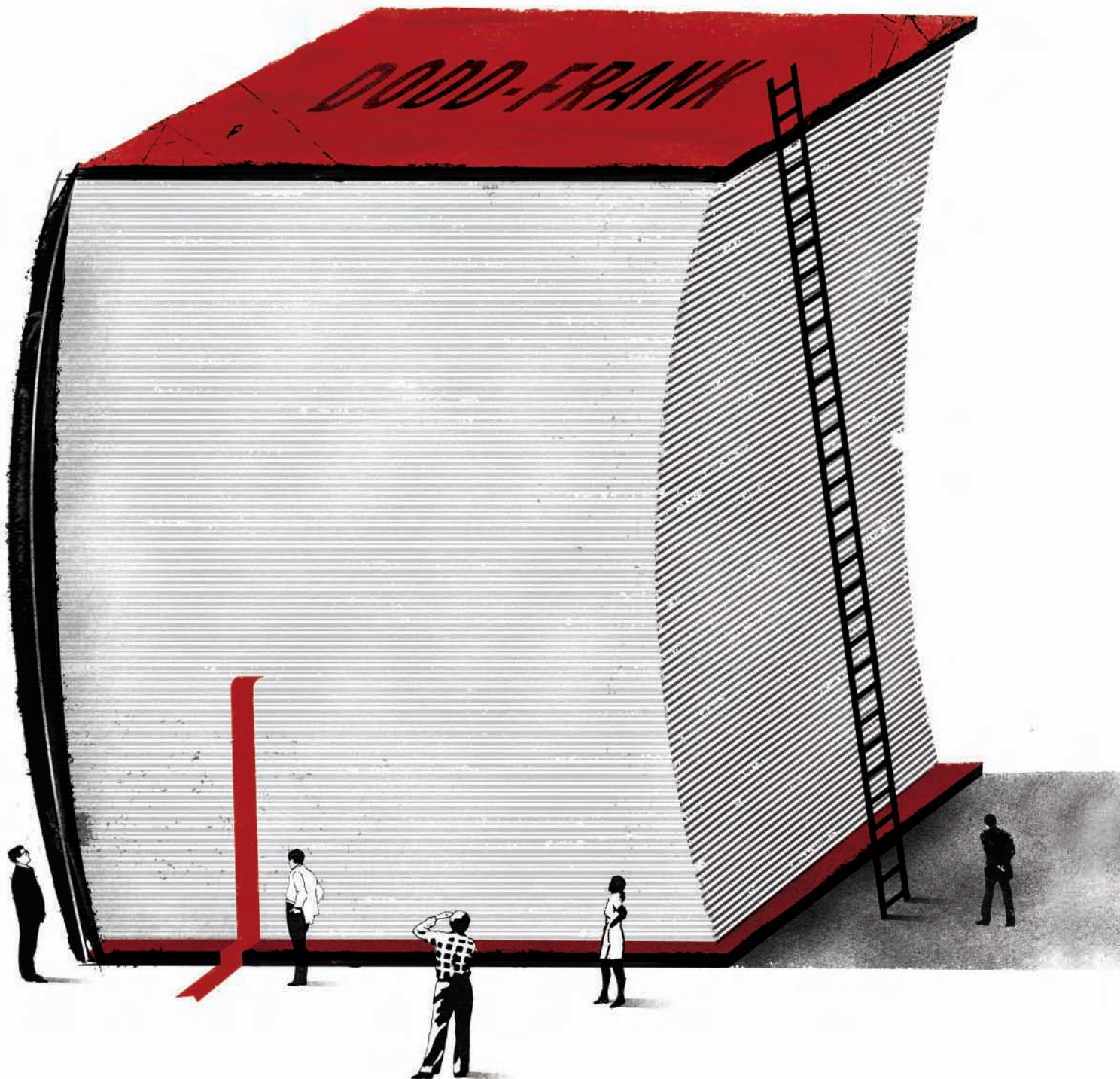


NOTRE DAME BUSINESS

MENDOZA COLLEGE
MAGAZINE
SPRING 2011

THE DEVIL,
THE DETAILS AND



CONTENTS

ON THE COVER

As Dodd-Frank, the massive overhaul of federal financial regulation, approaches its one-year anniversary, many of its rules remain to be written, and no consensus exist over whether it can fulfill its objective: Prevent another financial crisis.

(see article on page 22)

Cover illustration by The Heads of State



bility

THE BIG PICTURE

In a talk in the Jordan Auditorium in April, technology and marketing guru Guy Kawasaki advised everyone to see the Justin Bieber movie, *Never Say Never*. Read his reasoning and more advice at bizmagazine.nd.edu

Photograph by Matt Cashore ('94)

FSC Logo

Notre Dame Business magazine is printed on Sappi, Opus, a 30 percent post-consumer fiber paper.

FEATURES

17 Advertising's New Handshake

Mendoza alum Beth Doyle is helping design technologies that give advertisers and consumers the commercials they've both always wanted.

20 It's a Small, Small World

22 The Devil, the Details and Dodd-Frank

As the massive financial-industry regulatory overhaul turns one year old, its impact remains to be seen.

FRONT LINES

4 Sam Gaglio: Been Here, Done Everything

6 That'll Teach You

10 Tim Abromaitis

FOREFRONT

13 The Instrument Equations Built

FRONT ROW

14 Consumers in the Mist

16 Catholic Nonprofits, Send Your Employees Here

ALUMNI NEWS

30 Class Notes

TAKING STOCK

36 Friends Or Just Friendly?

38 Everyday Grace: A Conversation on Faith and Doubt

A Reflection by Lawrence Cunningham

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MARY KATHLEEN HAMANN

(JUNE 2, 1960 - APRIL 22, 2011)

Mary K. Hamann, 50, editor of *Notre Dame Business*, died suddenly of health-related causes on April 22 while visiting Paraguay for her daughter Kate's wedding. Following is a letter of tribute from the people who worked with her every day—her magazine team and Dean Carolyn Y. Woo.



Mary's favorite picture (circa 1984): with her first-born, Kate.

The closed door stops people in their tracks.

It's the week following Mary's very unexpected death—not enough time for it to sink in. As colleagues and visitors come into the department—some to express condolence, some just on business matters—they inevitably pull up at the sight of Mary's office door, tightly shut and locked.

Perhaps it's simply a tangible reminder of the finality of her death. But it's also unnatural, because Mary's door was never closed. She was a person who always had time—made time—for anyone in need of help with a project, or uncritical advice, or just a friendly chat. Unpretentious, devoutly Catholic, cared not a whit for trendiness but everything for what is authentic and lasting. The kind of friend you make for life, even with the most glancing of interactions.

Those of you who routinely read her "Letter from the Editor" that appeared on this page came to know her a bit through her stories about her husband, Mike, her friends, and a wide variety of interesting people she met through the Notre Dame network. A lovely writer with a simple style and a keen eye for the kind of detail that lifts words into visions, Mary's foremost gift was her open, nonjudgmental way of finding rarity in the common, appreciation for the oddball, humor in the most taxing of situations, and God's grace when people tend to each other.

As editor of *Notre Dame Business*, she crafted expressions for the Mendoza mission of excellence and faith as an integrated whole. The magazine was not to brag, but to inform, inspire and open minds and hearts. She not only wrote about our colleagues' achievements, but beamed with pride and the desire to celebrate their contributions through her words. Make no mistake, though, Mary had steel, just no edges.

She had a bit of the absent-minded professor quality—very smart but sometimes completely unmindful of life's nagging little pragmatisms, like carrying an umbrella or remembering to wear boots. But if you needed something—a meal or a ride—she walked through the rain or the snow happily, just to be of service.

There will come the day when the door will be opened, and a new name plate will appear outside. It's not a shrine. In these early days, the true tributes come in the form of the personal anecdotes that so many people have to tell about Mary. She leaves a humbling legacy of unconditional love for so many that survives and blooms and endures far beyond any shut door.

Carolyn
Ed
Lizzy
Carol
Lynn

Mary Hamann's (Final) Editor's Letter



Do you hear the loneliness?

SuHan Park, an eager, intense first-year MBA student did.

Looking out the bus window during his commute into New York City every day, he saw scores of young immigrant men standing around on the streets, hoping to be offered day-labor jobs. So one Saturday morning in winter, SuHan grabbed a \$12 container of coffee from Dunkin Donuts and went to talk to them.



As he handed over the steaming cups, he asked about their lives. When he discovered that most of the men were from Guatemala, he started singing their national anthem and showing them his Guatemalan driver's license. This earned some surprised laughs. You see, SuHan, a Korean-American, had spent his childhood in Guatemala, where his dad ran an apparel factory. He began to visit the men Saturday after Saturday.



A recent "revert" to Christianity, SuHan felt called to do more. He wanted to help these young men fill the long hours of waiting. He asked his friends to donate iPods and mp3 players. They did. He loaded the devices with free music, praise and worship songs and a Spanish audio version of the Bible.



SuHan started to wake up before 6 a.m. on workdays. He would get off the bus early and invite one of the laborers to breakfast. Over pancakes and eggs in a nearby diner, he would listen to a man's story and share his own. Often, he heard of hardship, of a wife or child far away, and grief. One man, who happened to be wearing a Notre Dame sweatshirt, told him that his daughter had been murdered the week before back home. As they finished breakfast, SuHan took out an mp3 player and handed it to him.



Last spring and summer, SuHan gave out 120 mp3 players. His ministry is very personal, he says, because Christ's love is personal. *"They touch it in their hands; some guys break down and cry,"* he recalls.

SuHan hopes to combine his tech background (bachelor's degree in management information systems from Notre Dame) and his MBA to start businesses in Central America to bring desperately needed jobs there. In the meanwhile, if he gets an internship in New York this summer, he plans to continue distributing his mp3 players one at a time.

In this uneven recovery, I am wondering who I see out my car window each day.

SuHan told me that his prayer to God every morning is, *"Please make me not lazy."*

An interesting thought.

—Mary Hamann, Editor

Been Here, Done Everything



In 20-plus years with the College of Business, Assistant Dean Sam Gaglio has mastered every skill, except how to say no.

Let it be said that Sam Gaglio, assistant dean for Undergraduate Studies, has immersed himself in his work from the beginning.

In fact, during his first week on the job at the Notre Dame business school, a huge rainfall overwhelmed the storm drains and left the basement of the old Hayes-Healy building afloat in eight inches of water. Gaglio was called to go take care of it. One of his responsibilities, it seems, was building manager. He hightailed it downstairs, took off his shoes and sloshed around, checking things out.

Stepping into the faculty support center, he looked down to see the surge protectors for the computers underwater—with their red indicators still shining “on.” He froze. Water and electricity are a suboptimal

combination—especially when you are shin-deep in the water. Then he thought, “If I was going to be electrocuted, it would have happened by now.” He located the switch, shut off the power to the building, and got maintenance over to pump out the water. Disaster averted.

That was 21 years ago, but in many ways, it’s an apt description of the role he’s always taken on at the College of Business—plunging in wherever he’s needed, solving problems, keeping things moving along. Over the years, he’s guided several graduate programs along as interim director. On committees within Mendoza and across the University, he’s helped to tackle curriculum review, undergraduate research and the university honor code, to mention a few. Gaglio even shovels a path between the College and the parking lot on snowy days. And he’s done it all without skipping a beat on his constant responsibility and primary interest—the Office of Undergraduate Advising.

Along the way, he’s transformed the very tenor of the office from a place where the students went to find out what classes they needed, to one where advisors know the students and help them develop their potential, as well as alert them to a wealth of opportunities.

“In my first two years, I heard seniors say, ‘If I would have only known, I would have done this,’” says Gaglio. He made a promise to himself that no senior would ever say that on his watch. “It’s OK if they chose not to do something, but I didn’t want them to ever feel like they didn’t know that an option was out there for them.”

Gaglio has a few golden rules that guide interactions in the office, but perhaps the one nearest to his heart is to never say no. “I have told my staff that if they ever have to give a ‘no’ answer, they can never just say, ‘No,’” he says. “They have to include, ‘No, you can’t do this, but here are two other options.’” The logic behind this is that even if you have to give a person two

less-attractive alternatives, if they get to choose, they will walk away saying, ‘I got to make a choice. I wasn’t told what to do.’”

Gaglio fully intended to retire this year. Having grandchildren, he says, has made him realize that time is not a limitless commodity. However, Dean

Carolyn Woo came to him in late April and asked him to delay his retirement by a year in light of the steep increases in enrollment at Mendoza College recently. “We very much need his expert guidance, deep knowledge of our undergraduate student body, and his wisdom,” she says.

Gaglio’s children will have to put away the lists of home repairs they were lining up for him. He and his wife, Gayle, may have to hold off on the impulse to pick up and travel wherever and whenever they please. After all, it’s not in Sam Gaglio’s nature to say no.

“I wanted to work at Notre Dame,” he says of his tenure here. “I’ve loved every minute I’ve been here.” And now he’s decided to love 525,600 minutes more—hopefully, without having to get his feet wet again.

—Sally Ann Flecker is a freelance writer, editor and writing coach based in Pittsburgh.

And he’s done it all without skipping a beat on his constant responsibility and primary interest—the Office of Undergraduate Advising.

That'll Teach You

Ellen Carnahan

Principal, Machrie Enterprises LLC, a Chicago-based venture-capital company where she serves as a director of several technology companies. She also is a senior advisor to three venture-capital and private-equity funds: WMG Capital, Ceres Venture Fund and the I2A Fund.

The CHALLENGE:

Building consensus as an army of one to remove a renegade CEO

The STORY:

In 2000, Ellen Carnahan (BBA ACCT '77) was co-manager and technology lead investor at William Blair Capital Partners in Chicago. The best venture capitalists, she explains, blend a unique set of skills: financial expertise to uncover hidden value in companies, diplomatic skills worthy of the State Department and, most of all, "the ability to trust your gut."

That year, Carnahan joined the board of one of Blair's investments, a technology company with bright prospects and great expectations for its CEO. Yet Carnahan smelled trouble at her first board meeting. "We had done our due diligence. We had just wired \$12 million to the company. But at that meeting, the CEO stood up and announced he wanted to reverse the company's strategy dramatically from what we had signed on to invest in," she explained. "There was an immediate integrity issue."

It wasn't the only one.

Within weeks, Carnahan—the only woman on the company's board—began getting calls at home from two senior female executives complaining of sexual harassment from the CEO. "Here I was the newest face in the room, and already hearing from senior management that the CEO was allocating resources in ways we hadn't planned. And now, on top of that, I have to bring a sexual-harassment claim to my peers."

To say the least, Carnahan had to move very carefully. Initially, she was operating alone in a two-front war against the CEO. It was a long battle to get the entire board behind her—nearly two years from her first meeting to the day the CEO left. Carnahan was prepared for this. "Alliances can be a little different in venture capital, and that's because you have investors on the board with different timing issues. You really have to build a consensus."

Notably, one of her earliest supporters was a major California venture capitalist who helped recruit the CEO in 1998. But several local board members still wouldn't budge. Carnahan would have to spend more than a year trying to convince the loyalists to approve the addition of two new outside directors to apply fresh eyes to the situation. "We were careful to recruit respected, local people—people the loyalists knew. But the new board members came back to us quickly and said, 'Oh my God, you have a real problem with this guy.' In the end, it really took a third party ... and a lot of time."

The LESSON:

Carnahan says the situation was an object lesson in patience. **"It reinforced the importance of trusting your gut and working through the collective group, even when you're facing a lot of resistance."**

—Lisa Holton is a writer and producer based in Evanston, Ill.

Deloitte. GIFT FUNDS NEW CENTER FOR ETHICAL LEADERSHIP

Most of the contemporary research regarding ethical leadership takes a macro-focus on the organization itself and how its operations impact society. There is far less scholarship that zeroes in on the individual within a company, considering questions such as how character affects decision making and, in turn, how that translates into ethical leadership.

Thanks to a major gift from Deloitte—a leading professional services organization with more than 50,000 professionals in the United States—a new academic center at the Mendoza College of Business will take up the study of the role and impact of individual ethics in business leadership.

The goal of the Notre Dame Deloitte Center for Ethical Leadership will be to develop research on character ethics that has

practical application in the broader business community.

The Center will host conferences and workshops, and develop a network of professionals and scholars interested in the study of ethical leadership.

Barry Salzberg, chief executive officer, Deloitte LLP, noted Notre Dame's long-standing reputation and eminence in the area of character ethics and its alignment with Deloitte's deep-rooted commitment to ethics and integrity as a key factor in the decision to collaborate with Notre Dame on this venture.

The Deloitte Center complements the College's mission to Ask More of Business™ through individual integrity, effective organizational systems and corporate conduct that enhances society's well-being.

COMPANIES DESCRIBE 'COMPACT' ACHIEVEMENTS

Coca-Cola is giving Haitian farmers advice on how to grow mangos for Coke's Odwalla-brand Mango Tango smoothies.

Alcoa is bringing drinkable water, hospitals and schools to an Amazon rainforest community, where the company plans to mine bauxite (aluminum ore) for 80 years.

These are two examples of how signatories of the United Nations Global Compact are doing good while doing well financially. They talked about their successes at a major conference held in March at the Mendoza College of Business.

The UN Millennium Development Goals: The Global Compact and The Common Good Conference brought together scholars, government officials, company executives and UN representatives to discuss practical and conceptual issues involved in world poverty. More than a dozen Notre Dame faculty participated, including Dean Carolyn Woo.

Conference organizer Rev. Oliver Williams, C.S.C., director of Notre Dame's Center for Ethics and Religious Values in Business, said the main purpose of the event was to help people understand that business can serve the common good in two ways: by bringing wages, goods and services to communities; and by "helping the many who are not even in the market because they lack the skills and the resources to acquire them."

At the conference, representatives of several well-known companies, including Microsoft, Nestlé, Novartis, KPMG, Merck, Deloitte & Touche and Levi Strauss, described their firms' initiatives in connection with the UN Global Compact. The document's 10 principles promote human rights and labor rights, enhance care

for the environment and encourage anti-corruption measures.

A representative of the global aluminum company Alcoa described the company's development efforts in relation to a bauxite mine it opened two years ago in the Amazon rainforest. The area is home to about 47,000 people who survive on an average of \$23 a month, he said.

To spur economic development, Alcoa formed a community council, then seeded a microdevelopment fund; built schools, a hospital and a government office; dug deepwater wells and sponsored business-training programs. The representative said Alcoa wants to turn the facility over to capable local citizens as quickly as possible.

A Coca-Cola Company representative described his company's efforts in line with the Compact. Project Haiti Hope aims to teach Haitian mango-growers better production methods so they can sell to Coke brands, such as Odwalla fruit drinks. Coca-Cola is one of the world's largest buyers of fruit for ingredients in its beverages.

The Notre Dame conference was convened by the UN Global Compact Office, the Mendoza College Center for Ethics and Religious Values in Business and the UN Principles for Responsible Management Education (PRME). It was presented in conjunction with the Notre Dame Forum on the Global Marketplace and the Common Good, a yearlong series of activities intended to examine the role of ethics, morals and values in the rebuilding and reshaping of the global economy.



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Strategic Retool

It used to be that only top executives made strategic decisions about the company's operations. Now that's no longer the case, given the increasing impact and complexity of global business. On a daily basis, leadership at all levels must be able to design and implement resilient, strategic plans that take into account the dynamics of today's climate.

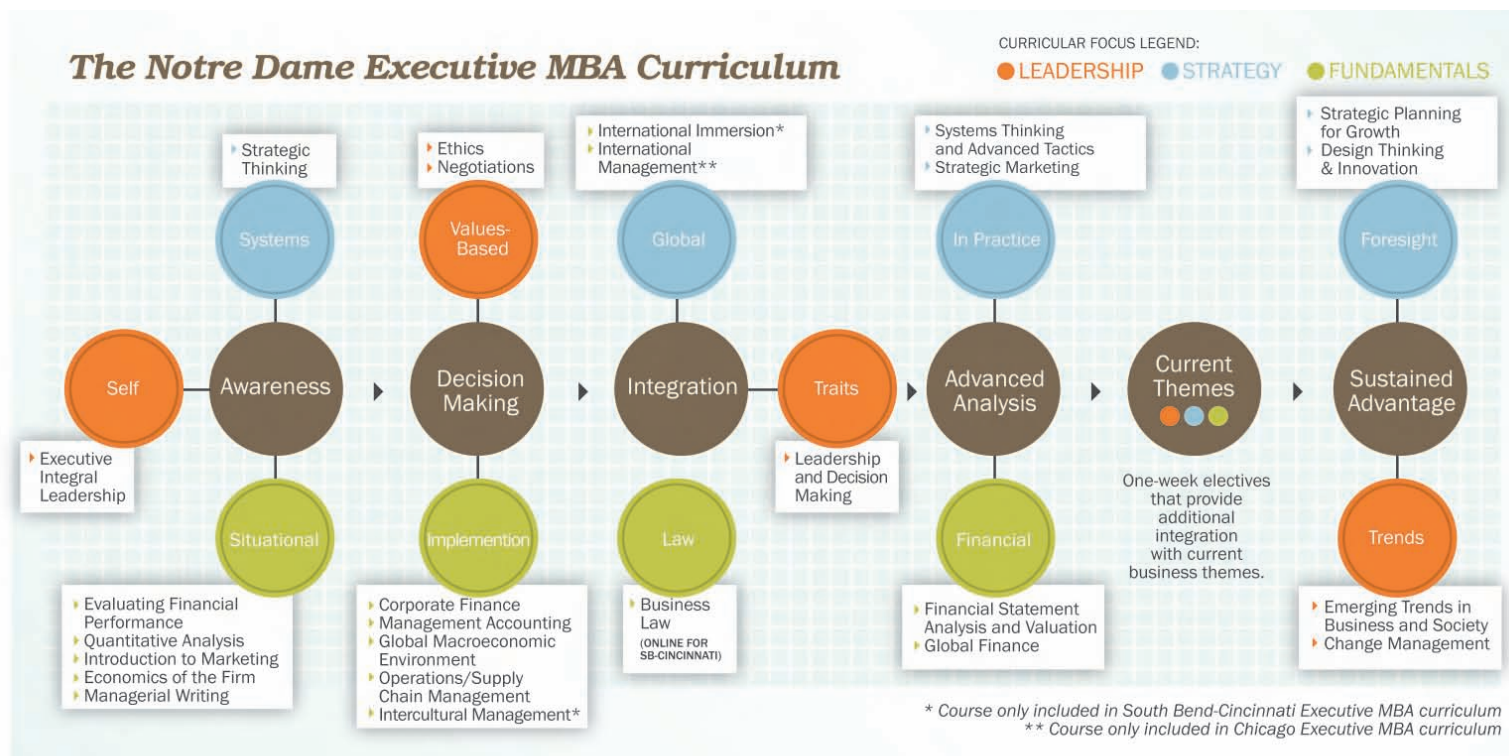
In response to this changing emphasis, the Notre Dame Executive MBA has revamped its curriculum to emphasize strategic thinking, business fundamentals and leadership. The new curriculum will take effect in August 2011 for the incoming South Bend class of 2013 and the Notre Dame Chicago EMBA program that begins in January 2012.

The program maintains its strong focus on values-based leadership, beginning with its signature program, Executive Integral Leadership (EIL), and continuing with courses in business ethics and emerging global trends. The redesign also considerably enhances the number of courses devoted to business strategy and the skills needed to make critical decisions that set the path of the company's future.

"Given the complexities and fluidity of the global business climate, effective business leaders must do more than consume information," said Paul C. Velasco, director of Notre Dame Executive Education Degree Programs. "It's vitally important that they understand how to interpret and use information to make critical business choices in an uncertain environment."

The changes include the addition of the Strategic Thinking course in the first year, the "structural steel" of the program's foundation. In the second year, the Systems Thinking and Advanced Tactics course evolves students' understanding of business problems in terms of system dynamics. Additional new courses include Design Thinking and Innovation, Change Management and Strategic Planning for Growth.

Students in the South Bend program will have a hands-on opportunity to gain international business experience through a one-week International Immersion, where they choose from a slate of 10 to 15 business projects. They also can customize their experience through Electives Week, an intensive one-week program offering sessions devoted to current business topics.



The Notre Dame EMBA Curriculum Map illustrates the progression of the coursework through six major topic areas vital for the development of values-based, strategic-thinking business leadership.

Within this framework, the courses relate to three focal areas: **Leadership**, based on an in-depth understanding of personal values and what it takes to drive change; **Strategy**, designing resilient plans for taking a company forward in a dynamic, global marketplace; and **Fundamentals**, the foundational business skills and knowledge.

MBA Social Focus

Courses that integrate social, ethical or environmental issues:

- 20 core courses
- 143 electives

Undergraduate Program

Ranked No. 1 in the 2011 Bloomberg Businessweek ranking of the nation's top college business programs

- No. 1 in student satisfaction
- No. 3 in recruiter satisfaction
- A+ in teaching quality, facilities and services, and job placement

Faculty Research

- > 135 articles published in peer-reviewed journals (Jan. 2009 – Dec. 2010)

Gigot Center

- Among top 16 elite graduate programs recommended by *Entrepreneur* magazine for "Green Business" Education
- No. 8 in undergraduate entrepreneurial programs as ranked by *The Princeton Review*

By The Numbers

Sam Gaglio's Office Activity

- 6,000 student appointments
- 308 students participated in International Study Program
- 140 students in the Class of 2010 earned the International Business Certificate

**read the related story on page 4*

2010-11 McCloskey Business Plan Competition

- 113 entries
- 86 teams continued on to round 2
- 12 finalists
- 151 judges and mentors
- > \$100,000 in cash and in-kind prizes

2010-11 Foresight in Business & Society Course

- 118 team projects & reports
- 22 team mentors
- 8 organizations providing support

Tim Abromaitis*

- 21 MBA classes
- 38 MBA credits
- 50-plus MBA group projects
- 75-plus MBA team meetings
- 1,162 minutes played
- 45.6% field goals made
- 42.9% 3-point shots made
- 78.4 % free throws made

**read article on page 10*

TIM ABROMAITIS:

Master of the three-pointer, and Business Administration

March didn't make Tim Abromaitis go mad. He's not the type to get too stressed out anyway, and by the time basketball and business-school tests coincided this spring, he had everything under control. "This has taken it to another level," he says of combining a post-graduate academic schedule with test after Big East test, "but it's kind of my personality to not really be stressing out over assignments or overthink things too much."

Last summer tested his relaxed tendencies. That's when Abromaitis began the Mendoza College of Business accelerated one-year MBA program with a nine-classes-in-10-weeks sprint, squeezing in rigorous offseason basketball workouts at the same time. He'd be in the gym by 6:30 every morning for two hours, then head to class from 9 a.m. to 4 p.m., and often return for more basketball afterward. "It was overwhelming at times," he says.

His coach, Mike Brey, worried that the strain was too much, asking Abromaitis if he needed to scale back his ambitious schedule. But he never wavered under the weight, aware that the summer blur would be worth it. It was a microcosm of the pattern Abromaitis followed throughout his college career—taking an academic fast-track that propelled him ahead of his time, while waiting and working to maximize his athletic potential.

Abromaitis, who turned 21 in September, was about a year younger than all his fellow senior teammates, but the only one who had completed his undergraduate degree. He didn't just finish his finance requirements in three years; his 3.8 grade-point average made him the 2010 Big East Scholar-Athlete of the Year, a feat he repeated in March, becoming only the third men's basketball player ever to win the award in back-to-back seasons.

In both those seasons, Abromaitis was also one of Notre Dame's best players, a prolific three-point shooter who earned honorable mention all-Big East status in 2010. He moved up to the third-team as a senior and plans to be back on the court next year. He sat out his sophomore season in 2008–09 at Brey's suggestion because of a glut of older players who would have squeezed him out of the regular rotation, preserving a fifth year of athletic eligibility.

Rather than adding to his stress level, basketball has always felt like a diversion, especially as the Irish ascended into the top five last season and he settled into an MBA routine. During the first part of the spring semester, which fell during the height of the basketball season, Abromaitis had three classes—Sustainability in Business, Financing the Corporation, and Intercultural Communications. Compared to the papers and projects those courses required, he says, basketball felt like a relative breeze: "I think of basketball as just going out and having fun—especially with the way we play as a team, you don't have to think too much. We keep it simple. You can just go out and let loose and play."

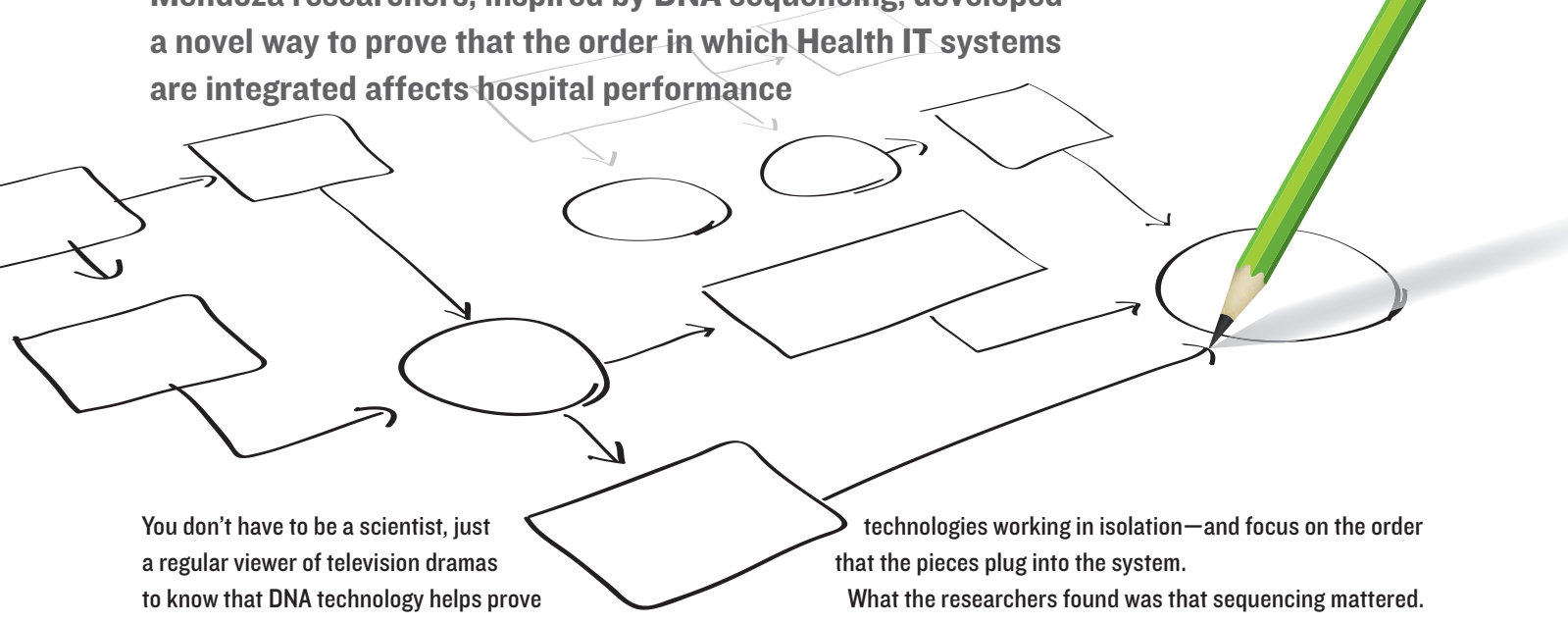
Though young in age for both his academic and athletic status, Abromaitis has a distinguished air around the locker room—but not so distinguished that his teammates don't tease him about it. Early in the season, after a public-address announcer at a road game introduced Abromaitis as a "graduate student," freshman Eric Atkins turned to him and said, "That makes you sound so old."

At 21, "old" is a relative term, but Atkins was on to something: Abromaitis had been around long enough to learn how to balance books and basketball with maturity beyond his years.

—Jason Kelly is an associate editor at the *University of Chicago Magazine*.

The DNA of Health IT

Mendoza researchers, inspired by DNA sequencing, developed a novel way to prove that the order in which Health IT systems are integrated affects hospital performance



You don't have to be a scientist, just a regular viewer of television dramas to know that DNA technology helps prove parenthood, predict diseases and point the finger at bad guys. But it can also inspire researchers in fields only tangentially related to medical science, even though the findings take place in a hospital setting.

Notre Dame Management professors Corey Angst, Sarv Devaraj and Carolyn Queenan, along with Ph.D. candidate Brad Greenwood of the University of Maryland, College Park, took a new tack to studying how hospitals integrate information technology by applying DNA sequencing principles. Specifically, they looked at the cardiac units of 555 hospitals nationwide and examined whether bringing cardiology information technology online in a particular order impacted patient care or cost.

"There is a natural order to most events in life," says Angst. "Everything follows some predetermined, structured methodology that has been refined to yield improved results."

Health IT, or HIT, is "the application of information processing involving both computer hardware and software that deals with the storage, retrieval, sharing, and use of health care information, data, and knowledge for communication and decision making" (Brailer & Thompson, 2004). Patients can readily see evidence of the IT system from the moment they check in and all their records are accessible with a click of a mouse. In a cardiac unit, this would include the equipment that not only accesses your medical record, but also captures images such as ultrasounds, X-rays and CT scans, and stores them for retrieval by others.

A hospital has to decide when and how to integrate its medical technologies—whether they are the latest and greatest HIT components or existing ones that are currently stand-alone

technologies working in isolation—and focus on the order that the pieces plug into the system.

What the researchers found was that sequencing mattered. Fully integrated information systems where each medical technology worked seamlessly with the others helped hospitals save money and make decisions related to patient care more quickly. In addition they found that some integration sequences delivered those benefits more rapidly than others.

"One of our findings was that when the hospitals implemented the more complex technology first, they actually outperformed other sequences," said Devaraj. "It formed what we would call a foundational technology—a kind of building block. And the hospitals that were able to do that first were able to set the foundation straight. The actions that they did after that really meshed together well and the hospital got better performance."

Further, the research team also was able to derive a way to measure how far off a hospital's configuration might be from an optimal sequence. The further the unit was off the mark, the poorer its performance was in terms of information integration.

"Historically, it has been easy to identify the hospitals with the best clusters," said Devaraj. "But for those with worse performance, there hasn't been a way to measure how far they are from the top performers. Using the DNA sequencing model, we were able to measure the distance, so that was another contribution our research made to the health IT field."

The study, "Performance Effects Related to the Sequence of Integration of Healthcare Technologies" is forthcoming in the publication *Production and Operations Management* (Special Issue on Healthcare Operations Management).

—Robert S. Benchley is a business writer based in Florida.

To Restate or Not Restate

“Confirmation bias” refers to a psychological tendency to search out information that confirms a belief, rather than evidence that belies it. It’s a common behavior for individuals, applying to a range of cognitive behaviors from something as simple as picking out the same style of clothing over and over, to defending political beliefs.

Prior research shows that companies experience their own confirmation bias, particularly when facing the difficult decision to issue a restatement. But David N. Ricchiute, Deloitte Professor of Accountancy, discovered in his research that this bias doesn’t always rule. Further, the type of information available to an audit team may influence the restatement decision they recommend.

Restatements occur when an error comes to light after a publicly traded company has issued its audited financial statements. The statements are routinely accompanied by an independent auditor’s “unqualified” opinion, which means the financial statements comply with accountancy rules.

So a restatement amounts to a second-guessing of the auditor’s opinion.

In the event of a potential restatement, two independent investigative teams review the evidence supporting the original opinion. One team represents the board of directors; the other team is sent in by the auditors who issued the opinion. Existing accountancy research would predict that professional auditors would look for confirming evidence. “We have a rich literature that tells us that when auditors are being second-guessed, they search for evidence that is consistent, that confirms their prior opinion. They want to make their case stronger,” said Ricchiute.

But in reality, he observed something else was happening, especially in cases when the stakes were very high.

“Contrary to prior confirmation-bias research in auditing,



the audit firm’s investigation team searched for *disconfirming* evidence,” said Ricchiute. “They wanted evidence that presented the worst-case against the firm’s prior opinion.”

In order to explain this discrepancy, Ricchiute examined what type of information the investigative team was analyzing—summarized reports, or actual evidence in the form of contracts, invoices, memoranda and so on. According to another psychological theory called evidence complexity, he predicted that investigative teams using summarized or simpler reports would look for evidence confirming their prior statement, while teams looking at the stacks of receipts and other source documents would look for

disconfirming evidence.

And indeed, that’s what he found in his study using two pools of audit partners and managers. The group with summarized information looked for confirming evidence, while the group given complex information looked for disconfirming. “And so research has a disconnect from what I’ve observed in practice,” he said.

Ricchiute’s research has important implications for audit practice in the event of a possible restatement.

“If the task you’re studying is complex, you need to use complex actual evidence in order to reach conclusions that translate readily to practice,” said Ricchiute. “An audit partner who is making a decision about whether to recommend restatement would not rely on summarized information.”

Ricchiute’s study, “Evidence Complexity and Information Search in the Decision to Restate Prior-Period Financial Statements,” was published in 2010 in *The Journal of Accounting Research*.

—Carol Elliott is managing editor of Notre Dame Business magazine.

THE INSTRUMENT EQUATIONS BUILT

Professor David Hartvigsen wondered what a perfectly efficient musical instrument would look like. Then he computed it.

Management Professor David Hartvigsen has invented what may be the world's easiest-to-play musical instrument.

Just don't ask him to play it. It doesn't exist yet outside of his imagination and pages of equations.

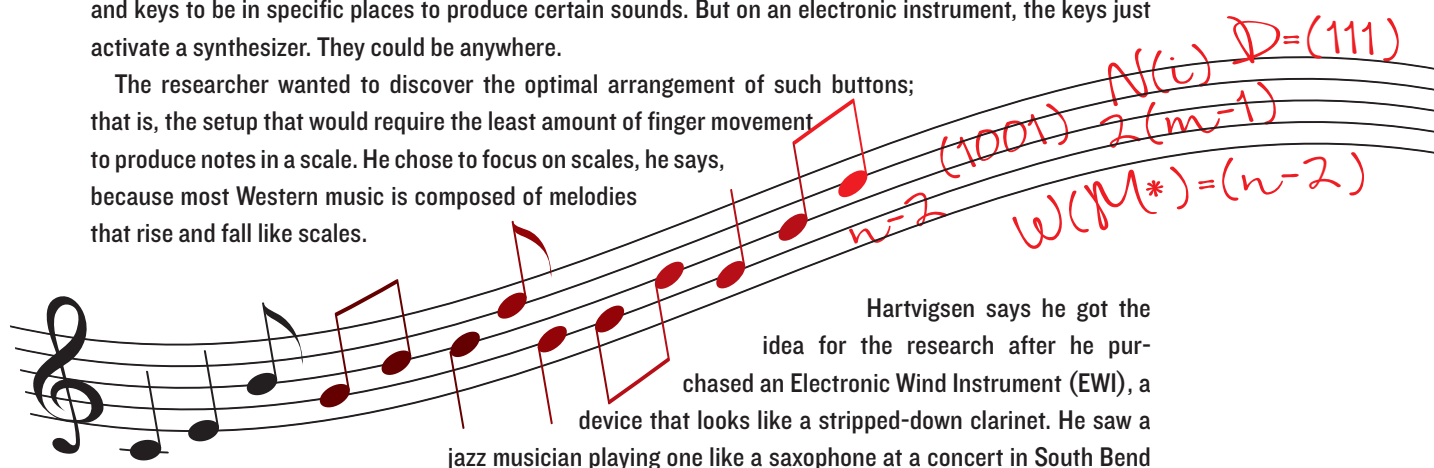
Hartvigsen, a mathematician, is an expert in optimization, an ever-growing field of research whose applications include how to maximize returns while minimizing risk in an investment portfolio. Airlines use pricing optimization all the time to maximize revenue by offering seats at different fares in the days or hours leading up to a flight.

In the past, Hartvigsen has written about voting strategies to maximize impact on the Electoral College and how to optimize the entertainment value in wagering. In another paper, he proposed a new technique for ranking a number of things, such as football teams, when only head-to-head results exist.

This time, he set out to calculate the most efficient arrangement of keys on a hypothetical electronic musical instrument. His theorems and proofs appear in a 2010 issue of the *European Journal of Operational Research*.

As Hartvigsen explains, on a conventional acoustic instrument such as a flute, physics requires the holes and keys to be in specific places to produce certain sounds. But on an electronic instrument, the keys just activate a synthesizer. They could be anywhere.

The researcher wanted to discover the optimal arrangement of such buttons; that is, the setup that would require the least amount of finger movement to produce notes in a scale. He chose to focus on scales, he says, because most Western music is composed of melodies that rise and fall like scales.



Hartvigsen says he got the idea for the research after he purchased an Electronic Wind Instrument (EWI), a device that looks like a stripped-down clarinet. He saw a jazz musician playing one like a saxophone at a concert in South Bend and asked the performer about it afterward. He found that it had switches on the back to allow it to be played like a clarinet or trumpet as well. Hartvigsen, who played trumpet throughout high school, immediately discovered that the EWI was much easier to play.

That's because with a real trumpet, one has to master many difficult, subtle lip movements to produce different sounds. Pushing the three valve buttons on top in combinations is the easy part. But with the EWI, there's no lipping involved. "It's like blowing into a straw," says Hartvigsen.

Still, as he pressed the electronic instrument's buttons in the same general way he would have done with the valve buttons on a trumpet, Hartvigsen wondered, "Why should this be a trumpet fingering?"

As long as the EWI had eliminated the lip work, couldn't there also be an easier way to play the notes than the way they are fingered on a real trumpet?

It turns out there are more efficient ways, and in his paper he offers proofs for several potential designs employing five to seven buttons. The researcher says it would be possible to hack into his EWI's software and reprogram the buttons according to one of these optimized fingerings. He has no plans to do so, though, and for the same reason why electronic instruments inevitably mimic the fingerings on their acoustic ancestors: People who have learned to play the real thing—the likely buyers of an EWI—aren't interested in memorizing a whole new fingering system, even if it's more efficient.

Entrenched designs are tough to supplant. That's probably why as of this past winter the mathematician had yet to be contacted by anyone interested in producing what could come to be called a "Hartvigsen."

CONSUME

in the Mist

BY ED COHEN

John Sherry tells a story about a student team in one of his MBA-level Qualitative Marketing Research classes years ago.

The students were investigating the relationship between pets and their owners. After several weeks in the field, they had amassed an enormous amount of interview and observation notes, photographs and video of owners and dogs interacting at dog parks, at the beach, in their homes.

Sherry, who just completed his sixth year teaching the marketing course at Notre Dame after creating it and teaching it for 20 years at Northwestern's Kellogg School of Management, asked the team members if they had interviewed any dogs yet, which was good for a laugh.

Except he was serious. He told them to go back and interview the dogs.

At the next class, the group had a video showing one of the future MBAs crawling on the floor, putting a microphone in front of a dog as he ate, and asking the pet if he liked his kibble.

From off-camera, the voice of the dog's owner could be heard replying in classic Astro Jetson cartoon canine dialect, "I really rike my kibble."

Sherry, Mendoza's Herrick Professor of Marketing and chair of the marketing department, says the interview continued this way for some time. And the same thing happened in other dog-owning households: Owners routinely projected their thoughts and voices onto their pets. It gave the students an insight into pet-owner relationships, he says, that hadn't come through in their previous interviews and observations.

And that's the idea of qualitative marketing research: to discover the hidden meanings, the essence of how consumers feel about and interact with products and services.

It may sound silly, but the approach has been the "methodological darling" of marketing research for about a decade, says Sherry. The reason: It works.

In the first class meeting, he relates some of the success stories:

- Peering into people's crowded, disorganized refrigerators

gave Coca-Cola the idea for the "fridge pack" package that doubles as a tidy can-dispenser.

- People brushing their teeth might notice how the modern-day tube of toothpaste subtly sucks the paste back into the spout after a portion is squeezed out. No more caked-on gobs, thanks to qualitative marketing research.
- Accompanying one's fiancée to the store to create a wedding registry used to be torture for the typical male. Then Target's Club Wedd put barcode-scanning price guns into guys' hands. Now selecting gravy boats and trifle bowls is a blast for grooms-to-be, because they get to shoot them.

One classic example of qualitative marketing research involved spaghetti.

While watching people cook spaghetti in their kitchens, a researcher remarked on how the boiling water would turn cloudy when the pasta was added. People said they noticed the same thing, and they often had "folk theories" about what was happening. Some thought it was a sign their spaghetti was bursting with pasta-y goodness, a positive. Others theorized that the spaghetti's nutrients were being lost, leaching out into the water, a negative.

Prince-brand spaghetti, which happened to boil up clear, capitalized on the phenomenon by telling consumers that clear water during boiling indicated the nutrients stayed put within the product—"the clear way to better pasta."

That became an important differentiator and allowed Prince to charge a premium over its competitors, says Sherry.

"That's not something you could have discovered with a survey."

That's why there is no survey work in Qualitative Marketing Research. Over the course of seven weeks, students learn how to talk with consumers and observe and record behavior in consumer "habitats": homes, offices, restaurants, airports, hotels and elsewhere. The course long ago acquired the nickname "Consumers in the Mist" after the movie "Gorillas in the Mist," about naturalist Dian Fossey's experiences studying mountain



Photograph by Matt Cashore ('94)

Student Andrea Green (holding cup) is interviewed by class members (from left) Rebecca Camus, Rob Lisenko and Timothy Flint in the Starbucks in the LaFortune Student Center. The team was investigating Starbucks' identity as a "third place" in everyday life, apart from home and work/school.

gorillas in Rwanda.

Working in teams of five or six, the graduate students attempt to discover previously unknown or under-appreciated aspects of products and phenomena. Past topics, which teams choose, have included shoes, wine, cigar bars, paintball, tanning parlors, ice cream, farmer's markets. In 2010, one group studied "manscaping"—or male grooming—and discovered, among other things, that mothers are often guys' primary source for information on skin products.

During each class session, students learn a new investigatory technique, and the teams share the fruits of their latest field work: snippets of video, excerpts from transcripts of interviews. Sherry and members of the other teams critique the efforts.

Sometimes students get to see the master ethnographer himself, Sherry, in action, as when he shows video from his award-winning research into the "retail spectacle" of the American Girl Place stores. There he is, shaggy, middle-aged John F. Sherry Jr.—who has three sons and no daughters—asking 8-year-old girls about their dolls in a store with a doll hair salon.

As Sherry explains, being an obvious outsider can be a huge advantage.

"To the extent that you can present yourself as a naïve student of whatever it is you're trying to study and convince the people you are working with that *they* are the experts—which they are—then they become very effective teachers," he says.

One team last year recruited travelers to teach them about luggage.

At airports and hotels, the team watched how people wheeled and guarded their suitcases. They convinced people to let team members watch them pack. They showed pictures of traveling experiences—someone overpacking a suitcase, a woman trying to heft her carry-on into an overhead compartment—and asked

people to tell a story about what was happening, a technique known as a "projective task."

An astonishing amount of insights resulted. Here's one: Luggage turns out to have much in common with cars; people care about what the object says about them.

"We interviewed a group of undergraduates who had just returned from a conference," recalls Charlotte Lux, a professional product designer who was completing her Master of Fine Arts at Notre Dame this past spring. "Some of them said, 'Oh, I have this duffel bag, but once I get a job, I'm not going to use it because this says I'm a college student. When I get a job, I'll have some black roller bag.'"

Lux accepted a position with a Chicago consulting firm, IA Collaborative, where her work will include qualitative design research much like what she did in Sherry's course.

A member of the same team, Brian Sweet, who was completing his MBA this past spring, is joining Procter & Gamble in Cincinnati as an assistant brand manager for two of P&G's laundry detergent brands, Cheer and Dreft.

He says the experience he gained in class impressed his bosses when he interned with P&G last summer. And he still finds himself practicing what he learned, as when he visits the laundry detergent aisle at a Walmart.

"I'll just stare at the shelf long enough until someone comes up and kind of strikes up a conversation; that was something [Professor Sherry] used to talk about us doing. I'm a guy, and it's good when you're doing this kind of thing if people think you don't know anything at all about the product. They'll tell you."

—Ed Cohen is a writer and member of the editorial staff at the Mendoza College of Business.

CATHOLIC NONPROFITS, SEND YOUR EMPLOYEES HERE

Imagine you're an older person leaving the hospital for a stay—possibly permanent—in a nursing home. You are wheeled out the door and loaded into an ambulance for transport to the home.

Could there be a more depressing ride?

A group of employees of Volunteers of America came up with an alternative during a leadership education program for nonprofit organizations held at Mendoza a few years ago, recalls Tom Harvey, Mendoza's McGuinness Director of Nonprofit Professional Development. He leads the College's Nonprofit Administration team, which developed the program for Volunteers of America.

The VOA employees, who worked in senior health services, decided that unless an ambulance was necessary, they would transport seniors to their facility in a white stretch-limousine. Never a black one, which could be confused with a hearse. The white limo, which cost no more than an ambulance, is associated with new beginnings: weddings, parties, celebrations.

The limo idea was just one brainstorm to emerge from the VOA's educational experience at Notre Dame, Harvey says. This summer, managers and executives of Catholic organizations from across the country will be looking for their own breakthroughs as they participate in the Catholic Leadership Program, the latest non-degree nonprofit executive program offered by Mendoza.

The 10-day certificate program will include sessions on finance, board governance and fund raising, along with issues of particular interest to Catholic groups, such as serving majority Latino populations and the differences between civil and canon law.

About 40 people are expected to attend the program, scheduled for July 11-21. Because the program is underwritten by a foundation's anonymous gift,

registration is only \$475, meals included.

Harvey said the program's nominal cost is essential because nonprofits struggle just to fund their core services, leaving nothing for staff to update or expand their knowledge.

"Many of the people in pastoral ministry were trained in theology or M.Div. (Master of Divinity)," he said. "They weren't trained in organizational structures or accountability."

Leland D. Nagel, executive director of the National Conference of Catechetical Leadership, attended a pilot version of the program last summer, along with the organization's board president. He recalled, in particular, a session on the immigration issue in the United States. The session described many different groups' perspectives on the issue, their ties to church teaching, and why conflicts exist.

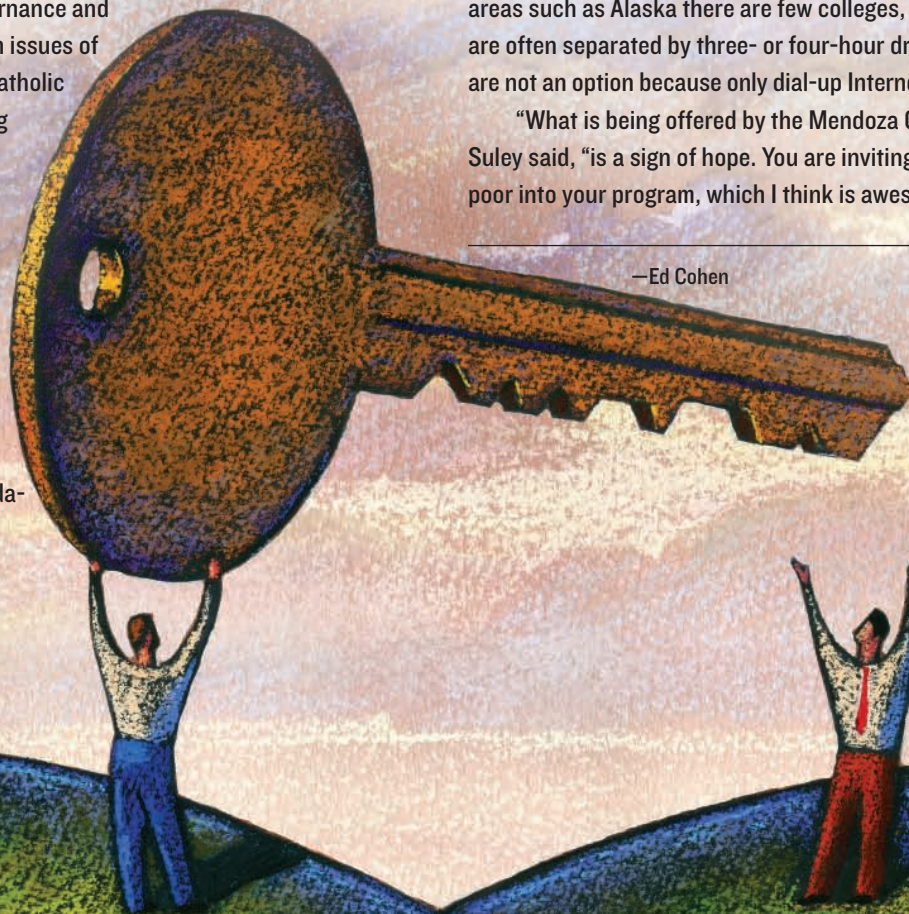
"It provided great insight into the issues," Nagel said, "and into problem solving as well."

The Catholic Home Missions subcommittee of the U.S. Conference of Catholic Bishops has committed to sending 10 employees to this summer's program from the missions' 88 geographically remote or under-resourced dioceses, said Director David J. Suley. He said the missions are desperate for people with skills in leadership and planning.

The Notre Dame program is ideal, Suley said, because in areas such as Alaska there are few colleges, and church leaders are often separated by three- or four-hour drives. Online courses are not an option because only dial-up Internet connections exist.

"What is being offered by the Mendoza College of Business," Suley said, "is a sign of hope. You are inviting the church of the poor into your program, which I think is awesome."

—Ed Cohen



Advertising's New 'Handshake'

Mendoza alum Beth Doyle is helping design technologies to give advertisers and consumers the commercials they've both always wanted. And media companies need.

By Ed Cohen and Mary Hamann

The day may be coming when cat food commercials mysteriously disappear from the television shows you've been watching because your TV knows you own a dog, not a cat.

The day is already here when you catch an episode of "The Office" on Hulu and get to choose whether to watch a commercial about car insurance, smart phones or soft drinks.

If you find this surprising, you are likely not of the same mind—and probably not in the same industry—as Beth Doyle ('04), rising star of the advertising world.

Who says she's a rising star? *Mediaweek*, the trade magazine that covers ad-supported media such as TV, radio and newspapers.



Photograph by Ed Cohen

Each year, *Mediaweek* selects a group of media "all-stars" and one "rising star." Doyle enjoyed the double honor of receiving the Rising Star award last October in New York City and appearing on the cover of the Oct. 18, 2010, issue of *Mediaweek's* sister publication *Adweek*, standing beside the Chicago River in downtown Chicago.

The Mendoza alum is associate director of innovations for Vivaki, the media division of one of the world's largest advertising communications companies, Publicis Groupe, based in Paris. Publicis Groupe owns Leo Burnett, the legendary agency that created such enduring advertising characters as the Jolly Green Giant, Tony the Tiger and the Pillsbury Doughboy.

Since joining VivaKi, the Notre Dame alum has earned an MBA from DePaul University with an emphasis on change management. She says her role is to be an advocate for new ideas, "helping people to see

the world is changing, and how we need to change our habits.”

That includes convincing clients and executives that the “invisible handshake” has run its course. That’s the covenant that used to exist between viewers and broadcast media. Broadcasters provided endless hours of entertainment and information at no charge. Viewers “paid” for it by paying attention to commercials.

But consumers increasingly are skipping commercials by watching shows recorded on DVRs or subscribing to commercial-free media such as Netflix. So what’s an advertiser to do? That’s what Doyle and others are trying to figure out.

Mediaweek singled Doyle out for her continuing role in developing and refining new forms of video advertising.

One form that her agency is pioneering is “addressable TV.” This refers to a technology that allows cable and satellite TV operators to transmit commercials to individual set-top boxes, which record every click of a remote control.

To decide who gets which commercials, a cable operator might check out a subscriber’s viewing habits by reviewing the recorded clicks. But it doesn’t have to stop there. Through a third-party data collector, the cable operator could take into account the records of your purchases made with a loyalty card at the local pet-supplies chain store. Say you buy dog food, but never cat food—bingo, you own a dog and not a cat.

This kind of pinpoint targeting has been the holy grail for advertisers for ages. John Wanamaker, an early department store baron, is said to have complained, “Half the money I spend on advertising is wasted; the trouble is, I don’t know which half.”

Ad rates are based on reach. So, generally, the more viewers or readers a TV station or print publication can deliver, the more it can charge. Mass media such as broadcast TV networks offer easy access to multitudes, but they’re also inefficient. Advertisers inevitably end up paying to pitch baby diapers to households without babies or glucose meters to non-diabetics.

Now the technology exists to gather and sift through oodles more information about consumers’

Money has to come from somewhere to pay writers, editors, actors, directors, illustrators and everyone else involved in the production of content. “The thing is, the business model is breaking,” she says.



interests and buying habits. The next step: Develop a more finely tunable delivery system.

That’s where Doyle, addressable TV and related technologies come in.

Last December, Starcom MediaVest Group, part of Publicis Groupe, announced an agreement with DirecTV to begin testing addressable ads through the satellite provider’s DVRs. According to a report in *The Wall Street Journal*, Starcom has committed to buying \$10 million to \$20 million worth of addressable commercials on DirecTV in 2011 for clients including Procter & Gamble and Coca-Cola.

Doyle has been working in video innovations since 2005 and is the right-hand assistant to its senior vice president and innovations director, Tracey Scheppach, one of the architects of the DirecTV deal.

In this area, Doyle runs a company initiative called The Pool, which brings together advertisers such as Kraft and Procter & Gamble with media companies including YouTube, CBS and the Discovery Channel. The hope is that, brainstorming together, these sometime competitors can solve the major advertising dilemmas spawned by the Digital Age.

There are plenty. Most involve money.

The biggest is the so-called “dollars-to-dimes” issue. Traditional media such as NBC and *The New York Times* have discovered they can’t make nearly as much money selling ads online as they did in print or through broadcast commercials.

Old-line media have tried repurposing articles and shows online, but Web audiences are even more fragmented; fewer people “tune in” at the same time. There’s more competition online, and, in the case of video, there are fewer “breaks” for commercials. Result: disappearing revenues.

In 2008, NBCUniversal CEO Jeff Zucker observed that broadcasters were trading analog (broadcast) dollars for digital (online) pennies. He’s since upped the returns online to dimes.

Finding better ways to monetize online video became the first “lane” or brainstorming focus in The Pool, says Doyle. The first innovation to emerge is a so-called “ad selector.”

Instead of users having to watch a random commercial—called a “pre-roll”—before the desired video, the ad selector gives visitors a choice of three commercials from three different advertisers. The thinking is that viewers will pay more attention if they choose the commercial of most interest to them. Advertisers, naturally, would be willing to pay more if the site could prove that people were paying more attention to commercials.

Visitors to the free TV-and-movie site Hulu have seen the ad selector in action. The Pool spent more than two years on research and tested 91 different executions of the concept. Result:

In online surveys, Doyle says, the ad selector scored three times better than pre-rolls on key metrics like “top-of-mind” awareness and “unaided recall.”

Advertisers also were surprised to learn that all the choices in the ad selector found audiences. “Everybody gets picked,” said Doyle, “not just tech products. With all the shows available, you can find a placement that works.”

But will consumers tire of choosing their ads? Doyle says they might, which is why a major priority for The Pool is market research. So far, the members have determined that no more than 20 percent of the ad mix should feature these “choice” ads.

Researching what consumers will accept in new forms of advertising and figuring out what should become the equivalent of the “30-second spot” for new forms of media are the central goals of The Pool, she says.

Questions abound. When watching TV programs online, should commercials come at the beginning or mid-point? How many seconds should they be? How should display ads change as they morph from magazines to online tablets or from telephone books to mobile coupons on smartphones? Should display ads be more interactive if they are in online magazines?

And the major unknown: How will advertising forms need to be reinvented as the Internet, television and publishing converge?

Doyle was a marketing major at Mendoza. Her favorite class: Integrated Marketing Communications (now Advertising and Promotions), taught by Elizabeth Moore. She returns to give a guest lecture almost every semester. “It is fascinating to see how attune to technology the students are,” says Doyle, “and to take their questions.”

“We have this saying,” Doyle says, “‘Consumers don’t hate advertising, they hate irrelevant disruptions.’ And advertisers hate wasting money on non-prospects.”

“We have this saying, ‘Consumers don’t hate advertising, they hate irrelevant disruptions.’ And advertisers hate wasting money on non-prospects.”

Doyle says her work is about finding better advertising solutions for everyone—consumers, advertisers and media companies. If it weren’t for advertising revenues, she points out, there wouldn’t be “free” TV, or we’d pay more for TV and other media. Money has to come from somewhere to pay writers, editors, actors, directors, illustrators and everyone else involved in the

production of content.

“The thing is, the business model is breaking,” she says. “What we’re trying to do is fix that model.”

Doyle’s office on the 32nd floor of the Leo Burnett Building looks out on the twin vertical corn cobs of the landmark Marina Towers, and is playfully decorated with things like a list of promises from Rick Astley’s danceable 1980s hit, “Never Gonna Give You Up.” There’s a Notre Dame banner, of course. Propped against a window is a genuine-looking life preserver with “Beth Doyle” printed on it, a gift from her co-workers.

It’s an apt metaphor for someone at the forefront, working to keep an industry afloat.

It's a Small, Small World

**Business and
nanotechnology partner
to bring a biomedical
product to market**

By Ed Cohen and Carol Elliott

When you hear about a revolutionary new biomedical, biocompatible bone substitute material that just won the first-place prize of \$30,000 in a nanotech competition, you expect it to look worthy of a guest appearance on Star Trek.

“Like little lumps of bread,” observed Matthew Vaughn, as he pulled three small hunks of what looked like, well, Wonder bread, from a plain old sandwich bag stuffed in his backpack.

Voilà, the CitriOSponge—a cutting-edge synthetic biomedical product that may one day commonly be used to repair bones fractured by injury or disease. Porous, so that it encourages the development of blood vessels, and elastic, which allows a surgeon to compress it to a very small size for the purposes of implantation, the CitriOSponge is an example of the medical breakthroughs made possible by the science of nanotechnology.

Vaughn, a veteran researcher with a Ph.D. in pharmacology, is part of a business venture, Citrics Biomedical, that is manufacturing and marketing the product. The venture also includes Notre Dame finance alum A.J. Noronha ('03) and Guillermo A. Ameer, an associate professor of biomedical engineering and surgery in the Biomedical Engineering Department of Northwestern University, who developed the technology originally.

In March, Citrics Biomedical won the inaugural Nanotechnology New Ventures Competition, sponsored by Purdue University and the University of Notre Dame. The venture also won the Nanotechnology New Ventures Award in this year's McCloskey Business



Plan Competition of Mendoza's Gigot Center for Entrepreneurial Studies.

As Noronha and Vaughn explained in their presentations during the business plan competitions, when a patient needs a bone replaced because of disease or injury, there are three options: move bone from another part of the body; transplant bone from a cadaver or animal; or patch with a synthetic material.

Moving bone can be expensive and requires more surgery. Bone transplants pose sterilization and biocompatibility issues. Synthetics present both compatibility and biomechanical (sturdiness) issues.

Citrics's CitriOSponge is designed to fill the void temporarily, providing a “scaffold” upon which real bone can regenerate. When the material's work is done, the softer part—a polymer made from citric acid, abundant in citrus fruits and naturally in the body—can be harmlessly reabsorbed, the company says. The harder part of the material, a ceramic made of

hydroxyapatite, the substance that gives bone its hard outer layer, remains in place as new bone grows over it.

The company founders say the crystals of the ceramic are engineered at a submicroscopic or nano scale. This became possible only about two decades ago with the advent of nanotechnology.

Nanotechnology is the study of manipulating matter on the molecular or atomic scale. A nanometer is one-millionth of a meter. Red blood cells, visible under a microscope, are about 7,000 nanometers in diameter. Nanotechnology didn't become practical until the invention of the scanning tunneling microscope—which can show individual atoms—in 1981.

Twenty years of research and development later, nanotechnology is beginning to spawn not only scientific breakthroughs but business opportunities aplenty.

The Citrics team exemplifies a growing trend in academia: professors joining forces with business people to speed scientific discoveries to market—usually with the blessing of the academics' employer.

Notre Dame's Office of Technology Transfer helps University researchers identify and commercialize promising new technologies. The partnerships it forges with industry are expected not only to make professors' discoveries available to the public sooner, but to generate new research collaborations with businesses and introduce Notre Dame students to potential employers.

The partnerships also are money-makers. Licensing revenue from patents issued to Notre Dame researchers totaled \$553,000 in 2010. The revenue is typically shared with the inventing professors.

About 60 Notre Dame science and engineering faculty are involved in nanotech research, according to Robert Dunn, managing director of NDnano and the Midwest Institute for Nanoelectronics Discovery (MIND). Faculty pursuits include higher-efficiency solar cells, higher-output batteries and a more efficient method for tying together semiconductor chips.

Mendoza students sometimes play a role in the transfer of Notre Dame-grown technology. The team of MBA students Eugene Kim, Viral Kothari, Michael LaGrand and Israel Peck took the runner-up prize (\$5,000) in this year's McCloskey competition for their business plan for Sorian, a startup that holds an exclusive license to sell optimization kits for wind-turbine blades. The kits reduce drag and improve performance using a patented technology developed by Thomas C. Corke, Clark Professor of Aerospace and Mechanical Engineering and Director of Notre Dame's Institute for Flow Physics and Control and Hessert Laboratory for Aerospace Research.

The MBA team also won the Pace Global Best Presentation Award and the Notre Dame Office of Technology Transfer Award.

The Citrics team came together by way of Northwestern's Kellogg School of Management.

While doing his Ph.D. in pharmacology at the Johns Hopkins University School of Medicine, Matt Vaughn says he took a business course for scientists that was developed by Johns Hopkins in conjunction with Kellogg. When he later moved to Chicago, he contacted one of the Kellogg faculty members involved with the course. The professor put him in touch with Ameer, the biomed professor, and Noronha, the Mendoza alum.

Noronha says more than a million bone-graft procedures are performed each a year in which the Citrics bone substitute could be used. As the population ages and sustains an increasing number of bone fractures, the demand for the product could see steady growth. "The U.S. market is more than \$3 billion annually and continues to grow at a double-digit rate," says Noronha.

"Our expectation is that the CitriOSponge will speed up the recovery time so the patients are able to return to work, return to their daily life, and not have to stay in a hospital bed for weeks to recover from a bone fracture," says Vaughn. "They can live an active life."

The founders' immediate challenge is to raise \$3 million to continue testing the material in animals, develop a scalable manufacturing process, and submit their results to the FDA.

Realistically, they say, the product is two to three years from market.



Photograph by Matt Cashore ('94)

THE DEVIL, THE DETAILS & DODD-FRANK

By Ed Cohen

As the massive financial-industry regulatory overhaul turns one year old, its impact remains to be seen—along with many of its rules

If the Dodd-Frank Wall Street Reform and Consumer Protection Act were the Bible—which it exceeds in page count in certain printings—the opening sentence could read:

“In the beginning, Congress created a new financial world—and then left it up to various agencies to implement the earth, sky, animals, plants, oceans and laws of physics.”

Dodd-Frank has been called the most sweeping overhaul of U.S. financial industry regulations since the New Deal-era reforms that created federal deposit insurance and the Securities Exchange Commission, among other safety belts. It's huge—2,319 pages in its final form.

The law mandates more transparency and regulation in the derivatives markets. It requires financial conglomerates to write “living wills” for an orderly settlement of their affairs—with-out taxpayer assistance—should they go under. It creates a new consumer financial protection agency in the Federal Reserve, among many other features.

The goal is to safeguard the financial system from a repeat of the meltdown of 2008, which originated in the housing bubble, led to the loss of 8 million jobs, and endures as the country's worst economic crisis since the Great Depression. President Obama signed Dodd-Frank into law nearly a year ago, on July 21, 2010, after it passed on essentially party-line votes in the Democratic-controlled Congress.

Year One of Dodd-Frank, however, has been more like Year Zero because federal agencies are still conducting studies and writing the rules that businesses will have to follow. According to a count by the international law firm Davis Polk, the overhaul requires regulators such as the Fed and SEC to write 243 rules, conduct 67 studies, and issue 22 periodic reports.

Until those rules are written and businesses try to live with them, it's impossible to render a verdict on Dodd-Frank, said a

number of Notre Dame-affiliated professionals, politicians and professors contacted earlier this year. But that didn't stop them from predicting failure or success—and some unintended consequences—for certain provisions.

In the meantime, uncertainty reigns.

“If it creates a safer banking system, that's got to be good for everybody,” said Mendoza College alum John C. Gerspach ('75), chief financial officer of Citigroup Inc. “But how does it actually get applied? How much of a heavy hand does it have? We'll have to see.”

It turns out Gerspach is far from the only Notre Dame alum occupying a position of importance relative to Dodd-Frank (see a list on page 23).

In his half-year report on Dodd-Frank implementation in February, John Walsh ('73), acting comptroller of the currency, had the unenviable task of explaining to a Senate committee why a provision that bars banks from using credit ratings to assess risk might be unworkable. (Because no practical alternatives exist.) His office supervises more than 1,500 federally chartered commercial banks, and he serves as a director of the Federal Deposit Insurance Corporation.

William O'Brien ('92) is chief executive officer of Direct Edge, an all-electronic stock exchange that accounts for about 10 percent of all trading volume in the United States. Direct Edge and BATS Exchange vie for third in the U.S. equities exchange market after the NYSE and Nasdaq.

O'Brien worries that the SEC won't have the manpower to tackle all its new responsibilities along with its old ones. An austerity-minded Congress put some agencies' resources in jeopardy earlier this year during budget debate. But O'Brien was happy that Dodd-Frank delegated the rule-making authority to the subject-matter experts at the regulatory agency.

“The truth is, these are noble people doing noble things with

**... the overhaul
requires regulators such
as the Fed and SEC to
write 243 rules, conduct
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22 periodic reports.**

good intent,” he said. “What makes me optimistic is there has been a dialogue. They’re listening to us.”

Two of Notre Dame’s four alumni in the House of Representatives—Peter King (JD ’68), R-N.Y., and Joseph Donnelly (JD ’81, ’77), D-Ind.—serve on the House Financial Services Committee.

Donnelly said he’s hopeful the reforms will work—and believes they would have worked had they been in place in the years leading up to the crash. Whatever doesn’t work can be adjusted later, he said.

King expressed his view that Dodd-Frank takes “some positive steps,” through increased oversight, accountability and consumer protection, but “creating a new federal bureaucracy” isn’t the way to fend off future financial crises. He also said he was disappointed that the law ignored Fannie Mae and Freddie Mac, which he said were at the root of the financial crisis.

Notre Dame Finance Professor Robert Battalio was of the same mind, declaring, “I don’t think the government can micromanage anything.”

The managing director and chief operating officer of the Notre Dame Investment Office, Mark Krcmaric (’80), worries whether in trying to prevent a recurrence of 2008, Congress might have missed the opportunity to deal with the next crisis more effectively.

“Normally, that is the way regulatory responses work—fighting the last battle—because it’s almost impossible to know what the next one is going to be,” he said. He also thinks Congress should have made more of an effort to streamline and focus regulatory structures, as is more common internationally. Nothing in Dodd-Frank affects the Investment Office directly. But it affects the fund managers the office hires to invest Notre Dame’s \$6 billion-plus endowment, 14th-largest in U.S. higher education.

Matthew Cain, assistant professor of finance, said it will be “at least a year or two” before researchers can study the empirical impact of Dodd-Frank in the real world and begin publishing their analyses.

Gerspach, for one, can’t afford to wait.

Contacted in February, the Citigroup CFO said his company already had teams of employees studying more than 30 areas of Dodd-Frank that could affect the way the company does business.

Citigroup is no stranger to the federal government shaping its destiny, having survived the meltdown only with the help of billions of dollars of government investment under the Troubled Asset Relief Program (TARP). Last year, the feds sold their remaining stock in the company for a profit of \$12 billion.

Gerspach said Citi supports Dodd-Frank’s aims, but now it faces a daunting amount of contingency planning.

He said lawmakers seemed to feel they were under a deadline to pass something last summer. It would have been better to tackle the issues one at a time, he said, rather than drawing up a master plan for a new financial world and then leaving so many details to be worked out.

He said Congress spent a year debating the bill and is now allowing another year and a half for the regulations to be written.

“So you’ve actually created an environment of two, two-and-a-half years of uncertainty. I’m not quite sure that’s a good thing.”

Some Domers around Dodd-Frank

Edward J. DeMarco (’82)

Acting director of the Federal Housing Finance Agency, which oversees Fannie Mae and Freddie Mac and Federal Home Loan Banks.

Rep. Joseph Donnelly (JD ’81, ’77)

D-Ind., member of the House Financial Services Committee, formerly chaired by the Frank in Dodd-Frank, Rep. Barney Frank, D-Mass.

John C. Gerspach (’75)

Chief financial officer of Citigroup Inc., one of the world’s largest financial-services conglomerates with approximately 200 million customers in more than 100 countries.

Rep. Peter King (JD ’68)

R-N.Y., member of the House Financial Services Committee.

Brian T. Moynihan (JD ’84)

President and chief executive officer of Bank of America Corporation, the largest bank holding company in the United States as measured by assets.

William O’Brien (’92)

Chief executive officer of Direct Edge, an all-electronic stock exchange that accounts for about 10 percent of all trading volume in the United States.

John Walsh (’73)

Acting comptroller of the currency. His office supervises more than 1,500 federally chartered commercial banks, and he’s a director of the FDIC.

FOR BETTER OR WORSE:

Six of the changes mandated by Dodd-Frank

More transparency and monitoring of derivatives trading

What's new: fewer transactions permitted to be done out of sight, more attention focused on system-critical institutions



Illustrations by The Heads of State

Derivatives must now be traded on exchanges or through clearinghouses, which will be monitored for early signs of trouble. A derivative is a contract between two parties, each called a counterparty. The contract's value is based on changes in interest or currency rates, or even an event such as a company's default. After the parties have come to agreement on a trade, a clearinghouse or "central counterparty" often becomes involved through a legal process known as "novation." The clearinghouse steps into the middle of the trade, becoming the buyer to the seller and seller to the buyer, reducing the risk of default to both parties and bringing the entire transaction into the view of regulators. A new Financial Stability Oversight Council—an all-star team of regulators that includes the Treasury Secretary and the heads of the SEC, FDIC and Fed—is charged with identifying banks and nonbank financial institutions, including clearinghouses, that are most likely to cause systemic problems if they fail. The board is supposed to subject them to stricter regulation. In an emergency, the Fed can tap its credit lines to provide liquidity and credit to certain clearinghouses.

Why it might be good: It provides regulators a clearer, timelier picture of potential meltdowns.

Professor Paul Schultz:

When investment banks such as Lehman Brothers and Bear Stearns became insolvent as a result of their derivatives trading, it put regulators in a tough spot. The companies had so many interlocking contracts that it was hard to tell what would happen to the markets if one of the firms went bankrupt.

"This is what causes regulators to really panic ... The centralized clearinghouse makes it much easier to see exactly who owes what on what."

Why it might be bad: An emergency backstop could lead to riskier behavior.

Professor Colleen Baker:

The Fed's emergency-rescue authority could potentially create the type of moral hazard that arises in the presence of insurance.

"Some people might not drive as carefully as they should because they know that if they get in a wreck, they'll have their \$250 deductible and the insurance company will pick up the rest. So the fact that I have insurance introduces a certain moral hazard. I won't necessarily be less careful, but I might be because I'm not going to be fully responsible for its downside risk."

Also, the government could find itself in the same position with certain clearinghouses that it was in with some financial institutions during the crisis. "Any large, highly connected clearinghouse would be the ultimate 'too big to fail' entity."

Paul Schultz

Clark Professor of Finance, director of the Center for the Study of Financial Regulation at Notre Dame



Colleen Baker

Associate professor of law, Notre Dame Law School; concurrent assistant professor of finance, Mendoza



Zhi Da

Notre Dame assistant professor of finance



Thomas Cosimano

Notre Dame professor of finance



The law requires companies to give shareholders a nonbinding vote on the compensation packages of the company's directors and top executives. Companies also will have to report the ratio of the CEO's pay to the median pay for all other employees.

Why it might be good:

Senate Committee on Banking, Housing and Urban Affairs (2010)

[It] gives shareholders a powerful opportunity to hold accountable executives of the companies they own, and a chance to disapprove where they see the kind of misguided incentive schemes that threatened individual companies and, in turn, the broader economy.

Why it might be bad: The potential unintended consequences abound.

Professor Jeremy Griffin (MSA '00):

Griffin has conducted controlled experiments in which volunteers play the roles of investors and management, and the shareholders are given a say on executive pay. He found that when management voluntarily asked shareholders for their opinion on the compensation package—as was the case before Dodd-Frank required it—the consultation built goodwill with the shareholders.

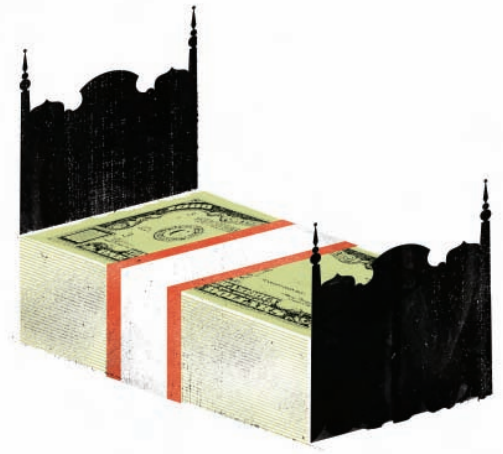
“Some of that advantage goes away when you put a gun to [the board's] head and you have to ask the investor. Once everyone is required to [poll shareholders] by regulation, you lose the signal. Investors can't tell the good guys from the bad guys.”

Professor Matthew Cain:

“There will be some isolated cases where shareholders are frustrated that they have had difficulty effecting change within those companies and this is going to give them a little bit of extra publicity ... But shareholders already get to vote on the board of directors every year, and if they don't like the way the company's being run, they can vote in new directors. The new directors can come in and replace the executive team, and they can set compensation according to shareholder preferences.

Professor Paul Schultz:

“The point of [publishing the ratio] is clearly to put pressure on companies to have a lower ratio of CEO pay to median employee pay. And I think the people who included this in the bill thought this kind of reporting would embarrass people into either paying their CEOs less—which is not all that good of a goal—or paying their other employees more, which is perhaps a better goal. But the other way you can lower that ratio is to not hire as many unskilled employees. We could see companies hire independent contractors or ship jobs overseas.”



Exposing excessive executive compensation

What's new: extremely high-paid executives face potential embarrassment

John C. Gerspach ('75)
Chief financial officer of Citigroup Inc.



Robert Battalio
Notre Dame professor of finance



Jeremy Griffin ('00 MSA)
Notre Dame assistant professor of accountancy



Matthew Cain
Notre Dame assistant professor of finance



Higher equity requirements for banks

What's new: banks required to have more shareholder equity in reserve to offset risky ventures



One of the sources of the financial crisis was banks securitizing their portfolios of mortgages. They securitized because leaving the loans on their books was costing them an opportunity to make more money. Regulations required certain risk-weighted investments, such as mortgages, to be backed by stockholder's equity in order for the bank to be considered "well capitalized." Investors typically demand about a 10 percent return on a stock, compared with 2 percent or less interest paid on checking or savings accounts. Banks naturally wanted to minimize the expensive equity obligations their mortgages entailed. To do that, they had to move the home loans off their balance sheet, which they did by creating separate legal entities. Unfortunately, when the housing market collapsed, the banks found out they were still liable for the losses. Some banks were leveraged 50-1, leaving only 2 percent in equity. If they lost that 2 percent, they were bankrupt. Dodd-Frank and an international financial treaty close the securitization loophole and allow regulators to impose much higher equity requirements, especially on the largest financial institutions deemed systemically important. The requirements can be raised ever further if the banks get into trouble or a credit bubble develops.

Why it might be good: It could put the brakes on out-of-control lending.

Professor Thomas Cosimano:

An economist, Cosimano has been a visiting scholar with the International Monetary Fund since 2000. In a report he delivered to the group in Washington earlier this year, he concluded that a potential first round of higher-equity requirements would depress the growth of lending by the world's 100 largest banks by about 1.25 percent. That would result from the banks having to charge 0.17 percent higher interest to cover the new equity requirements.

"But that's what you would want. One of the problems was that we had this excessive boom in credit. Now, if [regulators] see that occurring, they're supposed to essentially step in and try to do something to slow that credit down."

Why it might be bad: Businesses inevitably find ways to sidestep rules.

Cosimano:

"All the economic incentives are there for people to figure out ways around the new requirements. Will the regulators have the guts when they find institutions [breaking the rules] to force them to abide by them? In the past, they didn't.

"This is the bureaucratic way for solving the problem of risky behavior. What an economist would do is measure the riskiness of particular financial positions, identify who the risky people are, and then impose a tax based on how much risk they're adding to the system. It's what you do with a private-sector insurance company. If somebody is riskier, if they've had more car accidents, you raise their insurance premium to penalize them for undertaking that activity. You also put in clauses that say, 'OK, if your house is closer to a fire hydrant, making you less of a risk, you get a better insurance premium.'"

Skin in the game

What's new: a new rule to make mortgage originators think twice about risky loans



Lenders that convert pools of mortgages into mortgage-backed securities will have to retain at least 5 percent of the loans' credit risk unless the underlying loans meet standards designed to reduce risk. Loan originators will thus have more "skin in the game," or a direct stake in making sure their loans are good.

Why it might be good: It reduces opportunities to foist off bad loans on the securities market.

Professor Zhi Da:

The problem before was information asymmetry. The loan originators knew more about the borrowers than the eventual investors in a mortgage-backed security.

"So if I'm a bank, the loan originator, and I have about a hundred mortgages sitting on my books and I can choose to sell off 50 of them in the form of a mortgage-backed security, I'm going to sell the 50 worst."

Why it might be bad: It could choke off credit to all but the strongest mortgage applicants.

Zhi Da:

"If I'm a bank and I can either issue a high-quality residential mortgage, which I don't have to tie up any of my capital, or I can choose to originate a slightly lower-quality mortgage loan where I need to put up 5 percent of my own money, I might end up just focusing on the better credit sector. So people with slightly lower quality like your first-time home owner ... might be excluded. That would definitely hinder some of the recovery of the housing market and might also slow down the recovery of the economy."

Predatory lending and consumer ignorance were blamed by many for the housing market bubble and subsequent collapse. Housed in the Fed, the Bureau of Consumer Financial Protection will be able to write rules for consumer protection governing all institutions that offer consumer financial services and products. It will also have authority to enforce regulations on banks and credit unions with assets over \$1 billion and all mortgage-related businesses. There will be an Office of Financial Literacy and a national consumer complaint hotline.

Why it might be good: More responsible lending should mean fewer defaults.

Professor Zhi Da:

Investments in mortgage-backed securities collapsed because homeowners often took out loans they couldn't afford and that were sold by loan originators being paid according to the number of loans they closed.

"Both parties are partially to blame ... but I would hold the lenders more responsible. They kept coming up with creative ways to make the loan work. The borrowers overstretched themselves, but they did that precisely because they got advice from lenders [saying] housing prices are going to go up so you should be able to refinance at a much lower rate and this price appreciation will become your profit."

Why it might be bad: It means more government interference in the market.

Professor Paul Schultz:

"Some consumers certainly did stupid things, but others took a chance and thought, 'Oh, I'll be able to sell this house at a higher price in a couple years. By the time the low interest rate goes up, the house price will have increased enough for me to refinance.' And for many people, the opportunity to live in a house you couldn't afford for five years is not the worst thing. This is not to say that some people weren't misled or ripped off, but I just don't see that as a major factor. [I]t seems to me [this bureau] has the possibility of just over-regulating and interfering in a lot of things that are just best left to the market."

Bureau of Consumer Financial Protection

What's new: a financial-industry-specific watchdog with teeth



Named for former Fed Chairman Paul Volcker, the Volcker Rule prohibits commercial banks from proprietary or “prop” trading, which is making investments not on behalf of customers but using the bank’s own accounts. Volcker has argued that such activities played a key role in the financial crisis. The law also limits bank investments in hedge funds and private-equity funds. This is a throw-back to New Deal legislation that erected a wall between investment banks and retail banks. The distinctions have blurred in recent years with deregulation.

Why it might be good: It limits taxpayer exposure with bank failures.

Professor Paul Schultz:

“[I]f you’re going to have the government insuring deposits, it’s fair to have limits on the capital and the risk that a financial institution can take.”

Why it might be bad: It could drive investment and customers out of the country.

Citigroup Inc. CFO John C. Gerspach (‘75):

“[Y]ou don’t want to end up with a banking system that is safer but completely non-competitive with the rest of the world. We exist in a global environment and a global market ... and capital will find its way to where it can be most efficiently put to work.”

Professor Robert Battalio:

“If you make it more and more costly to become a public company, people are going to stop doing business here. The best evidence I’ve ever seen on this is what happened in 1999 with bulletin-board stocks. You’ve got the New York Stock Exchange and Nasdaq ... and then you’ve got the over-the-counter market and bulletin-board stocks, which are kind of smaller stocks. The government imposed a bunch of reporting requirements on these bulletin-board stocks in 1999, and three out of every four just said, ‘Forget it, we’re leaving.’ Now, are we better off?”



The Volcker Rule

What’s new: banks won’t be allowed to speculate as much

Dodd frankly worried

Opponents of Dodd-Frank probably won’t try to repeal the financial-regulation overhaul, but they may attempt to “starve it,” said the “Dodd” in Dodd-Frank—former Connecticut Sen. Christopher Dodd—during an appearance in connection with a conference at Notre Dame earlier this year.

Speaking March 31, while Congress was still debating the next federal budget, Dodd said the law is too popular to expect any serious repeal attempt. But he said he worries “every day” that opponents will try to drain away its effectiveness by cutting the budgets of federal regulatory agencies.

Dodd was asked why the bill didn’t give regulatory agencies such as the SEC permanent appropriations to carry out their added oversight duties. He responded, “Because I couldn’t get the votes.”

Dodd made his remarks in a private keynote address to attendees of the Notre Dame Law School symposium on Corporate Governance and Business Ethics in a Post-Crisis World. The event was made possible with financial support by Hewlett-Packard Co.



Photograph by Matt Cashore (‘94)

Besides talking about the law, Dodd shared details of activity behind the scenes in Congress at the height of the financial crisis. He described a meeting in House Speaker Nancy Pelosi’s office the evening of Sept. 18, 2008, days after the collapse of investment bank Lehman Brothers and insurance company AIG.

Fourteen people attended the meeting, he said, including the House and Senate leadership from both parties, Treasury Secretary Henry Paulson and Fed Chairman Ben Bernanke. Dodd said Bernanke solemnly

told the group, “Unless you act in the next few days, the entire financial system of this country and a good part of the world will melt down.”

Congress went on to pass the Troubled Asset Relief Program (TARP), authorizing Paulson to spend up to \$700 billion to purchase distressed assets, especially mortgage-backed securities, and make capital injections into banks. Dodd said it was the right move. The money has all been paid back; half of it was never used.

“I will go to my grave believing that had we not acted when we did, in the fall of 2008, we’d be living in a very different country today.”

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Wall St. Journal

**TOP 20
EMBA**
BusinessWeek



CLASS NOTES

'10

John "Jeb" Brovsky (BBA Management/Entrepreneurship)

has been named a National Soccer Coaches Association of America Scholar All-American.

Clint Buck (EMBA)

has joined the Provost's Office, Abilene Christian University, as director of academic financial operations. Buck, a CPA, will work closely with academic administrators, deans and chairs in developing and analyzing academic budgets to enhance academic effectiveness.

Tasha Green Cruzat (EMBA)

is the chief operating officer at the State of Illinois, Department of Central Management Services.

Teresa Homan (EMBA)

is newly retired from the practice of medicine after 28 years and is now a physician advisor with Accretive Health, a medical consulting firm in Chicago. Homan's youngest child graduates high school this spring, and she and her husband are looking forward to being empty-nesters.

Rae A. McIntee (EMBA)

continues to practice otolaryngology in Quincy, Ill., and is pursuing opportunities to combine her MBA and clinical experiences to improve health care delivery. McIntee, along with classmates Dr. Teresa (Terri) Homan and Dr. Dan McCormick, have discussed putting together a Notre Dame consulting program or possibly working with members of the ethics faculty to bring to light some of the health care issues from a medical perspective.

Steven Perry (BBA Finance)

has been named a National Soccer Coaches Association of America Scholar All-American.

Rachel Reiter (MBA)

is living and working in Denver for the Colorado Department of Health Care Policy and Financing, focusing on insurance programs for low-income children and pregnant women. In May, Reiter will move into a new position as an assistant public information officer.

'09

Mike Anello (BBA Finance)

is working for General Catalyst, a venture capital and growth equity firm in Boston. Building on his experience with St. Baldrick's Foundation at Notre Dame, Anello put together an event in Boston. With the assistance of several ND alums—and even a few former BC football players—the event was a huge success, raising more than \$30,000 to help fight children's cancers.



Maureen K. Borbely (MBA '09)

is a client manager at IBM with responsibility for the total client relationship of two Fortune 500 customers. Borbely's primary responsibility is to understand her clients' organizations and business goals and develop and execute a relationship plan to address both the clients' Line-of-Business and IT organizations.

Nicole Payne Brown (EMBA)

married and moved to Northwestern Ontario, Canada, following commencement. Brown's residency was fast-tracked due to her level of education and the remoteness of where she lives—a very small town with three stop lights. Brown is a senior health care consultant for the provincial government, focusing on 13 northern and remote emergency departments and everything from patient flow to wait times and access to care. Brown shares that "public service is far different from the private sector, but I find the work so rewarding. I'm able to use my health care experience from the U.S. and my MBA. I tell everyone I've found my dream job—and I'm able to use everything I've learned from ND."

Toni McEwan (EMBA)

is the market development manager for Dow AgroSciences, which is based in Indianapolis and is a division of The Dow Chemical Co. McEwan's daughter, Camryn, was born in August 2009, three months after graduation.



Lisa Piatek (EMBA)

is the regional vice president within a large education organization. Piatek works for the Institute for Professional Development, which is a subsidiary of Apollo Group, Inc., and oversees a region of partner institutions from Minnesota and around the Great Lakes to Connecticut.

Learose Pisani (MSA)

has been working in corporate accounting for J.Crew in Manhattan. In her free time, Pisani enjoys running, yoga and trying new foods at some of the Big Apple's many great restaurants.



'08

Sharita Cooper (MSA '08, BBA ACCT '07)

currently lives in Alexandria, Va. and is working for PricewaterhouseCoopers in its Assurance line of service.

Steven "Stu" Fortener (MBA '97)

has joined the Mendoza College of Business as the academic advancement program director. In this position, Fortener will serve as the liaison to the University's Development office by communicating the College's funding priorities, as well as identifying leadership level prospects of more than \$100,000.

Fortener comes to Notre Dame from Temple-Inland, where he served as general manager, leading the sales and manufacturing functions for several locations.

Fortener and wife **Jennifer (MBA '97)** have two children, Luke and Kyle.



Sara Crawford (MBA)

recently joined Mead Johnson Nutrition as a customer marketing manager within its retail sales organization. She and her husband, **Eric Crawford (MBA '08)**, are relocating to Chicago.

**Courtney Flynn (MBA '08, BBA Marketing '03)**

is working in the marketing department at The Hershey Co., managing the Ice Breakers and Breath Savers brands.

Drew Mitchell (MBA '01)

has channeled his interest in real estate into a thriving business, Rent Like A Champion. While he was an MBA student, Mitchell began to purchase and rehab homes in the South Bend area. In 2007 he created a website, www.RentLikeAChampion.com, in an attempt to rent out the homes for Notre Dame football weekends. Today the company owns 80 homes, which are available for rent on football and graduation weekends.

Tom Valenti (MBA '08)

has launched ConnectAde, a business that guides people through the complicated process of caring for an aging loved one and connects them to the local services that can help. The venture grew out Tom's experience as a finalist in the McCloskey Business Plan Competition while at Notre Dame.

'07**Kathryn Lam Valenti (MBA '07, BBA '02)**

is the Strategic Planning program director for the University of Notre Dame's Office of Strategic Planning and Institutional Research.

**Julie Kousen (EMBA '07)**

is employed by BNY Mellon as the department head of the quality management office at its financial services group, Pershing LLC. Since Kousen's arrival, the company has earned certification by the Customer Service Institute of America and is also a finalist in the American Society for Quality (ASQ) International Team Excellence Awards. Kousen serves as treasurer on the board of directors of her condo association and has traveled to Australia, Panama, Mexico, the Dominican

Republic and Portugal, and is looking forward to a business trip to India later this year.

'06**Sara Andrews (MBA, BBA Finance '01)**

has recently launched a new venture—Root Impact. The organization creates opportunities for organizations to maximize their economic and social impact by building processes, products and partnerships that leverage the social impact of sustainable businesses.

Eric Larson (EMBA)

was recently appointed to a new leadership position within the nuclear fleet of Constellation Energy Nuclear Group LLC. Larson will serve as plant general manager at Calvert Cliffs Nuclear Power Plant in Lusby, Md.

Margaret Hill Harrison (EMBA '06)

is the director of the division of database management and analysis services in the membership department of the American Osteopathic Association. Harrison is a trustee for the Park Ridge Public Library and holds the positions of vice president and chair of the fundraising and marketing committee for the board of trustees.

Scott Issel (MBA)

was recently appointed CFO of Sandspring Resources Ltd. Issel most recently served as controller of Sandspring Resources Inc. and was instrumental in ensuring a smooth transition to the public capital markets.

Abigail Richards (BBA Finance)

was recently named one of the winners of the 2009 Elijah Watt Sells Award, which is given out annually by the AICPA to CPA exam candidates who obtain the 10 highest cumulative scores on the CPA exam.

'04**Dominic Paschel (BBA Finance)**

recently accepted a unique opportunity to join the management team at Pandora Media, allowing him to build on his experience from the B2B enterprise cloud into the consumer digital media cloud. Paschel will serve as vice president, Corporate Finance & Investor Relations, leading the company's aspirations to go public.

'03**Luke Watson (MSA, BBA ACCT '02)**

recently set a new course record at the Steamtown Marathon in Scranton, Pa. His time of 2 hours, 16 minutes, 41 seconds eclipsed the record set in 1999 by almost a minute. Already qualified for the 2012 Olympic Marathon Trials, Watson plans to focus on his studies and shorter races. Watson is an accountancy Ph.D. candidate at Penn State.

'01**John Hudson (MBA)**

recently was promoted to vice president of marketing for North America for the vodka portfolio for Brown-Forman.

'98**Jon Steele (BBA Finance)**

was promoted to managing director at Raymond James, where he is an investment banker in its Boston office.

'94**Todd D. Aldrich (MBA)**

was recently promoted to director of institutional equity sales at Credit Suisse. He was also recently appointed to the board of directors of Envision Schools.

William Reading (EMBA)

has recently joined the boutique investment banking firm of MidCap Advisors LLC and has opened an office in Charlotte, N.C. The firm, which is headquartered in New York, specializes in sell-side and buy-side advisory services along with capital raising, value enhancement and exit planning for private middle-market companies.

'93**Kevin Hart (MBA)**

has been named executive vice president and chief technology officer by Cox Communications, Bradenton, Fla. In this role, Hart will be responsible for providing overall leadership, strategic and operational direction to the planning and development of an integrated technological platform, and aligning the technology strategy with overall business objectives.

Brian Ratigan (BBA Marketing)

is an orthopedic surgeon with the South Bend Orthopedics.

'90**James Bolduc (BBA Finance)**

was promoted recently to president and chief operating officer of JPB Enterprises Inc. Bolduc is the son of company CEO and founder J.P. Bolduc. His promotion represents a succession plan to keep the firm in family hands.

Mark FitzPatrick (BBA Finance)

was recently promoted to senior vice president, Finance by Time Warner Cable. In this role, he will assume responsibility for overseeing capital planning and forecasting for the company as well as providing finance support to additional departments.

Don Sharp (BBA ACCT)

has joined the North Central College Board of Trustees. Sharp is the vice president and chief information officer for Navistar International Corp., the parent company of International Truck and Engine Corp.

'89

Ken Cogswell (EMBA)

has made a career switch—after 30 years in the newspaper business. Cogswell is the owner of Ken Cogswell Agency LLC, a small insurance company and is the exclusive agent for Horace Mann Insurance, which specializes in insuring educators.

Timothy Woods (BBA Marketing)

practices general surgery in Springfield, Mo.

'88

Mark H. Oldani (BBA Marketing)

was recently appointed to serve as a senior vice president for Central Parking System Inc. Central Parking is a leader in parking management and marketing, serving large and small property owners, infrastructure funds and governmental clients.



Nicholas Farmer ('90)

recently was appointed director of the MBA Annual Fund and executive director of the John Cardinal O'Hara Society. Farmer brings 20 years of marketing and communications experience to his position, most recently leading the Notre Dame Annual Fund through the successful completion of the 2010 fiscal year, including raising over \$4.7 million in unrestricted gifts.

Farmer and his wife, **Holly ('92)**, live in South Bend with their 8-year-old twins, Amanda and Erin.

'87

Perry Dellelce (MBA)

was recently appointed chairman of the Foundation Board of Sunnybrook Health Sciences Centre. Sunnybrook is Canada's largest single-campus hospital, employing over 10,000 staff and volunteers and managing over 1 million patient visits each year.

'86

Cynthia Gordon (BBA ACCT)

has been appointed chief financial officer for Geos Communications Inc., a developer and distributor of mobile applications and services. Gordon has more than 20 years experience in finance and accounting, including management positions in auditing, SEC reporting, treasury, strategic planning and analysis, budgeting, accounting operations, compliance and investor relations.

Scott Malpass (MBA)



has been named Large-Endowment Manager of the Year by *Institutional Investor* magazine. Malpass is the University of Notre Dame's vice president and chief investment officer.

'83

Paul J. Ritter III, Esq.

has been named the new president and CEO of The Cumberland Insurance Group. Ritter is an adjunct professor of business law at Cumberland County College, serves as the deputy mayor of Hopewell Township, N.J., and as a member of the Hopewell Township Planning Board. He also is a member of the board of directors of the Colonial Bank, FSB.

'81

Steve Simmerman (MBA '81)

recently was appointed to the newly created position of senior vice president of business development for TZA, a supply-chain consulting and labor-management software provider.



'74

Del Birch (BBA)

has joined the United Way of Erie County, Pa., as the organization's vice president of community building. In this capacity, Birch will direct and align all United Way of Erie County community investments.

2008-09 MBA ALUMNI AWARDS

John Van Renterghem (MBA '87) Leon Cord Campbell (MBA '05)

was recipient of the Mendoza College of Business' Distinguished Alumni Award. Van Renterghem was honored for his achievement in business and a strong commitment to the College through leadership and service to the MBA community. He has served as a guest instructor for the Notre Dame MBA Interterm intensive program, presenting deep-dive case studies in revenue management.

Van Renterghem is the senior manager of central pricing for Walgreen Co., with responsibility for managing and executing the pricing strategy for more than 15,000 items sold in all of the corporate stores.



Campbell received the Mendoza College of Business Recent Alumnus Service Award. Campbell was recognized by the College for his efforts in helping the MBA Admissions group to recruit prospective students, serving as an alumni interviewer and as a panelist for open houses, as well as being interviewed for MBA Admissions marketing materials. As a coach, mentor and recruiter for our students, Campbell has fostered those qualities that are noticeably "Notre Dame" and that build the reputation of the College as well.

Campbell is presently employed as a finance director at NBC Universal in New York City. Prior to his assignment at NBC, he spent three years as a member of the corporate treasury team at GE.

'72

C. Patrick Harkins (BBA ACCT)

is CEO of Anchor Business Advisors, Inc. He was recently named a member of the Georgia Association of Business Brokers Million Dollar Club.

'69

Michael Neumeister

and several members of the Senior Alumni of Notre Dame of Buffalo have assisted the Ladies of Charity, an affiliate of Catholic Charities, for the past three Christmas holiday seasons. About 20 members of the group pack bags of toys for 3,000 to 5,000 needy families.

WEDDINGS**Nicole Badger (MBA '07)**

Nicole Badger and William Bright were married on Nov. 27, 2010, along the Intracoastal Waterway in Daytona Beach, Fla.

**Tasha Green (MBA '10)**

Tasha Green and Edward P. Cruzat II were married on Aug. 21, 2010, at the historic Nottoway Plantation in White Castle, La.

**Kathryn Lam (MBA '07) and Tom Valenti (MBA '08)**

Kathryn Lam and Tom Valenti were married on July 24, 2010, in Glen Arbor, Mich.

Lauren E. Tortoriello (MBA '10)

Lauren Tortoriello and Jason Ertel ('03) were married on Jan. 8, 2011, at the Church of Notre Dame, New York City.

FUTURE DOMERS**Connor Michael Milligan**

Jennifer and Jeff Milligan ('01) welcomed a son, Connor Michael, on Dec. 13, 2010.

**Daley and Sophie Lauinger**

The children of Mark and Allison (MBA '04) Lauinger are all dressed up to celebrate St. Patrick's Day.

**Taylor Reece Flynn**

Jim and Courtney Flynn (MBA '08, '03) welcomed a daughter, Taylor Reece Flynn, on Sept. 2, 2010.

Caroline Joan McIntyre

Heather and Sean McIntyre (MBA '09) welcomed their third daughter, Caroline Joan, on March 9, 2011.

**IN MEMORIAM****Edward Joseph David ('56)**

passed away on Sept. 16, 2010, at his home in Fayetteville, N.C. David was a former law partner with Downing, David, Downing & Pechmann and practiced law for more than 30 years, retiring in 2007. He was an Air Force veteran (JAG). David is survived by his wife.

John C. Donaher Jr. ('54)

passed away on Nov. 9, 2010, in Fairfield, Conn. Donaher, a veteran of the U.S. Army, had a career in hospital administration, serving as president of the Detroit Medical Center and Doctors Hospital in New York City, as well as the director of hospitals in Chantilly, France. He is survived by his wife, children and grandchildren.

John David "Dave" Houk ('56)

passed away on Dec. 13, 2010 in Mishawaka, Ind. Houk, who was a veteran of the U.S. Air Force, taught elementary education for more than 35 years. He is survived by his brothers, nieces and nephews.

Jerome "Jerry" Timko ('56)

passed away on Jan. 25, 2011 in Upper Arlington, Ohio. Timko served in the U.S. Army and was owner of Jerry Timko Insurance Agency. He is survived by his daughters and grandchildren.

Paul J. Reynolds

passed away on Jan. 25, 2011 in Mishawaka, Ind.



Reynolds, was the senior associate director of the Notre Dame Career Center when he retired from the University in 2005.

Fondly remembered for his steady leadership, admirable work ethic, sage advice, attention to detail and rich sense of humor, Reynolds counseled more than 15,000 College of Business students during his 27 years at the Career Center.

Career Center colleagues remember Reynolds as a mentor who pushed others

into leadership and the limelight, as a person who helped students develop confidence in their career journeys, and as a friend who worked hard but had fun while doing it.

Former students who grew to become friends fondly remember Reynolds as well. Patrick Polking ('96) describes Reynolds as "the most selfless person I have ever known. He always cared about and remembered what was going on in your life, regardless of what was happening in his. He had a passion for helping students achieve their career goals."

Dan Zenker ('06) recalls that "he had an uncanny ability to remember everything about a conversation. His charisma lit up the room and his laugh could be heard across the room at Pat's Pub. His vast experience always helped shine light upon any situation."

Reynolds is survived by his sister and four godchildren.

Catching Up With ...

Since it's the time of year for commencement ceremonies, we decided to catch up with College of Business valedictorians and MBAA presidents.

George V. Cleveland (MBA '09)

To the Class of 2011:

"Congratulations on a wonderful accomplishment! Be proud of the fact that as alumni of Notre Dame, you are part of something special: the Notre Dame family. With that, however, comes the responsibility for each of you to do your part to maintain the traditions that bind us, be it supporting your local alumni network or helping answer questions from

potential students."

Cleveland is a senior financial specialist for Intel with responsibility for helping to provide financial oversight and identify cost-reduction opportunities for the company's recently announced domestic high-volume manufacturing expansions in Arizona. Cleveland says his MBA experience provided him with excellent tools to perform the everyday analyses needed in his job, but he credits the skills he learned in Prof. Viva Bartkus' Problem Solving class with differentiating him from his colleagues.

As for the best advice he received while at Notre Dame: "The program administrators emphasized to us that Notre Dame really is a family and that this doesn't end at graduation. Never losing touch with my classmates, professors, administrators and other alumni has enriched my post-graduate years and allowed me to positively influence the lives of others," says Cleveland.

Mark Holloway (MBA '98, MA-Theology '03)

To the Class of 2011:

"Be passionate about your vocation, not just looking for the highest salary, best rewards or fanciest title. Notre Dame is about community, service and excellence. Being the best at whatever you pursue is a gift to yourself, the community and to God. And give back to others in greater supply than you received."

Holloway is the executive director of Social Venture Partners Portland (svpportland.org), a "venture philanthropy" foundation, which is based on a venture-capital investment model. The organization gathers the resources, brainpower and connections of its partners and selects "the most promising nonprofit efforts in our community, surrounds them with support and makes them better organizations and servants to the community," says Holloway.

In providing a solid foundation for his future, he says, "the take-charge overhaul of the MBA program that my classmates and I initiated ... provided great experience, common purpose and success for me to build upon since and set in motion (with enthusiastic B-school administrators) the excellence the program is experiencing today."

Nicholas Giampietro (BBA ACCT '84)

To the Class of 2011:

"Twenty-seven years later, I have the same advice that I included in my valedictory speech: 'Follow your heart. Stay true to yourself. Also, maintain your integrity. Once lost, it is a difficult road to regain it. Finally, pray. Then pray some more. Don't sweat the details but think of God's and life's big picture.'"

Giampietro is senior vice president, general counsel and secretary of Reyes Holdings, LLC. Reyes Holdings distributes beer and food products throughout North, Central and South America as well as Ireland. Notre Dame prepared him for his career in many ways, but chief among them was the way the University instilled an ethical grounding—a true sense of right and wrong. "Notre Dame helped deepen the practice of treating everyone with respect and understanding," he says. "Not because it is a stepping stone for achieving some goal, but because it's the right thing to do."

As for the best advice he received as a student? "Don't take yourself too seriously!"

Timothy Dolezal (BBA Finance and Business Economics '02)

To the Class of 2011:

"At the end of our lives, we will come face to face with our Creator. On that day, he isn't going to ask us how high our GPA was or how many awards we won at graduation. He is going to ask us two very simple questions: First, do you love me? And, second, what do you do for my people? If we devote all of our energy to answering those two questions, we will have lived our Notre Dame experience to its fullest potential."

Dolezal is the investment director for the University of Notre Dame's Private Equity program, which includes fund investments in venture capital, growth equity, control distressed, and leveraged buyouts in the United States, Europe, Asia and Latin America. He is responsible for overall management of the asset class including strategy development, implementation and management. He credits the Applied Investment Management (AIM) program and the mentorship of Scott Malpass and Mike Donovan for developing his "true passion" for endowment management. His involvement with campus ministry taught him the importance of maintaining a balanced life.

"Scott Malpass encouraged me to look beyond finding a job, and instead seek out my calling," he says. "Scott's advice turned out to be exactly right. What you are actually doing professionally is essential, but who you are doing it with, and ultimately, who you are doing it for are at least equally important," he said.

Anthony Thomas (BBA ACCT '83)

To the Class of 2011:

"Have confidence in yourselves, work hard at whatever you choose to do, and never be afraid to do the right thing."

Thomas is currently vice president of business operation, for Allianz Life Insurance Co. of North America. The lesson he took from Notre Dame was the importance of planning ahead to ensure success in each of the multiple tasks that are on his plate.

The best advice he received while at Notre Dame came from his dad: "I was about to interview for a job I really wanted. My father told me to make sure I ended the interview by stating clearly how much I wanted the job. He explained that in his years of experience as a hiring manager, if he had two candidates who were both qualified, he always hired the one who showed the most desire for the job. I will never forget his exact words, 'Don't forget to ask for the job!'"



Corey Weber (MBA '01)*To the Class of 2011:*

"Enjoy your time at ND. You'll really miss the campus and friends when you graduate. When you start working after b-school, make yourself indispensable."



Weber is a partner at Ezra Brutzkus Gubner LLP, a boutique law firm in Woodland Hills, Calif., specializing in corporate bankruptcy law and litigation, and business and commercial litigation.

Hanging out with his classmates was the best part of being at Notre Dame, he says. "Working together toward a common goal, working together to present arguments effectively and figuring out ways to collectively solve problems, and making friends while doing so, is what business is all about. Not surprisingly, these same skills are what often lead to successfully litigating and settling complex cases in bankruptcy court or state court," he says.

Dag Brummett (MBA '10)*To the Class of 2011:*

"Live each moment in your life to the ideals of being the best person you can be. After awhile, you will be able to look back and be proud of the life you have made."



Brummett has partnered with ND classmate Maura Carter (MNA '11) to establish a summer camp in Charlotte, N.C. The goal of Math Off the Books is to increase positive attitudes toward math by creating a fun atmosphere using sports, art, and other themes. The venture is an extension of the volunteer work he did with School Inc. while at Notre Dame. He's also exploring the idea of opening a restaurant.

The words of advice that have served him well: "Patience. Sometimes the best advice in life is the simplest. When life does not move at the speed you wish, having patience helps minimize setbacks and brings hope to the future."

Jason Kellman (MBA '04)*To the Class of 2011:*

"Be the one who volunteers to travel. The more places you visit and people you meet, the better your perspectives will be."



Kellman is the chief investment officer and a managing partner of Pinnacle Asset Management, L.P. His primary responsibilities include directing portfolio management and manager selection for Pinnacle's funds of funds. Kellman sits on Pinnacle's investment committee. The Notre Dame experiences that most contributed to his career preparation were being part of student government and his Corporate Communications classes.

Management Professor James O'Rourke IV gave him the piece of advice that has served him best: "Never be the one who leaves an event early. You'll likely miss something important."

Joshua Hammack (BBA ACCT '08)*To the Class of 2011:*

"Hold fast to the things you learned and the people you met here. It's important to remain practical and realistic, but it is always the ones who are crazy enough to believe they can change the world who end up doing it. Continue to serve. Even if you are not committing to an entire year of service, it's important to take some time and serve others in your community. You learn things by serving others that you don't really experience anywhere else."



Following graduation Hammack spent a year with AmeriCorps in Baltimore. He served as the college-access counselor for the Baltimore Urban Debate League and worked to prepare high school students from about 30 inner-city high schools for college. Hammack is currently in his second year of law school at Notre Dame and the assistant rector for Zahm Hall.

"The way Notre Dame taught me to think about problems and look for solutions has served me best since graduation," Hammack says. "Notre Dame didn't just give me access to right answers; it taught me how to approach a complicated problem, analyze competing solutions, and select the best one based on multiple factors—ethics, impact on others, efficiency, cost."

And the best advice he received as a student: "Keep in touch with as many of your friends as you can. It's easy get "too busy" and to forget to take the time ... these friendships are special; work to keep them."

—Peggy Bolstetter is associate editor of *Notre Dame Business*.

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Friends or Just Friendly?

How to Tell the Difference

By Joseph A. Holt

A traditional Irish blessing includes the wish “that you may always have a friend who is worth that name, whom you can trust and who helps you in times of sadness and who will defy the storms of daily life at your side.”

That lovely wish implies the sad reality that not all friends prove worthy of the name. Indeed, life sometimes teaches us the hard way that some we had considered friends cannot be trusted or counted on to be there “in times of sadness.” That was certainly the case for a former student I will call “Al” and for my dear friend “Kate.”

Al graduated with a bachelor’s degree in accountancy and hit the ground running at a major firm. He enjoyed his work and excelled at it; he also liked his co-workers. He often participated in Friday happy hours with a few he considered his friends. On one of those occasions, Al mentioned to his friends that he might one day return to school to earn his MBA. He had no definite plans to do so but was just thinking out loud in the secure company of friends.

He didn’t think about the fact that he and his two friends were then being considered for the same promotion. They each wanted it, but Al just assumed the best person would win and that the others would be happy for that person. He therefore was stunned when he was called into his boss’ office that Monday morning and asked, “What’s this about you leaving to get your MBA?”

Al learned the hard way that certain information should be shared with friends, but not with beer buddies. He learned that not everybody who is friendly is, in fact, a friend who is worthy of that name, because not everyone who is friendly is trustworthy.

Kate also learned the hard way that not all friends prove worthy of that name. She had shared in a close friendship with a circle of girlfriends in Chicago from her college years to her early 30s. They got together often and reveled in all that great city has to offer in terms of dining, dancing, festivals and outdoor activities.

As Al learned, beer buddies and bosom buddies should be lumped together in the general category of friendship only in the same extremely loose sense that fruit and popsicles are both food.



People who want
to be around you
in good times,
but not in bad,
are lovers of the
good times, but
not of you.

That quickly changed one May, however, when Kate injured her back badly in a car accident. She was constantly in great pain for months and could barely walk, let alone continue a very active lifestyle. She could do little more than go to work and to physical therapy sessions, and even that took great effort.

Some of the friends called for a time after the accident to see how she was doing and to invite her to rejoin them in various activities. But the personal visits were few and far between, and the calls dwindled as the debilitating pain persisted. After a few months, one of the women Kate had long considered a friend told her that she was a “downer” and should call only when she could be fun and active again.

The experience was hurtful and disillusioning, but it affirmed the truth of Aristotle’s observation, “Misfortune shows those who are not really friends.” People who want to be around you in good times, but not in bad, are lovers of the good times, but not of you.

Why do we sometimes need unpleasant wake-up calls to realize which friends are worth the name? Part of the difficulty lies in our cultural tendency to apply the term “friend” loosely to a range of relationships.

As Al learned, beer buddies and bosom buddies should be lumped together in the general category of friendship only in the same extremely loose sense that fruits and popsicles are both food.

In our social lives, as in our refrigerators, the best of what we find is beneficial and enjoyable. But some of what we find is one or the other, not both. Living wisely requires that in our social lives, as in our diets, we learn what we most need to thrive, in the right quantities and at the right times.

Aristotle devoted two of the 10 books constituting his *Nicomachean Ethics* to the topic of friendship. He taught that we form friendships based on either mutually recognized and appreciated goodness, or on anticipated pleasure or usefulness. He wouldn’t be surprised by the emphasis on business networking today, given his belief that “friendship based on utility is for the commercially minded.”

True or perfect friendships are based on goodness. Imperfect friendships are based on pleasure or usefulness and have a weaker claim to being called friendships.

What are the defining characteristics of true friendship in Aristotle’s view?

- **Love.** You are loved for the good person you are rather than the pleasure or usefulness you can provide to others. One of the saddest statements I ever heard came from a man who was extremely rich in terms of material wealth but not in terms of friendship. To him, it seemed that everybody in

his life wanted something from him. He had no idea who would want to spend time with him if he weren’t wealthy.

- **Moral Goodness.** Moral goodness endures, while pleasure and usefulness are fleeting. A person may be pleasant or useful today and

not tomorrow. But he or she will not be a good person today and a complete jerk as of tomorrow. If the foundation of a friendship is goodness, you can be confident the relationship will endure. But if the foundation is that one person is pleasant or useful to another, the friendship will end as soon as the pleasantness or usefulness ends.

- **Vitality.** Aristotle wrote, “With friends, people are more able both to think and to act.” In the presence of friends, we are eager to discuss important questions and issues, and to drink in life to the fullest. Anyone who has moved from one city where he or she enjoyed close friendships to a new city in which he or she has no close friends can appreciate Aristotle’s insight.

True friendship also increases our vitality by conferring significant health benefits. In a recent *Wall Street Journal* article, writer Sue Shellenbarger points to recent research that “deeper friendships” yield greater benefits: “A sense of being loved, cared for and listened to fosters a sense of meaning and purpose and reduces stress-induced wear and tear on the body, lowering the heart rate, blood pressure and stress hormones ... Supportive friendships also are linked ... to increased longevity and may actually change the way you experience stressful events, buffering the negative mental effects.”

- **Companionship.** Aristotle would have a hard time understanding two dear friends who hardly ever have time for one another. He would describe that relationship as an inactive friendship. A recent *New York Times* essay on friendship by Oxford anthropologist Robin Dunbar reported that emotional closeness declines by around 15 percent a year in the absence of face-to-face contact, so that in five years someone can go from being an intimate acquaintance to occupying the most distant outer layer of one’s circle.

Aristotle believed we should consider ourselves fortunate if we find a few friends in the most true and perfect sense of the term. And we should appreciate all our other relationships for what they are. Never expect from them what only our closest friends can provide. Never forget which friends are most worthy of that name.

—Joseph A. Holt is director of Executive Ethics for Executive Education in the Mendoza College of Business.

Everyday Grace

A Conversation on Faith and Doubt

Second in a series of reflections by Lawrence S. Cunningham

Notre Dame students tend to be very polite. Perhaps excessively so if you long for knock-down arguments in a seminar or class, as most professors do. After all, it was Cardinal John Henry Newman who said that the university is a place where “mind clashes with mind.”

Courtesy, however, has its advantages. I appreciate hearing from a student that he missed class because of illness, or that a defective printer caused the late paper. It was not surprising, then, when a first-year student dropped by my office one day a few years ago to tell me that he was enrolled in my first course in theology. Since the course was required, he said he would be faithful in attendance, and work hard on the readings and papers. But he wanted to know if he would be given a hard time or even given a failing grade if he was an atheist.

He went on to explain that he was raised as a Catholic by devout parents who sent him to parochial schools, but he simply did not believe and, further, was a sometime fan of the emerging literature of the New Atheists. He was happy to be at Notre Dame, but did not want to be “brainwashed.” The rest of the conversation went something like this:

What is it you do not believe?

That there is a god up there who watches my behavior and judges that behavior as either good or evil.

I do not believe that either. What else do you not believe?

God makes rules I have to obey or be punished.

I do not believe that either. What else?

I do not like the church shoving rules down my throat.

Well, I do not like anyone shoving anything down my throat.

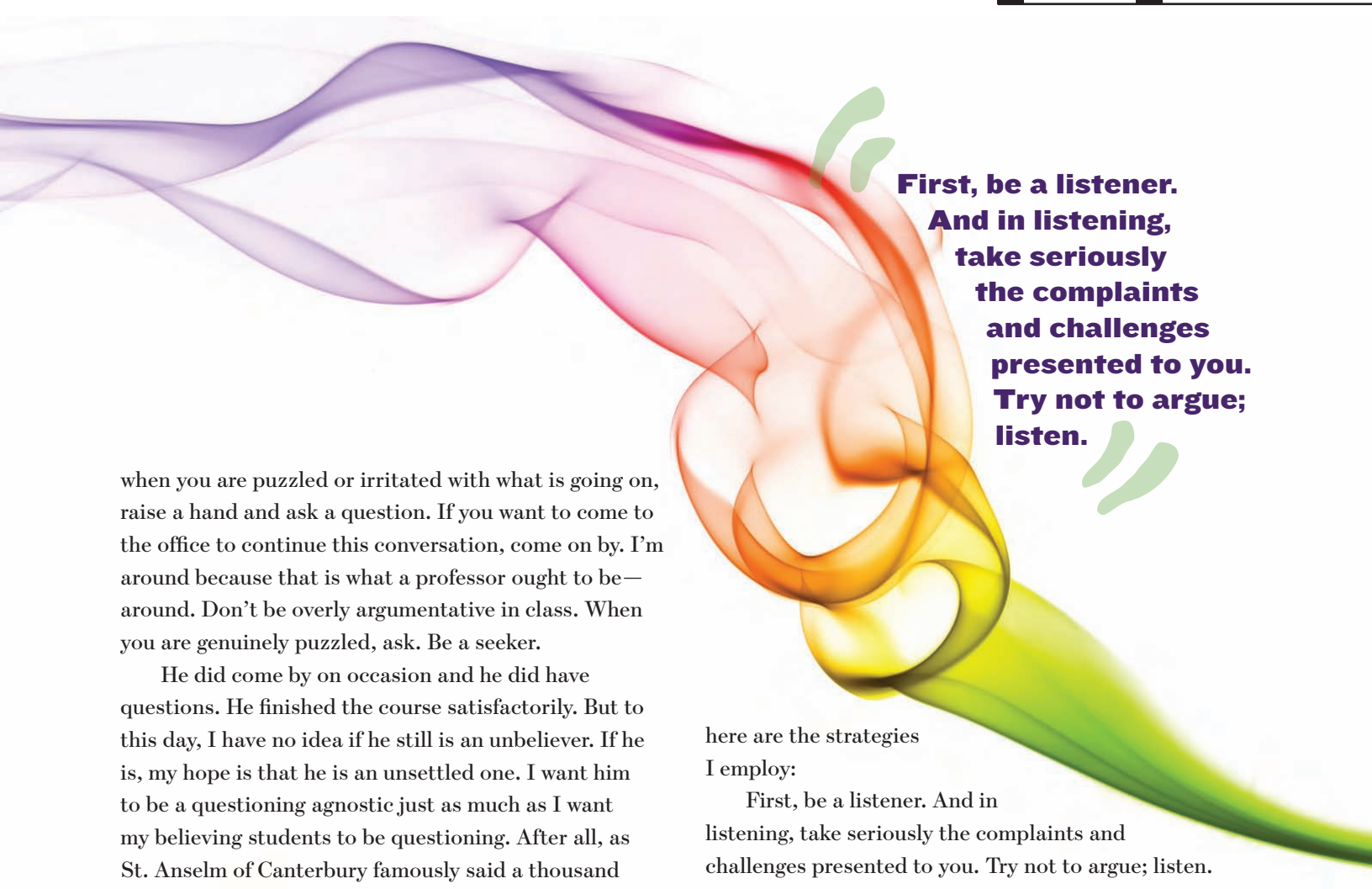
Thomas Aquinas once said that it is easier to say what God is not than to say what God is.

This dialogue went on for a bit in this vein until I asked the student if I could ask a question. “What ultimately do you stand for?” I asked. “What would you give up your life for?”

After some hemming and hawing, he replied that he would do anything for his parents and his sisters. Give up your life for love of them? Sure, he assured me. Well, I said, there is a really good book that says that God is love. It’s called the Bible. So, maybe the problem is that you don’t like the word “God” and what it stands for. Maybe you stand for love with a big “L.”

Warming to my subject, I went on: The real problem—and this may only be an educated guess—is not that you don’t believe in God, but that you don’t believe in an idea of God that is in your head. After all, the objections my student raised seem to visualize God as some kind of “super parent.” Such an image, however, reduces God to a large projection of ourselves as Freud pointed out decades ago. Images or “pictures” of God as “Father” or “Judge” or “Shepherd” are just that—images. Mature faith is the graced movement to get behind those images. If that’s the case, your “atheism” is a good thing, because it means that you are maturing in your thought. And as an added benefit, you are not committing idolatry—worshipping a human idea. A pretty good thinker named Thomas Aquinas once said that it is easier to say what God is not, rather than to say what God is. Before we deny God, it’s helpful to know what it is we are in denial about. Maybe this theology course will help clear up such matters.

We concluded this conversation with a little summarizing flourish from me: So, my young friend, here’s the deal: Take the course, think about it, and



First, be a listener. And in listening, take seriously the complaints and challenges presented to you. Try not to argue; listen.

when you are puzzled or irritated with what is going on, raise a hand and ask a question. If you want to come to the office to continue this conversation, come on by. I'm around because that is what a professor ought to be—around. Don't be overly argumentative in class. When you are genuinely puzzled, ask. Be a seeker.

He did come by on occasion and he did have questions. He finished the course satisfactorily. But to this day, I have no idea if he still is an unbeliever. If he is, my hope is that he is an unsettled one. I want him to be a questioning agnostic just as much as I want my believing students to be questioning. After all, as St. Anselm of Canterbury famously said a thousand years ago, theology is “faith seeking understanding.” We seek in this life for understanding; we will only possess understanding when we are bathed in the light of eternity.

This modest hope for my agnostic student will not please parents who spend lots of money to send a young person to a school such as Notre Dame, only to discover that their child's faith is unsettled or even “lost.” The plain truth is—and this comes with 40 years of teaching behind me—that when a lot of young people say that they lose their faith while in college, what they are really losing is a certain form of habitual behavior that, in truth, lacks personal conviction. They went to Mass because their parents got them up for Mass. They went to Catholic schools or catechism classes because that was what was expected of them. So, when gaining their independence, they might give up those religious modes of behavior just as they might give up swimming lessons or listening to certain kinds of music.

What can the Catholic university in general or a theology teacher in particular do for the young people whom families entrust to them? Speaking for myself,

here are the strategies I employ:

First, be a listener. And in listening, take seriously the complaints and challenges presented to you. Try not to argue; listen. This is not as easy as it seems since, by training, we are teachers. It took me a long time to grasp this point. It is hard not to interrupt with a rejoinder. However, arguments do little good because, inevitably, I am going to win the argument since I have been at it longer than my student. To win the argument, however, may seem to dismiss the student's concerns or the personal exploration.

Second, listening convinces the student that the matter is serious and intellectually crucial. I like the steps once proposed by the great Jesuit Bernard Lonergan (my old professor in Rome): Be attentive. Be intelligent. Be responsible. Be loving, and, if necessary, change. In that way, we are being a seeker. After all, the professor is as much a seeker as the student.

Finally, I told the student described above to pray. But the objection was immediate—I do not believe in God. Well, I said, just perhaps God believes in you.

—Lawrence S. Cunningham has just retired after more than 40 years of teaching; he is O'Brien Emeritus Professor of Theology at the University of Notre Dame.



An essay by Brian Doyle

Trapped in an endless meeting the other day, one of those meetings when you lose track of what the meeting was originally about (hermeneutics? badgers?), and start trying to remember all the girls you ever had a crush on, or Chicago White Sox players, or both (La Marr Hoyt! Teresa O'Connell!), I got to pondering the word "entrepreneurship," which is, let's admit it, a rhinoceros of a word, with more vowels than seems decent in polite society. *Unternehmen* in German, says one friend of mine; 'a`a in the Hawaiian, says another, means someone who is fearless. "Interestingly, the type of lava that forms jagged shards is also known as 'a`a," she adds.

Hyrwyddwr in the Welsh, says another friend, means he or she who undertakes, attempts, essays, begins ... and my mind spins away completely, chewing on the way that a word that means vast and amazing things has become so commonplace and thin. To attempt, to begin, is really to dream, to envision, to speculate, and then to work like a burro to implement, to create, to sell. So mothers are entrepreneurs, aren't they? And Christ, too, and especially St. Paul, the greatest public relations agent ever. Did he not envision that which might come to pass, and then work the market with unthinkable energy and creativity, until what he envisioned came to pass, and passeth still even in our time?

Or a cop—isn't he an entrepreneur, really, envisioning a world that might be, and working furiously and brilliantly to bring it to birth? And soldiers—in the final analysis are they not wholly invested in a world beyond violence, where no child weeps in terror, and guns are all in hushed museums, and when people hear the word war they burst out laughing as at the most excellent and silly joke, which maybe someday war will be?

And universities like this one—are they not the most entertaining entrepreneurial adventures, really, selling a remarkably ephemeral product, insisting eloquently on their primacy in a culture that often sneers at wisdom, and continually undertaking the

riveting and visionary project of shaping raw and selfish teenagers into generous and subtle agents of hope and courage?

And some countries—are they not fascinatingly difficult entrepreneurial ideas at their hearts? This country, for example, dreamed into being by farmers and merchants and a brilliant poor printer from Boston, a boy who invented bifocals, lightning rods, a new sort of stove, an odometer, swim fins, Daylight Saving Time, an excellent tool for plucking books from the high shelves of his library, and not one but two universities; this new sort of country, said its creators, would endeavor to treat every white man equally (women and people of other shades came later), and choose its CEO by vote of the workers, and give even slimy murderous thugs who try to murder people in planes by setting off shoe-bombs a fair trial, and undertake to create a society where everyone is educated, everyone has enough to eat, everyone can think and say and dress and act pretty much as they please, and you can pray any way you want, to whatever Coherent Mercy you are awed by?

The meeting ended eventually, after what seemed like weeks. For days afterward, I found odd pieces of paper in my pockets, with gnomic notes (Richie Zisk? Maureen McArdle?), but now I think maybe that was the best meeting ever, because it woke me up again to an idea so glorious no word can properly contain or explain it. *Hyrwyddwrship*, let us call it—the thing that most sets us apart from our companion species on this wild rock in the airless void, the thing that may yet save us all, the thing that we may well be here for, the thing that makes us the very image of God. We can dream, we can imagine—and then we can work like burros to make it real.

—Brian Doyle ('78) is the editor of *Portland*, the magazine of the University of Portland, and recently returned to Notre Dame to accept the University's Griffin Award for writing.

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Angela Smith Cobb's clarifying moment came 10 years ago, as she stood in the street in front of her New York office and heard the engine of the second plane.

"What 9/11 did for me was force a clarity on what my work should be. It gave me courage," she says now, recalling the confusing moments after she and her coworkers at Deloitte were evacuated from their office next to the World Trade Center Twin Towers just after the first plane hit.

"So many people didn't make it out that day who were waiting for their next bonus or their next raise, before they would go do what they really wanted to do, but they never got a 'next day' to do it.

"I was given that 'next day.'"

Today, Smith Cobb (BBA ACCT '93) is the director of Return on Inspiration Labs, a subsidiary of business incubator ROI Ventures. Smith Cobb specifically leads the New Options Project, an initiative of the W.K. Kellogg Foundation that seeks to connect unemployed young adults ages 16-24 to viable career options.

"Doing good is not something off to the side," she said. "It should be core business."

"What 9/11 did for me was force a clarity on what my work should be. It gave me courage."

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