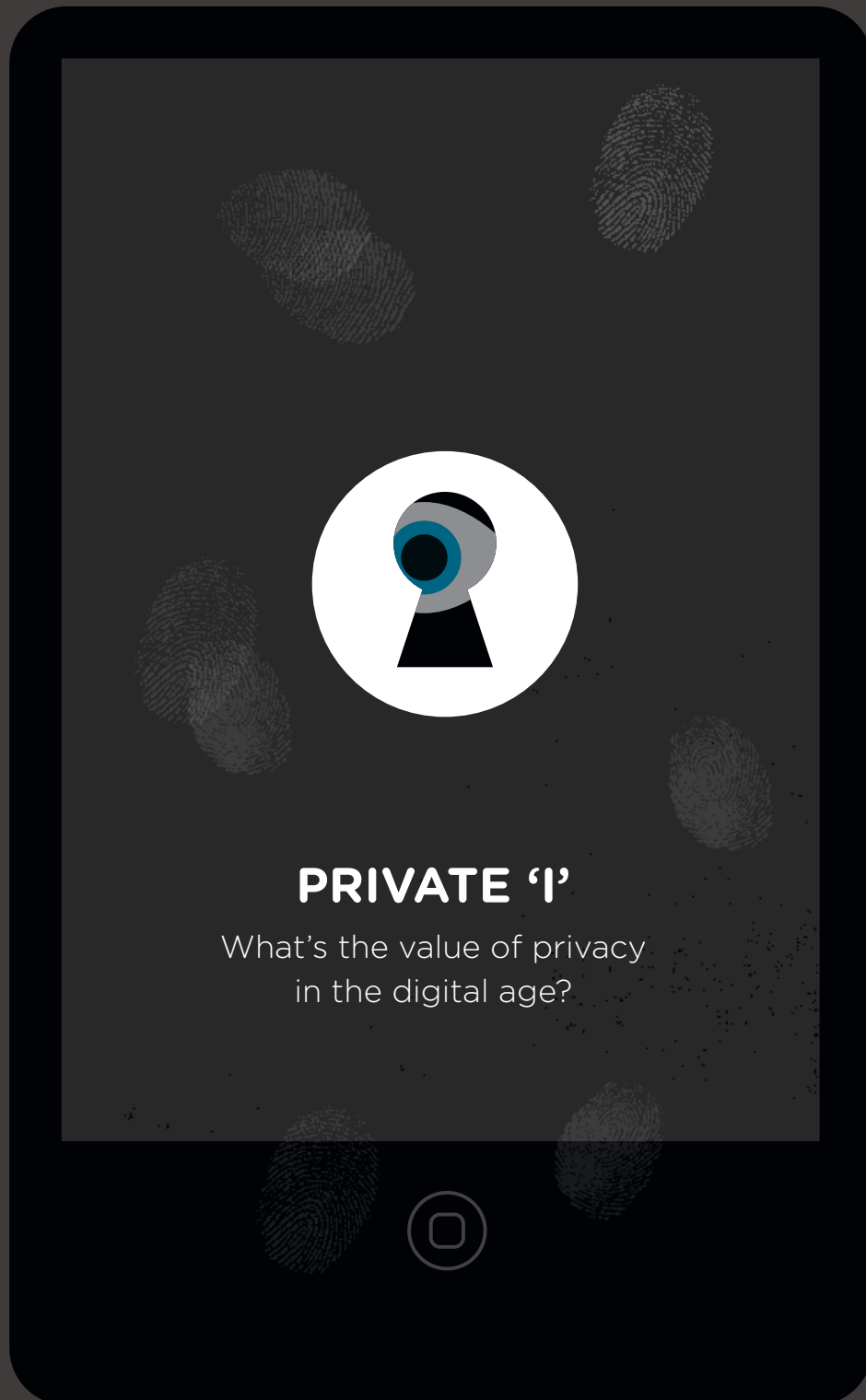


NOTRE DAME BUSINESS

MENDOZA COLLEGE
MAGAZINE
JUNE 2013



PRIVATE 'I'

What's the value of privacy
in the digital age?

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It's a four-peat: For the fourth consecutive year, the Mendoza College of Business is ranked No. 1 in the Bloomberg Businessweek 2013 "Best Undergraduate Business Schools" ranking.



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SEND LETTERS TO THE EDITOR AND CLASS NOTES TO:

bizalum.1@nd.edu

or:

Notre Dame Business
204 Mendoza College of Business
University of Notre Dame
Notre Dame, IN 46556-5646

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GRADUATE ALUMNI RELATIONS

gradalum@nd.edu
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DEAN

Roger D. Huang

MANAGING EDITOR

Carol Elliott

ASSOCIATE EDITOR

Peggy Bolstetter

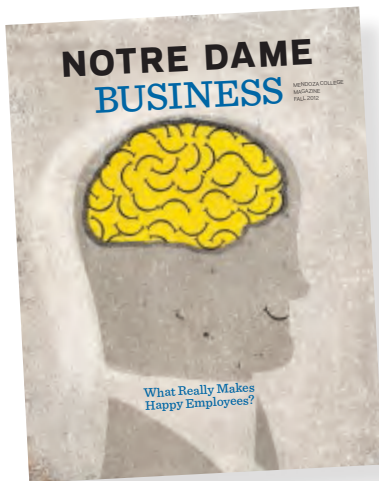
WRITER

Ed Cohen

DESIGN

Gwen Frederickson
Just Gwen Designs

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The artwork on the cover of *Notre Dame Business* Fall 2012 won a spot in the editorial category of *The Society of Illustrators Annual Book SI 55*. The illustrator is Jon Krause, www.jonkrause.com

A Mom Story

A beautiful uplifting story. Thank you so much for sharing it, DeAnn, and my sincere admiration to you and Matt. You are both an inspiration. Reading this story brought me to tears, tears of appreciation for all you have been through and transcended, and tears of joy and gratitude for the students and staff of Notre Dame, and gratitude to God that my son is a student and member of the Notre Dame community. May God bless you all.

Elaine Miram | Redwood City, Calif.

The selfless actions of the young men in the article titled "Taking Stock: A Mom Story" exemplifies the core principles and values of the University of Notre Dame.

Mary Dolan | Elizabethtown, Penn.

I was very fortunate to hear this story firsthand at the dinner table from my wife who works in Notre Dame's Development Office. She and a co-worker were the ones responsible for planning the celebration that included Regis Philbin and Matt during the Michigan football weekend. Our son is a sophomore at Notre Dame and my wife shared this story with him. It is a perfect example of the kind of helpful and giving person that we would like him to be when he graduates from Notre Dame in 2015.

Dan Walsh ('84) | Granger, Ind.

My son, Guy, was friends with Matt, actually living on the same section in O'Neill Hall. I didn't know about Matt until much later when Guy would update us about his new life, and the O'Neill lives (not too much though) and told us about the boys helping Matt. You are an inspiration and I know Guy is a much better person for having known Matt. The Notre Dame family is truly special and I am so happy that our boys were able to be part of Matt's life. Go Irish!

Patty Schwartz | Alton, Ill.

DeAnn and Mike Swinton, thank you for supporting Matt in his desire to attend Notre Dame and allowing him (and you) to become part of our family.

Kris Winningham (MBA '94, '93) | Sewickley, Penn.

This was such a heartwarming story of Matt's time at Notre Dame. Hearing it from a mother's viewpoint says it all. It is not easy being a mother of a disabled child. Sometimes—and actually I should say almost all the time—they are stronger than we think. It is a time of learning and letting go, which in this case was admirable and brave. Thank you for letting us hear inside your heart.

Carol Campbell | Prosper, Texas

This box shows reaction on the social network Facebook to our profile of finance instructor Carl Ackermann in last fall's issue.



University of Notre Dame shared a link. November 15, 2012

Who's that man in the gorilla suit? Ask any ND student — past or present — and they'll probably know.



Students 'go ape' over finance professor

So a gorilla walks into a room where 500 students are taking their first exam in an introductory finance course. A few...

112 people like this.

Nicholas Setta One of the best teachers I ever had. Also one of the best men I have ever been around. He is what makes Notre Dame.... Notre Dame.

Debbie Walters Seman He is the one professor whose name I heard from my son over and over again—he loves him!

Kevin McCarthy Ackermann = Genius. I was there for his first classes at ND in the Fall of 1998. He called my house from the classroom when I was out one day.

16,480 people saw this post

Everyday Grace: The Grace of Seeking

Thank you so much for Prof. Cunningham's reflections. Jesus' revolutionary love makes sense to me, yet I've struggled with accepting the mysteries of Catholic dogma all of my adult life. Fear of the unknown, a consequence of the bondage of self, has been a near obsession. However, when I read [his] writings, I feel hope that my doubts will not conquer me.

Eugene O'Malley ('69) | Chicago, Ill.

Very well said—it is so true how we go from thinking we know everything to realizing we have so much to learn.

David Stanton | Woodridge, N.Y.

Continue the conversation Share your comments: bizalum.1@nd.edu

EDITOR'S LETTER

JUNE 2013

Photography by Barbara Johnston



She became known as “The Girl Who was Always There.”

Bright red hair, funky “Urkel” glasses made her hard to miss. She set up her books and laptop on a table just outside the Dean’s Office, a spot that’s a bit on the isolated side, away from the more usual study areas in the lower level of the College.

And she was always there. No matter how early I came in, she beat me. Often she was plugging away reading text on her monitor, taking notes on her iPad, even as offices were closing, the light outside fading already on these early spring evenings.

“Hi,” I finally said to her one morning. “You are always here!”

So, not the smoothest introduction. In fact, she looked pretty startled. But we began to chat and Mary Kate Kearney explained that she was studying for the CPA exam. She had passed three parts, with the fourth scheduled for early April; hence, she was parked at her spot on the Friday night before spring break rather than heading home to Connecticut or out to more exotic locales.

Over the next few weeks, several of us in the Dean’s Office stopped to chat with her and find out how the studying was going. We passed along the news when she passed the fourth part of the exam. She laughed when I told her we were now invested in her story.

She still manned her table as finals approached, but not as often. And now, of course, Mary Kate has graduated and gone on to the next phase of her life.

This story doesn’t have any drama or deep meaning. Except this: Mary Kate is a reminder of how easy it is to become so busy that even the people you’re here to support become part of the backdrop. I sometimes glance at the windows of the dorms, or watch from my office students crossing the sidewalks in the quad below, and wonder at their lives. It’s easy to lump them into an anonymous mass, because for many of us at Notre Dame, our jobs don’t involve direct interaction with students on a regular basis.

But what a loss if we—staff, faculty, alums—don’t realize that an enduring gift of being part of Notre Dame is the opportunity to enter these young students’ lives, even if the encounter is brief. They may be smart as all get out, and have amazing futures ahead. But I venture to guess that there’s not one among them who doesn’t appreciate a gesture of support.

Just before the end of the semester, I found a note tied with a gold ribbon to a Baggie full of homemade granola in my mailbox. “Thank you so much for your kindness during my time at Mendoza,” Mary Kate’s message began.

“I will certainly treasure my memories from Notre Dame, with the Dean’s Office holding a special place in my memory,” she concluded.

Good luck, Mary Kate and all the 2013 Mendoza College graduates. Stay in touch. **Remember, we’re invested in you.**



A photograph of Dean Roger Huang walking down a long, well-lit hallway. He is wearing a dark suit, a light blue shirt, and a patterned tie. The hallway has large windows on the left and arched doorways on the right. The floor is polished and reflects the light.

Dean Roger Huang

Photography by Barbara Johnston

By John Monczunski

When Roger Huang was named acting dean of the Mendoza College of Business two years ago, he had two wishes: First, if he was to serve in the interim post, he wanted the full support of the University's administration. Second, he absolutely did not want to be considered to succeed Dean Carolyn Woo, who had resigned to become CEO of Catholic Relief Services. He got one of his wishes.

The University's provost, Tom Burish, extended his full backing. "He said to go full throttle with whatever I thought needed to be done to continue moving the College forward in the interim period," Huang says.

As for the other wish, after an extensive two-year national search, Burish told the acting dean that the committee had concluded that he, in fact, was the best

choice to continue leading Mendoza. The provost offered Huang the job, and he accepted in March.

In hindsight it seems almost preordained that Roger Huang would succeed Carolyn Woo. For more than 40 years, their life paths have been interlinked. Both grew up Catholic in Hong Kong, both attended Catholic schools there, both left Hong Kong to study business at Purdue University—Huang enrolling at age 16—and both graduated in three years.

It was at Purdue, in fact, where they first met and became friends. "We worked together on a project for an econometric class and wrote the paper together, so we are each other's very first co-authors," the new dean says with a laugh.

While Woo stayed on at Purdue, earning her Ph.D. and ultimately joining

the faculty there, Huang pursued a doctorate in finance at the University of Pennsylvania's Wharton School of Business. There he studied under the famed scholars Hans Stoll and Robert Schiller, finishing his doctorate at the age of 24.

The young academic then returned to Purdue, where he taught for two years so that he might be close to his two younger brothers who had followed in his footsteps from Hong Kong. Then, for the next 20 years or so, the old friends' life paths diverged. They lost contact except for annual Christmas cards sent by each other's spouse.

From 1982 to 1986, Huang taught at the University of Florida at Gainesville. His old mentor, Hans Stoll, then recruited him to Vanderbilt University, where Huang became an endowed professor,

renowned for his cutting-edge work with Stoll on the study of world financial markets.

Finally, in 2000, the paths of the old friends reconverged. Hoping to lure Huang from Vanderbilt, Notre Dame's finance department invited the scholar to present a paper on his work. As he chatted with faculty outside the dean's office before the seminar, Huang heard a familiar voice behind him. Turning, he saw Carolyn Woo, now dean of Mendoza. The seminar went well and, in short order, she convinced him to join Notre Dame.

"She explained the mission, what the faculty here was trying to do—'business for good'—and how I could contribute," Huang recalls. "Carolyn was very persuasive, and so I came." At Notre Dame, he has served as the Kenneth R. Meyer Professor of Global Investment Management, chair of the Department of Finance until 2008, associate dean from 2008 to 2011, interim dean for the past two years, and now the Martin J. Gillen Dean of the College.

The change in leadership has been nearly seamless. Huang shares his predecessor's passion for Mendoza's mission. He becomes animated when he starts talking about the College's future.

"This is the way that I see it," he says with intensity. "We have a brand of education that is good for the world. And it's good for business. It's not just about learning the tools of the trade. It's helping future and current business leaders acquire the conviction to use those tools in the right way."

Huang cites the financial industry's recent scandals as an example of why Mendoza's style of business education is so needed. "Everybody knows finance, accounting," he points out. "But, in the end, it's about trust, how people interact in a business way. Yes, it has to do with the rules of the game, but primarily it has to do with the people applying those rules in the proper way. We would like as many students as possible to be exposed to our brand of education."

To make that so, Mendoza has some ambitious goals under its new dean. Beginning this summer, the College will expand its graduate degree offerings beyond its MBA, Master of Nonprofit Administration, Master of Science in Accountancy and Executive MBA programs. First to be introduced is a one-year Master of

Science in Business degree for non-business students who have little or no work experience. Following that, either next year or the year after, two additional graduate programs are planned, a master's in finance and a master's in business analytics.

To further spread Mendoza's gospel of "business for good," Huang says a number of global efforts are in development. Beginning in May, Notre Dame began offering its Master of Nonprofit Administration degree to students from China's Renmin University. Students from the Beijing school will attend two summer sessions at Notre Dame and will participate in a 10-week internship with various American nonprofit organizations.

In addition, Mendoza is planning a global education program (GEP) involving Notre Dame, Mannheim University in Germany and the University of Hong Kong. Small groups of three to five students from each institution will move from school to school, learning about each region, Huang says. Similarly, Notre Dame's business school is investigating a variant of the GEP concept involving executive MBA students from various Catholic universities around the world.

Another priority for the new dean is maintaining Mendoza's standing as the premier school in ethical business education.

"Right now, we're ahead [of our peer schools] with courses in business ethics, corporate social responsibility, and environmental sustainability," he observes. "That's all good. But we also want to be the leader in certain specific areas such as social entrepreneurship, integral leadership and social impact. We want people to think of Mendoza when they think of those areas."

To that end, Huang says the college intends to increase curriculum offerings in those fields, hold conferences, and recruit more "thought leader" experts such as Mendoza executive-in-residence Roxanne Spillett, who was CEO of the Boys and Girls Clubs of America and is highly regarded for her insights into the social impact of business.

"Going forward," the new dean says, "my hope for Mendoza is that we will be better positioned to meet the challenges of a global economy in a fast-changing landscape, and that we maintain our premier status. That would be a success story to me."

Getting to know ... Roger Huang

Favorite book:
Wuthering Heights
by Emily Brontë

Last book read:
Finance and the Good Society by Robert J. Schiller

Favorite movie:
Indiana Jones trilogy

Person from history you'd most like to meet:
Margaret Thatcher

First question you'd ask that person:
What makes you so strong in your convictions?

Person or people who influenced you most:
my parents

Favorite TV show:
NBA basketball games

Favorite sport: tennis

Your worst course in high school or college:
Physical Education

Favorite thing about Notre Dame: the people
"Hardly anybody knows that ..." I am a big fan of Chinese comedy and action movies

Motto by which you live: Life is precious.

Again!

MAKE THAT FOUR IN A ROW

Photography by Matt Cashore (ND '94)

It's a four-peat: The Mendoza College of Business at the University of Notre Dame took the No. 1 spot for the fourth year in a row in the *Bloomberg Businessweek* 2013 "Best Undergraduate Business Schools" ranking.

The publication ranked 124 schools nationwide based on nine measures, including surveys of both senior business majors and employers, median starting salaries for graduates, and the number of alumni each program sends to top MBA programs. Mendoza's Undergraduate Studies ranked first in student satisfaction and fifth in employer satisfaction—the two main ranking criteria. The College also earned scores of "A+" for teaching quality, facilities and services, and job placement.

According to the article accompanying the ranking, students especially lauded the College's well-rounded business curriculum, strong liberal arts bent, and focus on ethics. "Academically, Mendoza is not all that different from other upper-tier business schools," says Rob Nelson, a senior business student at Notre Dame quoted in the article. "But our Catholic tradition puts extra emphasis on ethics and the idea that business should be used to generate more than just profits."

Another student commented, "Mendoza College of Business is unique because it cares for the whole student. They care about our academic pursuits, but also care about our personal development and future careers. The academic advising office is extremely supportive and always willing to help. The professors are the most unique aspect of Mendoza. They work hard to cultivate personal relationships with students."

"There is so much that goes into the educational experience of being part of the Mendoza College of Business, including the spirit of the students, faculty, alumni and University as a whole," says Roger D. Huang, Martin J. Gillen Dean of the Mendoza College. "The ranking is a wonderful opportunity to thank all of those who make this a special place—especially the Mendoza College Undergraduate Advising Office, the Notre Dame Career Center and the Undergraduate Admissions Office. And of course, our students, who never cease to amaze me."

University of Virginia's McIntire School of Commerce ranked second and Cornell's Dyson School of Applied Economics and Management ranked third.

As part of its annual ranking of business programs, *Bloomberg Businessweek* also releases rankings based on student ratings in 10 specialty areas. As of press time, several of these specialty rankings had been released, with Mendoza earning the following:

- #1 ETHICS
- #2 ACCOUNTANCY
- #4 FINANCE
- #5 SUSTAINABILITY

ND MBA JUMPS IN RANKING

BUSINESS FOR NON-BUSINESS UNDERGRADS

Beginning June 2013, students earning bachelor's degrees in science, English, philosophy and other non-business disciplines will have a new option for gaining a graduate business degree from the University of Notre Dame. The Mendoza College will launch its Master of Science in Business (MSB), an intense, yearlong program intended for individuals with little or no work experience. The aim of the program is to bridge a student's undergraduate work with its application in a business context by providing fundamental business knowledge and skills.

"Business has vastly extended its power and reach in the last decade, and one result of this has been an increased need for people who can think broadly, but also strategically," said Dean Roger Huang. "The Master of Science in Business will leverage nonbusiness knowledge with an education in areas vital to being able to lead projects and think critically in business. The program's mission is very much in keeping with the larger mission of the University and College: to use business as a force for good in impacting the human community for the better."

The MSB program takes place over three semesters—summer, fall and spring—and provides students with a thorough grounding in business fundamentals, such as accounting, finance, business ethics, marketing and management principles. In addition, the 44 hours of coursework includes two integrative courses that enable students to combine the knowledge and skills they gained through their undergraduate major with business fundamentals in a way that creates a unique personal brand.

Open to Notre Dame and non-ND graduates, enrollment is set at a maximum of 110 students. Each applicant will be assessed based on undergraduate academic transcripts, a GMAT or GRE score, letters of recommendation, an essay and other criteria. The Notre Dame Career Center will provide career placement services.

business.nd.edu/msb



Photography by Barbara Johnston



The University of Notre Dame MBA ranked No. 20 among U.S. business schools in the *Bloomberg Businessweek* magazine's biennial survey, "The Best U.S. Business Schools 2012," a jump of four spots from its 2010 ranking. The program rose significantly in the recruiter ranking to 18 in 2012 from 33 in 2010. It also earned "A's" for career services, teaching quality, critical thinking and leadership skills.

The *Bloomberg Businessweek* ranking is based on three elements: a survey of newly minted MBAs, a poll of corporate recruiters, and an evaluation of faculty research output. The ranking also tallies the number of articles published by each school's faculty in 20 top journals and reviews of their books in three national publications.

The program earned the No. 1 ranking for ethics in *Bloomberg Businessweek*'s MBA Specialty ranking, released in December. The specialty ethics ranking is based on responses to an online survey of graduates from the MBA Class of 2012, who ranked their program's ethics offerings from "poor" to "outstanding." According to *Bloomberg Businessweek*, the average ethics score for all 82 U.S. and international schools in the ranking was 4.64. The Notre Dame MBA had the top rank of 5.87.

THE CHANGING OF THE GUARD

The Mendoza College welcomed two associate deans at the start of the academic year in July.

William D. Nichols has rejoined the Dean's Office as associate dean for Faculty and Research. Nichols previously served in this role—vacated when Roger Huang accepted the deanship—from 2002-2008. He will oversee matters pertaining to the academy as well as College budget planning. He first came to Notre Dame in 1977 as an accountancy professor and also has served as associate dean for Graduate Programs (1995-2000).



Jeffrey H. Bergstrand took over the position of associate dean for Graduate Studies, guiding the College's five master's degree programs. Bergstrand has been a finance professor in the Mendoza College for more than 25 years, as well as a fellow of Notre Dame's Kellogg Institute for International Studies, and a Research Associate of CESifo, an international network of researchers based in Europe. Bergstrand researches international trade flows, foreign direct investment, multinational firms and exchange rates. He also has advised the European Commission on the effects of EU-U.S. non-tariff barriers and free-trade agreements.



BRIAN LOHR PRESIDENT'S AWARD

Brian Lohr, director of MBA Admissions, received the 2013 Presidential Values Award. The award recognizes employees whose performance reflects the University's core values of integrity, accountability, teamwork, leadership in mission and leadership in excellence.

Lohr, who joined Notre Dame in 2005, was lauded for the level of personal interest and concern he shows to prospective and admitted students. He also is credited with successful recruiting efforts of top-quality students.

Lohr volunteers for his parish's Helping Hands Ministry, which provides snow removal and help for shut-in parishioners. With his wife Kelly, he is a Pre-Canva consultant for engaged couples being married in the Catholic Church. He is a student advisor for Mendoza's annual Graduate Faith Development Weekend of Reflection.

FRONTLINES



pictured l to r: Kyle McCarthy (FIN '09), Harrison Smith (MGTE '11), David Bruton ('09), Jeff Faine ('03), Sean Mahan ('03)

INVEST LIKE A CHAMPION

These guys don't sit at school desks anymore. But when 23 current and former NFL players hit campus in April, they came for a crash course in starting socially minded ventures.

The "Investment for Impact" conference, held April 18-21 in the Stayer Center for Executive Education, provided the attendees with an understanding of investment strategy and entrepreneurial ventures, and introduced them to the fundamentals of social entrepreneurship—ventures intended to promote the greater good while being financially sustainable. The conference was designed and delivered by the Stayer Center and the Gigot Center for Entrepreneurship.

Sessions were delivered in the Stayer Center for Executive Education but extended to the Venture Fair and McCloskey Business Plan Competition. "We wanted them to see, feel, touch, and taste what it's like being an entrepreneur," says organizer and non-degree programs director Paul Slaggert.

NFL Player Engagement partnered with the Mendoza College of Business to conduct the four-day program. The initial program idea was proposed by Jeff Faine ('03), who soon recruited Brady Quinn ('06) to assist in championing the idea with the NFL. Both Faine and Quinn had attended similar NFL Player Engagement programs at Stanford and Wharton and were committed to add Notre Dame to the list. "I'm proud to have had a hand in bringing Investment for Impact to my alma mater, and assisting in forming a partnership between the University of Notre Dame and the NFL for the continuing education of professional athletes," Faine said. "It has been a longstanding goal to give back in a meaningful way to the game that has provided so much opportunity for me."

McCLOSKEY WINNERS

In fall 2012, 148 teams entered the 13th Annual McCloskey Business Plan Competition to compete for \$300,000 in cash and in-kind prizes. More than 700 members of the Notre Dame community served as mentors and judges for the contest, sponsored by the Gigot Center for Entrepreneurship. After the final round of live competition on April 19, the winning ventures of the top prizes are:

McCloskey Grand Prize (\$25,000): **Contect**, an instantaneous, accurate concussion-assessment service designed to reduce incidences of Mild Traumatic Brain Injury.

McCloskey Runners-up (\$5,000 to each):

Frameri, an online Rx eyeglass and sunglass company that focuses on affordable, fashion-forward designs for glasses with interchangeable frames.

Torigen Pharmaceuticals, a company formed around technology created at Notre Dame that consists of a model to develop a veterinary vaccine to combat adenocarcinoma-based cancers.

Klau Family Prize for Greatest Social Impact (\$15,000):

Green Bridge, an urban aquaponics farm designed as a social enterprise to produce revenue and create jobs for highly capable young adults with autism in the South Bend community.

LAWYERS IN B-SCHOOL

Milwaukee-based Quarles & Brady (LLP) is a 120-year-old law firm with clients across the globe, including nonprofits, government agencies, educational institutions and multinational corporations in a broad array of industries. It employs more than 400 lawyers, but its leadership saw a clear challenge ahead in recruiting and developing its talent, in succession planning and in competitive strategy. In business, in other words.

Senior partner Michael Ostermeyer (ND EMBA '11) enlisted the help of the Stayer Center for Executive Education to design a custom program that provides foundational knowledge of critical business areas, including finance, accounting, marketing, strategy and economics. The program takes a "mini-MBA" approach, incorporating coursework with the online gaming tool called the Business Strategy Game that helps participants understand global business through a simulated case study.

Twenty-five senior partners attended the nine-month program, which involved four three-day sessions as well as multiple online exercises.



BETA GAMMA SIGMA 50TH ANNIVERSARY

This year marks Notre Dame's 50th anniversary as a chapter of Beta Gamma Sigma, the international honor society serving business programs accredited by AACSB International. On March 21, 100 Mendoza College students were added to the BGS rolls, which is the highest recognition a business student anywhere in the world can receive.

Marketing's Voice for Kids

Associate Professor Elizabeth "Betsy" Moore of the marketing faculty is an expert on marketing to children and a pioneer in the study of "adver-gaming"—online children's games with brands embedded in them. Her 2007 article "The Online Marketing of Food to Children: Is It Just Fun and Games?" won the Thomas C. Kinnear/Journal of Public Policy & Marketing Award in 2010.

Much of her recent research has focused on efforts by the food and beverage industry to self-regulate marketing aimed at children. She has testified before the Federal Trade Commission and the Institute of Medicine of the National Academies of Science on this topic and contributed a chapter to the 2013 book *Advances in Communication Research to Reduce Childhood Obesity*, published by the Robert Wood Johnson Foundation.

Moore is also a popular teacher, having won three awards for teaching in the past two years: the 2013 Rev. Edmund P. Joyce, C.S.C., Award for Excellence in Undergraduate Teaching, the 2012 Blessed Basil Moreau Outstanding Undergraduate Professor of the Year Award, and the 2012 James Dincolo Outstanding Teaching Award.

Betsy Moore

Q: You earned a master's in elementary education at the same time you were studying for your Ph.D. in consumer behavior at the University of Florida. Why?

A: I was interested in bridging what I had learned in the business world with my longstanding interests in developmental psychology, or how children's thinking and social skills develop. I brought these seemingly disparate interests together by studying the impacts of marketing on children and families, which was the topic of my dissertation, as well as a number of research studies since graduate school. More recently, I've begun to focus on childhood obesity and marketing's role, both as a contributing factor and a key force for good in resolving it.

Q: For several years you've been a member of the St. Joseph County Reducing Obesity Coalition. Do you think advertising is to blame for childhood obesity?

A: It's extraordinarily difficult to show a direct causal link; however, there's a lot of research that shows that exposure to food advertising impacts children's preferences. Advertisers wouldn't be spending all this money if it weren't having an impact. Certainly parents have a responsibility, too, but it's hard for them because advertising is so pervasive.

Q: Since your study on adver-gaming came out, business organizations have voluntarily adopted some reforms on marketing to kids. Have they helped?

A: There have been over a hundred product reformulations. If you look at the sugar content in cereals, for example, they've dropped substantially since the inception of the (Better Business Bureau's) initiative. Food manufacturers have changed where they are placing ads. The products parents are most concerned about aren't being targeted directly at children anymore.

Q: How can parents teach kids to be smarter consumers?

A: I am just finishing a major review and study of the impact of parents and families on childhood obesity, so it's a topic I have spent considerable time thinking about. Clearly there are many contributors to the problem. A resolution will take sustained efforts from many stakeholders, including families, schools, communities, food and beverage marketers, the public health community and the government. The good news is that there are signs of progress such as product reformulation and the voluntary industry reforms. And parents should remember that there are always teachable moments, such as when you're in the store with your child. Be aware that he or she is watching the choices you make.

giving.

Ballon
Kitchen
Bath
Linens
Address
Sugar
Place
Bowls
Salad
Spinning
Pad
Bowl
Kettle
Mats
Roast

For many couples, making a gift registry is an integral part of building a new life together.



soon-to-be-married couple. Since the entire process is conducted in public, their every decision may be scrutinized by friends and family. Bradford's research suggests that couples use gift registries to establish a new identity.

"When you're newly married, you're negotiating all these things, basics like how to eat dinner, what kind of a bed will you sleep on," Bradford says. "In a consumer society, you begin to live out a lot of these decisions in the marketplace. And this happens in a very public way, as things get put on or taken off the list."

In the course of her research, Bradford learned about the phenomenon of "registry stalkers"—people who spy on the wedding registries of total strangers. Bradford says that you can go into any department store, enter a common name like Smith into the computerized registry, and pull up the wish lists of dozens of couples.

"I think people have this strange desire to look inside people's homes," she says. "The wedding registry is just another instantiation of that curiosity we have about how people live their lives."

If you can discover what a culture values through its approach to gift giving, as Bradford believes, then what do wedding registries say about the United States? What will the anthropologist

of the future learn about us by reading our registries?

"Gift registries support the idea that we're a 'have it all now' society," Bradford says. "People used to build a life together, starting with very meager means, and accumulate things over time. Now you have everything you need to host a major holiday the day after the wedding."

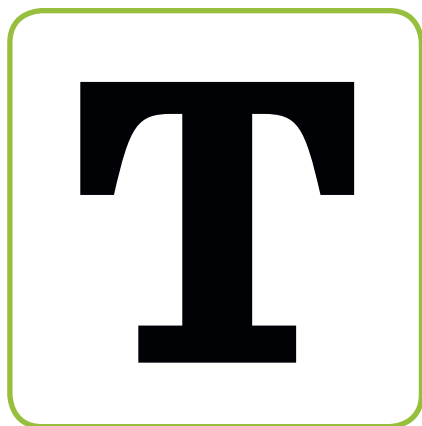
In addition to her academic training, Bradford brings a personal perspective to the project, since she was in the midst of planning her own wedding during much of her research. Because of that research, she says that it took her "forever" to set up her own registry; she couldn't help analyzing her every decision. In the end, she decided to register at Bed Bath & Beyond, where she had already conducted numerous interviews.

"I have a very special relationship with the local Bed Bath & Beyond, because between registering and interviewing other women who were registering, I spent an inordinate amount of time there," Bradford says, laughing. "I got to know the staff, the management, the customers ... now we're like friends. Even now, six years later, I go into the store and they're like 'Hey! What are you up to?'"

MUTUAL BENEFIT

Martijn Cremers' focus on the 'economically interesting questions' led him to develop a better way to gauge mutual funds

By Ed Cohen



THE IMAGE ON MARTIJN CREMERS' COMPUTER LOOKS LIKE A PSYCHEDELIC MOUNTAIN RANGE. One band of brightly colored peaks rises above another. On the horizon, the sky is a tomato red.

What appears to be a backdrop from the Beatles' animated film *Yellow Submarine* is actually a chart with a point to make about increasingly risk-averse mutual-fund managers.

The two bands at the top of the chart—the red “sky” and the tallest line of “mountains,” colored in a medium blue—represent the percentage of large-cap mutual-fund assets that are invested in funds whose holdings are 80-100 percent different from the fund's benchmark, such as the S&P 500 or Russell 1000.

The left side of the chart represents the situation 30 years ago. Back then, such adventurously managed funds held almost half of all assets. But by 2011 (the extreme right side of the chart), the situation had changed dramatically. Only about 10 percent of total mutual-fund holdings were in funds whose portfolios differed by 80 percent or more from their benchmark indices.

The story here is the creeping ascension of what Cremers, a finance professor and noted researcher whose studies have been published in top academic journals, and other experts call “closet indexing.” The term refers to mutual and other stock funds whose managers are supposed to be buying and selling stocks based purely on the profit opportunities they uncover but whose portfolios tell a different story.

Cremers and a former colleague invented the measurement plotted in the psychedelic chart. It's called Active Share, and it simply shows the percentage of a fund's weight-adjusted portfolio that differs from its benchmark index. The measure has attracted plenty of attention lately—including the cover story in the Jan. 14, 2013, *Barron's* magazine—because of what its results imply.

Investors in some managed funds aren't getting their money's worth.

Managed funds typically charge 1 to 2 percent in fees, which cover management costs, including a salary for a cracker-jack stock picker. The chief competition for managed funds is automated types of funds that track the performance of an index, such as the S&P 500. Indexed funds, which now account for about 25 percent of the mutual-fund market, typically charge much lower fees, about one-tenth to one-third of 1 percent, Cremers says. Indexed funds don't claim to be able to outsmart other traders or beat a benchmark. They simply replicate what it would be like to “own” the index.

What Cremers' Active Share research shows, however, is that 30-40 percent of total investments in mutual funds are riding along in funds that claim to be actively managed, but are doing little more than tracking their benchmark. Like a low-cost indexed fund.

“I would argue that funds that have a lower Active Share should generally be cheaper,” said Cremers, “but in many cases they aren't.”


A

CTIVE SHARE HAS COME TO BE REGARDED AS AN IMPORTANT BAROMETER IN INVESTMENT CIRCLES.

It's already been adopted by the well-known fee-based investor information service Morningstar Direct. *Barron's* reported that Lipper Analytical Services is planning on incorporating the measure in its ratings of funds, too.

As Michael Herbst, direct of active-funds research for Morningstar, told *Barron's*: "If nothing else, Active Share pulls back the kimono on managers who charge high fees for piggybacking the index."

Why are more and more fund managers apparently piggybacking? No one knows for certain. Cremers believes it's a conscious strategy.

A closet indexer will never dazzle Wall Street with eye-popping returns, but neither is a fund manager likely to be fired for consistently performing only a little above or below the benchmark. Likewise, returns that mirror a benchmark may be seen as boring, but they're unlikely to trigger a painful mass exodus of investors. A fund manager's compensation is typically based on fee income. The more money the fund has under management, the more the manager makes.

Cremers developed Active Share with colleague Antti Petajisto when they were both junior faculty in the International Center for Finance at Yale University's School of Management. Their 2009 article "How Active is Your Fund Manager: A New Measure that Predicts Performance" (*Review of Financial Studies*) has been downloaded more than 14,000 times from the online Social Science Research Network. That makes it the 70th-most-downloaded article out of more than 382,000 titles.

Petajisto has since moved on to become a vice president of active investment strategies at the global investment firm BlackRock, Inc. Cremers joined Notre Dame last summer as a full professor of finance with a concurrent appointment in the Notre Dame Law School.

In terms of his academic career, Cremers has come a long way in a short time. Since earning his Ph.D. in finance from New York University's Stern School of Business in 2002, he's published 18 journal articles with another 11 in the works.

He's also come a long way geographically. The youthful scholar grew up in the southern Netherlands village of Boxmeer, the middle of three children. It's no great surprise that he speaks perfect English. His father was a high school English teacher, his mother a nurse who worked in a nursing home. He learned

English not just from his father and school, but from watching American TV shows such as *Cheers*. In the Netherlands, English-language programs are not dubbed but subtitled, so Dutch children hear a lot of English growing up, he said.

At college in Amsterdam, he majored in econometrics, which he describes as “80 percent statistics and 20 percent economics.” Cremers met his future wife, Liesbeth, an anthropology major a year ahead of him, during his second year. The couple has since grown into a large family with five children, ages 9, 7, 5, 3 and 1. Cremers says Notre Dame’s Catholic character was a major selling point in his decision to join the faculty, along with the rare opportunity to be hired in as a full professor. At Mendoza, he teaches two MBA courses on fixed-income securities plus an undergraduate course on corporate governance and Catholic social teaching.

His study and research leading up to his doctorate and first job post-graduation at Yale focused on methodology. Then his priorities changed. “I slowly learned to think first about economically interesting questions and I put methodology second,” he says.



LOSET INDEXING WAS ONE OF THOSE ECONOMICALLY INTERESTING QUESTIONS.

The phenomenon had been talked about on Wall Street for years, but Cremers and Petajisto weren’t satisfied with results from the conventional tool of detection, tracking-error volatility.

Whereas Active Share looks at holdings, tracking error compares a fund’s returns to that of the fund’s stated benchmark.

One problem with tracking error, Cremers says, is that it relies on past data. Another is that if the entire stock market moves in a particular direction, tracking error can cast suspicion of indexing upon a genuinely active fund manager. The best closet-indexing detector is a combination of tracking error and Active Share, Cremers says.

Incidentally, in Cremers’ view, only funds with an Active Share of 80 percent or higher should be considered truly actively managed. Any fund at 60 percent or below (that does not self-identify as an indexed fund) is a closet indexer, he believes. Funds with an Active Share between 60 and 80 percent he considers moderately active.

Cremers’ pursuit of big-picture questions has led him to explore issues of corporate governance. One of his most recent papers, co-authored with Allen Ferrell, a professor of securities law at Harvard Law School, looks back at the wave of hostile takeovers and leveraged buyouts in the 1980s and the invention of the so-called poison pill. The paper is forthcoming in the *Journal of Finance*.

The “pill” is a defensive tactic devised by boards that prevents hostile-takeover bidders from negotiating share purchases directly with shareholders. They have to go through the board instead. Cremers and Ferrell compared firm-valuation effects of shareholder rights before and after the poison pill was judicially approved in 1985. They concluded that shareholder rights became more important afterward, because weakening the power of hostile takeovers made the board more central.

Cremers’ poison-pill paper followed another successful research collaboration with a Harvard Law scholar, Lucian A. Bebchuk. Like his Active Share work, this investigation required inventing a simple measure to analyze a familiar and complicated issue. In this case, it was executive compensation.

Together with Urs C. Peyer of Europe’s INSEAD graduate school of business, the scholars looked at whether it’s healthy for a company to pay its CEO a lot more than its other top executives.

In “The CEO Pay Slice” (*Journal of Financial Economics*, May 2011), the researchers looked at records from more than 2,000 companies and added up the total compensation of a company’s top five executives. They then divided the pay of the CEO alone by the total for the top five. If all five executives were paid the same—which almost never happens—each one’s “pay slice” would be 20 percent. They found that the typical CEO pay slice was 30-40 percent.

They next compared CEO pay slice to firm performance. They found that firms with a high CEO pay slice typically had lower value and lower profits. Such firms were also more likely to make large acquisitions to which the stock market reacted negatively. And they were more likely to have granted scandalous backdated stock options to executives.

The bottom line, says Cremers: “Firms seem to do better when then have a good overall top five team or a board that appreciates all five [top executives] rather than just the CEO.”

ACCOUNTANCY PROFS WIN BEST PAPER AWARD

For their research into fair-value accounting, Brad Badertscher, Jeff Burks and Peter Easton received one of the American Accounting Association’s highest distinctions: the AAA Financial Accounting and Reporting Section Best Paper Award for 2013. Their paper, “A Convenient Scapegoat: Fair Value Accounting by Commercial Banks during the Financial Crisis,” was selected from among all financial accounting

and reporting studies published in the past five years.

In “A Convenient Scapegoat,” (*The Accounting Review*, 2012, pp. 59-90), the Mendoza College researchers countered the popular notion that the practice known as fair-value accounting worsened the recent recession’s impact on banks by restricting their ability to lend money. Badertscher, Burks and Easton suggested that fair value

was being used as a scapegoat by some in the banking industry seeking to loosen some of the regulatory controls that were put in place during the past three decades.

The Best Paper Award is intended to enhance interaction among academics and practicing members, and to incentivize research topics relevant to the practicing profession and standard-setters.



TOM frecka

TEACHABLE MOMENTS, NO EXCUSES



For Tom Frecka, hard work and faith have come together in subtle ways during his 23-year career as an accountancy professor at the Mendoza College.

By Jane Porter

When the Enron scandal erupted in 2001, Tom Frecka knew he couldn't let students graduate without a fundamental understanding of what happened and a solid grounding in ethics.

After all, the scandal took down not only the energy giant, but also gave a huge black eye to a profession that had always enjoyed a stellar reputation. A profession Frecka had dedicated his life to.

So even as the lawsuits and federal legislation began dismantling and reshaping accounting standards, Frecka took on the ethical issues at the heart of the matter in his own way: He established the Accounting Lyceum—a lecture series that focused on the issues of accounting fraud and the Enron scandal, which led to a three-credit course.

In essence, Frecka took a scandal that besmirched the reputation of a profession he loved and turned it into a teachable moment for the future generations of accountants.

That sort of no-excuses philosophy is a hallmark of Frecka's teaching and leadership style. He could be tough, even gruff, favoring unvarnished truth over social niceties. "He's a straight shooter," says Fred Mittelstaedt, chair of the accounting department, who has known Frecka for 31 years, since Frecka chaired Mittelstaedt's dissertation at the University of Illinois. "You don't have to guess at where you stand with him."

But tough as he may seem from the outside, Frecka—who retired from his position as Vincent and Rose Lizzadro Professor of Accountancy at the close of the academic year—could be considered a kind of guardian when it comes to Notre Dame's accounting program and the business school. There's a purpose to that gruffness. "He is a change agent," says professor and Associate Dean Bill Nichols, who was teaching in the department when Frecka arrived in 1990. "Managing change is difficult. [Tom] has a vision and even though there are a lot of bumps in the roads in these visions, he just keeps pressing forward and pressing forward."

The accounting department Frecka retired from is markedly different from the one he came to 23 years ago. Even before he arrived at Notre Dame from the University of Illinois where he'd spent the first 13 years of his career, Frecka knew that in order to stand up against the demands of the accountancy world, Notre Dame's program needed an overhaul. "Tom was way ahead of the academic community," says Nichols. "We were teaching content built around what was in the CPA exam. Tom arrived and said, 'That's not what you should be doing.'"

He was arriving only months after the Big 8 public accounting firms released a written report that accused accounting education programs of relying too much on rule-oriented and passive learning. As a result, in 1989, a group called the Accounting Education Change Commission was formed. Preparing students to pass the CPA was not enough of a goal for accountancy programs,

according to the AECC, and when Frecka arrived at Mendoza, he had already been in the midst of preparing a joint proposal with the University of Illinois that laid out a plan to re-engineer the school's undergraduate program. Out of the many proposals submitted to the AECC, the proposal was one of 10 selected. "The problems [accountants] face are complex and they needed more of a theoretical conceptual framework to deal with them," says Frecka. The curriculum he helped put into place involved more active learning rather than using a straight lecture process.

THE MAKING OF A MASTER'S PROGRAM

A few years after the overhaul of the undergraduate program, the American Institute of CPAs passed a rule that beginning in 2000, required all accountants-in-training must have 150 hours of college education if they wanted to become CPAs. Frecka knew Notre Dame needed a master's in accountancy program to help meet the demands of the marketplace. He set about developing the program's 10 courses and in 1998, the first Master of Science in Accountancy (MSA) class was admitted.

While Frecka is most often the last one to leave the office at the end of the day, he is not the kind of academic who silos himself in the ivory tower. A year after launching the MSA program, Frecka was walking the campus with John Ferraro, then a vice chairman at Ernst & Young. The accounting firm had a problem on its hands. The stricter requirements placed on CPAs-in-training meant that there was a shortage of accountants in the industry. Frecka and Ferraro came up with a solution—a program called the Master of Science in Accountancy Program for Ernst & Young. Ernst & Young would send students to Notre Dame to earn their MSA. The program launched a year later, graduating 783 students over its 12-year run.

LOOKING INTO THE FUTURE

In recent years, the classes Frecka has developed and taught for Notre Dame haven't had much to do with accounting at all. Six years ago, he approached Carolyn Woo, dean at the time, asking if she needed help with any projects. She did. For years, Woo had wanted to develop a new future-studies course that focused on the big picture issues affecting society. Frecka knew nothing about future studies, but took on the challenge nonetheless. He read everything on the topic that he could get his hands on, picking the brains of colleagues at other universities as he worked to build the pilot course.

Today, the class, Foresight in Business and Society, which focuses on larger challenges affecting the world, from issues of poverty to health care to freshwater access, is a core undergraduate business requirement. Each year, 700 juniors take the class, which is now taught by four different instructors.

But Foresight was not Frecka's last undertaking outside



accounting. During the past three years, he has served on the University's Energy and Environmental Issues Committees and is responsible for developing two new minors in sustainability and energy. When asked by the dean to recruit someone to teach a new course called the Business of Energy, Frecka found no one who met his standards and decided to simply design and teach the class himself. "I really get excited about learning new things and focusing on new areas," he says. "There are a lot of difficulties in doing that, but it's very satisfying to develop a new course completely outside your area that's never been taught."

RESEARCH AND BEYOND

Frecka will tell you that his research took a backseat to his administrative responsibilities, yet his CV boasts of more than 50 academic papers on topics ranging from bribery and corruption to the efficacy of M.S. in Accountancy programs, to the relationship between research productivity and teaching effectiveness. His office is stuffed with books, filling four floor-to-ceiling cases, lining the top of the credenza and spilling over on to Frecka's desk. Not just books about financial reporting and valuation, his main areas of accounting expertise, but books about forensic accounting,

business foresight, the energy and power industries, accounting education, and many other topic areas. He considers them a testimony to an ever-learning, always active mind.

His work doesn't stop at the business school. Frecka has served as a member of the Academic Council, the Faculty Board on Athletics, and the Notre Dame Task Force on Community Engagement. Outside of Notre Dame, he is active in his church and has served as a Stephen Minister, giving Christ-centered support and care to people experiencing a difficulty or loss in their life.

Now slowed a bit physically by Parkinson's disease, he plans to continue teaching on a part-time basis "for as long as I'm able to contribute."

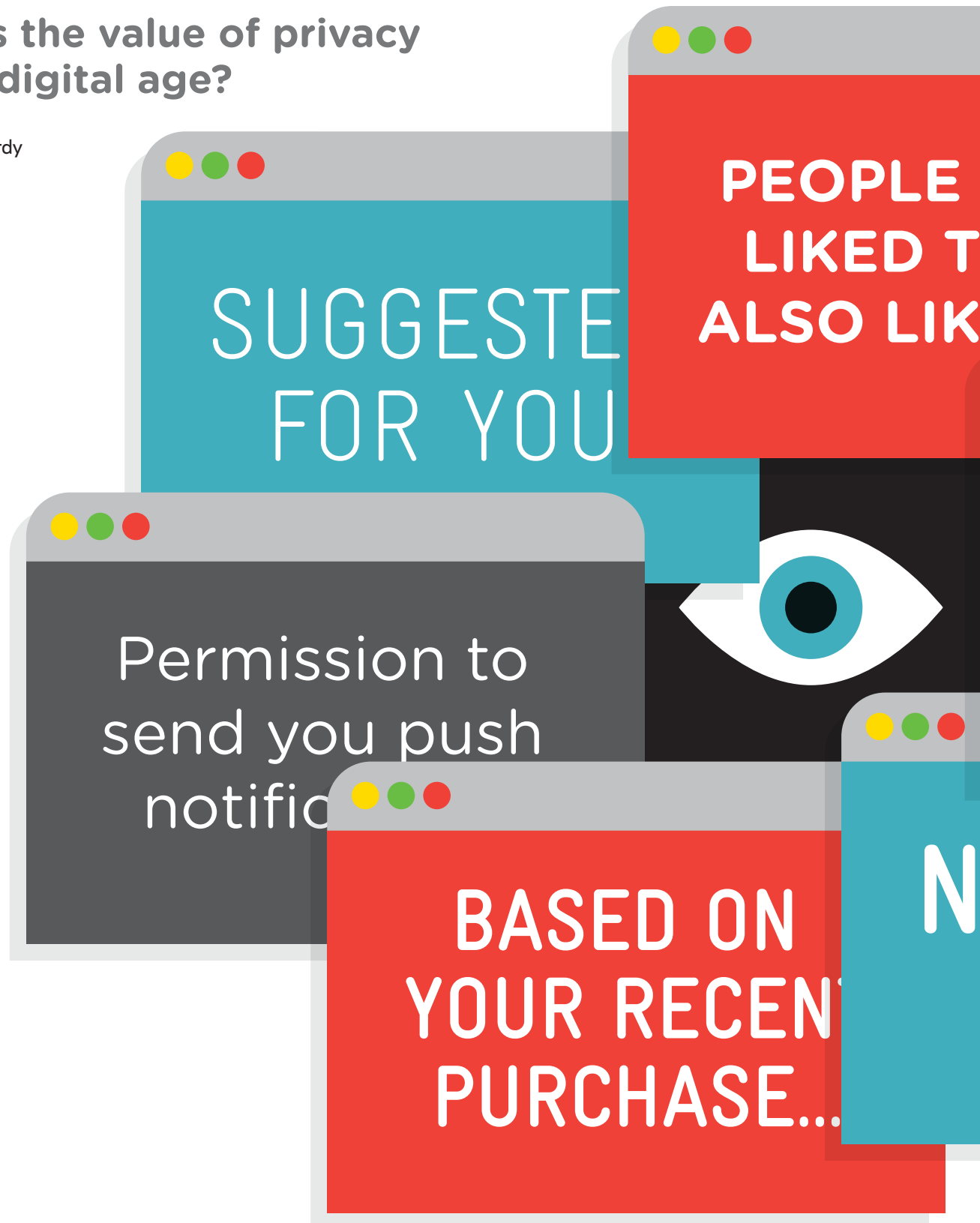
Ask him what he is most proud of in his tenure at Notre Dame and, despite the numerous curricular overhauls and developments he's spearheaded, he will tell you that it's the talent he and others have recruited to Notre Dame over the years.

"There is a wonderfully dedicated cadre of people at Notre Dame who have a strong set of values and really believe in the mission of this University. It's a great place, and it's been my honor and privilege to be a part of it."

PRIVATE 'I'

What's the value of privacy
in the digital age?

By Michael Hardy



I recently spent a few hours on the Internet learning about myself. First, I purchased my profile from a company called Intelius (slogan: “Live in the know”), which provided my age and date of birth, my former employer, the names and ages of my immediate family members, and my past six previous addresses.

Then I bought a subscription to Spokeo, which revealed my phone number, ethnicity, occupation and level of education. Spokeo was a little less accurate than Intelius, identifying me as a high school graduate rather than the holder of an M.A. degree, but most of the information was correct. Finally, I ordered a criminal background check from InstantCheckMate and was relieved to discover that I had never been arrested, had no outstanding lawsuits against me, and wasn’t a sex offender. Whew!

Companies such as Intelius and Spokeo gather that information wherever they can find it—court cases, marriage and divorce records, property deeds and sex offender registries. However, data collectors don’t have to dig as hard as they used to. Thanks to social media sites—Facebook, Twitter, LinkedIn—people increasingly are voluntarily serving up details about the most intimate aspects of their lives: their kids’ names, their pets’ names, where they live, what they like to eat, their favorite sports teams, how they feel about anything from Jimmy Fallon taking over the Tonight Show to drone warfare, and everything in-between. A veritable feast of personal information, and yes, a marketer’s dream.

Online data collection is big business ... and getting exponentially bigger. Analyst firm Wikibon predicts the total market for data sets collected through website, social media and other means of digital communication to approach \$50 billion by 2017.

Whether it’s an advertiser trying to learn your buying habits, an employer deciding whether to hire you, or somebody you just met wondering whether to date you, there’s a thriving online market in personal information.

Mendoza College students are already being educated in the ways of collecting, analyzing and mining what has come to be called Big Data. In one assignment for the Business Forecasting and Data Mining course (taught by Finance Professor Barry Keating at both the undergraduate and MBA level), students are tasked with discovering which customers of a bank are prime prospects to take out a loan. Students are given about 25 categories of information on individual customers, including types of accounts the customers have, the size of their families and the ZIP codes where they live.

Using sophisticated data-mining software, students are able to identify characteristics that people who have borrowed in the past have in common. From this, they build a computerized model that—if they did it right—is 7½ times better at predicting who will become loan customers than by just guessing, which is essentially the method of broad-based advertising. That’s going to save a lot in marketing costs.

Set against this trend, the traditional concept of privacy is fast becoming extinct. In many ways, this might be considered a “win” for business, but what’s the tradeoff for consumers and society?

THE VALUE EXCHANGE

Howard Tullman presents a view of the online world where “privacy” seems like a quaint notion. Tullman, the founder and CEO of Tribeca Flashpoint Academy in Chicago, is not only a serial entrepreneur, but something of a guru when it comes to social media. He’s worked with clients ranging from Tyra Banks to documentarian Ken Burns. His presentations, such as the one he recently delivered to the Notre Dame MBA class “Commercialization Analytics,” are revelatory—slide after slide

WHO
HAT,
E THIS

Would you like
to use your
current location?

EW FOR
YOU



COVER STORY

of statistics, charts and statements that provide vivid documentation of not only how pervasive a presence social media is in our lives, but how unaware we are of its power.

Stats like these:

Facebook now has 1 billion users—or 1 out of 6 people in the entire world population—and it can predict with greater than 80 percent accuracy which two people will change their status to dating each other.

Google users conduct 3 billion searches every day, and the search giant collects 57 different kinds of criteria on the person searching every time.

"You have no idea about how much we know about you, and it's only getting more so," says Tullman. "Personal data is the oil of the digital age. It's really what is going to drive everything."

That statement might sound like an Orwellian plotline, until you start to grasp the larger picture of how Tullman sees the evolution in social media. Where the Web once primarily was about providing information, it's now a social venue where we go to share personal information about ourselves and engage with others. Against this backdrop of information sharing, consumers increasingly are willing to volunteer personal information in return for a reward of some kind. Tullman calls this the "social value exchange."

"The estimates are that by 2020 more than 90 percent of the U.S. population will give up some portion of private information because of an incentive," he says.

As a result of this tradeoff, ads, search results and product suggestions are "hyper-personalized," says Tullman, which means they are targeted very specifically to your demographic, geographic and psychographic data. Anyone who has used a search engine to hunt for a product or service online has noticed how relevant the advertisements are that appear alongside the results. That's because advertisers pay Google and other search engines to place ads next to certain search terms like "laptop" or "college." Users of Google's email service, Gmail, are shown advertisements based on the messages they send and receive. Netflix and Amazon.com suggest products based on their past consumption patterns.

The advantage for marketers is obvious; Facebook—which recently partnered with Datalogix, a firm that records purchasing patterns of more than 100 million American households—found that 70 percent of advertisers with ads on Facebook got back three times as many dollars in purchases than they spend on ads, according to Slate.com.

But is this level of digital scrutiny and precision marketing good for consumers? Ultimately, yes, say many experts. "Smart" ads provide more useful information than the traditional carpet-bomb approach, which delivers up ads to consumers almost indiscriminately. The TV spots for feminine products, or those touting "best herbicides" in a market that's largely urban, fall into this category. Many social media marketers argue that not delivering targeted ads to consumers is a disservice. But even if hyper-personalization doesn't win you over, that scenario doesn't describe where the real benefits lie. There are revolutionary changes yet to come.

WHEN 'SEARCH' FINDS YOU

Search engines increasingly have the ability to track not just what you're searching for, but they also can recognize a multitude of factors beyond the text. This is called "contextual search" and includes such criteria as location and time. Google Now, available on Android for the last six months and just released for the iPhone/iPad platform, utilizes contextual search by accessing information in your calendar and Gmail accounts.

"You no longer have to search for content, content can search for you, which flips the world of search completely on its head," says Brian Proffitt, adjunct management professor who has authored 24 books on mobile technology and personal computing. Before computing was made mobile via smartphones, tablets and netbooks, searches were only aided by previous searches. But since mobile technology has added context to the searches, the results are more robust, which in turn increases the perceived value of the search engine.

Further, Proffitt sees the next evolution on the horizon, where contextual search strategically integrates with the "Internet of Things," a term used to describe an inter-connected



network of devices large and small, reporting data on their current state. For example, your car might sense a malfunctioning part and schedule a service appointment, or your refrigerator might let you know you're low on milk. This also means that marketers will have even more opportunity to pitch to specific needs.

"If Keurig ever made its machine to be wired to the Internet, and knew how much coffee I drank every day, they would start sending me coupons like crazy," said Proffitt, who also is morning editor and daily contributor to ReadWrite.com, a widely read and respected tech blog.

A third link to the chain of contextual search and Internet of Things is artificial intelligence or software agents. Proffitt likens these agents to personal butlers, or sort of like Siri on steroids—a software app that reviews and organizes your schedule, reminds you of what you need to take with you, checks your travel routes and adjusts as necessary, and so on.

Imagine you're a repairman with multiple service calls to make in different parts of town. "Here's what a software agent would do. You would log into your phone, and the agent would provide your schedule, offer up a map, tell you where the part you need is," says Proffitt. "On your way, the agent will autodial the contact and let him know that you are on the way, and ask if you can meet in the lobby. When you step out of your vehicle, every part you should have in your toolkit is noted, and if missing, the agent will remind you."

Proffitt sees these advancements in mobile tracking and response as having the potential to revolutionize the way we organize our lives, essentially eliminating large chunks of time lost to forgetting tools, missed appointments, waiting for someone to show up, and just being lost.

"This 'butler' is the third part that is going to glue everything together in the future. You won't have to search for anything," he says.

THE DARK SIDE

It's hard to miss the analogy to 2001's HAL in the example above. And even techies like Proffitt understand there's a certain creepiness to having your every move tracked.

A lengthy article in the *The New York Times* last year explained how companies are able to learn people's secrets in the Information Age. One example involved the Guest Market Analytics team at the retail giant Target, where the retailers' marketing strategists were able to mine data from the stores' loyalty card program and identify shoppers who, judging by the items they bought, were pregnant. The thinking was that if the store knew which women were expecting it could target them with advertising and promotions in hopes of getting them to make all their maternity purchases at Target.

The model worked well, the paper reported, possibly too well. A year after the pregnancy predictor's creation, a man walked into a Target store outside Minneapolis and demanded to see the manager. In his hand he held a store mailer addressed, by name, to his high-school-age daughter. Inside were coupons and advertisements for maternity clothing and nursery furniture. The man wanted to know why Target seemed to be encouraging his daughter to become pregnant.

The father later discovered that his unwed teenage daughter was, indeed, expecting. She hadn't told him. But Target's algorithms had their suspicions.

Online retailers surreptitiously install "cookies" on users' computers during a visit to track user behavior and make purchase recommendations. But such snooping isn't always to consumers' advantage.

Last year the travel-booking website Orbitz admitted to showing different, sometimes costlier, choices to customers detected as using the Mac operating system than it showed to Windows users. That's because it had discovered that Mac users tend to stay at more expensive hotels, *The Wall Street Journal* reported. The company told the paper it was experimenting with the system and never showed the same room to different users at different prices.

The recent unveiling of Google Glass introduces a whole new level of scrutiny of private lives, with critics openly worrying that the slick new technology will turn us into a legion of "Little Brothers." Eight members of Congress drafted a letter to Google CEO Larry Page outlining their concerns for privacy infringement.

The glasses, which aren't yet for sale to the public, connect to the Internet and allow wearers to record videos, take photos,

COVER STORY

post to social media sites, text message and innumerable other functions. One of the main concerns is whether private individuals will have any ability to control whether their image is recorded, and where it's posted.

"As soon as people stopped geeking out on Google Glass, others started raising serious concerns," said Proffitt. "Cameras on phones are ubiquitous, to be sure, but Glass raises the level of surreptitious to the Nth degree."

Proffitt said that just by wandering into the field of view, non-Glass users may find themselves unknowing and unwilling participants in the video and photo drama of Glass users' digital journals. "Even the most benign use of Glass could gather information on nearby people—citizens who may not have signed any user agreement or privacy waiver with Google," he said. "And complicating this situation is that there is no easy way for non-Glass users to opt out of being recorded, as jamming technology is unworkable and illegal in some cases."

DO NOT TRACK?

Proffitt says tracking consumer behavior isn't new; for decades, loyalty programs have made it possible for marketers to collect product sales data in the aggregate. What's new is the amount of data collected and the level of detail. And businesses are starting to see a push-back, he says.

"One of two things is going to happen. Either we as a society are going to put our foot down and say no, and there will be some legislation," says Proffitt. A "do not track" act is already being considered by Congress, but it's getting serious resistance because it would basically blow up the targeted ad industry, he added, making online ads more like the less targeted ads we see on TV.

"Or over time," Proffitt continues, "there will be a slow education process and people are going to accept this into their lives. They are going to have to recognize that if they want to use these services on the Internet, they are going to have to make some trade-offs."

It appears the public is ready to make this trade-off. At press time, even while the news was unfolding that the National Security Agency has been collecting domestic phone data for years, a Pew Research Center survey found that 56 percent of Americans said the tracking is an acceptable way for the government to investigate terrorism.

And for those who want to unplug and escape notice altogether? Not possible (short of moving to a cabin in the woods with a million dollars on hand so you can pay everything in cash), says Proffitt. The recent case of the Boston Marathon bombings, where the suspects were identified from the thousands upon thousands of images and video clips sent in by bystanders and local businesses, serves as a case in point. You don't have to be online to be tracked.

Most personal information figures to be gathered surreptitiously, "cookie" style. But Mendoza College research suggests businesses may be better off changing tactics.

Mendoza management faculty Sarv Devaraj, Daewon Sun

and Constance Porter (now of Rice University) recently conducted a survey that assessed participants' willingness to provide personal information if they trusted the firm. The study suggests that the best way for businesses to collect confidential information may be to simply ask consumers for it after they have earned the trust of consumers.

Explaining why the organization needs the information apparently wouldn't hurt either.

Corey Angst, a Mendoza associate professor of management, has studied people's attitudes toward electronic health records, which entail having all of one's health information digitized and collected into one big record accessible by all of one's doctors. In 2004, the federal government mandated the establishment of a national EHR system by 2014, but the change has been met with suspicion by some over privacy issues. In a study published in the journal *MIS Quarterly*, Angst found that even people deeply concerned about privacy felt better about electronic records when given more information, especially about security.

Devaraj says businesses should be required by law to notify consumers about how their information will be collected and what it will be used for, and that consumers should have the option to "opt out."

Hard-liners who want to safeguard their privacy online can always try to thwart the tracking devices. Some websites allow users to keep their data private, but they typically don't advertise the option, and many users remain unaware that they even have a choice. Internet browsers like Firefox and Internet Explorer allow users to reject the behavior-tracking cookies. But users who refuse to accept cookies lose access to many of the Internet's most popular sites like Google and Facebook.

Such defensive measures strike the typical younger consumer as extreme, says Carol Phillips, director of the market research firm Brand Amplitude and an adjunct instructor of marketing for Mendoza College. Phillips studies Millennials, the generation that came of age around the year 2000. She says that members of this cohort are not just comfortable with businesses—Facebook and even retailers—knowing their likes and dislikes, they've come to expect it.

"The thing about Millennials, especially Millennial women, is that they are always shopping," she says. "They'll take a break and switch over to see what's new at shopping websites. It's almost a hobby. And they expect it to be somewhat tailored to them."

As a result of such generational differences, if you ask what the value of privacy has become in the age of Big Data, one valid answer would be, "It depends on your age."

Here's another.

In his presentation to the Commercialization Analytics class, Tullman mentioned that Amazon.com's latest tablet computer, the Kindle Fire HD, comes in two versions. One displays ads personalized to the user when the device is on but the screen is locked. The other doesn't run ads on the so-called lock screen. The ad-free version costs \$15 more.

Said Tullman: "We are starting to understand much more clearly that privacy is just another thing that's for sale."

Wall Street's Digital Bloodhounds

A NEW BREED OF STOCK-MARKET RESEARCHERS IS SNIFFING IN UNFAMILIAR PLACES FOR CLUES TO COMPANY PROSPECTS



By Ed Cohen

For many years the only way to buy an Apple product was directly from Apple, at a company store or on the company's website.

Finally, in the early 2000s, after the hugely successful introduction of the iPod digital music player, Apple struck a deal with Best Buy. All Apple products would soon be available for purchase in the electronics retailer's stores.

What effect this would have on the companies' earnings, Wall Street hadn't a clue. Neither company's stock price budged when the agreement was announced.

Instead of waiting for the next quarterly reports to see sales figures, the financial services firm Morgan Stanley decided to try something new. Barry Hurewitz, a managing director and chief operating officer of the firm's research arm, told the story at the annual conference of Notre Dame's Center for Accounting Research and Education or CARE in Leesburg, Va., in early April.

Hurewitz said Morgan Stanley decided to utilize its expertise in data mining and analysis. Specialists in research built online computerized models to access public information about how well the items were selling. What Morgan Stanley had done was give its stock analysts—and ultimately Morgan Stanley clients—a new way to analyze information. The research group was able to tap into what Hurewitz called "unconventional data sources" that were in the public domain.

The use of technology to ferret out such potentially money-making information was a major focus of the CARE conference. Titled "Impact of Emerging Information Technology on Capital Markets," the event attracted 139 people, mostly academic accounting and finance researchers.

The 42 presenters included a Securities and Exchange Commissioner, the current chief economist of the SEC as well as a former one, a recent chair of the Financial Accounting Standards



Board, the editor of the top-tier *Journal of Accounting Research*, and executives from several companies hoping to profit from the ever-more-sophisticated parsing of business news and information. The dinner speakers were a pair of U.S. Army majors who described how the military learned to use images captured by drones and other data as actionable intelligence in Iraq. Videos of many of the presentations can be viewed online at bit.ly/13U6sty

Although it had been planned for nearly two years, the CARE conference happened to be held three days after a landmark ruling by the SEC on information disclosure. Last July, the CEO of the video rental and streaming service Netflix posted a message on his personal Facebook page. The post said Netflix had just streamed a billion hours of content in a month for the first time. When word got around (the page had more than 200,000 followers), shares of Netflix stock rose.

The SEC investigated whether that post violated long-standing federal rules against disclosing information to selective audiences. The commission decided that it's now acceptable for companies to disclose information using Facebook, Twitter and other social media channels as long as they inform investors ahead of time about which channels they plan to use.

As conference attendees heard, the dissemination of business information has come a long way from the days when messengers wearing synchronized watches would stand outside of newspaper offices waiting to deliver a press release. The synchronization was necessary so no outlet could be said to have gotten the information before anyone else.

Nowadays, stock trades are executed in microseconds on electronic exchanges, and media companies such as Thomson Reuters and Bloomberg don't just report business and economic news, they provide continually updated trade analytics and data visualizations.


Since 2009, the Securities and Exchange Commission has required all publicly traded companies to submit their 10-Ks and other performance reports in a machine-readable programming language called XBRL. The reports are made available 24 hours later at the SEC's free Electronic Data-Gathering, Analysis and Retrieval website, or EDGAR.

That ready access to official company information has helped spur efforts such as Morgan Stanley's to examine less traditional clues to future performance, conference presenters said. Several firms represented at the conference use algorithms to detect and aggregate the prevailing sentiment about companies. Their computers sift through not only news reports and analysts' recommendations, but tweets and other comments on social media from the general public.

Darrell Heaps, CEO and co-founder of Q4 Web Systems, a company that builds investor-relations websites and advises companies on social-media issues, mentioned that some hedge funds have taken to tracking company job postings on the business-oriented social networking site LinkedIn. More hiring suggests that management is optimistic about revenue growth.

Several Notre Dame Finance faculty have taken a magnifying glass to what one conference presenter termed "digital droppings," electronic traces of trading activity or investor intent. Finance faculty Zhi Da and Pengjie (Paul) Gao have discovered that spikes in the number of Google searches for a company that are made using its stock ticker symbol can predict an uptick in purchase of the company's stock by less-sophisticated retail investors.





Tim Loughran, the College's C.R. Smith II Professor of Finance, and Bill McDonald, Thomas A. and James J. Bruder Professor of Administrative Leadership, have conducted computer-assisted textual analyses of 10-Ks. Among their findings: Certain phrases describing aggressive accounting practices increase the likelihood of fraud charges later being filed.

A presenter at the CARE conference, Bill Mayew, an associate professor of accounting at Duke University's Fuqua School of Business, explained how he uses software to analyze the voices of CEOs during conference calls with stock analysts. He said he's found that measurable negative "affect" or emotion was followed by an immediate decline in stock price and vice versa. Another paper in press shows that CEOs with deeper-pitched voices tend to work for larger firms, have higher salaries and enjoy longer tenures.

Speaking at the CARE conference, SEC Commissioner Troy A. Paredes prefaced his remarks, as regulators routinely do, by saying they represented his own views and not necessarily those of the SEC or any of his fellow commissioners. He discussed the SEC's basic philosophy of promoting better investor decision making through disclosure, and he said he thought having more sources and more timely ways to disseminate information can help advance that goal. He stated that regulators need to be mindful of the impact technology and emerging media may have on the disclosure regime. He also stressed that people should not assume that more disclosure is always better than less, citing the potential for information overload.

Other presenters voiced concerns of their own.

Erik Gerding, an associate professor of law at the University of Colorado Law School, reminded attendees that, no matter what form future disclosures take, anti-fraud rules still apply. He recalled that when he was a young lawyer, the firm he worked for would invite in a "crusty old partner" to explain the facts of business representation to him and other newcomers.

"His message was pretty simple: Your (stock) registration statement is my Exhibit A,' so now I guess your tweet is my Exhibit B," Gerding said. "If I were still in practice, I would be very worried about my clients using most forms of social media."

Several other presenters talked about how the galaxy of new data that is being generated often creates more confusion than clarity.

"It's not about access to the information, it's about being able to interpret it," said Richard Brown, global head of the Elektron Analytics division of Thomson Reuters. Thomson Reuters is the world's largest news and information company with more than 60,000 employees, he said.

As an example of a potential hazard of having computers conduct vast amounts of text analysis, he noted that "good" usually means good to a human, and "terrible" means terrible, but "terribly good" is high praise. A machine might misinterpret that.

Whatever concerns may exist about the quality of data, the search for information that can give investors a leg up on the market figures to continue or even accelerate. Morgan Stanley's Hurewitz noted that last October's *Harvard Business Review* declared "data scientist" to be the Sexiest Job of the 21st Century.

So, a Nun, Two Priests and a Bishop Walk into a Classroom ...

... AND LEAVE WITH MASTER'S DEGREES.

By John Monczunski

Before the election of Pope Francis, a Vatican Radio interviewer asked an American priest-journalist what qualities the cardinals would be looking for as they chose the next pope. Expectations were so high, Father Thomas Reese, S.J., told the interviewer half in jest, that the papal job description could best be summed up as "Jesus with an MBA."

The reply may have been facetious, but there's a serious underlying point: Whether you're inspired by prophets or profits, business skills are valuable, even for a pope.

Church leaders have come to realize that many of the managerial, marketing and financial-management skills taught in business school can aid the mission of the church, supplementing traditional ministerial education. Evidence of that realization could be found this past semester at Mendoza College, where a bishop, two priests and a Franciscan sister were among those enrolled in the College's various graduate programs.

For Sister Petra Nielsen, OSF, enrolling in the Notre Dame MBA program was a matter of the vow of religious obedience. Earning the degree likely was the last thing on her mind five years ago when she joined the Sisters of St. Francis of Perpetual Adoration in Mishawaka, Ind.

In her pre-Franciscan life as Catherine Nielsen, she earned an undergraduate degree in political science from Purdue University, a master's in international relations from The George Washington University, and she was on her way to a Ph.D. A research fellowship brought her to Vienna, Austria, where she landed a job speech-writing and researching in English for the Japanese ambassador to the International Atomic Energy Agency.

Returning to Washington, D.C., the future Franciscan hired on as a contract worker for the State Department on nuclear issues. This was followed by a stint working for The National Security Archive, a nonprofit focused on foreign policy and security research.

Then her life took a wrenching turn. In the space of a year, both her mother and father passed away from cancer. The shattering experience rekindled a dormant faith, eventually leading her to join the Franciscan sisters, who taught her in elementary school.

The Mishawaka Franciscan community works in education and health care. So with no need for a foreign-policy analyst, she was assigned to the corporate office of Franciscan Alliance with the idea that she might eventually assume a leadership role in administration.

To that end, two years ago she was asked to enroll in Notre Dame's MBA program. Rather than a degree tailored to nonprofit or hospital administration, the congregation believed it would be best for her to receive a more comprehensive MBA, she says.

"Even for nonprofit health care, there is still very much a business side to it. You have to run it in a competitive way because you are competing with for-profits," she says.

Sister Petra, who graduated with the Notre Dame MBA Class of 2013, says she wanted to learn how to compete in an ethical way, hence the choice of Mendoza. She says she found the theme of ethics running throughout the curriculum, but was particularly impressed with a human resources course called Managing Talent taught by Joe and Jane Giovanini Professor of Management Robert Bretz.

"The approach to managing people was based on respecting them as individuals. By respecting them you create an environment in which they can flourish rather than merely using money as an incentive. Work is supposed to be uplifting, part of who you are. It's what the church teaches about work. I don't think I would have gotten that perspective anywhere but Notre Dame."



When Father Michael Callaghan, C.O., began the Master of Nonprofit Administration (MNA) program two years ago, he already had considerable experience running nonprofit organizations. A priest for 21 years, he had been the founding pastor of a parish in the archdiocese of Baltimore, overseeing the financing and construction of the first elementary school in the archdiocese since 1967. After joining the Congregation of the Oratory in Brooklyn in 2005, he assisted in contract negotiation and management at Good Shepherd Services, a charitable agency comprising more than 70 programs in New York City. For the past seven years, he has been executive director of Nazareth Housing Inc., a nonprofit that offers low-income housing, emergency family shelter and urgent-needs services to low-income families in New York City.

The priest says he enrolled in the MNA program because he realized no amount of real-world experience could substitute for solid business training.

"When it comes to administration, fund raising, all those things, the world has become much more complex. I want to make sure I have the right set of skills and credentials, not only for my work at Nazareth Housing but also for work that supports my religious congregation."

Callaghan says he considered several business schools, including Columbia University and New York University. Mendoza won out for practical and sentimental reasons.

"I was weaned on the milk of ND. My dad, Leo Callaghan, was a halfback on the 1954 championship team," he says. Callaghan

also found the time commitment of summer sessions on campus supplemented with online distance-learning courses to be more manageable than Columbia's schedule of 28 Saturdays plus week nights in the summer.

The Oratorian priest says the MNA coursework has taught him new techniques and frames of reference and has validated some practices he had learned by doing. Especially valuable, he says, was a course on human resources taught by Matt Bloom, associate professor of management.

"That particular course made me realize that I had some good intuitions regarding personnel management, but I didn't know how to frame the next steps. Professor Bloom has helped me to restructure our whole HR approach at Nazareth," he says.



"Returning to the source" has been a recurring theme in Father Eric Cruz's life. After graduating from Notre Dame in 1986 with a B.A. in American Studies, he worked for 15 years in education and as a reporter for the *South Bend Tribune*. Then, feeling called to the priesthood, the Bronx native who grew up in the shadow of Yankee Stadium returned to New York to enter the seminary.

Fast forward to 2010 and it seems preordained that the pastor of three parishes would return to his undergraduate alma mater after Timothy Cardinal Dolan, archbishop of the New York diocese, asked him to pursue a graduate business degree. The cardinal wanted him to prepare for a new assignment, as director of the Bronx region of Catholic Charities.

Father Cruz says the first time he read the Master of Nonprofit Administration program's motto—"Servant Heart. Business Mind"—he knew he had made the right school choice. Discussions on human dignity, the ethical dimensions of decisions, and subsidiarity were not uncommon in classes. Among the most uplifting and helpful courses, he says, have been Marketing Professor Patrick Murphy's class on business ethics and a course on board governance taught by Roxanne Spillett, former CEO of the Boys & Girls Clubs of America. She teaches as an executive in residence in the MNA program.

"The thing that separates Notre Dame's business school from secular schools," he says, "is its emphasis on the Church's social-justice teachings as foundation," he says.

Although the MNA usually is pursued part time and designed to take a minimum of two

years, Father Cruz blazed through the program in 14 months as a full-time student. Coincidentally, Cardinal Dolan served as Notre Dame's 2013 commencement speaker.



In May, the Most Rev. Thomas Paprocki, Bishop of Springfield, Ill., became the first member of the hierarchy to earn a graduate degree from the Mendoza College.

The Chicago native, who already holds a law degree from DePaul University and a canon law degree from Rome's Pontifical Gregorian University, says he'd been intrigued with the potential of business education even before he began taking Executive MBA program classes twice a month at Mendoza's Chicago Commons center on Michigan Avenue in 2011.

As the bishop noticed the church's structure becoming more complex, he says, he became convinced that he should formally study management theory, finance and other business disciplines. "Parishes once were like 'mom and pop' operations," he points out, "but today, the pastor is like the CEO of a small business..."

He says he has already applied lessons from his classroom experience. A donor's suggestion during an interview as part of an assignment for a marketing course taught by Professor Joe Urbany produced savings for a Springfield diocesan Catholic Charities program called St. John's Breadline. Also, he says, his classmates in Edward Frederick Sorin Society Professor of Management Ed Conlon's Design Thinking course brainstormed ways to improve the Chicago Legal Clinic, a legal service agency for poor people co-founded by Bishop Paprocki.

Bishop Paprocki says he thinks the church can learn a lot from the business world. "We talk of evangelization, but what is that but 'marketing' under another name? In matters of finance, the church may be 'not for profit,' but we still have to operate in the black."

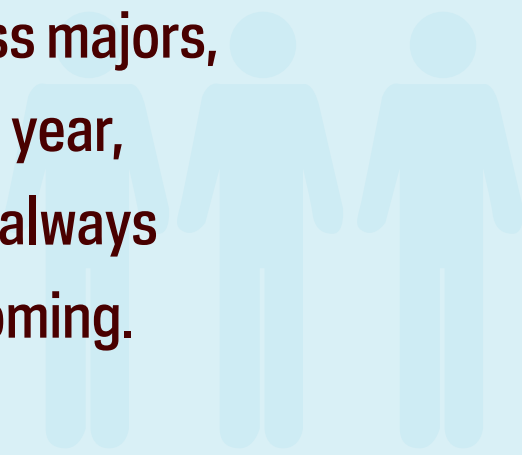
**‘[T]HE CHURCH
MAY BE ‘NOT
FOR PROFIT,’ BUT
WE STILL HAVE
TO OPERATE IN
THE BLACK.’**



Photography by Barbara Johnston



**Notre Dame's first female business majors,
who arrived 40 years ago this year,
recall an atmosphere that was always
challenging, sometimes welcoming.**



By Sally Ann Flecker

There were cameras popping out from behind the bushes to catch sight of women walking to class back when Notre Dame went coed in 1972. That was annoying enough. But Christie Gallagher Sever (ACCT '76) remembers news crews setting up their lighting stands and cameras in her dorm room. "Just go about doing what you're normally doing," they told her, "and we'll record you." So Sever and her roommates did. "What we were normally doing," she says, "well, we were playing poker, actually."

A poker game was not quite the story the news director was expecting. That footage never aired. The evening news showed another room instead where the girls were being more girly, says Sever. That was the more obvious story, of course. Women had invaded this serious male bastion, putting frilly curtains on dorm windows and Lord knows what else. The more interesting story, though, was not so much that women were there. It was the way these women were so ready to inhabit this place, to sail out into this world and take it on. "Most of the women were coming in at the top or near the top of their class," recalls Sharon Zelinski Haverstock (MARK '76). "They were going to be serious about what they were doing." It wasn't about succeeding in a man's world. It was about succeeding. Period.

And nowhere was that more clear than in the business school. That day in the dorm room wasn't the last time that Sever found herself in the spotlight as a woman in a predominately male environment. In the business school, it wasn't unusual for a class to have one, maybe two, women on the roster—especially in accounting and finance. But in many ways, it was beside the point. "You were aware of the disparity of numbers of each gender in each class," she says, "but once you got over that, your focus was on trying to learn the material and do well on the tests and the papers."

Maureen Creighton Downs (FIN '76) says the pressure to go toe to toe with the boys was incredible. "If you're the only girl in class, you can pretty much guarantee that you'll get called on every day," she says. "You might get called on by the professor who is not happy that girls are there who wants to put you on the spot. You might get called on by the professor who says, 'Gosh, I want to give a woman a chance to shine.' So you're always visible. And when you're visible, it gives you the opportunity to shine or to be an abysmal failure. You had to bring your A-game every single day. I think that was a good thing."

In her sophomore year, Downs and a male student had identical top scores on the first test of the semester. It so happened that the two had sat next to each other—not by design, but because of alphabetical seating. "It was clear there was some sense in the professor's mind that perhaps there had been some cheating," she recalls. When the next test came around, he gave them different versions of the test. Again, they tied each other for the highest score. "At that point, he was pretty

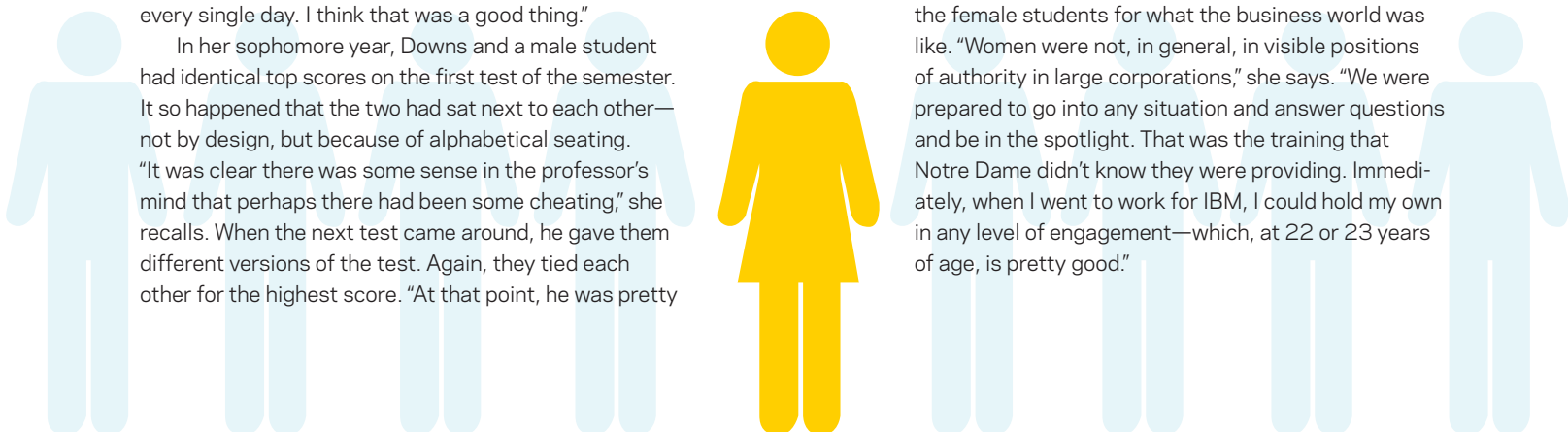
convinced that I wasn't cheating off my male counterpart," she says. "But those were the kinds of things—there were suspicions for the woman actually to be at the top of the class. I remember feeling so great after that second test because there could be no question that I could compete with anyone in the class." Indeed, Downs graduated No. 1 in the business college. She went on to get her CPA, and then her law degree. "Women needed hard credentials to prove themselves in the business world," she says. Today, she is president of Chicago-based Rosenthal Collins Group, a major player in the global futures and derivatives markets, and on the board of the National Futures Association, the watchdog organization for the U.S. futures industry.

Business was a less-than-traditional path for women in the early 1970s. Some of the women were influenced by older brothers already studying business at Notre Dame. Others had fathers who would discuss their businesses at the dinner table. Still others had fathers who counseled them to pursue a practical degree so they could be financially independent. Susan Nordstrom Lopez (MGMT '75), president of Advocate Illinois Masonic Medical Center, had strong female role models in her mother, grandmother and aunt who ran a very successful audiovisual chain in the Midwest.

Debi Dell (MGMT '76) was a pipsqueak in the early '60s when her father, John W. Dell (Law '62), attended law school at Notre Dame. Even as a kindergartener, she was hell-bent on attending Notre Dame, too. That's all there was to it, in her mind. Fortunately, the gates swung open just in time—especially since Notre Dame was the only school she applied to. "The first two years were particularly difficult," says Dell, who is currently on the Notre Dame Senior Alumni Board. "We were usually asked for the woman's viewpoint—even in accounting and statistics courses. More was expected because of the hype surrounding our initial selection." There were very few role models, she says. She can only remember having two women professors.

Dell, who also holds advanced degrees from Loyola-Chicago and the University of Miami, is program director for IBM's Project Management Center of Excellence in Boca Raton, Fla. She is responsible for its 42,000 project- and program-delivery managers worldwide. One of the benefits of being a minority

in the classroom, she believes, was that it prepared the female students for what the business world was like. "Women were not, in general, in visible positions of authority in large corporations," she says. "We were prepared to go into any situation and answer questions and be in the spotlight. That was the training that Notre Dame didn't know they were providing. Immediately, when I went to work for IBM, I could hold my own in any level of engagement—which, at 22 or 23 years of age, is pretty good."



Polling ND's first women business majors

From an email poll to which about 30 alumnae responded

Majors:

Marketing: 41%

Accounting: 22%

Finance: 22%

Management: 15%

Went on to earn a graduate degree: 33%

Did you have a business career?

Yes 85%

Did you have children?

Yes 74%

Have opportunities for women in business improved?

Yes 100%

What are the biggest issues still facing women in business? (percentage of all mentions)

Work/life balance: 45%

Inequality of pay and opportunity, glass ceiling: 20%

Male-dominant culture, good-old-boy network: 15%

Women's lack of confidence in their skills: 10%

Insufficient lending to women startups: 10%

Why did you choose to enroll at Notre Dame?

- **Kristine Moravek** ('74 MGT): "I was a transfer from Saint Mary's who was already taking the business curriculum at Notre Dame my sophomore year. Also, my father went to Notre Dame and I wanted to follow in his footsteps."
- **Margo Pellardy Kelly** ('76 FIN): "My brother was there and he was having a great experience."
- **Christine (Carroll) Lang** ('76 ACCT): "I transferred to Notre Dame as a sophomore the fall of 1973. I attended Whitman College in Walla Walla, Wash., my freshman year after growing up in Southern California. I actually followed my high school boyfriend to ND. I visited him during my freshman year spring break and interviewed with the admissions office, was accepted as a transfer student with a major in science and transferred in."

For several years before the television crews showed up in 1972, women from Saint Mary's College had been quietly taking classes at Notre Dame. Because the two schools had been planning a merger, students on both campuses had been allowed to enroll in classes at either. By the time that plan was abruptly called off, shortly before Christmas break in 1971, Saint Mary's students majoring in business were already taking all of their classes on the Notre Dame campus. Some described the news as "gut-wrenching." In order to continue as a business major, they would need to apply to transfer to Notre Dame. Misinformation abounded about whether everyone would be granted admission. "Here we are trying to take finals," says Cathy Ghiglieri (FIN '74), who was a sophomore at the time, largely considered to be the hardest year because of the block of required introductory business classes. "We are told we will have to apply to move our records. We have to apply to get into the place we already are," she remembers.

Once safely transferred, however, Ghiglieri appreciated the convenience of living in Walsh Hall and not having to travel back and forth between classes and meals several times a day.

Ghiglieri's interest in business was encouraged by her father James P. Ghiglieri Sr. (Finance '51), a bank president. When she was in high school, he gave her a \$100 to invest in the stock market. "I learned to love finance from a young age," she says. (At Notre Dame, Professor Ray Kent recognized her name. Her father had taken the same finance class from him.) Ghiglieri, who has had her own bank consulting firm for the past 14 years, started her career as a bank regulator with the U.S. Office of the Comptroller of the Currency. She went on to become the first female Texas Banking Commissioner.

"Being at Notre Dame in the first class of women was a life-changing experience," she says. "I became used to being the only woman in the group. I became used to being the only woman to do something. It definitely toughened me up for what lay ahead in the business world," she says. As a banking regulator, she was the only woman on the team—and the only woman in the room when they were discussing findings. At the Texas Department of Banking, there's a long wall with portraits of all those who have served as banking commissioner. Ghiglieri is still the only woman. (In the portrait, she is wearing a maternity dress.)



Gallagher Sever



Zelinski Haverstock



Creighton Downs



Photo of unidentified student courtesy of University of Notre Dame Archives

In the early '70s, punched cards were still being used to input data and programs into computers.

Diana Sisson Peacock (ACCT '74) married her sweetheart back home at the end of her junior year and returned to Notre Dame in the fall to complete her degree. She and her husband, who had gotten a job in South Bend, lived in an apartment off-campus. Peacock missed 10 days of class with an illness at the beginning of the semester. She finally went to the Notre Dame infirmary and was told she was pregnant. Peacock talked it over with her finance teacher, for whom she used to babysit. Should she take the semester off? The professor advised against it, worried she would never finish her degree. Peacock remembers being a little concerned that the administration wouldn't allow her to attend if they knew she was pregnant. She decided just not to mention it.

By the end of spring semester, though, her pregnancy was obvious. One of her classmates, she found out later, brought his car keys with him to class every day in case she went into labor and needed to get to the hospital quickly. The baby was due May 3, but arrived before final exams. One professor let her take her "pass grade" for the class, but her macroeconomics professor wouldn't budge, though. Peacock had no one to watch the baby, so she put the child in a carrier and showed up to take the test

along with her classmates. The professor hadn't quite expected that. He was afraid the baby might disturb the other students, she says, so he made Peacock take the test in the hallway. She passed, distractions and all.

Most of the first women agree that Notre Dame wasn't really ready for them. Ladies rooms, for instance, were notoriously hard to find. Little was available in terms of athletics. Christie Sever remembers when she selected racquetball as a rotation for gym class. "They put the three of us women together in the same racquetball court," she says, "which was fine. But they needed four per court, so they put in a guy who had broken his foot." Sever, who went on to earn her MBA and CPA, worked in management in the finance department of the Inland Steel Company in Chicago. She now owns and operates her own business.

Still, Dede Lohle Simon (MARK '74) found herself comfortable in the Notre Dame environment. "No doors were closed to us," she recalls. "I didn't try out for the football team, of course."

The door to the marching band may not have been closed shut, but Simon wasn't quite able to squeeze herself through. She had been a majorette in high school. Maybe they hadn't thought of having majorettes, she thought. So she made an



Nordstrom Lopez



Dell



Ghiglieri



Sisson Peacock



Lohle Simon

WE'RE GLAD YOU'RE HERE

appointment with the band leader. He listened quietly as she laid out her case for having majorettes join the band.

When she finished, he said politely, "No, Dolores. Not at this time. Thank you very much." Simon shrugged off the defeat, though. She had other things in the works. Her older brother was a professional broadcaster, and she decided to follow in his footsteps. "I never thought I was blazing a trail," she says. "If there was something I wanted to do, I'd just go for it."

She did well enough at WSND, the student radio station at the top of O'Shaughnessy Hall, that she was invited to be the first female to do color commentary for a Notre Dame football game broadcast to servicemen overseas. Simon started her professional life in the steel industry and directed two chambers of commerce in Illinois. Most recently, she has moved into the entrepreneurial world as general manager of the Midwest region for a German-engineered, green-building product made out of rice hulls.

Starting out in the steel industry as well was Sharon Zelinski Haverstock, who retired in January as executive vice president of Scot Forge, a custom metal forging manufacturer in Spring Grove, Ill. She had been with the firm for 32 years. When she was a senior at Notre Dame, a vice president of a metal service center had come to campus to recruit and take in a basketball game. "He said, 'Sharon, if you can get through four years of coeducation at Notre Dame, the steel industry will never bother you,'" she


remembers. "He said selling steel is like selling Kleenex. The only difference is it rusts and it sinks."

She ended up taking the job in inside sales at Castle Metals in Franklin Park, Ill., outside Chicago. "At first, it was discouraging because somebody would call, and you would answer the phone, and they'd ask to speak to one of the gentlemen," she recalls. "But you learn as much as you can and ask questions and hope you've got good mentors. Eventually what happens is you don't have time for those guys, because you're so busy with all the people who do that want to talk with you. 'You can have all the gentlemen you want. You may not be as happy, but go ahead.' Success really is the sweetest revenge."

Haverstock says that she found herself in incredible company among her incoming class of freshman women at Notre Dame. "Most of the women were coming in at the top or near the top of their class," she says. Whenever she has the chance to meet or talk with her old classmates, she says she's struck by not only how well everyone is doing, but by how happy they are with what they're doing. "Somehow I always thought, put us anyplace and we'll end up succeeding because we'll just get into it," she says. "I mean, a discount on steel doesn't do anything for me. But it's like wherever you get put, you figure out how to do it. You make yourself happy."



Photo courtesy of University of Notre Dame Archives

A man in a dark suit and tie stands smiling on a construction site. In the background, a city skyline is visible, including a prominent skyscraper with a pointed top. To the left, a construction worker in a hard hat and safety vest is working on a steel beam. The foreground shows various steel beams and construction materials.

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PAY

By Ed Cohen

Reforms set to take effect Jan. 1 give employers hard numbers to use in weighing the costs and benefits of continuing to provide health coverage. Which will you choose?

Last December, officers from Trinity Health, one of the nation's largest networks of Catholic hospitals, attended the Systems Thinking and Advanced Tactics class of Mendoza's Chicago Executive MBA Program. They were looking for help in forecasting the health-care landscape after Jan. 1, 2014. That's when all U.S. firms with 50 or more full-time employees will face a penalty if they either fail to offer their employees health insurance or offer a stingy or unaffordable plan.

The penalty is part of the so-called "shared responsibility" provisions of the Affordable Care Act of 2010, the sweeping package of federal reforms known by some as "Obamacare."

For much of the morning, Kevin Sears, executive in charge of payer relations at Trinity Health, and Al Gutierrez, president and CEO of Saint Joseph Regional Medical Center in Mishawaka, Ind., explained about the changes pending under the law, including the penalties for offering insufficient coverage. The penalties are actually far less than the cost of typical health plans, but employers run the risk of alienating and losing employees if they cut benefits.

After the presentations, the EMBA students—executives themselves—were divided into two sets of teams. Half were assigned to develop a convincing argument for continuing to offer coverage—the "play" option in the shorthand of legislators and benefits analysts. The rest were assigned to defend the "pay" option, as in drop coverage and pay the penalty instead.

When all the teams had presented, the course instructor, James Davis, adjunct professor of strategy and entrepreneurship,

asked for a show of hands: Which would you choose?

The vote was close.

The pay option won by a narrow margin. But there was plenty of sentiment to keep the benefit, which is what Trinity Health decided to do, the company executives later revealed.

Among the students who mentioned the "moral obligation" of employers to protect employees was Bishop Thomas John Paprocki of the Diocese of Springfield, Ill. But even he said the law's reforms and protections could change the paradigm. Health coverage wouldn't necessarily have to be an employer's responsibility if it could be obtained elsewhere at a reasonable cost.

Many in the room seemed to agree with Dan Miekina, property manager with The Building Group property-management firm in Chicago, who said simply, "Nobody has any clue what's going to happen."

To pay or to play, that is the question facing employers. Whether 'tis nobler or smarter to suffer the ever-rising cost of offering health insurance or drop coverage and pay the penalties.

The lawmakers and the economists who wrote the Affordable Care Act hope their brainchild will fix the dysfunctional U.S. health-care system, no matter which choice employers make.

The central idea of the plan is this: If we bring more people into the pool of premium-paying insurance subscribers, then doctors and hospitals won't have to overcharge the rest of us who have insurance. The overcharges have been necessary to make up for losses the providers incur in treating the millions of Americans who are uninsured and too poor to pay their medical bills, but not poor enough to qualify for Medicaid. Medicaid is the state-administered insurance program for the poor.

Along with penalizing larger employers who don't provide adequate or affordable coverage, the law contains an "individual mandate." Starting next year, most workers who don't get insurance through their employer or the government will have to buy coverage or face a fine. Subsidies and tax credits will be available to make buying on the individual market more affordable than it has been,

PLAY

but people are still likely to pay more than they would have if their employer continued to offer coverage.

Many people who frown on government involvement in health care hoped the Affordable Care Act would be struck down in the courts or repealed by Congress. But last summer's Supreme Court ruling upholding the constitutionality of the mandates, and last fall's elections—which maintained the status quo in Washington—mean the changes are moving ahead as scheduled.

State and federal governments already pay about half the cost of all medical care in this country, according to economist Jonathan Gruber. He helped devise the well-regarded Massachusetts reform plan—signed into law in 2006 by then-Gov. Mitt Romney—on which the federal plan is based. According to U.S. Census figures, about 1 in 3 Americans are on Medicaid or Medicare, and about 1 in 6 people are uninsured.

Below are details on some of the rules and penalties employers will face starting Jan. 1, 2014. Unless otherwise noted, the information comes from the U.S. Department of Health & Human Services' HealthCare.gov website, the Congressional Research Service, the Internal Revenue Service, the Henry J. Kaiser Family Foundation, the Society for Human Resource Management, or Nolo.com, a legal information website aimed at consumers and small businesses.

WHAT ARE THE POTENTIAL PENALTIES?

It depends on whether you offer adequate health coverage and whether any of your employees qualify for and utilize new federal assistance to purchase health insurance.

Starting next year, all large employers will have to either offer their full-time employees adequate and affordable (as defined by the law) health coverage or pay a penalty. An adequate plan would leave participants paying no more than 40 percent of the cost of covered expenses. A Health and Human Services Department study in December 2011 found that virtually all employer-sponsored plans met this standard.

To qualify as "affordable" in 2014, the plan would have to cost an employee enrolled in an individual policy (the law's yardstick) no more than 9.5 percent of the employee's annual household income.

The penalties on employers kick in not when a bureaucrat discovers an employer's plan to be inadequate or unaffordable. The fines are triggered only when at least one employee applies for and is granted subsidized coverage through the private-insurance shopping marts the law creates. These entities are called insurance "exchanges."

There are two scenarios in which an employer could incur a penalty:

- If you are a large employer that *does not offer coverage* and at least one of your full-time employees applies for and is granted a tax credit or cost-sharing subsidy to buy insurance through the exchange—and *that employee actually goes ahead and purchases a policy*—your company will be assessed an annual penalty of \$2,000 multiplied by your total number of full-time employees minus 30 (the first 30 full-time employees are considered "free"). For example, if a company has 50 full-time employees and one or more receives the credit to buy on an exchange, the employer's annual penalty in 2014 would be $(50-30) \times \$2,000$, or \$40,000. Note: The \$2,000 figure applies to 2014. The penalty will be subject to increase if insurance premiums increase.
- If you are a large employer that *does offer coverage* to at least 95 percent of full-time employees and one or more of your employees obtains discounted coverage through the exchanges because your plan failed to meet the cost or coverage tests, then you'll be subject to a penalty of \$3,000 times the number of employees getting the tax credit or cost-sharing benefit and buying through the exchange. But you would never have to pay more than \$2,000 times your total number of full-time employees minus 30 (the penalty on large employers who offer no health coverage). So, for

PAY OR PLAY

example, if an employer with 50 full-time workers had 10 who received the premium credit, the annual penalty would be \$30,000 (10 x \$3,000). If same employer had 30 employees receive the credit, the penalty, theoretically, would be \$90,000 (30 x \$3,000). But that's more than the maximum penalty for a same-size employer that *does not* offer coverage (\$40,000, above), so the annual penalty would be the lesser amount, \$40,000.

Important: Not just any employee can cruise over to the insurance exchange, buy subsidized coverage, and cause your company to incur these penalties. Higher-income employees won't be eligible for the new subsidies. Neither will Medicaid qualifiers, of course.

The subsidies will be available only to individuals whose *total household income* is no lower than the federal poverty line (the traditional ceiling for Medicaid qualification) *and* no higher than 400 percent (4X) the poverty line. In 2013, the poverty line was \$11,490 for an individual, \$23,550 for a family of four. That means one could qualify for a subsidy through the exchanges with household incomes ranging from a penny over the poverty line all the way up to \$45,960 for an individual or \$94,200 for a family of four.

In a move aimed at reducing the number of uninsured, the Affordable Care Act originally required states to expand Medicaid so that people making as much as 133 percent of the poverty line could qualify for Medicaid. In its landmark decision upholding the individual mandate last summer, the Supreme Court ruled the forced Medicaid expansion unconstitutional. However, many political and industry experts, including the executives from Trinity Health, believe that many states will adopt the new standard voluntarily because Washington has agreed to cover the additional costs for at least the next few years.

The reason this matters to employers is that the more employees there are on Medicaid, the fewer there will be who can qualify to buy subsidized plans from the exchanges and trigger a penalty on their employers. An employer cannot be penalized for offering no or inadequate coverage to an employee who qualifies for Medicaid.

In theory, an employer could analyze its payroll and offer insurance only to its employees whose incomes would allow them to buy through the exchanges and trigger the penalty, according to an analysis by the large international law firm Jones Day. But estimating every employee's total household income would be problematic.

The more meaningful calculus is this: The \$2,000 a year penalty for not offering coverage to a full-time employee is less than a third of what a typical individual plan costs an employer, according to economist Gruber, one of the architects of the health reform plan for Massachusetts. However, for-profit employers can deduct the expense of their group health plans, whereas the

penalty for not offering coverage or offering an inadequate plan is an excise tax, which is not deductible, said Mark Lam, benefits compliance manager for Assurance Agency, a large independent insurance brokerage.

TO WHOM DO THESE RULES APPLY?

The rules apply only employers with 50 or more full-time or full-time-equivalent employees.

A full-time employee is defined as someone who works at least 30 hours a week in a given month. However, an employer could find itself on the far side of the 50 full-time threshold without having 50 individuals each working 30 hours a week. That's because of how the law calculates full-time equivalency, which is as follows:

Start with the total number of hours worked by your part-time (less than 30-hour) employees in a month and divide the total by 120. If you had 15 part-time workers, each working 80 hours a month, that would total 1,200 hours (15 x 80), which divided by 120 would be counted under the law as 10 additional full-time-equivalent workers.

Note: Even though part-timers are counted in determining whether an employer is large enough to be subject to the penalties, employers are not required to offer coverage to any of their part-time (30 or fewer hours) employees, no matter how many they have. This has led some franchisees of fast-food restaurants, among other employers, to announce their intention to juggle work schedules so that none of their employees gets 30 hours a week, according to reports in *The Huffington Post* and other news outlets. That would allow them to skip offering health insurance and avoid paying any penalty.

WHAT ABOUT SMALLER EMPLOYERS?

If you're an employer with fewer than 25 workers and you pay at least 50 percent of the premium cost of your employees' health coverage, you're already eligible for a tax credit to help offset your generosity. From 2010 through 2013, the maximum credit has been 35 percent of the total cost of the premium. For tax-exempt businesses, the maximum credit has been 25 percent. As of 2014, the maximum credit will grow to 50 percent.

WHO PAYS THE 'HEAD TAX'?

Starting next year, employers will have to pay \$63 a head for everyone their plans insure—not just employees, but dependents who are covered under the plan. The tax is levied for three years and is set to decrease each year. According to *The Wall Street Journal*, the tax is designed to raise \$25 billion for a fund to offset insurance companies' costs in covering people with high medical bills. The number of such subscribers is expected to increase because, starting in 2014, insurers will no longer be allowed to deny coverage based on pre-existing conditions.

WHAT IS THE 'CADILLAC' TAX?

In an effort to curb unnecessary consumption of medical care, starting in 2018, a 40 percent excise tax will be imposed on health-care plans that cost more than \$10,200 annually for individual coverage and \$27,500 for family coverage. The tax would apply to only the amount that exceeds those limits.

SO WHAT ARE EMPLOYERS LIKELY TO DO?

The overwhelming majority appear to be taking a wait-and-see attitude.

A survey last June by the benefits consultant Mercer Inc. found that 6 percent of firms offering coverage planned to cease doing so, Bloomberg.com reported. In July 2012, the Congressional Budget Office estimated that 2.5 percent of workers who are counting on their employer to offer coverage might lose the benefit by the end of the next decade, according to Bloomberg.com. A Gallup poll found that 44.6 percent of Americans got their health insurance from an employer in 2011, a rate that has been in decline for more than a decade. The Congressional Budget Office projects that, on balance, the law's reforms will expand coverage to about half of the 58 million people who don't have insurance today.

Mark Lam, benefits compliance manager for Assurance Agency, said employers are wise to hesitate at dropping health coverage, because in addition to being a deductible expense, the plans are powerful tools for employee recruitment and retention. Coverage purchased on the exchanges will be "significantly more expensive than what employees are accustomed to when purchasing it from their employer," he predicted. The result will be employees demanding more pay to offset the lost benefit or people simply leaving for another employer that still provides coverage, he said.

Gary Rufo (BBA '73), director of human resources for Chicago-based Sunstar Americas, Inc., said his company, whose products include GUM brand oral care products, has no changes planned for 2017.

"As we have analyzed the impact of the law, aided by some very competent benefit brokers, we don't see the impact as particularly large to the company," the Mendoza alum said. The U.S. division of a Japanese firm, Sunstar Americas has about 450 employees, he said.

Ed May (BBA '78) is human resources and operations manager for a U.S. consumer foods company. The company's parent company is based in Europe, and because of that, he said, it is accustomed to employees having full coverage, albeit usually provided by the government. The U.S. operation, which has about 175 full-time employees, he said, charges workers only 5 to 11 percent of the insurance's cost, compared with 20 to 33 percent at most U.S. employers. He said the company realizes that its robust benefits package is likely to incur the 40 percent Cadillac tax in 2018, but management is looking at ways to minimize the impact.

Like all large employers, the University of Notre Dame will feel the sting of the \$63-per-head tax. The University has about 5,000 employees but, including dependents, its plans cover about 12,000 individuals, said Denise Murphy, director of benefits and wellness. The fee will amount to more than \$500,000 a year, she said. The University currently spends in excess of \$60 million annually on health care, she said.

Murphy said that like other organizations, Notre Dame's leadership decided to continue to offer coverage at the current time and will continue to monitor the impact of future changes.

NOTRE DAME'S AFFORDABLE CARE ACT COMPLICATION

For Notre Dame, complying with the Affordable Care Act has involved more than deciding whether to continue to offer employees health coverage (it will) or pay a penalty. There's a religious dimension.

At issue is how a Catholic university deals with the law's requirement that all insurance plans cover the cost of birth control, which the Catholic Church opposes.

According to a report by the Thomson Reuters news service, the Affordable Care Act exempted religious organizations including churches from the requirement,

but not *religiously affiliated* employers such as hospitals and schools. A regulation issued by the Obama administration last August requires employers to provide free birth control as a benefit of their health-care plans. The requirement would cover birth-control pills and devices, vasectomies, sterilization, contraceptives, even the so-called morning-after pill, none of which have been part of Notre Dame employee coverage in the past.

In 2012 Notre Dame joined with other religiously affiliated institutions in suing the Department of Health and Human

Services. The plaintiffs argued that the requirement violated constitutional guarantees of religious freedom. In January, a federal judge dismissed the University's suit, saying it was premature because the government has pledged to develop new rules to address the religious freedom controversy.

The government subsequently published proposed approaches to try to resolve the controversy. At press time, the public comment period on those proposals was still open, and there was no final rule.

2012

David Frea (MNA) has been invited into formal formation to become a permanent deacon in the Diocese of Columbus.

Mary Claire Sullivan (MBA, FIN '08) is the vice president of business development for Jordan Energy, a developer of solar energy solutions.



C.J. Webster (EMBA) was recently honored for being a member of the 2012 Sales Team of the Year and the MVP of the Western Region at LexisNexis. During 2012, Webster relocated from Ohio to San Francisco, was married, graduated from ND with an EMBA, and was able to lead his sales team from the bottom third of the rankings to No. 1. Webster is the Northern California sales manager for LexisNexis.

2011

Dr. Michael T. Benson (MNA) has been named president of Eastern Kentucky University. The unanimous selection of Benson, currently the president of Southern Utah University, was announced at a special meeting of the EKU Board of Regents. He will assume his new role on Aug. 1.



Ray Camosy (MNA) is the newly elected president of the University of Wisconsin-Parkside Foundation Board.



Kelley Durham (MNA) is executive director of The Auburn Valley Humane Society in Auburn, Wash.

2010

Shelley Kendrick (MNA) was promoted to vice president of operations for Ecumen, which operates a variety of senior housing options and services. Kendrick oversees senior housing and all of Ecumen's skilled nursing facilities.

Amber Maneth (MNA) has recently been named supervisor of membership and guest services at the Denver Art Museum.

Urvashi Mathur (MGT), along with her mother and sister, launched TestRocker in December 2012. TestRocker is a unique and personalized

online education platform for standardized test preparation.

2009

Eric Friedman (EMBA) was recently named president of the Notre Dame Club of Saginaw Valley.

Michael Lenahan (EMBA) was recently named president of the Notre Dame Club of Muskegon, Mich.

2006

Chris Sinclair (MBA) was recently honored by the Boston division of the FBI with the 2012 Director's Community Leadership Award for outstanding community leadership and youth advocacy. The award was presented by FBI Director Robert Swan Mueller III. Sinclair is president of The Anthem Group, Boston.

2005

Dave Brenner (MARK) recently joined Google's Chicago office as the manager for the company's top global consumer packaged goods accounts. His responsibility is to advise CMOs and global marketing teams on how to build their brands using digital.



MOVED?

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From passes to presses

Rick Mirer (MARK '93)

"When you retire at 34, you've got to do something with yourself," says former Notre Dame quarterback Rick Mirer (MARK '93), who was picked second in the 1993 draft by Seattle and played 12 seasons in the NFL before leaving football in 2004. He had a few conditions. He wanted to be at home in San Diego to drive his sons—now 14, 12 and 9—to school, as well as coach their teams. But he also wanted his kids

to see him working on something. "We're Midwest folks that are hanging out in sunny Southern California," he says, "trying to raise the boys like they're growing up in Indiana."

Back when he played professional football in the Bay Area (San Francisco and Oakland 2000-03), Mirer collected wine. "I was always drawn to the small producers, especially those who had interesting people involved," he says. "I liked to meet the owners and get to know them. It's so much more personal when you know the people and understand their story." When a wine-maker told him about two cabernet vineyards that mirrored

each other across Napa Valley and suggested a partnership, Mirer felt like the opportunity was too good to turn down. Now his days are full of running the marketing side of the endeavor. So far, so good. The Mirror Wine Company launched in 2008 and has a portfolio of three artisanal wines. Its newest cabernet was introduced last October and sold out by November.

The twist on this story lies in the way Mirer has found ways to connect his business to the philanthropic efforts of the Mirer Family Foundation. At the end of the year, for instance, he offers a limited quantity of huge, six-liter bottles of each vintage to a select group of people for \$1,500. "Don't write the check to the business," he tells them. "Write it to the foundation." Since 1996, the foundation has contributed more than \$500,000 to charities in the areas of children's health and education. Over the years, Mirer and his wife, Stephanie, have also provided scholarship assistance for more than 20 Notre Dame students. "It feels good to say we've helped 20," he says. "but I'd like to say we've helped 200."

—Sally Ann Flecker



Brother Leo Ryan, CSV (right), who served as dean of Notre Dame's College of Business from 1975-80, was recently honored by Alpha Kappa Psi, the professional business fraternity, for a lifetime of achievement and service to the fraternity. The award was presented to Brother Ryan at a Principled Business Leadership Institute at Chicago's Palmer House Hilton. Brother Ryan and Lyle Staab (MBA '79, pictured on left) reconnected at the event where they were both judging a case competition. Staab is a principal at LTStaab Consulting, Chicago.

Katie Lawler (MARK, PSYCH) was recently named to *The Daily Record's* Leading Women: Maryland's Future 2012 list of honorees. The honor was awarded to professionals, 40 and younger, for "tremendous accomplishments early in their careers." Honorees were judged on professional experience, community involvement, and a commitment to inspiring change. Lawler, who is an associate counsel for Miles & Stockbridge, in the Baltimore office, practices general civil litigation, focusing on mass torts and toxic tort defense litigation.

2003

John Carter (MBA) has put his corporate career behind him to work for Kore Foundation, a not-for-profit organization focused on developing solutions to alleviate extreme poverty in Haiti. Kore helped start 87 small businesses in Haiti during 2012. The organization has plans to start 100 new businesses in 2013.

2001

Eric Horvath (MNA) was recently named the director of public works for the City of South Bend, Ind.

2000

Steven Cieckiewicz (MBA, '95) recently joined Aon as a director of finance. He and his wife, Cynthia, also run a baking business, Uptown Soda Bread.

1999

Yuming Meng (MBA) was recently appointed by the government of China to the position of vice president of Beijing Wangfujing Department Store (BWDS) Group. The store specializes in retail of general merchandise and is known as "the first store in China."

1997



Christopher Trenta (ACCT)

The Diocese of Cleveland has announced that Fr. Christopher Trenta, ordained in 2009, will be attending the Pontifical Athenaeum Sant'Anselmo in Rome, Italy, to pursue a doctorate in liturgical/sacramental theology.

1995



Francois Delvaux de Fenffe (MBA)

created Minds&More (www.mindsand-more.biz), a firm focused on helping companies grow by building their capabilities in marketing, sales and transformation. Founded in 2010, the company has more than 30 specialists and offers more than 450 years of experience to clients. The company, which is based in Belgium, offers summer internships to students who have a passion for marketing and sales. On a personal note, de Fenffe and his son attended the ND/Navy game in Dublin and notes that they "loved it."

1994

Robert Dunklau (EMBA) recently was named VP/COO of Fresh Wave, the consumer division of OMI Industries. Dunklau has been charged with the continued long-term growth of OMI's Fresh Wave natural odor-eliminating products in both domestic and international markets. He has served on the board of directors for the Greater Chicago Food Depository since 2001, chairing the finance and audit committees. Dunklau, his wife, Tracy, and their two children reside in St. Charles, Ill.

Bill Reading (EMBA)

recently accepted a new position as managing director for the Carolinas with Newport Board Group, a national professional services firm that provides board and CEO advisory services to help emerging growth, middle-market, and private-equity clients navigate transitions, improve performance and scale their businesses.

1991

Brian Harrington (MBA) has joined Zipcar's management team as executive vice president/chief marketing officer to lead the company's global marketing efforts. Harrington will be responsible for overseeing marketing organization, including member acquisition, global brand building, social media, public relations and delivering new innovative products and services to further enhance the Zipcar member experience.



Brian Schaeffen (ACCT) has joined Vintage Capital Group, a Los Angeles-based real estate and private equity investment firm, as CFO and COO.

1989

Rob Moore (MBA) was recently promoted to senior vice president of sales for MNI Targeted Media Inc., Stamford, Conn., the leading provider of targeted marketing solutions across multiple platforms. Moore, who joined the company five years ago, previously served as vice president of sales for MNI.

1984

Muhammad Naseem (MBA) will be traveling to the U.S. this summer with plans to visit campus for Reunion.

Stephen Theobald (ACCT) recently joined Walker & Dunlop Inc. as executive VP, CFO and treasurer.

1982

Francis Tisak (MGT)

Former Captain Francis X. Tisak recently retired following a 30-year career in the U.S. Navy. His last assignment was as chief of staff for acquisition at the Defense Logistics Agency.

1980

Greg Meredith (FIN)

received the 2012 Harvey G. Foster Award from the Notre Dame Alumni Association. The award, established in 1982, recognizes Meredith's distinguished involvement in civic and University initiatives, particularly his work to support children, young adults and the disabled.

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Sports Network Cate Hefe

(MARK '12)

Cate Hefe (MARK '12) attributes her high-profile student internships (adidas, NBC Universal) to luck. And there may be something to that. There was the day she took her chocolate lab for a walk while home in Portland, Ore., for winter break. While the dog romped with a yellow lab, Hefe struck up a conversation with the owner, who turned out to be pretty high up in human resources at adidas. Hefe didn't skip a beat.

Did they have any internship opportunities?

Truth is, Hefe may have looked especially good to adidas on the strength of an earlier internship. That opportunity is tougher to chalk up to luck. During her freshman year, Hefe joined Notre Dame's Student International Business Council (SIBC) where she worked on projects for NBC Sports. She later used those contacts to land a media production internship with NBC Universal. Hefe calls SIBC one of her two best decisions at Notre Dame. (The other was to join the women's boxing team.) "I got to see the inside of a lot of boardrooms and had to be confident speaking to executives as a 19- and 20-year-old," she says. "That made me a much better interviewer, and I could tie a lot of my experiences together."

It was enough to make the NFL sit up and take notice when Hefe applied for its competitive two-year Junior Rotational Program for her first professional experience after graduation. This NFL mentoring program gives new graduates the chance to experience the corporate side of sports through placement in alternating departments for project-based assignments. So far, she's done one rotation with the marketing department and has just started the next one with the consumer products department. "Everything from jerseys all the way down to sandwich baggies with the Baltimore Ravens on them fall under our department," she says. As for glamour? "I certainly have rubbed elbows with players," she says. But her assignments are more likely to involve accompanying players to events at local schools than hobnobbing at swanky affairs. "Usually I'm wearing head-to-toe Under Armour gear," she says with a laugh. "I was at an event with Kurt Warner where we were throwing footballs and tackling kids. It's cool to be able to interact with the players on that kind of level."

—Sally Ann Flecker

Steve Odland (MARK) was recently named president and CEO of the Committee for Economic Development (CED), a nonprofit, nonpartisan business-led public policy organization.

1979

Ted Carnevale (ACCT)

Gramkow Carnevale Seifert & Co. LLC, which is Ted Carnevale's firm, has been named to the 2012 Best of the Best Firms by INSIDE Public Accounting (IPA).

Dan Rahill (ACCT) has been named partner-in-charge of Tax Services by FGMK, LLC, a Chicago-based certified public accounting and advisory firm.

1976

Robert McDonnell (MGT) The Notre Dame Alumni Association recently presented the 2012 Rev. John J. Cavanaugh, CSC, Award to Virginia Gov. Robert F. McDonnell. The Rev. John J. Cavanaugh Award is conferred on an alumnus/alumna who is performing or has performed outstanding service in the field of government, patriotism, public service, local, state or national politics. McDonnell has built a reputation for his fiscal stewardship and success in closing substantial budget shortfalls without raising taxes.

1956

Pete Fieweger (B.S., Commerce) retired at the end of 2011 after 50 years of practicing law. He and his wife, Shirley, are enjoying their children and 13 grandchildren.

Dick Fitzgerald (B.S., Commerce) and his wife, Sally, spent the winter in Manzanillo, Mexico, as they do each year. Before departing, Dick shared his thoughts on Notre Dame's 2013 football season, noting that the Miami game was more exciting than the Stanford game and that it is entertaining once again to watch the Fighting Irish.

Richard Van Mele (B.S., Commerce) recently assisted in establishing a Pregnancy Help Center in Vero Beach, Fla., and serves as chairman of the board for the facility. The center, which opened in April and is staffed with RNs, provides free professional counseling and ultrasound services, as well as long-term follow-up care to pregnant women needing assistance.



Wedding

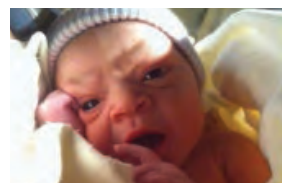
Christopher (C.J.) Webster (EMBA '12) and Tina Webster were married at the Manor House in Mason, Ohio, on March 3, 2012.

Future Domers



Jason (MNA '12) and Niki (M.A. '11) Fehr welcomed a son, Micah, on Feb. 7, 2013.

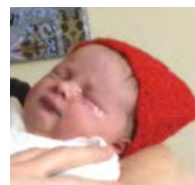
Cheron Merten (MNA '12) and Matt Merten welcomed a daughter, Marley Jean, Jan. 28, 2013.



Amy Crownover-Reed (MNA, BBA Marketing '00) and Daniel Reed welcomed a son, Everett Daniel Reed, on Jan. 3, 2013.

Anna Sanford Mlodzik (MNA '07), and her husband, Pete welcomed a daughter, Grace Edwards Mlodzik, on Dec. 2, 2012, joining big brother Teddy.

Mark Welch (MBA '04) and Holly Welch welcomed a son, Dylan, March 14, 2013, joining big sister Lilah.





In the Pilot's Seat

Meredith Siegfried (FIN '96)

Meredith Siegfried (FIN '96) had ample time to observe how her father worked with people at the Northeastern Oklahoma Research, Development and Manufacturing Company or NORDAM. Ray Siegfried ('65) rescued the Tulsa, Okla.-based aerospace manufacturing and repair company from bankruptcy in 1969, when it was just an eight-person shop. Beginning when she was young, Meredith Siegfried tagged along to the plant on Saturdays

with her dad and five siblings. She would sit in someone's office, playing on the phone and pretending to make decisions. Down on the shop floor, there was always someone working on aircraft parts who was glad to explain the work to her. Without knowing it, she was preparing for her life's work.

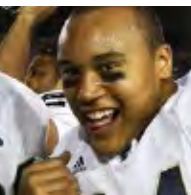
Today, NORDAM has 2,500 employees with nine facilities on three continents. In 2011, Meredith Siegfried was named CEO. Almost immediately, she and her management team put her

signature on the company by creating the Ray Siegfried Leadership Academy to formalize her late father's "Servant Leadership" style of management. "It's the upside-down pyramid." The belief among Meredith and her three brothers, who also hold leadership positions at NORDAM, is that, "We work for the people at this company, not the other way around," she says. "It's recognizing that we're the lowest people on the totem pole, and that the person who's working on the shop floor has the most importance. They're the men and women getting the parts out the door, so we need to do everything to make them successful."

Training takes place twice a year, with two full days of workshops and presentations at the perfect location—the Tulsa Air and Space Museum. Eventually, anyone at the company who manages even one other person will go through the training. "Obviously, we're a business, and we need to make sure we produce quality products and profitable products," says Siegfried. "But it's also about how we do our jobs, working with human beings." What a lesson—imprinted those many Saturdays long ago.

—Sally Ann Flecker

In Memoriam



Asaph Schwapp (FIN '09) passed away on May 8, 2013, of non-Hodgkin lymphoma. He was 26. Schwapp came to Notre Dame as part of the first recruiting class put together by Charlie Weiss and was known for his strong work ethic and physical strength.

Mirko Jurkovic (MARK '95), a member of Notre Dame's 1988 national championship team and consensus All-American lineman,

died Jan. 9, 2013. He was 42.

Jurkovic was a four-time letter winner who played defensive tackle for the '88 squad and moved to guard, where he started on teams that won the '89 Orange Bowl and '91 Sugar Bowl. He was named Notre Dame lineman of the year by the Moose Krause chapter of the National Football Foundation in 1991 and was selected by the Chicago Bears in the ninth round of the 1992 draft.

He is survived by his wife, Angie, and their three children, Mirko, Claire and Samantha.

George P. Blake (B.S. Commerce '56) passed away on Feb. 2, 2013, at the age of 79. Blake is survived by his wife, Mary, his children and grandchildren, his siblings and several nieces and nephews.

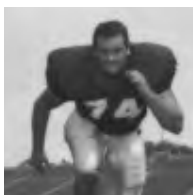
Following his graduation from Notre Dame, Blake graduated from University of Chicago Law School in 1961. He was a retired partner of Vedder Price, Chicago.



Robert Braun (B.S. Commerce '56) Robert P. Braun passed away peacefully on Jan. 15, 2013, at home in Redlands, Calif., with his wife, Joyce, by his side. He is also survived by his daughter, Kimberlee; a sister and brother.

Braun began his career at Uniroyal in Mishawaka, Ind., and transferred to the Redlands, Calif., location in 1979. Following his retirement, Braun accepted a position as plant manager for the local Carson-Brooks facility, working there for several years.

Braun enjoyed ushering at Sacred Heart Church for many years on Saturday evenings. He had a keen mind for numbers and liked a good game of poker. His greatest pleasure, however, was spending time with Joyce.



Chris J. "Jimmy" Crowley (B.S., Commerce '56), loving husband, father and grandfather passed away unexpectedly on Oct. 20, 2012, at the age of 78, he now joins his high school sweetheart and the love of his life of 54 years, MaryAnn, in the house of the Lord. Crowley was a lifelong supporter of his beloved alma mater and the Fighting Irish.

Henry B. Olbricht (B.S., Commerce '56) passed away on Oct. 25, 2012, in Solana Beach, Calif. A Mass was celebrated on the Notre Dame campus by the Holy Cross priests from Hank's ND '56 classmates.

Richard J. Savage (B.S., Commerce '30), secretary for the Notre Dame Class of 1930, died Jan. 30, 2013. Savage celebrated his 105th birthday on Jan. 7, 2013, with a small group of his 105 living blood relations, which included seven children, 35 grandchildren, 62 great-grandchildren and one great-great grandchild.



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A New Era

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Congratulations, Dean Huang!

John Cardinal O'Hara, CSC, founded Notre Dame's business school based on a simple, timeless mission: "The primary function of commerce is service to mankind." Since his arrival at Notre Dame in 2000, Roger Huang has contributed to this mission in countless ways as a scholar, educator and administrator.

The John Cardinal O'Hara Society, on behalf of its global network of members, would like to congratulate Roger Huang on his appointment as the new Martin J. Gillen Dean of the Mendoza College of Business. We look forward to supporting Dean Huang's vision for a new era of business education at Notre Dame.

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True Love

Sixth in a series of reflections by Lawrence S. Cunningham

Many years ago, I occasionally brought Holy Communion to a retired couple on Sunday mornings after Mass. They lived in one of those slapdash apartment complexes thrown up by developers to lure seniors away from the cold and snow to bask in the Florida sun. The man—in his late seventies, always cleanly dressed—was quite clearly a meticulous housekeeper. His wife, apparently the victim of a stroke, was wheelchair bound.

What struck me most about the wife is that she seemed unable to walk or talk, and didn't appear to be mentally alert, even though she was often smiling. Her hair was always well groomed and she was inevitably clothed in a flowered house dress. As far as I could tell, the husband had no outside help, so he was not only in charge of the apartment, but was the sole primary caregiver for his wife. He fed and bathed her; got her to the bathroom and into bed at night; and, one presumes, got a neighbor to look in on her as he did necessary chores out of the apartment. It wasn't clear to me that they had children or near relatives in the area.

In a casual conversation with the husband, I once said how much I admired him for the way he cared for the house and how beautifully he tended his wife. In a quiet voice, he remarked that he was sure his wife would have done the same for him were he the sick one.

"After all," he said, "I really love her."

That simple, conversational exchange has always stuck with me. I have often told the story of that couple to my students, even though it has been decades since all this happened. (I do not even remember their names.) The man's devotion was a perfect example of that kind of love where eros had turned into agape. I imagine that early in their lives, from courtship to marriage and into maturity, their love was expressed physically in a wholesome sexual fashion. Now, in their declining years, he loved and cared for her, even though she could not even utter a thank you, much less tender him a kiss. This was a love that gave profound meaning to the vow "for better and worse, in sickness and health, until death do we part."

That couple have long gone to their reward and I myself am inching toward their age. Their story is etched into my memory, even though I only knew them casually because—and this is almost a paradox—they represent a vivid example of both romance and utter self-giving. They loved each other not in some sentimental storybook fashion, but in the grit of everyday life with all of its demands, at times calling upon something close to heroism.

My students always listen respectfully to my anecdote, but find it hard to connect with the story's poignancy. Why should they? They are young, sexual juices hum in their bodies, their complex mating dances drive their impulses, their notions of love are shaped by popular culture, and their belief in and/or search for love is real. If they are even contemplating marriage in the future, it is done so in the haze of romanticism. However, nobody should fault them for being young.

Everyday Grace

Nevertheless it is important to try to teach the young about the complexity of love. I have developed a little pedagogical exercise to get to them to see how demanding love can be. It comes in the form of a thought exercise. Answer this question: For what or whom would you give up your life?

Interestingly enough, while few mention their boyfriend or girlfriend, most reply that they would give up their lives for their parents or siblings. They recognize that their own lives are connected to and derive meaning from those who first gave them life and nurturance. That kind of love is not what most of popular culture thinks it is.

In one of the most powerful passages in the New Testament, Jesus says, "This is my commandment, that you love one another as I have loved you. Greater love has no one than this, that a man lay down his life for his friends" (John 15:12-13). Jesus, of course, will put that commandment in practice very shortly, when he, in fact, gives up his life for the whole world. The deepest meaning of life is found when, in an act of complete unselfishness, a person gives all for the love of another.

One does not have to search world literature or the recorded lives of the saints to find examples of such love. I found it decades ago in the modest example of an elderly man who showed such love for a spouse. Of course, it is not the only example I have seen over my somewhat sheltered life as an academic. It shines forth in the lives of those parents who have cared for a disabled child, or those families who also quietly sustain an elderly parent. It is transparent in the lives of religious who devote themselves with eagerness to serve the poor their entire lives. Love of that sort manifests itself more modestly in every gesture of the person who resists the self in order to serve the needs of others.

Such love of the other is intimately and inextricably bound up with the love of God. In a striking passage, St. John says flatly that anyone who says he loves God but hates his neighbor "is a liar." How, John goes on to say, can you love God whom you cannot see when you cannot love a neighbor whom you can see? (1 John 4:20).

The conclusion from this is startling: If you truly and deeply love another, you experience God, who is love.

Lawrence S. Cunningham is John A. O'Brien Professor of Theology (Emeritus) at the University of Notre Dame.



The Swim Test

Mike Bohan (BBA '64)

When I was a student at Notre Dame, from 1960-64, the campus was a different place than it is today. I'm not talking about all the new buildings that have gone up. I'm talking about the atmosphere.

To ensure that students learned to manage their time well and also get plenty of rest, electricity was cut off to our dorm rooms at 11 p.m. during the week; we had to use wind-up clocks. Men—and we were all men; this was a decade before coeducation—were required to wear a coat and tie to dinner. There was nothing in the rules about a shirt, however, so some tested that rule by going shirtless or by fashioning a coat with a front and sleeves but no back.

One rule no one tried to skirt was the swimming test, which every student had to pass to graduate. This continues to be a requirement for graduation. It was administered in the Rockne Memorial by student athletes who were physical education majors and served as coaches for gym and swimming classes. On the day of my test, one of the coaches turned out to be George Sefcik, an All American halfback on the football team who later had a long career as an NFL assistant coach.

As with most of the rules instituted by the priests, no one gave any thought to the justice of having to pass a swimming test to earn a college degree. I was never a very good swimmer or athlete, having had a lot of surgeries on my legs as a kid. Still, I entered the Rock figuring I was decent enough to pass the test and was looking forward to the accomplishment.

In those days the Rock supplied swimmers with what could best be described as loose-fitting jockey shorts for swimming trunks. Thus regally attired, I entered the pool area, sidled over to the left-most lane, and waited for my group to be called to dive in, swim one length freestyle and one length backstroke.

On cue, we hit the water and I completed the freestyle portion without difficulty. Then came the order to do the backstroke.

I rolled over and began my version of the stroke. Not long into this portion of the test, I heard a coach call out, "Don't worry kid, we'll save you." My immediate thought was that someone must really be in trouble.

I opened my eyes and discovered that the coach was calling to ... me.

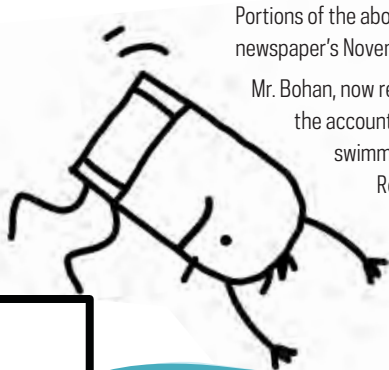
To my dismay, I had barely progressed from the point where I had begun the backstroke. The coaches took my strokes as thrashing and believed I was in distress. I saw Sefcik stripping off his sweats. The other coach was grabbing a rescue pole. I turned over, swam to the side and registered for a semester's worth of swimming lessons.

Besides knowing I had to learn to swim to graduate, the other inspiration to improve was a blind student who had also failed the swimming test. He was determined to learn how to swim and, after some initial struggles, proved to be an excellent swimmer. And an even better "blind date." The story was that guys would bring him over to Saint Mary's and it would take the gal over an hour to figure out that he was blind.

I managed to pass the swimming test at the end of that semester. Swimming really helped me get in shape and taught me the value of perseverance. Luckily, my career as a CPA never required me to save a drowning person.

Portions of the above were adapted from Mr. Bohan's letter to the editor of *The Wall Street Journal* in response to the newspaper's November 28, 2012, article "For Certain College Students, This Test Calls for a Plunge."

Mr. Bohan, now retired and living in University Heights, Ohio, a suburb of Cleveland, enjoyed a successful career in the accounting profession that included serving as managing partner for Deloitte in Romania and Moldova. The swimming test continues to be a requirement for graduation from Notre Dame. It is now administered in the Rolfs Aquatic Center. The author's children Peter ('90) and Ann (Bohan) Chase ('91) passed on their first attempt. Other successful test takers in recent years include a Muslim woman who swam clothed and wearing a head scarf.





Photography by Matt Castore (ND '94)



ou wouldn't call it a blank canvas, more like a vacant cave.

Drew Elegante (MBA '12) calls it "the opportunity of a lifetime."

Before he began his MBA program, Elegante, who has lived in Texas and Utah, says he came out and looked around South Bend. "I was really intrigued by the history. I loved the beautiful historical buildings."

Last year, while completing his degree, he and a classmate decided to enter a contest to come up with ideas for resurrecting downtown's historic State Theater, built in 1921 as a vaudeville house. Their entry finished third, but Elegante ultimately convinced the building's owner, an Israeli investor, to put him in charge of the redevelopment effort.

That required his passing on a much more lucrative job opportunity, with a boutique consulting firm in Seattle. But he thought, "When else in my lifetime will I have the opportunity to take a historic building like this and bring it back to life?"

Now, as the building's general manager and only employee, he's begun forging ties, refining plans, creating buzz and raising money to give the dilapidated facility new life. Advice and assistance have come from Mendoza faculty along with students in micro-venture and business and sustainability classes and a Notre Dame graphic design course.

One of his first efforts has been to open a store that sells home-brewing and wine-making supplies in one of the retail spaces flanking the theater's entrance. In April, the theater hosted a Circus of Art event promoting local artists. It's all part of his vision for the facility to evolve into a space usable for many different purposes. For the latest on the project, visit www.thestatesb.com.

A former software developer, Elegante says he decided during his MBA career that he wanted to focus on sustainability development. "I want to be an agent of change."

At the State Theater, he's getting the chance to raise the curtain on his ideas.

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"In one of my classes we talked about having moral imagination, which is the ability to see beyond the immediate future and know that you need to sacrifice to get to those goals."

Drew Elegante (MBA '12)

passed on an opportunity with a consulting firm after graduation for the opportunity to help bring a South Bend landmark back to life. Read about it on the preceding page.

