter may well be learning today from an innovative international curriculum that Kelley helped develop. *Indiana in the World* introduces precollegiate students to key concepts and issues they will confront as participants in tomorrow's workforce. Other states have adopted it as a model for their own international curricula, and even innovative elementary school teachers have modified its lessons to fit their students' needs.

**Q:** Our children attend a private international school in Indianapolis and, as parents, we want to encourage their cultural awareness. If they choose to attend Kelley someday, what countries will their classmates likely come from?

**A:** The majority of our international student population comes from Asia (see pie charts). Kelley also recruits in Latin America and Europe.



**Q:** I don't want to major in international business, but my parents and teachers have impressed upon me the importance of understanding today's global environment. What should I do?

**A:** Every Kelley undergraduate leaves the School with a basic understanding of globalization—its challenges and opportunities. The undergraduate program has been “international” for more than 15 years, and every student must fulfill an International Dimension Requirement (IDR). The innovative design of the IDR lets you select from a wide range of options to meet this requirement. For example, you might choose to study and/or work abroad. You might prefer to take advantage of IU's area studies and foreign language programs or to enroll in international business classes.

**Q:** I'd like to study abroad at some point in my undergraduate years, but I'd like the experience to be an integrated part of my business education. Does the Kelley School offer any such opportunities?

**A:** You will find a vast array of options. As for going abroad, IU offers more than 50 study-abroad opportunities, and the Kelley School has developed more than 10 of its own programs to carefully integrate the business element in a study-abroad experience.

**Q:** I am committed to international business and plan to work abroad after I graduate. Can I tailor my undergraduate degree toward this goal?

**A:** You can do this in a variety of ways but, for the most ambitious Kelley undergraduates, there are two international dual-degree options: a dual-degree program in Germany and an extended-degree program in the Netherlands. If you speak German you can earn bachelor's degrees from two of the world's top b-schools—Kelley and the European School of Business at Reutlingen—in only four years through our dual-degree program. Other students interested in international business can earn a Kelley bachelor's degree and a master's in international business through our five-year extended-degree program with the University of Maastricht.

**Q:** I'm intrigued by the idea of a course that incorporates a study tour abroad, but I notice that the Kelley School offers this option only for MBAs. Do I have to wait until I decide on graduate school for such a business experience?

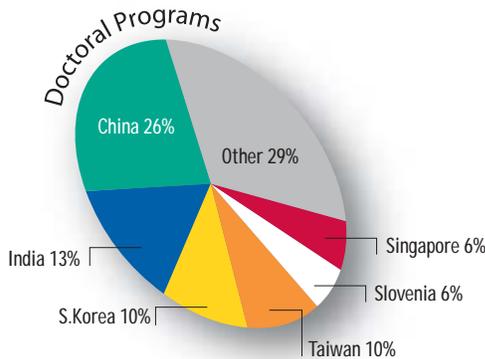
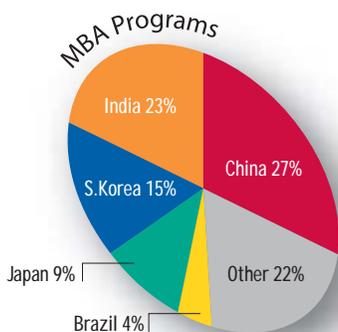
**A:** You won't have to wait long at all. Undergraduates can take just such a study tour course beginning in the spring of 2003. In cooperation with the East-Asian Studies Center, Kelley is offering a semester course, “Doing Business with Japan,” that will incorporate a short-term study tour to Japan over spring break. Look for expansion to other countries in the future.

## GRADUATE PROGRAMS

**Q:** As I consider choosing an MBA program, it's clear to me that gaining a sound understanding of today's global economy must be a fundamental aspect of the program. Short of majoring in international business, can I achieve this understanding in Kelley graduate programs?

**A:** Yes, you will gain a sound understanding of today's global economy because the program aggressively responds to the powerful, growing force of globalization. This emphasis on international competition starts in the first year, in which all Kelley MBA students experience the innovative MBA core curriculum. Fully 12 modules of the Core address the opportunities *and* the challenges that managers face in a global environment where their strategic, organizational, and operational choices are inseparably enwrapped in cross-border considerations. Companies operating in multiple national environments may face political risk, currency risk, and tremendous diversity of government regulations and customer tastes and preferences. Companies need to be flexible and responsive to these differences and, as a future manager, you need to learn about this across the functional spectrum. In the "global strategy" modules of the MBA Core, you will learn how globally successful firms are responding to the conflicting demands that are placed upon them by forces in the global business environment.

In the Innovative Systems and Accounting Graduate Programs (SAGP), international content is woven throughout the curriculum. And in a typical year, up to 80 percent of our SAGP accounting teams conduct a 5-week field study project abroad.



**Q:** As an MBA student in an intensive two-year program, I don't have the time or money for traditional overseas study. But in today's global economy, I feel some hands-on experience abroad is essential. What can I do?

**A:** For students who do not want to leave Kelley for an extended period but still want an international experience, Kelley International Perspectives (KIP) courses are the perfect solution. A KIP course lets MBAs learn about industries and business issues relevant to a specific country and then visit the country on a short-term basis. KIPs are eight-week courses consisting of readings, expert speakers, and a field trip to the country of study at the conclusion of the class. KIP classes meet during the first eight weeks of the spring semester and culminate with the country visit during spring break.

KIP is a student-organized course. Students actually determine the country of study of each KIP course. Five student leaders propose each course during the spring semester of their first year and begin plans for the following spring. Class members serve on one of the committees that handle aspects of the course: curriculum development, company/industry contacts abroad, logistics, and relevant speakers. Under the guidance of a faculty advisor, students plan and execute all aspects of the course and research the trip. Since its inception in 2000, more than 150 Kelley KIPers have traveled to Brazil, Central Europe, Cuba, Japan, and South Africa. Next year: Australia, China, and Ireland!

**Q:** I'm a finance major in the MBA program and would like to pursue an international career. How can I increase my chances of starting an international career path while majoring in a traditional functional area?

**A:** The Kelley School's Global Experience Academy (GEA) is designed for people like you. GEA's basic goal is to widen MBA opportunities for the study of global business. Its objective is to let select students increase the international content and focus of their studies as they pursue a traditional major. GEA students work with an external advisory board of international business executives, develop and make presentations on current international business topics, and get involved in live case studies related to major multinational corporations. The networking and one-on-one mentoring from board members and other networking opportunities may lead to international summer internships, as well as assistance in identifying and securing an attractive job placement.

**Q:** As an MBA candidate who's lived and worked abroad for several years, I would like to deepen my expertise in the region while pursuing my management education. Is this possible at Kelley?

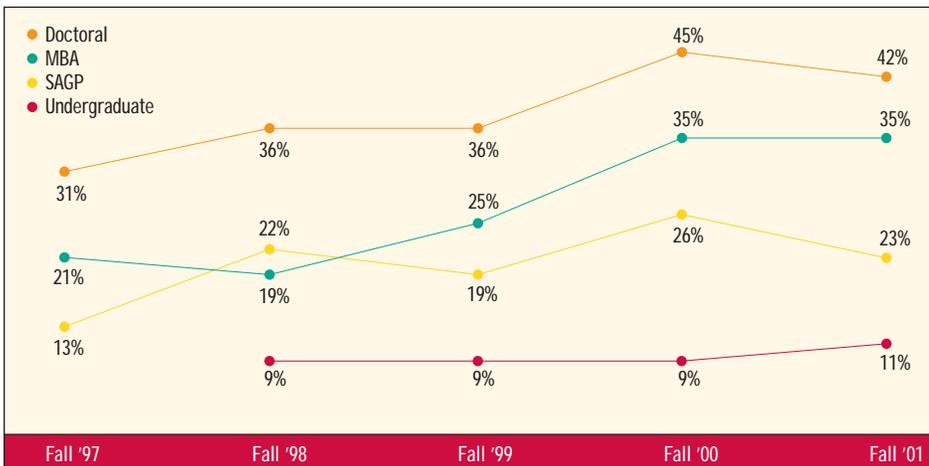
**A:** The Kelley School collaborates with IU's renowned area studies centers to offer dual MA/MBA (or *Mamba!*) degree programs in West European Studies, Russian & East European Studies, or East Asian Studies. In just three years, you can earn an MBA and an area studies master's, significantly enhancing your global management expertise in a chosen region of the world. You'll combine your management expertise with in-depth language skills and historical and cultural knowledge of the region, and be uniquely prepared for a successful international career.

## KELLEY DIRECT

**Q:** How does the Kelley Direct Online MBA Program reflect the international mission of the Kelley School?

**A:** The Kelley Direct Online MBA, launched in 1999, extends learning beyond geographic boundaries. Kelley has leveraged technology to teach qualified students worldwide. Currently, Kelley Direct's enrollment includes Korean, Taiwanese, and Japanese students who are completing coursework from their homeland. Twelve U.S. military men and women in international locations are also participating. Managers for U.S. companies living abroad and participating in the degree program are in Thailand, Korea, Germany, Canada, and Singapore. Most Kelley Direct Online MBA students say that, without this program, they would not have access to a full-time MBA due to their work or life commitments or proximity to quality part-time programs.

## INTERNATIONAL STUDENT REPRESENTATION



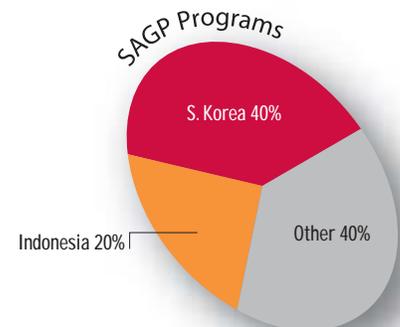
## Indiana University Center for International Business Education and Research (IU CIBER)

In the late 1980s, the U.S. Congress realized that, in response to increasing globalization trends, *international business education* was key to keeping the U.S. economy competitive. Congress appropriated funds to support this effort through the creation of select centers of excellence—Centers for International Business Education and Research (CIBERs). In 1992, the Kelley School of Business successfully competed for the establishment of a CIBER and today—a decade later—Kelley remains home to one of only 28 such centers in the nation.

The IU CIBER quickly accelerated the pace of internationalization at the Kelley School and increased the School's ability to provide assistance to the business community as it grapples with the challenges and opportunities of globalization. With a particular emphasis on internationalizing U.S. business curricula, CIBER supports many of the activities described on these pages—study tour courses, international faculty research and pedagogy development, conferences, and publications that provide practical information to business practitioners.

**Q:** I'm a Kelley alumnus living abroad. How can I stay connected in the Kelley network?

**A:** The best way to stay connected in the Kelley network is to keep your contact information current. The Alumni Programs Office continually provides services to our alumni—career services, continuing education programs, and alumni events—that provide great networking opportunities. Alumni staffers travel abroad regularly and try to arrange both formal and informal alumni events. You will be included if you keep your contact information updated. You can also advise the alumni office on the best programs to be developed in your area or country—such as who you'd like to meet and what programs are valuable to you. The key to being an active member of the Kelley community is making sure you are a part of the information network. Join us! ([Kelley.iu.edu/alumni](http://Kelley.iu.edu/alumni))



*Special thanks go to the Kelley faculty and staff who helped compile the information provided here: Meghan Boston, Brian Chabowski, Barb Clark, Heather Curry, Lawrence Davidson, Christine Davis, Roberto Garcia, Jennifer Goins, Bonnie Lavender, Tammy Orahood, Arvind Parkhe, and Paula Scherschel.*

*\* Pie charts represent international student population.*

## Imperfect capital markets focus of Bhattacharya's research



Associate Professor of Finance Utpal Bhattacharya will tell you he is obsessed with fairness. It is of little surprise that his academic research concentrates on market integrity.

"I have done theoretical and empirical analysis of imperfect capital markets-

markets that are characterized by the existence of traders who know more and who act strategically," says Bhattacharya, a native of India who is the LaSalle Bank Faculty Fellow.

He has enjoyed critical professional achievement—having been published in all the top-tier finance journals and many of the chief economics journals—and his research has garnered popular success as well. Extensive media coverage in *Barron's*, the *Chicago Tribune*, *The Wall Street Journal* and the *Washington Post* describes his work on the world price of insider trading. Publications including *The Economist*, the *Financial Times*, and media in Mexico, Brazil, the Netherlands, and Denmark have taken these findings to a worldwide audience. The *Financial Times* also featured his research on home bias investing.

Bhattacharya's latest study stems from the Enron debacle and focuses on earnings opacity. He and his co-authors maintain that the prevailing view in Congress and in the global financial press is that earnings opacity, by obscuring information about a firm's underlying performance, undermines the investing public's confidence in capital markets.

"All this sound and fury about Enron, however, obscures two critical questions. First, how bad is this phenomenon of earnings opacity in the U.S. compared to earnings opacity in the rest of the world? Second, do sophisticated investors care, in the sense that they trade less or demand an extra required return in countries where earnings opacity is pervasive?" he asks. The research attempts to answer these questions by exploring the link between earnings opacity and equity mark.

## Rugman advises on international trade and investment policies

Alan Rugman considers 1986-87 the most interesting part of his career, when he advised Prime Minister Brian Mulroney of Canada on the agenda for the Canada-U.S. Free Trade Agreement.

His advice: Eliminate tariffs and let foreign investors get the same treatment as domestic investors in the application of laws. (This principal became a basis for NAFTA and other subsequent new trade agreements and is supported by APEC, the Asian-Pacific Economic Community, for the Free Trade Agreement of the Americas, due to start in 2005.)

Mulroney successfully ran for re-election on the terms of the agreement, with Rugman making national speeches to explain it to voters. "The free trade agreement drew on my academic research and interests in international business and dealt with issues I had spent 25 years teaching and researching. Suddenly it became front-page news of all the newspapers."

A native Brit, Rugman "read" economics for his entrance into England's university system at a time when the discipline was a relatively new field. He taught himself the genre by reading Paul

Samuelson's books on economics, scraping by with a "pass" without the normal two years of classroom study. The field evidently suited him well; he became a tenured professor of economics at age 28.

With major university appointments at Winnipeg, Dalhousie, and Toronto, Rugman became a Canadian citizen, finally returning to England in 1997 to teach at Templeton College at Oxford University. A prolific writer, he has published more than 30 books and more than 200 articles dealing with trade and investment policy. His *The End of Globalization*, published in 2000, contains data showing that all leading multinationals come from the three markets of the United States, Europe and Japan. What counts, he says, are the workings of corporations with multinational reach, where the main activity is regional, not global. "Despite this obvious triad," he muses, "a lot of colleagues talk about free trade as if we have an integrated 'global' economy."

When Rugman came to IU in 2000 to accept the position of the L. Leslie Waters Chair in International Business, he had known Indiana as "one of the country's top



four or five business schools in international business. The Kelley School today is at a mature stage in terms of internationalization. I think our Kelley faculty understand that business actually means international business." His early survey of Kelley faculty and their research interests assured him of their commitment to international research.

In late October Rugman will lead a Kelley School conference celebrating IU faculty and their contributions to the international business field over the past 50 years.

An international celebration of special interest to former doctoral students, Kelley School faculty, alumni, and scholars in international business.

## THE IU-IB CONFERENCE

Indiana University-International Business • Oct. 25-26, 2002  
Bloomington, Indiana • For information call (812) 855-5414

**Manju Ahuja**, assistant professor of information, has had two articles published recently: "Women in the Information Technology Profession: A Literature Review, Synthesis and Research Agenda" in the *European Journal of Information Systems*, and "Individual Differences and Relative Advantage: The Case of GSS" in *Decision Support Systems*.

**Tim Baldwin**, professor of business administration, has been awarded the Sanjay Subhedar Faculty Fellowship. He also was named to the board of directors of Paul I. Cripe, an Indianapolis-based professional services firm.

*MIS Quarterly* named **Sue Brown**, assistant professor of information systems, "Reviewer of the Year."

**Tony Cox**, associate professor of marketing in Indianapolis, has been named the Edgar G. Williams Faculty Fellow.

**Jeff Fisher**, director of the Center of Real Estate Studies and Charles H. and Barbara F. Dunn Professor of Real Estate, and **Clark Maxam**, Ph.D.'96, had a paper, "Pricing Commercial Mortgage-Backed Securities," selected as the most outstanding paper in the 2001 volume of the *Journal of Property Investment and Finance*.

**Joe Fisher**, associate professor of accounting, has been named the Fed Ex Faculty Fellow.

**Betsy Gatewood**, director of the Johnson Center for Entrepreneurship and Innovation and the Jack M. Gill Chair of Entrepreneurship, joined the National Commission on Entrepreneurship, U.S. Rep. Louise Slaughter (D-NY), U.S. Rep. Sue Kelly (R-NY), and her research colleagues last February in Washington to discuss "The Diana Project," a new report on the myths and challenges regarding women and venture capital. Gatewood and her colleagues also talked about public policy and the challenges lawmakers face

helping entrepreneurs succeed, particularly in times of recession.

**John Hassell**, professor of accounting, has been named acting dean of Kelley Indianapolis. He assumes the responsibilities of Roger Schmenner, on sabbatical at IMD in Switzerland until July 2003.

**Bob Jennings**, Gregg T. and Judith A. Summerville Chair in Finance, has been named to Nasdaq's Economic Advisory Board, a collection of academics that advise Nasdaq on issues such as competitive threats, proposed changes in market structure, and regulatory developments.

**Bob Jacobs**, professor of operations and decision technologies, has been awarded the E-II Faculty Fellowship

**Dave King**, a second-year doctoral student in the Management Department, received the 2002 Best Paper Award at the Midwest Academy of Management meeting for his paper titled "The Impact of Augmenting Traditional Instruction With Technology-based, Experiential Exercise."

**Glen A. Larsen**, associate professor of finance and chairman of the undergraduate program at Kelley Indianapolis, has been named to the advisory board for *The Journal of Portfolio Management*.

**Marjorie Lyles**, professor of international strategic management at Kelley Indianapolis, is vice president-administration of the Academy of International Business.

The IU Student Foundation awarded **David Rubinstein**, clinical assistant professor of management, the Herman B Wells Lifetime Achievement Award at the 2002 IU Sing festivities.

**Dan Smith**, Clare W. Barker Chair in Marketing, received the Eli Lilly Teaching Excellence Award in Bloomington.

**Geoff Sprinkle**, assistant professor of accounting and information systems, has been awarded the John Deere Accounting Faculty Fellowship.

**Ron Stephenson**, professor of marketing and First Indiana Bank Faculty Fellow, has been inducted into Medical Distribution Solutions, Inc.'s Medical Distribution Hall of Fame. The organization provides information to the distribution sales and marketing community involved in serving primary, acute, and long-term care markets.

**Mohan V. Tatikonda**, associate professor of operations management in Indianapolis, has co-written "New Service Development: Areas for Exploitation and Exploration," which has been published in the *Journal of Operations Management* (April 2002).

**Brad Wheeler**, associate professor of accounting and information systems and British American Tobacco Faculty Fellow of Information Technology, has assumed additional responsibilities as associate dean of teaching and learning technologies at IU's University Information Technology Services. He will develop, lead, and support university-wide initiatives that assist faculty in enriching student learning through effective use of technology.

**Patrick Hopkins** has been promoted to associate professor with tenure, accounting and information systems (tenure effective July 1, 2003). **Tom Lyon**, business economics and public policy, has been promoted to full professor. **Anne Massey** has been promoted to full professor in accounting and information systems. **Rockney Walters** in marketing has been promoted to full professor. **James Wimbush**, chair of the Bloomington MBA program, has been promoted to full professor in the management department.

# Hideo Ito

## Title

- General Manager, International Division, Toshiba Corporation
- General Manager, Corporate Communications, Toshiba Corporation

## Title-to-be (June 2002)

- Toshiba Corporate Representative for the Americas
- Chairman & CEO, Toshiba America, Inc. (New York)

## Birthplace

- Tokyo, Japan

## Education

- International Christian University, B.S., International Law and History of Western Political Thought, 1969
- Indiana University, M.B.A., International Business and Management Theory, 1977

## Family

- Wife, the former Setsuko Sato; daughters Yukako and Kanako

## Highlights of Toshiba career path

- International Cooperation Division, 1969-79
- Manager of Strategic Business Planning, Toshiba Silicone Co., Ltd., 1979-83
- Manager, International Business Planning and Operations, Semiconductor Group, 1983-89
- Senior Manager, International Operations-Personal Computers, 1993-95
- General Manager, International Operations for Electronic Components, 1995-96
- General Manager, Semiconductor Marketing and Sales, 1996-97
- Chairman & CEO, Toshiba America Electronic Components, Inc. (TAEC), 1997-2001

## IU Contributions/Honors

- Member, Kelley School of Business Academy of Alumni Fellows
- Richard N. Farmer Lecturer in International Business, 1999
- Member, External Advisory Board, MBA Global Experience Academy
- Member, IU International Business Forum

## Most-admired global business leader

- Jack Welch, for whom Ito worked during the early 1980s at the Toshiba Silicone Co., a Toshiba-GE joint venture

## Leisure-time favorites

- International cuisine
- Jazz
- Golf

## Quote

- "For tomorrow's IT society, Toshiba is focusing on being digital and mobile and networked in all ways."

# Kelley alumnus directs global strategies for Toshiba

BY MARGARET GARRISON

As the top international executive for the Toshiba Corporation, a world leader in the production of semiconductors and consumer electronics, Hideo Ito, MBA '77, is careful to pack Toshiba's newest and most efficient handheld devices for each leg of his world travels.

These include a lightweight Portégé DynaBook laptop; a streamlined CD player whose neatly stored discs reflect his eclectic taste in music; a digital camera that can store multiple images and transmit them around the world through the Internet; and an Internet-connected mobile phone, as popular among Japanese businessmen (and schoolchildren!) for rapid e-mail messaging as for voice communication.

Perhaps Ito's favorite device is the Toshiba 1800 Voice Bar, a digital memory recorder half the size of a cell phone. Not yet available in the United States, its sophisticated NAND flash memory processing technology allows Ito to record up to 18 hours of conference dialogue, whether transmitted via the Internet or around a conference table. When engaged with international executives, he can capture minute details of debate and replay them silently only seconds behind the conversation in progress.

"I get instant playback even as the speakers are moving forward," Ito says, demonstrating the earplugs and tiny buttons that assure him of superior-quality audio during multinational dialogues. His voice bar acquired a heavy workout during a two-week period early this spring. In that time Ito traveled from his home in Tokyo to

Vienna to Tokyo to the United States to Tokyo to Singapore to Bangkok to Tokyo.

International strategic planning is nothing new to the dapper businessman, a 33-year Toshiba veteran. Since his college days, Ito has been in some stage of training for his current positions as general manager of both the corporate communications and international divisions. A young boy when his father died of cancer, he became eligible for a unique national college scholarship for promising children in financial need. This eventually led him to Tokyo's eminent International Christian University (ICU), founded after World War II to educate future leaders in a newly democratic Japan.

Its international faculty and curriculum forced Ito to learn to think quickly in both Japanese and English. It also exposed him to the Western philosophy of John Locke, whose political thought had a major impact on Ito's future business thinking.

In 1976, after seven years with the Toshiba Corporation, Ito found himself an MBA student at Indiana University, lured there by mentors at both ICU and Toshiba who were familiar with IU's international business curriculum. He lived in Eigenmann Residence Hall for a semester before his wife and young daughter arrived to join him in married student housing.

"We loved Bloomington, which was safe and cheap," he recounts, noting that IU's host family system for international students gave him and his wife a lifelong connection to special Bloomington friends.

At IU, Ito studied under Hans Thorelli, now Distinguished Professor Emeritus in

"THE ALLIANCES CREATED A MODEST AFFILIATION, A TRIANGLE, WITH THE UNITED STATES, EUROPE, AND JAPAN. TOSHIBA WANTED TO REMAIN A STRONG CONTENDER IN THE SEMICONDUCTOR BUSINESS, BUT OUR EXPERIENCES AFTER WORLD WAR II, WHEN WE JAPANESE THOUGHT OF OURSELVES AS NON-EQUALS, GAVE US A MORE HUMBLE SPIRIT AS A BUSINESS CULTURE."



Photo by Shoichi Komatsu

Business Administration, and the late Richard N. Farmer, for whom the Kelley School's annual international lecture is named.

"At this time, American businesses were making strategic decisions about whether to grow or divest or merge," he says. "My special interest was strategic planning theory, and I was fortunate to get excellent training in it while at IU." Harv Hegarty, immediate past chair of the Management Department, helped him advance in this field through personal mentoring and by recommending readings outside the preset MBA curriculum.

Immersed in what he calls "Indiana's strong international business character," Ito returned to Japan and continued his climb in Toshiba's international business field division. He transferred to Toshiba Silicone, an ancillary company created through a joint venture with General Electric. About this time Jack Welch became GE's chairman and CEO and began his now-legendary streamlining to turn GE into a global powerhouse. Ito worked with Welch's executives from GE engineering materials on the front lines and learned Welch's management style.

In the early 1980s, during the period when Toshiba's exclusive one megabit DRAM technology was hailed as leading-edge, Ito progressed to Toshiba's semiconductor division. But global competition was growing fast, and 1985 proved a crisis year in the industry. Toshiba, holding 80 percent of the world's market share of one megabit DRAMS, had hard choices to make about its future direction.

Ito at this point had emerged as a gifted and persuasive communicator, able to explain Toshiba's technology concisely to potential allies. This skill enabled him to become an influential strategist and

chief negotiator in the formation of alliances with Siemens and Motorola. Toshiba transferred its one megabit DRAM technology to Siemens, then of West Germany, in 1985. The next year Toshiba exchanged its memory technology and CMOS process technology without cost for Motorola's microprocessor technology and related patents, while at the same time starting to construct a joint wafer production facility in Japan.

"To reduce friction with the U.S. and European semiconductor industry and to secure profits, Toshiba's strategy and vision was to form these alliances. We were convinced no one company could be a single winner in the semiconductor industry," Ito explains. "The alliances created a modest affiliation, a triangle, with the United States, Europe, and Japan. Toshiba wanted to remain a strong contender in the semiconductor business, but our experiences after World War II, when we Japanese thought of ourselves as non-equals, gave us a more humble spirit as a business culture." The alliances established successful policy for Toshiba and set the standard for future competitors.

Ito was appointed chairman and CEO of Toshiba America Electronic Components, Inc. (TAEC) in 1997, which brought him back to the United States for three years and enabled him to participate as the Kelley School's 1999 Farmer Lecturer in International Business. He will move from Tokyo to New York this summer when he assumes new duties as chair and CEO of Toshiba America, Inc.

Recently Toshiba made the decision to divest its hold on DRAM technology and concentrate its development on NAND flash memory technology, which originated with Toshiba and keeps memory in devices even when the current is off. Currently, Toshiba leads the competition in preparing for the next generation of memory devices.

"In the 21st century we will have a society based totally on information technology," Ito says. He envisions a not-distant world where home appliances and household goods—from hot water heaters to DVDs—will operate by personal digital devices.

An accomplished golfer, Ito has played on some of the world's leading courses. Two years ago at the Toshiba Senior Classic Pro-Am in Newport Beach, California, he shouldered the greens with Billy Casper and Dana Quigley. Music is another relaxer, ranging from the creative art of Miles Davis to the lyricism of Fauré's *Requiem*. A former competitive swimmer, Ito observed poolside the talents of the incomparable "Doc" Councilman, who had coached Mark Spitz to earlier Olympic fame.

On September 11, Ito rose early in his California hotel room. As a result, he was among the smaller percentage of West Coasters who saw the events of that morning unfold from the first dramatic moments. He immediately led a crisis management team to locate and secure Toshiba's 400-plus international traveling employees who were then in the United States. Back home in Japan the following Monday, working on behalf of Toshiba's 188,000 worldwide employees, he spearheaded a successful fundraiser that raised \$160,000 in employee contributions, in addition to corporate contributions of \$1 million, for families of the victims.

"All of us felt like Americans that day," he says.



## ALUMNI NEWS

CHERI O'NEILL  
DIRECTOR  
ALUMNI PROGRAMS

# People make the difference

One of the most rewarding and enjoyable aspects of alumni work is the people. The Kelley alumni volunteers make all the difference. They are the ones who really bring the alumni association to life. It is through their efforts and commitment that the Kelley Alumni Association has had such a strong 55-year history of building "community."

Throughout the country and abroad, we have had a strong resurgence in alumni activities. The volunteers are very united and inspired to share their Kelley pride. Much of this renewal can be attributed to the leadership and governance of the Kelley Alumni Board of Directors, as well as to the volunteers who work in the club, network and liaison areas. It is only through the efforts of the more than 300 Kelley volunteers that the alumni mission continues to grow and flourish. In this issue we wish to thank and recognize these very important and vital members of the Kelley Alumni Community!

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CHECK OUT THE KELLEY ALUMNI WEB SITE: [www.kelley.iu.edu/alumni](http://www.kelley.iu.edu/alumni)

## Kelley School of Business Alumni Association

BUILDING ON A LEGACY OF EXCELLENCE

### FIVE REASONS WHY:

1. Utilize the Kelley Alumni Directory to view and update your information, find classmates, and network with thousands of Kelley graduates.
2. Discover what's happening throughout the country and world with Kelley alumni clubs, networks, and liaisons.
3. Visit the online calendar to register and take part in alumni events, programs, and professional development opportunities.
4. Use the Career Services Center for assistance with career needs.
5. Stay connected, informed, and aware of all that is available to you as Kelley alumni.

## Alumni Association hosts commencement luncheon

On May 4, immediately following the morning commencement ceremony in Assembly Hall in Bloomington, approximately 1,200 graduates, family members, and Kelley faculty and staff gathered for a celebration luncheon. Dean Dan Dalton and Mike Becher, BS'76, president of the Kelley School of Business Alumni Association, gave congratulatory remarks and welcomed the new graduates to the Alumni Association.



## Kelley Alumni 'give back'

The Kelley Student Alumni Partners (KSAP) is an undergraduate student organization with a mission to maintain connections among Kelley alumni and current undergraduate students. This spring semester, they successfully organized two alumni panels. The first panel was titled "What I Wish I Would Have Known." Four of Kelley's young alumni returned to speak to an audience of approximately 100 undergraduates about their transition into the "real world" and workplace. The second was a panel with a perspective on "Women in Business." Highly successful women spoke about their experiences in the corporate world and gave advice to aspiring Kelley female students. Both panels provided an informal atmosphere for current students to meet and learn from some of Kelley's finest alumni.

## Graduate Alumni Weekend slated for Nov. 22-24

A variety of activities are planned for the 2002 Graduate Alumni Weekend to be held in Bloomington Nov. 22-24 in conjunction with the dedication of the Kelley School's Graduate and Executive Education Center. Of particular interest will be continuing education sessions, tours of the new building, and a banquet for all returning alumni. There will be a special dinner Friday evening for Systems and Accounting Graduate Programs alumni, and various MBA classes are planning reunion events.

For further details about the building dedication and Graduate Alumni Weekend or to register online, go to [www.kelley.iu.edu/dedication.cfm](http://www.kelley.iu.edu/dedication.cfm). If you would like to volunteer to organize an event for your MBA class, send a message to [busalum@indiana.edu](mailto:busalum@indiana.edu).

Come for the learning. Come for the fun. Come be a part of Graduate Alumni Weekend 2002!

## Kelley Alumni Partnership offers lifetime education opportunities

Whether you need a refresher in finance, a start-to-finish course in marketing, or are looking for opportunities for personal development, Kelley Alumni Partnership (KAP) has options that will fit your schedule. Online courses now available include Finance Fundamentals, Business Modeling, and Data Analysis. Marketing Fundamentals will be online soon. For complete offerings, go to [www.kelley.iu.edu/alumni/value/lifetime\\_education.shtml](http://www.kelley.iu.edu/alumni/value/lifetime_education.shtml). Discounts are available for Kelley alumni.

### Building on a legacy of excellence

Graduate alumni: Mark your calendars for Nov. 22 and join us for the dedication of the Graduate and Executive Education Center. Visit [www.kelley.iu.edu/dedication.cfm](http://www.kelley.iu.edu/dedication.cfm) for more information on the dedication, MBA Alumni Weekend, and SAGP events.

## New 'Kelley Networks' help alumni stay connected

Kelley Networks are designated to help alumni remain connected by providing professional development programs and opportunities for staying informed. These networks are similar to Kelley Clubs but on a smaller scale. Currently there are two Kelley Networks: one in Wisconsin and one in the Twin Cities. Steering committees for both have been working hard to establish these networks in their communities. For more information about these groups and to contact a committee member, visit [www.kelley.iu.edu/alumni/connections/connections.cfm](http://www.kelley.iu.edu/alumni/connections/connections.cfm).

## Alumni career services available online

The year 2001 effected drastic changes in our lives at home and our lives in the world around us. The job market is no exception.

The Kelley Alumni Association offers career services for all types of seekers who want:

- Networking opportunities with fellow alumni through the online directory and professional development and social events in cities around the country
- Information about a company's culture and other information from fellow alumni through Kelley Corporate Liaisons
- MBA career counseling for recent graduates who are members of the Kelley Alumni Association
- Personalized service through partnerships with reputable professional career service firms, including access to thousands of job opportunities, personal assessments, job seminars, and one-on-one counseling and guidance
- Information on the New York Job Board, a new service being organized and launched by local alumni dedicated to providing value to fellow alumni.

For more information, go to [www.kelley.iu.edu/alumni/value/career\\_services.shtml](http://www.kelley.iu.edu/alumni/value/career_services.shtml).

## International Homecoming and Reunion set for Oct. 16-19 in Bloomington

Dean Dan Dalton will host a luncheon and tours of the new Graduate and Executive Education Center Oct. 17 for returning alumni as part of the IU International Homecoming and Reunion activities on the Bloomington campus.

For more details about the weekend's activities, contact the IU Office of International Alumni Relations at (812) 856-6065, or e-mail [intlalum@indiana.edu](mailto:intlalum@indiana.edu). Visit the Web site at [www.indiana.edu/~alumni/clubs/international](http://www.indiana.edu/~alumni/clubs/international).

## KELLEY CALENDAR OF EVENTS

Getting placed in a new career is 80 percent networking. Getting comfortable in a new city is meeting new people with similar interests and goals. Getting ahead is staying competitive in your field. Check out the events offered by Kelley Clubs and Networks around the country over the past year.

- **Business Outlook Panels**  
Bonita Springs, Cincinnati, Cleveland, Detroit, Indianapolis, Milwaukee, Minneapolis, St. Louis
- **Career Development Series:** *Managing Your Career in Turbulent Times, The Current State of Real Estate, Successful Networking and Financial Planning for Women*  
Chicago
- **Welcome MBA Class of 2001:** *Napa Valley Wine Tour*  
San Francisco
- **Hot Topic:** *What Happened to Technology & Telecommunications?*  
Atlanta, New York

Then check out the Kelley Alumni calendar of events at [www.kelley.iu.edu/alumni/calendar.cfm](http://www.kelley.iu.edu/alumni/calendar.cfm) to register for upcoming offerings.

## People make the difference

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## GRADUATE

## 1960-69

**Jack C. Francis**, BS'62, MBA'64, and **Roger Ibbotson**, MBA'67, are co-authors of *Investments: A Global Perspective*, published by Prentice-Hall. Francis is a professor of economics and finance at Baruch College. Ibbotson, chairman of Ibbotson Associates, Inc., was inducted into the Kelley School's Academy of Alumni Fellows in 2001.

**Michael Pierce**, MBA'64, is the president and founder of Ramm Metals, Inc. in Bridgeville, Pa.

**Gerald F. Hilbrich**, BS'64, MBA'66, is CFO of the Catholic Diocese of Orlando. He is also president and CEO of United Arts of Central Florida, Inc. He lives in Longwood, Fla.

## 1970-79

**Donald W. Trapp**, MBA'73, is vice president and treasurer of Cummins, Inc. in Columbus, Ind. He can be reached at donald.w.trapp@cummins.com.

**John J. Hanrahan**, MBA'74, MA'74, PhD'81, is chief marketing officer for Prime Point Media in Norcross, Ga. He lives in Atlanta.

**Steven A. Miller**, BS'70, MBA'74, was appointed by Indiana Gov. Frank O'Bannon to chair the investment committee for the board of trustees of the Indiana Public Employees Retirement Fund. He is also treasurer for the IU Bloomington campus.

**Mary Jane Anderson**, MBA'75, was appointed to the board of directors of Home Health Services. She is involved with the Dallas Chamber of Commerce and the YMCA of Metropolitan Dallas. Her e-mail address is mary\_jane\_anderson@texascoma.com.

**David W. Voris**, MBA'75, is vice president of Fifth Third Bank of Central Indiana in treasury management sales and service. He lives in Fishers, Ind., with his wife, Jeannine, and their child, Alex, 10.

**Mary L. Prescott**, BA'66, MA'69, MBA'77, PhD'89, is an associate professor and director of graduate programs at the University of Tampa John H.

Sykes College of Business. She lives in Apollo Beach, Fla.

**Kim J. Pendergast**, BS'77, MBA'78, is president and founder of The Pendergast Group in Rowayton, Conn. She is a member of the National Art Museum of Sport Board of Governors.

## 1980-89

IUPUI campus alumni volunteer leader **Lisa Stone**, BA'76, MBA/JD'80, received a Maynard K. Hine Medallion in February. The Hine Medallion is the highest award presented by the IU Alumni Association on the IUPUI campus.

**D. Gregory Wilkerson**, BA'78, MBA'80, is vice president and general manager for Synthetic Industries. He lives in Chattanooga, Tenn.

**Mark A. Barbato**, MBA'82, is executive director and product team leader in the Primary Care Products Group for Eli Lilly and Company. He lives in Carmel, Ind.

**Berthold Figgen**, MBA'86, is director of corporate marketing for Procter & Gamble in Germany, Austria, and Switzerland. He and his wife, Martina, and their daughter, Katrin, 7, live in Kronberg, Germany, and can be reached at figgen.b@pg.com.

**George F. Clancy**, MBA'87, retired on Oct. 1, 2001, from Citizens Gas and Coke Utility as vice president of information services and CIO. He lives in Indianapolis.

**Thomas D. Brull**, MBA'88, is chief financial officer for Radio E Televisao Bandeirantes in Sao Paulo, Brazil. His e-mail address is brull@aol.com.br.

**John W. Dragoo**, MBA'88, is plant manager for Honeywell International's friction materials plant in Lynn Haven, Fla. He lives in Panama City Beach, Fla., with his wife, Jane.

**Ananda K. Radhakrishnan**, MBA'88, is director of project management for the Chicago Mercantile Exchange. He lives in Winfield, Ill.

**Dave E. Anderson**, MBA'89, received a Grand President's Award for Professional Achievement from Alpha Gamma Rho fraternity. He is president and CEO of NeuVision Group LLC, a marketing and business strategy firm in St. Paul, Minn.

**Geoffrey G. Slaughter**, BA'85, JD'89, MBA'89, was appointed by Indiana Gov. Frank

O'Bannon to serve as chair of Indiana's Public Employee Relations Board. Slaughter is a partner/director with the law firm Sommer & Barnard in Indianapolis.

## 1990-99

**John N. Eble**, BS'73, MD'77, MBA'90, was named an Honorary Fellow of the Royal College of Pathologists of Australasia (founded in 1956 in Australia, New Zealand, Singapore, Malaysia, and Hong Kong) for his contributions to the advancement of pathology within that region. He is chair of the IUPUI Department of Pathology and Laboratory Medicine and lives in Indianapolis.

**Kenneth R. Whitelaw**, BS'89, MBA'90, is operations manager for CNH Capital in Australia. He can be reached at ken.whitelaw@cnh.com.

**Molly K. Whitmore**, MBA'90, is in the Peace Corps on a two-year assignment to Côte d'Ivoire. She can be reached at kkatte-whitmore@hotmail.com.

**Robert E. Wright**, PhD'91, is an associate professor of business administration at the University of Illinois at Springfield. He was named the school's University Scholar for 2001-02.

**Thomas J. Jontz**, BS'89, MBA'92, JD'92, and his wife, **Jennifer Jontz**, JD'92, celebrated the birth of their second child,

## The Tennis Channel meets a 'friend'

Steve Bellamy, BS'86 (left), interviews "Friends" star Matthew Perry at a California pro-celebrity tennis fundraiser in April. Bellamy is president and founder of The Tennis Channel, a new all-tennis cable network that plans to launch this fall. Perry was once ranked No. 5 in Canada as a junior tennis player.



Jordan Julia, on Oct. 20, 2001. Thomas is a senior financial analyst for Avery Dennison Corp., in Painesville, Ohio.

**Barbara G. Pierce**, PhD'92, is associate dean of the School of Management at Florida Tech. She lives in Malabar, Fla.

**Katherine A. Armington**, MBA'93, is the Zyrprexa marketing manager for Eli Lilly and Company. She lives in Fishers, Ind., and can be reached at [armington\\_k@lilly.com](mailto:armington_k@lilly.com).

**Jeffrey A. Kauffman**, BS'89, MBA'93, is a minority partner and portfolio manager for Omega Advisors in New York.

**William R. Sudhoff**, BS'89, MBA'94, is an analyst for Hoosier Energy Rural Electric Cooperative, Inc. He lives in Indianapolis and can be reached at [thesudhoffs@earthlink.net](mailto:thesudhoffs@earthlink.net).

**David L. Ernst**, MBA'96, is the engineering integration manager for Johnson Controls in Holland, Mich. He and his wife, Emily, celebrated the birth of their third daughter, Shelby, in December 2000. They have two other children, Garrett and A.J., and live in Zeeland, Mich.

**Kevin M. Thompson**, AC GBA'96, MBA'96, is a senior principal at PricewaterhouseCoopers in New York. He lives in Guttenberg, N.J., with his wife, Denise.

**M. Clayton Thompson**, MBA'97, is vice president of commercial lending at Bank One in Tyler, Texas.

**Matthew P. Sweeney**, MBA'97, is a director with Neiman Marcus Group in Dallas. He and his wife, Whitney, celebrated the birth of their first child, Jack, in August. They live in Irving, Texas.

## 2000-01

**Kenneth E. Diggs**, MBA'00, and his wife, Dawn, welcomed their daughter, Hannah Nicole, on Dec. 13, 2001. Kenneth is a senior financial analyst for Intel Corp. in Chandler, Ariz.

**Catherine C. Sorce**, MBA'00, is a commercial banking officer for First Choice Bank in Geneva, Ill. She can be reached at [catherinesorce@netscape.net](mailto:catherinesorce@netscape.net).

**Shane A. Toland**, BS'96, MBA'00, JD'00, is a registered representative of New England Financial. He lives in Greenwood, Ind.

**Julee C. Fischer**, MBA'01, JD'01, is an associate in Baker & Daniels in Indianapolis. She is a member of the law firm's business and finance team and concentrates her practice in general corporate and securities law.

**Bradley A. Lontz**, MBA'01, works at re:Member Data Services, Inc. and lives in Columbus, Ind.

**Brian D. McConnell**, BS'97, MBA'01, is sales coordinator for Harris Communications in Mason, Ohio. His e-mail address is [brianmcconnell@alumni.indiana.edu](mailto:brianmcconnell@alumni.indiana.edu).

**Brian R. Ruff**, MBA'01, and his wife, Julie, recently celebrated the birth of their daughter, Madelyn Janine. They live in Bargersville, Ind.

## UNDERGRADUATE

### BEFORE 1960

**Sylvan W. Tackitt**, BS'31, LLB'33, a former trial lawyer, now handles only wills and probate. An I-Man in football, he enjoys deciphering cryptographs and playing golf. Tackitt and his wife, IU physician emerita **Edith Boyer Schuman**, BA'27, MD'33, live in Bloomington.

**Eugene B. Glick**, BS'42, was one of six honorees to receive the IU Herman B Wells Visionary Award in 2001, which was created to honor individuals with demonstrated vision, entrepreneurial spirit, and a record of outstanding achievement. Glick is president of Gene B. Glick Co. in Indianapolis, the largest builder of low- and moderate-income housing in the country. He also is involved in programs for economically disadvantaged youth.

**Raymond N. Seaman**, BS'49, writes that he is retired and has closed his business, Seaman Business Forms. He now lives in Arbor Glen Retirement Center in Fort Wayne, Ind.

**Stephen Guback**, BS'50, was named a distinguished alumnus by the Norwalk High School Alumni Association. He lives in Alexandria, Va.

**Jerome W. Ostertag**, BS'50, writes "I have been quietly retired for nine years now. Spend my time woodworking and playing golf when possible. [I] still live in Louisville, Ky., and still support IU basketball and its coach."

**William A. Schlimmer**, BS'52, retired from the wholesale furniture business that he co-owned. He writes that he is still active in many military organizations in the Evansville, Ind., area where he and his wife, Mary, live.

**John R. Hughes**, BS'53, an I-Man in track, won two gold medals and one silver in the 5,000-meter competition for his age group in Wisconsin's Senior Olympics. He lives in Brookfield, Wis., and has 20 grandchildren.

**Jerry Moss**, BS'58, JD'62, received the Indiana University Alumni Association President's Award in recognition of his service to IUAA. Moss is a retired attorney and managing partner with Bingham Summers Welsh & Spilman, LLP, in Indianapolis. He has been affiliated with 16 IU organizations over his lifetime.

**Alice F. Lattimer**, BS'59, MS'70, and her husband,

**Richard L. Lattimer**, BS'57, split their time between homes in South Bend, Ind., and Cedar Key, Fla. Richard donated a 45-year collection of U.S. Space Program-related materials to the Kansas Cosmosphere and Space Center.

### 1960-69

**Willard C. Kayser**, BS'60, is senior vice president of Northern Trust Bank of Florida. After graduating from the Infantry Orientation and Army Intelligence Schools in 1961, he followed the construction of the Berlin Wall in August 1961. He lives in Sarasota, Fla.

**Harold O. Southard**, BS'60, is a retired assistant state attorney for the 5th Circuit Court in Florida. His first published novel, *Sinner Among Puritans: A Prosecutor's Story*, was written under the name H. Oliver and is available worldwide. He lives in Tavares, Fla., and can be reached at [hsouthard@aol.com](mailto:hsouthard@aol.com).

**John E. Witcher**, BS'61, completed a two-year assignment as president of Tiger Aircraft. He is also a consultant for Witcher Consulting Co. in Salt Lake City.

**Jerome C. Neely**, BS'62, was elected president and CEO of Rodgers Management Inc. He lives in Bloomington.

**Wayne L. Lavoncher**, BS'64, and his wife, **Janet L. Lavoncher**, BS'63, live in Pewaukee, Wis.

## In Memory

**Len Henriksson**, who received his Ph.D. from the Kelley School in 1991 in organizational behavior/transportation, died Jan. 30 at the age of 43 after a stroke at Lions Gate Hospital in North Vancouver. He was a lecturer in the division of operations and logistics, Faculty of Commerce and Business Administration, University of British Columbia (UBC). A reading center in the UBC David Lam Library is being established in memory of Henriksson. For more information, go to [www.bcmusiccoalition.org/len\\_henriksson.html](http://www.bcmusiccoalition.org/len_henriksson.html).

**Linda Hoyt-Mollin**, 61, a secretary in the Kelley School's undergraduate program office since 2001, died March 13 at Bloomington Hospital. Memorial contributions may be made to the American Lung Association.

**Joseph M. Kates**, who received his MBA from the Kelley School in 1993, died March 23 at the age of 38 at his home in Grafton, Mass. He was a vice president at Fidelity Investments in Boston. Memorial contributions may be made to the Jack Kates Educational Fund, c/o Savers Cooperative Bank, 96 Worcester St., North Grafton, Mass.

**Jeffrey H. Wilson**, BS'65, retired in July 2001 after serving as the senior vice president and treasurer of the Purdue Research Foundation. He and his wife, **Sue**, BS'66, live in Belleair Beach, Fla., and can be reached at [jwilso39@tampabay.rr.com](mailto:jwilso39@tampabay.rr.com).

**John F. O'Donnell**, BS'66, JD'70, is an adjunct professor at Ivy Tech State College in the computer information systems department. He lives in Carmel, Ind., and can be reached at [carmeljfojr@aol.com](mailto:carmeljfojr@aol.com).

**Hank Orme**, BS'66, is president of Lincoln Plating in Lincoln, Neb. He joined the company as executive vice president in 1999 after retiring

## Hinton receives achievement award



Bruce Hinton, BS'58, chairman of MCA Nashville, was named the first recipient of the Kelley MBA Sports and Entertainment Academy's Lifetime Achievement Award in Entertainment Business. The award recognizes an outstanding executive who has given a lifetime of service to the business of entertainment, Indiana University, the Kelley School of Business, and the Academy. Hinton was inducted into the Kelley School's Academy of Alumni Fellows in 2001.

from a 33-year career at Whirlpool Corp. In his last position at Whirlpool, Orme was in charge of China operations.

**Jane E. Ranshaw**, BS'66, is a training consultant who offers workshops in writing, listening, and consulting skills. She lives in Chicago, Ill., with her husband, Lou Sorkin, and their three children.

**Garry K. Eaves**, BS'67, is the co-owner of the Center for Creative Teambuilding, a business that provides teambuilding, customer service, and management training. He lives in St. Petersburg, Fla.

**Lante K. Earnest**, BS'69, JD'73, is a partner at the Indianapolis law firm Tabber Hahn Earnest & Weddle. He was named to the *Kingson's National Registry of Who's Who*. Earnest practices in the areas of business law, commercial law, housing, government/administrative law, estate planning and administration, and real estate law. He lives in Carmel, Ind.

**Michael R. Miller**, BS'69, is a member of ASI, a national promotional products organization. He is the president of Excel Business Printing, Inc. in Indianapolis.

### 1970-79

**William K. Lau**, BS'71, moved back to Hong Kong and was managing director of a Jaguar/Aston Martin franchise until joining J.

Walter Thompson. He is CEO of the ad agency.

**Donald K. Densborn**, BS'73, JD'76, is a partner with the Indianapolis law firm Bose McKinney & Evans. He presented "Mergers and Acquisitions — Harvesting Your Investment" at the 11th annual Great Midwest Venture Capital Conference in Indianapolis.

**Roosevelt Haywood**, BS'74, was named director of the year by the Independent Insurance Agents of Indiana. He is the president and owner of Haywood and Fleming Associates, Inc. and lives in Gary, Ind.

**Donald E. Hinkle**, BS'74, JD'76, is a tax compliance manager for Ernst & Young in Indianapolis. He can be reached at dthinkle555@aol.com.

**Michael J. Schneider**, BS'74, JD'77, joined Bose McKinney & Evans to practice in the area of business organizations, mergers, and acquisitions. He lives in Indianapolis and can be reached at mschneider@boselaw.com.

**David W. Thomas**, BS'74, joined the Bank of Hawaii and its parent company, Pacific Century Financial Corp., as vice chair and head of retail banking.

**Gregory W. Wulf**, BS'74, has worked as a sales development specialist for Hallmark Cards for 20 years. He lives in Canton, Mich., with his family.

**Joanne Turner**, BS'75, has been with the U.S. Postal Service

for 23 years. She currently is the postmaster for South Holland, Ill.

**Gregory A. Vega**, BS'75, joined the firm Seltzer Caplan McMahon Vitek as counsel and lives in San Diego. He formerly was a U.S. attorney for the Southern District of California.

**Nancy J. Roth**, BS'78, is the executive vice president for Ketchum Directory Advertising. She was married in April 2001 and lives in Goshen, Ind.

**MaryEllen Bishop**, BS'79, JD'82, was appointed to the Probate Code Study Commission by Indiana Gov. Frank O'Bannon. She is an attorney with Bose McKinney & Evans in Indianapolis.

**Alan C. Brown**, BS'79, is senior vice president of commercial real estate for AmSouth Bank in Birmingham, Ala. He can be reached at acbrown57@cs.com.

**Russell G. Lloyd Jr.**, BS'79, was named by *Evansville Living* as the 2001 Best Elected Official and the 2001 Person That Makes Things Happen. He has been the mayor of Evansville, Ind., since 1999.

Friar **Martin Day**, BS'79, is treasurer of the Province of Our Lady of Consolation, Conventual Franciscans. He lives in Washington, D.C., and his e-mail address is mjd333@msn.com.

### 1980-89

**Peggy S. Mifflin**, BS'80, was named director of benefits for Brinker International in Dallas. She lives in Plano, Texas, and can be reached at peggy.mifflin@brinker.com.

**Randall J. Stoll**, BS'80, started his own accounting firm in Washington, Ind. His e-mail address is stollcpa@dmrct.net.

**Mark Cuban**, BS'81, is co-founder, chair, and president of HDNet, the only all-high-definition national television network. Cuban is also the owner of the Dallas Mavericks basketball team.

**Margaret A. Freman**, BS'81, is senior vice president and chief financial officer for On Stage Entertainment in Las Vegas. She can be reached at peg@onst.com.

**Dennis A. Johnson**, BS'82, JD'85, integrated his real estate department, Johnson Smith, into Barnes & Thornburg in Indianapolis. He is now an attorney at the law firm.

**Richard J. Paszko**, BS'82, is director of sales and marketing for Ryerson Tull's Coil Processing Division. He lives in Dyer, Ind.

**John Bitove Jr.**, BS'83, is president and CEO of TO-Bid, the company that promoted Toronto for the 2008 Olympics. Although the 2008 bid was given to Beijing, a bid for the 2012 Olympics is anticipated from Toronto. Bitove lives in Toronto and can be reached at raptman@msn.com.

**Douglas S. Ellis**, BS'84, is regional services manager for Cognos, a business intelligence software company. He lives in Lansdale, Pa.

**Thomas A. Wilkie Jr.**, BS'84, transferred to San Diego as director of applications for Household International. He lives in Carlsbad, Calif., with his wife, Susan Dallas, and their children, Katie, 4, and Derich, 2.

**Lt. Col. Robert B. Huber**, BS'85, is battle space branch chief at the Air Expeditionary Force Center at Langley AFB.

**Deborah L. Minnick**, BS'85, is director of client development for Financial Advisory Consultants in Naples, Fla.

**Lynne M. Murphy-Gere**, BS'85, is director of systems development for global human resources in the Corporate Technology Group at Merrill Lynch in New York. She and her husband, Rick, recently built and moved into their new home in Larchmont, N.Y., after living in Manhattan since her college days at IU. Lynne can be reached at lmurphygere@yahoo.com.

**Bradley S. Posner**, BS'85, is a manager of research and development for BEA Systems, Inc. in Boulder, Colo.

**Donald A. Shapiro**, BS'85, joined Beitler Co. as EVP/chief investment officer. The company focuses on real estate development. He lives in Highland Park, Ill.

**Mark C. Bainbridge**, BS'86, JD'89, is managing director of Caterpillar Financial Services Corp.'s European Support Group and Marine Division for Europe, Africa, and the Middle East. He and his wife, **Lisa**, BA'86, JD'89, live in Leamington Spa, England, with their sons, Cameron and Carter.

**Jon R. Harrison**, BS'86, manages two business facilities for Caterpillar in North Carolina. He

lives in Franklin, N.C., with his wife, **Carol**, BA'85, and their daughters, Lindsey and Taylor.

**Scott A. Hodes**, BS'86, is acting unit chief for the FBI. He lives in Rockville, Md., and can be reached at otishodes@juno.com.

**Jennifer K. Wilfong**, BS'86, is marketing manager for Caterpillar, Inc. She lives in Peoria, Ill., and can be reached at jkwilfong@hotmail.com.

**Colleen M. Cline**, BS'87, is senior account executive with Compaq Computer Corp. She lives in Carmel, Ind., with her husband, **Mark**, BGS'89.

**Jennifer L. Palus**, BS'87, is vice president of marketing and strategic planning for Optima Direct. She lives in Herndon, Va., and can be reached at jlpalus@aol.com.

**Stephanie L. Stratton**, BS'87, and her husband, Drew, celebrated the birth of their third son, Charlie, in May 2001. They live in Paxton, Mass., with Charlie and their other sons, Sam and Pete.

**Maureen S. Ault**, BS'88, is vice president at First Source Financial, Inc. She lives in Arlington Heights, Ill., and her e-mail address is maureen\_ault@fsfi.com.

**Sarah E. Bell**, BA'88, BS'88, MS'94, is an assistant director at Bucknell University in Lewisburg, Pa.

**Teresa L. Swez Cosgrove**, BS'88, is a CPA and has a home business that specializes in small-business accounting. She lives in Beaverton, Ore., with her husband, Fred, and their children, Emily and Samuel.

**Michael R. Knutson**, BS'88, is a consultant with GAC International and lives in Indianapolis with his wife, **Michelle**, BS'89, and their three children.

**Gregory C. Risk**, BS'88, MD'93, was selected to attend a NASA Space Operations medical support course at the Kennedy Space Center. He is a regional director at Craven Regional Medical Center in New Bern, N.C.

**Jill M. Kenney**, CBST'89, BS'91, is district manager for Automatic Data Processing in Villa Park, Ill. She and her husband, Steven, celebrated the birth of their son, Liam, in May 2001.

**Brent R. Tilson**, BS'89, is president and CEO of

Adminiserve, Inc. in Greenwood, Ind. The business was named 11th nationally among the fastest-growing companies by *Inc.* magazine.

### 1990-99

**Ty H. Conner**, BS'90, JD'00, was appointed to the Young Lawyer Division of the Indianapolis Bar Association's Executive Committee. He is an attorney for Bose McKinney & Evans in the utilities and public finance group. He is the new attorney for the town of Pendleton and lives in Indianapolis.

**Karin N. Gustafson**, BS'90, is senior vice president for McDonald's Corp. She lives in Western Springs, Ill., and can be reached at karin.gustafson@mcd.com.

**Amy M. Hensley**, CBST'90, BA'91, is senior manager of marketing and technology for Duke Realty Corp. Her novel, *Abandon Indiana*, was recently published and is available at [www.abandonindiana.com](http://www.abandonindiana.com). Hensley lives in Fishers, Ind.

**Brian C. Breidenbach**, BS'91, works for Merrill Lynch where he specializes in investment consulting for high-net-worth and institutional clients. He lives in Charlestown, Ky., and can be reached at brianb1@yahoo.com.

**John C. Haney**, BS'91, is the weekend sports anchor for WATE-TV in Knoxville, Tenn.

**Krissa K. Hatfield**, BS'91, is vice president of profitability at Union Federal Bank in Indianapolis. She and her husband celebrated the birth of their daughter, Madeline Paige, on July 31, 2001.

**Yale R. Levy**, CBST'91, BS'92, celebrated the birth of his son, Joshua Benjamin, in March 2001. Levy is an attorney with Skrobot Pope Levy & Fisher in Columbus, Ohio.

**Scott W. Marlow**, BS'91, is marketing director for Cascade Bicycle Club. He lives in Seattle, and his e-mail address is swmarlow@alumni.indiana.edu.

**Melissa S. Lane**, CBST'92, BS'92, recently moved to Bermuda with her husband, **Robert**, BA'88, JD'91, MS'92, and their two children.

**Kurt W. Koehler**, BS'92, was elected to the board of directors of the Association of

Fund-Raising Distributors and Suppliers. He is the president and owner of Gifts 'N' Things in Fleetwood, Pa. His e-mail address is info@gntinc.com.

**William J. Otteson**, BS'92, works in the law firm Green Espel in Minneapolis. His practice focuses on commercial, financial, and technology litigation.

**Mark L. Thompson**, BS'92, was promoted to principal at Korn/Ferry International, the world's largest retained executive search firm. He lives in Atlanta and can be reached at mark.thompson@kornferry.com.

**Eric S. Berwin**, BS'93, works for Ernst & Young in New York and recently celebrated the birth of his first child, Jacob, with his wife, Lisa.

**Melissa A. Hicks**, BS'93, is vice president of marketing and membership services at the Society of Cable Telecommunications Engineers in Exton, Pa. Prior to joining the organization in 1999,

she was director of marketing and membership services for GAMA International. She writes, "I'm very pleased to have my brother, Michael Halaschak, following in my footsteps at IU."

**Katherine J. Coady**, BS'94, and her husband, Andrew, live in Manassas, Va., and can be reached at katnandy@msn.com.

**T. Christopher Cummings**, BS'94, is vice president of DCS Marketing Services Agency in Brookfield, Wis. He lives in Waukesha, Wis., with his wife, Colleen, and their daughter, Grace.

**Phillip J. Fowler**, BS'94, is an associate at the law firm McHale Cook & Welch in Indianapolis. He practices in the areas of business litigation and general civil litigation. He lives in Zionsville, Ind., and can be reached at pfowler@alumni.indiana.edu.

**David R. Grand**, BS'94, joined the law firm Miller Canfield Paddock & Stone in Ann Arbor,

## Make SCORE your first choice in volunteerism

Bill Fischer (left), director of the Bloomington chapter of the Service Corps of Retired Executives (SCORE), and Kelley senior Sanay Sarapli (right), who volunteers at SCORE through the School's Civic Leadership Development program, counsel a client. SCORE offers opportunities to Kelley alumni, whether retired or working business professionals. Those looking to share their business knowledge and experience can find more information at [www.score.org](http://www.score.org). (Photo by Ric Cradick, IU Photographic Services)



## AN UNLIKELY FISH STORY!

Seattle's Pike Place fishmongers are famous for tossing fish—sometimes to customers at their “world-famous” fish market, sometimes to audiences who pay to learn the art of playtime in the workplace. When the crew came to speak at IU's annual business conference March 6, the press corps came, too, sniffing out visuals of power-suited executives looking like fish out of water. One AP wirephoto (below) landed in the *Chicago Tribune's* business section, showing land-lubber Peni Volz, human resources director at Katz Sapper Miller in Indianapolis, with her 12-pound floppy sockeye. Volz attended IU in the early 1980s. Television coverage of the Kelley event appeared on CNN and on network affiliates in cities like Dayton and Pittsburgh. The IU Business Conference has been held annually for 56 years and draws alumni, business executives, and general audiences. (See additional conference photos on p. 11.)



Photo by Tyagan Miller



Indianapolis Star Staff Photo John Severson

Mich. He is an associate in the litigation and dispute resolution practice group.

**Matthew P. McKeown**, BS'94, is associate marketing manager at Valvoline. The promotion moved McKeown and his wife, Leslie, and son, Benjamin, to Lexington, Ky.

**Sarah Decker Ning**, BS'94, is a partner in a granite fabrication company in Las Vegas. She can be reached at wilsonning@lvcm.com.

**David P. Nuerge**, BS'94, is a financial representative for Financial Independence Group in Fort Wayne, Ind. He and his wife, Natasha, celebrated the birth of their first son, Zachary David, in June 2001.

**Allison E. Shelton**, BS'94, works for Lowe's Co. as a vendor logistics specialist for live nursery and landscape commodities in

Wilkesboro, N.C. She writes, "I am constantly defending IU and the Big Ten down here in ACC country. They may not cheer for the 'right' basketball team, but at least these Tar Heels have the proper appreciation for the game."

**Kristine Markovich Alpi**, BA'95, CBSt'96, MS'96, is an information services librarian for Cornell University.

**Patrick W. Herrington**, BS'95, is pursuing an MBA at the University of Michigan. He expects to graduate in 2003 and can be reached at herrington-pat@yahoo.com.

**Brett A. Law**, BS'95, is a manager for FABCO Equipment in Waukesha, Wis. He and his wife, **Lisa**, BA'96, celebrated the birth of their first child, Kaylie Elizabeth.

**Michele L. Nieter**, BS'95, started an interior design and remodeling business called Arbor Living Interiors in Cincinnati. She can be reached at nietercm@aol.com.

**David A. Calzaretta**, BS'96, is touring the Midwest with his band, Maggie Speaks. The band's Web site is [www.maggiespeaks.com](http://www.maggiespeaks.com).

**Tiffany D. Gurley-Alloway**, BS'96, is admissions coordinator at the University of Toledo. Her e-mail address is [tiffanyga@yahoo.com](mailto:tiffanyga@yahoo.com).

**David L. Theysen**, CBusF'96, BA'96, JD'99, is an associate in the tax department with the law firm Winston & Strawn. He lives in Chicago, Ill., with his wife, **Elizabeth**, BA'98.

**Martin L. Weaver**, BS'96, is president of Strategic Financial

Advisers, Inc., in Indianapolis. He can be reached at [mlweaver@strategicfa.com](mailto:mlweaver@strategicfa.com).

**Mindy M. Bergman**, BS'97, is a product manager for Allegiance Health Care in Waukegan, Ill.

**Alissa Dien**, CBusF'97, BA'97, is a law student at the University at Buffalo.

**Christina A. Joros**, BS'97, JD'00, is an attorney with Schoepple Burke & Kayton in Boca Raton, Fla. She can be reached at [tinajoros@yahoo.com](mailto:tinajoros@yahoo.com).

**Joffre C. LeFevre**, BS'97, married Kristen E. LeFevre on Nov. 3, 2001, in Palm Beach, Fla. They live in Boston.

**Donald S. Lukes**, BS'97, has returned to the Kelley School of Business to work on his MBA. He expects to graduate in 2003.

**Iwona Pawlowska**, BS'97, is a senior analyst of structured trans-

actions at AEP Energy Services, Inc. She can be reached at ipawlowska@hotmail.com.

**Sarah M. Sands**, BS'97, works at the American College in Bryn Mawr, Pa., as a marketing manager. She can be reached at sarah.sands@att.net.

**Blair A. Swedeen**, BS'97, writes, "I am attending the full-time MBA program at the University of Chicago Graduate School of Business."

**Shannon E. Boland**, BS'98, married Leon Grayson on Nov. 16, 2001. She is the director of marketing for Bittners in Louisville, Ky.

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**Tyler P. Juckem**, BS'98, was married to **Leslie I. Juckem**, BA'00, on Oct. 13, 2001. They live in Noblesville, Ind., and Tyler works for Andersen in Indianapolis.

**Yevgeniy M. Klionskiy**, BS'98, lives in Chicago and works for Standard & Poor's Ratings Group doing corporate valuations.

**Brett A. Medalen**, BS'98, is a management consultant for PricewaterhouseCoopers in Des Plaines, Ill.

**William R. Palmer**, BS'98, writes "A wise man once said, 'In nature and in life there are neither rewards nor punishments, but there are always consequences.' I must say that my choice to attend Indiana University has yielded nothing but positive consequences in my life. Thanks for everything!" He lives in Santa Ana, Calif.

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#### 2000-01

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**Jay S. Ceitlin**, BS'00, is CEO of Enviva Health Services in Dallas.

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**Ronald A. Clark**, CBusF'01, BS'01, joined Wal-Mart Stores, Inc. and lives in Indianapolis. He recently became a mentor for the IU School of Public and Environmental Affairs.

**Dominic C. Data**, BS'01, is employed with Wolverine Trading in Chicago.

**Thomas S. Davidson**, BS'01, is training for the 2004 Olympics in New Haven, Conn., with diving coach Jim Pynch.

**John J. Henry III**, BS'01, continues to expand his business, JH Specialty, Inc., which was started on the Bloomington campus in 1998. He lives in Fort Wayne, Ind.

**Steven L. Kaiser**, BS'01, married **Nicole R. Kaiser**, BS'01, on Oct. 27, 2001. They live in Oldenborg, Ind.

**Jonathan M. Kee**, BS'01, works for Websolutions Technology, a Web development firm in Hinsdale, Ill. His e-mail address is jkee@wsol.com.

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**Anne K. Naville**, BS'01, works as a systems analyst for Intel. She lives in Sacramento, Calif.

**Randy B. Ornstein**, BS'01, is a project manager for Information Resources, Inc., assigned to Anheuser-Busch, Inc.

**Stacey L. Peterson**, BS'01, works for the *Houston Chronicle*.

**Ryan A. Stimac**, CBusF'01, BS'01, is a project manager at Information Resources, Inc. in Cincinnati.

*Due to space limitations, only Class Notes submissions from IUAA dues-paying members are included in this issue.*

## Community, students join to promote entrepreneurship

More than 200 alumni, students, business leaders, and venture capitalists came together to "Tap the Network" of entrepreneurial excitement at this year's Entrepreneur Day April 5 in Bloomington.

Dr. Gary Anderson, managing general partner of TL Ventures and the Johnson Center for Entrepreneurship and Innovation's spring entrepreneur-in-residence, was the keynote speaker. TL Ventures is a national venture capital firm focusing on information technology, communication, and biotechnology industries. Anderson, a former assistant professor at the Krannert Institute of Cardiology at the IU Medical School, addressed the pros and cons of investing in the healthcare industry and discussed the future of life sciences initiatives in Indiana.

The Kelley School, the Johnson Center, the Bloomington Economic Development Corp., the Young Entrepreneurs Association, and the Graduate Entrepreneur Club sponsored the event.



## PERSPECTIVE

DAN R. DALTON  
DEAN  
KELLEY SCHOOL OF BUSINESS

*“Better to light a candle  
than to curse the darkness.”*

# No better gift

When I meet with our many friends here and abroad, I am often asked what we at the Kelley School of Business do best. Most expect me to share information about our rankings, our exceptional faculty, our innovative curriculum, our enabling uses of technology, our international programs, our network of proud Kelley School of Business alumni, our career services, and the many other elements that have distinguished our School for these many years.

These things, however, are not my best answer to their question. On every occasion, I tell our friends that what we do best is provide opportunity. Year after year we provide opportunity to the outstanding young women and men who are our students at the Kelley School of Business.

And, our scholarship and fellowship programs are a principal way we do this. The number of scholarship and fellowships that the Kelley School of Business is privileged to award every year may surprise you. For our undergraduate students, there are more than 1,000 awards involving \$1.2 million. This is up 475 percent in the last five years. For graduate students, we award about 250 scholarships/fellowships for a total of \$375,000; this has increased by 336 percent in the last five years.

These fellowships and scholarships are a testament to our many, many friends who donate the funds to make these awards to our students possible. Sometimes our donors ask us to carefully target their gifts to, for example, undergraduate students. Or, for accounting students. Or, for students of color. Or, for women. Sometimes the scholarships are named in honor of a favorite faculty member, or in honor of parents, or for the family, or for a friend, or a spouse, or a child who has left us.

Whatever the donors' reasons for the gift and whatever groups are to be the beneficiaries of their kindness, it is the students who receive the opportunity. There are no scholarships without both generous donors and deserving students. On behalf of the students, the faculty, and the staff of the Kelley School of Business, we thank all of our friends for their trust in the Kelley School of Business and their confidence in the ability of our terrific students.

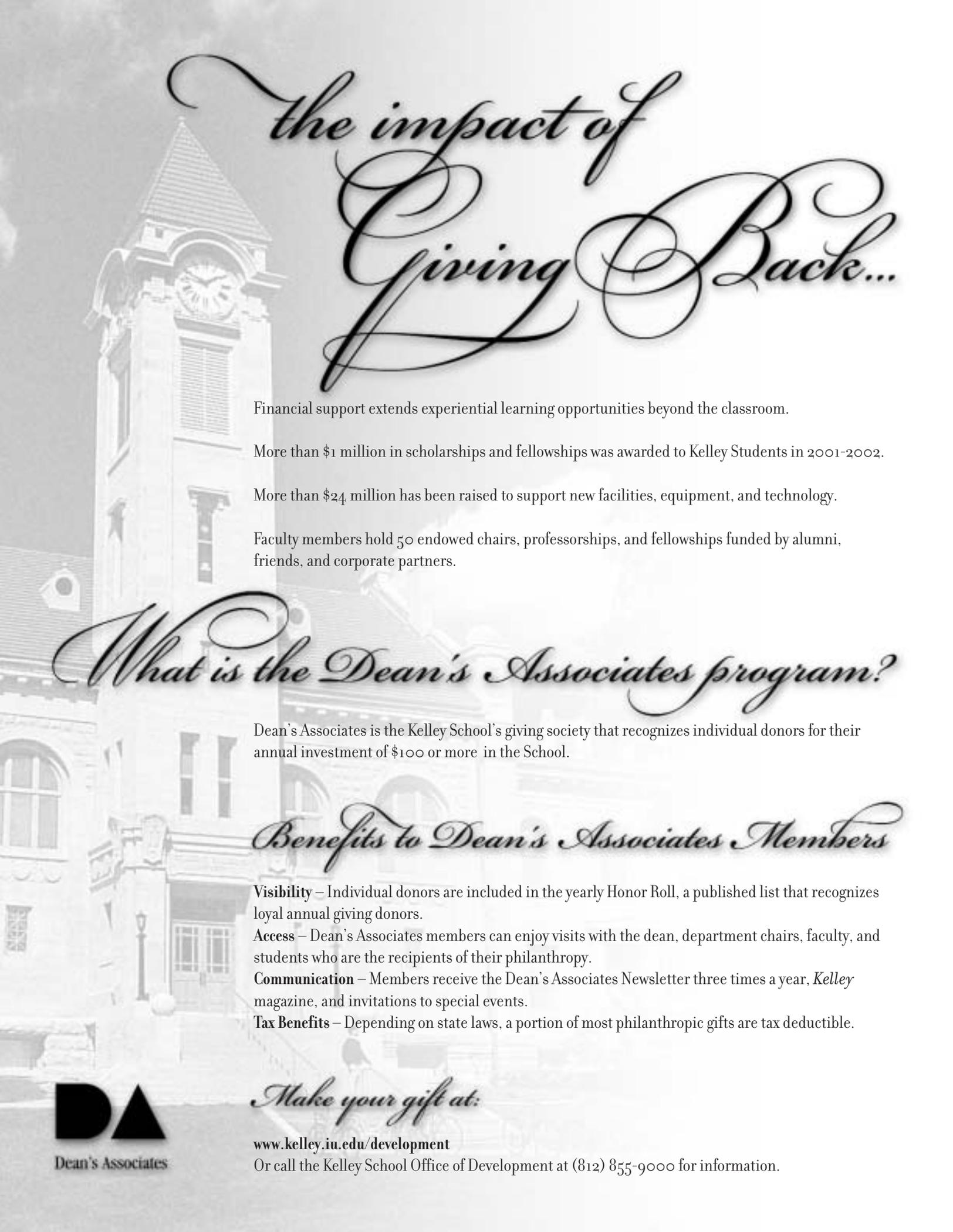
We at the Kelley School of Business have recently received another blessing with regard to scholarships and fellowship. We were designated as one of only six schools to receive the extraordinary funding provided by the Roy F. and Joann Cole Mitte Foundation. We realize that many exceptional schools were considered and that there were many more deserving schools than could be funded. It is gratifying to be chosen among those select few schools to become full partners in the mission of the Mitte Foundation—to provide outstanding opportunity to deserving young men and women with a passion for business enterprise and its attendant responsibilities.

Through the generosity of the Mitte Foundation, we will provide annual scholarship support for 120 undergraduate students and 15 MBAs. This Mitte Foundation Scholarship Program, then, will provide more scholarships to more students from any single donor in the history of the Kelley School of Business and Indiana University.

Students will be selected as Mitte Scholars based on exacting academic standards and will have to maintain them to remain in that privileged group. Beyond that, Mitte Scholars are expected to distinguish themselves in community service as well.

The Mitte Foundation's charter notes that it is “Better to light a candle than to curse the darkness.” We thank Roy F. and Joann Cole Mitte for their vision and their commitment to higher education. Through their gifts to the Kelley School of Business, they will have, indeed, lit many candles for deserving young men and woman. And, that light burns ever brighter as our friends—alumni, businesses, and foundations—continue to support our students through their gifts of opportunity.

There is no better gift.



# *The impact of Giving Back...*

Financial support extends experiential learning opportunities beyond the classroom.

More than \$1 million in scholarships and fellowships was awarded to Kelley Students in 2001-2002.

More than \$24 million has been raised to support new facilities, equipment, and technology.

Faculty members hold 50 endowed chairs, professorships, and fellowships funded by alumni, friends, and corporate partners.

## *What is the Dean's Associates program?*

Dean's Associates is the Kelley School's giving society that recognizes individual donors for their annual investment of \$100 or more in the School.

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**Visibility** – Individual donors are included in the yearly Honor Roll, a published list that recognizes loyal annual giving donors.

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# THE ENRON IMPACT: Lessons for today

**MODERATOR:**

John W. Hill, Associate Dean, Research & Operations,  
Professor of Accounting

**PANELISTS:**

David E. Greene, Program Chair, Systems &  
Accounting Graduate Programs  
(Former CFO, Young & Rubicam, New York)

John H. Hassell, Professor of Accounting, Interim  
Dean for Indianapolis Programs

Patrick E. Hopkins, Associate Professor  
of Accounting

Roger D. Martin, Assistant Professor of Accounting

**MODERATOR, STUDENT DISCUSSION:**

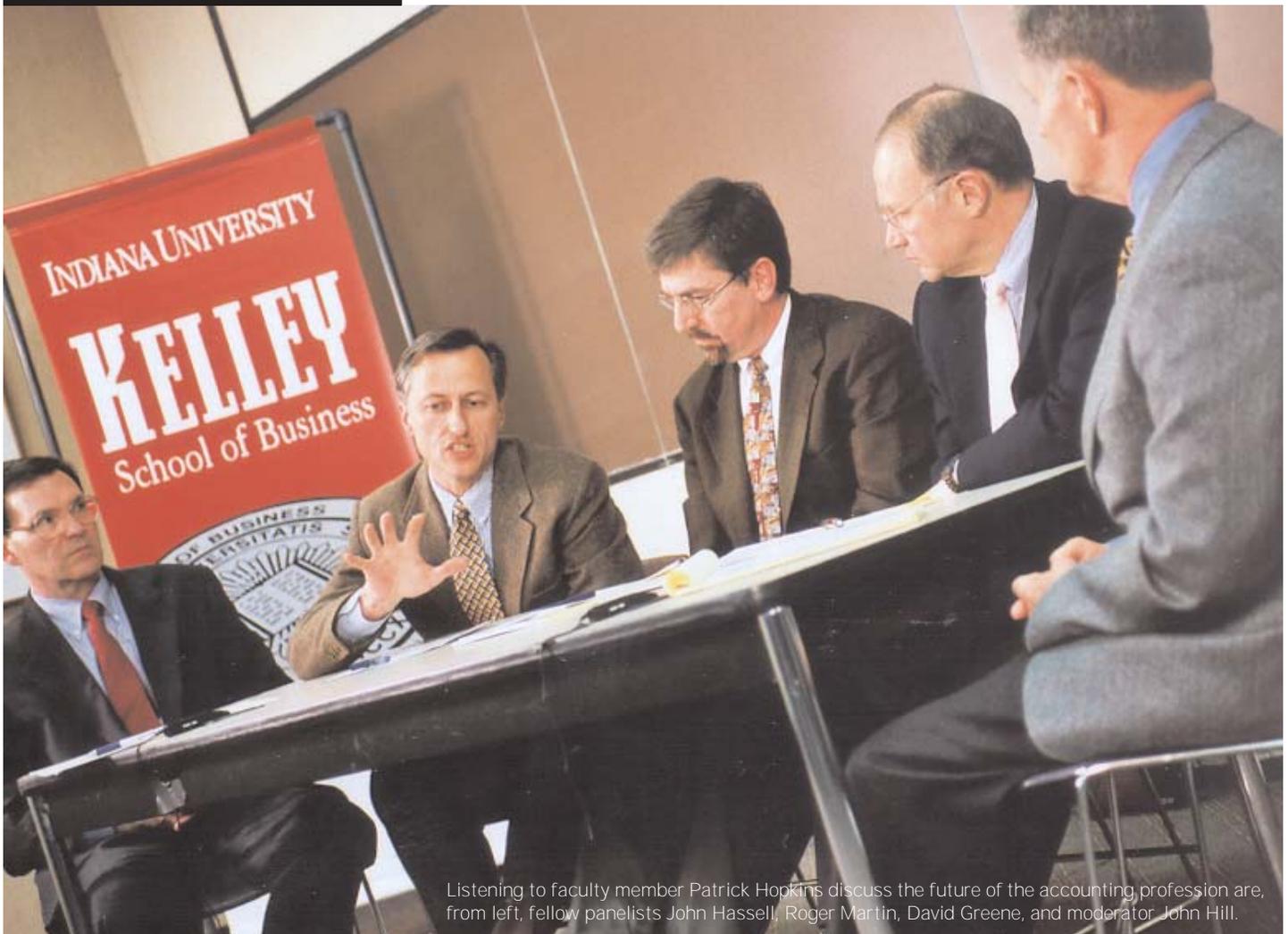
Michael R. Becher BS'76, Assurance & Advisory  
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Business Alumni Association)

*(Photos by Tyagan Miller)*

FACULTY ROUNDTABLE • KELLEY SCHOOL OF BUSINESS  
INDIANA UNIVERSITY • MARCH 27, 2002

**T**he collapse of Enron Corporation and the ensuing controversy have created numerous questions in America's workforce regarding retirement savings, 401k pension plans, and investments. Perhaps more significantly, they have also raised major public concerns about the process in which corporate earnings are reported and the future and integrity of the accounting industry.

Confronting many of the issues—and allaying some of the fears—is a panel of Kelley School of Business accounting faculty members who teach on the Bloomington and Indianapolis campuses in programs consistently ranked among the nation's best. The text of this article is a condensation of their roundtable dialogue.



Listening to faculty member Patrick Hopkins discuss the future of the accounting profession are, from left, fellow panelists John Hassell, Roger Martin, David Greene, and moderator John Hill.



**MODERATOR:** What major categories of issues are going to emanate from the Enron crisis and its effect on the public accounting profession?

**DAVE GREENE:** First is standard setting. What accounting standards should be applied, and how? Second, there are implications for corporate governance. It's fair to say there will be a fairly chaotic marketplace for accountants over the next year, as some companies have already announced that they are going to change their auditors. One of the most significant impacts is that there will be an increase in demand for accountants and auditors over the next couple of years.

**MODERATOR:** John, what kind of impact do you see on the capital markets from the Enron failure and all the informational issues associated with it?

**JOHN HASSELL:** The biggest implication is in the move toward transparency. In the case of Enron, nobody understood what its business was because management had really not done a good job in educating analysts and the investors' community. Enron was punished severely because they had not done a good job of making their finances transparent to the marketplace. So I think we're going to see an increased movement in the financial markets to more disclosure. The recent General Electric annual report had 26 extra pages of disclosures and was oriented to providing more information than we've seen before.

**MODERATOR:** Patrick, your research involves stock analysts and the way they react to accounting information. Do you see any changes in the way these analysts are going to deal with accounting information in the future, or the types of information they are going to demand?

**PATRICK HOPKINS:** The changes are going to be short-lived. The practical reality is that there are a lot of competing demands on analysts' time. Analysts do support their recommendations, but the long-term economics of trying to run an investment fund typically won't support additional analysis bodies. I'm not sure that I would see any long-term changes from this at all.

**MODERATOR:** Roger, your research involves auditing per se. What changes do you envision with respect to auditing and how audits are conducted?

**ROGER MARTIN:** The auditing profession will have to re-address an expectations gap. Fifteen years ago, the profession had to deal with the idea that the public didn't really understand what their role and responsibility was. Now the profession is having to address that again and provide information to financial users about the limitations of an audit. But then, the opportunity is probably greater than it's ever been. Never before has auditing been on the front page of the *The Wall Street Journal*. It's in the public's mind. It's on the radio. You cannot walk around the halls of this business school without hearing conversations, and I think this provides an opportunity for the profession to say, "Here's what we can provide, and here are the limitations that we probably can't overcome just because of the way our capital markets work."

**MODERATOR:** You mentioned corporate governance. What about changes in the composition and functioning of the audit committees? How will audit committees operate differently in the future from the way they do today?

**ROGER MARTIN:** I think audit committees will take more responsibility. These are highly influential people whose personal reputation and wealth are probably at stake. It's been demonstrated to them that they have to protect the investor. Defining the type of people who will be on audit committees will present a problem. I'm not sure who would say, "I'll be on an audit committee" today. On the other hand, that's an opportunity, too. Companies can be very proactive and say, "We want the best audit committee, and we'll provide the resources to do that." That's a great thing for corporate governance.

**DAVE GREENE:** The primary relationship that exists in most companies today is between management and the auditor. I think increasingly the audit firms will say,

“That needs to change. We need to look primarily to the audit committee as the representative of the shareholders, not management.” And that will provide greater independence in how auditors view transactions.

**MODERATOR:** For those of us who do research in the capital markets area, do you foresee that changes in audit committees will provide additional assurance to the capital markets community? Or is this going to be more window dressing?

**JOHN HASSELL:** I think signaling is important, and to the extent that investors and the analyst community are looking for signals of quality, maybe some changes in corporate governance could in fact send very strong signals that would be rewarded. If there’s a hint of some sort of quality-of-earnings issue, then the company just gets hammered. Changes in corporate governance could be one-way: Companies could differentiate themselves and send quality signals to capital markets.

**PATRICK HOPKINS:** We’d like to believe that that’s true. One of the most elusive constructs in finance accounting research is the cost of capital. We really don’t know what it is. So what do we do? We plug in 12 percent as a practical exercise. The story unfolds to have an effect on that cost of capital, but we’ve never really had a good grasp on it. And I would like to believe that the quality of earnings would have an effect on the cost of capital.

**MODERATOR:** Periodically, we have big failures in industry. Is Enron’s failure unique, or is this just another in a series of notable industry failures that have attendant accounting issues?

**ROGER MARTIN:** I think this is just one in the wash. It’s extraordinary and it’s painful, and I can’t believe the magnitude of the fallout. But what happened to Enron was supposed to happen. They were violating the trust of the public and investors, and they got caught. They paid a severe penalty, and I think that’s right. There are winners and there are losers,

and the winners enjoy a tremendous benefit. Unfortunately, you have people making ethical choices that end up penalizing people other than themselves. Whether we can help prevent or prevent these issues earlier is the question. I don’t think we can reasonably sit here and say we can stop it, because it will happen again. But can we fend off a few of them before the next really big one?

**PATRICK HOPKINS:** In the United States we don’t buy stocks; we’re sold stocks, in essence. There are a lot of people who are complacent in this problem. This includes the investors that wanted to believe stories. But I don’t see a line of people who are willing to give back their gains on Yahoo, or Amazon, or any of these other stocks that had a wonderful story behind them. Also complicit are the analysts, because they will spin stories, but that’s why they’re called “sell side” analysts. They’re trying to sell you stocks and generate business. We have to discount information that comes from this group of people. The list of parties that were complicit in this range from management through auditors through analysts through investors—and investors have to take responsibility for trying to believe an alchemy story. You can’t spin straw into gold, and that’s what this was.

**MODERATOR:** So would you would say that the demands investors place on the companies they invest in often carry unrealistic expectations, and that this in turn puts pressure on the corporate leadership to generate earnings, which leads to loose financial reporting?

**PATRICK HOPKINS:** Absolutely. In some cases, I think investors get what they deserve for wanting to believe some of these stories without wanting to take the risk. And it’s only downside potential that people think of as risk. It’s unfortunate.

**MODERATOR:** Patrick, one potentially complicit party that didn’t make your list is the universities and business schools who educate accounting students. In the late 1980s and early 1990s, the public accounting profession accused the academic community of failing to develop the kinds of people necessary in order for them to provide value-added in audits. This has evoked some changes in the accounting education process. Is there complicity on the part of universities and the way we have educated accounting students in the past?



**DAVE GREENE:** As educators, we have to train people for the profession and for the practice of accounting. We have financial accounting standards, but I'm not sure that's the right term. For the last 30 years, increasingly, we've had financial accounting "rules" that are incredibly complex and detailed, which lead to a mentality that looks at the form of transactions as much as the substance. I hope that we really do get to standards. The important thing here is that we are not auditing financial statements. We must audit businesses. We must understand the substance of the transaction, and I think that that makes accounting education all the more important. It is critical that people understand not just accounting but the business that is underlying this account.

**ROGER MARTIN:** I think it's a two-edged sword, too. We hope to show students that, within the standards, here's the logic that led to this, and here's how the standards can be applied. But we also think that, hopefully, we're training students to use those standards to their advantage in the marketplace. We don't say, "Go out and break rules. Don't go out and live on the edge of GAAP," but that's what people have asked them to do a lot of times. That's what some CPA firms have asked their employees to do.



So by showing students that standards should be standards and not rules, it's hard to know how to stop the mental process of saying, "Now that you understand standards and how to operate within those standards, guess what? You're going to have a lot of temptations to take it right to the edge." I think that universities are in part responsible, but I don't know how we get out of that because we need to show students the standards and the logic behind how and why we do things.

**MODERATOR:** John, you've been in this business quite a while. What are your opinions and thoughts on this?

**JOHN HASSELL:** When I took the exam, APB 15 was just issued, so that dates me in this group. I don't think we've been complicit, and I don't apologize for what I've spent my career doing. Since I teach financial accounting, I absolutely demand that my students know what GAAP (Generally Accepted Accounting Principles) is—that they know what pensions and leases and income taxes are and how that accounting works. We can talk about the principles and what drove the standard setting, but it's absolutely essential that we produce people that really understand GAAP, which is increasingly rule-based. I believe that as educators we've been trying to do a very good job because, since the 150-hour programs have come on, we've encouraged our students to broaden—to understand finance more in depth, understand systems more in depth, get more understanding of management and leadership principles.

**MODERATOR:** Speaking of students, we have a lot of students in the audience tonight. What impact do you see on students selecting accounting as a major as a result of all this controversy? And what do you see for their future in terms of careers in the profession. How is that changing? Or does it?

**PATRICK HOPKINS:** I think there should be more students coming in. Accounting, you know, wasn't on the news before this happened. They say there is no such thing as bad advertising, so if you get something out in front of people, they tend to think of it more. This explains accounting in terms that are not so cut and dried. So now we get more naturally curious people to explore it. I actually think that, from a recruiting perspective, this is a coup.

**MODERATOR:** It makes accounting more exciting now as a discipline?

**PATRICK HOPKINS:** Well, it's cool now.

**JOHN HASSELL:** It reinforces how important accounting is. That tends to get lost over time, but this really brings it to the forefront. It is important. I noticed in the *The Wall Street Journal* this morning an article about MBA programs. One woman had come back to take a financial analysis class this semester because she understood that she needed a deeper understanding of accounting, even though she wasn't going to be an accountant.



**DAVE GREENE:** Look at the demographics over the last 10 years. We are graduating 20 percent fewer accountants today than we were five years ago in the United States. We bucked that trend here at IU, but I think there's going to be a significant increase in demand. We talked earlier about greater disclosure. Well, who is going to do that disclosure? I think there is going to be a significant increase in demand for accountants, and I think that it was good for the profession. It's going to be a very dynamic market.

**MODERATOR:** Among the big things for all students to discipline are viable careers and compensation and promotional opportunities, along with challenges that are presented by those careers. How is that going to change as a result of Enron and all the controversy?

**ROGER MARTIN:** Talk about challenges! If a student can't be challenged by the idea of ambiguity and the tough voices needed to report on business results, they should choose another major. It's been easy this semester motivating my undergraduate auditing class. In the past I really had to spin a story to convince students that this could happen, and I would name companies that they had never heard of. Now they see why it's important. If you can make a difference, you are going to be compensated. If it's an easy job, then you're not going to be paid very much. If it's a hard job, you're going to be compensated well, both monetarily and with challenges and promotions. That sounds like a pretty good career to me.

**MODERATOR:** How is the nature of the transactions that are handled by an entry-level person in auditing going to change as a result of this? Will there be any substantive change, or will it be business as usual?

**ROGER MARTIN:** Audit firms will have to get everyone thinking about the big picture, and they've not always done that very well in the past. I think that models for all auditing will change. The firms are getting better-trained students. Many of the students we graduate from our programs are much more qualified to do more than just "tick and tie" for a while. An audit firm should take advantage of that resource, which maybe they have overlooked in the past. I think audit firms can take advantage of this and say, "Look, we're going to make even our entry-level staff more accountable to understand why they're doing things." That's only going to help the auditors do their jobs.

**MODERATOR:** You have all had significant involvement in the development of both accounting courses and curriculum. In what ways will all of this controversy affect teaching individual courses and the curriculum as a whole?

**PATRICK HOPKINS:** The issues at Enron permeate every aspect of business so, necessarily, there will be changes. There will be a different emphasis on matters, I believe. But as far as changes go, if you come into my advanced accounting class and we talk about



the structure of some complex deal, you need to understand that deal structure. It exists. You do need to understand the nuts and bolts but also what could go wrong. I like to think that I'm training users as well as preparers. The user will understand the limitations of these deal structures and will dig deeper. The information on Enron was out there. It was just that you had to go pretty far to find it. People should have smelled something wrong, but they didn't want to. Loads of folks were buying the line from management. Enron didn't create these special purpose entity percentages. They existed before.

**MODERATOR:** Dave, as chairman of the graduate accounting programs here, do you see any changes that are likely to take place in curriculum?

**DAVE GREENE:** We pride ourselves in being innovative and creative about our curriculum, and as we look at future changes we will look at the implications of Enron. Enron is such a rich environment for things you can consider. But certainly we're not going to have an "Enron course," because Enron permeates everything. Enron emphasizes the things we were already trying to do: critical-thinking skills and ethics and understanding the business, not the accounting. I don't think we try to train accountants at Kelley. I think we try to train businessmen and women who understand accounting, and that's a critical distinction. It's one of the strengths of our program.

**MODERATOR:** Let's shift in the direction of some of the changes that are likely to take place. We're obviously seeing a lot of political heat, a demand for change in the public accounting profession and the way financial rewarding is done. What changes in oversight should take place? Should the government provide more oversight? Should the oversight come from the parties? If so, what form should it take?

**ROGER MARTIN:** I think oversight over auditing has to change. I don't think government can do it any better. Government brings limitations that are not avoidable. Penalties for violating ethical standards by auditing firms can be improved. The public dissemination of information about the quality of audits can be improved. There are proposals in Congress

about how to provide this kind of oversight. This will be some kind of compromise, but I would hope it's got some teeth in it. If it turns out to be an unintended consequence that's too painful, we can fix that down the road. If anything, we should overshoot the mark right now. And if we do anything wrong in this area of audit regulation, it should be going a little too far. Then we can back off if we need to.

**MODERATOR:** Is FASB going to emerge from this with a tarnished reputation? And is FASB likely to be reorganized?

**PATRICK HOPKINS:** If they are, it's because of a knee-jerk response. If people are being thoughtful about the practical difficulties in setting standards, it's a fairy tale to believe that any other organizational form can do a better job. To blame the FASB for trying to stop certain types of transactions just to get around accounting rules is, I think, incorrect. Let's say a board could have general standards. How does that work? Well, it takes auditors who will stand up to a client and say, "No, you can't just account for this the way you want to. Here's the spirit of this rule." A client is going to say, "Don't give me spirit; tell me what this rule says and I will account for this a certain way." So there's a tension when you try to apply broad standards versus technical ones.

**JOHN HASSELL:** This could actually strengthen FASB instead of weaken FASB. Think, for instance, about accounting for stock compensation. The board waged a 10-year battle on stock compensation. It clearly believed that stock options should be expensed and tried for a decade to get that accomplished. It was opposed by clients, who then lobbied the politicians. Maybe the FASB will now have a little more strength to push some of the higher quality accounting that in fact it's wanted to for awhile.

**PATRICK HOPKINS:** To me, one of the most appalling pieces of fallout from the Enron scandal is hearing congressmen indignantly saying, "Are you telling me that stock compensation is not an expense?"

How can this happen?” And hearing them blame the FASB for this when it was the PAC money and Congress who threatened to shut down the FASB as a private-sector, standard-setting group because they couldn’t help out their constituents at that time. Now it turns, and as soon as you get the political process involved, the level of indignance is just amazing.

**MODERATOR:** One question that arises is the potential unintended consequences that might evolve. We see a proliferation of technical accounting standards as a result of an effort to get more control over a special-purpose entity financial report, which could actually drive us away from that better understanding of the business and its associated risk. Do you see it going in this direction?

**JOHN HASSELL:** I hope not. I teach financial accounting standards, and what are we up to now? 144? But next door is someone who teaches taxes going through 20,000 pages of regs. I hope we don’t come to that more detailed kind of process.

**ROGER MARTIN:** I think cooler heads will prevail. During January’s C-Span Senate hearings I would hear senators asking questions using the wrong acronym. The poor person trying to answer couldn’t possibly correct the senator asking a silly question. I thought, “This is mayhem. Bad things are going to happen here.” But people have gotten to them and said, “Look, this is very complicated, and you’ve got to understand there’s a lot of complexity here that isn’t as easy as our options and expense.” That message is getting across.

**MODERATOR:** It’s been suggested that audit firms be required to rotate their clients on something like a five-year basis. Is auditor rotation a good idea?

**DAVE GREENE:** I think it’s a terrible idea. This is a proposal to deal with the so-called independence of the auditors. The theory is that auditor rotation will improve the independence of the auditors because if they know they are going to be there only

for five years, they won’t be worried about maintaining that client in the long term. Academic studies show that the most likely time for audit failures is in the first two years after a change in auditors. That shouldn’t be surprising because as you are coming new into a company, there’s a real risk that there is not an institutional knowledge on the part of the auditor of that firm. And there’s a practical reason that’s maybe even more important. If Eli Lilly had to change auditors, for example, the firm that is auditing them currently would probably find itself with more employees than they really need. So that audit firm probably would lay off a large number of employees. Another audit firm would find itself with the Eli Lilly audit and realize they don’t have enough employees to do it. So they will hire those who were just laid off, and you haven’t accomplished anything at all.

**MODERATOR:** What about the notion of prohibiting companies from hiring financial professionals from the companies that audit them. Again, is this a good idea, or not?

**ROGER MARTIN:** I see both sides of the argument, and that’s why I’m an academic. I get to sit on the fence. Let’s say I go into the profession because I want access to clients for my future career moves and that I choose a particular firm to start my career because I think it has a set of clients I’m interested in long-term. I don’t believe that my seniors have the ability to sit there in Bloomington and say, “I know what my career is going to look like, and this is the path I want to take.” If we close that door and restrict that movement, then it really changes their career paths dramatically. When you get to work with these auditors you figure out who you work with well and who is bright and motivated and curious, and there’s a value here that might go away. But there are other audit firms training people, so I can see arguments to both sides. At the partner level, the influence and the incentives that exist are too strong to not say, “Hey, we need to stop this kind of movement.” But I don’t think we have to go to extreme measures or to a measure where we move that prohibition further down into the staff levels.

**MODERATOR:** Does anybody else have strong feelings on this, or do you agree with Roger?

**ROGER MARTIN:** You can’t disagree, because I didn’t give an opinion. *Laughter.*

**JOHN HASSELL:** What’s the practical effect of prohibiting it? Let’s say I’m with JP Morgan Chase and I want to hire somebody with a skill set that’s equivalent to that of a manager in a public accounting firm. If you preclude me from hiring the manager from my auditor, I’ll go out and hire the manager that does Mellon’s audit. That’s really all that will happen. The person you hire still has the broad industry knowledge, just not the institutional knowledge.

**DAVE GREENE:** If we’re talking about New York City, that’s probably true, but I’m not sure how many people have pharmaceutical health care experience in Indianapolis other than the ones who are working for the firm that is doing a lot of pharmaceutical and health care. And if you’re in Moline, Illinois, there is only one major farm equipment dealer. If you’re in Peoria, Illinois, there is only one major equipment dealer, so the only people who are going to have industry experience in a market are likely to be your own audit firm individuals.

**JOHN HASSELL:** But if I want to be entrepreneurial, I’ll find out who does Merck and hire Merck’s manager and say, “Have I got a deal for you!” But that deal includes a move to Indianapolis.

**DAVE GREENE:** But now instead of having someone from Indianapolis who wants to live in Indianapolis, you’re moving somebody from New Jersey to Indianapolis whether they want to or not. I don’t see how the public is benefited by that.

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**MODERATOR:** Another issue is the role of the division of consulting services by large CPA firms to audit clients. Is this a problem with respect to auditor independence?

**PATRICK HOPKINS:** There are two sides to this. Let's say different consulting services can be offered, such as systems application design and transaction structuring. In both cases, auditors are asked to go in and evaluate that system or structure. Implicitly, if I put it together, I'm thinking, "It must be OK." It's quite difficult to ask an auditor to be an independent party to test assertions they were involved in developing. On the other side, I'm not a fan of proscribing free markets and allowing people who are the best qualified to provide certain services to do those things, so there's a tension—and I'm not sure on which side we should fall.

**MODERATOR:** So where's the balance here? I mean, what should CPA firms conducting an audit be allowed to provide in the way of consulting services? Should there be a line drawn?

**ROGER MARTIN:** I would let the clients decide where to draw the line. Let's say I'm an audit committee member. If there's a question about whether or not my auditor is independent because I hired him to do something else, then let the audit committee decide what the best thing for the investor is. If the audit committee thinks their financial statements are not as credible because of the questionable independence of their auditor, then let them take steps to hire a different firm to do the consulting work. I can imagine this solution working in the marketplace most of the time.

**DAVE GREENE:** I agree with Roger. I think the market ought to decide. Some of the proposals that I've seen absolutely proscribed consulting so that you can't even do the transaction or advise on accounting. I can just imagine the conversation between the auditor and the clients. The auditor says, "Well, your revenue recognition is wrong." And the client says, "Oh? Well, what do you think I should do?" and the auditor says, "I can't tell you. That would be advising you; that would be consulting, and I can't go over that line, so you are going to have to ask somebody else." This is clearly not a workable idea.

**JOHN HASSELL:** I do think, however, in the short run generated by Enron, that audit firms themselves are going to pull back some of the services that they are willing to provide or are aggressively marketing.

**PATRICK HOPKINS:** On the other side, companies have actually done that. They've split the services between, so it doesn't need to be imposed necessarily. Everything else we're willing to let markets decide, right? But for this one issue there's this push for having some regulations in place that are exogenously thrust on us from outside the system. And who knows the ultimate effect of those? We only think about what we perceive to be the bad parts, while the other attendant consequence is that you might get more costly audits. And you might not get as high a quality.

**MODERATOR:** Do you envision some fundamental change in the way audits are priced as a result of the Enron debacle and all of the fallout?

**ROGER MARTIN:** I think it will change for a couple of reasons. One is because more resources will be used, as audit firms try to protect themselves from certain types of risk by doing above and beyond what they were doing in the past. Second, I think the market price of audits will go up, and I don't think that's bad. In the future an audit firm might choose to differentiate themselves on quality and say, "You can pay for our quality audit or not, and I don't really care because people will buy a high-quality audit." I think there's a place for that in the marketplace. There should be a choice about saying, "We're so far beyond audit standards that we have trouble finding certain clients, but when we find a client, their financial statements have credibility and trustworthiness beyond other companies." I can see that happening now more than I could have five years ago.

